

03 | 03

Consolidated  
Management Report



## 2011 Consolidated management report

### 1.- Organizational structure and activities

Abengoa, S.A. is a technology company, and the head of a group of companies, which at the end of 2011 comprises the following companies:

- The holding parent company itself.
- 529 subsidiaries.
- 18 associates and 35 joint businesses as well as certain companies of the Group being involved in 241 Temporary joint ventures. Further, the companies of the Group have shareholding in other entities of less than 20%.

Independent from the legal organization, management of Abengoa is undertaken as discussed below.

Abengoa is an international company that applies innovative technical solutions for the sustainable development, primarily in the environment and energy sectors, obtaining energy from the sun, producing biofuels, desalinating sea water or recycling industrial waste.

During the 2011 fiscal year, the changes that occurred in the organization of the Group entailed, among other things, the re- definition of the activities and segments considered by the Group and the re- definition of its Chief Operating Decision Maker in the figure of the Chairperson and CEO of the Company in line with the applicable accounting standards. Consequently, 8 operating segments have been identified. They are grouped into 3 main business activities (Engineering and construction, Concession-type Infrastructures and Industrial Production).

These activities are focused in the energy and environmental industries and integrate operations in the value chain including R+D+i, projects development, engineering and construction, operating and maintaining the assets of the company and of third parties.

Abengoa's activities are organized to take advantage of its presence worldwide and to use the experience in engineering and technology to strengthen its leadership position.

Based on the above, Abengoa's activity and the internal and external management of financial information are configured under these three activities and the eight operating segments making them up in accordance with the IFRS 8:

#### Engineering and Construction

Relates to the segment that incorporates all of the company's traditional activities in engineering and construction in the energy and environmental sectors, with over 70 years of experience in the market, in which the Company specializes in executing complex turn-key projects for solar-thermal power stations; hybrid gas-solar power plants; conventional power plants and biofuel plants, hydraulic infrastructures, including complex desalination plants; electrical transmission lines, etc. This activity covers the operating segment.

#### Concession-type Infrastructures

Relates to the activity that groups together the company's proprietary concession assets, in which revenues are regulated via long term sale contracts, such as take-or-pay agreements, or power or water purchase agreements. This activity includes the operation of electricity generation plants (solar, co-generation or wind) and desalination plants, as well as transmission lines. These assets generate no demand risk and our efforts can therefore focus on operating them as efficiently as possible.

This activity currently comprises four operating segments:

- Solar – Operation and maintenance of solar energy plants, mainly using solar-thermal technology;
- Transmission – Operation and maintenance of high-voltage transmission line infrastructures;

- Water – Operation and maintenance of facilities for generating, transporting, treating and managing water, including desalination and water treatment and purification plants;
- Cogeneration – Operation and maintenance of conventional electricity plants.

## Industrial Production

Relates to the activity that groups Abengoa's businesses with a high technological component, such as biofuels, industrial waste recycling or the development of solar-thermal technology. The company holds an important leadership position in these activities in the geographical markets in which it operates.

This activity comprises three operating segments:

- Biofuels – Production and development of biofuels, mainly bioethanol for transport, which uses cereals, sugar cane and oil seeds (soya, rape and palm) as raw materials.
- Recycling – Industrial waste recycling, principally steel dusts, aluminium and zinc.
- Other – This segment includes those activities related to the development of solar-thermal technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

## 2.- Strategy

2011 was a good year for Abengoa. Our innovative technology solutions for sustainability enabled us to once again report double-digit growth in spite of the adverse conditions plaguing current financial markets. We continue to reinforce our commitment to technology, the key driver of the company's business today, in order to continue contributing to the enhancement of quality of life for all.

We are executing our strategic plan, making investments and closing financing on the corresponding projects. This, in conjunction with asset rotation and positive cash-flow generation from both engineering projects and industrial plants and concessions, helped us bring down our net debt and generate a total of €1,353 M in cash flow from operations.

Our revenues increased by 46 % over 2010, totaling €7,089 M; ebitda totaled €1,103 M, climbing by 36 %, and net income rose by 24 % from last year's figure for a total of €257 M.

Our objective in 2012 is to keep growing and strengthen our financial structure, while taking into consideration today's complicated global context. It was for this reason that, in 2011 we welcomed First Reserve as a shareholder. As one of the major international investment funds specializing in the energy industry, their investment of 300 €M reflects unequivocal support of our strategy. We also secured a significant strategic alliance with the Companhia Energética de Minas Gerais (CEMIG), one of Brazil's largest electrical power companies, which will enable us to develop new projects together. This alliance generated €479 M in cash proceeds for Abengoa and a reduction in net consolidated debt of €642 M. Finally, the sale of our stake in Telvent allowed us to decrease net debt by €725 M and this move also marked the successful culmination of our presence in the systems integration sector.

As an overall result of the above, at year-end 2011, net corporate debt dropped to 0.1 times our corporate Ebitda, for a total of €120 M, and total net debt, including non-recourse financing associated fundamentally with our concessions, was lowered to €5,510 M, representing 5.0 times our consolidated ebitda. We ended the year with a cash position of €4,752 M, which will allow us to meet our anticipated investment and debt commitments in 2012 with confidence.

The innovative spirit that inspired our founders more than 70 years ago is still alive today at Abengoa. We ended the year with a total of 190 patents, 43 granted and the others pending, thanks to the team of 682 people devoted to R&D+i under the direction of Abengoa Research.

The technological foundation for our products gives us our leadership position in the energy and environmental sectors where we operate in three business segments: engineering and construction, concession-type infrastructure, and industrial production.

## Engineering and Construction

Our solid geographical diversification, coupled with the rise in demand for our solutions, contributed to our 53 % growth in revenue, totaling €3,526 M. New project orders over the past twelve months helped us to end the year with a backlog worth €7,779 M.

Such projects include the Zapotillo aqueduct in Mexico, two new CSP plants in South Africa (one of which employs tower technology): new high-voltage lines in Latin America and Southeast Asia, and new desalination facilities in Africa.

In the meantime, construction is progressing well on the two largest CSP plants in the world, located in Arizona and California (USA).

## Concession-type Infrastructures

Over the course of 2011, we produced more than 2,500 GWh of power through our solar, hybrid and cogeneration plants, including bringing 3 new plants online with an installed power output capacity of 250 MW. In addition, we generated 82,405 ML of desalinated water with the start-up of our new plant in Algeria.

The total power output capacity of our power plants, installed and under construction, is 2,405 MW, and we have plants, located in the US, Mexico, Brazil, Uruguay, Spain, South Africa, India and Holland. Additionally, we are currently building new desalination plants in China, Algeria, and Ghana, as well as various power transmission lines in Brazil and Peru.

## Industrial Production

Our industrial recycling and biofuel businesses continue to grow, bringing in revenues of €3,136 M, a 39 % increase over last year. This is the result of producing 2,758 ML of biofuel, recycling 1.24 Mt of steel and aluminum, and managing more than 0.93 Mt of industrial waste.

Our future options include: Abengoa Water, Abengoa Hydrogen, Abengoa Seapower, and Abengoa Energy Crops.

## Diversification and growth

The company's growth model is based on simultaneous management of our three horizons, or short, medium and long term objectives.

We maintain steady cash flow in our conventional Horizon 1 businesses, we invest in the growth of emerging Horizon 2 businesses, and we support numerous options for the future along Horizon 3 that will transition to Horizons 1 and 2 in the coming years. Our international business accounts for 73 % of our total revenues, with Brazil standing out at 21 %, as well as the US, representing 19 % of the total figure.

## Human capital, innovation, and employment

We have always said that the future depends on the creativity of the present. An the present, in turn, depends on the training and dedication of the people who make up Abengoa, which today totals more than 22,000 professionals, up by 9 % over last year. In 2011, we invested in more than of 1.4 M hours in training, and we introduced joint programs with renowned universities in various locations where we operate around the world.

We also unveiled the Loyola-Abengoa Research Center for the purpose of promoting the development of research activities and teaching focused on renewable energies and sustainable development.

## Auditing

Once again this year, our internal control system underwent an independent evaluation process in accordance with the PCAOB auditing standards. Our Annual Report incorporates five independently verified reports covering the following areas: Financial Statements, the SOX (Sarbanes Oxley)-based internal control system, Corporate Social Responsibility, Corporate Governance, and design and application of the company’s risk management system in compliance with ISO 31000 specifications.

## Sustainable development

Abengoa’s commitment to sustainability is a priority in all of our actions. We strive to reduce the environmental impact of our business with the help of an integrated sustainability management system that makes it possible for us to measure and compare our activities footprint and set improvement targets.

Another expression of Abengoa’s corporate social responsibility is the Focus-Abengoa Foundation which contributes to the cultural and social enrichment of the communities where we are present.

Our stakeholders and all interested parties can learn more about our activities and performance, including our accomplishments, areas for improvement, future challenges, and 2012 goals in the Corporate Social Responsibility Report, which was prepared applying the principles of the Global Reporting Initiative (GRI) and the AA1000 Sustainability Assurance Standard.

We welcome all ideas or opinions that may help us improve and meet our objectives in upholding the commitment to sustainability we have undertaken. Feedback is welcome through the corporate social responsibility mailbox ([csr@abengoa.com](mailto:csr@abengoa.com)), our website ([www.abengoa.com](http://www.abengoa.com)) and our corporate blog ([blog.abengoa.com](http://blog.abengoa.com)).

In summary, 2011 was a year of growth and accomplishments, which is a particularly significant given today’s adverse economic environment. We are confident that 2012 will be a year of opportunities. We shall continue investing to solidify our businesses in high-growth sectors, contributing to the expansion of future options, and exploring new opportunities that allow us to create sustainable value.

## 3.- Business trends

### 3.1. Recent trends

3.1.1. Movements in the main items on the Balance Sheet and the Income Statement are set out as follows:

Concept	2011	Δ%	2010	2009	CAGR (*) (11-01)
Total Equity	1,726	6	1,630	317	18
Total Assets	18,794	11	16,974	2,101	24
Revenues	7,089	46	4,860	1,380	18
Gross cash flows (1)	1,103	36	812	166	21
Profit attributable to the parent company	257	24	207	42	20

(1) Earnings before interest, tax, depreciation and amortisation

(\*) CAGR: Compound Annual Growth Rate.

3.1.2. Balance sheet; of note is an increase in "Project Fixed Assets" which rose up to €7,602 M in 2011, primarily being intangible assets, reflecting investments made in certain concessions in Brazil, and investments in water management projects, environmental projects and plants and production installations for Bioethanol and Solar by the various project development companies owned by the various subsidiaries Abengoa, S.A.

The investments made by these development companies are executed and financed, in general, through "project finance", being a specific financing formula under which funds are raised exclusively to finance that entity and the project with debt repayments being made directly from the future cash flows generated by that same project. Such financing is in this reing-fenced, and is therefore without recourse to the shareholders.

The opposite entry to these investments is recognized as a liability within the Balance Sheet, as "Non-recourse financing applied to projects", which, at the closing of 2011, amounts to €4,983 M in non-current liabilities and to €407 M in the corresponding short-term heading.

The net equity increased 6% reaching €1,726 M, primarily due to the sale of a stake in Abengoa to First Reserve and to the better results for the year, which offset the decline in the valuation of the interest rate hedges and the translation differences caused by the depreciation of the Brazilian Real and the sale of transmission lines in Brazil.

The Net Debt of Abengoa in 2011 reached €120 M (net position of debt) as against the €1,166 M (net position of corporative debt) for the 2010 exercise.

