

ABENGOA



Corporate Social Responsibility Report 2004



Your Partner in Resources and Technical Solutions

ABENGOA

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ABENGOA

Owing to a steady and solid backing of engineering and business support, Abengoa has developed, over the last 60 years, into an international company with a broad technological base.

Abengoa's growth has revolved around innovation; the business has gone from repairing electrical engines and equipment at the outset to being the world's number two bioethanol producer, and via our technological subsidiary, Telvent, has become a listed company on the selective American stock market, NASDAQ. Innovation in Abengoa possesses a unique quality which guides the nature of our commitment to the future.

Abengoa's approach, mission and values reflect its solid commitment to securing economic and social progress, while contributing to the conservation of the environment.

Mission: Abengoa is an industrial and technological company providing solutions for sustainable development, the information and knowledge society and infrastructure creation. It promotes innovation as a valuable asset and source of sustained growth. The focal points of Abengoa's activities are its customers, the professional and human development of its employees, and the creation of value for its shareholders.

Approach: Abengoa believes that a strategy of innovation, in the context of the market economy is an efficient and necessary mandate for a Sustainable Development company.

In Abengoa we understand that for continuity to exist in the creation of value in our companies we must not only be concerned by economic results but also by social equity and the protection of the environment when carrying on our activities. In 2004, Abengoa was selected for inclusion in the Kempen SNS Smaller Europe SRI Index, the first European index to be formed by companies which demonstrate their commitment to business ethics, social development and environmental policy.

This Abengoa Corporate Social Responsibility Report, drawn up in accordance with the criteria established in the 2002 issue of the Report Elaboration Guide published by GRI (Global Reporting Initiative), is a presentation of the company's economic, environment and social activity that accompanies the Activity Report and the Legal and Economic-Financial Report.

Utilizing our web page (www.abengoa.com) as one of our key feedback mechanisms, we are open to any or all ideas or opinions to assist us in the achievement of these objectives.

Javier and Felipe Benjumea Llorente
Chairmen of Abengoa

**Abengoa. Your Partner in
Resources and Technical Solutions**

Corporate Structure

Main Activities of the Business Units

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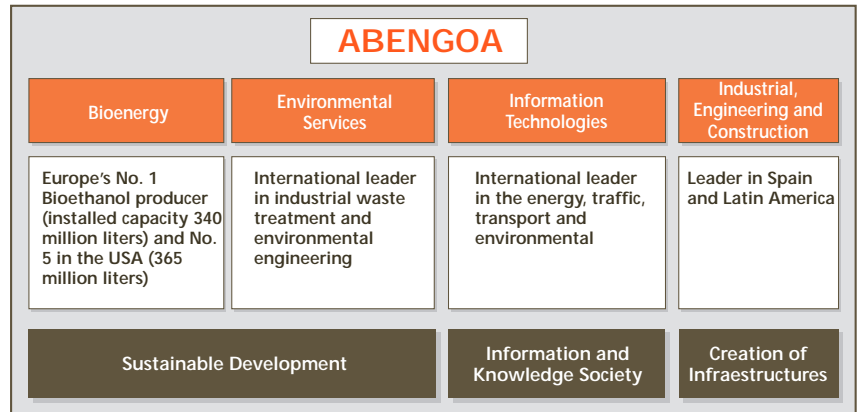
Corporate Structure

Abengoa is an industrial and technological company providing solutions for sustainable development, the Information and knowledge society and infrastructure provision. It operates in four extensive activity areas: Bioenergy – second-largest world producer of bioethanol; Environmental Services – International leader in industrial waste treatment and environmental engineering; Information Technologies – International leader in the energy, traffic, transport and environmental; and Engineering and Industrial Construction – Leader in Spain and Latin America.

Bioenergy, Abengoa Bioenergía, the bioenergy holding company, produces ethyl alcohol from vegetal products (cereals, biomass). Alcohol (bioethanol) is used to manufacture ETBE (a gasoline component), or a direct blend with gasoline or diesel oil. As it is a renewable energy, net CO₂ emissions are reduced (minimizing the greenhouse effect).

Environmental Services, whose holding company is Befesa, whose activities include: Recycling of aluminum waste, salt slag, zinc; recycling and desulphurisation; industrial waste management; industrial cleaning services and environmental engineering (engineering and construction for water treatment and waste management).

Founded in 1993, Befesa is a listed company on the Madrid stock exchange and closed 2004 with a capitalization of over 393.7 million euros.



Information Technologies. In the information technology activity area, Telvent is the holding company for a number of Abengoa businesses. It manages real-time information technologies in the energy, environment, traffic and transport sectors. The solutions offered facilitate the full integration of information in realtime with the mission-critical applications, connecting the operations layer with the enterprise.

Telvent has been listed on the American stock market NASDAQ since October 21, 2004. Share ownership is as follows: Abengoa 62.2%, Management Team 5.80% and Free Float 32.0%. The Telvent share offering closed in 2004 with a capitalization of 361.5 million US dollars.

Engineering & Industrial Construction. Abeinsa is Abengoa's holding company in this activity area, which includes: engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industry, transport and service sectors; design, construction and operation of industrial plants and conventional energy (cogeneration and combined cycle); renewable energy (bioethanol, biomass, geothermic, solar and wind); and telecommunications networks and other "turnkey" projects.

Main Activities of the Business Units

Bioenergy

Abengoa manufactures and markets bioethanol, a renewable product obtained from cereals which is used as a substitute for gasoline. Bioethanol is an alcohol which is produced from corn, potatoes, sorghum, wheat, sugar cane, as well as from biomass, such as corn stalks and other vegetal waste. Blended with gasoline, it raises octane rating, promoting better combustion and reducing pollutant exhaust emissions, including carbon monoxide and hydrocarbons.

Ethyl alcohol (bioethanol) which is produced in Abengoa plants can be used to manufacture ETBE (ethyl tertiary butyl ether), which is a gasoline component, and it can also be directly blended with gasoline or diesel oil. Because it represents a source of renewable energy in both processes, net CO₂ emissions are reduced, thereby minimizing the greenhouse effect.

After extracting ethanol from grain via fermentation and distillation, various byproducts are obtained, representing a valuable source of energy and protein for beef and dairy cattle alike. Recent research studies point to a potential demand for this product within the pork industry.

For this Business Group the key to growth is increased production through the construction of new plants, participation in new projects, and a continuous focus on technological innovation. The importance of innovation in Abengoa's strategic objectives is demonstrated by the considerable resources being committed to R&D&I projects in areas such as improvements in process performance, and the production of bioethanol from biomass.

| Highlights | 2003 | 2004 |
|--------------------------------------|-------|-------|
| Sales (M €) | 291.4 | 335.3 |
| EBITDA (M €) | 36.3 | 47.5 |
| Ethanol production (millions litres) | 574 | 618 |
| N° of People | 338 | 369 |

Abengoa currently operates five plants within Europe and the United States, with a total production capacity of 175 million gallons (662.4 million litres). In Spain, a sixth plant is under construction (50 million gallons /189 million litres). The head office for this Business Unit is located in Saint Louis, Missouri. Abengoa is one of the major world producers of bioethanol: the leader in the European Union and the fifth largest producer in the United States.

Environment Services

Abengoa is dedicated to providing environmental services for industry and to the construction of environmental infrastructures through the following units:

The Aluminium Waste Recycling unit provides collection and treatment services for different aluminum-content wastes, the fabrication and marketing of aluminium alloys and the design, fabrication and installation of equipment for recycling this metal. Befesa is specialised in the treatment of an kind of aluminium-content waste and, over the years, it has developed optimum techniques, procedures and equipment for each type of material. Some of the high-quality products produced in this area: secondary aluminum alloys, extrusion ingots, fermachine, plates and bands.

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Main Activities of the Business Groups

In the activity of Salt Slag Recycling a highly hazardous waste generated by the aluminium waste recycling process. Salt slag recovery is the alternative to discharge. Its purpose is to separate metallic aluminium, salt and aluminium oxide so as to reuse all components. Because salt slag recycling is regarded as having zero discharge, this activity, together with the activity developed in the aluminium waste recycling business unit, enables Abengoa to fully close the recycling and total reutilization cycle for aluminium content waste.

Zinc and Desulphurisation Recycling Recovery and recycling of waste dust (steel plant dust) generated by the manufacturing process and steel smelting in electric arc ovens. Services provided by the Befesa companies in the area of zinc are a fundamental component in the zinc recovery cycle. These services prevent tonnes of this metal from being needlessly wasted, while lessening discharge and reducing the overall zinc mineral extraction requirement. Abengoa is the only company in Spain to offer an integrated service for steel plant dust collection and recovery processing, and is also the only company offering an optimum environmental solution for steel plant dust processing.

Desulphurisation, for its part, utilizes the cleanest and safest process for waste sulphur reutilization. It serves petrochemical plants, solving problems relating to desulphurisation waste generated by their production processes.

Industrial Waste Management unit, its activity is targeted on the provision of an integral service for industrial waste producers. This service follows a processing hierarchy which prioritises minimisation, reuse, recycling, recovery (energy or material reutilization of waste) and elimination of waste, as set forth by national and European environmental standards.

Industrial Cleaning and Hydrocarbons unit, the objective of this activity is to provide: industrial cleaning services utilizing specialized equipment;

| Highlights | 2003 | 2004 |
|--------------------------|-------|-------|
| Sales (M €) | 365.4 | 359.1 |
| EBITDA (M €) | 37.8 | 38 |
| Waste processed (tonnes) | 1,230 | 1,374 |
| N° of People | 1,338 | 1,249 |

the cleaning and repairing of tanks; and the treatment of wastes on site by means of stationary and mobile equipment. In addition, PCB contaminated equipment is treated and recycled and plastics are recycled to produce polyethylene plastic screenings.

Engineering and Services unit, includes the design, construction, operation and maintenance of large environmental installations in the desalination sector. This activity has been carried on for over 20 years, with an installed capacity in Spain of over 400,000 cubic metres of water a day (enough to supply two million inhabitants), produced by plants located in Almería, Cartagena, Carboneras (Almería) and Atabal (Málaga), and an additional installed capacity of over 250,000 cubic metres of water produced by desalination plants situated in Skikda and Oran in Algeria, among others.

In addition to the above activities, the following environmental areas are also included in Abengoa's operations: water management, the processing of leachate at disposal sites (installations to collect and process leachate, the liquid waste resulting from the interaction of rainwater and solid waste deposited at the disposal site), and biomethanization (reutilization of waste to generate energy).

Information Technologies

Through Telvent, Abengoa manages real-time information technologies in the energy, environment, traffic and transport sectors. With over 40 years experience in control and business process management systems, Telvent is present in Europe, North America, Latin America, China and South East Asia.

The solutions offered by Telvent facilitate the full integration of real-time information with the mission critical applications, enabling connectivity of operations with the enterprise layer of the organization..

In the Energy Sector Telvent works in Petroleum and Gas, offering a wide range of software for managing the movement of petroleum, refined products and liquids derived from natural gas, as well as advanced applications managing other commercial processes. The technological applications developed by Telvent, used by over 35 of the largest petroleum pipeline operators in the world, provide diverse functions such as the control of the volume of hydrogen flow, leak detection, and a wide range of measurement processes which facilitate commercial energy management. In the Electrical Sector, real-time automation solutions are developed for the energy transportation and distribution service sectors. Telvent leads the electrical market in Spain and is one of the major suppliers of control and communication solutions for the electric industries in Latin America and North America.

Telvent's activity in Traffic centres on applications, products and services relating to intelligent traffic systems (ITS). Telvent supplies global solutions to urban traffic flow, and also provides for the control, surveillance and administration of dual-carriageways and motorways so as to ensure safety and optimise driving conditions.

| Highlights | 2003 | 2004 |
|-----------------------------|-------|-------|
| Sales (M €) | 265.5 | 270.4 |
| EBITDA (M €) | 31 | 38.8 |
| Contracting portfolio (M €) | 163.7 | 284.9 |
| Nº of People | 2,123 | 2,124 |

Telvent's objective is to design, install and implement infrastructure projects for control and communication in the traffic sector. To this end, the latest generation technologies and real-time applications are used, which provide effective solutions for the daily requirements of cities and intercity areas.

In Transport, Telvent offers solutions for the control of railway traffic, management of toll roads, ticketing, automatic identification of vehicles, video surveillance, navigation systems and simulators for sea traffic training. Telvent has developed a suite of industry-leading solutions for the management and control of toll roads for concession holders of motorways, tunnels and bridges, the management and control systems for sale and cancellation of tickets for passengers at train stations and control systems for railway transport.

In the Environment, Telvent develops its activities in the business areas of water and meteorology. Telvent has developed systems which provide measurement, in real-time and historical time, of all the parameters that affect water management, enabling flood prediction and warning, remotely-controlled irrigation management and water management. For over 20 years, Telvent has provided technological solutions in the area of weather observation. Virtually all airports in Spain have been equipped or modernised with Telvent Automatic Weather Observing Systems (AWOS).

Telvent also offers solutions for surface weather observation and provides remote detection tools for early warning and nowcasting of adverse weather phenomena.

There is also a small percentage of the company's information technologies business which stems from the opening of new business lines. Telvent's current portfolio includes diverse opportunities within the sectors of the public administrations and health.

Telvent offers a wide range of services relating to the outsourcing of information systems. These services include engineering, project management, installation, operation, system technique, monitoring, administration, maintenance, security, technical consulting and 24/7 helpdesk support. Telvent professional services also provide data centres with critical mission information systems. Telvent has four strategic centres to provide these services in Madrid, Barcelona, Seville and Lisbon.

Engineering and Industrial Construction

Abengoa, through Abeinsa, the parent company of its Engineering and Industrial Construction Business Unit, provides solutions to five key activity areas: energy, telecommunications, transportation, industrial manufacturing, and the environment. It focuses on the achievement of a common objective, namely, to attain customer satisfaction by offering fully-integrated solutions.

Experience acquired over the past 60 years in the creation of infrastructures has made Abeinsa the leader in Spain and Latin America, with a broad base of institutional and private customers.

In the Energy area, the company's activity is related to design, installation and implementation of industrial plants and conventional energy (cogeneration and combined cycle) and renewable energy (bioethanol and biomass), solar and geothermal; exploitation of businesses, and activities relating to electric energy production through fuel cells.

The activity must be highlighted in relation to the design, engineering, construction, operation and maintenance of energy-generating plants such as conventional stations, combined cycle stations, cogeneration plants, biomass plants (forestry, agriculture), waste incineration plants (urban, agricultural, livestock) and bioethanol plants.

Equally important, in terms of pursuing sustainable development, some significant projects have been carried out in the area of solar energy, namely, in the design, financial and viability study implementation, construction and operation of solar plants intended to produce and sell energy.

The technologies currently considered by this Business Unit for generating electricity from solar energy include: thermal solar energy technology with tower and heliostat; thermal solar energy technology with parabolic troughs; and thermal solar energy technology with Stirling dishes.

A further objective being pursued within this division is the organisation and development of activities and projects relating to electricity production utilizing fuel cells based on different technologies, including the use of hydrogen.

Research, development and innovation activities are primarily conducted in four major lines of work: production of clean hydrogen from renewable energy sources; search for new applications for fuel cells of different technologies (installations for telecommunications, residential applications and transport); development of new, compact, direct, reversible fuel cells; and projects to integrate renewable energies, producing hydrogen from solar or wind energy.

The Installations activity is centred on the engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industry, transport and services sectors, including the installation of insulation and passive protection against fire.

Services developed in the electric installations sector encompass virtually all activities associated with applied engineering, construction and equipment for the creation of infrastructures, concentrating on the following main fields of activity: hydroelectric, thermal and combined cycle stations; substations and transformation centres; airport infrastructures; industrial infrastructures; buildings open or closed to the public; shopping centres and department stores; sea and rail transport; housing complexes and industrial parks; hospital, education and high-technology buildings.

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Main Activities of the Business Groups

Within this business sector, mechanical activities encompass design, supply, manufacture, assembling and testing of mechanical systems associated with hydroelectric stations, thermal stations, combined cycle stations, cogeneration plants, gas and chemical and petrochemical industry plants.

In relation to insulation, refractory and passive protection against fires, the following activities are carried out: thermal and noise insulation, supply and installation of refractory materials, fire protection systems; and sectioning smokescreens.

Similarly, in instrumentation and maintenance, the customer is provided with an integral infrastructure service in installations, contributing staff and specialised equipment.

With over 60 years' experience, Abengoa plays an active role in power line projects, implementing medium, high and very high voltage projects of up to 800 kV for customers in locations all over the world. Dating back to 1944, Abengoa also has significant experience in railway installations, having installed over 4,000 km of rail lines throughout Spanish territory, and has also been active worldwide since 1998.

In Telecommunications, Abengoa is specialized in the integration of telecommunication networks and "turnkey" projects.

The classic activity of external plant construction and maintenance is noteworthy in this area, as is the supply of loop and customer equipment, as well as specialising in the provision of engineering services and integration of telecommunications networks.

This same type of coverage also applies to the complete range of products and services for the deployment, installation and operation of telecommunication networks, including: design and engineering, infrastructure construction, equipment supply, installation and testing, operation and maintenance. In summary, this represents Abengoa's capacity and ability to execute "turnkey" projects.

| Highlights | 2003 | 2004 |
|-----------------------------|-------|-------|
| Sales (M €) | 713 | 722,3 |
| EBITDA (M €) | 80.1 | 78 |
| Contracting portfolio (M €) | 566.9 | 761.8 |
| N° of People | 4,930 | 5,576 |

In the Marketing and Auxiliary Manufacture area, the following activities are included: marketing of the products from the activities of the other Business Unit, as well as the manufacture of auxiliary components for energy and telecommunications.

Abengoa has maintained its leading position in the domestic market as a supplier of electrical material, instrumentation and communications to the chemical, energy, industrial and telecommunications sectors.

Within the scope of activities of Auxiliary Manufacture, materials and complex products are developed and sold for the energy, industry, telecommunications and service sector.

Cabins and switchboards for distribution of low and high voltage, powerful electronics and control electronics for remote stations, control and protection panels and switchboards for auxiliary services for all types of energy, industrial and service installations are designed and manufactured; steel lattice structures such as towers for electrical lines, telecommunications towers, substations and towers for wind generators are manufactured; products derived from plate steel are produced, such as panels, signs and telephone booths; and products for outdoor telephone networks are manufactured.

Latin America, is a market in which Abengoa has maintained a constant presence for over 30 years by way of local businesses which autonomously develop all Business Unit activities, such as energy, installations, telecommunications and marketing, and industrial manufacturing, and in the process, applying the Abengoa common management standards.

Strategy, Organisation and Management Systems

Action Principles and Values

Organisation Chart

Management Systems

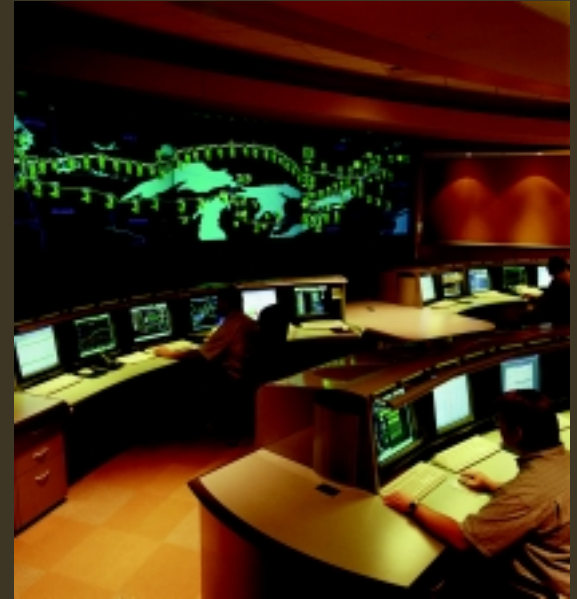
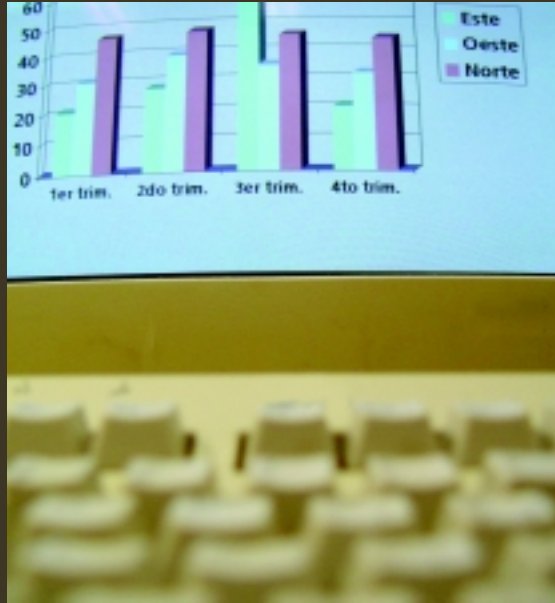
- Commitment to Quality

- Commitment to the Environment

- Constant Improvement

- Commitment to the Future. R&D&I

Strategy, Organisation and Management Systems



Action Principles and Values

Mission

Abengoa is an industrial and technological company providing solutions for sustainable development, the information and knowledge society and infrastructure creation. It promotes innovation as a valuable asset and source of sustained growth.

The focal points of Abengoa activity are its customers, the professional development and welfare of its employees, and the creation of value for its shareholders.

Vision

Abengoa believes that a mandate for innovation in a market economy context is an efficient and necessary instrument for becoming a sustainable development company.

Values

Throughout its history, Abengoa has continued to develop on the basis of a series of shared values. These principles constitute the structure of our ethical code. Through all of its channels, Abengoa promotes its knowhow and applications, as well as providing control and revision mechanisms to ensure adherence and updating. The most important points underlying this set of values are summarized below.

- Integrity: Pride in professional performance forms part of the very identity of Abengoa and is evident in all undertakings of our staff, both on and off site. Uncompromising integrity is seen as credibility by our customers, suppliers, shareholders and other third parties with whom we have dealings. Integrity also generates value both at the individual and company level.
- Law Abiding: Law abidance is not just an external requirement, it is also a personal and

company obligation. The law provides a secure framework for company undertakings and also serves to reduce risks in business dealings.

- Professional Rigour: The concept of professionalism in Abengoa is closely linked to our service culture in activity development, performance and business project involvement. All undertakings in the performance of allocated functions must be guided by professional responsibility and governed by the principles provided for by common management systems.
- Confidentiality: Abengoa expects discretion and caution from the people attached to its organisation when communicating and dealing with third parties. Adequate steps are also taken to safeguard information in the company's possession.
- Quality: Abengoa is committed to quality in all aspects of its performance - internal and external alike. This task is assigned neither to a specific group of people nor to senior management as it concerns all members of the organisation in a day-to-day capacity. Abengoa has specific quality standards in place, which have developed from awareness, common sense, rigour, order and responsibility.

Strategy

In Abengoa, corporate social responsibility is regarded as a strategic factor. It is one of the essential pillars which uphold our current and future strategy. We have generally incorporated this factor into our strategy through our environment, quality and human resources policies, and have also integrated it into all company management systems. In support of this strategic factor, Abengoa maintains a presence in forums which are involved in sustainable development. In addition, in 2002, Abengoa signed, with the United Nations, the World Business Leadership Pact. The purpose of this agreement is to contribute to the adoption of shared values and principles which give the world market a more human face.

The World Pact involves the institution of its principles in the strategy and operation of the signatory company, through a process of dialogue, transparency in information and training. These principles consist of the following:

In the sphere of human rights, adherence means to support and uphold the protection of internationally proclaimed human rights and avoid circumstances involving infringement.

In the area of labour rights, adherence means to uphold freedom of association and effective recognition of the right to collective negotiation, to eradicate all forms of forced and obligatory labour, and to eliminate discrimination in employment and occupation practices.

With regard to the environment, adherence means to support a cautious approach to environmental issues, to adopt initiatives to promote greater environmental responsibility and to encourage the development and diffusion of environmentally-friendly technologies.

Abengoa, together with the other signatory companies, actively participates in action to promote the World Pact in Spain.

Organisation Chart

Abengoa is organised around four Business Units: Bioenergy, Environmental Services, Information Technologies and Engineering and Industrial Construction, and one Corporate Area. Through its Focus-Abengoa Foundation, Abengoa channels all of the social action of this initiative.

The Corporate Area, has the following corporate services: Human Resources, Economy and Finance, Systems and Organisation, Legal and Risks, with the following functions associated:

- Synergism and value creation
- Budgets, planning and control
- Financial coordination
- Human Resource policies
- Market development
- Corporate development and R&D&I
- Information systems and collaborative environment
- Quality systems and environment
- Risk control

The management structure is to be found in the Activity Report, page 93.

Management Systems

Commitment to Quality

Since its founding, Abengoa has been convinced of the need for its processes, products, services and systems to pursue full customer satisfaction.

The current common management system was introduced in 1997. It is structured around a set of compulsory internal rules designed to unify the managements of the companies making up Abengoa. Quality systems have also been put in place in all companies of the group as a strategic objective which goes beyond certification.

In accordance with standard ISO 9001:2000, there must be a mechanism in place that controls the mandatory design and implementation of quality management systems. Based on solid management leadership, these systems provide the training and resources necessary for employees to contribute to constant improvement in their day-to-day activities.

The principles that underpin this Quality policy are:

- Rational use of resources, error avoidance and minimisation, through implementation of constant improvement programs and goal and objective setting.
- Promotion of active and responsible involvement of all members of the organisation and provision of adequate ongoing training, allowing for participation in the constant improvement process of the system.
- Fostering of team work and sharing of necessary information, for raising the quality of our activities.
- Compliance with regulations currently in force and any other commitment subscribed to by the company.
- Reinforcement of innovation, new ideas, new methods and updating of resources, which are vital components of the constant improvement process, the results of which are threefold.

- Customer satisfaction: identification of key attributes and minimisation of failure rates; process control and improvement.
- Employee satisfaction: development and training programs; responsible participation; and achievement recognition.
- Improvement of economic results: increase in earnings via differentiation; reduction in the resulting cost of poor quality and an increase in competitiveness in the markets in which Abengoa operates.

Our standard Management System, and also the Quality Management System implemented in Abengoa companies, assure that we fulfill the legal requirements and the applicable regulations in the relation with our clients.

Structure and Quality Organisation

Each company under the Abengoa umbrella is capable of structuring and organising itself according to its needs. The determination of resources necessary to implement the company's commitment to quality is the responsibility of the management teams.

As an instrument for developing this commitment, each company is specifically organised in view of its needs and dedicated to the development and maintenance of the Quality Management System. The reporting flow in each company is targeted directly at the applicable management team, on either a company or Business Unit basis. In each case, the management team is comprised of fully qualified personnel with the appropriate academic and specific training in the relevant areas.

The companies devoted to Engineering and Industrial Construction have a decentralised structure, with activities in specific works or projects, both on the permanent site (branch or regional management) and in the main office (which reports to general management).

At the company level and reporting directly to the Abengoa Chair, there is a corporate management structure for organisation, quality and environment,

each with its own resources. In the sphere of quality, the purpose of this area of responsibility is to inform the Abengoa Chair as to the evolution and position of the Quality Management Systems in the different companies of the group. This supervision is led by the general coordinator for quality and environment, who verifies attainment of these objectives and capitalisation on synergism through spot checks and follow-up.

The functions of the Environment and Quality organisations mainly consist of managing and developing the documentation of the systems; keeping it updated as required under applicable national and international standards; proposing and developing the annual plan for internal audits; assuming the role of secretary to the Quality and Environment Committee, where the objectives, indicators and goals are proposed for the company, areas and departments; responding to consultations and requests for advice from the areas and departments; collaborating on training programmes; evaluating suppliers; acting as supervisor in the application of problem solving (PSR) and improvement action (IA) initiative; and collaborating with General Management on the annual revision of the systems, in order to determine proposals for improvement.

