



## 1. Corporate governance rules and regulations

- The current structure and composition of Abengoa's governing bodies was agreed in a resolution adopted by the extraordinary meeting of shareholders on 10 January 1998 and in complementary resolutions adopted by the Board of Directors. These changes were introduced to improve the decision-making process and to reinforce good governance standards in the company. The main corporate governance measures introduced were as follows:
  - 1) The number of directors serving on the Board was reduced to include only those who make an effective contribution and are fully committed to running the company. The Executive Committee was abolished, requiring the Board of Directors to meet more often and with a more demanding agenda.
  - 2) The Board of Directors rules and regulations were approved. They set forth the rights and obligations of Abengoa's directors and the ethical standards and rules of conduct that they are required to observe, in line with the instructions laid down in the Code of Conduct.
  - 3) A new corporate governance body, the Advisory Board to the Board of Directors, was set up, as required by Abengoa's articles of association. The purpose of this new board is to provide the Board of Directors with technical advice. The majority of the members must be independent of the company. The Board of Directors also approved the Advisory Board rules and regulations, which refer to the scheduling and holding of meetings and internal procedures.
- Abengoa's governing bodies operate according to the rules and regulations contained in the documents listed below. Some are internal, while others are available to the general public from the specified registers.

	<u>Mercantile Register</u>	<u>CNMV (*)</u>
 Articles of Association	√	√
 Board of Directors Rules and Regulations	√	√
 Advisory Board Rules and Regulations	√	√
 Code of Conduct	—	√

(\*) At the CNMV (Spanish Securities and Exchange Commission) web site (<http://www.cnmv.es>)

## 2. Summary of rules and regulations applying to governing bodies

### 2.1 Articles of Association

#### a) Board of Directors (articles 38 to 45 of the articles of association)

- Number of directors: 4
- Restrictions on election to office: directors must not be affected by a prohibition to hold such an office or by an incompatibility of offices and must have no conflicting or competing interests contrary to those of the company's business whether of a technical, commercial or financial nature.



- Term of office: 4 years. Directors may be reelected for further 4-year terms and are replaced by rotation, that is, half of the directors every 2 years.
- Offices: one chairman, one vice-chairman, one secretary (not necessarily a director), and, optionally, one vice-secretary.
- b) Advisory Board to the Board of Directors (article 46 of the articles of association).
  - Mandatory body: the Board of Directors is required to appoint an advisory board as an independent consultative body to provide it with technical advice and guidance.
  - Competence: to assess the company's business performance on the basis of consultations submitted to it by the Board of Directors.
  - Number of members: 10 members (the majority must be independent).
  - Requirements for Advisory Board members: they must be professionally qualified in one or more of the company's fields of activity.

## 2.2 Board of Directors Rules and Regulations

These rules and regulations establish standards of ethical conduct and responsible business practice aimed at ensuring that the company's business is run in such a way as to increase its value. They also establish the legal status of Abengoa's directors.

- Relations with shareholders (article 5): the Board of Directors must treat all shareholders equally and fairly. It must also provide the necessary channels to ensure a regular exchange of information.
- Stock market (article 7): the Board of Directors must take the appropriate measures to ensure the transparency of the company in respect of financial markets, promote the correct formation of the company's share prices and supervise the financial information which is publicised on a regular basis.
- Directorship requirements (article 10): in addition to meeting legal requirements and those laid down in the articles of association in relation to appointment to this office, directors must also be acknowledgedly solvent and possess the professional status, experience, skills and expertise required to perform directorship functions.
- Term of office (article 11): 4 years.
- Restriction on outgoing directors: outgoing directors must refrain from occupying a position in a rival company for 2 years from the time when they ceased to serve on the Board of Abengoa.
- Directors' duties: they must monitor the performance of and provide effective guidance and leadership for the management of the company to ensure that its value increases to the benefit of the shareholders, acting independently and solely in the interests of the company; they must observe all confidentiality requirements; they must report any shares they hold either directly or indirectly in the company; they are prohibited from holding



positions of any kind in rival companies (whether directly or through a third party) and from acting as representatives or consultants to such companies; they must consult the Board of Directors of any other company before accepting a management position or a directorship; they must not make use of company information which is not public; they must not use the company's assets or use their position in the company to increase their own wealth.

## 2.3 Advisory Board internal rules and regulations

- Members: maximum of 10 members (majority must be independent).
- Offices: one chairman and one secretary (the secretary to the Board of Directors).
- Functions: consultative body providing technical advice for the Board of Directors, to which it is both organically and functionally subordinate.

The articles of association and the rules and regulations grant the Advisory Board powers to act in a consultative capacity and to provide professional advice. The exercise of these powers encompasses not only legal, but also technical, economic and financial considerations.

- In spite of the fact that it is auxiliary to the Board of Directors, the Advisory Board enjoys an autonomous scope of action to examine and assess business developments, the setting up of subsidiaries, the establishment of strategic partnerships and the framing and implementation of strategic plans. It also advises on matters relating to the acquisition and sale of shares, company shareholdings in other companies, investment and disinvestment in goods and assets and financial resource management and planning and dealing with tax issues and other administration, accounting and auditing issues.

- Other obligations: confidentiality and compliance with internal standards of conduct in relation to stock market issues currently in force in Abengoa, S.A.

## 3. Standards of conduct

These are a set of rules intended to ensure ethical conduct in the exercise of professional activities not only by the members of the Board of Directors and the Advisory Board, but also by executive officers. These obligations also extend to the immediate family environment (spouses, offspring) and to companies in which Abengoa has an ownership interest.

- Scope of application: members of the Board of Directors and of the Strategy Committee and employees when the position they hold or the information they have access to so requires.



- **Obligations:** they must safeguard all information and figures relating to the company and its shares; they must not use such information for their own benefit or for the benefit of others; they must not make recommendations on the purchase or sale of the company's shares; they must establish a regulatory regime and a register of specific people and operations which are considered to be «relevant facts», subject to revision by the internal auditors; they must report all acquisitions or transfers of Abengoa shares quoted on organised markets effected by each person on their own behalf or on behalf of others (spouses, offspring, companies).

#### 4. **Composition of governing bodies and meetings**

<u>Board of Directors</u>	
Co-chairman:	Felipe Benjumea Llorente. Javier Benjumea Llorente.
Directors:	José Luis Aya Abaurre. José Joaquín Abaurre Llorente.
Secretary:	Jesús Pérez Rodríguez.
Meetings: generally twice a month.	

<u>Advisory Board</u>	
<u>Independent directors</u>	
Chairman:	José B. Terceiro Lomba.
Members:	Jaime Carvajal Urquijo. Cándido Velázquez-Gaztelu Ruiz. Rafael Escuredo Rodríguez. José Manuel Fernández Norriella.
<u>Directors representing major shareholders</u>	
Carlos Sundheim y Díaz-Trechuelo. Fernando Solís Martínez-Campos. Ignacio Solís Guardiola.	
Meetings: at least 4 a year.	

<u>Strategy Committee</u>
Formed by the business segment managers and the corporate department managers. Meetings: generally once a month.

<u>Committees</u>
Financial Committee Fiscal Consolidation Committee Strategic Plan Committee Committee of respective business segments