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Annual Report 2009 **ABENGOA**

Commitment to Corporate Social Responsibility

Our CSR Policy and Strategy

Corporate Social Responsibility is the commitment of the business community to act ethically and contribute to economic development, while respecting the environment, enhancing quality of life for employees and their families, as well as that of communities and society at large

Businesses today play a crucial role in sustainability by employing their resources in ingenuity, creativity and talent to resolve some of the most pressing social and environmental issues facing humanity, and by making sure that the impact generated by their activity has a positive impact on society and the environment, achieved through ethical and transparent conduct that contributes to sustainability and the well-being of the community. It is essential that this conduct takes into account the expectations of stakeholders, abides by the law, is consistent with international standards of conduct and is integrated throughout the entire organization and put into practice in company relationships with other organizations. This conduct is what is commonly referred to as Corporate Social Responsibility (CSR), corporate responsibility, or business responsibility.



Photo taken by **Carlos Bustos,** from Abengoa Chile, for the 1st Edition of the Abengoa Sustainability Photography Contest

In recent years, CSR has become increasingly more relevant among businesses and their stakeholders, to the point of becoming one of the aspects with the greatest bearing on an organization's performance. More than ever, business performance in the realms of society and the environment has become, in addition to financial performance, a key factor in measuring future performance and assuring operational continuity. Corporate social responsibility means understanding that company results improve to the extent to which companies are able to build relationships based on trust with their stakeholders. Therefore, it is essential not only to identify and assimilate the environmental, social and economic effects of the company's activity, but also to analyze the impression held regarding these effects by company stakeholders so that, through the integration of these expectations into company strategy, any decision made takes into account the interests of stakeholders. This represents the transition from an individualistic company to one that takes into consideration the environment to which it is committed, to which it must respond, and with which it generates a long-term relationship of trust.

Photo taken by Juan Botella Cuesta, from Befesa, for the 1st Edition of the Abengoa Sustainability Photography Contest



CSR, understood, therefore, as the integration into company strategy of stakeholder expectations, observance of the law and consistency with international standards of conduct, is one of the underpinnings of Abengoa culture.



The concept of Corporate Responsibility framework therefore has:

- A legal dimension: strict observance of prevailing legislation in each and every one of the company's actions;
- An economic dimension: generation of sustained value;
- A human dimension: protection of human rights;
- A social dimension: support of the development of the communities in which Abengoa operates;
- An environmental dimension: protection of the environment.

Each and every one of the activities undertaken by the company is carried out in accordance with the corporate model of sustainable development, a model that attempts to strike a balance with maximum benefits for everyone, while complying with applicable legislation with the utmost integrity and transparency. Thus, Corporate Social Responsibility is part of Abengoa's business strategy and practice. Corporate social responsibility is one of the cornerstones of Abengoa's present and future strategy. Each and every one of the activities undertaken by the company is carried out in accordance with the corporate model of sustainable development, a model that attempts to strike a balance with maximum benefits for everyone, while complying with applicable legislation with the utmost integrity and transparency. Thus, Corporate Social Responsibility is part of Abengoa's business strategy and practice. Corporate Social Responsibility is one of the cornerstones of Abengoa's present and future strategy.

Sound CSR strategy, when aligned with business strategy, can facilitate the execution of company activities

For Abengoa, Corporate Social Responsibility must be perfectly aligned with company strategy and form part of it. Therefore, Corporate Social Responsibility strategy must be developed systematically and in a way that is consistent with the company's mission, enabling it to be fully integrated into the core of the company's decision-making process, into global strategy and into management processes and business activities.

Adopting a strategic approach to promoting CSR has numerous benefits: improvements in anticipating and managing risk, more appropriate management of reputation, attracting and retaining talent, greater competitiveness and market positioning, enhanced operational efficiency and cost reduction, improved relations along the supplier chain, a better relationship with the community, access to more sources of capital, and improved relations with regulatory bodies, among others.

Executive Corporate Social Responsibility Plan

The company has devised an **Executive Plan for Corporate Social Responsibility** to map out strategic actions for the three years following implementation. This plan defines global short, medium and long-term actions that entail all company areas, deploying this strategy by business units, with specific actions in CSR strategy, being adapted to the social reality of the different communities in which Abengoa conducts its business.