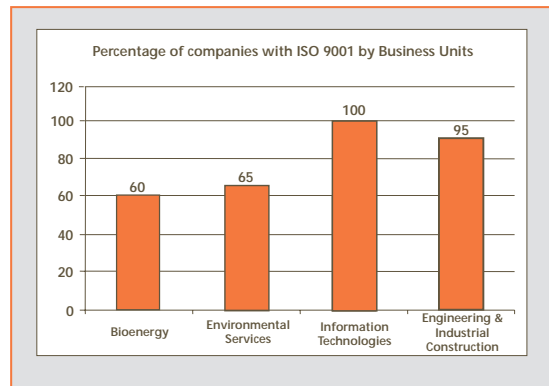
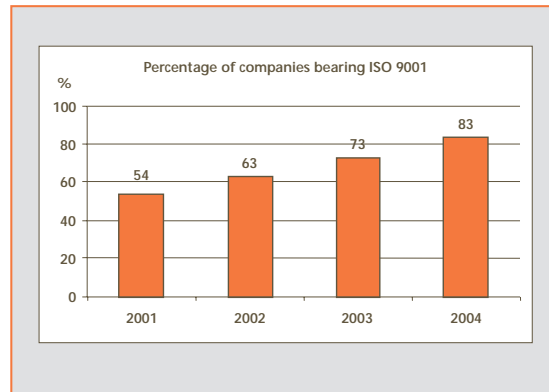
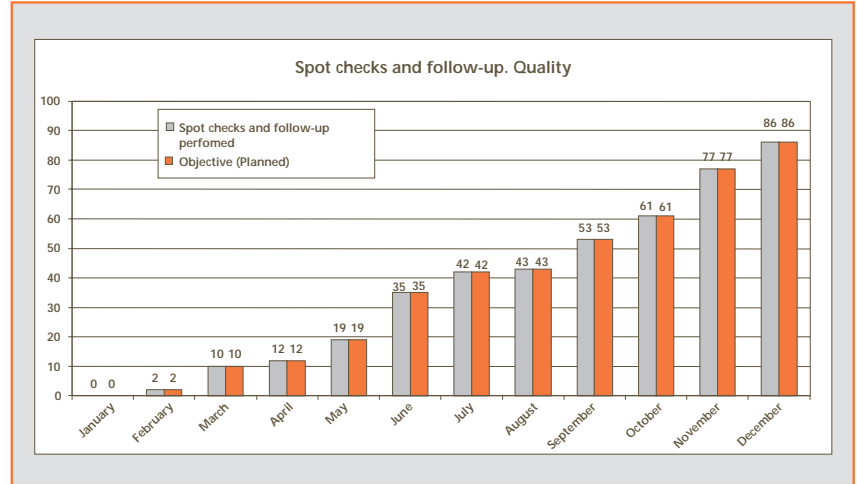
Quality Management Systems

The progressive introduction of the quality management systems in the Abengoa group of companies is one of the strategic objectives of the group's commitment to quality. This objective revolves around the quality management model which conforms to ISO 9001 and ISO 9004 and the EFQM model of excellence.

UNE-EN ISO 9001 and 9004

These international standards are used by Abengoa as a basic reference for the development and introduction of Quality Management Systems.

The percentage distribution of the companies bearing Quality certificates by Business Unit is detailed in the attached graphics:



It is necessary to point out that the bioenergy Business Unit has been set up recently and has companies in Spain and the USA. The companies Ecocarburantes Españoles, S.A. and Bioetanol Galicia, S.A. have developed and introduced an integrated management model of Quality, Environment and Occupational Health and Safety, receiving international certification in 2004.

The American company Abengoa Bioenergy is governed by US standards, which are more stringent in this area of production.

EFQM Model

The EFQM model of Excellence is a voluntary framework designed for the sustained achievement of excellence of an organisation, based on the following principles: customer satisfaction, employee satisfaction and positive impact on society. These principles are attained through leadership in policy and strategy, proper personnel management, the efficient use of resources and an adequate definition of processes, eventually leading to excellence in business results. These principles are developed through nine criteria which permit a comprehensive evaluation in order to determine the organisation's progress towards excellence. This model has already been introduced in the Information Technologies Business Unit, and is in the final stages of implementation in the remainder of the Business Units.

In the Information Technologies Unit, EFQM self-assessments were continued throughout 2004 in all Abengoa companies in Spain, using the simplified tool, "Profile" with licences from the Quality Management Club. The comparative results were published and improvement actions with better synergism prospects and mutual convergence were prioritised. The initiative to validate self-assessments with licence-holders from the Quality Management Club has also continued, the self-assessment of the Traffic and Transport area of Telvent having received validation.

The initiative to receive external EFQM assessments based on the "REDER" tool has also continued, having been awarded in the Energy and Environment area of Telvent the certificate of "European Excellence" (Silver Seal) by the Quality Management Club, scoring 401 out of a possible 500, as well as the certificate Recognised for Excellence in Europe awarded by the EFQM.

On the subject of awards of recognised prestige, Telvent is competing for the "Asturias Prize for Business Quality", for the "Prince Felipe Prize for Industrial Quality" and the "Andalusian Prize for Excellence", having already won in the V edition of the latter.

In addition, in the Engineering and Industrial Construction Business Unit, Instalaciones Inabensa was a finalist in the 2004 prizes, in which the electricity company Iberdrola received the "Supplier of the Year", awarding corporate social responsibility of companies in their choice of suppliers. This award is designed to reinforce constant improvement, the optimisation of products and services. and environmental awareness.

Commitment to the Environment

Abengoa is aware that its services, systems, processes and products must be environmentally friendly. It identifies and controls associated activities and potential environmental impact with a view to reducing incidence of the latter.

This commitment to the Environment is reflected by the very structuring of the business. Two Business Units, Environmental Services and Bioenergy actively work for the environment. Together with the environmental perspective of the remaining areas, the group has a clear environmental orientation.

The Environmental Management Systems are supported by solid leadership from management, who provides training and necessary resources so that all Abengoa employees can help to improve the environment through their day-to-day activities.

The principles underpinning Abengoa's Environmental Policy are:

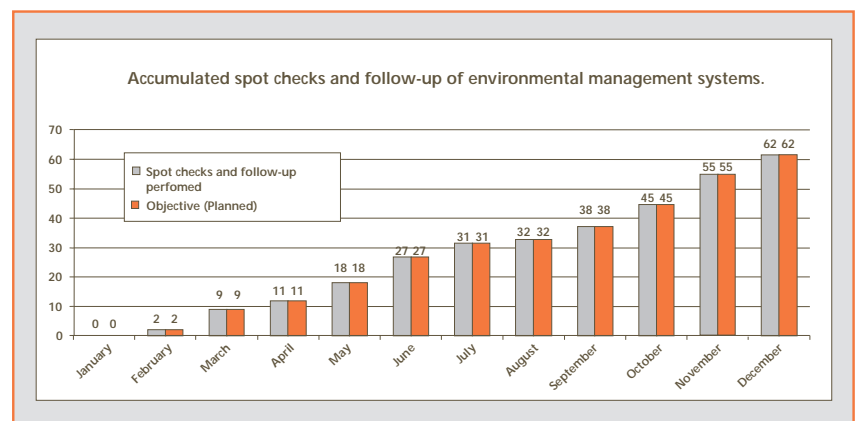
- Compliance with legal standards in force from time to time, requirements occurring within the company, demands made by our customers or interested parties and goals and objectives set
- Prevention and/or minimisation of harmful or negative repercussions on the environment
- Reduction in consumption of energy and natural resources by using, to the greatest extent possible, sources which can be renewed or regenerated
- And finally, constant improvement of environmental behaviour

Structure and Environmental Organisation

For the Abengoa group of companies the following obligations, pertinent to structure and environmental organisation, flow from the development of internal management standards:

- Constitution of a Quality and Environment Committee, representative of the whole organisation and presided over by company Management. Its function is to be the governing body of the environmental management system.
- Provision of structure and environmental organisation necessary for fulfilment of the environmental commitment expressed in the standard. The application of this standard, which is the responsibility of management, must be in proportion to the needs of the company.

Each company is specifically organised to suit its needs and is dedicated to developing and upholding the environmental Management System. As a general rule, these organisations report directly to the Managements of the companies, or in some areas to a specific management of the Business Unit for this area. In every case, fully qualified personnel with the necessary academic and environmental training make up the teams that are responsible for the Environmental Management System. Likewise, these teams are responsible for specific environmental management activities such as: identification of legal requirements; proposal and development of annual plans of internal auditing; assumption of the role of secretary to the Quality and Environment Committee, where objectives, indicators and goals are proposed for the company, areas and departments; response to consultations and requests for advice from the areas and departments; collaboration on training programmes; evaluation of suppliers; assumption of a supervisory role in the application of problem solving (PSR) and improvement actions (IA); and collaboration with general management on the annual revision of the systems in order to determine proposals for improvement.

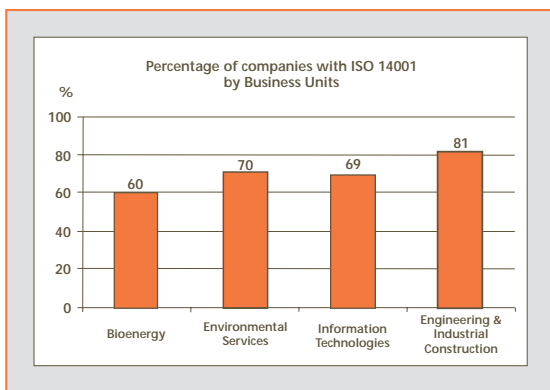
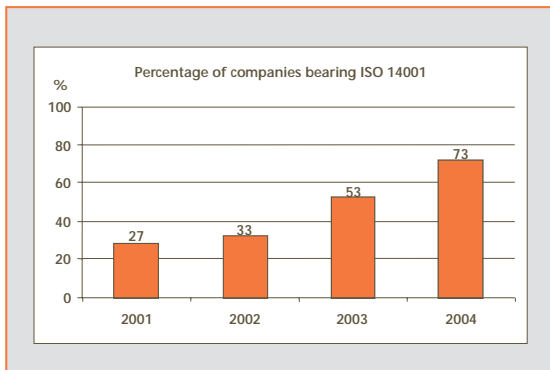


Environmental Management Systems

The progressive introduction of the Environmental Management Systems in the Abengoa group of companies is one of the strategic objectives included in the commitment to the environment of the group. The objective revolves around two environmental management models: the international standard ISO 14001 and the Eco-Management and Audit Scheme (EMAS).

ISO 14001

This is the international standard that Abengoa has set as a reference for the development and introduction of Environmental Management Systems. Below is a representation of the evolution of these systems, certified by certification bodies:



The Eco-Management and Audit Scheme (EMAS)

At present, there are three companies in the Business Unit Environmental Services that have obtained the Verification Certificate, proof of environmental management system compliance with the requirements made under the Eco-Management and Audit Scheme (EMAS).

Over the coming fiscal periods, several companies in this Business Unit and other areas of the business will be preparing to obtain this same verification designation.

Constant Improvement

Abengoa bases its evolution on constant improvement in the development of its Management Systems and the following instruments, which it considers to be strategic: Six Sigma, Problem Solving Report (IRP) and Improvement Actions (AM).

Six Sigma

In 2003, Abengoa opted for Six Sigma as a tool for constant improvement in the important processes of the business with an irregular or unsatisfactory track performance. Six sigma is a methodology that applies statistical techniques from project management to control and reduce variables affecting global performance; the results of which are threefold:

- Customer satisfaction: the identification of the key attributes of their demands, minimisation of failure rates and better control of processes
- Employee satisfaction: through participation in development and training programs which allow individuals to participate responsibly and gain recognition for achievements
- Improvement of economic results: increase in earnings by differentiation and reduction of the costs associated with poor quality output

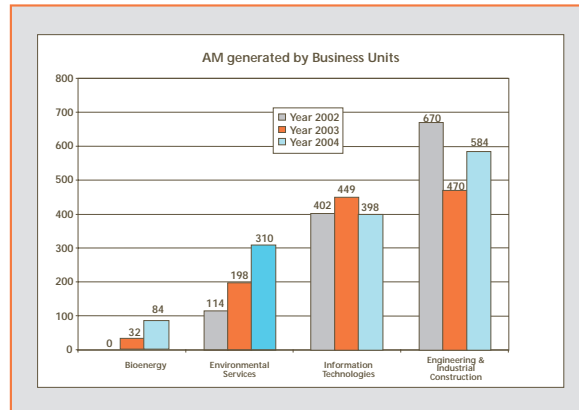
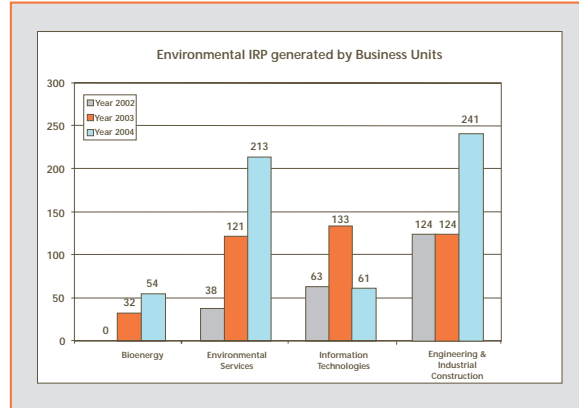
In 2004, as a result of the above, each Business Unit was equipped with teams, staffed by members trained at “Green Belt” levels, with officers performing the role of “Champion”. Their projects, some currently underway, others that have already been completed, are applicable to all Business Units.

Problem Solving Report and Improvement Actions

As strategic tools for improving management of Quality and Environmental Management systems, new versions of two computer applications have been installed in all Abengoa companies, one for management and Problem Solving (IRP) and the other for processing Improvement Actions (AM).

The essential aspect of these applications is that problem management and solution and improvement actions alike can be proposed at the most relevant level to the problem, in such a way that problem detection (IRP) and solutions or improvement proposals (AM) go from “low to high”. Full utilisation of these tools can be enormously advantageous in the day-to-day handling of problems. This type of constant improvement is designed to be redundant in view of the efficiency of the system.

Below is the comparison, broken down by Business Unit, of the results obtained in 2002, 2003 and 2004 relative to problem detection and proposals for improvement actions, as well as the distribution of the problems detected and proposed improvement actions.



Commitment to the Future. R&D&I

Even though the last few years have been very difficult for technology companies in the international financial markets, Abengoa has maintained and reinforced its focus on technology in the belief that innovation is a complex and continuous process which takes place over a long period of time and should not be subject to short-term fluctuations. This technology focus is a key part of our commitment to the future.

In fact, Abengoa is one of the nine Spanish companies that invest most in R&D&I according to "The 2004 EU Industrial Research Investment Score Board" ranking, drawn up by the European Union and published in December. Abengoa is in seventh place among the Spanish companies that invest in R&D.

Innovation is focused on results, in pursuit of three groups of tangible objectives: diversification, through the development of new products and services, differentiation, through improvement and adaptation of existing products, and services for the improvement of processes.

In addition, the intangible objective pursued in Abengoa is the acquisition of essential skills, and above all, the generation of future options. This last point is especially related to value through prospects of growth and development of new businesses.

Innovation is carried out in Abengoa in several forms. It is put into practise internally, and designed to provide specific customers with solutions or integrated into their own development efforts. It is also put into practise externally based on collaboration agreements with universities, research centres, and third parties, with the execution typically shared between the participants. On other occasions, technology is acquired, and additionally, as has taken place in the past, strategic shareholdings have been acquired in technology firms.

With regard to financing, Abengoa also has external resources (taxation, grants, Universities–Research Centres, shared or customer R&D) and well as its own internal resources.

During its innovative history, Abengoa has received recognition in multiple business and academic forums on account of its R&D&I activities. Some of the prizes it has received over the last ten years are listed below:

- Prize for Best Energy Website, The Web Marketing Association, USA, 2004, **Bioenergy**.
- Prize for Excellence and Practical Improvements in the Area of Technological Innovation, AENA, 2003 **Information Technologies**.
- ComputerWorld Prize for Technological Innovation in Andalusia, 2003, **Information Technologies**.
- Nebraska Business Innovation Prize, USA, 2003, Abengoa Bioenergy Corporation, Bioenergy
- Prize for Technological Innovation in the Sector of Recovery 2000, Spanish Recovery Federation, 2003, **Befesa**.
- Prize for the Best Project of the Year, Hynergreen Eight Grove Fuel Cell Symposium, 2003, Engineering and industrial construction, **Engineering and Industrial Construction**.
- Dilectae Academia Prize (First Edition), in recognition its innovative career, Abengoa, Engineering Academy, December 2002
- AEC Prize, for R&D&I to Protect the Environment, AEC Spanish Association of Scientists (AEC), Madrid, November 2001
- Prize for Most Valuable Innovation, Telvent Velflex product, European Wind Energy Conference, Copenhagen, June 2001, **Information Technologies**.
- European Union Prize for the Best Industrial Initiative in the Use of Renewable Energies, for the project on utilization of bioethanol within the programme Renewable Energy for Europe, Camping for Take-Off, Abengoa, Repsol-YPF and Cepsa, European Union, Toulouse, October 2000, **Bioenergy**.
- Prince Felipe Prize for Business Excellence, in the category of Business Competitiveness: Energy and Industry Ministry and the Commerce and Tourism Ministry, March 1996

- Prince Felipe Prize for Business Excellence, in the category of Technological Effort:: Energy and Industry Ministry, March 1996

Innovative Significant Projects

Abengoa believes that demonstration projects are key to implementing an innovation policy for the development of new products aimed at the market. Demonstration projects achieve operational validation of a product, system or innovative process and market testing. They also provide knowledge about anticipated cost so that an initial budget can be set, which can be later lowered through the experience curve. On the other hand, demonstration projects produce a real demand in the public R&D system which enables science to respond to the needs of society.

Once again, this year, we must highlight the project for the Production of Bioethanol from lingo-cellulosic biomass. This project is designed to convert straw from corn and other cereals into bioethanol, as well as other agricultural waste. This will give rise to new benefits for farmers, as production costs will be lowered bringing them closer to the price of gasoline and the greenhouse effect will be lessened through absorption of CO₂ by plants – a raw material in the production of bioethanol – through chlorophyllic function. With investment scheduled for five years of US\$35,478,765, this project has received major non-returnable assistance from the Department of Energy (DOE) of the Federal Government of the United States for a value of US\$17,739,38, accounting for 50% of investment.

Below is a selection of other innovation projects that our companies carried out in 2004:

Bioenergy

- **Conversion of waste starch** - Construction of an experimental plant in York (Nebraska, USA) to increase the current level of conversion of starch into bioethanol (2.6 gallons /bushel to 2.9 gallons /bushel). Completed in May 2004. The project was co-financed by the DOE (US Department of Energy).
- **Enzyme hydrolysis of biomass** - Conversion of ligno-cellulosic agricultural waste into sugars and bioethanol. Research co-financed by the DOE. Construction of a demonstration plant for this technology in Babilafuente (Salamanca), under Framework Programme V of the European Union.
- **ACES project for gasification and catalysis** to obtain bioethanol from syngas. With the help of the ICP (Institute of Catalysis and Petrochemistry of the Higher Council for Scientific Research (CSIC)), under Framework Programme VI of the European Union.
- **Thermochemical conversion of biomass** Development of renewable fuels for advanced engines. RENEW project of Framework Programme VI of the European Union.
- **Recovery and improvement of DGS** to extend its application as feed for poultry and pig farming. The present composition is only permitted for use in cattle farming. With the support of Novus and the Universities of Nebraska and Kansas State, USA.
- **FFV** Experimental testing program for the use of bioethanol in flexible fuel vehicles.
- **Fuel cells** - Project for reforming bioethanol for the production of H₂ and feed for a fuel cell. The research aims to apply bioethanol as a fuel in future cell vehicles. Prototype reformers of 1 kW and 10 kW completed. Co-financed by the Spanish Ministry of Science and Technology.
- **E-Diesel** Commercial use of bioethanol and gasoline blends in diesel vehicles.
- **Energy plantations** Project for the development of sweet sorghum and Jerusalem artichoke in collaboration with the School for Advanced Agricultural Engineering of the Polytechnic University of Madrid (UPM) and the Agricultural Technological Institute of Castilla y León. Profit project programme from the Spanish Ministry of Science and Technology.
- **Agrobiol** for analysis of the viability of bioethanol as an alternative fuel in ethanol/ gasoline, ethanol/diesel blends and as a hydrogen producer for fuel cells. Carried out in collaboration with the UPM, Ford Spain, Technological Institute of Castilla y León, Energy, Environmental and Technologies Research Centre (Ciemat), ICP, Comillas University and

Automotive Technology Research and Development Centre (Cidaut). Profit project.

- **Project for the optimization of the production process of bioethanol from cereals, wheat and barley.** Development in collaboration with the University of Santiago de Compostela. Financed with the support of the Council of Galicia.

Environmental Services

- **Experimental plant for the reuse of organic industrial waste.** In collaboration with the National Metallurgical Research Centre (CENIM). Profit program of the Spanish Ministry of Science and Technology.
 - **Compal** - Portable equipment for testing slag produced in the new slag compactor.
 - **Calidal** - Development of equipment to eliminate the foam in the straining of metal in moulds.
 - **Less waste** Research into fluxing salts in aluminium casting to minimise salt slag production.
 - **Rechupal** - Elimination of shrink cavity in high silicon-content alloys.
 - **Recovery of heavy metals** with the Polytechnic University of Cartagena..
 - **Applications of low-content magnesium in environmental technology,** as a substitute for limestone reagent in waste inerting processes. In collaboration with the Department of Chemical Engineering and Metallurgy of the University of Barcelona. Profit program of the Spanish Ministry of Science and Technology.
 - **Development of OSCA technology** for the supercritical water oxidation of urban sewage sludge. In collaboration with Water Supply and Drainage Muni of Seville (Emasesa).
- (Pilot of Interoperable System for Tolling Applications).
- **SatTOLL** Tolling application based on GPS and CN communications. INTEK (Basque Government) and Profit project financing.
 - **ValTick** Ticketing management system for buses based on contact-less smartcard technology. INTEK (Basque Government) and Profit project financing.
 - **WebPark** advanced car park management system based on the Internet.
 - **Genio** Development of interface in natural language for the ticketing vending machine. Fagor and Intek (Basque Government) financing.
 - **ElockA** Electronic interlocking system for railway control.
 - **Gepes** new tolling in the shade application.
 - **SaReF** Development of new algorithms of regulation for railway traffic, integrable in Televent CTC. Profit project.
 - **Trafig** Development of new low cost products for urban traffic control systems.
 - **SiVAEX** Development of new modules based on adaptive control for the improvement of urban traffic control systems.
 - **Visitran** Use of the latest advances in vision systems, applying them to new utilities for transport systems.
 - **Avantis** Advanced system for the management and control of roads and tunnels.
 - **ValTick** Design and development of a new centralised bus control and management system, incorporating important new features, such as considering prepayment to be a basic method of payment, implemented on contact-less cards. Profit project of the Spanish Ministry of Science and Technology.
 - **SubCAT** Development of a line of equipment based on Saitel-2000DP for the control of substations geared to the North American and Chinese markets.
 - **Complug** Development and demonstration of a broadband network access technology in a PLC environment, on the electric distribution network, based on latest generation FPGA circuits, allowing for the provision of voice and data services. Andalusian Council financing.

Information Technologies

- **SmarTOLL** - Design and construction of an Electronic Transactions System using national technology for application in tolls and a free-flow multi-lane toll system. It has undergone the approval tests to manufacture this remote toll system in accordance with the PISTA project

- **GasCAT Stand-Alone.** Development of a remote teletransmission station adapted to the requirements of the gas-producing sector.
- **JRC-SHEEL** Development of a system for the management and registration of shipping lanes and catches for fishing fleets.
- **Technological upkeep** of the Saitel 2000 suite (Saimed and Saimet+).
- **Families** Consolidation of the CMMI standards (Capability Maturity Model Integration), security in dynamically deployable distributed systems, quality variability techniques in dynamic derivation of applications, case studies on development of suites based on "Model Driven Architecture", processes for the integration of suites, recovery of assets of third parts based on open code. Eureka project.
- **Osmose** Open Source Middleware for Open Systems in Europe. Project led by Telvent with the participation of the R&D centres of leading European companies (Bull, France Télécom, Philips, Telefónica, Thales etc.), research institutes and universities (Charles University, EPFL, INRIA). Development of an open platform for distributed systems that will be validated on test beds for residential broadband services. Profit financing. Eureka project.
- **Jules Verne** Testing of the potential of the interactive digital diffusion industry in the creation of contents and capacity of future terminals and domestic networks. Profit financing. Eureka project.
- **Em CompAs** Programme spanning several years involving the collaboration of 15 companies and five counties. Designed as an open initiative to accelerate deployment of broadband networks through the development of products and advanced applications for the residential environment, creating new multimedia services, home automation, remote control, security and surveillance, developing international standards and processes. Profit financing. Eureka project. Profit financing. Eureka project.
- **IberPLC-MV Multicarrier** Iberoeka project aimed at the Latin American environment for development of communication technologies in the medium voltage networks for the implementation of advanced remote control functions. Profit project.
- **PLC Disc** Trial equipment combining PLC multicarrier technologies and Telvent Metering System (TMS) based on Networked Energy Services of Echelon. Profit project.
- **Opera** Project with European financing in cooperation with 36 members to facilitate economic access to broadband communications in PLC environment.
- **IDEAL** Definition, development and exploitation of a platform of host services, dedicated and shared, of business information systems, information portals and business platforms via the Internet. Profit project of the Spanish Ministry of Science and Technology.
- **OASys DNA** Real-time information management and leading operation in industry system. In 2004, in its third year of development, it has incorporated news levels of functioning, reliability and safety.
- **GMAS** development of a gas measurements system for Gas Suite application of management of gas pipelines and Televent gas networks.
- **Advanced Apps** for the development of GMAS (Gas Measurements Applications) for gas pipeline management.

Engineering and Industrial Construction

- **Metallic towers trial station in the Eucomsa factory in Utrera.** Seville
- **Ceramsol.** Development of a new manufacturing process of silicon carbide materials, with special structural characteristics for their use as absorbing elements of thermoelectric solar plants receptors. Profit and Andalusian Council financing.
- **Plasma Air.** Continuation of the Plactor project. Development of a plasma reactor, based on barrier discharge for the elimination of polluting gases, operating at ambient temperature. In collaboration with the Materials Science Institute of Seville of the CSIC and Green Power Technologies. Profit project.
- **Esteriplasma** Development of a medical materials sterilisation system through the use of cold plasmas, effective against a number of microorganisms and proteins. In collaboration with the Materials Science Institute of the University of Seville. Profit project.

- **SIBHI** development, design and construction of a scanner with a beam of charged ions, previously accelerated in a particles accelerator to achieve uniform beaming in the target area to be beamed. In collaboration with the National Accelerators Centre (CAN). Profit project.
- **Res2H2** demonstration project for the supply of energy and water to an isolated community through the integration of renewable energy sources with the hydrogen vector. The plant comprises a wind generator, electrolyser, desalinador and fuel cell.
- **Microcell** Miniature 50 MW fuel cell. In collaboration with the Association of Research and Industrial Cooperation of Andalusia (AICIA) and partially subsidised by the Employment and Technological Development Board of the Council of Andalusia.
- **Homecell** Development, construction and validation of an electric energy generator prototype with fuel cell for domestic applications. In collaboration with the AICIA and partially subsidised by the Employment and Technological Development Board of the Council of Andalusia.
- **Solo-H** Evaluation of the applicability of H₂ obtained from sources of industrial waste, purification through absorbers PSA procedure and use in fuel cells. In collaboration with the Institute for Catalysis and Petrochemistry of the CSIC and the National Distance Learning University (UNED). Profit project.
- **Mahres** Development of a map of renewable hydrogen in Spain, studying production potential and the distribution of demand, in collaboration with the Pablo de Olavide University. Profit project.
- **Solter-H** Generation of hydrogen from high temperature thermal solar energy, in collaboration with the Solar Platform in Almería. Profit project.
- **Fresnel PV-5X** Development of a Fresnel mechanism under low concentrations of five suns designed for testing of photovoltaic modules. In collaboration with Gamesa Solar and the University of Lérida. Profit project the support of Development Institute of Andalusia (IFA).
- **Hicon PV** for the development of electricity production through PV cells which use III-V technology and are subject to flows of concentrated radiation in the order of 1,000X. Solucar heads a European consortium with RWE, Solar Space Power, EDF, DLR, Fraunhofer Institut, PSE, Ciemat, and the Ben Gurion University and the University of Malta.
- **Megahelio** Development of a heliostat prototype for concentration thermal solar plants with a useful surface of over 200m².
- **Aznalcollar TH** Small plant with eight parabolic dishes with their corresponding Stirling machines for 80 kW of power.
- **Sattub** Development in collaboration with the Ciemat of a new concept of absorption tube for direct steam generation saturated in thermal solar plants with parabolic cylinder concentrators.
- **Project PS-10** Development and construction of a 10MW thermal solar station using concentration tower technology in Sanlúcar la Mayor. Seville.
- **Seville PV project** Development and construction of a 1.2MW photovoltaic solar station with two-fold concentration technology and doble access suntracking, with the participation of the Institute for Energy Diversification and Saving (IDAE), in Sanlúcar la Mayor. Seville.

Significant Innovative Lines

At present, there are four important innovative lines in Abengoa: Bioenergy, Solar Energy, Hydrogen Technologies and Information Technologies.

Bioenergy This Business Unit works on enhancing innovations, improving efficiency, such as waste starch conversion, "Fiber Conversion" or DGS recovery, as well as on radical innovations to transform the business, such as ligno-cellulosic biomass, fuel cells, E-diesel or biorefinary.