The change in the size and structure of the Abengoa balance sheet over the last five years reflects certain events, the impact of which is most notable on the following Balance Sheet movements:

- a) Obtaining a new syndicate loan in 2007 for €859 M. This loan was raised to finance Abengoa's entry into the Brazilian ethanol market, as well as to finance our investment plans in solar energy, desalination, and electricity transmission lines.
- b) Acquisition in 2007 of 100% of the share capital of the Dedini Agro group of companies (today being Abengoa Bioenergía Sao Paulo), one of the largest companies in the Brazilian sugar and ethanol market.
- c) An agreement in 2007 with Matchmind, an international business, for its integration within Telvent. Through this agreement, Telvent initially acquired 58% of Matchmind for €23 M with the management team taking a 40% holding in the entity. The holding in Telvent has been increasing over the last three years until reaching 100% ownership in the 2009 exercise.
- d) The acquisition in 2008 of the US entity DTN Holding Company, Inc. (DTN), with its headquarters in Omaha, Nebraska. DTN was purchased for US\$ 445 M cash (approximately €310 M), and financed through a combination of preference debt and the emission of shares.
- e) During 2008 the contracting of four own projects continued, being four solar thermal plants (PS 20, Solnova 1, Solnova 3 and Solnova 4), and 3 ethanol plants (Rotterdam, Indiana and Illinois).
- f) The 2009 fiscal year saw the commissioning of the 20 MW thermosolar plant with PS 20 Tower Technology.
- g) Also in 2009, Abengoa gained access to the capitals market by issuing two bonds for the total sum of €500 M.
- h) Three new ethanol plants (Rotterdam, Indiana and Illinois) and three new solar-thermal plants (Solnova 1, Solnova 3 and Solnova 4) came into operation in 2010.
- i) In addition, approximately €1,200 M of bonds were issued in 2010.
- j) Dated September 5, 2011, Abengoa, S.A. closed an agreement with Schneider Electric, S.A. for the sale of 40% of its shares in Telvent GIT, S.A. The sale of said shares brought in cash flow of €391 M and an income of €91 M reflected in the section of "Income Statement of the Fiscal Year Originating from Interrupted Activities Net of Taxes" of the Consolidated Income Statement.

- k) Also, on November 30, 2011, Abengoa, S.A. closed an agreement with Compañía Energética Minas Gerais (CEMIG) through Transmissora Aliança de Energia Elétrica, S.A. (TAESA) for the sale of 50% shares in the companies STE, ATE, ATE II and ATE III, and 100% in NTE. The sale of said shares brought in cash flow of €479 M and an outcome of €45 M reflected in the section "Other Operating Income" in the Consolidated Income Statement (€43 M after tax).
- l) On October 4, 2011, Abengoa, S.A. reached an investment agreement with First Reserve Corporation (through a specific affiliate) hereinafter, First Reserve or FRC, a US Investment Fund specialized in Private Capital and Investments within the energy sector, by virtue of which it made a commitment to invest €300 M in Abengoa's stock capital under the terms and conditions set forth in an investment agreement.

3.1.3. Consolidated sales as of December 31, 2011 totaled €7,089 M, representing an increase of 46% over the last period.

Item	Eng. and Const.	Concession-type Infrastructure				Industrial Production			For the year ended 12.31.11
		Solar	Trans.	Water	Cog.	Bioenergy	Recycling	Other	
Revenue	3,526	131	238	21	37	2,225	630	281	7,089
<b>Total business activities</b>	<b>3,526</b>		<b>427</b>				<b>3,136</b>		<b>7,089</b>

Item	Eng. and Const.	Concession-type Infrastructure				Industrial Production			For the year ended 12.31.11
		Solar	Trans.	Water	Cog.	Bioenergy	Recycling	Other	
Ebitda	438	93	193	10	3	152	121	93	1,103
<b>Total business activities</b>	<b>438</b>		<b>299</b>				<b>366</b>		<b>1,103</b>

Item	Eng. and Const.	Concession-type Infrastructure				Industrial Production			For the year ended 12.31.10
		Solar	Trans.	Water	Cog.	Bioenergy	Recycling	Other	
Revenue	2,302	59	203	15	31	1,575	562	113	4,860
<b>Total business activities</b>	<b>2,302</b>		<b>308</b>				<b>2,250</b>		<b>4,860</b>

Item	Eng. and Const.	Concession-type Infrastructure				Industrial Production			For the year ended 12.31.10
		Solar	Trans.	Water	Cog.	Bioenergy	Recycling	Other	
Ebitda	259	43	151	10	4	212	108	25	812
<b>Total business activities</b>	<b>259</b>		<b>208</b>				<b>345</b>		<b>812</b>

EBITDA (Earnings before interest, tax, depreciation and amortisation) reached €1,103 M to €291 M, a rise of 36% compared to 2010.

This increase in EBITDA was driven by growth in the concessions activity in the infrastructures segment, which grew by 44% primarily due to contribution of the new solar plants in Spain (Solnova 1, Solnova 3 and Solnova 4), which came into operation at different times during 2010, as well as the beginning of operation of Helienergy 1, a 50 MW Termsolar Plant, during the third quarter of 2011, start-up of the hybrid plant in Algeria during the first half of 2011, contribution from the transmission lines in Brazil (ATE IV-VII), which came online in 2010 as well as the beginning of operation of ATN transmission line in Peru.

Once again it is important to take into account the company's investment in R&D+i which recorded a €91 M impact on the income statement.

The profit attributable to Abengoa's parent company increased by 24% from €207 M achieved in 2010 to €257 M in 2011. If, in both periods, the effects of the capital gains derived from the sale of transmission lines in Brazil, Telvent impact and derivatives mark to market valuation are isolated, the organic results would be increased 75%.

- 3.1.4. In the 2011 fiscal year, Abengoa continued increasing its foreign activities in volume and in diversification. From the €7,089 M consolidated invoicing for the 2011 exercise, €5,157 M (73%) is from international or external sales. Activity in Spain amounts to €1,932 M (27%) as against the €1,124 M for 2010 (23%).

	For the year ended 12.31.11		For the year ended 12.31.10	
		%		%
- USA	1,346	19	591	12
- Latin America (except Brazil)	771	11	779	16
- Brazil	1,472	21	1,053	22
- European Union (except Spain)	1,083	15	892	18
- Other countries	485	7	421	9
- Spain	1,932	27	1,124	23
Consolidated Total	7,089	100	4,860	100
Offshore amount	5,157	73	3,736	77
Spain amount	1,932	27	1,124	23

- 3.1.5. The following table shows the average number of employees for the various periods:

Categories	12.31.11		% Total	12.31.10		% Total
	Female	Male		Female	Male	
Directors	86	594	2.8	109	698	3.1
Management	382	1,979	9.5	361	1,958	8.9
Engineers	1,124	2,911	16.4	1,483	3,872	20.5
Assistants and professional staff	1,353	2,039	13.8	1,539	2,598	15.8
Operators	919	13,218	57.5	741	12,769	51.7
<b>Total</b>	<b>3,864</b>	<b>20,741</b>	<b>100</b>	<b>4,233</b>	<b>21,895</b>	<b>100</b>

## 4.- Anticipated future trends of the group

- 4.1. To understand the prospects of the Group, it is necessary to take into account the trends and developments achieved in recent periods, from which the foreseeable medium-term future would appear to show growth. The Group's medium term strategy is based on the growing contribution of the activities linked to markets of the Environment, Renewable Fuels (bioenergy), Solar activity, as well as continuing the development of Industrial Engineering and Construction activities.
- 4.2. Further, Abengoa's longer-term outlook is strengthened through increasing our capacities within the Environmental Services market, through Befesa Medio Ambiente, S.A., increased bioethanol production capacity, as well as the developments in Solar activity. On the basis that the current forecasts are achieved, Abengoa has a new activity base available which could offer both stability and continuity over the coming years.

- 4.3. With the current level of reserves, taking into account a greater extent of flexibility in the structure of the Group, the specialisation and diversification of activities, within the possible investments which present themselves within the domestic market and our competitive positioning within overseas markets, notwithstanding exposure of elements of our activities to the sale of commodities and non-Euro currencies, we trust that the Group shall be well positioned to continue positively into the future.

## 5.- Management of financial risk

Abengoa's activities are undertaken through the three business activities which are exposed to various financial risks:

- **Market risk:** The Company is exposed to market risk such as the movement in foreign exchange rates, interest rates, raw material prices (commodities). All such risks arise through the normal course of business, as no operations are entered into for purely speculative purposes. For the purposes of managing such risks from these operations, we utilise a series of sale/purchase futures, exchange rate options and contracts, and interest and raw material swaps.
- **Credit risk:** Trade debtors and other receivables, financial investments and cash are the main financial assets of Abengoa and therefore present the greatest exposure to credit risk in the event that the third party does not comply with their obligations of the transaction.
- **Liquidity risk:** The financing and liquidity objectives of Abengoa are to ensure that the company has sufficient funds available on an ongoing basis so as to honour all upcoming financial commitments and obligations.
- **Interest rate and cash flow risk:** Interest rate risk arises from third-party long-term loans. Those loans which are granted on a variable interest rate basis expose to the Group to interest rate and cash flow risks.
- Abengoa's risk management model aims to minimise the potential Group's financial profitability adverse effects.

Abengoa risk management is the responsibility of the Group's Corporate Finance Department in accordance with the internal rules and procedures which are in force and strictly applied. This department identifies and evaluates the financial risks in close collaboration with each of the business units. The internal procedures provide written policies for the management of overall global risk, as well as for specific areas such as Exchange rate risk, Credit risk. Abengoa risk management is the responsibility of the Group's Corporate Finance Department in accordance with the internal rules and procedures which are in force and strictly applied. This department identifies and evaluates the financial risks in close collaboration with each of the business units. The internal procedures provide written policies for the management of overall global risk, as well as for specific areas such as Exchange rate risk, Credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives and the investment of excess cash.

For further information see Note 4 within the notes to these Annual Consolidated Accounts.

## 6.- Information on research and development (R&D) activities

- 6.1. Abengoa has continued to increase its efforts in R&D&i (Research, Development and Innovation) throughout 2010 (despite the prolonging of the global technology crisis), with a strong belief that to achieve real future benefits, such investment requires continuous input which should not be adversely affected by the crisis or economic cycles.

Further, the Group has strengthened its presence, and in other cases its leadership, in various institutions, public forums and private forums in which cooperation is encouraged between the large technology companies, also being where the long and short term future of R&D&i is decided.

**6.2.** The programs set out for R&D activities have substantially been achieved. Abengoa, through those responsible for the strategy in each areas of the business, has pushed, on a day-to-day basis, a higher level of innovation in the technologies developed, as required and reflected in the characteristics of the businesses, focusing primarily on the following objectives:

- Continuously and closely following the technologies which could affect each area of the business.
- Selection of a portfolio of technologies which will maximise the competitive advantages of the Group.
- The granting of and introduction of technology available through Transfer Agreements.
- Selecting the optimum path for the development of technologies.
- Determining the programs for marketing from the technology developed.
- Utilisation of support from institutions/governments for innovation and technology.

**6.3.** Of all such efforts, of note is that during 2011, R&D activity has been undertaken by Group companies in accordance with the requirements identified for their respective markets. The majority of the Group's projects are aligned with R&D objectives of the Spanish administrations (the Ministry of Industry and Energy), of Europe (R&D framework programs) and the U.S. (Department of Energy).