Fundamentally, this executive plan encompasses strategic actions that enable Abengoa to develop its distinctive capabilities in a setting of innovation and sustainability, while anticipating new business challenges associated with sustainability. The executive plan sets specific objectives for the strategic CSR actions, thereby enabling Abengoa to measure company performance by defining monitoring indicators.



Performance Disclosure and the Reporting System

In 2009, Abengoa completed implementation of its **reinforced reporting system**, which will be an effective means of providing the Abengoa management team with reliable consolidated annual information for the entire group concerning the relevant quantitative indicators in the area of Corporate Social Responsibility. The team can then manage the data accordingly and include it in the CSR report. In order for the information to be reliable, there must be systematic consistency in the consolidated data, which must be traceable or reconstructible, accurate and thorough in identifying and considering the data sources. For this reason, the reporting system also features effective internal control mechanisms that aid in preventing, detecting and rectifying significant errors in the data reported. In 2009, a specific CSR auditing area was set up to carry out ongoing and regular internal controls to ensure the effectiveness and efficiency of the Abengoa's reporting system. In addition, the system will be further complemented in 2010 by the implementation of a computer application that will combine the company's existing reporting tools, thus allowing instant access to data and enabling updated data in real time.

Environmental Sustainability Indicator System

In 2009, Abengoa also developed a system of **Environmental Sustainability Indicators (ESI)**, which will help to improve the company's business management by enabling the company to measure and compare the sustainability of its activities and establish future objectives for improvement. The system will be put in place in 2010 and will allow Abengoa to be recognized not only as a company working towards sustainable development, but also as a company whose processes are carried out in a sustainable manner.

Abengoa's Engagements

In 2002, Abengoa signed the United Nations' Global Compact, a global initiative intended to achieve voluntary commitment from the business community to social responsibility by implementing ten principles based on human rights, labor and environmental standards and anti-corruption efforts.

The Ten Principles of the Global Compact

Principle 1. Businesses should support and respect the protection of internationally proclaimed fundamental human rights within their sphere of influence.

Abengoa has undertaken in its labor practices the Universal Declaration on Human Rights of the United Nations and aligns professional conduct with all of its protocols, in addition to international agreements approved by the UN and by the International Labour Organization (ILO) on social rights. Abengoa also adheres to the ILO Tripartite Declaration of Principles Concerning Multinational Companies and the ILO Social Policy, as well as the OECD Guidelines for Multinational Companies.

Principle 2. Businesses must make sure that they are not complicit in human rights abuses.

All Abengoa companies have standardized selection processes and supplier control and follow-up mechanisms. Since June 2008, Abengoa has been requiring its suppliers to sign a Social Responsibility Code (SRC) based on the international SA 8000 standard and consisting of 11 clauses. Through adhesion to this SRC, Abengoa promotes among its suppliers observation of, and compliance with prevailing social and environmental norms, as well as compliance with all social responsibility-related aspects specified under the Global Compact, including all of the company's productive processes. All suppliers are required to adhere to this code in writing.

Principle 3. Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.

Abengoa supports, through an open atmosphere of ongoing dialogue, the free association of its workers and considers this to be an inalienable right.

Principle 4. Businesses should support the elimination of all forms of forced and compulsory labor.

Abengoa condemns all forms of forced labor and child exploitation, and supports any and all initiatives aimed at elimination thereof. The company's internal norms, which are mandatory and accessible for all Abengoa employees, set down the company's recruitment policies and guidelines, as well as Abengoa employee procedures and working conditions, all of which are intended to ensure work effectiveness and a personal and professional life balance.

Principle 5. Businesses should support the abolition of child labor.

Abengoa condemns all forms of child labor, in accordance with the terms specified under Convention 138 of the International Labour Organization (ILO) concerning minimum age.

Furthermore, in the Supplier Social Responsibility Code, a mandatory requirement for Abengoa suppliers, a clause was added to include the prohibition of child labor as a contracting condition and a specific requirement to comply with the norms of the International Labour Organization.

Principle 6. Businesses should uphold the elimination of discriminatory practices in employment and occupation.

Abengoa will neither accept nor abide by any action that entails discrimination of candidates in any hiring process due to race, color, sex, religion, political or other views, nationality or social background, or economic or birth status, and upholds a policy of equal pay for equal work. Abengoa's policy on non-discrimination is explicitly reflected in the Common Management Systems, which apply to the entire company and which are known by and mandatory for all Abengoa employees. Furthermore, 2008 witnessed the arrival of Abengoa's Gender Equality Plan.