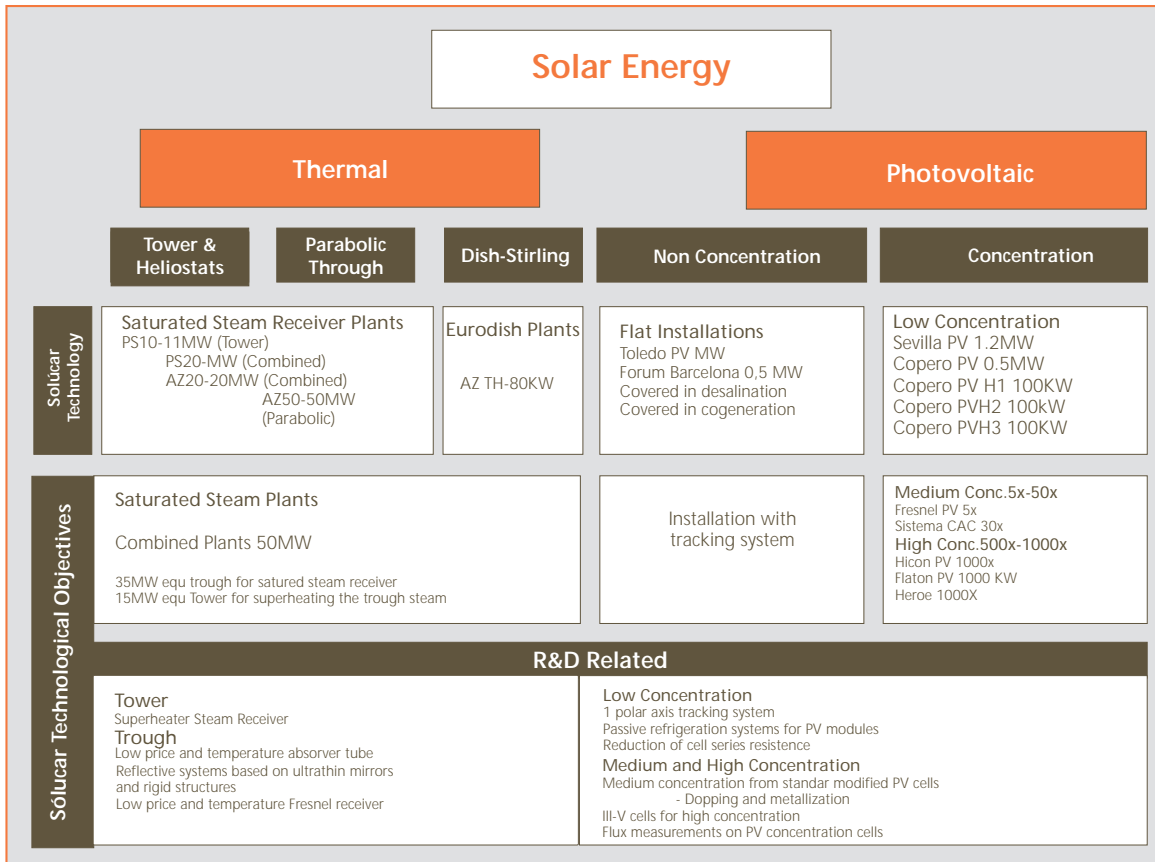
In this line, state funding is received from the Department of Energy of the United States Government, the European Commission via 5 the Framework Programme, and the National R&D Plan.

R&D&I Plan in the area of Bioenergy for the years 2003-2006.

| R&D Plan of Bioenergy, Objectives. | | | | | | |
|------------------------------------|---|---|--|--|---|--|
| Objectives | Production of ethanol at prices competitive with gasoline | | | | | Widen the market |
| Work Areas | Mejora del proceso actual | Production of biomass | | Increase in value of co-products | Development of new raw materials | e-diesel |
| Projects | Conversión de almidón residual | Gasification and catalysis | Enzime Hydrolysis | Co-products | Energy Crops | Demonstrate the viability of the use of E-diesel |
| Partners | Genecor and Novozymes | ICP, AICIA, PNNL, ANL, UOP, Enerkem, others | Novozymes, NREL, SunOpta, U. Auburn, Genecor, Cargill Dow* | Novus, Vogelbusch and Barr Rosin | IBVF, ETSIA, ITA, Ciemat | Tussam, Cidaut, Lubrizol |
| R&D programme | DOE N.P. R&D | F.P. IV | DOE F.P. V | DOE N.P. R&D | N.P. R&D | N.P. R&D |
| Goals | 2.9 gal/Bu performance Increase starch conversion to 95% | Production of ethanol from biomass | Production of ethanol from biomass | To maximise the quality of ecoproteins | To develop energy crops suitable for ethanol production | Economic and technical evaluation of the use of E-diesel Dissemination of results |
| Term | Short | Medium | Medium | Short | Long | Short |

* Agreements under negotiation

Solar Energy Abengoa is pursuing two lines of innovation in solar energy: solar thermoelectric and photovoltaic energy.



Hydrogen Technologies

To drive the development of hydrogen technologies and fuel cells, Abengoa has two companies Hynergreen Technologies, S.A. (Hynergreen) and Grencell.

The aim of Hynergreen is to produce clean hydrogen from other environmentally friendly sources (especially from renewable sources) and to use it in fuel cells for the production of thermal and electric energy.

In order to achieve this, a series of medium term objectives are being worked on, such as:

- Following adequate purification and processing, the use of waste industrial gases high in hydrogen in fuel cells; this enables the plants producing them to cover part of their own electric or thermal energy needs, or sell it to the network.
- Integration of renewable energies with the "Hydrogen Vector", to capitalise on the synergism of the two technologies and contribute to the development of sustainable energy.
- The use of alternative means to store hydrogen, such as metallic hydrides and chemical hydrides.
- The use of direct methanol fuel cells for small portable applications, such as, for example, in the area of telecommunications.

Furthermore, Hynergreen participates in national and international standardisation committees for the drawing up of a set of adequate standards in relation to hydrogen and fuel cells, favouring development of these technologies and lowering associated costs.

The aim of Grencell is to produce renewable hydrogen from bioethanol. Among other R&D&I projects, Grencell has developed, in collaboration with the Catalysis and Petrochemistry Institute of the CSIC, a pilot system for the production of electric energy comprising a bioethanol reformer, a hydrogen purifier and a 10 kW fuel cell.

Information Technologies

Abengoa develops its activities in information technologies through Telvent, which runs a number of R&D&I programmes, especially in the fields of digital electronics, real-time-computing, modern telecommunications and Internet applications. In particular, we will present one of our most complex lines of ongoing technological development, led by Telvent.

OASys DNA It is a data acquisition, supervision and control system developed by Telvent. It is based on an evolved version of Telvent's original SCADA platform and provides the technological infrastructure to support and integrate different applications for the electric, gas, petroleum, water and waste management sectors. It is an open platform managing the control of processes, relations and interfaces with other internal and external systems and advanced level communication. Among the supported applications developed specifically by Telvent are:

- LMS Liquid Management Suite for the management of petroleum pipelines.
- GMS Gas Management Suite for the management of gas pipelines.
- GMAS Gas Measurement Applications Suite for data collection and processing in gas networks.
- SimSuite PipeLine Advanced pipe line operation simulation system, working online.
- Polaris Liquids Integrated commercial management of petroleum pipelines via the Internet.
- Polaris Gas Integrated commercial management of gas pipelines.
- WMS Water Management Suite: Management of treatment plants and water distribution networks.
- Service Suite VIP maintenance management.

Abengoa Investment R&D&I

Investment R&D&I by concepts

| Main Projects | 2003 | | 2004 | | 2005 (P) | |
|--|-------------|---------------|-------------|---------------|-------------|---------------|
| | M € | % s/ Sales | M € | % s/ Sales | M € | % s/ Sales |
| Ethanol efficiency enhancement (waste starch) | 0.4 | | 1 | | 1.2 | |
| Conversion of biomass to ethanol | 0.4 | | 3.8 | | 19.6 | |
| Hydrogen Technology. Fuel Cells | 2.2 | | 0.6 | | 2.8 | |
| Aluminum efficiency enhancement | 0 | | 0.6 | | 0.2 | |
| Vitrification | 0 | | 0.8 | | 2.9 | |
| Electric, environmental, oil and gas control centers | 6.2 | | 6.4 | | 6.5 | |
| Road and rail traffic and ticketing | 3.4 | | 3.7 | | 3.6 | |
| Public Administration support systems | 1.1 | | 1.5 | | 1.6 | |
| Solar Energy | 0 | | 0.6 | | 32.4 | |
| Other Projects | 3.8 | | 4.3 | | 5.7 | |
| Total Investment in R&D&I | 17.5 | 1.1% | 23.3 | 1.4% | 76.6 | 4.2% |

Abengoa in 2004

Social Performance. Focus-Abengoa Foundation

Internal Social Action

External Social Action

Economic Performance


Environmental Performance

Dialogue with Interested Parties

Abengoa in 2004



ABENGOA



El proyecto PS10, promovido por Sener Solar, consiste en una planta de energía solar termoeléctrica de 11 MW que se está construyendo en la finca Casa Quemada, en Santolar La Mayra, Sevilla (España) (pág. 88)

The PS10 project, promoted by Sener Solar, is an 11 MW thermoelectric solar power plant under construction in the Casa Quemada estate, in Santolar La Mayra, Seville (Spain) (page 88)

Publicación interna de Enxaris
Internal Company Publication

Febrero - 2005
February - 2005

Social Performance

Since its founding in 1941, Social Action has been an important program in Abengoa. It can be seen through specific action which is linked to company growth, being increased and adapted to meet the demands of the different sectors of the population, by connecting with people in the broadest way possible and listening to their interests.

Since the 1980s, social responsibility has been channelled through the Focus-Abengoa Foundation, a not-for-profit institution run for purposes of general interest. From this base, intense structured efforts are focused on three areas: education, assistance and culture; enabling Abengoa to get involved in the generation of social wellbeing. The present social report, proof of another year's work, will highlight our backing of new educational focuses, materializing in the Focus-Abengoa Grants Programme which has been implemented with the collaboration of a large number of Spanish universities and a smaller number of foreign universities: University Schools the Baroque and Technology; Menéndez Pelayo International University; the "Javier Benjumea Puigcerver Prize for Research", University of Seville; and the "Javier Benjumea Business and Economics Ethics" Chair, Comillas Pontificate University.

In parallel, the year has been marked by the continuance of the task that was undertaken over two decades ago. There is a renewed desire to maintain and raise the quality of the activities developed. Given that the task is not specific or of an isolated nature, efforts are sustained over time.

In structuring our efforts and reaching out, we centre our attention on two types of social action: internal social, which takes place inside the company, and external social action, which benefits society.

Internal Social Action

At the end of 2004, the Abengoa workforce stood at 9,318 people, 5.57% up on 2003.

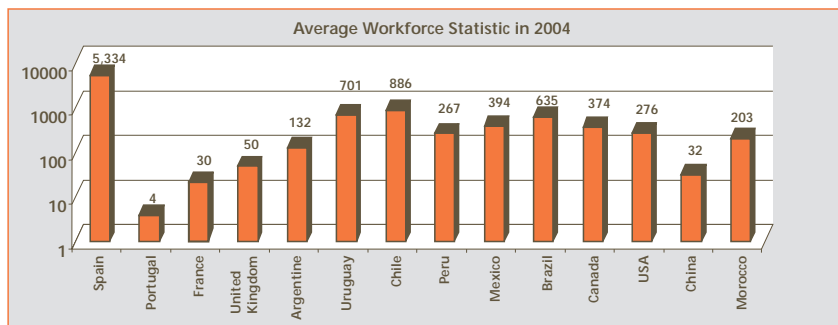
The workers are distributed among the Business Units as follows:

- Bioenergy 369
- Environmental Services 1,249
- Information technologies 2,124
- Engineering and industrial construction 5,576

The distribution by geographical areas of Spain and abroad: in Spain the company has 5,579 workers, accounting for 55.22% of the total workforce, while abroad it has 4,524 (the Americas, Asia, Africa and the rest of Europe).

| Abengoa 2004 | Employees | % |
|--------------|-----------|------|
| Spain | 5,334 | 57.2 |
| Abroad | 3,984 | 42.8 |

Workforce breakdown by country



| Contract type by Continent | Permanent | Job contract | Temporary |
|----------------------------|-----------|--------------|-----------|
| Total Europe | 2,868 | 1,760 | 790 |
| Total America | 1,091 | 1,742 | 832 |
| Total Asia | 2 | - | 30 |
| Total Africa | 15 | - | 188 |

All Abengoa employees are subject to the application of supra-business occupational regulations, in accordance with the nature of their activities and the countries in which they are carried out. In addition to the legal framework in each country, special importance is given to Sector and Regional Collective Agreements, or in-house company agreements signed with the employees, their unit representatives or trade unions, as the case may be.

In the current setting of innovation and change, professional conduct and the capacity to attract, develop and retain talent is key to any business project. Aware of this situation, Abengoa has opted to lend its solid backing to human resources with a twin objective:

- To strengthen, capitalise on, convey and manage knowledge supplied by experienced top-level professionals and to guide skill development
- To allocate adequate means to the organisation of human resources, both in quality and in quantity and on a permanent basis, so that Abengoa strategy is developed and implemented.

To this end, a management system based on skills has been introduced. At 2004 closing, the system had been introduced or was in the process of introduction in 74% of the main companies making up Abengoa, and implementation was scheduled for the remaining companies.

This management system is designed to develop, strengthen and financially reward human resources so as to encourage optimum performance; they are the means by which Abengoa rises to its challenges. Through constant improvement Abengoa develops and maintains a sustained competitive edge, aligning human resources with strategy and pursuing optimum performance.

Company managers have a remuneration scheme under which some of their salary (different depending

on the activity in question, the position held and other variables) is linked to the meeting of specific financial objectives, fulfillment of activity, management or similar objectives. These objectives are reviewed annually.

As to its organisational model, Abengoa opted to create its own specialist service company (Integral Human Resource Management "GIRH") with a well defined mission: to offer efficient, effective, innovative and quality solutions for human resource management, leading the way to improved functioning and competitiveness in the different companies.

Training

The Abengoa training programme in 2004 comprised three large areas, dictated by the teaching material and desired result:

Corporate Training: the means of conveying common culture, namely, corporate identity, financial models, internal standards, strategy and values.

General Training: further professional training of employees, centred on knowledge relating to new work tools, new technologies, updated profiles, management modes and languages, as well as other themes.

Training in Occupational Health and Safety: training in hygiene and safety in the workplace, and in collective and individual measures of protection. In addition, people were given basic, intermediate and advanced training to become accredited occupational health and safety officers. In addition to the above, these workers were specifically trained in current standards and rules for their interpretation. With their training completed, they were empowered to carry out certain responsibilities in this area.

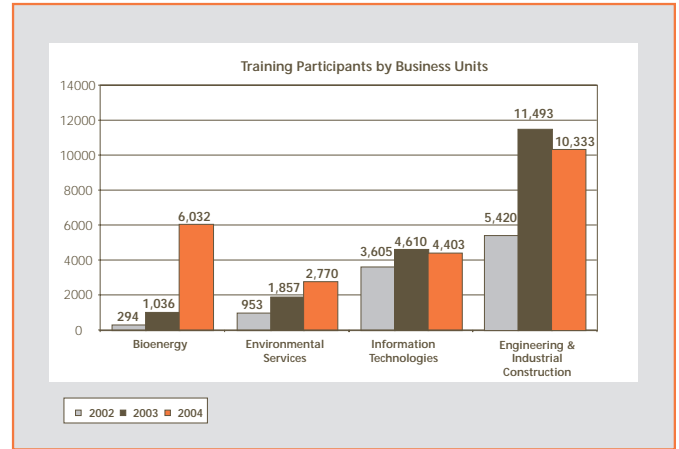
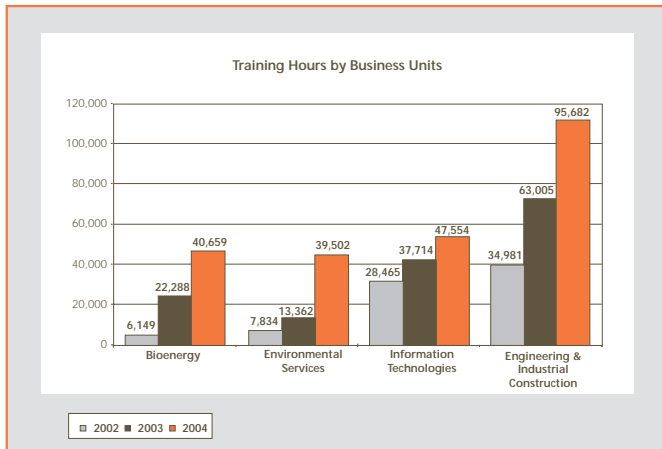
2004 training objectives have been surpassed. In view of the company's strategic objectives, training activity has been complete and balanced. The following table shows the hours of training per worker over the last three years:

| Training Hours per Person | 2002 | 2003 | 2004 |
|---|------|------|------|
| Bioenergy | 18.3 | 66.3 | 22 |
| Environmental Services | 6.6 | 11.3 | 28.4 |
| Information Technologies | 17.3 | 21.9 | 23.2 |
| Engineering and Industrial Construction | 12.4 | 12.7 | 18.3 |

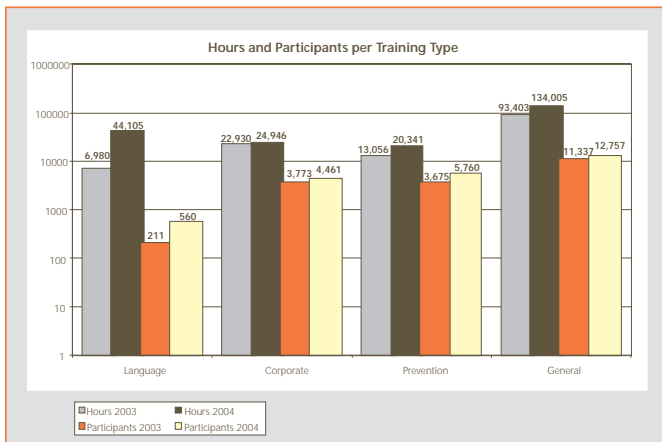
Abengoa in 2004

Social Performance Focus-Abengoa Foundation

The following graphs illustrate the comparative evolution of training hours and number of participants by Business Unit over the last three years.



The following graph compares the hours and participants per training type of the last two years.



School Funding Programme

Human resource training probably creates the most interest in the company, internally as well as externally. The School Funding Programme is coordinated by the Focus-Abengoa Foundation. The objectives behind this broad programme are to promote study, fund research and recognise activities linked to these fields. It also serves to reduce the cost of education borne by families. For the academic year 2003-2004, 1,561 study grants were awarded, at different teaching levels, to 922 families in Spain and Latin America, with an emphasis on special education.

Further awards have been created to stimulate youth training. They include end of studies awards, work pools, grants for studies abroad, grants for further studies for students who have followed Vocational Training, awards-based results from further training courses, and a research grant.

The formal awards ceremony is singular in character and holds special meaning for Abengoa and its Foundation. It has been an annual event since 1982 and meeting the prize winners prompts us to renew our commitment every year to this on-going social action.

Life Quality

Last year, a substantial number of initiatives were set in motion in Abengoa. They were designed to render the working environment more rewarding and agreeable, by increasing quality of life at work and facilitating reconciliation of work and family life.

The following initiatives are worthy of mention:

Installation of a gymnasium in the Valgrande (Madrid) and Tamarguillo (Seville) buildings, adding to the one already in existence in our offices in Calgary (Canada). The gymnasiums are

fully fitted and open at times which are compatible with work. At present, another gymnasium is being installed in the building located in Avda. de la Buhaira (Seville), bringing this policy closer to a large number of people in Abengoa.

Smoke-free buildings - 2004 saw the commencement of the initiative to declare Abengoa work centres as smoke-free.

The Nursery Service is another project under the Abengoa Quality of Life Culture and a further measure of reconciliation of work and family life. Housed in Valgrande building in Madrid, it is subsidised for workers of this building with children up to the age of three. Over the next few fiscal periods, this measure will be extended to other Abengoa work centres in the company.

In addition, there are a number of other initiatives, some already underway, and others which are in development, which are designed to improve the quality of life of Abengoa workers, which include:

Individual employee attention - This service builds interpersonal relationships. Employees, with all their complex life circumstances, can use this service for different purposes: to receive support and guidance, to obtain information, or follow up on specific financial challenges such as negotiating terms of bank loans, requesting social funds for extraordinary expenses owing to sickness... or if they simply want somebody to listen.

Occupational health - In view of the impact on their families, members of staff having been sick or involved in incidents may receive a personal check-up with special emphasis on economic, personal and psychological issues, without affecting medical treatment. The Collective Life Insurance Policy is worthy of mention; the company now holds a much improved version.

Under the heading of stepping up employee coverage, two new medical services have been set up; one in the Tamarguillo building in Seville and the other in the Valgrande building in Madrid. All Abengoa buildings holding over 300 employees now have their own medical service, manned by specialised staff and equipped with sufficient healthcare material. Alongside surgery hours (9.30am to 11.30am) and medical examinations required under healthcare surveillance, both run an emergency service throughout the working day; a telephone extension has been designated in each building for this purpose.

25th Anniversary - The Company hosted an emotional celebration to thank employees of 25 years unbroken service in the main offices in Seville, Chile, Brazil and Argentina. This year the celebration in Seville took place in the church of the Hospital de los Venerables, headquarters of the Focus-Abengoa Foundation. It served as a backdrop for the recognition of the effort made by people to collaborate and partake in the growth and development of the company.

La Antilla Residence - Acquisition, in 1972, of an attractive complex in the sea side resort of La Antilla, Lepe (Huelva) consolidated the so-called summer holiday operation. Commenced in the 70s, the purpose of the operation remains unchanged, that is, the use and enjoyment of the Residence for relaxation, which is a shared living space for Abengoa workers. The remodelling plan for the site for compliance with current fire safety standards is pushing ahead. Elevators, a kitchen and access points are also being added. Users will be able to enjoy the improved quality and comfort afforded by the different rooms, enhancing the wellbeing of the numerous families who are planning to visit, and the growing number who request to do so. In 2004, 3,283 people visited the complex, 290 of

them were retired Abengoa workers at the invitation of Abengoa.

Activities in the Hospital de los Venerables - Concern for the human resource development of current and retired employees, and pension holders of the Abengoa companies has prompted the design of a cultural programme exclusively for them, so they may partake and benefit from the many cultural events held in the headquarters of the Foundation. This program includes complementary visits to monuments and temporary exhibitions, special rates and discounts on entry fees to concerts and organ recitals held at the Foundation, and on books in its collection.

Occupational Health and Safety

In accordance with occupational health and safety standards applicable in the different countries and the Abengoa occupational health and safety, important steps were taken over 2004 in the constant improvement of the occupational health and safety system introduced in the Abengoa companies.

An occupational health and safety culture is unfolding in the companies. This is explained by objectives planned throughout the year in the companies being developed, worker integration and participation in occupational health and safety awareness, management follow-up and control of the system control and advice on health and safety organisation in the companies. This culture significantly lessens work-related accidents and occupational disorders, and enhances constant improvement in safety at work.

All Abengoa companies have designated people, on a part or full-time basis, to develop, manage

and control the occupational health and safety system. The organisational models relative to occupational health and safety comply with the legal requirements of each of the countries where Abengoa operates. Abengoa has chosen to have its own occupational health and safety services, manned by in-house officers specialised in the area.

Following the Abengoa occupational health and safety policy and the common management standards, occupational health and safety committees have been set up in all the companies to control and follow-up on the occupational health and safety system. The occupational health and safety committee is formed by the company management, the chiefs of each area and the occupational health and safety officers of the service. Convened periodically, the committee approves, does follow-up, analyses the evolution of the work-related accident rate and statistical indicators, draws up the annual planning of occupational health and safety activities (POHSA) in accordance with results of the health and safety evaluation, the Problem Solving (IRP) and Improvement Actions (AM), internal auditing reports, published laws, etc. Finally, the results are analysed to initiate once again the cycle of constant improvement.

As set out in the occupational health and safety policy, the training in health and safety, is a basic pillar of the occupational health and safety management system. The training programs are designed to encourage people to identify occupational risks in their workplace and to explain the prevention, protection and emergency implemented for the purposes of control or elimination. Priority and special emphasis is given to staff exposed to especially serious risks and new employees.

In Abengoa, our initial work-related accident rate is very low. The 2004 rate was also very low,

taking into account the danger and risk factors of most of the companies and the official data on accident rates of similar companies in the sectors: construction (rate: 173.15 and seriousness: 2.18) and industry (rate: 105 and seriousness: 1.37).

During 2004 as a result of an accident an employee from Abengoa Chile died due to an electrical discharge.

Notification of work-related accidents and occupation disorders occurring in the Abengoa companies is managed by the company integral human resource management through the Delta System and in accordance with the criteria and directives of the standards set by Work Ministry.

In addition, each company monitors the work-related accidents and occupational disorders occurring in their work centres (official report, certificates relative to commencement and conclusion of the period of absence, etc.) as well as the investigative reports prepared by the health and safety officers of the service or other components of the health and safety organisation, in compliance with the internal management standard and the general procedure of the occupational health and safety system PGP-00/08. On a monthly basis, this information is communicated to the integral human resource management for the preparation of the relevant indicators, by company and the consolidated figures.

In accordance with the management standard mentioned earlier, serious accidents are immediately communicated to the Chairman, Business Unit Manager, Human Resources Manager and the Occupational Health and Safety Officer.

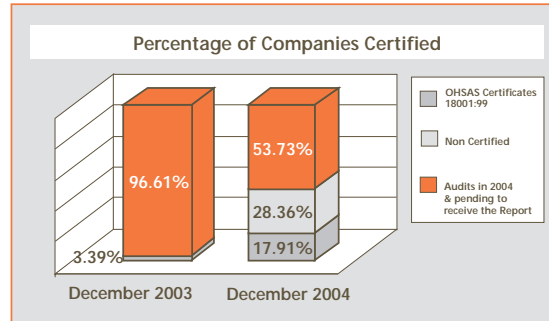
In 2004, the total percentage of absenteeism in Abengoa (penalty, sickness, accident and

absences with and without justification) stands at 2.61%. Absenteeism stemming exclusively from sickness and work-related accidents is 2.08%. This same year the number of work-related accidents warranting leave of more than one day on doctor's orders was 593 of which 26 occurred on the way to and from work. 7,186 working days were lost through these accidents, of which 313 were due to accidents through travel.

Encouraging participation, personnel or group initiative, proactively, in short the involvement of all in the constant improvement of the occupational health and safety system in each of the Abengoa companies, continues to be one of the great objectives, representing a change in the formal, traditional, vertically-operating system.

The computer applications for management, problem-solving (IRP) and processing improvement actions (AM) are strategic tools to facilitate attainment of this objective. Everyone in Abengoa has access to these applications and responsibility lies with management to reinforce their use throughout the organisation. Furthermore, a computing application has been made operational which is very useful for the companies and the occupational health and safety services as it supports and manages all documentation of the occupational health and safety system (SGPRL). It is administered by the joint occupational health and safety service..

Abengoa common management standards set implementation and certification of occupational health and safety management models in accordance with OHSAS 18001:1999 as a strategic objective for all the companies. The following graph illustrates the percentage of companies certified, audited in November and December pending reception of certification and pending audits and certification at the end of 2004.



In order to check the safety conditions in which activities are developed in the work centres and sites, 644 visits have been made. In relation to observed deficiencies and anomalies the corresponding reports have been opened: Problem Solving (IRP) and Improvement Actions (AM).

The system is further strengthened by checklists, which allow chiefs of work centres and sites to discover the shortcomings of the occupational health and safety system in place.

1,078 Problem Solving Reports (IRP) were prepared and 279 Improvement Actions (AM) distributed among the different companies and Business Units of Abengoa.

Furthermore, the companies Bioetanol Galicia and Ecocarburantes Españoles, from the Bioenergy Business Unit have been certified according to OHSAS Specifications 18001, in this case with the auditing entity Bureau&Veritas. They have an integrated environment, quality, and occupational health and safety system.

In accordance with the objective and scheduled programme, the joint occupational health and safety service officers have performed 129 audits on the companies and organising units

within its area of responsibility. In relation to cases of non-compliance and recommendations, the corresponding PSR and IA have been opened in the companies.

901 taught modular training sessions, with 8.832 participants, 40.273 teaching hours and 130 distance learning training sessions, a 50 hour basic course approved by the National Institute for Safety and Hygiene in the Work Place have taken place.

External Social Action

The Company's commitment to society also finds expression in different forms through the Abengoa-Focus Foundation. Since its founding in 1982 by Abengoa, this commitment to society has formed part of the very essence of the company, and has been a successful instrument to promote education, culture and science. The institutional bridging, as indicated by its name, means high aspirations can be set encouraging specific but innovative strategies to flow, important actions beneficial for society. Correspondingly, their impact is favourable and extends to the very values and purposes of business.

The objective of the Foundation is to promote culture in its diverse artistic and cultural manifestations. Prime concerns are the preservation, diffusion and development of Seville's cultural heritage and reaching out to Latin America.

Since 1991, the Foundation has had its headquarters in the Hospital de los Venerables Sacerdotes in Seville, an artistic, historical monument from the 17th century, ceded by the Fraternity de los Venerables and the Archbishopric of Seville. Following costly and protracted restoration, not only of the

architecture but also of its paintings, sculptures, gold work, fine cutting etc., Focus-Abengoa has returned this rare building to the city and its future generations. From that date, it has become one of the most complete and best preserved testimonies of Spanish baroque heritage. Additionally, it has become a lively centre, and focal point for active learning, through the multiple foundation-laced actions.

Preservation and Upkeep of the Hospital de los Venerables

The most stable asset guarded by the Foundation is the Hospital de los Venerables building, which intrinsically implies watching over its intangible values and authenticity. Given this responsibility, upkeep and repair play an essential role in the preservation of this piece of heritage. Each year, the most prominent actions consist, on one hand, of foreseeing possible deterioration of the architecture and artistic components, and on the other, the improvement or substitution of its technical installations permitting access, use and enjoyment of the monument; in short, achieving social empathy.