Abengoa engages in R&D both directly as well as through third-party contracts which are typically public organisations dedicated to such work, university departments, or other private or public entities. Additionally, during the year, Abengoa has made strategic investments in pioneering companies in the US and Canada, developing and owning technologies which are defined as "high priority", such as biofuels and control systems, with the objective of enabling internationalisation and the generation of value through these technologies in key emerging markets.

R&D is a strategic activity for Abengoa with regards to its planning for future periods. It is undertaken by the business groups in harmony with the demands of their respective markets so as to provide the necessary competitive capacities of the Group on an ongoing basis.

**6.4.** In 2011, investment in R&D&i totaled €91 M compared to €69 M in 2010. In 2012, a further increase in R&D&i investment is anticipated. Of note are projected investments in projects in relation to the conversions of biomass and ethanol and solar-related projects.

## 7.- Information on the environment

The principles of the environmental policies of Abengoa are based on compliance with the current legal regulations applicable, preventing or minimizing damaging or negative environmental consequences, reducing the consumption of energy and natural resources, and achieving ongoing improvement in environmental conduct.

In response to this commitment to the sustainable use of energy and natural resources, Abengoa, in its Management Rules and Guidelines for the entire Group, explicitly establishes the obligation to implement and certify environmental management systems in accordance with the ISO 14001 International Standard.

Consequently, by year-end 2011, the percentage of Companies with Environment Management Systems certified according to the ISO 14001 Standard per sales volume is 88.18%.

The table below lists the percentage of distribution of the Companies with Certified Environmental Management Systems, broken down by business unit:

Business Unit	ISO 14001-Certified Companies (% of Revenue)
Engineering and Construction	87.93%
Industrial Production	80.74%
Concession-type Infrastructure	92.32%

## 8.- Stock exchange information

According to data from Bolsas y Mercados Españoles, a total of 164,806,136 shares in the company were traded in 2011, equivalent to an average daily trading volume of 641,269 shares with an average daily cash value of €12.3 M.

The closing price of the Abengoa share in 2011 was 10.7% lower at €16.400/share compared to 2010 (€18.375/share). The lowest, highest and average prices during 2011 were €14.25 (October 5), €24.13 (June 3) and €19.22, respectively.

## 9.- Information on own equity instruments

- 9.1. Abengoa, S.A. and its subsidiaries, have complied with all legal prescriptions set out relating own equity instruments (see Note 10.1 hereinafter).
- 9.2. The parent company has not pledged its shares in any trading operations or any other legal forms. Nor are there any Abengoa, S.A. shares held by third parties which could operate in their own name but by the responsibility, other than the responsibility of the Companies of the Group.
- 9.3. Certain companies within the Group are contracted into share-based incentive schemes with managers and employees. These schemes are linked to the achievement of management objectives over the following years.

Additionally, Abengoa, S.A. has a Share Purchase Plan for the directors of the Group, approved by both the Main Board of Directors and by an extraordinary shareholders meeting on October 16, 2005.

- 9.4. Finally, it must be pointed out that the eventual reciprocal shareholding established with entities within the Group has been undertaken on a temporary basis in compliance with the requirements of the Law of Anonymous Companies.

For further information see Note 2.16 to these notes to the Consolidated Financial Statements.

## 10.- Corporate governance

### 10.1 Shareholding structure of the company

#### Significant shareholdings

The share capital of Abengoa, S.A. is represented through account record books, the leasing for which corresponds to Iberclear (Management of Registry, Compensation and Stock Liquidation Company, S.A.) and is ninety million six hundred and forty one thousand one hundred and eight with fifty eight Euros (90,641,108.58) represented by hundred seven million six hundred twelve thousand five hundred thirty eight (107,612,538) shares fully subscribed and paid, belonging to two separate classes:

- Ninety million four hundred and sixty-nine thousand six hundred and eighty shares (90.469.680), belonging to Class A, shares with a par value of one (1 )Euro each all of the same class and series. Each Class A shares confers one hundred (100) voting rights,as ordinary shares ( "Class A shares").
- Seventeen million one hundred forty two thousand eight hundred fifty eight shares (17,142,858) belonging to Class B, shares with a par value of one euro cent (0.01) Euros each all of the same class and series. Each Class B shares confers one (1) voting right, all of these shares with economic privileged rights established in the article 8 of these bylaws (Class B shares and Class A shares herein after "shares with voting rights")

The shares shall be represented by book entries and shall be governed by the Stock Market Act and other applicable provisions.

The Class A Shares are admitted for official trading on the Madrid and Barcelona Stock Exchanges, as well as the Spanish Stock Exchange Interconnection System (Continuous Market) since November 29, 1996.

In December 2007, Abengoa was selected by the "Comité Técnico Asesor" (technical advisory committee) of Ibex35 to enter and form part of this index as of January 2, 2008, a listing which has been maintained throughout 2009. The inclusion was the result of the periodic review of listed companies as undertaken by the Committee, in which, as well as the company's capitalisation, the volume of business undertaken and the sector in which the business operates is also taken into consideration. The Ibex 35 is the leading index in Spain as followed by national and international investors. The index groups together the 35 companies with the greatest listed share capital and level of business.

The most recent change to the share capital of the company was agreed at the General Shareholder Meeting on April 10, 2011 and executed on November 4, 2011; it was in relation to the share capital increase through the issuance of 17,142,858 Class B shares.

Date of las modification	Share capital (Eur)	Number of shares
November 4, 2011	90,641,108.58	90,469,680 A class shares and 17,142,858 B class shares

As the company's shares are listed, and holdings recorded with information on significant shareholder listings (the "X-25") is provided by Iberclear, there is no other register of shareholders maintained by the company. Such information is provided by Iberclear for the Ordinary Shareholders meeting. Based upon the information received (the Iberclear list for April 10, 2011 and the notification of significant shareholders), the major shareholders at that time were:

Shareholder	% of share capital
Inversión Corporativa IC, S.A. (*)	49.90%
Finarpisa, S.A. (*)	6.02%

The number of shareholders registered by the "Ordinary General Annual Shareholders Meeting" as at April 10, 2011 was 10,873.

Inversión Corporativa IC and Finarpisa, shareholders of Abengoa, signed an agreement of October 10, 2011, in the terms and conditions provided in the Investment Agreement between Abengoa and First Reserve Corporation fully enforceable from November 7, 2011, which regulates the exercise of his respective rights to vote in Abengoa's general meetings in relation with the proposal, appointment, ratification, reelection or substitution of a director in representation of First Reserve Corporation.

Inversión Corporativa I.C., S.A. and Finarpisa, S.A. jointly and severally undertake, subject to the terms and conditions stated in the Investment Agreement, as applicable, to:

(i) through their respective domanial directors ("consejeros dominicales") at the Board of Directors of Abengoa to vote in favor of:

(a) the appointment to such Board of the Investor's nominee for the Designated Investor Director pursuant to the cooptación procedure provided under the Spanish Capital Companies Act, and

(b) the proposal to recommend to Abengoa's stockholders the election of any replacement Designated Investor Director to the Board of Directors at Abengoa's next annual general meeting of shareholders;

(ii) to vote, at the corresponding annual general meeting of shareholders of Abengoa, in favor of the appointment of the Investor's nominee for the Designated Investor Director to be appointed to the Board of Directors; and

(iii) so long as the Investor or any of its Permitted Transferees owns any Class b Shares or any other security convertible into, or exchangeable for, Class B Shares issued pursuant to this Agreement or any other Transaction Document, not to propose, or request to the Board of Directors to recommend, to the shareholders any amendment to the Company's Organizational Documents that would adversely modify the equal rights of Class B Shares and Class A Shares in relation to dividends or other distributions as currently set forth in the Organizational Documents.

In accordance with that as set out in Article 19 and pursuant to the Articles of Association, there do not exist limits upon the voting rights of shareholders in relation to the number of shares which they hold. The right to attend the shareholders meeting is limited, however, to those shareholders with over 375 A class shares or 37,500 B class shares, without prejudice to the rights of representation and grouping of as held by all shareholders.

Constitutional Quorum: on first notice, 25% of the share capital. On second notice any percentage. These reflect the same percentages as per the Law for Anonymous Companies. In those cases stated in Article 103 of said Law, the quorum coincides entirely with the Law.

Quorum for the adoption of agreements: by a simple majority vote by those present or represented at the Meeting. In those cases stated in Article 103 of the Law for Anonymous Companies, the quorum coincides entirely with the Law.

Shareholder rights: Shareholders have the right to information, in accordance with the applicable standards in force; the right to free delivery of the documentation related to the Shareholder Meeting; the right to vote in proportion to their shareholding, with no maximum limit; right to attend shareholder meetings if holding a minimum of 1,500 shares; economic rights (to dividends, as and when paid, and their share of company reserves); right of representation and delegation, of grouping and the right to undertake legal actions which compete to shareholders.

Active encouragement of shareholders participation: making the documentation related to the Shareholder Meeting freely available by post to shareholders, as well as announcements made on the company's website to give notice of the Shareholder Meeting. The option to grant a proxy vote, or to vote on an absentee basis may be undertaken via the appropriate completion of accredited attendance cards. In accordance with Article 528.2 of the Capital Company Act (Ley de Sociedades de Capital), Abengoa has approved the Regulation on the Shareholders' Electronic Forum in order to facilitate communication between shareholders regarding the notice and holding of each General Shareholders' Meeting. Prior to each general meeting, shareholders may send:

- Proposals that they intend to submit as supplementary points to the agenda published in the notice of the general meeting.
- Requests to second these proposals.
- Initiatives to achieve the required percentage to exercise a minority right.
- Requests for voluntary representation.

The Articles of Association do not limit the maximum number of votes of an individual shareholder or include restrictions to make it more difficult to gain control of the company through the acquisition of shares.

The proposed agenda to be presented at the Shareholders Meeting is published along with notice of the meeting via the website and the CNMV.

The Shareholder Meeting matters are voted upon separately, and in accordance with the item on the agenda, when substantially distinct from one another, so that voters may exercise their views separately for distinct matters to be addressed. This is particularly of note when it concerns the appointment or ratification or an amendment to the Articles of Association.

The Company allows for the vote of shareholders' appointed financial representatives to be split on the basis that they are acting on behalf of more than one shareholder, so that they may vote in accordance with the instructions of each individual shareholder whom they represent.

There are currently no agreements in effect between the company and its executive officers, managers or employees entitling the latter to severance pay or benefits if they resign or are wrongfully dismissed, or if the employment relationship comes to an end by reason of a public tender offer.

There is not any agreement between the company, the members of the board and employees regarding to severance pay or any other kind of compensation due to resignation or cease, or if the contractual relationship is ceased by a IPO.

## Purchase of own shares

At the Ordinary Shareholder Meeting on April 10, 2011 it was agreed to authorise the Board of Directors to acquire on a secondary basis, via a contract, own shares, be it directly, or via subsidiaries or other companies in which they have a holding, up to the limit as stipulated in the agreements in force, at a price of between six cents of a Euro (0.06 Euros) and one hundred and sixty Euros and 20 cents (120.60 Euros) per share, being able to do so during a period of 18 months as of said date and in accordance with the fourth section of chapter 134 of the Amended Anonymous Company Law.