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Abengoa's commitment to the environment and its awareness of today's environmental problems, as well as the development of a business model based on sustainable development, has led to the company's business activity and structure being grounded in these values, which are integrated into its productive processes. Among the measures adopted by Abengoa to minimize the company's environmental impact is the Environmental Sustainability Indicator (ESI) System, which helps to improve company business management through measurement and comparison of the sustainability of its activities, and establish objectives for future improvement.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Abengoa, committed from its inception to sustainability and the struggle against climate change, integrates into the attainment of its business goals a policy focusing not only on its products and services contributing to sustainability, but also on achieving these goals in a sustainable manner, thereby contributing to economic progress, social equity and conservation of the environment. In 2008, Abengoa implemented a Greenhouse Gas (GHG) inventory in order to gain in-depth insight into the direct and indirect GHG emissions associated with each of the company's activities, to assess the situation and to identify possible paths for improvement.

Principle 9. Businesses should encourage the development and diffusion of environmentally-friendly technologies.

Abengoa is a technology provider that applies innovative solutions for sustainable development. Therefore, all business activity conducted by the company through its five business units: Solar, Bioenergy, Environmental Services, Information Technologies, and Industrial Engineering and Construction, is aimed at developing and propagating environmentally-friendly technologies and enhancing energy efficiency.

Principle 10. Businesses should work against corruption in all of its forms, including extortion and bribery.

Abengoa's most powerful tool for fighting corruption is its Code of Professional Conduct, which governs the acts and working relations of Abengoa's employees, executives and board members with all stakeholders and non-compliance with this code may result in dissolution of the working relationship. This code not only prohibits all forms of corruption, including extortion and bribery, but rather demands the highest standards of honor and ethical conduct, and includes procedures for dealing with conflicts of interest between personal and professional relationships; requires suitable disclosure in the reports which Abengoa must present on a regular basis to bodies of the Administration; requires compliance with applicable laws, standards and regulations; addresses improper use or poor application of assets and business opportunities; demands maximum confidentiality and fair treatment both inside and outside of Abengoa; and demands immediate internal communication of failure to comply with the code, as well as appropriate communication of any illegal conduct.

Moreover, Abengoa signed up to the "Caring for Climate" platform in 2007, also a United Nations initiative. This led Abengoa to initiate a system for reporting greenhouse gas (GHG) emissions in 2008, thereby enabling the company to quantify its greenhouse gas emissions, trace all of its supplies and certify the products and services it offers. Abengoa has also promoted environmental awareness both inside and outside the company, in addition to participating in forums on sustainability.

In addition, Abengoa will continue as a component of the **FTSE4Good IBEX** sustainability index in 2010, the Spanish index of socially responsible investments.

Stakeholder Dialogue

Securing the trust of stakeholders is key to meeting and overcoming the challenges facing the company in a society in constant flux

CSR helps the company to generate distinctive capabilities by building a structure of cooperative relationships based on trust with employees, customers, suppliers, the communities where the company operates and society at large.

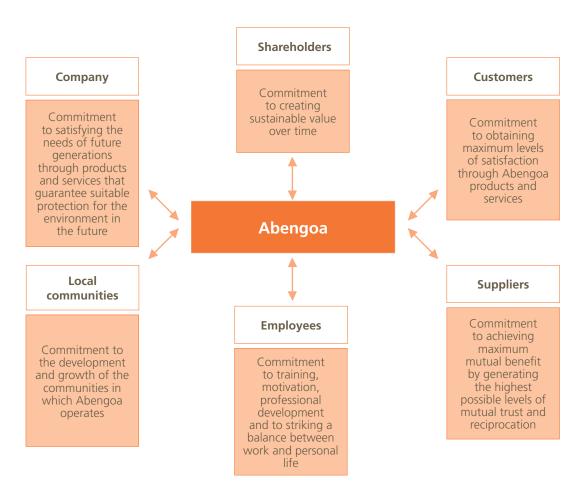
For Abengoa, stakeholder confidence is the key to successfully meeting the challenges the company faces in a society in flux and, therefore they must always be taken into account when making decisions. The value of a company today lies in its ability to meet the needs of its stakeholders.