Training and Education

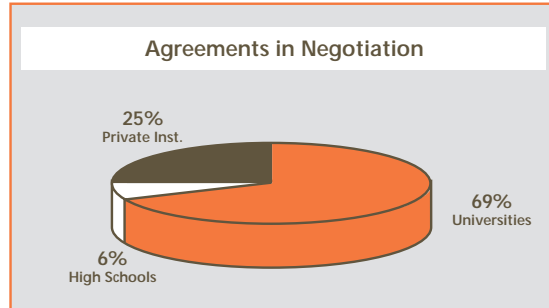
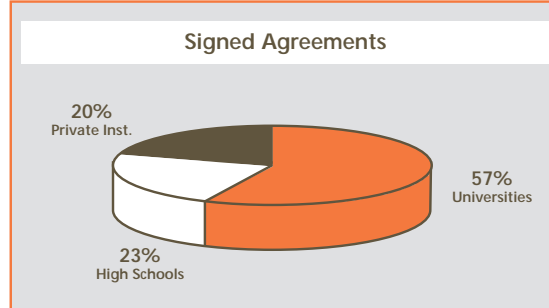
Focus-Abengoa Grants Programme

With a view to promoting and complementing student training and integration into the world of work, Educational Cooperation Agreements have been arranged with different national and international teaching institutions to support the incorporation of students into the Abengoa companies. The beneficiaries of these practical apprenticeship grants acquire their first professional experience as well as the possibility of becoming future Abengoa employees, while providing the company with a highly skilled and innovative work force for the development of its activities.

Abengoa in 2004

Social Performance
Focus-Abengoa Foundation

In 2004, a total of 196 grant holders completed their training in the different Abengoa companies. To this end, 44 Cooperation Agreements had been set up with different teaching centres, and talks with another 16 institutions were in the final stages. The following tables summarise the information:



Main Collaboration Agreements signed between Focus-Abengoa and the different educational Institutions:

| Universities | High Schools |
|---|--|
| <ul style="list-style-type: none"> Alfonso X "El Sabio" (Madrid) Alcalá de Henares (Madrid) Autónoma (Madrid) Antonio Nebrija (Madrid) Camilo José Cela (Madrid) Carlos III (Madrid) Complutense (Madrid) Europea (Madrid) Francisco de Vitoria (Madrid) Politécnica (Madrid) Pontificia Comillas (Madrid) Rey Juan Carlos (Madrid) San Pablo-CEU (Madrid) UNED (Madrid) Universidad de Sevilla Pablo de Olavide (Sevilla) Facultad CC. Físicas (Sevilla) Universidad Politécnica (Barcelona) Centro de Estudios Jovellas (País Vasco) Universidad Politécnica (Cartagena) Universidad de Huelva Universidad de Zaragoza Universidad de Castilla-La Mancha Universidad Politécnica (Valencia) | <ul style="list-style-type: none"> Santa María del Castillo (Madrid) Heliópolis (Sevilla) Lucus-Solis (Sevilla) Jesuitas (País Vasco) Salesianos (País Vasco) San Juan Bosco (Cartagena) Carlos III (Cartagena) Politécnico (Cartagena) Vázquez Díaz (Huelva) Vicente Blasco Ibáñez (Valencia) |
| | Private Institutions |
| | <ul style="list-style-type: none"> Esc. de Finanzas Aplicadas (Madrid) C. Formación Empresarial (Madrid) ESIC (Madrid) C. Estudios El Monte (Sevilla) Conf. Empres. Andaluces (Sevilla) SAFA Esc. Organiz. Industrial (Sevilla) San Pablo-CEU (Sevilla) CES San Valero (Zaragoza) |

The following are among the main Collaboration Agreements in negotiation:

| Universities | High Schools |
|--|---|
| <ul style="list-style-type: none"> Autónoma (Barcelona) Universidad de Murcia Universidad de Córdoba Universidad de Málaga Universidad de A Coruña Univ. Santiago de Compostela Universidad de Valladolid Univ. de Washington (EE.UU.) Univ. de Saint Louis (EE.UU.) Univ. San Marcos (Perú) | <ul style="list-style-type: none"> El Bohío (Cartagena) |
| | Private Institutions |
| | <ul style="list-style-type: none"> Cesma (Madrid) IU Ortega y Gasset (Madrid) CF Garrigues (Madrid) Forja XXI (Sevilla) |

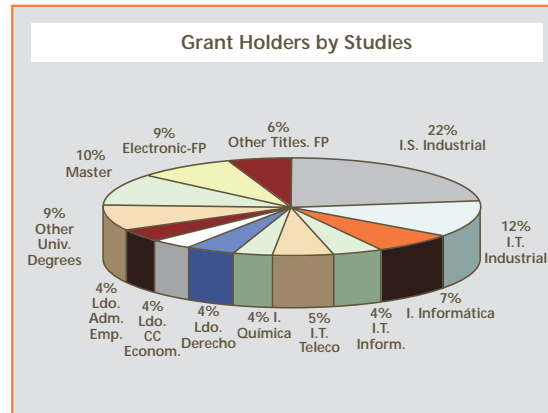
Abengoa in 2004

Social Performance
Focus-Abengoa Foundation

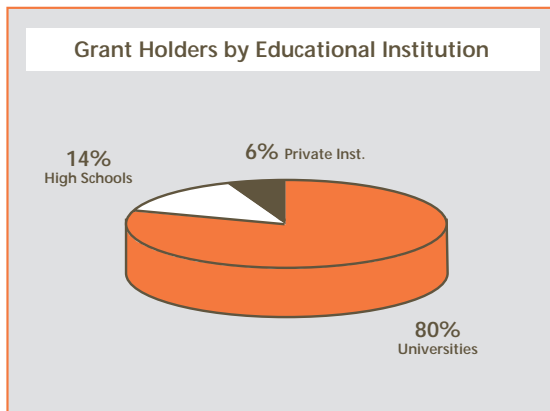
Grant Holders

| Grant Holders 2004 | |
|---|------------|
| Grant Holders incorporated in December 2003 | 69 |
| Nº of Incorporations 2004 | 127 |
| Total Nº of Grant Holders | 196 |
| Nº dismiss 2004 | 133 |
| Contracts | 54 |
| % Contratracts over dismiss | 41% |
| Grant Holders Average per month 2004 | 71 |
| Grant Holders Incorporated in December 2004 | 63 |
| Grants Total Cost 2004 | 382 Tho.€ |

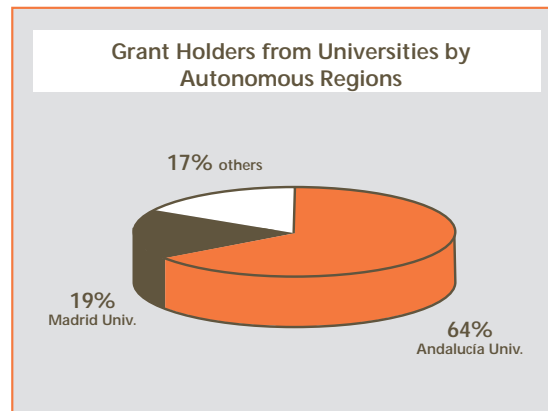
Grant Holders by Studies



Grant Holders by Educational Institution



Grant Holders from Universities by Autonomous Regions



Focus-Abengoa Prize for Painting

This international award, of long tradition and recognised prestige, allows us to renew our commitment to contemporary art. Through the concerns and zeal of the creators, we can contribute to generating an exchange in artistic experience beyond our frontiers. It also entails public recognition for the artists involved, spurring them on in their professional challenge.

In its 21st session, the Jury of specialists, of unquestionable objectivity and rigour, had to select from the two hundred and eighty paintings received from the European Union and the Americas; the works were later exhibited in the Hospital de los Venerables. The First Prize of 24,000 euros was awarded to David López Panea, with an untitled piece, and the two consolation prizes of 6,000 euros went to Chus Garcia-Fraile París for her piece *Ubicuos 30* (Ubiquitous 30) and María José Ruiz López for her work *¿Por qué?* (Why?). The three pieces have been added to the Focus-Abengoa art collection.

Prize for the Best Doctoral Thesis on a Sevillian Theme

Created in 1983, the prize enjoys enormous and steady prestige. In addition to the 3,000 euros in prize money, the decision was made in 1987 to publish the work so as to promote greater diffusion and penetration. In this session, it was awarded to María de los Ángeles Barral Muñoz for her thesis "Estudio Geoarqueológico de la Ciudad de Sevilla. Antropización y Reconstrucción Paleogeográfica durante el Holoceno Reciente (últimos 2.500 años)" (Geo-archaeological Study of the City of Seville. Anthropization and Paleogeographic Reconstruction during the Recent Holocene (last 2,500 years)).

Javier Benjumea Puigcerver Prize for Research

The Social Board of the University of Seville and the Focus-Abengoa Foundation created this prize last year. Its purpose is to recognise work done by members of the university community in their desire to participate in projects which may satisfy the needs of companies and entities, insofar as research and development. This prize carrying a 9,000 euro

reward was born from a true desire to support science, and above all, to encourage dedicated researchers. In the first session, the prize was awarded to Professor of the University of Seville, Miguel Ángel de la Rosa Acosta, for his work "Applications of photosynthesis and other biological photo processes to problem solving for agricultural and industrial interests" .

Javier Benjumea Chair of Economic and Business Ethics

Barely two years ago, the Pontificate University of Comillas and the Focus-Abengoa Foundation created the Javier Benjumea Chair of Economic and Business Ethics. Its purpose is to promote a new channel of education capable of contributing, through coordinated and persevering actions, to unravel what has come to be known as Corporate Social Responsibility. One of its objectives is to build and diffuse, via research and teaching, theoretical and practical knowledge in the area of business ethics, which may help to institutionalise these applications in businesses and organisations. This year several initiatives have been worked on. In the area of teaching a doctorate course worth 4 credits under the title of "Ethics and Corporate Social Responsibility" has been offered, and in the area of research, various doctoral theses are being directed. The sessions of the permanent seminar "Business Cultures and Global Market" continue to run, and the seminar under the title of "CSR communication" is planned to be continued. The seminar "CSR of Organisations: Ethics, Image and Communication" is held in the framework of the Autumn Cycle of the Complutense University. The Chair has also been invited to take part in the work groups of the Global Compact – World Pact (UN), in the so-call Square Table, a forum bringing together representatives of different spheres within the framework of the World Pact in Spain.

School Grants and Funding

To further the educational task and favour development of communities in marginalized areas with high rates of poverty in Latin America, Abengoa is cooperating in the construction of schooling centres. Among other measures, they

have been fitted with a drinking water network, electric installations and a solid structure. Worthy of mention is the culmination of a sports centre, and above all, of several cafeterias to facilitate student meal times, without which class would be difficult to follow. In the medium term, these school children will generate development alternatives in these countries.

Seminars and Conferences

University Schools of the Focus-Abengoa Foundation

One of the challenges that faced the Focus-Abengoa Foundation in 2004 was the conception of a new teaching strategy concerning issues of special importance and developed by teachers and researchers of international standing. The strategy had to be capable of attracting the young, university-going public, concerned with fundamental topics of interest and current affairs.

On account of its singular characteristics and recognised national and international prestige in the world of academia, the Foundation has found in the Menéndez Pelayo International University (UIMP) the academic institution to materialise this project, turning it into a reality. The two institutions have reached a collaboration agreement for the setting up of two University Schools, each with a three-year program, one dedicated to technology and the other to baroque. Both will be included in the academic programme of the UIMP in Seville, and the courses will be given in the Hospital de los Venerables in Seville.

The themes of the Schools have been carefully and purposefully selected, as the aim is to cover two areas which hold particular meaning in the immediate setting. It is where the Foundation carries out its tasks: the first, scientific-technology, in a contemporary world transformed each day by innovation and technological change in its most diverse facets, including economic, technical, social and cultural aspects; and the second having a cultural-humanistic nature, centred on the world of baroque, with wide repercussions in the world of

European and Latin American culture, under the perspectives of art, politics, literature, theatre and religion, among others.

Focus-Abengoa Foundation School of the Baroque
2004: Baroque, Rhetoric and Art of Persuasion
2005: The Europe of Cities. The Baroque Moment
2006: Baroque, Religion and Popular Piety

Focus-Abengoa Foundation School of Technology
2005: Technology, Globalisation and Competitiveness
2006: Technology, Productivity and Information Society
2007: Technology, Looking to the Future

Insofar as their teaching content, the curricula of both Schools will be validated by the University of Seville and the Pablo de Olavide University, as well as by all those with which the UIMP has subscribed validation agreements.

The School commenced the week running from 22nd to 26th November, and was led by the lecturers Irving Lavin Emeritus from the Institute for Advanced Study of Princeton, and Vicente Lleó Cañal, professor from the University of Seville. It was backed with the participation of important, well-known academics, such as the lecturers Stoichita from the University of Fribourg and Fagiolo from La Sapienza University in Rome; and national speeches by recognised lecturers specialists in the subjects Bonaventura Bassegoda, professor of the Autonomous University of Barcelona, Delfin Rodríguez, professor of the Complutense University of Madrid, the lecturer Fernando Rodríguez de la Flor from the University of Salamanca, and the lecturers Luisa Elena Alcalá and María José del Río Barredo, both from the Autonomous University of Madrid.

The sessions, held in the very Hospital de los Venerables, have been very satisfactory; considerable student participation was achieved in the debates, and two educational visits were made during the course, one to the church de los Venerables and the other to the Jesuit Novitiate of San Luis. The ease, greater than usual, in teacher-student relations was a positive point made by both groups.

2004 World Conference on Biofuels

Within the framework of the "Thought Forum on the Environment and Sustainable Development", conceived by the Foundation to give itself an instrument of reflection and to promote knowledge and public awareness of this essential matter, the 2004 World Conference on Biofuels was held for the third year running. Hosted in the Hospital de los Venerables last Spring, the event prompted a debate among the most important role players in the biofuels sector at world level. Composed by representatives from governments, industry, agriculture, the world of petroleum, the automobile industry and technology, they furthermore analysed the position of the markets, their long-term horizons, jointly exploring different openings for this sector.

Celebration of the 50th Anniversary of the European Centre for Nuclear Research (CERN)

Focus-Abengoa, in collaboration with the Energy, Environmental and Technologies Research Centre (Ciemat), held a short cycle of conferences under the title of "The CERN: Past, Present and Future" in the Hospital de los Venerables for the 50th anniversary of the founding of the European Centre for Nuclear Research (CERN). Carlo Rubbia, Nobel Prize Winner for Physics in 1984, the ENEA president (Ente per le Nuove Tecnologie, L'Energie e L'Ambiente) and former director general of the CERN, Juan Antonio Rubio, the director general of Ciemat and former chief of the division of Education and Technology Transfer of the CERN, and Manuel Aguilar, director of the Basic Research Department of the Ciemat and vice-president of the CERN council, participated.

For 50 years the CERN has not only played an important role in its scientific mission and in fostering international cooperation, but it has also procured important social spin-offs thanks to practical application of discoveries made over these years, and which have successfully reinforced, even further, scientific and technological activity in Europe.

Music

Again in 2004 diverse musical activities were developed around the organ, the instrument incorporated into the chapel of the Hospital de los Venerables by the Foundation in 1991. Since then it has turned our headquarters into a centre for the organ and organ music diffusion in Seville, a key city in Spanish organ history, and throughout Latin America. From Focus-Abengoa we are endeavouring to educate different social communities. Through specifically designed actions, we pursue the promotion of young musicians, the furthering of studies for organ teachers and students, and in a special way, the stimulation of musical interest of students in Secondary Education and Conservatories. This pedagogical focus is materialised in the series of recitals by new organists, a Master Organ Course taught by an international figure, and a Series of Didactic Recitals led by scholars.

The Recitals by Novel Organists centred on Francisco Correa de Arauxo (1584-1654), the distinguished figure of the Sevillian organist on the 350th anniversary of his death. They were under the charge of Miguel González (Lleida), Ignacio Ribas (Andorra) and Susana García Lastra (Seville), who completed their programmes with works from other European composers from the same period as Correa de Arauxo.

The Didactic Recitals have been increased this season. Extending action has not only targeted students from advanced Secondary Education, but also students from Elementary Conservatories in Seville. Close to 1,500 students have benefited from this educational activity from different teaching centres in Seville. Students enrich their musical and artistic training through knowledge of the organ, its nature and sound, and that is why these recitals constitute one of the carefully prepared and anticipated activities.

In the same vein, the Master Organ Course went ahead for the fourth year running. On this occasion, it was titled "The German Masters of the North Preceding Juan Sebastián Bach", and directed by the German Harald Vogel. Over the three consecutive days, 24 organ players and students from all over Spain followed the course with great interest and professional benefit. It has the backing of the Advanced Music Conservatory of Seville.

In parallel, presenting the best organists of our time in Master Concerts responded to the demands of organ music fans. This year we were given the chance to listen to the Belgium organist Jean Ferrard, organ professor of the Royal Conservatory of Brussels; to Harald Vogel, director of the Organ Academy of North Germany; Jozef Sluys, organist of the Saint Michael Cathedral in Brussels; José Enrique Ayarra, titular organist of los Venerables and the Cathedral of Seville; together with the Chamber Orchestra of the Royal Symphony Orchestra of Seville; or the concert given by our representative accompanied by the cellist Luiza Nancu, for the religious ceremony of the day of Saint Ferdinand, patron of the chapel de los Venerables.

We should point out that all the concerts were broadcast by the Spanish national radio station, Radio Nacional de España, on its classical radio station. This body said we were the only organisation in Spain to hold an organ concert, described as extraordinary, for the Euro-Radio Special Day. With the central theme "Music in Europe during the Reign of Louis XIV" and interpreted by José Enrique Ayarra, it was broadcast live by European public radio-television entities on 22nd February last.

Exhibitions

"See Seville. Five perspectives in a hundred engravings". The Foundation's own collection was featured in the exhibition rooms of the Hospital de los Venerables. The title "See Seville. Five perspectives in a hundred engravings" served as an introduction to the bulk of the collection of etchings that has been formed over twenty years. The sample was divided into five independent

sections, with particular slants: the perspective of a geographer, a stroller, a festive view, an archaeologist and a romantic. Through the images etched between the 16th and 20th centuries, it promises an artistic cum historical stroll through the city of Seville and its Kingdom, bringing a novel vision of the city. The lecturer Alberto Oliver delivered the exhibition speech and the artist Gustavo Torner was responsible for the arrangement of the museum. The Foundation has developed a programme of didactic visits geared to all the educational centres in Andalusia. University students in their final year and recent graduates in History of Art volunteer their services to give guided tours of the exhibition. As in previous years, over fourteen thousand people have enjoyed these visits. Specific audio guide services in several languages also continue to be available. The exhibition is open to the public every Sunday afternoon free of charge.

Under the same heading, we should point out the exhibition showing thirty paintings, short listed for this session, from a total of two hundred and eighty, presented by artists from Spain, the European Union and all over the Americas. The three winning pieces along with other acquisitions from the paintings displayed in the rooms de los Venerables have entered the Art Collection of the Foundation.

Focus-Abengoa Foundation Art Collection

This year, a donation made by Abengoa of a set of twenty-five canvasses has added to the assets of the collection. Their valuation has been accepted and entered into the Foundations Register of Andalusia. Benjamin Palencia, José García Ramos, Andrés Cortes, Carmen Laffón are among the artists represented in the donation through a total of nine pieces of magnificent execution, as well as other young creators.

To date, the Focus-Abengoa Foundation Art Collection contains 112 pieces. This is fruit of activities developed, including the Painting Prize and exhibitions promoting outstanding figures from today's art world, such as Fernando Botero, Antonio López, Gustavo Torner, among others. Some of

these works are temporarily on loan and exhibited in different premises of the Abengoa companies in Spain and the United States, forming part of company culture.

Library with a Sevillian Theme

With the restoration of the present headquarters finished, the book heritage, held by the Foundation since 1981 when the Library with a Sevillian Theme was opened, was installed on the premises which were formerly the refectory and head room of the Hospital de los Venerables. Here is where over six thousand books are kept, ranging in date from the 16th century to our days, all with a common thread, their relevance to the history of Seville and its Kingdom, or having been written by Sevillian authors. Each year the enrichment process continues by way of new acquisitions of documents and books. The Library, open to researchers and scholars, has extended its access to all volumes through the Biblio 3000 online application, allowing transmission and diffusion of this live cultural heritage.

Bureau of Engraving

The Foundation, since its creation in 1982, had a large number of etchings and decided that this delicate graphic art heritage was to have facilities which would ensure its preservation and use for scientific ends. The singular aspect of this Collection is that it is specialised in iconography of Seville; it is the only one in its class, both in Spain and abroad. It is made up of three hundred engravings, ranging in date from 16th to 20th century. Scholars and researchers may access the collection for specific purposes.

Publications

" Aires Barrocos en el Órgano de los Venerables" (Baroque Airs on the Organ los Venerables)

It is a musical offering of a supreme recording of the organ of the chapel of los Venerables, bearing the seal of Radio Television Española. This is only recording of the piece of music the Foundation commissioned the Sevillian composer Manuel Castillo to write in 1993. It is accompanied by a study on "The Organ in Seville and its Projection to the New World" . This unique edition was given as an Abengoa institutional gift at Christmas to close to six thousand people, nationally and internally. As a result, the music of the organ de los Venerables has transcended beyond the walls of the old church sheltering it.

"Solis Theatre" Its rebirth in the 21st century"

True to the primary objective of contributing to the preservation, diffusion and development of Sevillian cultural and historical heritage and its projection into Latin America, Focus-Abengoa has not hesitated in offering a highly informative publication on the Solis Theatre in the city of Montevideo (Uruguay). It tracks its milestones, changes and transformation with the passage of time up to the present, highlighting the last action rendering its reopening possible on 25th August 2004. A company of the Teyma group has executed this peculiar project with a human interdisciplinary team. It has effectively solved the need to reconcile the demands of progress and the safeguard of heritage, making tradition, technology and innovation compatible.

Collaborations and Agreements

On a yearly basis, Abengoa channels its effort and assistance in different ways towards other diverse and plural institutions which perform services of general interest for the Companies:

Association of Spanish Foundations
 Association of Andalusian Foundations
 Spanish Centre for Solidarity, Mankind Project
 Fighting Drug Addiction Foundation
 Spanish-United States Council Foundation
 Foundation for Development Cooperation and Assistance Promotion
 Business and Society Foundation
 Cotec Foundation
 Foundation for Applied Economics Studies
 Euro-American Foundation
 European Energy Foundation
 Sociological Studies Foundation
 Forge XXI Foundation
 Integra Foundation
 Prince of Asturias Foundation
 Pro-Royal Spanish Academy Foundation
 Valencian Advanced Studies Foundation
 Catholic Art and Industry Institute– I.C.A.I.
 Regional Development Institute
 Musical Youths
 World Pact Platform
 Royal Academy for Fine Arts “ Saint Isabel of Hungary”
 Royal Academy of Medicine
 Royal Sevillian Academy of Literature
 Pontificate University of Salamanca
 University of Seville

The Investiture Ceremony of the Cardinal of Seville, Carlos Amigo Vallejo, into the Academy of Social Sciences and the Environment of Andalusia
 The Cardinal of Seville, Mr. Carlos Amigo Vallejo, was appointed an Honorary Academic Member of the Academy of Social Sciences and the Environment, in a formal ceremony which took place in the church of the Hospital de los Venerables, which was attended by numerous personalities from all spheres. The event was chaired by Manuel Chaves, President of the Council of Andalusia, accompanied by Antonio Pascual Acosta and Santiago Herrero León, President and Secretary of the Academy, as well as by the Presidents of the Foundation and Chairmen of Abengoa, Felipe and Javier Benjumea Llorente.

Agreement with the Council of Seville. The Focus-Abengoa Foundation and the City Council of Seville have signed a framework agreement whereby both entities undertake to jointly carry out different cultural activities to promote and drive endeavours relating to social action for the benefit of the city of Seville. In the development of its aims to foster, diffuse and develop the cultural and historical heritage of Seville, as an initial action, fruit of this agreement, Focus-Abengoa has undertaken to publishing a book gathering together the events of the last “ 25 years of the Flamenco Biennial (1979-2004)” The importance of this form of artistic expression will be made clear on its 25th anniversary.

Special Olympics. In its headquarters, the Hospital de los Venerables, the Focus-Abengoa Foundation hosted the gala for sponsors and collaborators of the National Special Olympic Games, which were held this year between the 8th and 12th October in Seville. Focus-Abengoa did not hesitate in offering its headquarters for the event to be held in recognition of funding efforts made by sponsors and collaborators of the VII Spanish National Special Olympic Games. These National Games are an international not-for-profit movement, whose main objective is to promote personal development and the integration of mentally handicapped people.

San Rafael Elderly Residence. Taking in and caring for the elderly is a key issue in today's society. This concern prompted the creation of a residence which came into being in 1989 in order to respond to the shortage of specialised centres for the elderly. The strong demand in this segment of society, rarely listened to and in possession of few economic resources, led to the commitment to erect the San Rafael Residence for the Elderly, which was inaugurated in November, 1991. The building, located in the district of Dos Hermanas, Seville, currently takes in sixty people who find in this setting the warmth of a home in their last days. Abengoa, involved in the initiative right from its conception, renews its commitment each year to contributing to the maintenance, improvement and modernisation of the centre's facilities which reflect the quality of life enjoyed by these people and family members.

Economic Performance

In 2004, Abengoa obtained a consolidated Net Income of 51.8 million euros, which represents an increase of 10.1% on last year.

Abengoa's Profit and Loss Statement, forms part of the Abengoa Legal and Financial-Economic Report 2004. We would like to draw your attention to the incoming amount recognised in the sales and

services rendered item, in the last two years, data in millions of euros :

2003 = 1,635.3 M euro

2004 = 1,687.1 M euro

Besides the exhaustive economic and financial information within the Legal and Enconomic Financial Report 2004 we also add in this chapter some indicators of the impact that Abengoa causes in its interested parts, as well as the local, national and international economic systems in which it operates.

Products or range of products in which the national market share per country exceeds 25%.

| Products or range of products in wich the national market share per country exceeds 25% | 2003 | 2004 |
|---|------|------|
| Ethanol for use as fuel in Spain | 100% | 100% |
| Electric energy transport lines in Spain | 40% | 40% |
| Control of road traffic in Spain | 30% | 30% |
| Control of substations in Spain | 40% | 40% |
| Control of petroleum and gas pipelines in North America | 60% | 60% |
| Control of petroleum and gas pipelines in Latin America | 62% | 62% |
| Weather assistance in airports in Spain | 90% | 90% |
| Production of secondary aluminium in Spain | 40% | 40% |
| Treatment of salt slag in Spain | 100% | 100% |
| Treatment of salt slag in United Kingdom | 100% | 100% |
| Decontamination of equipment with PCB in Spain | 40% | 40% |
| Transformation of greenhouse plastics in Spain | 40% | 40% |
| Treatment of steel plant dust in Spain | 100% | 100% |

Cost of all raw materials and procured commodities, and all contracted services

| Cost of raw materials (M €) | 2003 | 2004 |
|--------------------------------------|---------|---------|
| Consumable and other costs | 1,019.7 | 1,046.9 |
| Consumable and other operating costs | 253.7 | 272.2 |

Percentage of contracts settled under terms of agreement, excluding stipulated penalties

The volume of purchases made by each Business Unit is as follows:

| | |
|---|----------|
| - Bioenergy | 233.1 €M |
| - Environmental Services | 209.6 €M |
| - Information Technologies | 108.6 €M |
| - Engineering and Industrial Construction | 495.6 €M |

Total salary expenses broken down by country or region.

Salary expenses for the last two years were as follows:

| Salary Expenses (Thous. €) | 2003 | 2004 |
|---------------------------------|--------------|--------------|
| Salaries and wages | 195.2 | 222 |
| Social charges | 48.1 | 49.6 |
| Total salary expenditure | 243.3 | 271.6 |

Distribution among capital providers, broken down by interest on debt and loans, and dividends on shares of any description, with specification of any arrears on the preferred dividends.