On November 19, 2007, the Company enters into a contract with Santander Investment Bolsa, S.V. for the purposes of, without interfering with the normal development of the market and in strict adherence to the requirements of the stock exchange, improving liquidity of the shares, in a way to ensure the stability of the listing, avoiding any variations which do not reflect the trends of the market. Although this contract does not comply with the conditions as set out in the memo "Circular 3/2007" dated December 19 of the CNMV, Abengoa has voluntarily been in compliance with the requirements of "Circular 3/2007" in this regard. The operations undertaken under the scope of this Contract have been communicated on a quarterly basis to the "Stock Exchange Commission (CNMV)" and have been published on the company website.

On December 31, 2010 the treasury stock balance was 2,913,435 shares.

During the year, a total of 7,784,190 shares in the company were acquired, while 5,096,005 shares were sold, with a net result of €-2,144,373.

## Details of the latest Shareholders Meeting

Abengoa's Ordinary General Meeting of Shareholders was held on April 10, 2011 and in attendance was a total of 62,742,007 shares, about 69.35 % of the total equity, amounting to 476 shareholders (53 present and 423 represented) out of a total of 10,873 registered shareholders.

Proposals of Decisions submitted at the Ordinary General Assembly on 10.04.2011

### First Decision:

To approve the following:

- 1º. The Annual Accounts (consisting of the Balance Sheet, Profit and Loss Account, Statement of Changes in the Net Equity of the Financial Year, Statement of Cash Flow and Report) and the Management Report of Abengoa, S.A., for the 2010 financial year.
- 2º. The Annual Accounts of the Consolidated Group (consisting of the Balance Sheet, Profit and Loss Account, Statement of Changes in the Consolidated Net Equity of the Financial Year, Statement of Consolidated Cash Flow and Consolidated Report) and the Consolidated Management Report of Abengoa, S.A., for the 2010 financial year.
- 3º. The Board of Directors management report for said financial year and the remuneration of its members, as stated in the Annual Accounts.

### Second Decision:

- 1º. The following 2010 financial year outcome distribution scheme are hereby approved, with the dividends to be distributed from July 5, 2011 onwards:

Profit and loss account balance	111,117,766.56
<b>Distribution:</b>	
- To Voluntary Reserves	93,023,830.56
- To Dividend	18,093,936.00
<b>Total</b>	<b>111,117,766.56</b>

- 2º. Mr. Felipe Benjumea Llorente, Mr. José B. Terceiro, Mr. Manuel Sánchez Ortega and the Secretary of the Board of Directors, Mr. Miguel Ángel Jiménez-Velasco Mazarío are hereby empowered such that either of them may register and deposit the Company's and the Consolidated Group's Annual Accounts and Management Report at the Company Registry under the terms and conditions envisaged by Law, marking them with signatures and indicating their destination.

### Third Decision: Ratification, appointment and, as the case may be, re-selection of directors

On the proposal of the Appointments and Remunerations Committee, to agree on the re-selection of the following as Board Members, for another period of four years, since the mandate conferred upon them, by the 2007 General Assembly of Shareholders, has expired:

Fernando Solís Martínez-Campos, Proprietary  
 Ignacio Solís Guardiola, Proprietary.  
 María Teresa Benjumea Llorente, Proprietary  
 Carlos Sundheim Losada, Proprietary  
 Aplicaciones Digitales, S.L. (represented by José B. Terceiro Lomba), Executive

To ratify the appointment of Manuel Sánchez Ortega as Executive Board Member, appointed through co-optation by the Board of Directors on October 25, 2010, for a four-year term.

Personal Data:

Fernando Solís Martínez-Campos is a Spanish citizen born on March 1, 1956 and holder of National ID 1579969-P. He is a Lawyer, married, with registered address as Pamplona, Avda. Carlos III, Nº 36-2ª izqda.

Ignacio Solís Guardiola is a Spanish citizen born on August 7, 1957 and holder of National ID 28560056-J. He is a bank executive, married, with registered address as Seville, Avda. de Manuel Siurot nº 10.

María Teresa Benjumea Llorente is an adult Spanish citizen, married, holder of National ID 28343491-Q, with registered address as Seville, Calle Infante Don Carlos número 13.

Carlos Sundheim Losada is a Spanish citizen born on March 30, 1951, holder of National ID 28302692-L, an Industrial Engineer, married, with registered address as Seville, Calle Conde de Gálvez, 4-B, casa 4.

Aplicaciones Digitales S.L., with registered address as Calle Circe 12, Majadahonda, Madrid and Tax ID B-81426066, represented by José B. Terceiro Lomba, adult, married, Economist, holder of National ID 35203147-Z, and registered address as C/ Circe 12 Majadahonda, Madrid.

Manuel Sánchez Ortega is a Spanish citizen born on June 3 1963, holder of National ID 2601273-L, married, Industrial Engineer, and registered address as 10415 Grey Fox Road, Potomac, MD 20854. If present, they would declare their specific acceptance and not under any legally envisaged incompatibility.

Fourth Decision:

Re-selection or appointment of the Company's or Consolidated Group's Accounts Auditor for the 2011 financial year.

To appoint Pricewaterhouse Coopers SL, holder of Tax ID B-79031290, domiciled in Madrid, at Paseo de la Castellana, 43, entered in the Company Registry of Madrid, Volume 9,267, on page 8,054, sheet number 87,250, and in the Official Registry Of Auditors with number 50-242, as Auditor of the Company and its group of companies for a one-year term, for the ongoing 2011 financial year, pursuant to Article 264 of the Corporations Act.

Fifth Decision:

To increase the share capital by increasing the nominal value of €0.25 to €1.00 per share charged against the unrestricted reserves

To increase the share capital, currently set at Twenty-two Million Six Hundred Seventeen Thousand Four Hundred Twenty Euros (€22,617,420) represented with Ninety Million Four Hundred Sixty-nine Thousand Six Hundred Eighty (90,469,680) shares at the nominal value of Twenty-five hundredth (€0.25) of One Euro each, all in a single class and series, in Sixty-seven Million Eight Hundred Fifty-two Thousand Two Hundred Sixty Euros (€67,852,260), by increasing the unit nominal value from Twenty-five hundredth (€0.25) of One Euro to One Euro (€1.00) per share, charged against unrestricted reserves, setting it at Ninety Million Four Hundred Sixty-nine Thousand Six Hundred Eighty Euros (€90,469,680) represented by Ninety Million Four Hundred Sixty-nine Thousand Six Hundred Eighty (90,469,680) shares completely subscribed and disbursed, of a single class and series, of a unit nominal value of One Euro (€1.00), numbered correlatively from One (1) to Ninety Million Four Hundred Sixty-nine Thousand Six Hundred Eighty (90,469,680) inclusive, such that Article 6 of the Bylaws be changed to bear the draft in Decision Six below.

The balance supporting this proposal pursuant to Article 303 of the Corporations Act is the one approved by the Ordinary General Assembly of Shareholders convened for April 9 and 10, 2011, in first and second call respectively, in the first point on the Agenda and it refers to a date set within the six months immediately preceding this decision to increase the capital (December 31, 2010), verified by the accounts auditor from PriceWaterhouse Coopers, S.L.

To specifically empower Felipe Benjumea Llorente, José B. Terceiro, Manuel Sánchez Ortega and Miguel Ángel Jiménez-Velasco Mazarío, such either of them, and in their capacity as special representatives of this Assembly, may appear before Notary Public, notarize the due and necessary instruments, as deemed fit, for the entry of the decisions that may be legally required into the Company Registry, signing as many documents as may be necessary in the execution of said decisions and to particularly request the Securities Registration, Compensation and Liquidation Management Company (Iberclear) to obtain the book-entry registration of the shares and to apply to the CNMV and the Stock Exchange Companies for the processing of any documents whatsoever for the listing of the new securities.

Sixth Decision:

- 1º. To modify Articles 6, 8, 22 and 50 of the Bylaws to appropriately reflect the capital increase executed by virtue of the Fifth Decision above, and to create various classes of shares, into Classes A, B and C, under the terms and conditions outlined hereunder, with Class A consisting of ninety million four hundred sixty-nine thousand six hundred eighty (90,469,680) shares but Classes B and C not consisting of any value whatsoever until the competent organ decides, as the case may be, on their issuance with the relevant legal and statutory prerequisites:

The Company's shares in circulation, without any alteration of their rights, become Class A shares with a nominal value of One (1) Euro each, all belonging to the same class and series, each of them conferring one hundred (100) voting rights and constituting the class of ordinary shares, under the terms and conditions set forth in Article 8 of the Bylaws.

A Class B shares at a nominal value of one hundredth of a Euro (€0.01) each, all belonging to the same class and series, each of them conferring one (1) voting right and they entail the privileges established under Article 8 of the Bylaws.

A Class C shares at a nominal value of one hundredth of a Euro (€0.01) each, all belonging to the same class and series, without any voting rights, but with the preferences and privileges established under Article 8 of the Bylaws.

- 2º. To modify Articles 7, 15, 21, 31, 33, 34, 37, 38 and 53 for their adaptation to the new provisions of Royal Decree Law 1/2010, of July 2, which approves the consolidated text of the Corporations Act and other Legal Provisions.

In accordance with the above,

Article 6 of the Bylaws is modified to reflect the various classes of shares into which the share capital is divided, and shall henceforth read as follows:

"Article 6. - Shares and Share Capital.

The capital of the Company is ninety million four hundred sixty-nine thousand six hundred and eighty (€90,469,680) Euros represented by ninety million four hundred sixty-nine thousand six hundred and eighty (90,469,680) shares fully subscribed and disbursed, belonging to Class A at the nominal value of One (1) Euro each, the same series, with each conferring one hundred (100) voting rights, and are the ordinary shares of the Company.

The shares shall be represented through book entries and governed by the provisions set forth in the Stock Exchange Laws and applicable legal provisions.

To modify Article 7 of the Bylaws in order to fit in the name of the company in charge of the book-entry registration of the shares, the Securities Registration, Compensation and Liquidation Management Company (Iberclear)], which shall henceforth read as follows:

"Article 7. - Book-entry Registration.

The company in charge of ensuring the book-entry registration of the shares of the Company is the Securities Registration, Compensation and Liquidation Management Company (Iberclear), under the terms and conditions established in the current regulations."

To modify Article 8 of the Bylaws in order to fit in the existence of various classes of shares with the contents of rights and obligations indicated in the new version and which shall henceforth read as follows:

"Article 8. - Rights attributed to owners of shares

#### Class A Shares

At the nominal value of one Euro (1) each, and in the condition as ordinary shares, Class A Shares, ("Class A Shares") grant holders the rights established by Law and set forth in these Bylaws with the specifications outlined hereunder:

##### 1. Voting Rights

Each Class A Share grants its holder one hundred (100) votes.

##### 2. Pre-emptive and free allocation rights over new shares

Except in case of non-existence or exclusion of pre-emptive or free allocation rights or other analogous pre-emptive rights, when Class B and/or Class C shares are issued, the subsequent capital increase or subsequent issuance of convertible or exchangeable bonds, or bonds of any other securities or instrument that may originate the subscription, conversion, exchange, acquisition, or any other form of granting of the right to receive shares from the Company, shall be agreed upon by the Company either with the simultaneous issuance of Class A Shares, Class B Shares (if previously issued) and Class C Shares (if previously issued) in the same proportion in which the number of shares of each class is represented over the total number of shares already issued in which the capital of the Company is divided at the time of the increase or the issuance; be it through the issuance of whatever values or instruments that may occasion the subscription, conversion, exchange, acquisition or any other form of granting of the right to receive Class A Shares, Class B and Class C Shares in the proportion indicated.