Abengoa is aware of the importance of generating a relationship based on trust with its stakeholders, and therefore, in addition to providing them with continuous, transparent and accurate information on the activities conducted, the company endeavors to encourage dialogue with each of its stakeholders through the different communication channels adapted to the particular characteristics of each stakeholder, while at the same time developing new channels as a response to what should be an enriching and dynamic process for both parties.

Dialogue, understood as a process of listening and communicating, is essential to succeed in integrating stakeholder expectations into company strategy.

Abengoa's main stakeholders are its employees, customers, suppliers and investors (given that Abengoa is listed on the stock exchange), along with the communities where it operates and society at large. Abengoa's commitment to each and every one is the product of ongoing, straightforward and direct dialogue, which the company has encouraged and nourished for years.



To facilitate and foster a process characterized by a stable balance, Abengoa employs a wide range of channels for listening and communicating. These channels are aligned with the needs and expectations of each and every one of the stakeholders mentioned above.

The most important of these are shown in the table below:

Stakeholder	Dialogue Channel: from Company to Stakeholder	Dialogue Channel: from Stakeholder to the Company
Sharehol- ders	 Corporate and business unit websites Information on relevant corporate events Investor Relations Department Road shows Gatherings with analysts and investors Analyst and Investor Day General Shareholders' Meeting Quarterly reports Quarterly earnings reports via conference call Post-conference call feedback analysis Press releases Annual Report 	 Investor Relations Department Shareholder service mailbox Satisfaction studies Road shows Gatherings with analysts and investors Analyst and Investor Day General Shareholders' Meeting Quarterly earnings reports via conference call Post-conference call feedback analysis Investors' visits to headquarters/ customers

Stakeholder	Dialogue Channel: from Company to Stakeholder	Dialogue Channel: from Stakeholder to the Company
Employees	 Corporate and business group websites Connect@ corporate intranet Employee self-service Welcome manual In-house bulletin Human resource partner Health and Safety Committee Business Committee Committee on Equal Treatment and Opportunities Departmental events Mailings People Center. Employee IT application Campus Abengoa. Online, training Annual Report 	 Corporate and business group websites. Stakeholder mailbox Connect@. Suggestion box Employee self-service Work climate and satisfaction surveys TSR (troubleshooting report) computer tool IA (improvement action) computer tool Campus Abengoa. Online training 360° executive feedback program Employee welfare Human resource partner Whistleblower channel Health and Safety Committee Business Committee Committee on Equal Treatment and Opportunities Open houses CPA mailbox
Customers	 Corporate and business group websites Focus groups. Customer work sessions Security Management System tool Advertising and marketing Trade fairs, forums and conferences Periodic visits to customers Annual Report 	 Focus groups. Customer work events Satisfaction surveys TSR (troubleshooting report) computer tool IA (improvement action) computer tool Security Management System tools Corporate and business group websites. Stakeholder mailbox Product training sessions
Suppliers	 Corporate and business group websites Structured procedure for measuring supplier effectiveness Security Management System tool Periodic visits to suppliers Annual Report 	 Satisfaction surveys Structured procedure for receiving supplier input and opinion TSR (troubleshooting report) computer tool IA (improvement action) computer tool Security Management System tool Corporate and business group websites. Stakeholder mailbox

Stakeholder	Dialogue Channel: from Company to Stakeholder	Dialogue Channel: from Stakeholder to the Company
Local communities	 Corporate and business group websites Annual Report Department of Communications. Press releases Department of Corporate Social Responsibility Focus-Abengoa Foundation Meetings with NGOs and academic institutions Open house events Trade fairs, forums and conferences Corporate blog: Blog.abengoa.com 	 Department of Communications Department of Corporate Social Responsibility Meetings with NGOs and academic institutions Open house events Trade fairs, forums and conferences Corporate and business group website communication mailbox Corporate blog: Blog.abengoa.com CSR mailbox
Society at large	 Corporate and business group websites Annual Report Communications Department Department of Corporate Social Responsibility Focus-Abengoa Foundation Meetings with NGOs, the media and academic institutions Open house events Trade fairs, forums and conferences Corporate blog: Blog.abengoa.com 	 Communications Department Department of Corporate Social Responsibility Meetings with NGOs, the media and academic institutions Open house events Trade fairs, forums and conferences Communication mailbox on the websites of the company and its business groups Corporate blog: Blog.abengoa.com CSR mailbox