- Dividends:
During the 2003 and 2004 periods Abengoa distributed to its shareholders an annual dividend of €12.7M in each period at the rate of €0.14 per share.
- Distribution of bank loans:

The breakdown of the debts with credit institutions is as follows:

| Debts with Credit Institutions (Thous. €) | 2003 | 2004 |
|---|----------------|---------------|
| LT Debt with credit institutions | 545,754 | 532,662 |
| ST Debt with credit institutions | 62,330 | 61,978 |
| Temporary financial investments | (161,800) | (300,806) |
| Cash and banks | (264,471) | (252,145) |
| Total Net Debt | 181,813 | 41,689 |
| LT financing without recourse | 176,203 | 204,370 |
| ST financing without recourse | 93,480 | 163,069 |

| Shareholder's Fund Movements (thous. Euro) | Balance at 31.12.03 | Distributed Results 2003 | Other Movements | Balance at 31.12.04 |
|---|---------------------|--------------------------|-----------------|---------------------|
| Share Capital | 22,617 | | | 22,617 |
| Share Premium | 110,009 | | | 110,009 |
| Reserves in Parent Company | | | | |
| - Distributable | 107,417 | 674 | | 108,091 |
| - Non-Distributable | 4,523 | | 1 | 4,524 |
| Revaluation Reserve | 3,679 | | | 3,679 |
| Reserves in Fully and Proportionally Consolidated Companies | 87,696 | 31,443 | 998 | 120,137 |
| Reserves in Companies Consolidated by Equity Method | 2,788 | 2,266 | (70) | 4,984 |
| Cumulative translation adjustments | | | | |
| - In Subsidiaries Consolidated by line-by-line or Proportional Method | (49,542) | | (7,581) | (57,123) |
| - In Companies Consolidated by Equity Method | (5,454) | | (637) | (6,091) |
| Dividend for the Year 2003 | 0 | 12,666 | (12,666) | 0 |
| Subtotal | 283,733 | | | 310,827 |
| Consolidated Profit for the Year | 47,810 | (47,810) | 58,330 | 58,330 |
| Profit Attributable to Minority Interests | (761) | 761 | (6,546) | (6,546) |
| Profit Attributable to Holding Company | 47,049 | (47,049) | 51,784 | 51,784 |
| Total Shareholders' Equity | 330,782 | | | 362,611 |

Financial assistance received, broken down by country

| Financial assistance (M €) | 2003 | 2004 |
|---|------------|------------|
| Subsidies in capital transferred to results | 3,8 | 3,6 |
| Operating subsidies | 3,4 | 5,3 |
| Total | 7,2 | 8,9 |

Donations to community, professional company and other groups, in cash and in kind broken down by group kind

| Social Responsibility | | |
|---|----------------|----------------|
| (Thousands €) | 2004 | 2005 (E) |
| Internal Social Action: Abengoa | 979.2 | 1,517.7 |
| External Social Action: Society in general | 2,588.0 | 2,871.2 |
| Total | 3,567.2 | 4,388.9 |

| Internal Social Action: Abengoa | | |
|---------------------------------|--------------|----------------|
| (Thousands €) | 2004 | 2005 (E) |
| Education | 171.8 | 225.5 |
| Human Relations | 123.2 | 123.2 |
| Social well-being | 554.0 | 1,034.0 |
| Culture | 130.2 | 135.0 |
| Total | 979.2 | 1,517.7 |

| External Social Action: Society in general | | |
|--|----------------|----------------|
| (Thousands €) | 2004 | 2005 (E) |
| Hospital de los Venerables | 679.2 | 718.7 |
| Training and Teaching | 671.2 | 571.2 |
| Seminars and Conferences | 101.8 | 186.8 |
| Music | 38.7 | 39.6 |
| Exhibitions | 54.4 | 729.5 |
| Focus-Abengoa Foundation Art Collection | 595.1 | 30.0 |
| Publications | 200.8 | 325.1 |
| Collaborations & Agreements with other Companies | 246.8 | 270.3 |
| Total | 2,588.0 | 2,871.2 |

Environmental Performance

Abengoa activity, via its four Business Units, makes an important contribution to sustainable development in the areas where it operates, which we would like to highlight.

Bioenergy

Abengoa manufactures and markets bioethanol, a renewable product obtained from cereals and a substitute for gasoline. Bioethanol production avoids the consumption of fossil fuels and the emission of many tonnes of CO₂ into the atmosphere, as the level released by the vehicles has been previously set by cereals through the chlorophyll function. During manufacture other coproducts of high environmental value are also produced, such as DGS, compounds with a high protein content for animal feed. Bioethanol contributes positively to air cleanness in cities, as it is an oxygenated fuel it prevents the formation of combustion CO₂. Furthermore, as the octane rate is raised, it is of great interest for lead-free gasolines. Bioethanol also makes great demands on agriculture, creating much work in the rural world and helping population settlement. It also plays a part in reducing energy dependence, by substituting imports.

Abengoa is the leading bioethanol producer in the European Union and the fifth producer in the United States, as well one of the major world players.

The summary of the contribution to sustainable development of this business in 2004:

- Bioethanol produced 487,968 t
- Eco-protein produced 448,714 t
- Crude substituted 314,818 t
- Tonnes of CO₂ avoided 1,332,641 t
- Direct jobs 287
- Indirect jobs mainly in rural areas in agriculture 4,880

Environmental Services

Through its different companies, Befesa carries on an industrial activity which is designed to favour environmental protection and recovery, with technological advances and financially profitable operations.

Its activities are integrated into the following business areas:

- Recycling of waste aluminium
- Recycling of salt slag
- Recycling of zinc waste and desulphurisation
- Management of industrial waste
- Industrial cleaning and hydrocarbons
- Environmental engineering

These businesses have very positive environmental results, as they save raw materials and energy, reduce CO₂ emissions, and protect the environment by recycling, eliminating and controlling waste. Environmental engineering also devotes considerable effort to infrastructures and water cycle management.

For reference purposes and without being exhaustive, we will comment on the contribution made by secondary aluminium to the environment. This recycled aluminium prevents the consumption of primary aluminium. Production of one kilogram of primary aluminium consumes approximately 12 kWh, while obtaining one kilogram of recycled aluminium only consumes 0.5 kWh. In addition to energy savings, savings are also made in raw materials and CO₂ emissions are prevented. Most secondary aluminium is destined for the automobile industry. Every kilogram of aluminium that is incorporated into a vehicle prevents approximately 20 kilograms of CO₂ emissions, on average over its useful life, and an equivalent reduction in biofuel consumption, and at the end of its life 95% will be recycled.

We must also highlight desalination activity. Abengoa has built a desalination plant in Carboneras, the largest in the European Union. Desalination is the best promise for sustainable

development. Desalination of seawater is energy consuming and this consumption accounts for the bulk of the cost. However, technological development is pushing this cost down reasonably quickly to its lowest technical levels. In 1998, desalination of one litre of seawater consumed 6 kWh. The desalinator of Carboneras consumes 4 kWh and probably during this decade the consumption level will manage to be reduced to 2 kWh. This is important news for developing countries, as cheap desalinated water will contribute extraordinarily to agricultural development, population settlement and healthier cities.

Engineering and Industrial Construction

The contribution made by this Business Unit to sustainable development is materialised in avoided CO₂ emissions, through its cogeneration plants, renewable energy plants, development of hydrogen technologies, and infrastructures in developing countries.

Abengoa owns eleven cogeneration plants.

- Electric energy generated 2,142,048 MWh
- Steam delivered to host industry 1,270,441 t
- Net CO₂ emissions: 1,069,316 t
- Avoided CO₂ emissions: 942,458 t**

** Estimation of emissions avoided in accordance with the substitution criteria of electric energy generation in coal-fired thermal power stations.

This Business Unit promotes and constructs renewable energy plants, especially solar and biomass plants. It also builds biofuel plants.

It builds energy infrastructures preferably in the electric sector: generation stations, and transport and distribution infrastructures. A fair number of these infrastructures are built in developing countries.

It also contributes to sustainable development in the social results, as it contributes to the development and modernisation of Latin American countries,

especially through the creation of electric, environmental, industrial and telecommunications infrastructures among others. The first permanent Abengoa installation was in Argentina in 1968.

Information Technologies

Telvent is the holding company of a group of technological companies, largely geared to control systems that design and construct infrastructures for the information and knowledge society. The basic technologies are digital electronics, real-time computing, modern telecommunications and Internet technologies and contents and management systems.

They contribute to the improvement and rationalisation of the management of services and public administrations and highly industrial companies. They are at the base of modernisation and socio-economic progress.

Environmental Indicators

In order to calculate the indicators of environmental performance included in this report, all the work centres managed by Abengoa have been taken into account, without considering the facilities belonging to customers, and where there is no responsibility for management. To have a clearer idea of how the environmental impact of all the companies is distributed, it should be taken into account that 55% of the workers are based in Spain and the remaining 45% abroad (The Americas, Asia, Africa and the rest of Europe).

In accordance with Abengoa environmental policy and common management standards, the introduction and certification of an environmental management system in all its companies is an objective strategy. In this framework it is compulsory for all the companies to set their objective for reducing the consumption of natural resources or waste generation.

All indicators cited below have been defined and calculated with the idea of tracking evolution in successive years.

Raw Materials: Owing to the nature and variety of Abengoa activities, it is virtually impossible to provide an exhaustive list of raw materials used. That is why data available in groups which facilitates the understanding of all parties interested in our environmental impact has been added and consolidated.

In a group whose most important activity is engineering, paper is usually one of the most highly consumed raw materials. In order to reduce its environmental impact different measures have been introduced: the use of recycled paper, printing of documents on both sides, and above all, the extensive use of a corporate network so that all the staff from the different companies, and spread out over more than seventy countries in four continents, may share information, drastically reducing paper consumption.

Paper consumption in offices (tonnes)

| | 2004 | % |
|-------------------------------|------|------|
| Total paper consumption | 481 | 100 |
| Consumption of recycled paper | n.d. | n.d. |

An important group of raw materials at global level stem from agriculture and farming: pigs slurry for treatment and disposal, grain for the production of bioethanol and eco-proteins for animal feed, vinous alcohol surpluses also for the production of bioethanol as a component of ecological fuels.

Raw materials from an agricultural and farming source (tonnes)

| | 2004 | % |
|----------------|-----------|------|
| Pig slurry | 105,000 | 7.3 |
| Grain | 1,228,756 | 85.9 |
| Vinous alcohol | 96,682 | 6.8 |
| Total | 1,430,438 | 100 |

In the process for producing bioethanol from grain, different substances are used. Enzymes and antibiotics are important on account of their consumption:

Substances of etanol production (tonnes)

| | 2004 |
|-------------|-------|
| Enzymes | 1,248 |
| Antibiotics | 1,508 |

Below, some of the controlled chemical substances of major consumption in the different productive processes of the companies of the group are listed. As mentioned earlier, owing to the wide variety of activities and customer requirements, the number of substances used is very wide and most in non-representative amounts.

Different chemical substances used in the productive processes (tonnes)

| | 2004 |
|---------------------|----------|
| Sodium bicarbonate | 2,637.20 |
| Sulphuric acid | 1,216 |
| Hydrochloric acid | 817 |
| Caustic solution | 216 |
| Sodium Hypochlorite | 123 |

Among all the metallic products consumed, we have emphasized the most important in terms of quantity. Iron is mainly used to build metallic structures for electric energy transportation lines. Silicon is a component of aluminium alloys, and the zinc is used to galvanise metal structures.

Metals (tonnes)

| | 2004 | % |
|-------------------------|-----------|-------|
| Iron | 22,210.03 | 45.93 |
| Silicon | 3,447 | 7.13 |
| Zinc | 1,056.70 | 2.19 |
| Cooper | 449.45 | 0.93 |
| Other metallic products | 21,639 | 43.82 |
| Total | 48,353.25 | 100 |

The Abengoa companies devoted to the recycling of industrial waste contained in the table below, through treatment, utilization and recovery, obtain products such as secondary aluminium, concentrated blocks of aluminium, Waeltz oxide with 65% zinc, secondary zinc and zinc oxide.

| Recycling of industrial waste (tonnes) | | |
|--|----------------|------------|
| | 2004 | % |
| Salt slag | 140,632 | 30.76 |
| Steel plant and casing dust | 105,100 | 22.99 |
| Desulphurisation waste (sulphur) | 104,000 | 22.75 |
| Metallic waste and aluminium slag | 104,531 | 22.86 |
| Concentrated zinc waste | 2,950 | 0.64 |
| Total | 457,213 | 100 |

The activity area of Environmental Services includes the companies devoted to waste management and treatment. The considered waste is presented according to their classification of hazardous or not and to the treatment they receive.

| Waste for management and processing (tonnes) | |
|--|----------------|
| | 2004 |
| Hazardous | |
| Chemical physical waste treatment | 7,722 |
| Energy utilization waste treatment | 37,090 |
| Inerting waste treatment | 233,244 |
| Regeneration recovery waste treatment | 2,495 |
| Hazardous deposit waste treatment | 132,414 |
| Thermal waste treatment | 7,651 |
| Evapocondensation waste treatment | 8,596 |
| PCB waste treatment | 19 |
| Reactive separation waste treatment | 612 |
| Subtotal | 429,843 |
| Non-hazardous | |
| Non-hazardous deposit waste treatment | 71,030 |
| Inerting deposit waste treatment | 8 |
| Non-hazardous energy utilization waste treatment | 105 |
| Non-hazardous recycled / reutilization waste treatment | 1,319 |
| Non-hazardous chemical physical waste treatment | 397 |
| Subtotal | 72,859 |
| Total | 502,702 |

In addition to this waste, all that treated in our plants, another 31,638 tonnes are managed for treatment in outside plants.

Abengoa in 2004

Environmental Performance

Also within the area of Environmental Services equipment contaminated with PCB is managed for its disposal, recovering reusable materials.

| PCB (tonnes) | |
|--|-------|
| 2004 | |
| Electric equipment contaminated with PCB | 2,675 |

Most consumption of plastic as a raw material comes from the recycling of film used to cover greenhouses. The remainder comes from very different activities.

| Plastics (tonnes) | | |
|--|------------------|------------|
| | 2004 | % |
| Plastic waste from agricultural activity | 12,770 | 96 |
| Processed plastics | 531.93 | 4 |
| Total | 13,301.93 | 100 |

Energy: Data on electric energy consumed from the network matches the data provided by the different Abengoa work centres. In the hydrocarbons section, gasoline consumption basically corresponds to the consumption by the fleet of vehicles. The proportion of gasoline that is not consumed by vehicles is consumed in the different productive processes. Gas is mainly used in the cogeneration activities.

| Energy | |
|-----------------------------------|------------|
| 2004 | |
| Electricity from the network (GJ) | 740,191 |
| Hydrocarbons (GJ) | |
| Total gasoline | 224,036 |
| Automotive gasoline | 119,293 |
| Gasoline | 27,762 |
| Gas | 18,485,947 |

Water: Water taken from the sea corresponds to the open circuit refrigeration system with two cogeneration plants which return approximately 95% of the entry flow to the sea in the conditions which are detailed in the section on discharge.

| Water consumption (m ³) | | |
|-------------------------------------|------------------|------------|
| | 2004 | % |
| Process water | 8,407,007 | 92 |
| Sea | 7,239,000 | |
| Sanitation | 51,022 | 1 |
| Refrigeration and irrigation | 690,251 | 7 |
| Total | 9,148,280 | 100 |

Biodiversity: There is no owned, administered or rented soil in habitats rich in biodiversity. No significant impact on biodiversity stemming from group activities has been identified either.

Emission, Discharge and Waste: The data indicated refers to direct emissions from sources in Abengoa's possession or under its control.

Water returned to the sea has a slightly higher temperature (2 or 3 degrees) and slightly higher salinity because 5% of the total seawater is desalinated to be delivered to the host industry of the cogeneration plant.

| Emissions (tonnes) | | 2004 | |
|--------------------------|-----------|---|-----------|
| Greenhouse Gas Emissions | | NO _x , SO _x and other Atmospheric Emissions | |
| CO ₂ | 1,164,075 | NO _x | 18,162.75 |
| CH ₄ | 0.19 | Particles | 76.19 |
| N ₂ O | 47.16 | SO _x | 891.17 |
| HFC | 0.00 | | |
| PFC | 0.00 | | |
| SF ₆ | 0.00 | | |

| Discharge to water (m ³) | | |
|--------------------------------------|-----------|-----|
| | 2004 | % |
| Discharge to public network | 151,669 | 2 |
| Discharge to sea | 7,296,189 | 98 |
| Total | 7,447,858 | 100 |

There are no significant emissions of substances which reduce the ozone layer.

Significant discharge of chemical substances, oils or fuels have not occurred. As a result, there has been no discernable negative impact on the environment.

Without taking into account the waste treated by the environmental services area, which have been included in the section on raw materials, Abengoa, in its normal activity, produces a great variety of waste, most of which is monitored through the different environmental management systems implemented in each company. The most important data in terms of quantity and impact are below:

Products and Services: Almost all Abengoa activities are found under an environmental management system as required under the standard ISO 14001. Therefore as a fundamental prerequisite of these systems, all significant environmental impacts are identified in accordance with the internal procedures of each company. The significant environmental impacts (IA14 and IA15) are described at the beginning of the chapter.

Enforcement: There is no episode or fine worthy of mention in relation to breaches of agreements / treaties / declarations concerning the environment, in any of the countries where Abengoa operates.

| Other waste (tonnes) | | |
|-------------------------------------|--------|------------------------|
| | 2004 | Destino |
| Paper | 109 | Recycled |
| Metal scrap | 2,705 | Recycled |
| Plastics | 106 | Recycled |
| Waste impregnated with hydrocarbons | 26 | Recycled |
| Used oils | 21 | Recycled |
| Sludge | 5,600 | Recycled |
| Aluminium oxide | 31,085 | Recycled |
| Ammonium sulphate | 2,208 | Recycled as fertiliser |

Dialogue with Interested Parties

Abengoa attaches great importance to the relationship with social groups with an interest in the activity and management of the company being transparent and balanced, and it having communication channels to respond to the requests for information that have been described throughout this report. Additionally, there are other channels both in the area of internal and external communication which are detailed below:

Internal Communication

Communication is an essential component in Abengoa philosophy while being key for the involvement of people forming Abengoa, and for fulfilment of mission, objectives and customer-focused culture. Among the most important means for the communication's function are the following:

Abengoa Portal for the Employee In 2003, the Abengoa Portal was launched. It distributes internally, quickly and universally, all the information and knowledge referring to the Business Units, companies and people making up the organisation.

The portal is an element of communication and internal information, which aims to be the professional desktop of all employees, where, apart from having dynamic and statistical information from the Business Units and companies, all necessary management systems can be accessed for professional performance as well as different processes of human resources from a management and employee point of view.

It is divided up by business areas, in each of which there are sections with information relative to organisation charts, history, important events, quality and environment, innovation projects and activities of each of the companies. There is also

a virtual notice board, a meeting place for the different employees (news of special interest for employees, announcements and suggestions).

It includes a work area where we can directly access all Abengoa corporate applications used on a daily basis, converting it into a quick and agile entrance to the work tools used by all employees.

Moreover, the portal is an element of communication, capable of communicating and generating knowledge, making human capital structural and conveying corporate values.

Welcome and Integration Handbook Abengoa has prepared welcome and integration plans for its business groups for the purpose of welcoming new employees, facilitating their adaptation and offering them a global vision.

These welcome handbooks offer useful and valuable information for new employees, as they introduce the company, its activities, structure and internal regime in a brief and simple way.

To enable easy and updated access to the content of these handbooks of the different companies, a new section has been created within the area of human resources of the Abengoa portal.

Employee Self-service In 2004, a new interactive option for employees was introduced in the Abengoa portal. This new tool, called "employee services", is another step forward in the area of human resources management, as through this automated process a highly efficient and immediate service redounding in quality is achieved.

In this initial phase, the implemented processes are as follows:

- Viewing and printing off pay slips
- Viewing of work calendars
- Option of modifying bank data
- Option of distributing pay over several bank accounts

- Viewing of company insurance with the option of amending beneficiaries
- Viewing of personal income tax, issuance of certificates and the possibility of increasing the legal rate
- Frequently asked questions service (FAQ) in all areas

Internal Newsletter. Abengoa publishes a bi-monthly newsletter which gathers together not only the main activities of the business groups and companies, but also technical articles, news on quality, the environment and Human Resources. The newsletter is based on collaborations between employees and is published in Spanish and English with a print run reaching 15,000 copies. This internal publication is also available to all employees in the employee portal and on the corporate website (www.abengoa.es).

Project Zero CV on Paper Another of 2004's significant projects was the backing of communication tools for improving human resource management. On this occasion the objective was to provide potential candidates with a work pool so as to receive their CVs and applications for membership to our organisation. In addition to this, the employment offers corresponding to each company or Business Unit were made available to candidates so they could follow up on their employment applications.

External Communication

The main channel of communication of Abengoa with its external public is the corporate website. In addition each Business Unit has its own website.

Abengoa Website Abengoa put its first website on the Internet in 1995 and since then it has been continually updated to adapt to the group's new activities, as well as new techniques and trends in design and navigation, which are increasingly adapted to surfers' needs.

The Abengoa website www.abengoa.com presents transparent information geared to investors. It has three main sections: who we are, legal and financial information and news

- Who we are. It is a commercial introduction to Abengoa activities, structured into its different Business Units: Bioenergy, Environmental Service, Information Technologies and Engineering and Industrial Construction. In addition, there are comparisons with previous years, consolidated financial data, activity in Spain and abroad.
- Legal Information. Information on corporate governance, capital structure, structure of governing bodies, information transferred to the National Commission of the Securities Market (CNMW), annual general meetings of shareholders and a section on shareholder services.
- Financial information. It provides access to the annual reports of the last three years, information on share listings, financial calendar, quarterly /half-year financial information on dividend distribution.
- News. Reports on Business Units activities, new contracts, on the progress and conclusion of projects, alliances, actions.

There is a subscription service to news items published on the Abengoa website, in financial-legal matters and news and also contact addresses: for general matters, communication issues and for shareholders.

On the Abengoa website there are links to the websites of the Business Units. We wish to point out that this year the Bioenergy Business Unit was awarded the prize "Best Energy Website" (the best website in the energy area) by the Website Marketing Association in the United States. www.abengoabioenergy.com

This year 2004, Abengoa has published its annual report in three separate books: Activities Report, Corporate Social Responsibility Report, and Legal and Economic-Financial Report.

2004 is the first year we have published a corporate social responsibility report as part of the annual report publication.

Shareholder Services Department In order to facilitate the existence of permanent contact with the shareholders of the company, Abengoa has established a Shareholder Services Department, headed by the Secretary General. The objective is to establish fluid and transparent communication with shareholders and permit their access to information, in time and form, together with the institutional investors who are ensured of equal treatment. Special care is taken to communicate accurate and useful information on significant events, press releases and period economic-financial information.

On the website (www.abengoa.com) there is also a shareholder services box.

Investors Relations Department With the exact same purpose as shareholder services but in relation to investors, the company has an Investors Relations and Market Analysts Department, headed by the director of management information systems, in coordination with the financial director, who is responsible for design and implementation of the communication program with the national and international financial markets so as to disclose the main dimensions and strategic actions of the company.

Corporate Governance Report

Corporate Governance Report

Corporate Governance Report 2004.

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- Composition.
- Duties.
- Rules.

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e. Risk Control Systems.

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h. Information Tools.

- i) Web.
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Corporate Governance Report

a. Introduction

Corporate Governance

The coming into force of the Financial System Reform Act and the publication of the report on security and transparency in the markets elaborated by the Aldama Commission and the recent Transparency Act, have amended and improved, in so far as Corporate Governance practices are concerned, through a ensemble of rules and regulations, some of which are of a clearly innovative nature, the system that was in force, or recommended, at the time. And there are still more innovations pending development in the near future.

Thus, from a formal perspective, Corporate Governance in small and medium sized listed companies was understood, until the aforementioned reforms, to be the minimum requirements needed to allow a complete response to the questionnaire that the National Securities Market Commission demanded as a result of the Olivencia Report and the recommendations included in it. Today, following the reform, listed companies can not merely take a passive or explanatory stance. Some of the Aldama Report recommendations have already been incorporated into prevailing law and must be complied with. The current measures, rulings and recommendations to date, form a single coherent and complete group, whose objective is to offer a real and transparent representation of the listed company, as an additional element for the investor to consider.

Corporate Governance, as an ensemble of practices – required by law as well as being undertaken voluntarily – of each company in relation to the structure, organization, operation, competences and supervision of its governing bodies, is bound together in a fundamental principle, that is none other than the principle of the capital markets: the general principle of information; transparent, real, balanced, true and complete information. Only in this way can shareholders and potential investors be guaranteed an equality of treatment and opportunities.

There are two sides to the information obligation:

- The objective side:
“what” is reported

Accounting or financial information
Relevant events
Capital structure, shareholders
Corporate Governance Legislation
Annual Corporate Governance Report

- The subjective side:
“how” to report it

Periodic financial information
Relevant events
Significant shareholdings
Issued and submitted brochures
Website, etc.

Abengoa has made a significant effort within its company structure and its different components, to adapt itself and incorporate the initiatives put in place by the new legislation. Below we will briefly review each of these aspects and the innovations implemented by the company:

a) Accounting / financial information.

This is perhaps the aspect that has suffered the least amendments. The periodic information obligations (quarterly, half-yearly and annual) remain based on an information model created by the CNMV which, from the second quarter 2002, can only be submitted telematically (in coded electronic format), implemented voluntarily by Abengoa two years ago.

Corporate Governance Report

b) Relevant Events.

The Financial System Reform Act has modified the previous definition of this concept, establishing it as the information whose knowledge thereof could reasonably lead an investor to purchase or transfer securities and therefore may appreciably influence the price. Nevertheless, the relevant event concept continues to be non-specific and open (signifying that conducts or actions that warrant this consideration are not specified, partly because it is an almost impossible exercise due to the varied practices of corporate decisions that may be relevant but where a certain degree of legal uncertainty remains). There are two criteria that are used complementarily to determine the content of this concept: i) the practice followed by the CNMV on previous occasions, and ii) the practice followed by companies themselves on similar occasions. Here the basis of good governance is deduced; consistency; not only is the existence of internal and casuistic regulations of value but the consistency between this and the real conduct of the company and its administrators and senior management.

c) Related Transactions.

- c.1) these are transactions carried out between the company and its shareholders, administrators or directors that entail the transfer of business resources, obligations or business opportunities.

The related transactions have a dual information channel:

- a) Those that are relevant are individually reported as a relevant event.
- b) All transactions are summarized in the half-yearly information report.

- c.2) Related transactions may potentially be a source of so-called conflicts of interest. In these cases, good governance practice recommends a series of measures in resolving them whenever possible: i) the abstention from voting for the adoption of the corresponding resolution by the persons affected by the conflict of interest; ii) complete, clear and real-time distributed information, and iii) independent evaluation.

Aware of the limitations imposed on it by its individual characteristics arising from its history and its composition, Abengoa has adopted these transparency criteria and the criteria for the resolution of these potential conflicts. To this end, on February 24, 2003, the Board of Directors modified the Board of Directors' regulations and the Advisory Board's regulations.

d) Annual Corporate Governance Report.

The questionnaire on the level of take-up of the Olivencia Report's recommendations proposed by the CNMV to be carried out by all listed companies has been fulfilled through the obligation to create and disseminate an Annual Corporate Governance Report.

The Annual Report reflects the specific principles of the company's governance structure (who and how decisions are made and what decision making is based on) in the same way that the periodic financial reporting is a summary of the main economic characteristics of the company for the period under consideration, collated in the balance sheet and the profit and loss account for this period.

Corporate Governance Report

Abengoa implemented this recommendation in 2002, and a specific chapter relating to the Company's governance was therefore included in the 2002 Annual Report – and we have been doing so in subsequent years – completed with the new items included in the Aldama Report and in the Financial System Reform Act, distinguishing the actions already taken from those that were being finalized for their upcoming implementation. Therefore:

- a) On December 2, 2002, the Audit Committee was constituted.
- b) On February 24, 2003, the Appointments and Remuneration Committee was constituted.
- c) On the same day, February 24, 2003, the Board of Directors drafted a proposal modifying the Company Bylaws for the purpose of incorporating the provisions relating to the Audit Committee, the proposal relating to the Regulation on the administration of shareholders' meetings, the partial amendments to the Regulations of the Board of Directors and the Regulations of the Advisory Board and, finally, the rules governing the Internal Regulations of the Audit Committee and the Appointments and Remunerations Committee, approved by the General Meeting of June 29, 2003.

Finally, following another of the Aldama Report recommendations, the Internal Corporate Governance Regulation was rewritten as a complete single text and was duly notified to the CNMV and is available since then on Abengoa's website.

- e) [Website \(www.abengoa.com\)](http://www.abengoa.com).

The obligation to provide the market with useful, truthful, complete and balanced information in real time would not be sufficient if the appropriate means of transmitting this information are not adequate, guaranteeing that

it is disseminated effectively and usefully. Therefore, as a result of new technology, the Aldama Report, the Financial System Reform Act and the Transparency Act recommend and impose the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data in it) and as a distribution tool (including current or personalized information in real-time that may be accessed by investors).

Abengoa therefore introduced a new website at the end of the first quarter 2002, characterized firstly by a more direct, rapid and efficient on-screen presentation and secondly by a wide-ranging and comprehensive information content and documentation, made available to the shareholders in particular and to the general public, which is subjected to a continuous process of revision, enhancement and updating.

In conclusion, we should say that both the available information and its actual distribution portal – the website – are continuously updated; Corporate Governance, the rules that regulate it and the laws that govern or recommend it continue, and will continue to constantly develop. In the same way that all companies engaged in growing must adapt and anticipate the development of the markets, so must they also be forward-looking, in relation to self regulation (that is, adopt their own code of conduct so that their operation and decisions may be evaluated from the outside), development, transparency and information in order to reassure market confidence and with it, their growth.

Corporate Governance Report

b. The Company's Shareholding Structure.

i) Significant shareholdings.

Abengoa S.A.'s share capital is represented by book-entry records managed by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Comparación y Liquidación de Valores, S.A.), and comprises 90,469,680 shares of 0.25 euro nominal value of the same class and series, representing 22,627,420 euro of share capital. All the shares are admitted to official trading on the Madrid and Barcelona Stock Exchanges and in the Spanish Stock Exchange Interconnection System as of November 29, 1996.