With a full respect for the principle of proportionality described in the preceding paragraph, the pre-emptive right, that of free allocation and any other analogous pre-emptive right of the Class A shares shall only be purposefully for Class A shares (or convertible or exchangeable bonds, warrants or other securities and instruments that give right to its subscription or acquisition).

Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued as the case may be, class A shares as a whole shall be entitled to nominal value increase in a proportion similar to that represented by the total nominal value of the class A shares in circulation at the time of the execution of this agreement it represents with regards to the Company's share capital represented by the class A shares and by the class B shares (if issued) and class C shares (if issued) and circulating at such time.

##### 3. Other Rights

Notwithstanding the stipulations in section 2 above, each Class A Share grants all other rights, including economic rights, acknowledged by law and by these bylaws and rights entailed therein as holders of the condition of partner.

#### Class B Shares

Class B Shares, at a nominal value of one hundredth of a Euro (€0.01) each, ("Class B Shares" and, together with Class A Shares, "Shares with Voting Rights"), grant holders the rights established by Law and set forth in these Bylaws with the specifications outlined hereunder:

##### 1. Voting Rights

Each Class B Share grants its holder one (1) vote.

## 2. Pre-emptive and free allocation rights over new Class B shares

With regards for the principle of proportionality between the number of shares representing class A shares, those of class B and those of class C (if already issued previously) over the total number of shares of the Company, previously enunciated in relation to class A shares, the pre-emptive and free allocation rights of class B shares shall solely be aimed at class B shares (or convertible or exchangeable bonds or debentures, warrants or other securities and instruments that may give rise to subscription or acquisition rights)

Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued as the case may be, class B shares as a whole shall be entitled to nominal value increase in a proportion similar to the total nominal value of the class B shares in circulation at the time of the execution of the agreement with regards to the Company's share capital represented by the class A shares and by the class B shares circulating at such time.

## 3. Other Rights

Notwithstanding the stipulations of the preceding sections 1 and 2 and what is envisaged in the regulations in vigour, albeit its lower nominal value, each Class B Share confers the same rights, including economic rights, as a Class A Share, and the Company shall afford the same treatment to Class B Shares holders as it affords to Class A Shares holders, in the manner that such action does not invalidate the provisions of the valid regulations. Specifically, each Class B share awards its holder the entitlement to the same dividend, the same aggregate liquidation, the same restitution of funds in case of capital decrease, distribution of reserves of any nature (including, as the case may be, General Assembly attendance bonuses) or issuance bonuses and whatsoever other sharing and distributions as each Class A Share, all under the same terms and conditions as those of Class A.

In the event of capital decrease due to loss caused by the reduction in the nominal value of Class A shares and of Class B shares, the effect shall be proportional to their respective nominal value.

## 3. Separate voting in the event of modifications of bylaws or agreements and other operations that may negatively affect class B shares

Bylaw or agreement modifications that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class B shares (including any modification of the precautionary bylaws relating to class B shares or to any agreement that may damage or negatively affect class B shares in comparison with class A shares, or that may benefit or favourably affect class A shares in comparison with class B shares) shall require, in addition to it being approved pursuant to the stipulations of these bylaws, an approval by a majority of class B shares in circulation at the time. For explanatory but by no means limiting purposes, said precaution shall entail as follows: the elimination or modification of the precaution set forth herein on the principles of proportionality between the number of shares representing class A shares, those of class B and those of class C (if previously issued) over the total of the company's shares in the issuance of new shares or securities or instruments that may give rise to conversion, exchange or acquisition, or in any other manner, that may suppose a right to receive the company's shares; the partial or total exclusion, of a non-egalitarian nature for shares of class A, class B and class C (as the case may be), of the pre-emptive and other analogous rights that may be applicable by Law and by these bylaws; the repurchase or acquisition of the company's own shares that may affect class A shares, class B shares and class C shares (as the case may be), in a non-identical manner, in their terms and conditions, price or in any other manner, and which may exceed that which is produced under the framework of ordinary operation of treasury stock or which may give rise to amortization of shares or to the reduction of capital in a non-identical manner for class A, class B or class C shares (as the case may be); the approval of the company's structural modification that does not amount to treatment identity in all of its aspects for class A and class B shares; the exclusion of the shares of the company from trading on any secondary stock exchange or securities market except through the presentation of an offer of acquisitions for the exclusion from trading as envisaged in the considerations for the class A, class B and class C shares (as the case may be); the issuance of class C or of any other class of preferred or privileged shares that may be created in future.

For that purpose, separate voting rights of the various existing classes of shares will not be required for deciding on whether to totally or partially exclude, as the case may be, the pre-emptive and other analogous rights that may be applicable pursuant to the Law and these bylaws, simultaneously and identically for class A, class B, as the case may be, and class C shares

#### 5. Rights of Redemption for class B Shares

In the cases in which offers are tendered and accepted for the acquisition of the entire Shares with voting rights of the company, following which the offeror, together with persons cooperating with it, (i) manages to directly or indirectly acquire voting rights in the company amounting or equal to 30 percent, except if another person, individually or jointly together with persons cooperating with it, already held a percentage of voting rights equal to or above that of the offeror after the offer, or otherwise (ii) having acquired shareholding below 30 percent, appoints a number of board members who, united, as the case may be, with those already appointed previously, may represent more than half of the members of the Company's Administrative organ, each class B shares holder shall be entitled to a redemption by the company pursuant to Article 501 of the Corporations Act, except if the holders of the class B shares had already held the rights to participate in this offer and that their shares had been acquired in the same manner and under the same terms and conditions and, whatever the case may be, for the same consideration, as the holders of class A shares (each offer meeting the characteristics described above, a Supposition of Redemption).

##### Redemption Procedure

In the event of a Supposition of Redemption, for the purpose of information and within seven (7) calendar days from the date of either the liquidation of the offer, or offeror's appointment of board members who, united, as the case may be, with those it may already have appointed, representing more than half of the Company's administrative organ, the Company shall be obliged to publish an announcement informing class B shares holders of the process for the exercise of redemption rights in relation to such offer in the Company Registry's Official Gazette, in Official Gazettes of Spanish Stock Exchange of Securities Markets, on the Webpage of the company and in a national Daily that is widely circulated.

Each class B holder may exercise its redemption rights within two months from the date of the last of the announcements mentioned in the paragraph above, by notifying the Company. The Company remains bound to ensure that said notice for the exercise of the redemption rights is issued through the systems established for that purpose by Iberclear SA, the Securities Registration, Compensation and Liquidation Management Company.

The redemption price that the Company shall immediately pay for each class B share redeemed shall be equal to the considerations paid in the offer to class A shares holders, increased by the legal interest rate on the aforementioned amount counting from the date of the issuance of notice of the exercise of the redemption rights until the date of the actual payment is made to the holder of the shares exercising the redemption rights. The Company administrators hereby remain empowered to undersign the agreements and take the actions that may be necessary or appropriate to ensure the complete and satisfactory execution of the redemption rights mentioned in this section.

The reference market value of any non-monetary considerations whatsoever met in the offer, on the date of the first liquidation of the offer, shall be considered as the Euro amounts. Said evaluation must be accompanied by a report issued by an independent expert appointed by the company, selected from audit firms of international repute.

Restrictions on dividends sharing until payment is made to holders of redeemed shares

From the moment the offer is tendered until the full payment of the redemption price including, as the case may be, the applicable interests of the class B shares with regards to those for which redemption rights is exercised, the Company may not pay, distribute or share any dividends whatsoever to its shareholders, regardless of whether such dividends, distribution or sharing are paid in money, securities of the Company or of any of its subsidiaries, or in any other securities, properties or rights.

## Class C Shares

Class C Shares, at a nominal value of one hundredth of a Euro (€0.01) each, ("Class C Shares" and, together with Voting Rights Shares, "Shares"), grant holders the rights established by Law and set forth in these Bylaws with the specifications outlined hereunder:

### 1. Voting Rights

Class C shares do not confer voting rights.

### 2. Preference Dividend

- 2.1. Each Class C share shall afford its holder the right to receive a minimum annual dividend from the ordinary distributable earnings of the financial year in question and which has ended during the existence of the Class, equal to one hundredth of a Euro (€0.01) per share of the Class C ("Preference Dividend").
- 2.2. The Company is bound to decide on dividing the Preference Dividend and on paying the holders of the Class C shares before paying any dividend to the holders of Voting Rights Shares from the ordinary distributable earnings obtained by the Company during each financial year.
- 2.3. The Preference Dividend for Class C shares shall be paid within the nine (9) months following the close of the financial year, as long as the aggregated amount of said Preference Dividend for the Class C shares does not exceed the amount of the distributable earnings obtained by the Company during such financial year.

In the event that the Company failed to obtain sufficient distributable earnings for the complete payment of the Preference Dividend during the financial year for all the Class C shares in existence at the end of said financial year, the part of the aggregated amount of said Preference Dividend from the distributable earnings obtained by the Company during the financial year of the relevant period of the calculation for such Class C shares shall not be payable nor shall such accumulate as dividend susceptible for future payment.

- 2.4. The Company's failure to pay the partial or total Preference Dividend due to the company's failure to obtain sufficient distributable earnings for the complete payment of the Preference Dividend for the financial year in question shall not originate the recovery of voting rights for the Class C shares.

### 3. Other dividends and distributions

In addition to the Preference Dividend, each Class C share entitles its holder to receive the same dividend, the same aggregated liquidation, the same restitution of contributions in the event of capital decrease, distribution of reserves of any nature or distribution of issuance bonuses and any other sharing and distributions as those of Voting Rights Shares, all under the same terms and conditions to which each Voting Rights Share may be entitle.

### 4. Preference Liquidation Rights

- 4.1. In the event of dissolution and liquidation of the Company, each Class C share shall entitle its holder to receive an amount (the "Aggregated Preference Liquidation") equivalent to the disbursed value of Class C shares.
- 4.2. The Company shall pay the Aggregated Preference Liquidation to the Class C shares holders before paying any amount in aggregated liquidation to holders of Voting Rights Shares. Regarding the rest of the aggregated liquidation quota that may correspond to them, they shall be entitled to the same rights as Voting Rights Shares.

## 5. Rights of Redemption for class C Shares

Each class C shares entitles its holder to redemption pursuant to the procedure established for the possible redemption of class B shares in the event that an offer of acquisition is tendered and (partly or wholly) liquidated (each offer meeting what follows, a "Supposition of Redemption") for part or all of the shares of the Company except if the class C shares holders had already held the rights to participate in that offer and that their shares were acquired in this same manner and under the same terms and conditions and, whatever the case may be, for the same considerations, as the holders of class A Shares.

Notwithstanding the above, with regards to the total of the class C shares circulating at the time of the tendering of the acquisition offer that gives rise to the Supposition of Redemption in question, class C shares redeemed as consequence of a specific Supposition of Redemption may not represent a percentage above that representing the sum of class A shares and (as the case may be) class B shares (i) for which the offer giving rise to such Supposition of Redemption is tendered, (ii) of which the offeror of said offer is holder and (iii) of which the holders are persons cooperating with offeror or persons who signed agreements with offeror in relation to the offer, with regards to all of the class A shares and (as the case may be) class B shares circulating at the time of the tendering of the acquisition offer that gives rise to the Supposition of Redemption.