Photo taken by **Daniel Romero Delrue,** from Befesa, to the 1st Edition of the Abengoa Sustainability Photography Contest



For Abengoa, the **dialogue channels** included in the table form the ideal instrument to ensure a mutual exchange of information with stakeholders. Many of the dialogue channels are directly managed by the departments and persons in charge of maintaining ongoing relations with the group in question. However, the ultimate aim is that the opinions, suggestions, considerations and complaints collected on a daily basis by Abengoa's interlocutors are reflected in company strategy. This information is therefore analyzed and the conclusions are communicated throughout the company. Above all, the stable dialogue channels that Abengoa promotes with its stakeholders are intended to define a cross-cutting improvement model aligned with the expectations of each and every stakeholder and with the company's vision and mission.

Through these dialogue channels and communication tools, the company becomes aware of stakeholders' main concerns, enabling improvements to be made to potential system dysfunctions by the departments involved. Each department, depending on its connection with the affected stakeholders, establishes action plans to respond to the requests received.

In this way Abengoa maintains fluid communication with all of the stakeholders involved in each project and initiative so that all have a sense of belonging, on the basis of being informed in advance, which has a beneficial effect on everyone.

In addition, Abengoa participates in many scientific, technological and cultural events held in the areas, cities or regions where it conducts its business; bearing in mind that, in general terms, any activity that may be considered as lobbying is not handled directly by Abengoa, but rather through support for the different professional associations that exist

in each of the sectors of Abengoa's business groups. In the United States, for example, our company engages in lobbying through the following profesional associations: Cornerstone Government, Affairs, Renewable, Fuels Association of Nebraska Ethanol Producers and kansas Asociations of Ethanol Producers.

Contribution to Value Creation and Development

Significant Financial Aid received from Governments	(k €)
Net sales	4,147,315
Other operating incomes	1,275,627
Financial income	14,124
Partners' Benefits	11,246
Interrupted activities benefit	0
Economic Value Generated (EVG)	5,448,312
Raw Material Expenses	3,057,700
External Partners	32,432
Employee Social Security Contributions Expenses	736,027
Operating Expenses	803,992
R+D Expenses	51,145
Financial Expenses	195,554
Dividends	16,245
Taxes (Income Taxes)	58,058
Investments in the Community	8,292
Economic Value Distributed (EVD)	4,959,445
Economic Value Retained (EVR) = EVG - EVD	488,867
Significant Financial Subsidies received from Government as Capital Subsidies	6,303
Significant Financial Subsidies received from Government as Operating Subsidies	28,174
Significant Financial Subsidies received from Governments	34,477

Contribution to Society

The economic value distributed by Abengoa is further increased by the payment of taxes and social security contributions, along with voluntary contributions to social and cultural projects.

Taxes represent an important part of the economic contribution that Abengoa makes to society. This indicator varies and depends on the different applicable legal systems and the evolution of profits.

Of the total taxes paid out in 2008, 46.8% correspond to tax deductions at source and direct deposits on the personal taxation of employees, which are made by the different companies and paid to the Tax Authorities.

Moreover, 24% of the total corresponds to taxes on profits, with 21.2% relating to other taxes, charges and levies, mainly from taxes that have been paid in Brazil.

List of Countries (M €)	2009	2008
Brazil	67,396.8	71,377.6
Spain	22,378.0	75,262.7
United States	19,210.0	6,724.0
Uruguay	10,283.0	3,862.7
Chile	8,317.4	3,014.4
México	7,990.7	6,720.1
Germany	6,476.6	17,062.3
Canada	6,085.7	1,430.5
Morocco	4,792.4	1,973.2
Argentina	3,791.2	3,606.9
Netherlands	3,100.6	7,102.1
Malta	2,801.3	0.0
Sweden	2,458.6	8,715.6
United Kingdom	1,398.2	-5,386.4
India	1,377.8	710.7
Total taxes paid	167,858.1	202,176.5

Geographical Areas	2009	2008
Europe	38,613.3	102,756.3
Latin America	97,779.1	88,581.6
North América	25,295.6	8,154.6
Asia	1,377.8	710.7
Africa	4,792.4	1,973.2
Total taxes paid	167,858.1	202,176.5

Development and Impact of Investments in Infrastructures and Services rendered