The latest modification to the share capital was made by resolution approved at the Ordinary General Shareholders' Meeting of June 24, 2001, in relation to splitting of the face value of the shares, from 1 euro to 0.25 euro per share, with the resulting modification to the number of issued shares, from 22,627,420 to the current number of 90,469,680, and, as a consequence, the modification of articles 6 and 21 of the Company Bylaws in order to adapt them to the new number of shares and their face value, with the simultaneous exclusion of the previous shares and admission to listing of the new ones.

| Date Last Modificat. | Share Capital (Euro) | Number of shares |
|----------------------|----------------------|------------------|
| 24.06.2001 | 22,617,420 | 90,469,680 |

As the capital is represented by book-entry records, there is no shareholders' registry separate to the significant shareholdings communications and the list (X-25) provided by Iberclear on the occasion of General Shareholders' Meetings. Pursuant to this information (Shareholders List as of June 25, 2004, provided by Iberclear) and the notification of Significant Shareholdings, the situation is as follows:

| | |
|--|--------|
| - Inversión Corporativa, I.C., S.A.: | 50.00% |
| - Finarpisa, S.A. (Grupo Inversión Corporativa): | 6.04% |
| - Vinuesa Inversiones, S.L.: | 5.08% |

| Tax or VAT no. | Shareholder | Number of direct shares | Number of indirect shares (*) | %/ Share Capital |
|----------------|---------------------|-------------------------|-------------------------------|------------------|
| A41105511 | Inv.Corporativa | 45,234,723 | 5,465,183 (*) | 56.04 |
| A41037797 | Finarpisa | 5,465,183 (*) | - | 6.04 |
| B95249777 | Vinuesa Inversiones | 4,600,000 | - | 5.08 |

(*) Through:

| Tax or VAT no. | Shareholder | Number of direct shares | % s / Share Capital |
|----------------|-------------|-------------------------|---------------------|
| A41037797 | Finarpisa | 5,465,183 | 6.04 |

- Significant movements during the financial year.

| Tax or VAT no. | Shareholder | Transaction date | Description |
|----------------|-------------|------------------|-------------|
| — | — | — | — |
| — | — | — | — |

The number of registered shareholders at the General Shareholder's Meeting held on June 27, 2004, was 7,450.

The Company is not aware of the existence of any agreements between shareholders undertaking neither to adopt, by means of joint voting, a common policy regarding the management of the company nor to significantly influence it.

Corporate Governance Report

ii) Shareholdings of members of the Board of Directors.

In accordance with the register of significant shareholdings the company maintains and pursuant to the Internal Conduct Regulation in relation to the Stock Market, the administrators' shareholdings in the company's capital as at December 31, 2004 are as follows:

| | % Direct | % Indirect | % Total |
|-------------------------------|--------------|--------------|--------------|
| Felipe Benjumea Llorente | 0.059 | 0 | 0.059 |
| Javier Benjumea Llorente | 0.002 | 0 | 0.002 |
| José Joaquín Abaurre Llorente | 0.013 | 0 | 0.013 |
| José Luis Aya Abaurre | 0.061 | 0 | 0.061 |
| José B. Terceiro Lomba | 0.111 | 0.111 | 0.222 |
| Ignacio de Polanco Moreno | 0 | 0 | 0 |
| Corp.Caixa Galicia S.A.U. | 0.001 | 0 | 0.001 |
| Total | 0.247 | 0.111 | 0.358 |

| ID or Tax no. | Director | Date first appointment | Date last appointment | Number of direct shares | Number of indirect shares | %/ Share Capital |
|---------------|-------------------------------|------------------------|-----------------------|-------------------------|---------------------------|------------------|
| 28526035 | Felipe Benjumea Llorente | 25.06.83 | 24.06.01 | 53,720 | 0 | 0.059 |
| 28345379 | Javier Benjumea Llorente | 25.06.83 | 24.06.01 | 1,960 | 0 | 0.002 |
| 28414158 | José Joaquín Abaurre Llorente | 25.06.88 | 30.06.02 | 12,000 | 0 | 0.013 |
| 28332348 | José Luis Aya Abaurre | 25.06.83 | 30.06.02 | 55,076 | 0 | 0.061 |
| 35203147 | José Terceiro Lomba | 28.07.03 | 28.07.03 | 100,000 | 100,000 | 0.222 |
| 2191423 | Ignacio de Polanco Moreno | 28.07.03 | 28.07.03 | 0 | 0 | 0 |
| A15.125.057 | Corp.Caixa Galicia | 28.01.04 | 28.01.04 | 1,600 | 0 | 0.001 |

iii) Shareholders' Agreements.

The company has no evidence of the existence of any shareholders' agreements or syndication agreement among its shareholders.

- Indication as to whether any fiscal or judicial person may exercise control in accordance with article 4 of the Stock Exchange Act (LMV).

| Tax or VAT no. | Denomination |
|---|-----------------------------------|
| A41105511 | Inversión Corporativa, I.C., S.A. |
| Observations | |
| In accordance with art. 4 LMV Inversión Corporativa holds more than 50% of the share capital. | |

Corporate Governance Report

iv) Treasury Stock.

At 31.12.2004, the company does not possess any of its own shares as treasury stock, nor has it acquired any of its own shares during the 2004 financial year.

The General Shareholders' Meeting, held on June 27, 2004, agreed to authorize the Board of Directors to make derived acquisitions, through purchases, of shares in the company that may be made either directly or via subsidiary companies or investors up to the maximum limit specified under current provisions at a price of between three euro cents (0.03 euro) per share minimum and one hundred and twenty euro and twenty cents (120.20 euro) per share maximum, being able to make use of this facility during a period of eighteen months from that very date and subject to that specified in Section Four of Chapter IV of the Revised Text of the Spanish Companies Act, expressly revoking the authorization conferred to the Board of Directors, for the same purposes, by virtue of the agreement adopted by the Shareholders' General Meeting held on June 29, 2003.

To date, the Board of Directors has not made use of the above authorization.

• Treasury Stock:

| Number of direct shares | Number of indirect shares | % of Share Capital |
|-------------------------|---------------------------|--------------------|
| 0 | 0 | 0 |

• Details of significant variations:

| Date | Number of direct shares | Number of indirect shares | % of Share Capital |
|------|-------------------------|---------------------------|--------------------|
| — | 0 | 0 | 0 |

| Results obtained by treasury stock | Thousands of euro |
|------------------------------------|-------------------|
| 0 | 0 |

On September 15, 2004, Abengoa's Board of Directors, based on the fact that the company's listed price on that date, of around 7 euro per share over the last quarter, did not reflect the Company's true growth potential, deemed it to be of interest to the Company, from a financial point of view, to invest in its own shares. Nonetheless, taking into consideration the fact that the Company is, by definition, a shareholder that possesses more information than the rest of the market and that, even without it so desiring, its operations might influence the listed price of the Company's shares, it proceeded to adopt the corresponding rules and precautions, to ensure that there would be no artificial influence of the prices. As a consequence thereof, while making use of the powers conferred by the General Meeting, the Board of Directors agreed as follows:

- 1.- To make use of the authorization conferred by the General Meeting and proceed to purchase the Company's own shares.
- 2.- The sum to be used for the purchase of the shares of Abengoa, S.A. itself would not exceed 15 million euro in the current financial year. Under no circumstances would 5% of the share capital be exceeded, nor would a price in excess of 7.25 euro per share be paid.
- 3.- To put Mr. Santiago Correa Portillo in charge of executing the Treasury Stock (hereinafter called " the Person responsible for the Treasury Stock), to whom, should he not already have them, the necessary authorizations will be given so as he may execute the purchase orders and, if it were the case, sales orders for the shares, and to open, monitor and maintain the corresponding share accounts. The Person responsible for the Treasury Stock will purchase the company's own shares according to his own criterion and in accordance with the treasury possibilities, staying, at all times, within the limits of the applicable legislation and in particular within the contents of Section VII of the Stock Market Act 24/1988, Abengoa's Internal Code of Conduct Regulations in matters

Corporate Governance Report

relating to the Stock Market and the directives in this agreement. As guiding criteria for the management of the treasury stock, the regulations contained in what was Market Letter 12/1998 from the CNMV dated December 17, 1998, shall also be observed.

- 4.- The Person responsible for the Treasury Stock shall channel all his orders through only one Stock Broking Company or Agency of his choice.
- 5.- The Person responsible for the Treasury Stock shall refrain from issuing orders when he is in possession of any privileged information related to the Company, and until such a time as this is no longer the case.
- 6.- The Person responsible for the Treasury Stock shall order the Stock Broking Company or Agency to abstain from executing a purchase or sale order when the volume of the transaction represents a significant proportion of the daily volume of Abengoa share trading in that market.
- 7.- The Person responsible for the Treasury Stock shall endeavor to ensure that the transactions do not give rise to a significant change in the listed price, and to this end, he shall instruct the Stock Broking Company or Agency to abstain from executing any order that generates a price tendency. For this purpose, prior to executing the order received, the Stock Broking Company or Agency must take into consideration the price at which the previous transaction was executed between independent parties and expressly notify the Person responsible for the Treasury Stock in the event that a significant alteration to the price might be brought about.
- 8.- The Purchase or Sale Orders shall not be executed at the opening or close of the market session, nor at any other specific time around which reference prices for the shares are calculated (for example in the event of volatility auctions).
- 9.- The Person responsible for the Treasury Stock shall abstain from issuing orders, and shall instruct the Stock Broking Company or Agency to abstain from executing share purchase or sale orders, when Abengoa's listed price experiences abnormal or extraordinary movements in terms of price or volume, and he shall inform the Monitoring Body indicated in article 8 of Abengoa's Internal Regulations Governing Conduct in Stock Market Matters, whenever he becomes aware of the existence of said circumstances.
- 10.- To empower Mr. Santiago Correa Portillo so that he may execute, specify and fulfill this agreement, elevate it to public, purchase or order the purchase of the Company's own shares, as well as their sale, transfer sums of money, and pay and receive payment for the aforesaid transactions, transfer and lodge shares and sign the documents corresponding to the aforesaid transactions, as well as to take any steps or actions that are necessary or convenient in order to execute what has been agreed hereby with the Commercial Register, the CNMV, Stock Markets, Iberclear or any other public or private bodies or institutions.

Corporate Governance Report

c. Company's Administrative Structure.

i) The Board of Directors.

i.1) Composition: number and identity of members.

Following the modification of Article 39 of the Company Bylaws by agreement of the General Shareholders' Meeting held on June 29, 2003, the maximum number of seats on the Board of Directors, which to date has been four, was increased to seven. The aim of this modification was fundamentally intended to provide this administrative body with the number of directors that would on the one hand allow for a potentially more diverse composition and, on the other, facilitate delegation, attendance and the adoption of resolutions with minimum attendance and which would guarantee a multiple and plural presence on the Board of Directors.

| | |
|-----------------------------|---|
| Maximum number of directors | 7 |
| Minimum number of directors | 3 |

The Board's composition, in accordance with the recommendations established in the Aldama Report, takes the company's shareholding structure into account, so that it may firmly represent the highest possible percentage of the share capital and protect the general interests of both the Company and its shareholders, while also being granted the degree of independence that is appropriate to the professional practices and requirements of any company. The Board's current composition is as follows:

Abaurre Llorente, José Joaquín.

Aya Abaurre, José Luis.

Benjumea Llorente, Felipe.

Benjumea Llorente, Javier.

Corporación Caixa Galicia S.A.U. represented by Mr. José Luis Méndez López.

Polanco Moreno, Ignacio de

Terceiro Lomba, José B.

Secretary Non-director and Legal Advisor: Miguel A. Jiménez-Velasco Mazarío.

• Members of the Board of Directors:

| ID or Tax no. | Name | Representative | Position | Date 1 st Appointment | Date last Appointment | Election Procedure |
|---------------|-------------------------------|-----------------|---|----------------------------------|-----------------------|--------------------|
| 28332348 | José Luis Aya Abaurre | — | Director. Member Appoint. & Remuneration Committee | 25.06.83 | 30.06.02 | Share. Meet. |
| 28414158 | José Joaquín Abaurre Llorente | — | Director. Member Audit Committee | 25.06.88 | 30.06.02 | Share. Meet. |
| 28526035 | Felipe Benjumea Llorente | — | Chairman | 25.06.83 | 24.06.01 | Share. Meet. |
| 28345379 | Javier Benjumea Llorente | — | Chairman | 25.06.83 | 24.06.01 | Share. Meet. |
| A15125057 | Corp. Caixa Galicia | JL.Méndez López | Director. Chairman Audit Committee | 28.01.04 | 28.01.04 | Cooptation |
| 2191423 | Ignacio de Polanco Moreno | | Director. Chairman Appoint. & Remuneration Committee | 28.07.03 | 28.07.03 | Share. Meet. |
| 35203147 | José Terceiro Lomba | | Director. Member Audit Committee and of the Appoint. & Remuneration Committee | 28.07.03 | 28.07.03 | Share. Meet. |

| | |
|---------------------------|---|
| Total number of directors | 7 |
|---------------------------|---|

Corporate Governance Report

i.2) Condition and Representation.

The total number of board members is considered to be sufficient in order to ensure the proper representation and effective operation of the Board of Directors.

Notwithstanding the fact that independence is a quality that must be common to all directors without exception, regardless of their origins or the reason for their appointment, and that they must be judged on the reliability, integrity and professionalism of their performance, pursuant to the guidelines included in the Olivencia and Aldama reports, Law 26/2003 and Ministerial Order 3722/2003, the current administrators are classified as follows:

- Felipe Benjumea Llorente - Executive (Chairman).
- Javier Benjumea Llorente - Executive (Chairman).
- José Joaquín Abaurre Llorente - Dominial; External. Member of the Audit Committee.
- José Luis Aya Abaurre - Dominial; External. Member of the Appointments and Remuneration Committee.
- Corporación Caixa Galicia S.A.U. Represented by José Luis Méndez López - Independent; External. Chairman of the Audit Committee.

- José B. Terceiro Lomba - Independent; External. Chairman Advisory Board. Member of the Audit Committee. Member of the Appointments and Remuneration Committee.

- Ignacio de Polanco Moreno - Independent; External. Chairman of the Appointments and Remuneration Committee.

As a result, the Board comprises a majority of external, non-executive directors.

The first four directors listed are also members of the Board of Directors of Inversión Corporativa IC, S.A., a reference shareholder of Abengoa (56% share), and their appointment as directors was made at the proposal of this shareholder.

- Members of the Board of Directors and their different condition:

Executive Directors:

| ID or Tax no. | Name | Committee that proposed him | Position |
|---------------|--------------------------|-----------------------------|----------|
| 28526035 | Felipe Benjumea Llorente | Board of Dir. (*) | Chairman |
| 28345379 | Javier Benjumea Llorente | Board of Dir. (*) | Chairman |

(*) Prior to the existence of the Appointments and Remuneration Committee.

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Dominial external directors:

| ID or Tax no. | Name | Committee that proposed him | Represented shareholder | Shareholder's Tax no. |
|---------------|-------------------------------|-----------------------------|-----------------------------------|-----------------------|
| 28414158 | José Joaquín Abaurre Llorente | Board of Dir. (*) | Inversión Corporativa, I.C., S.A. | A41105511 |
| 28332348 | José Luis Aya Abaurre | Board of Dir. (*) | Inversión Corporativa, I.C., S.A. | A41105511 |

(*) Prior to the existence of the Appointments and Remuneration Committee.

Independent external directors:

| ID or Tax no. | Name | Committee that proposed him | Profile |
|---------------|---------------------------|-----------------------------|-------------|
| 2191423 | Ignacio de Polanco Moreno | Appointments | Independent |
| A15125057 | Corp.Caixa Galicia | Appointments | Independent |
| 35203147 | José Terceiro Lomba | Appointments | Independent |

Delegated powers:

| Director's ID no. | Name | Description |
|-------------------|--------------------------|----------------------|
| 28526035 | Felipe Benjumea Llorente | Delegation of powers |
| 28345379 | Javier Benjumea Llorente | Delegation of powers |

Directors that are members of other listed companies:

| ID or Tax no. | Name | Listed Company | Position |
|---------------|---------------------------|----------------|--|
| 35203147 | José Terceiro Lomba | U.Fenosa | Member of Board of Directors |
| 35203147 | José Terceiro Lomba | Iberia | Member of Board of Directors, Member of the Executive Committee |
| 35203147 | José Terceiro Lomba | Grupo Prisa | Member of Board of Directors, Member of the Audit Committee |
| A15125057 | C.Caixa Galicia | Sacyr | Director |
| A15125057 | C.Caixa Galicia | U.Fenosa | Vice-chairman and Advisory Committee |
| A15125057 | C.Caixa Galicia | Prosegur | Director |
| A15125057 | C.Caixa Galicia | Ence | Chairman of the Board of Directors |
| 2191423 | Ignacio de Polanco Moreno | Grupo Prisa | Member of the Board of Directors |

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i.3) Rules governing organization and operation.

The Board of Directors is governed by the Board Regulations, the Company Bylaws and the Stock Exchange Code of Conduct. The Board Regulations were initially approved at the meeting of the Board of Directors held on January 18, 1998, with the clear aim of anticipating the current Good Governance regulations and ensuring effective internal regulation. They were last modified on June 29, 2003, in order to incorporate provisions relating to the Audit Committee established in the Financial System Reform Act.

- Structure:

The Board of Directors currently has seven members. The Rules governing the Board of Directors rule the duties and internal organization of the administration body. The Advisory Board to the Board of Directors has ten members and is an auxiliary board for advising the Board. It has its own internal Rules. Additionally, there exists the Internal Conduct Regulation in relation to the Stock Market, with which the members of the Board of Directors, senior management and all employees affected due to their duties or title have to comply. The Rules of the General Shareholders' Meetings governs the formal aspects and the internal regime of the holding of the Shareholders Meetings. Finally, the Board of Directors is assisted by the Audit and Appointments and Remuneration Committees, both with their own Internal Regime Rules. All these Rules, put together into the joint body of Corporate Governance Internal Rules is available on the Company's web site, www.abenga.com.

- Duties:

It is the duty of the Board of Directors to take any action that may be necessary in order to pursue the Company's corporate objective, and it is empowered to establish the Company's financial targets, agree any relevant measures proposed by Senior Management in order to achieve these targets, and ensure the future viability and competitiveness of the company, along with the presence of a suitable management and leadership team, supervising the development of the Company's business.

- Appointments:

The General Meeting or, where applicable, the Board of Directors, within the powers and limits set out in law, is the competent body for appointing members of the Board of Directors. In addition to meeting the requirements set out in law, appointees shall demonstrate that they are known to be trustworthy and have the knowledge, reputation and professional references that are relevant to the performance of their duties.

Directors shall be appointed for a maximum of four years, without prejudice to the possible renewal of their appointment or their re-election.

- Removal:

Directors shall be removed from their position at the end of their tenure and under any other circumstance set out in law. They must furthermore relinquish their seat in cases involving their incompatibility, veto, serious sanction or any breach of their obligations as directors.

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- Meetings:

As per article 42 of the Company Bylaws, the Board of Directors shall meet whenever it is required in the interest of the Company and, at least, three times a year, the first meeting to be held during the first quarter. During 2004 it met on a total of six occasions.

- Duties of Directors:

It is the duty of Directors to participate in the direction and monitoring of the company's management in order to maximize the value of the Company to the benefit of its shareholders. Each Director shall act with the proper care of a dedicated professional and loyal representative, guided by the interests of the Company, with complete independence, defending and protecting the interests of all shareholders to the best of their abilities.

By virtue of their appointment, Directors are under the following obligation:

- To gather information and prepare properly for each meeting session.
- To attend and participate actively in meetings and the decision-making process.
- To avoid the occurrence of any conflict of interest and notify the Board of any potential conflict of interest, where applicable, through the Secretary.
- Not to undertake duties with competitor companies.
- Not to use company information for private purposes.
- Not to use the company's business opportunities for their own interests.
- To maintain the confidentiality of any information received as a result of their appointment.
- To abstain in any voting on resolutions that may affect them.

- The Chairman:

In addition to the duties set out in law and in the Company Bylaws, the Chairman is the company's most senior executive, and as such is responsible for the effective management of the company, though always in accordance with the decisions and criteria established by the General Shareholders' Meeting and the Board of Directors. He/she is responsible for implementing the decisions taken by the company's administrative body, by virtue of the powers permanently delegated to him/her by the Board of Directors, which he represents in all its aspects. The Chairman also has the casting vote on the Board of Directors.

The position of chief executive falls on the Chairman. The measures adopted to prevent the accumulation of powers are:

- Measures to limit risks

In accordance with that established in article 44 bis of the Company Bylaws, on December 2, 2002 and February 24, 2003, the Board of Directors proceeded to constitute the Audit Committee and the Appointments and Remuneration Committee, respectively.

The powers of these Committees inherent to the commitments they have assigned by Law and the Company Bylaws and their respective internal regime Regulations cannot be delegated, and the committees are constituted as control and monitoring bodies for matters of their competence.

Both shall be chaired by an independent, non-executive, director, and shall be composed of a majority of independent, non-executive, directors.

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- The Secretary:

It is the Secretary's duty to exercise the powers attributed to him/her in law. At present, the titles of Secretary to the Board and Legal Advisor fall on the same person, who is responsible for ensuring that notice is given of meetings and that resolutions are adopted by the company's administrative body in a valid manner. In particular, he/she will advise members of the Board regarding the legality of their deliberations and any resolutions they adopt, and on compliance with the Internal Corporate Governance Regulations, as both formal and material guarantor of the principle of legality which governs the actions of the Board of Directors.

The Secretary to the Board, as a specialized guarantor of the formal and material legality of the Board's actions, has the full support of the Board in performing his/her duties entirely independently of any criteria or the constancy of his/her position, and he/she is also entrusted with defending the internal Corporate Governance regulations.

- Resolutions:

Resolutions are adopted by a simple majority of the board members present (either in person or by proxy) at each session, with the exception of those cases specifically set out in law.

i.4) Remuneration and other rights.

- Remuneration:

The position of Director is paid, pursuant to the contents of Article 39 of the Company Bylaws. The amount paid to directors may consist of a fixed amount agreed by the General Meeting, though it is not necessary that this amount be the same for all of them. They may also

receive a share of the company profits of between 5 and 10% maximum of annual profits, after dividends have been deducted, and may have their travel expenses reimbursed when such expenses relate to work carried out at the behest of the Board.

The payments made during the 2004 financial year to all the members of the Board of Directors in their capacity as members of both the Board and the Advisory Board to the Board of Directors of Abengoa, S.A. amounted to 786 thousand euro in the form of allocations and expenses, and 296 thousand euro for other concepts. Likewise, fully paid-up pension commitments were undertaken for a current value of 946.7 thousand euro.

In addition, the payment made during the 2004 financial year to the company's senior management, this being understood to include the group of fifteen people who form part of the Chairman's Office, the Strategy Committee and the Directors of the Corporate Departments amount in total, including both fixed and variable amounts, to 4,842 thousand euro.

- Aggregate Remuneration of the Directors earned during this financial year, in the individual company which is the object of this report (Abengoa, S.A.): Figures in thousands of euro:

| Remunerated concept | Data in thousands of euro |
|--|---------------------------|
| Set remuneration | 329 |
| Variable remuneration | 1,624 |
| Expense allowances | 181 |
| Statutory issues | — |
| Options on shares and/or other financial instruments | — |
| Others | — |
| Total: | 2,134 |

| Other Benefits | Data in thousands of euro |
|--|---------------------------|
| Advance payments | — |
| Loans provided | — |
| Pension Funds and Plans: Contributions | — |
| Pension Funds and Plans: Acquired obligations | — |
| Life insurance premiums | 2 |
| Constitutive guarantees by the company in favor of the directors | — |

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- Table with the aggregate Remuneration of the Directors earned during this financial year, upon them being members of other Boards of Directors and/or of senior management, of group Companies; Figures in thousands of euro:

| Remunerated concept | Data in thousands of euro |
|--|---------------------------|
| Set remuneration | 33 |
| Variable remuneration | — |
| Expense allowances | 3 |
| Statutory issues | — |
| Options on shares and/or other financial instruments | — |
| Others | — |
| Total: | 36 |

| Other Benefits | Data in thousands of euro |
|--|---------------------------|
| Advance payments | — |
| Loans provided | — |
| Pension Funds and Plans: Contributions | — |
| Pension Funds and Plans: Acquired obligations | — |
| Life insurance premiums | — |
| Constitutive guarantees by the company in favor of the directors | — |

- Table with the total aggregate (all the directors) Remuneration (all concepts) by director typology; Figures in thousands of euro:

| Director typology | Abengoa | Group |
|----------------------|---------|-------|
| Executive | 1,837 | — |
| Dominial External 92 | 15 | — |
| Independent External | 207 | 21 |
| Other External | — | — |
| Total: | 2,136 | 36 |

- Percentage the total Remuneration (for all the concepts) and aggregate (all the directors) represents in relation to the Profit attributed to the Parent Company; Figures in thousands of euro:

| | |
|---|-------|
| Total Remuneration Directors (in thousands of euro) | 2,172 |
| Total Remuneration Directors / profit attributed to the Parent Company (expressed as a %) | 4.19% |

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- Table identifying the members of senior management, that are not executive directors, indicating the total remuneration earned by them during the financial year; Figures in thousands of euro:

| ID or VAT no. | Name or company | Position |
|---------------|--------------------------------------|--|
| 50.821.489 | Javier Salgado Leirado | Manager, Bioenergy Business Unit |
| 29.754.087 | Javier Molina Montes | Manager, Environmental Services Business Unit |
| 02.601.273 | Manuel Sánchez Ortega | Manager, Information Technologies Business Unit |
| 27.907.575 | Alfonso González Dominguez | Manager, Industrial Engineering and Construction Business Unit |
| 04.686.869 | Salvador Martos Hinojosa | Manager, Latin America Business Unit |
| 00.114.321 | José Antonio Moreno Delgado | Manager, Technical Secretariat |
| 28.720.078 | Álvaro Polo Guerrero | Manager, Human Resources |
| 00.826.260 | Amando Sánchez Falcón | Finance Manager |
| 27.883.847 | José Marcos Romero | Manager, Appointments and Remuneration |
| 28.584.961 | Juan Carlos Jiménez Lora | Manager, Investor Relations Dept. |
| 30.583.968 | Asier Zarraonandia Ayo | Controller |
| 28.874.696 | Miguel Ángel Jiménez-Velasco Mazarío | General Secretary |
| 27.140.440 | Jesús Viciano Cuartara | Manager, Organization, Quality and Budgets |

| | |
|--|-------|
| Senior Management's total remuneration (in thousands of euro) | 3,022 |
|--|-------|

ii) The Advisory Board to the Board of Directors.

The Advisory Board to the Board of Directors of Abengoa was established, by agreement of the Extraordinary General Meeting held in January 1998, as an advisory body whose duties include the provision of professional advice to facilitate the adoption of decisions by the company's administrative bodies, and whose powers include examining the development of the company's business through consultations submitted by the Board of Directors and through proposals presented for its consideration.

The creation of the Advisory Board in January 1998, again with the clear aim of anticipating and opening up new channels of internal self-regulation in pursuit of the effective, transparent and professional management of the company, involved the regulation of a process for the channeling of information provided by the company management, in order to ensure that this information was accurate, verifiable and complete

The Advisory Board is configured as a management and decision-making body with complete autonomy. It has powers of consultation

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and specific technical assessment duties governed by criteria of independence and professionalism. The majority of its members are of known reputation, experience and qualifications and have no significant relationship with the company's executive management, in order to underline the independence inherent in the Advisory Board.

The Advisory Board contributes effectively to the defense of the company's general interests, independently of the company's actual management team, and its main duty is to provide professional and independent models and criteria so that the Board of Directors may make a proper evaluation and take the correct decisions.

ii.1) Composition

Pursuant to the contents of Article 46 of the Company Bylaws, Article 26 of the Board Regulations and Articles 3 and 6 of the Rules governing the Internal Regulation of the Advisory Board, the Advisory Board is currently composed of the following members:

| | |
|---|-----------|
| José B. Terceiro Lomba | Chairman. |
| M ^a Teresa Benjumea Llorente | Member. |
| Maximino Carpio García | " |
| Rafael Escuredo Rodríguez | " |
| José M. Fernández-Norniella | " |
| Ignacio Solís Guardiola | " |
| Fernando Solís Martínez-Campos | " |
| Carlos Sundheim Losada | " |
| Cándido Velázquez-Gaztelu Ruiz | " |
| Daniel Villalba Vila | " |

Secretary non-director: Miguel Ángel Jiménez-Velasco Mazarío

ii.2) Condition and Representation.

- Appointment:

At the proposal of the Board of Directors, the Advisory Board comprises a maximum of twelve members, and it currently has ten, of which more than half must be independent, something which is fulfilled by the present members, as per the list above.

The appointment of Maximino Carpio Garcia and Daniel Villalba Vila to the Advisory Board, in the 2003 financial year, has consolidated the professional and independent nature of the Board inherent since its initial establishment in 1998.

- Term:

Each member's appointment remains valid for a period of four years, without prejudice to the renewal of the position or the member's re-election. Removal may occur upon expiry of the term, resignation or removal, among other reasons.