In the event that, as a result of applying the limitations set forth above, the redemption of all of class C shares, for which the rights of redemption have been exercised in this Supposition of Redemption, is deemed inadmissible, the class C shares to be redeemed from each class C shares holder shall be reduced, in proportion with the number of class C shares for which the rights of redemption have been exercised, making sure not to exceed the limit in question

## 6. Other Rights

### 6.1 Pre-emptive Rights

With regards for the principle of proportionality between the number of shares representing class A shares, those of class B (if already issued previously) and those of class C over the total number of shares of the company, previously enunciated in relation to class A shares, the pre-emptive and free assignment rights of class C shares shall solely be aimed at class C shares (or convertible or exchangeable bonds or debentures, warrants or other securities and instruments that may give rise to subscription or acquisition rights)

Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued as the case may be, class B shares as a whole shall be entitled to nominal value increase in a proportion similar to the total nominal value of the class B shares in circulation at the time of the execution of the agreement with regards to the Company's share capital represented by the class A shares, by the class B shares (that may have been issued) and Class C shares circulating at such time.

## 6.2 Separate voting in the event of modifications of bylaws or agreements and other operations that may negatively affect class C shares

Notwithstanding Article 103 of the Corporations Act, bylaw or agreement modifications that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class C shares (including any modification of the precautionary bylaws relating to class C shares or to any agreement that may damage or negatively affect class C shares in comparison with class A and/or class B shares, or that may benefit or favourably affect class A and/or class B shares in comparison with class C shares) shall require, in addition to approval pursuant to the stipulations of these bylaws, approval by a majority of class C shares in circulation at the time. For explanatory but by no means limiting purposes, said precaution shall entail as follows: : the elimination or modification of the precaution set forth herein on the principles of proportionality between the number of shares representing class A shares, those of class B (if previously issued) and those of class C over the total of the company's shares in the issuance of new shares or securities or instruments that may give rise to conversion, exchange or acquisition, or in any other manner, that may suppose a right to receive the company's shares; the partial or total exclusion, of a non-egalitarian nature for shares of class A and/or class B and class C of pre-emptive and other analogous rights that may be applicable by Law and these bylaws; the repurchase or acquisition of the company's own shares that may affect class A and/or class B shares with regards to class C shares, in a non-identical manner, in their terms and conditions, price or in any other manner, and which may exceed that which is produced under the framework of ordinary operation of treasury stock or which may give rise to amortization of shares or to reduction of capital in a non-identical manner for class A, class B (as the case may be) and class C shares; the approval of the company's structural modification that does not amount to treatment identity in all of its aspects for class A, class B shares (as the case may be) with regards to class C; the exclusion of the shares of the company from trading on any secondary stock exchange or securities market except through the presentation of an offer of acquisitions for the exclusion from the trading as envisaged in the considerations for the class A, (class B as the case may be) and class C shares; the issuance of any other class of preferred or privileged shares that may be created in future.

Notwithstanding the provisions of Article 293 of the Corporations Act, whatever the case may be, the Company's agreements on capital increase under whatsoever modality and under any formula that may give rise to the first issuance of class shares shall require, in addition to its approval in accordance with legal provisions and Article 30 of these Bylaws, the approval of the majority of class B shares then in circulation"

To modify Article 21 of these Bylaws in order to fit in the minimum number of shares necessary for admission to attend the Assembly, for new classes of shares, with reference to their nominal value, and which shall henceforth read as follows:

"Article 21. - Attendance.

Each three hundred seventy-five (375) class A shares or thirty-seven thousand five hundred (37,500) class B shares or a combination of both classes of shares with a nominal value equivalent to three hundred seventy-five Euros (€375) grants the holder the right to attend Shareholders' Assemblies as long as holder provides proof of legitimacy before the time the Assembly is held, which shall be justified through the relevant attendance identity card bearing the number, class, series and ownership of shares, as well as the number of votes that bearer may cast. The card shall be issued by the Company in charge of Book-entry registration, to shareholders, justifying the entry of the shares into said Registry at least five days in advance of the day on which the Assembly is to be held on the first call."

To modify Articles 15, 22, 24, 31, 33, 34, 37, 50 and 53 of these Bylaws in order to fit in the references to the valid Limited Liability Laws, to the Corporations Act and concurrent, which shall henceforth read as follows:

"Article 15. - Acquisition of Company's own shares (Treasury stock buy-back).

The Company may buy-back its own shares under the conditions and with the limitations and requirements set forth in title IV, Chapter VI of the Corporations Act."

“Article 22 - Representation

Any shareholder with the right to attend may be represented at the Assembly by another physical person who must also be shareholder with the right to attend.

Be what may, the representation must be conferred in writing and must be specific for each Assembly.

The legal persons, the under-aged and those under civil disqualification may attend through their legal representatives who shall be bound to justify their condition to the Chair of the Assembly and all that without damage to family representation and to the granting of general powers as regulated in Article 187 of the Consolidated Text of the Corporations Act.”

“Article 24. - Call

The Board of Directors call of both the Ordinary as well as the Extraordinary General Assemblies shall be made with announcements published on the Official Bulletin of the Company Registry and in one of the Dailies in the Province of Seville, at least one month in advance of the date the Assembly is due, or in any other media including publication on the Company’s Webpage with the requirements deemed applicable thereof, admitted in the valid laws.

The content of the call shall specify the conditions required by Law.

It may also show the date on which, if need be, the Assembly shall meet on the second call. There should be a time lapse of at least 24 hours between the first and second call.”

“Article 31. - Meeting Place and Extension.

The General Assemblies shall be held in Seville on the date stated in the call, but the sessions may be extended for one or more consecutive days.

The extension may be agreed upon by the Board of Directors or on the request of partners who, at least, represent twenty-five percent of the capital present or represented at the Assembly.

An attendance list shall be created for the constitution of the Assembly in accordance with the stipulations in Article 192 of the Corporations Act.”

“Article 33. - Right of Information.

The right of information entitled the partners as acknowledged in Article 197 of the Corporations Act may be definitely or temporarily suspended by the Chairperson of the Board if the request is submitted by shareholders representing less than twenty-five percent of the capital disbursed and if it deems that publishing the data may, in its opinion, negatively affect corporate interests.

If all the shares bear names, the directorship may, in cases permitted by Law, substitute the legally established publications for a written communication to each shareholder or interested party, complying, in any case, with the provisions of the Law.”

“Article 34. - Minutes Ledger.

Subjects discussed and decisions taken at the General Assemblies shall be entered in the Minutes Ledger, which may be displaceable sheets endorsed beforehand by the Company Registry, and which shall at least reflect the circumstances and prerequisites demanded both by the Corporations Act as well as by the Company Registry Regulations. The minutes, approved in accordance with Article 178 of the Corporations Act, shall be signed by those and as established in Articles 202 and 203 of the aforementioned Law.”

“Article 37. - Challenges.

Decisions taken by the General Assemblies and, where appropriate, by the Board of Directors, deemed to be in contravention of these Bylaws or deemed to be damaging to the Company interests, may be challenged in accordance with the provisions set forth in the Corporations Act.”

“Article 50. - Distribution of Surplus.

With full regards for the rights set forth in Article 8, after the deduction of the applicable general expenses and amortizations, the subtraction of the legal reserve as envisaged in Article 274 of the Corporations Act, and the subtraction of other compulsory Reserve Funds, the remainder of the cash profits shown on each balance sheet at the close of the financial year shall be distributed as follows by the decision of the General Assembly of Shareholders and on the proposal of the Board of Directors:

1°. An amount equal to four percent of the disbursed capital shall be taken out of the initial remainder and distributed among the partners, as minimum dividend of their respective shares.

2°. A minimum of five, and maximum of ten percent, shall then be taken out of the remainder and distributed among the members of the Board of Directors as agreed upon by the General Assembly, as remuneration for their respective services.

3°. The Board of Directors may propose to the Assembly that the remainder be either distributed as total or partial supplementary dividend or be made into special Reserves or Funds or, better still, be carried forward to the next financial year.”

“Article 53. - Liquidation.

Upon deciding to dissolve the Company, the General Assembly shall then name the receivers, compulsorily in odd numbers, with the faculties established by Law and other powers granted them by said General Assembly in agreeing on their appointment.

The Board Members may be appointed as receivers.

On the proposal of the Board, the Assembly may also designate amiable compositors to resolve the questions, issues or divergences that may occur in the receiver transactions.

The decision to dissolve shall be registered with the Company Registry and shall be published in accordance with the provisions of Article 369 of the Corporations Act.

During the liquidation period, the specific legal provisions and, especially, the stipulations of the Second Section of the Ninth Chapter of the Law shall be observed.”

#### Seventh Decision

Approval of the special report on the Remuneration Policy of Administrators and of the report in relation to article 116 bis of the Stock Exchange Laws.

Schedule 1 at the end of this document: Report on the Policy on Remuneration of Administrators

Schedule 2 at the end of this document: Report in relation to Article 116 bis of the Stock Exchange Laws

Eighth Decision: Authorizations granted the Board of Directors by the General assembly

In accordance with the provisions in Article 297.1.b) of the Corporations Act, to confer upon the Board of Directors the power to increase the share capital, on one or several occasions, within the legal timeframe of five years counting from the date of this General Assembly, by up to forty-five million two hundred thirty-four eight hundred forty Euros (€45,234,840), equivalent to fifty percent (50%) of the share capital at the time this authorization is granted, by issuing shares of any of the classes envisaged in these Bylaws-with or without bonuses-, charged to the monetary contributions, with or without issuance bonuses, at the opportunity and in the amount that the Board may deem fit and without the need to have to first consult the General Assembly. With regards to each increase, it remains incumbent upon the Board of Directors to decide whether the new shares to be issued are ordinary, privileged, redeemable, without vote or of any other kind of those for which permission is granted, pursuant to the Laws and these Bylaws. In all the non-envisaged case scenarios, the Board of Directors may set forth the terms and conditions of the capital increase and the nature of the shares, and may freely offer the new shares not subscribed within the timeframe or timeframes for the exercise of pre-emptive rights.

Likewise, in accordance with Article 506 of the aforementioned Law, the Board of Directors are authorized to decide whether or not to exclude, as the case may be, pre-emptive subscription rights in relation to the increases that may be decided upon by virtue of this decision, in the event of concurrence of the circumstances envisaged in the aforementioned article, relating to equities, and as long as, in the event of exclusion, the nominal value of the shares to be issued plus, as the case may be, the amount of the issuance bonus is equal to the actual value of the company's auditors' report referred to in Article 506.3 of the Corporations Act, prepared for that purpose on the request of the Board of Directors. The Board of Directors are also authorized to re-draft article 6 of the Corporate Bylaws, relating to equity capital, upon the execution of the increase, on the basis of the actual amounts subscribed and disbursed in accordance with the stipulations of Article 311 of the Corporations Act.

In accordance with article 27 of the Official Stock Exchange Regulations, the declarations of the shareholders regarding this decision shall be entered in the minutes.

2. Apply for the listing of the shares that may be issued by virtue hereof on the National and International Stock Exchange Markets on which the shares of the Bank are traded at the time each capital increase is executed, upon compliance with whatsoever regulations that may be applicable thereof, for that purpose, empowering the Board of Directors with specific faculties to substitute any of its members and secretary to notarise whatsoever documents and do everything deemed necessary to that effect, including any taking actions, attesting or processing before the competent authorities of the United States of America in order to obtain the listing of the shares represented by ADR (American Depository Receipts) or before any other competent authority.

Ninth Decision

The General Assembly authorizing the Board of Directors on the issuance of fixed income or any other type of securities, convertible or not convertible

- 1º. Pursuant to article 511 of the Corporations Act, the Board of Directors are authorized for a period of five (5) years counting from the date this decision is taken, to issue, on one or several occasions, any fixed income securities or debt securities of analogous nature (including, but not limited to, certificates, promissory notes or warrants), and fixed income or other types of securities (including warrants) convertible to the Company's shares and/or exchangeable for the Company's shares or for those of other companies within or outside the Company's group, for up to Five Billion Euros (€5,000M). This authorization is specifically understood to entail the faculty to specify the criteria for determining the bases and modalities of the conversion, exchange or exercise of the faculty to increase the equity capital in the amount deemed necessary to meet the corresponding requests for conversion or exercise, and it is also specifically granted the faculty to exclude shareholders' pre-emptive subscription rights, in accordance with Article 511 of the Corporations Act and all other applicable rules and regulations.

2º. The authorization conferred upon the Company's Board of Directors in the immediately preceding number 1 remains subject to the following terms and conditions:

1. Securities that may be issued. The securities referred to by this conferment may be debentures, bonds and other fixed-income securities or debt instruments of analogous nature in any of the forms admissible by Law, including, but not limited to, debenture bonds, promissory notes or warrants or other analogous securities that may grant direct or indirect rights to the subscription or acquisition of the Company's shares, newly issued or already in circulation, that may be liquidated through physical delivery or by differences. This conferment also entails fixed-income securities and warrants convertible into the Company's shares and/or exchangeable into the Company's shares or into shares of other companies within or without the Company's group.
2. Term. The securities may be issued on one or several occasions, at any time, within the maximum period of five (5) years counting from the date this decision is taken.
3. Maximum amount authorized. The total maximum amount of the issuance or issuances of the securities agreed upon by virtue hereof shall be Five Billion Euros (€5,000) or its equivalence in another currency.

For the purpose of calculating the aforementioned limit, in the case of the warrants, the sum of bonuses and prices of the exercise of the warrants of each issuance approved pursuant to this conferment shall be taken into account. On the other hand, for fixed-income securities, the outstanding balance of the issued shall be considered for the purpose of the limit above.

This is to clarify that in conformity with Article 510 of the Corporations Act, on the issuance of debentures and other securities that acknowledge or create debts, the limitations envisaged in Article 405.1 of the Corporations Act shall not be applicable.

4. Scope of Conferment. The conferment this decision refers to shall extend, as widely as required by Law, to the setting up of the various aspects and conditions of each issuance. In particular, and merely for explanatory but not limiting purposes, the Company's Board of Directors shall determine the amount for each issuance, and always within the overall quantitative limits set forth; the place of the issuance (whether in or outside Spain) and the currency and, if outside Spain, its equivalence in Euro; the denomination, whether bonds or debentures or any other admitted by Law (even if subordinated); the date or dates of issuance; if the securities are not convertible, the possibility that they may be partially or totally exchangeable for the pre-existing shares of the Company or of other companies within or outside the Company's group, and the necessary or voluntary circumstance of being convertible or exchangeable, and, in the latter, at the option of the securities holder or of the Company, or to incorporate a purchase or subscription option right over the shares referred to; the interest rate, dates and the coupon payment procedures; the perpetual or redeemable nature and, in the case of the latter, the period of amortization and the maturity date; the type of reimbursement, bonuses and batches, guarantees, even mortgage-types; the form of representation, by certificates or entries into accounts; the number of securities and their nominal value, which, in the case of convertible and/or exchangeable securities, shall not be less than the nominal value of the shares; pre-emptive rights, if appropriate, and the subscription system; the applicable laws, Spanish or foreign; to apply for, if appropriate, listing on official or non-official secondary markets, organized or not, Spanish or foreign, of the securities issued under the requirements set forth each time by the valid regulations; and, in general, any other condition of the issuance, including, as the case may be, to appoint the trustee of the relevant syndicate of the holders of the securities that may be issued and to approve the basic rules that shall govern the legal relationship between the Company and said syndicate which, if appropriate, may exist.

The conferment also includes the Board of Directors being attributed the power to decide on the conditions of amortization of the securities issued by virtue of this authorization, and for such purpose it may employ any of those envisaged in the Corporations Act in that regard. Likewise, the Board of Directors is hereby empowered to modify the terms and conditions of such securities if it deems convenient and if it obtains the official authorizations that may be necessary and, if appropriate, in conformity with the assemblies of the relevant syndicates of the holders of the pertinent securities that may be issued under this authorization.

5. Bases and modalities of the conversion. In the case of the issuance of fixed-income securities convertible into shares (in the latter case, whether into shares of the Company or into shares of companies belonging or not to the group of the Company) and for the purpose of determining the bases and modalities of the conversion, the following criteria are hereby established:

The securities issued by virtue of this decision may be converted into newly issued shares of the Company or into shares of companies belonging or not to the group of the Company, based on fixed (specified or unspecified) or variable conversion, and the Board of Directors shall be empowered to decide whether they are convertible, and to determine whether they are necessarily or voluntarily convertible, and in the event of being voluntarily, on the option of their holders or the Company, with the frequency and within the period set forth in the issuance decision and which shall in no way whatsoever exceed fifteen (15) years counting from the corresponding date of issuance.

For the purpose of the conversion, the fixed-income securities shall be evaluated by the nominal amount and the shares at the exchange rate specified in the decision of the Board of Directors in which this conferment is utilized, or at the exchange rate that may be set on the date or dates indicated in the very decision of the Board of Directors, and based on the value of the shares of the Company trading on the Spanish Stock Exchange on the date/s or period/s taken as reference in the same decision, with or without discount.

They may also decide to issue fixed-income securities convertible with a variable conversion rate. In this case, the price of the shares for the purpose of conversion shall be the arithmetic mean of the closing prices of the Company's shares on the Electronic Market during a period to be specified by the Board of Directors. The bonus or discount may be different for each date of conversion of each issuance (or, if appropriate, each tranche of issuance).

In the event that the securities of the corresponding issuance are convertible, the Board of Directors may establish that the Company reserves the right to opt at any time between conversion into newly issued shares of the Company, specifying the nature of the shares to hand over during the conversion or exchange, or even opting between handing over a combination of newly issued shares and pre-existing shares of the Company.

Where the conversion is appropriate, the fractions of the share that, if need be, may have to be handed over to the holder of the securities shall be rounded up by default to the whole number immediately below and each holder may receive cash, if so established by the Board of Directors, for the difference that such situation may cause.

In conformity with Article 59.2 of the Corporations Act, in no manner whatsoever shall the value of the shares be lower than the nominal value for the purpose of relating the conversion of the securities into shares. Likewise, pursuant to Article 415 of the Corporations Act, fixed-income convertible securities may not be issued for less than their nominal values and said securities may not be converted into shares if their nominal value is less than them.

When approving an issuance of securities pursuant to this authorization granted by the General Assembly, the Board of Directors shall issue a report based on the criteria described above explaining and specifying the bases and modalities of the conversion specifically applicable to the issuance indicated, which shall be accompanied by the corresponding report from the accounts auditors, both envisaged in Article 511 of the Corporations Act.

Once the Class B shares are issued, the issuance of convertible securities should be carried out with full regards for the principle of proportionality between the Class A and Class B shares as set forth in Article 8 of these Bylaws.

6. Rights of Holders of Convertible and Exchange Securities. As long as it is possible to convert and/or exchange the securities that may be issued into shares, their holders shall have all the rights granted them by the current laws.

7. Capital increase, exclusion of the pre-emptive rights in convertible securities. For explanatory but not limiting purposes, the Board of Directors' conferment envisaged herein also entails the following powers:

Pursuant to Article 511 of the Corporations Act, the Board of Directors is empowered to partially or totally exclude the pre-emptive rights of the shareholders, if it is a prerequisite for capturing financial resources on the international market, to use techniques of prospection of the demand or of any other manner justified by the interest of the Company. Whatever the case may be, should the Board of Directors decide to eliminate the pre-emptive rights over a specific issuance of convertible securities which it may eventually decide to issue pursuant to this authorization, upon approving the issuance, and in conformity with the stipulations of Article 511 of the Corporations Act, it shall issue a report giving the specific reasons of corporate interest justifying said measure, which shall be object of the correlative report from the Accounts Auditor referred to in the article cited above. Said reports shall be placed at the disposal of shareholders and it shall be mentioned and commented at the very next General Assembly held after the issuance in question, bearing in mind the provisions of aforementioned legal precept.

In accordance with Article 297.1.b) and 302 of the Corporations Act, the power to increase the share capital in the amount necessary to meet the request to convert the convertible securities issued pursuant to this conferment. Said power shall only be executed in the manner that the Board of Directors does not exceed with said increases, together with whatsoever other capital increases it may carry out by virtue of any other debentures to increase the capital that may be available, limited to half of the share capital stipulated in Article 297.1.b) of the Corporations Act and counted at the time of this authorization. This authorization to increase the share capital includes that of issuing and circulating the share capital that may be necessary, on one or several occasions, to ensure the conversion and, pursuant to Article 297.2 of the Corporations Act, that of modifying the article of the Corporate Bylaws relating to the amount of capital stock and, if need be, that of rendering void the part of said capital increase that may not be deemed necessary for the conversion into shares. Pursuant to Article 304.2 of the Corporations Act, the capital increase that the Board of Directors may execute to meet such conversion request shall not permit the exercise of pre-emptive rights by the Company's shareholders.

The power to plan and specify the bases and modalities of the conversion and/or exchange, considering the criteria established in section 5 above and, in general and under its most extensive terms, the determination of whatsoever terms and conditions deemed necessary or convenient for the issuance. In the subsequent General Assemblies the Company may hold, the Board of Directors shall inform the shareholders on the use of the conferment to date, if need be, on the issuing of fixed-rate convertible and/or exchangeable securities.

8. Warrants: The regulations envisaged in sections 5 to 7 herein shall be applicable mutatis mutandis in the event of the issuance of warrants or other analogous securities that may directly or indirectly grant rights to the subscription of the Company's newly issued shares or the Company's shares already in circulation, with the conferment entailing the most extensive powers, with the same scope as previous sections, to decide on whatsoever it deems convenient in relation to said class of securities.
9. Listing or Admission to Trade. When appropriate, the Company shall apply for admission to trade or be listed on official or non-official secondary markets, organized or not, Spanish or foreign, of the securities issued by virtue of the conferment, empowering the Board of Directors to handle all processing and take all the actions necessary before the competent organs of the various Spanish and foreign stock markets in order to gain admission to trade or be listed.
10. Guarantees by the companies of the group for the fixed-income securities issuance. The Board of Directors of the Company is also hereby empowered to give guarantee in the name of the Company, within the limits pointed out above, for the newly issued securities (whether convertible or exchangeable) which the companies of the group may produce during the validity hereof.
11. Faculties of Conferment, Substitution and Empowerment. The Board of Directors is hereby authorized to confer the legally conferrable powers inherent hereof by virtue of this decision upon any of its members and/or on the Secretary of the Board of Directors so that either of them may grant the pertinent powers deemed necessary to the employees of the Company to act upon said conferred faculties.

3º To specifically revoke any conferment upon the Board of Directors for the same purpose, in any aspect that may not have been executed, by virtue of the decision taken by the Ordinary General Assembly of Shareholders meeting held on April 11, 2010.

Tenth Decision:

Authorizations granted the Board of Directors by the General assembly

To authorize the Board of Directors to buy back the Company's shares either directly or through its subsidiary or investee companies up to the maximum permitted by current laws at a rate set between one hundredth part of a Euro (€0.01) as a minimum and sixty Euros (€60) as maximum, with express power of substitution in any of its members. Said power shall remain in vigour for eighteen (18) months from this very date, subject to article 144 and following of the Corporations Act.