- Remuneration:

The position of Board Member is a paid position, the amount of their remuneration being established for each financial year by the Board of Directors, pursuant to the contents of Article 39 of the Company Bylaws. This amount is shown in the Annual Financial Statements. In addition, any expenses incurred as a result of work carried out at the behest of the Board are reimbursed. (See point II, a.4) above).

- Meetings:

The Advisory Board meets at least once a quarter, and on any occasion that it is asked to do so by the Chairman in order to deal with urgent or extraordinary matters. The Board met five times during the 2004 financial year.

- Resolutions:

Resolutions are adopted by simple majority of the board members present (either in person or by proxy) at each session.

iii) Committees formed by the Board of Directors.

iii.1) The Audit Committee.

Pursuant to the provisions of the Financial System Reform Act, on December 2, 2002, Abengoa's Board of Directors established an Audit Committee and at the same time approved the Internal Regulations governing the Committee's operation. These Rules were ratified by the General Shareholders' Meeting on June 29, 2003, which at the same time approved the modification of Article 44 of the Company Bylaws, in order to incorporate the provisions relating to the operation, composition and organization of this Committee.

Composition.

Following the inclusion as independent committee members of Jose B. Terceiro Lomba, Ignacio de Polanco Moreno and Jose Luis Mendez Lopez (Corporación Caixa Galicia), pursuant to the resolution adopted by the General Shareholders' Meeting on June 29, 2003, the Audit Committee currently comprises the following members:

- José L.Méndez López (*) Chairman and independent non-executive director.
- José B. Terceiro Lomba Member and independent non-executive director.
- José J. Abaurre Llorente Member and dominial non-executive director.
- Secretary non-director: Miguel A. Jiménez-Velasco Mazario

(*) Representing Corporación Caixa Galicia, S.A.U., legal entity Director of the Company.

As a consequence, the Audit Committee is entirely composed of non-executive directors, thus surpassing the requirements set out in the aforementioned Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties.

The duties and powers of the Audit Committee are as follows:

1. To announce the Annual Financial Statements as well as the quarterly and half-yearly financial statements, which must be submitted to the bodies that regulate or supervise the markets, with reference to any internal monitoring systems, the monitoring procedures followed and compliance through internal auditing processes, including where applicable, the accounting criteria applied.
2. To inform the Board of any change to the accounting criteria and any risks, whether on or off the balance sheet.
3. To inform the General Shareholders' Meeting regarding any questions raised by shareholders on issues falling within its competence.
4. To propose the appointment of external Accounts Auditors to the Board of Directors, so that the latter may submit this proposal to the General Shareholders' Meeting.
5. To supervise internal auditing procedures. The Committee shall have complete access to the internal auditing process, and shall provide information during the process for the selection, appointment, renewal and removal of its director, and when his or her payment is being established, with the duty to provide information about this department's budget.

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6. To have knowledge of the company's financial information procedure and its internal monitoring systems.
7. To maintain relations with the company's external auditors in order to remain informed regarding any matters that may place the independence of said auditors at risk, and regarding any other matters relating to the procedure followed in order to audit the company's accounts.
8. To summon the Directors it considers appropriate to Committee meetings so that they may provide any information that the Audit Committee itself deems relevant.
9. To prepare an Annual Report on the activities of the Audit Committee, which must be included in the Management Report.

Organization and operation.

The Audit Committee shall meet as frequently as is necessary in order to carry out its duties, and at least once a quarter.

The Audit Committee shall be considered validly formed when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its resolutions shall be validly adopted when voted for by a majority of the Committee members present or represented. In the event of a tie, the Chairman shall have the casting vote.

- Amounts paid to the Audit firm for other works: Figures in thousands of euro:

| | Company | Group | Total |
|--------------------------------------|---------|---------|---------|
| Amount for works other than auditing | 187 | 2,559.7 | 2,746.7 |
| Previous / Total amount billed (%) | 53.31% | 57.62% | 61.83% |

| | Company | Group |
|---|-----------------|-----------------|
| No. of years audited by the firm / | 14 (since 1990) | 14 (since 1990) |
| Total no. of years in which it has been audited | 100% | 100% |

iii.2) The Appointments and Remuneration Committee.

The Appointments and Remuneration Committee was established by Abengoa's Board of Directors on February 24, 2003, and its Internal Regulations were approved at the same time.

Composition.

Following the inclusion as independent committee members of Mr. Jose B. Terceiro Lomba, Mr. Ignacio de Polanco Moreno and Mr. Jose Luis Mendez Lopez (Corporación Caixa Galicia), pursuant to the resolution adopted by the General Shareholders' Meeting on June 29, 2003, the Committee currently comprises the following members:

- Ignacio de Polanco Moreno Chairman and independent non-executive director.
- José B. Terceiro Lomba Member and independent non-executive director
- José Luis Aya Abaurre Member and dominial non-executive director.
- Secretary and non-director: José Marcos Romero

As a consequence, the Appointments and Remuneration Committee is entirely composed of non-executive directors, thus surpassing the requirements set out in the Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties.

The duties and powers of the Appointments and Remuneration Committee are as follows:

1. To inform the Board of Directors regarding the appointment, re-election, removal and payment of members of the Board of Directors and the Advisory Board, and the positions held on these Boards, and to provide information on the general payment and incentive policy for members of these boards and for senior management.
2. To provide prior information regarding all the proposals prepared by the Board of Directors for the General Shareholders' Meeting in relation to the appointment or removal of Directors, including cases of co-optation by the Board of Directors itself.
3. To prepare an Annual Report on the activities of the Appointments and Remuneration Committee, which must be included in the Management Report.

Organization and operation.

The Appointments and Remuneration Committee shall meet as frequently as is necessary in order to carry out the foregoing duties, and at least once every six months.

The Appointments and Remuneration Committee shall be considered validly formed when a majority of its members are present. Attendance may only be delegated to a non-executive Director. Its resolutions shall be validly adopted when voted for by a majority of the Committee members present or represented. In the event of a tie, the Chairman shall have the casting vote.

iii.3) The Strategy Committee.

This comprises the managers of the Business Units, the manager of Organization, Quality and Budgets, the Technical Secretary, the manager of Human Resources, the General Secretary, and the Chairman of the Board of Directors.

It meets on a monthly basis.

iii.4) The Stock Exchange Internal Code of Conduct.

This was implemented in August 1997. It applies to all directors, members of the Strategy Committee and to other employees on the basis of the activities they carry out and the information to which they have access.

It establishes obligations regarding the protection of information, the duty of secrecy, relevant aspects relating to stages prior to decision-making and publication, establishing the procedure for the maintenance of internal and external confidentiality, the registration of share ownership and transactions relating to securities and conflicts of interest.

The monitoring and supervising body is the General Secretary office.

iii.5) The Professional Code of Conduct.

At the request of the Human Resources department, during year 2003 the company implemented a Professional Code of Conduct, which establishes the fundamental values that should govern the actions of all the company's employees, regardless of their position or responsibilities. Integrity of conduct, the strict observance of the law in force, professional rigor, confidentiality and quality have formed part of Abengoa's culture since its establishment in 1941, and these values still form an essential part of the company's corporate identity.

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Professional Code of Conduct

Throughout its history, Abengoa has grown on the basis of a series of shared values, the most important of which are explicitly listed below. These principles constitute the structure for our Ethical Code. The organization must use all channels to foster the knowledge of, and enforcement of the same, as well as establish mechanisms for monitoring and reviewing the situation so as to ensure the appropriate monitoring and updating of the Code.

1. Integrity.

Honorable behavior in professional activities forms part of the very identity of Abengoa and this attitude must be apparent in all actions by our personnel, both inside and outside the company. Demonstrable integrity becomes credibility in the eyes of our customers, suppliers, shareholders and other third parties with which we are connected and creates value in itself for both the individual concerned and the entire organization.

2. Legality.

The fulfillment of legal obligations is not merely an external requirement and therefore an obligation of the organization and its personnel. The law gives us security in our actions and reduces our business risk. Any action which implies a breach of current legality is expressly and absolutely prohibited. If there is any doubt as to the legally correct course of action to be taken, then the corresponding consultation must be made to the Legal Department.

3. Professional Rigor.

The concept of professionalism at Abengoa is closely tied to our vocation for service in carrying out activities and to close involvement with the business project being developed.

All actions effected in the course of professional functions entrusted to personnel must be governed by professional responsibility and the principles established in these regulations.

4. Confidentiality.

Abengoa expects all personnel in its organization to uphold criteria of discretion and prudence in

their communications and dealings with third parties.

The appropriate safekeeping of information in the possession of the Company requires all of Abengoa's employees to maintain strict control of all data, adequately guarding documents and not sharing this information with any person inside or outside the organization who is not authorized to access the same.

In addition, specific policies to be followed in this regard for specific matters requiring high degrees of confidentiality are established.

5. Quality.

Abengoa is committed to quality in all of its actions, both internal and external. This is not a task for a specific group of individuals, or for senior management, but rather, it affects the daily activities of all the members of the organization.

Abengoa has implemented specific norms on quality and these are the result of doing things with expertise, common sense, rigor, order and responsibility.

6. Corporate Culture and Common Management Systems.

Abengoa places great value on its Corporate Culture and the Common Management Systems as a key business asset. These define Abengoa's way of doing business, through the establishment of a series of Rules of Obligatory Fulfillment. The proper respect for these is a source of security and profitability for the development of Abengoa's activities.

It shall be the prerogative of the Presidency or of the Management Body delegated by the same to classify the severity of any breaches of these Rules.

In all cases, breaches of the same referring to those areas with a direct impact on the results of the activity or on the assumption of uncontrolled risks will be considered as Very Serious Faults.

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d. Inter-group and related transactions in the 2004 financial year.

i) Transactions with significant shareholders.

Explotaciones Casaquemada, S.A. (an affiliate company of Inversión Corporativa, I.C., S.A., shareholder of reference of Abengoa) has granted a right on the surface of the land ("*derecho de superficie*") in favor of Fotovoltaica Solar Sevilla, S.A. (an affiliate company of Abengoa, S.A.), by means of a public deed executed on December 24, 2004, for thirty years on a 12-hectare plot of land, for a cumulative rent of 216,364 million euro for the entire duration of the right granted. Said plot shall be devoted by Fotovoltaica Solar Sevilla, S.A. to the promotion, erection and running of a 1.2 MW photovoltaic solar energy plant.

Also, Explotaciones Casaquemada, S.A. and Herrería La Mayor, S.A. (both being affiliate companies of Inversión Corporativa, I.C., S.A.) sold barley grown on abandoned lands to Ecoagrícolas, S.A. (an affiliate company of Abengoa, S.A.) for a total amount of 33.530 euro. Said barley was used for the production of biofuels, within the U.E. Grants Program.

| Shareholder's Tax no. | Name | Company's Tax no. | Name | Nature | Type | Thousands of euro |
|-----------------------|---------------------------|-------------------|---------------|---|----------|-------------------|
| A06004279 | Explotaciones Casaquemada | A41/974304 | F. Solar Sev. | Surface right in favor of F. Solar Sev. | 30 Years | 216.4 |
| A06004279 | Explotaciones Casaquemada | A30751986 | Ecoagrícola | Sale of barley | Yearly | 33.5 |

ii) Transactions with administrators and directors.

During 2004 there were no personal or company transactions between the company and its administrators or senior management.

| Shareholder's Tax no. | Name | Company's Tax no. | Name | Nature | Type | Thousands of euro |
|-----------------------|------|-------------------|------|--------|------|-------------------|
| — | | | | | | |
| — | | | | | | |

iii) Significant inter-group transactions.

Abengoa, S.A. is, and operates as, the parent company of a group of entities. As such, it performs a certain amount of activities and roles that complement the integral product that one or several Business Units jointly offer to their clients. Thus, different companies and Business Units share customers and they jointly develop their businesses acting one or other companies as head, on a case by case basis. This gives rise to cross-selling between the companies (inter-group).

Moreover, Abengoa co-ordinates and manages the financial resources through a centralized administration system, allowing the optimization of said resources in those non-recourse financed businesses that arise out of the collection/payment cycle by using factoring and confirming procedures.

As a consequence of the on-market conditions commercial operations, fulfilled in light of the above and arising out of the ordinary business, or as a consequence of the financing operations, the resulting balances appear on the balance sheets of the affiliate companies, though they are eliminated in the annual accounts consolidation process.

e. Risk Control Systems.

Abengoa's risk control structure is based on two foundations: the common management systems and the internal audit services, whose definitions, objectives, characteristics and functions are described below.

i) Common Management Systems

Definition

Abengoa's common management systems develop the internal rules of the company and its methodology for evaluating and controlling risks and represent a genuine guide for managing Abengoa's businesses, sharing the accumulated knowledge and setting criteria and operational standards.

Objectives

- To identify possible risks that, although associated with all business, must be minimized, upon being aware of them.
- To optimize day-by-day management, applying procedures designed for financial efficiency, cost reduction, and information and management systems homogenization and compatibility.
- To foment the synergy and the creation of value for the different Business Units of Abengoa, working in a collaborative ambience.
- To reinforce the corporate identity, respecting the shared values of all the companies within Abengoa.
- To grow through strategic development seeking innovation and new options for the medium and long terms.

The systems cover the whole organization at three levels:

- all business units and business lines;
- all levels of responsibility;
- all types of transactions.

In a group such as Abengoa, with more than 200 companies, a presence in over 40 countries and more than 9,000 employees, it is essential to define a common system for managing the business that allows work to be done in an efficient, coordinated and consistent way.

In the 2004 financial year, Abengoa has commenced an alignment project of its Risk Management model with the conceptual framework established by the Sabarnes-Oxley (SOX) Act, with the aim of furthering the continuous enhancement of its control processes.

Although the aforementioned Act corresponds with the rules of obligatory fulfillment for companies and groups listed on the North American market, according to instructions from the Securities and Exchange Commission (SEC), Abengoa believes that, not only must its subsidiary Telvent GIT, S.A., listed on the NASDAQ, comply with these obligations, but all the other group companies must do so also, given that it leads to advances being made in the enhancement of control and risk mitigation processes.

Completion of the project is scheduled for during the course of the 2005 financial year.

ii) Internal Audit

Definition

The function of Abengoa's internal audit is structured around the Pooled Audit Services that encompass the audit teams of the companies, business units and corporate services that act in a coordinated way and which are responsible to the Audit Committee of the Board of Directors.

General Objectives

- To anticipate the audit risks of the group's companies, projects and activities, such as frauds, financial damages, inefficient operations and risks that may affect the healthy operation of business in general.
 - To control the application of, and promote the development of adequate and efficient management rules and procedures in accordance with the common Corporate Management Systems.
 - To create value for Abengoa, promoting the construction of synergies and the monitoring of optimal management practices.
 - To co-ordinate the criteria and the focus of the external auditors' work, seeking the best efficiency and profitability of both functions.
- To steer and coordinate the planning process for audit work and internal control in the companies and business groups, to define a notification procedure for these tasks and communication with the affected parties and to establish a method of coding these tasks for their adequate control and monitoring.
 - To define the communication process of each audit job's results, the people that are affected and the format of the documents in which they appear.
 - To review the application of the plans, the adequate implementation and supervision of the tasks, the timely distribution of the results and the monitoring of the recommendations and their corresponding implementation.

The Audit Committee

Pursuant to Article 47 of Law 44/2002 of December 22, of the Financial System Reform Measures, Abengoa's Board of Directors has appointed an Audit Committee whose functions include the "supervision of the internal audit services" and the "understanding of the financial reporting process and the company's internal control systems".

The Corporate Internal Audit manager reports systematically to this committee in relation to his own responsibilities of:

Specific Objectives

- To evaluate the audit risk of Abengoa's companies and projects in accordance with an objective procedure.
- To define various types of standard audit and internal control tasks in order to develop the corresponding Work Plans with the appropriate scope for each situation. This classification, which is linked to the Audit Risk Assessment, determines the Work Plans to be used and implies a type of appropriate recommendation and report and should therefore be used explicitly in these documents.
- the Annual Internal Audit Plan and its degree of completion;
- the level of implementation of the issued recommendations;
- a sufficient description of the principle areas reviewed and the most significant conclusions;
- other more detailed explanations that the Audit Committee may require.

There are Audit Committees in other group companies to which the Internal Audit manager of the corresponding Business Unit reports.

f. General Shareholders' Meetings.

i) Rules of Operation.

Following the recommendation of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies, in March 2003 the Board of Directors drafted a structured and systematic regulation for the holding of shareholders' meetings, that was subject to approval at the General Shareholders' Meeting held on June 29, 2003, which unanimously approved the aforementioned regulation; a resolution that was notified to the CNMV on June 30, 2003. In addition to the provisions included in the Spanish Companies Act this regulation incorporates a basic group of rules for the good order and functioning of shareholders' meetings guaranteeing at all times, the right to information, to attend, to vote and the right to representation for shareholders. The complete text of the Rules of Operation of the General Shareholders' Meetings is available on Abengoa's website at www.abengoa.com. (Legal and Financial / Corporate Governance / Internal Corporate Governance Rules Information).

In accordance with that established under article 19 of the Company's Bylaws, there is no limitation on the shareholders' right to vote based on the number of shares held. The right to attend General Meetings is limited to a holding of 1,500 shares, without prejudice to the right to representation and grouping that applies to all shareholders.

Quorum to Constitute: At first calling: 25% of the share capital. At second calling, any amount of the share capital. These amounts are the same as those established by Company law. In the event of issues related to matters under art. 103 of Company Law, the quorum is also that established by the Law.

Quorum for adopting resolutions: by simple majority of the votes present or represented at the General Meeting. In the event of issues related to matters under art. 103 of Company Law, the quorum is also that established by the Law.

Shareholders' rights: Right to information in accordance with the applicable legislation, right to receive, free of cost, the documentation related to the General Meeting, right to vote in proportion to his/her shareholding with no maximum limit, right to attend upon holding a minimum of 1,500 shares, economic rights (dividend, if it were the case, and to the share out of company assets), right to representation and delegation, to grouping, and to taking legal actions that fall to the shareholder.

Measures to promote the participation of the shareholders: making the documentation related to the General Meeting available to be forwarded, free of cost, to the shareholders, as well as its inclusion on the website at the time of notice of the General Meeting. Possibility of delegation and remote voting, through the completion of the attendance cards to this effect in an accredited manner.

The Company Bylaws specify that the chairmanship of the General Meeting shall be taken up by the Chairman or Vice-chairman of the Board of Directors, as agreed by the Board itself. In accordance with this, the General Shareholders' Meetings are chaired by the Vice-chairman of the Board of Directors.

The Operation Regulations for the General Shareholders' Meetings, approved by the General Meeting of June 29, 2003, regulates the calling, operating, exercise of rights and resolution adoption procedures at the general Meeting, and establishes a precise and imperative framework for the holding of the General Meetings.

Likewise, the General Meeting is normally attended by a Notary Public who checks fulfillment of all the necessary requirements for the valid constitution of the meeting and the adoption of resolutions, and who issues the corresponding minutes upon completion of the Meeting.

Likewise, the Secretary to the Board (non-director), in accordance with the Company Bylaws and the Regulations of General Meetings, acts as Secretary at the same and is responsible for ensuring compliance with all legal and statutory obligations upon the calling, holding and adoption of resolutions by the General Meeting.

Corporate Governance Report

ii) Information on the last General Shareholders' Meeting.

The Abengoa Ordinary General Shareholders' Meeting of June 27, 2004, was held with the attendance of 197 shareholders (42 present and 155 represented) of a total 7,450 registered shareholders. The number of shares, present or represented was 65,364,729 or 72.25% of the total share capital.

The resolutions adopted, all by the favorable vote of the whole of the share capital present or represented, were the following:

1. Approval of the Financial Statements and the Management Report for the 2003 financial year, of the Company and its Consolidated Group, as well as the activities and actions of the Board of Directors during the aforesaid financial year. Information on the Rules of Operation for the General Shareholders' Meetings approved on June 29, 2003 and on the Rules governing the Board of Directors. Approval of the Application Proposal for the Distribution of the Result for the 2003 financial year.
2. The re-election of PricewaterhouseCoopers as the company's auditor of the accounts and of the consolidated group for the 2004 financial year.
3. Ratification of the appointment of Corporación Caixa Galicia as a Director appointed by cooptation.
4. Modification of article 46 of the Company Bylaws (increasing the maximum number of members of the Advisory Board from ten to twelve).
5. The authorization of the Board of Directors to increase the company's capital within the limits established by Law, without consulting the General Shareholders' Meeting in advance, with express power to exclude the right of preferred subscription in accordance with that established in article 159.2 of Company Law, revoking and leaving without effect the amount pending from previous authorizations awarded by the General Shareholders' Meeting.
6. The authorization of the Board of Directors to issue bonds or other similar securities of fixed or variable income, simple or guaranteed, convertible or non-convertible into shares, directly or through Group Companies, in accordance with the legislation in force, revoking the authorization for the same purposes, by virtue of the agreement adopted by the General shareholder's Meeting.
7. The authorization of the Board of Directors for the derivative purchase of the company's own shares, directly or through Group Companies, in accordance with the legislation in force, revoking the authorization conferred for the same purposes, by virtue of the agreement adopted by the General Shareholders' Meeting.
8. The delegation to the Board of Directors for the interpretation, correction, execution, drafting and registration of the adopted resolutions.

iii) Web

The company maintains its bilingual (Spanish and English) website permanently updated at www.abengoa.es.

The agreements adopted by the last General Meeting held on June 27, 2004 are recorded on this site. Likewise, the full text of the notice of the meeting, the agenda and the resolutions that were proposed for the Meeting's approval were incorporated on the website on June 8, 2004.

On the occasion of future notice of meetings, the Company will keep the information available on them updated, for the purpose of supporting the right to information, and with this, the right to vote, of the shareholders, on equal terms.

Finally, with the regulatory and technical progress to be established, the right to vote or to electronic delegation will be guaranteed under the protection of specific legal certainty.

Corporate Governance Report

g. Level of monitoring of the recommendations relating to Corporate Governance.

In the measure by which the information contained in the recommendation reports is less detailed and developed than the current Annual Corporate Governance Report, we defer to it for the issues set out therein. Said Report is available at www.abengoa.com.

Likewise, pursuant to the Ministerial Order of December 22, 1999, actioned by Circular 1/2000 of the CNMV relating to the business development and prospects of listed companies assigned to the New Market segment, the company annually remits the relevant information required, similarly at the time of the notice of the Ordinary General Shareholders' (June 8, 2004). Said information is available at "www.abengoa.com (Legal and Financial Information / Reports to CNMV / Relevant Events; Other Communications (08.06.2004))".

h. Information Tools.

i) Web (www.abengoa.com).

The obligation to provide useful, true, complete and balanced information to the market in real-time would not be sufficient if the suitable methods for transmitting this information were not appropriate, guaranteeing that it is distributed effectively and usefully. As a result, the Aldama Report and the Financial System Reform Act recommend, as a result of new technologies, the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data in it) and a distribution tool (including timely or individualized information in real-time that may be accessed by investors).

At the end of the first quarter 2002, Abengoa therefore implemented a new company website, characterized on the one hand by a more direct, quick and efficient on-screen presentation, and on

the other hand, with information content and documentation made available to the general public, focused on three fundamental aspects:

- a) Commercial: the presentation of the Company and its Business Units, news releases, newsletters, etc.
- b) Legal: communications, relevant events, Corporate Governance internal regulations, etc.
- c) Economic: periodic reporting, financial statements, share price, etc.

Both the information available as well as its actual distribution portal – the website – are continually updated; Corporate Governance, the rules that regulate it and the continually developing legislation that governs it or recommends it, is adhered to, and will be adhered to. Today there is a special, far-reaching concept that is being developed in a regulatory field; the regulation of shareholders' rights (information, voting, etc.) by non-habitual methods. Similar to all companies engaged in growing, Abengoa must adapt itself and anticipate, as in fact it has been doing, to the development of the markets as well as towards self-regulation (that is, adopting its own Code of Conduct by which its actions and decisions can be evaluated from outside the company), progress, transparency and information, which have to be anticipated in order to reassure the confidence of the market and therefore the Company's growth.

ii) Shareholder Service Department

In order to facilitate permanent contact with the company's shareholders, the Company has a Shareholder Service Department whose manager is the General Secretary, with the objective of establishing a transparent and smooth communication with its shareholders and to allow access to the same timely and formatted information together with the institutional

Corporate Governance Report

investors whose equal treatment is guaranteed. The distribution of true and reliable information on relevant events, news releases and the periodic financial-economic information are supervised in particular.

A Shareholders' mail box is available at the website (www.abengoa.com).

iii) Investor Relations Department

With the same objective as the Shareholder Service but in relation to investors, the Company has an Investor Relations Department and stock market analysts responsible to the Director of Management Information Systems, assisted by the Finance Director, who is responsible for the design and implementation of the program for communication with the national and international financial markets for the purpose of understanding the principal characteristics and strategic actions of the company.

This Annual Corporate Governance Report was unanimously approved by the Board of Directors of Abengoa, S.A. at its meeting on February 28, 2005.

Audit and Control Committee

Audit and Control Committee

1 Introduction.

This Activity Report is intended to inform the general public and, more particularly, the shareholders of the activities Abengoa carried out in this area.

For the Board of Directors to perform its duties in a rigorous and efficient manner, specialized Committees must be set up within the Board for the purpose of diversifying the work and ensuring that, in certain important issues, the proposals and resolutions have previously been approved by a specialized body that is able to filter and obtain information on its decisions, so as to strengthen the guarantee that the resolutions are objective and have been given due consideration.

Therefore, the Audit Committee was established as an informative and consultative body reporting to the Board of Directors. It is authorized to report on, monitor and propose certain actions relating to issues that fall within the area of its competency.

Abengoa's Audit Committee was established by the Board of Directors of Abengoa, S.A. on December 22, 2002 under article 44 of the Bylaws, in order to meet the provisions on the Audit Committee set forth in Law 44/2002 on the Reform of the Financial System. Its Internal Regime Regulations were approved by the Board of Directors on February 24, 2003. Both these events were duly notified to the National Securities and Exchange Commission (CNMV) as relevant events.

The Audit Committee is, in its totality, formed by non-executive directors, and its current composition is as follows:

| | |
|-----------|------------------------------|
| Chairman | José L. Méndez López (*) |
| Member | José B. Terceiro Lomba |
| Member | José J. Abaurre Llorente |
| Secretary | Miguel Angel Jiménez-Velasco |

(*) Representing the legal person Corporación Caixa Galicia, S.A.U. as a Director

During the 2004 financial year, the Audit Committee met 4 times.

We here-below describe the Internal Regime Regulations that govern the operation of the Committee, the matters that fall within its competency and the activities carried out during the year.

2 Audit Committee Internal Regime Regulations.

• Composition and Appointment:

The Audit Committee Regulations establish that it shall be formed permanently by three directors. At least two of them shall be non-executive Board Members, thus complying with the majority of non-executive Board Members provided for in Law 44/2002.

Appointments shall be for a maximum term of four years, which may be renewed for further terms of the same duration.

• Chairman and Secretary:

The Audit Committee shall initially elect its Chairman from among all its non-executive Board Members. The Chairmanship shall be taken in turns, on an annual basis, by the non-executive Board Members that are on the Committee and at least one year must elapse prior to the same Board Member being re-elected Chairman.

Audit and Control Committee

The Secretary to the Board of Directors shall act as Secretary to the Committee.

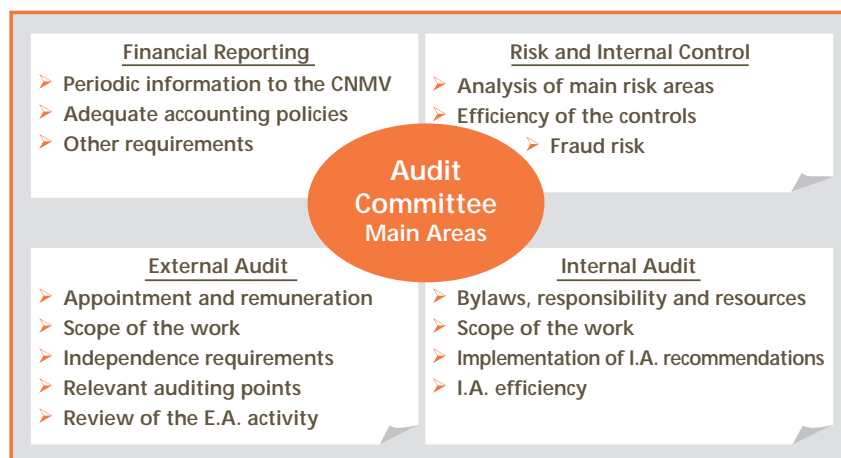
- Duties and Competencies:

The duties and competencies of the Audit Committee are as follows:

1. To inform on the Annual Accounts and the half-yearly and quarterly Financial Statements that must be forwarded to the market regulatory or supervisory bodies, mentioning the internal control systems, the control of the monitoring thereof and compliance therewith through internal audit and, when appropriate, the accounting principles applied.
2. To inform the Board of Directors of any change in accounting principles and balance sheet and off balance sheet risks.
3. To inform the General Shareholders' Meeting on the issues raised thereat by the shareholders in relation to matters that fall within its competency.
4. To propose the appointment of the External Account Auditors to the Board of Directors so that the proposal may be put to the General Shareholders' Meeting.
5. To supervise the Internal Audit services. The Committee shall have full access to the Internal Audit and shall inform during the process of selection, appointment, renewal and/or removal of the manager thereof and the setting of his/her remuneration. It shall also inform on this Department's budget.
6. To know the company's financial information process and internal control systems.
7. To be in contact with the external auditors to receive information on any issues that might jeopardize said auditors' independence and/or any other issues related to the account auditing process.

3 Activities of the Audit Committee.

The main activities submitted to the Audit Committee may be grouped into four different areas of competency:



Audit and Control Committee

3.1 Verification of economic-financial information

The Group's financial information consists basically of the consolidated financial statements, drawn up quarterly, and the full consolidated Annual Accounts, drawn up annually.

This information is prepared on the basis of the account reporting that all the Group companies are obliged to submit for this purpose.

The information reported by each one of the individual companies is verified by both the Group's internal auditors and the external auditors, in order to ensure that the information is true and provides an accurate picture of the company.

Abengoa has made a significant effort to systemize the reporting systems to allow times to be reduced and the reports required to be prepared as automatically as possible. This is one of the Group's permanent objectives, which will allow a constant reduction in the times required to present the Group's financial information.

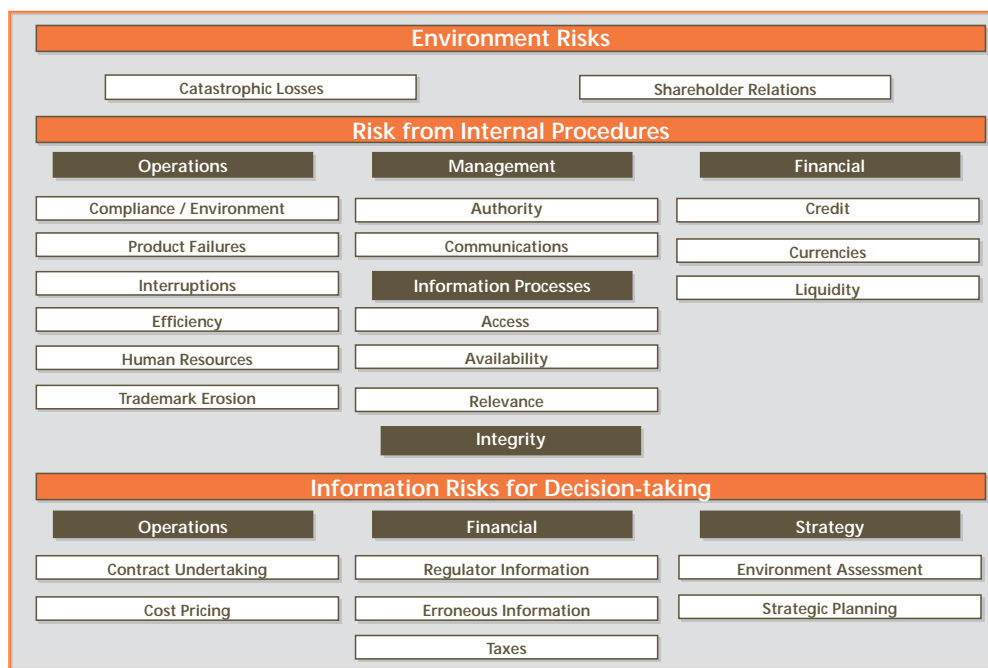
The Audit Committee's duties include the verification of the economic-financial information prepared by the Group before it is submitted to Abengoa's Board of Directors and the regulatory bodies of the National Securities and Stock Exchange Commission (CNMV).

Once the above requirements have been met, the information is made public for the market and financial institutions.

3.2 Supervision of the risk control system

3.2.1 The Risk Management Model in Abengoa;

Abengoa's risk management is performed with the following model, which is used to identify potential risks that might exist in a business.



Audit and Control Committee

The procedures used to eliminate the aforementioned risks are instrumented through the Common Management Systems.

The Persons Responsible for each one of the regulations in the Common Management Systems must verify and certify fulfillment of the procedures. Each certificate is issued and submitted to the Audit Committee in January of each year, for the previous year.

The Common Management Systems identify the risks included in the current model as well as the control activities to mitigate them. Therefore, they develop the internal activity standards and represent a common culture in Abengoa's business management.

In addition, the Common Management Systems enables:

- Optimization of the day-to-day management, applying procedures favoring financial efficiency, cost reduction, and standardization and compatibility of information and management systems.
- Promotion of synergies and creation of value by Abengoa's different business units, working in an environment of cooperation.
- Strengthening of Corporate Identity, with all of Abengoa's companies respecting their shared values.
- Growth attainment through strategic development seeking innovation and new medium and long-term options.

The Systems cover the entire organization at three levels:

- All the Business Units and areas of activity
- All levels of responsibility
- All kinds of operations

Meeting of the provisions of the Common Management Systems is compulsory for the entire organization and, therefore, they must be known by all its members. Any exception to these Systems must be made known to the person concerned and appropriately authorized.

The Common Management Systems are subjected to a continuous updating process, which allows the best practices to be incorporated in each of their fields of action. The successive updates to which they are subjected are immediately notified to the organization using computing media, which greatly facilitates the dissemination thereof.

In a group like Abengoa, with more than 200 companies, presence in almost 40 countries and more than 9,000 employees, it is indispensable to define a common system for business management that permits efficient work performance on a coordinated and consistent basis.

3.2.2 Supervision and Control of the Risk Management Model;

The supervision and control of the above-described risk management model are structured around the Pooled Audit Services, which include the audit teams from the Companies, Business Units and Corporate Services, which act in a coordinated manner and report to the Audit Committee of the Board of Directors.

From among their strategic objectives, we can highlight:

- Forestalling the audit risks of the Group's Companies, Projects and Activities, such as frauds, capital losses, operating inefficiencies and, in general, risks that could affect the favorable progress of business.
- Controlling the application and promoting the development of suitable and efficient management rules and procedures, in accordance with the Common Corporate Management Systems.

Audit and Control Committee

- Creating value for Abengoa, by promoting the building of synergies and the monitoring of optimum management practices.
- Coordinating the work criteria and approaches with the external auditors, seeking the greatest efficiency and profitability of both functions.

Therefore, the Pooled Internal Audit Services act through specific objectives:

- Evaluating the Audit Risk of Abengoa Companies and Projects, in accordance with an objective procedure.
- Defining standard types of Internal Audit and Control work, in order to develop the pertinent Work Plans with the scope appropriate to each situation. This typology is linked to Audit Risk Evaluation, and determines the Work Plans to be used and involves an appropriate type of Recommendations and Reports, meaning that, therefore, it should be explicitly used in said documents.
- Guiding and coordinating the internal audit and control work of the Companies and Business Units, defining a procedure for notification of said work and communication with the parties concerned and establishing a coding system for the work, so that it can be properly controlled and monitored.
- Defining the communication process for the results of each piece of audit work, the persons affected and the format of the documents in which it materializes.
- Reviewing the application of the plans, the appropriate performance of the work, the prompt distribution of the results and monitoring of the recommendations and their corresponding implementation.

The main objective is to control the audit risk, with this being understood as any risk that affects the business and that can be estimated, evaluated and controlled by Management.

Each Abengoa activity, project and company must have a preliminary evaluation of the audit risk that allows appropriate planning of the reviews to be performed. This risk estimate must follow objective criteria common to the entire Group and will be the responsibility of the Internal Audit and Control Department, at the level of Pooled Services that corresponds to each specific case.

In relation to the above, the Internal Audit and Control function should exceed a mere supervisory approach and, without decreasing the inspection and review activity, must actively promote enhancements with immediate repercussions on the optimization of processes and businesses, the obtaining of synergies and, in short, the creation of value for Abengoa.

In both the focus of the work, and the planning, performance, documentation, programs and communication of the results thereof, coordination with the external auditors must prevail, so that the work of the two functions is not duplicated and Abengoa's Internal Audit and Control procedures are validated and may be deemed to be adequate audit proof to support the external auditor in his/her opinion.

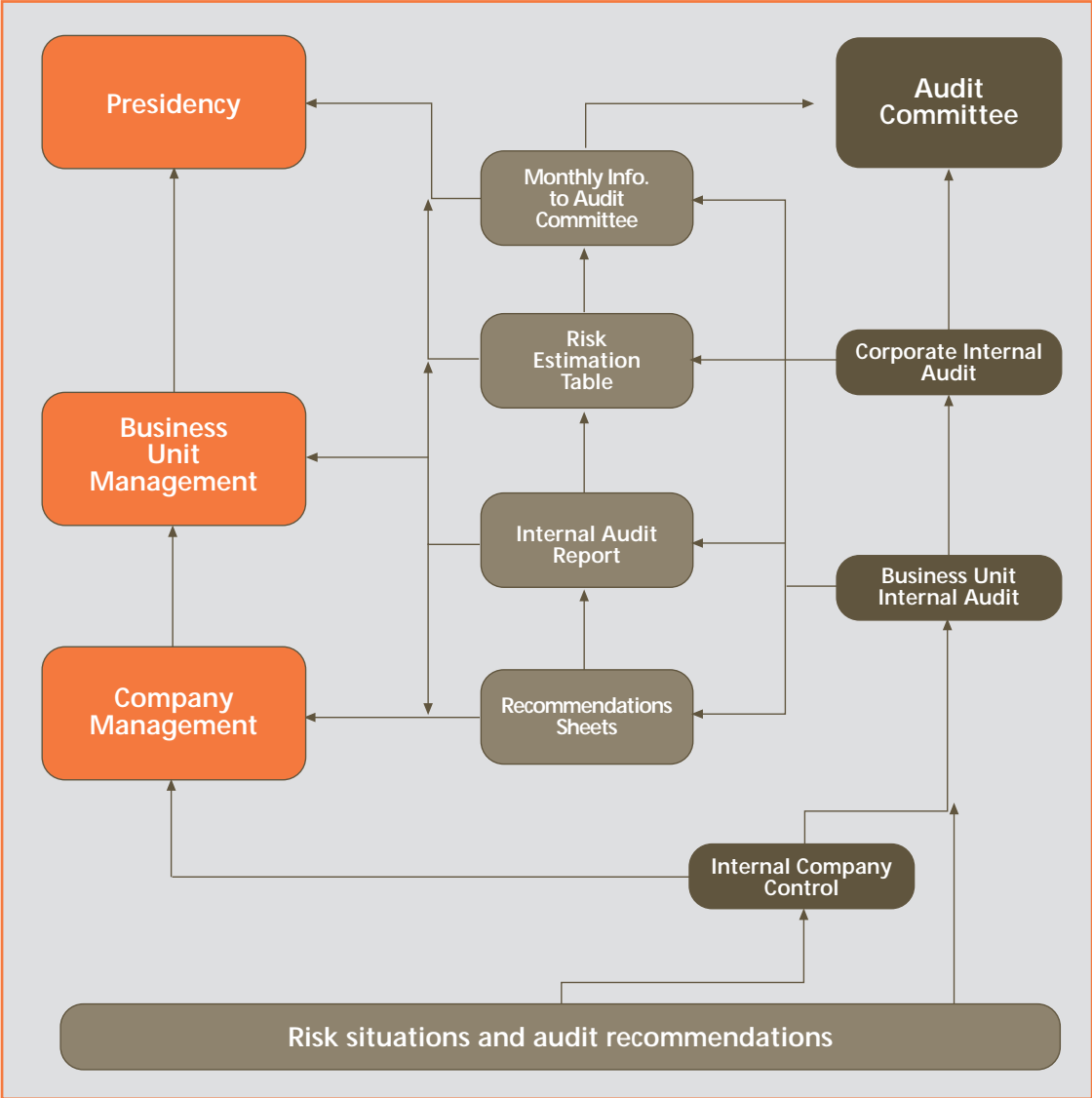
To attain this objective, a standardization of all the work cycles and documentation that contribute to the consistency of the work of Abengoa's internal auditors will be fomented.

Following the doctrine of The Institute of Internal Auditors and its Spanish branch, Instituto de Auditores Internos, the ultimate purpose of this structure is to provide the Management of Abengoa and of each of its Business Units with an extra "control" flow of information, running parallel to the normal hierarchical flow, but with permanent horizontal information channels between each one of the hierarchical levels of the Companies and Business Units and their corresponding Internal Audit services, applying clear and transparent criteria and safeguarding the confidential information involved.

Audit and Control Committee

This structure is shown in the following diagram:

Information Flow



Audit and Control Committee

The Audit Committee's duties include "supervising the internal audit services" and "to know the company's financial information and internal control systems processes".

The person responsible for Corporate Internal Audit informs the Committee systematically in relation to its own activities of:

- The Annual Internal Audit Plan and the extent to which it is met;
- The extent to which the recommendations issued have been implemented;
- An adequate description of the main areas reviewed and the most significant conclusions;
- Any other more detailed explanations the Audit Committee may require.

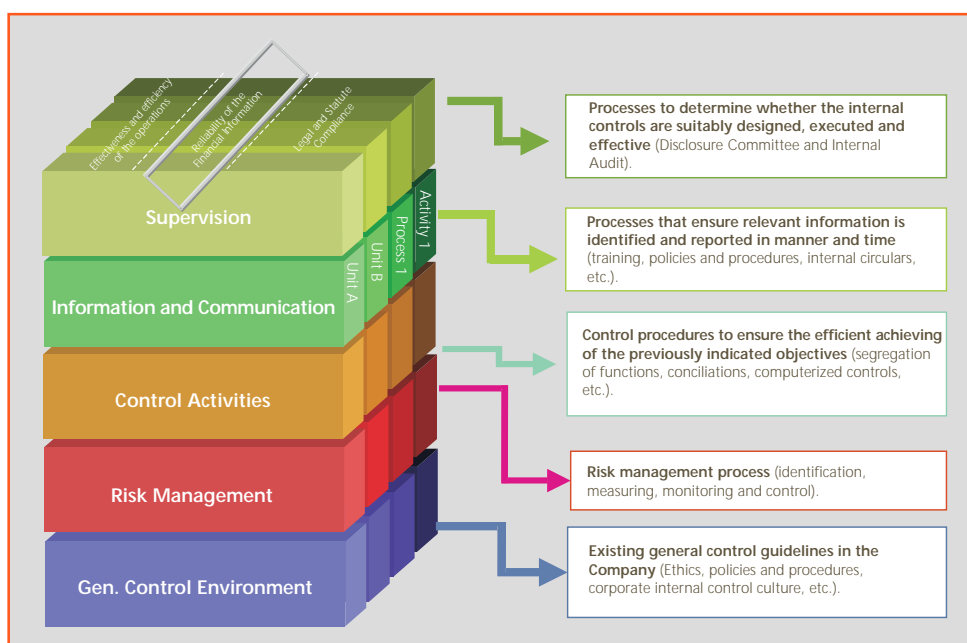
There are Audit Committees in other Group Companies, which are informed by the person responsible for the Internal Audit of the relevant Business Unit.

3.2.3 Progressing in control processes;

During the 2004 financial year, another step was taken to enhance Abengoa's Risk Management Model with the commencement of the adaptation project to the recommendations made in the Sabarnes-Oxley (SOX) Law.

Although the aforementioned Law corresponds with the rules of obligatory fulfillment for companies and groups listed on the North American market, according to instructions from the Securities and Exchange Commission (SEC), Abengoa believes that, not only must its subsidiary Telvent GIT, S.A., listed on the NASDAQ, comply with these obligations, but all the other group companies must do so also, given that it leads to advances being made in the enhancement of control and risk mitigation processes.

Therefore, the conceptual reference framework taken is the COSO which is that closest to the approach required by the SOX and in which internal control is defined as the process executed with a view to providing a reasonable degree of security as regards the meeting of objectives such as compliance with legislation and regulations, reliability of the financial information and effectiveness and efficiency of the operations.



Audit and Control Committee

Therefore, the project that commenced in 2004 and will finalize in 2005, involves aligning Abengoa's risk management model with this conceptual framework, by developing and defining the processes that must be implemented, as well as the risks and controls required to meet the recommendations of the SOX.

3.3. Compliance with the Annual Internal Audit Plan

The Annual Internal Audit Plan is drawn up each year and the scope thereof is determined by:

- The evaluation of the risk of the different companies, areas and projects
- The circumstances in each one of them at any given moment
- And the requirements of the Audit Committee

The evaluation of the audit risk is performed for each Project, Company and Business Unit. In this respect, audit risk is defined as any possible event that might have a negative affect on the business, such as fraud, capital losses or operating inefficiencies. The risk evaluation allows us to discover the areas on which our attention and work must be focused.

Planning seeks to guarantee that the risk areas identified will be covered by work that mitigates or eliminates the risks and allows them to be adequately identified, controlled and monitored. The result of this planning is the Annual Internal Audit Plan.

The Annual Plan establishes the types of works to be performed and the scope of each one of them. Depending on the proposed scope, general company reviews, reviews of specific areas, procedure reviews or special works are proposed.

The Annual Plan is continually monitored by the Audit Committee, which is informed systematically on both the progress thereof and the results obtained in the reviews performed.

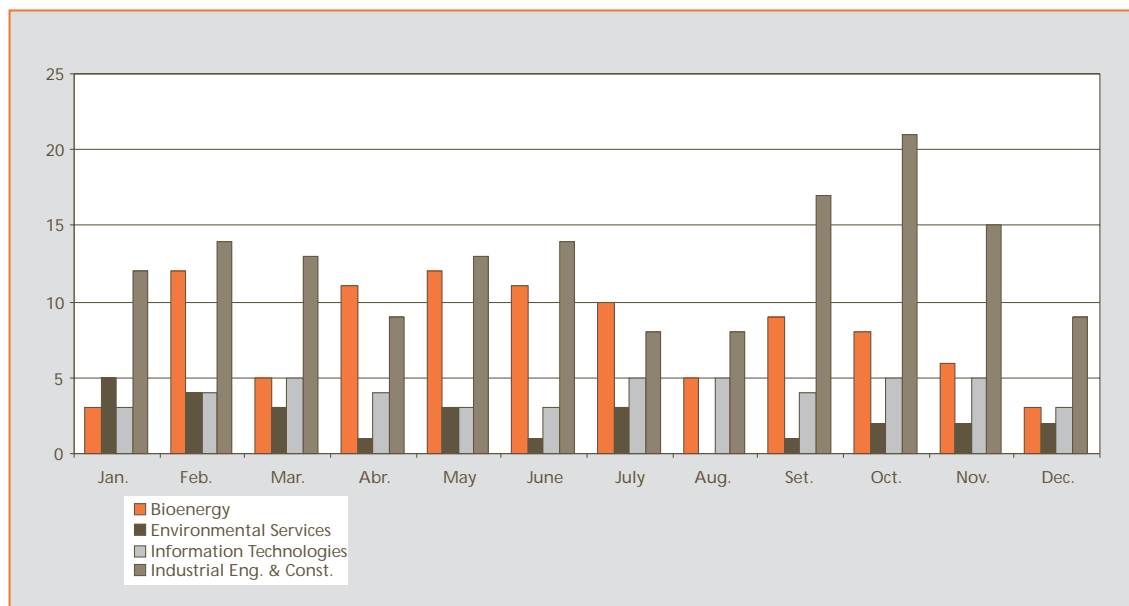
For each of the planned tasks, once the field work has been done, recommendations are identified that imply, not only that both legal and internal regulations are applied, but also that the best management practices in the pertinent area of activity are incorporated. These recommendations are classified as major or minor, depending on the importance of the area affected or, if it were the case, the economic impact they imply.

In the 2004 financial year, a total of 324 tasks were performed. The Annual Audit Plan for the year included 322 tasks and, thus, compliance was 101%. The two additional tasks that were not included in the Plan relate mainly to Due Diligence carried out in processes to acquire companies or obtain shareholdings therein.

As a consequence of these tasks, 109 major recommendations were issued, 66 of which have already been implemented, while the remainder are in the process of being implemented by the different companies.

Audit and Control Committee

The following graph shows the monthly evolution by Business Unit of the works performed during the 2004 financial year:



3.4. Monitoring the External Audit

The Audit Committee is responsible for supervising the results of the external auditors' work. Therefore, it is promptly informed of their conclusions and of any anomalies detected in the course of their reviews.

The external auditor must attend Audit Committee meetings whenever required to do so, in order to inform on the area of his/her competencies, relating mainly to:

- The review of the financial statements of the consolidated group and its companies and the issuance of an audit opinion thereon.

Although the scope of said opinion is the financial statements as of December 31 of each year, the work performed by the auditors in each one of the companies includes a review of the previous accounting period end, which is usually that of the third quarter of the financial year (September), in order to anticipate any significant matters or operations that have arisen up to that date.

In addition, during the 2004 financial year, reviews have been performed, for the first time, on the quarterly financial statements drawn up in order to submit the information required by the official bodies.

Audit and Control Committee

Likewise, as of the 2004 financial year, we would mention that the consolidated financial statements of the subsidiary Telvent GIT are also audited. These financial statements are drawn up with accounting criteria accepted in the United States (USA GAAP) upon the company having been listed on the NASDAQ towards the end of the financial year.

- Evaluation of the Internal Controls:

The advanced approach to auditing practice considers this to be part of an auditor's work, since this approach places more emphasis on the evaluations of the company's controls than on substantive proof. The external auditors must issue, in addition to their standard professional opinion, an internal control report that is the basis of their presentation to the Audit Committee.

- Matters of special interest:

For certain specific matters or operations, an advancement of the auditors' opinion on the accounting principles adopted by the company is required, in order for a prior agreement to be reached thereon.

Furthermore, the Audit Committee's duties include ensuring the independence of the external auditor, and proposing the appointment or renewal thereof to the Board of Directors.

Abengoa, S.A's statutory auditor is Pricewaterhouse Coopers, which is also the Group's main auditor. Nonetheless, a significant part of the Group, the Environmental Services Business Unit (Befesa) is audited by Deloitte. In addition, other audit firms also provide their services in small companies, both in Spain and abroad, although their scope cannot be considered to be significant.

Abengoa's policy is for all Group companies to be audited externally, even if they do not meet the requirements to make this compulsory.

The global amount of the fees agreed with the external auditors for the 2004 financial year audit, including the review of the periodic information and the audit under USA GAAP criteria of the company listed in the US, and the distribution thereof is shown in the chart below:

| | Firm | Fees | Companies |
|--------|-------------|-----------|-----------|
| Spain | PwC | 383,309 | 26 |
| Spain | Deloitte | 327,042 | 22 |
| Spain | Other firms | 38,524 | 12 |
| Abroad | PwC | 809,730 | 48 |
| Abroad | Other firms | 96,896 | 16 |
| Total | | 1,655,501 | 124 |

Audit and Control Committee

4. Monitoring of special projects.

Either in the course of ordinary audit work or upon new circumstances arising, situations that require special treatment and monitoring may exist.

The Audit Committee is empowered to request work to be carried out to meet specific objectives, or this work may arise at the initiative of Abengoa Management or the Internal Audit Department itself. In these cases, the Audit Committee shall be especially informed of said situations, the measures that are being applied and the results obtained. They may include, among others:

- Significant Risks:

When, due to the circumstances of a project or because of market changes, an important profit-making factor might be at risk, this must be dealt with separately and the Audit Committee must be systematically informed of the evolution thereof.

- Frauds:

Likewise, when, either due to an ordinary audit procedure or specific information, a potential risk of fraud is known of, a special review must be made and followed up, and the Audit Committee systematically informed.

- Changes in legislation:

The existence of changes in the accounting or tax legislation may have significant impacts on the financial statements of Abengoa and its group of companies and we must be in a position to anticipate this. Therefore, in these cases, special projects will be established to monitor the adaptation to, and impact of the changes, in detail. The Audit Committee shall be promptly informed and may be required to participate directly in the matter.

In this sense, in the course of the 2004 financial year, the project to adapt Abengoa's financial statements to the IAS (International Accounting Standards) has been in progress.

At present, the project is at an advanced stage and will culminate with the presentation of the annual accounts for the 2005 financial year being prepared in accordance with the IAS in fulfillment of the legislation in force.

Appointments and Remuneration Committee

Appointments and Remuneration Committee

Introduction

The Appointments and Remuneration Committee was established by the Board of the Directors of Abengoa on February 24, 2003, under art. 29 of the Regulations of the Board of Directors, in order to include the recommendations on the Appointments and Remuneration Committee contained in Law 44/2002 (the Financial System Reform Act). At said meeting of the Board of Directors, the Committee's Internal Regime Regulations were likewise approved.

Composition

The current composition of the Committee, after inclusion, as independent members of the Board of Directors, of Mr. José B. Terceiro Lomba, Mr. Ignacio de Polanco Moreno and Mr. José Luis Méndez López (representing Corporación Caixa Galicia, S.A.U.) as a result of the resolutions adopted by the General Meeting of Shareholders of June 29, 2003, is as follows:

| | |
|-----------------------------|--|
| - Ignacio de Polanco Moreno | Chairman. Independent Non-executive independent Director |
| - José B. Terceiro Lomba | Member. Independent non-executive Director |
| - José Luis Aya Abaurre | Member. Shareholder representative |
| - José Marcos Romero | Non-director Secretary |

The holders of the positions of Chairman and Secretary were designated by the Appointments and Remuneration Committee on January 28, 2004 using the written procedure, which does not require a meeting be held.

Consequently, the Appointments and Remuneration Committee is fully formed by non-executive Directors, thus exceeding the requirements established in the Financial System Reform Act. In addition, Chairmanship of the Committee is held by a non-executive Director, which is compulsory under the provisions of article 2 of the Committee's Internal Regulations.

Functions and Competences

The functions and competencies of the Appointments and Remuneration Committee are:

1. To inform the Board of Directors on appointments, renewals, resignations and remuneration of members of the Board of Directors and the Advisory Board and the holders of specific posts thereon and on the general remuneration and incentive policy for these bodies and for senior management.
2. To inform, previously, on all the proposals that the Board of Directors submits to the General Meeting in relation to the appointment or resignation of Directors, including co-option by the Board of Directors itself.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Directors' Report.

Meetings and notice thereof

The Appointments and Remuneration Committee shall meet on the occasions required to meet the functions described above, at least once every six months. It shall also meet whenever a meeting is called by the Chairman. A meeting will be valid when all the members are present and they agree to hold it.

In the year 2004, the Committee held three meetings, particularly to appoint directors and members of management.

Quorum

The Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

The Company's Remuneration Manager attends the meetings of the Committee as the Secretary.

Information presented to the Committee

- Monitoring and evolution of remuneration of the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Proposal for remuneration to the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Preparation of the pertinent information to be included in the Annual Accounts.
- Reports on market studies conducted by independent experts and comparative remuneration studies.

Index of GRI Contents

Index of GRI Contents

The following table identifies the pages of the Abengoa 2004 Corporate Social Responsibility Report, on which the different requirements established by the Global Reporting Initiative (GRI Guide 2002). The possible clarifications are specified therein.

Abengoa is progressing in the incorporation of indicators that meter its activity in the Social, Economic and Environment sectors. This information enables one to obtain a vision of our activities which can then be interpreted and compared to those of other national and international companies, using this Guide.

| Vision and Strategy | | Economic | | | Social | | | | |
|--|--------------------------------|------------------------------|--|--|----------------------------------|----------------------------|---------|-------------------|---|
| 1.1 | 7; 19; 20 | Aspect | | Central | Aspect | | Central | | |
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| 3.11 | 64; 95-96 | | | | | | | | |
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| 3.17 | N.D. | | | | | | | | |
| 3.18 | * | | | | | | | | |
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IRSC: Corporate Social Responsibility Report
 IA: Activity Report
 IL: y E.F. Legal and Economic-Financial Report
 ND: not available when this report was being drawn up. The mechanisms to ensure that this information appears in future reports will be put into operation.
 2.12: this is the first Corporate Social Responsibility Report to be elaborated by Abengoa in accordance with the GRI Guide.
 2.14; 2.22: this is the first Corporate Social Responsibility Report to be elaborated by Abengoa in accordance with the GRI Guide.
 3.2: in Abengoa, the governing body is the Board of Directors.
 3.3: Information available in the Organization Structure in the Activity Report.
 3.18: changes of location or modification of operations have not been considered necessary during the preparation of this report.
 EC9: the breakdown of information by country was not available when this report was being elaborated. The mechanisms for the performance thereof will be brought into operation.
 TR8: programs on HIV/Aids do not exist within the company.
 TR10: Abengoa subscribed to the World Agreement in 2002, committing itself to eliminating discrimination, unemployment and inequality.
 TR 2: Not applicable.

Readers' Opinions

Readers' Opinions

This Corporate Social Responsibility Report has been elaborated in accordance with the requirements of the Global Reporting Initiative Guide (GRI Guide 2002). The activities of Abengoa in the countries in which its companies operated during the course of 2004 are included herein. In another two separate volumes, Abengoa has published a 2004 Activity Report and a Legal and Economic-Financial Report.

We are greatly interested in receiving your opinion thereon, given that it will help us to enhance dialog with the parties interested in Abengoa and, to be specific, to improve this Corporate Social Responsibility Report, which shall be published annually.

We would like to know your opinion and suggestions. For any additional consultation you may wish to make in relation to the content of this Report, please do not hesitate in getting in touch with our communications section at comunicacion@abengoa.com.

Person Responsible for the Corporate Social Responsibility Report

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