For that purpose, the authorization conferred upon the Board of Directors for the same purposes, by virtue of the decision taken at the Shareholders' Ordinary General Assembly meeting held on April 11, 2010, is hereby specifically revoked.

Eleventh Decision:

Authorizations to the Board of Directors.

Felipe Benjumea Llorente, José B. Terceiro, Manuel Sánchez Ortega and Miguel Ángel Jiménez-Velasco Mazarío are hereby specifically authorized, such that any of them may, acting as special representative of this Assembly, appear before a Notary Public, to execute the necessary and due notarizations, as the case may be, to enter the decisions taken into the Company Registry as legally required, undersigning as many documents as may be necessary in the execution of said decisions.

The Board of Directors are also authorized, with the faculty of substitution, to freely interpret, apply, execute and develop the approved decisions, including rectification and fulfilment thereof, and to authorize any of its members to notarize any rectification or supplementaries deemed necessary to correct any error, defect or omission that could impede the entry of any decision whatsoever into the company registry, to the extent of complying with as many requirements as may be inevitable for the effectiveness of the decisions taken.

There are no directors that hold positions in other listed companies.

In accordance with the register of significant shareholdings that the Company maintains, pursuant to the internal code of conduct in relation to the stock market, the percentage shareholdings of the directors in the capital of the Company as at December 31, 2011 were as follows:

	Direct	Indirect	% Total
Felipe Benjumea Llorente	-	814,111	0.898
Aplicaciones Digitales S.L.	925,814	-	1.021
Manuel Sánchez Ortega	208,100	-	0.229
José Joaquín Abaurre Llorente	1,900	-	0.002
José Luis Aya Abaurre	55,076	-	0.06
M <sup>a</sup> Teresa Benjumea Llorente	12,390	-	0.013
Javier Benjumea Llorente	3,888	-	0.004
Jose Borrell Fontelles	3,000	-	0.003
Mercedes Gracia Díez	500	-	0.0005
Ricardo Martínez Rico	513	-	0.0005
Carlos Sebastián Gascón	13,000	12,000	0.027
Ignacio Solís Guardiola	21,000	-	0.023
Fernando Solís Martínez-Campos	50,832	34,440	0.093
Carlos Sundheim Losada	47,027	-	0.051
Alicia Velarde Valiente	400	-	0.0004

## 10.2. Company Management Structure

### The Board of Directors

- Composition: number and identity

Following changes to Article 39 the Corporate Bylaws, as agreed by shareholders and the Ordinary Shareholders Meeting held April 15, 2007, the maximum number of members of the Board of Directors has been set at fifteen, with respect to the nine established until that time. This modification reinforced the structure of the administration body through a number of managers that allows, on one hand, a more diversified composition and, on the other, facilitates the delegation and adoption of agreements with minimal attendance thereby ensuring a multiple and plural presence in the Board of Directors.

Maximum number of Board Members	15
Minimum number of Board Members	3

In agreement with the recommendations established in the Unified Code of Good Government of Listed Companies, the composition of the Board bears the capital structure in mind; this enables the Board to represent in a stable fashion, the highest possible percentage of the capital and ensures protection of the general interests of the Company and its shareholders. The Board is provided, moreover, with a degree of independence in concert with the practices and professional needs of any company. Its current composition is the following:

Abaurre Llorente	José Joaquín
Aya Abaurre	José Luis
Benjumea Llorente	Felipe
Benjumea Llorente	Javier
Benjumea Llorente	María Teresa
Borrell Fontelles	José
Gracia Díez	Mercedes
Martínez Rico	Ricardo
Sánchez Ortega	Manuel
Sebastián Gascón	Carlos
Solís Guardiola	Ignacio
Solís Martínez-Campos	Fernando
Sundheim Losada	Carlos
Terceiro Lomba	José B. (representing Aplicaciones Digitales, S.L.)
Velarde Valiente	Alicia

The total number of directors is considered to be adapted to ensure the necessary representation and the effective functioning of the Board of Directors.

Without prejudice that the independence is a condition that must be common to any director, without distinction due to his or her origin or appointment, basing his condition on reliability, integrity and professionalism in his or her undertakings, in agreement with the guidelines included under Law 26/2003, in the O. M. 3722/2003 and in the Unified Code of Good Governance of Listed Companies, the classification of the current directors is as follows:

Felipe Benjumea Llorente	- Executive President
José B. Terceiro (representing Aplicaciones Digitales S.L.)	- Executive (Vice-President) - Member of the Audit Committee - Member of the Appointment and Remuneration Committee
Manuel Sánchez Ortega	- Executive. Chief Executive Officer
José Joaquín Abaurre Llorente	- External, weekly assistant - Member of Audit Committee
José Luis Aya Abaurre	- External, weekly assistant - Member of the Appointment and Remuneration Committee
Javier Benjumea Llorente	- External, weekly assistant
M <sup>º</sup> Teresa Benjumea Llorente	- External, weekly assistant
José Borrell Fontelles	- Independent
Mercedes Gracia Díez	- Independent - Chairman of the Appointment and Remuneration Committee - Member of the Audit Committee
Carlos Sebastián Gascón	- Independent - Member of the Appointment and Remuneration Committee - Chairman of the Audit Committee
Ignacio Solís Guardiola	- External, weekly assistant
Fernando Solís Martínez-Campos	- External, weekly assistant
Carlos Sundheim Losada	- External, weekly assistant
Ricardo Martínez Rico	- Independent
Alicia Velarde Valiente	- Independent - Member of the Appointment and Remuneration Committee - Member of the Audit Committee

As above, the Board is made up of a majority of external, non-executive directors.

▪ Organisational and functional rules

The Board of Directors is governed by the Board Regulations, by the Corporate Bylaws and by the Internal Securities Exchange Code of Conduct. The Board Regulations were initially approved by the Board at a meeting on January 18, 1998, clearly in anticipation of the current rules of good governance and internal efficient application. The most recent update of note took place on June 29, 2003, in order to incorporate matters relating to the Audit Committee as established under the Financial System Reform Act.

- Structure:

The Board of Directors is currently made up of 15 members. The Board Regulations cover the composition of the Board, the functions and its internal organisation; additionally, there is the Internal Stock Exchange Code of Conduct, the scope of which covers the Board of Directors, senior management and all those employees who, due to their skills or roles, are also impacted by its content. The Shareholder Meeting rules cover the formal aspects and other aspects of the shareholder meetings. Finally, the Board is supported by the Audit Committee and the Remuneration Committee, which in turn are subject to their own respective Internal Governance Rules. All such rules, included within the revised Internal Corporate Governance Rules, are available on the Company website, [www.abengoa.com](http://www.abengoa.com).

Since its inception, the Remuneration Committee has been analysing the structure of the governing bodies of the Company and has worked to align such bodies with regulations in force regarding governance, focusing in particular on the historical and current configuration of such ruling bodies within Abengoa. Consequently, in February 2007 the committee recommended the creation of a Coordination Director, as well as the dissolution of the Advisory Committee to the Board of Directors. The first recommendation was to align the Company with the latest corporate governance recommendations in Spain in 2006; the second recommendation reflected that the advisory board had completed the role for which it was established in the first place, and that its coexistence with the remaining company bodies could create a potential conflict of roles. Both proposals were approved by the Board of Directors in February 2007 as well as by the shareholders at the ordinary general meeting on April 15 of the same year.

Finally, in October 2007 the Committee proposed to the Board the resignation of Mr. Javier Benjumea Llorente as Vice-president, along with the revoking of any powers which had been granted, and the naming of a new representative, being an Abengoa representative, or a Focus-Abengoa Foundation representative, for all those entities where he would have a responsible post.

On the basis of the foregoing, the committee decided that it would be opportune to repeat the study on numbers and conditions of the vice-president to the Board of Directors within the current structure of the company's governing bodies.

As a result, the Committee considered it necessary that the vice-president of Abengoa hold the powers as per the Law for Anonymous Companies so that, on the one hand, he or she is granted full representation of the company and, on the other, the functions of the president of the board. On this basis it was considered that the Coordinating Director – in accordance with the responsibilities as assigned to the role by the Board of Directors (February 2007) and at the Shareholder Meeting (April 2007) – was ideal for the role, in addressing the corporate governance recommendations and the structure of the company, as well as the composition and diversity of the directors. The coordination director already has the duty to take into account the concerns and goals of the board members and, to achieve this, has the power to call Board meetings and to add items to the agenda. As this role was more in substance than in title, considered the interests of the directors, and reflected a certain representation of the Board, it was considered appropriate to recognise this institution and comprehensive representation.

For the reasons mentioned, the Committee deemed it appropriate to propose Aplicaciones Digitales, S.L. (Aplidig, represented by Mr. José B. Terceiro Lomba), the current Coordination Director, as the new Vice-President of the Board. Additionally, within the representative duties, it was proposed that the vice-president, in conjunction with the president, would represent Abengoa as president of Focus-Abengoa Foundation, as well as for other foundations and institutions in which the company is or should be represented.

In light of the above, on December 10, 2007 the Board of Directors approved the appointment of Aplicaciones Digitales, S. L. (represented by Mr. José B. Terceiro Lomba), the current Coordination Director, as the new Vice-President of the Board, with unanimous consent of the independent directors regarding the retention of his role as coordination director despite being promoted to an executive board member role. Additionally, within the representative duties on July 23, 2007, the Board approved that the vice-president, in conjunction with the president, would also represent Abengoa as Chairman of the Focus-Abengoa Foundation Board, as well as for other foundations and institutions in which the company is or should be represented.

The Chairman of the Board, as the leading executive of the Company is granted full powers excluding those which by law are not assignable to the Board of Directors regardless the Board-attributed faculties and competences. With regards to the vice-president, also an executive role, he or she holds at the same time power over the aforementioned faculties.

At the proposal of the meeting of the Appointments and Remuneration Committee of October 25, 2010, and due to the resignation as a director of Mr Miguel Martín Fernández due to other professional commitments, the Committee agreed to appoint Mr Manuel Sánchez Ortega as CEO for a period of four years, by co-optation. Mr Manuel Sánchez Ortega shares the executive functions of the Company with Mr Felipe Benjumea Llorente.

- Functions:

The role of the Board of Directors is to undertake the necessary actions so as to achieve the corporate objectives of the Company. It is empowered to determine the financial goals of the company, agree upon the strategies necessary as proposed by senior management so as to achieve such goals, assure the future viability of the company and its competitiveness, as well as adequate leadership and management, supervising the development of the Company's business.

- Appointments:

Shareholder meetings, or when applicable the Board of Directors, within the established rules and regulations, are designated the authority to appoint members of the Board. The appointee will be required to demonstrate that they have the necessary legal requirements, that they are trustworthy and that they have the required knowledge, prestige and sufficient professional references so as to undertake the functions of director.

Directors are appointed for a maximum of 4 years, although may then be re-appointed.

- Cease of directors:

Directors will be removed from their position at the end of their tenure or under any other circumstances in accordance with the appropriate laws. Further, they should relinquish their role as Directors in the event of any incompatibility with, prevention of, a serious charge against, or non-compliance with their obligations as Directors.

- Meetings:

In accordance with Article 42 of the Company Bylaws, the Board of Directors will meet as deemed necessary given the demands of the Company or, as a minimum requirement, three times annually, with the first meeting during the first quarter of the year. During 2010, the Board met a total of 15 times, in addition to a meeting between the Board of Directors and senior management.

- Duties of the Directors:

The function of the director is to participate in the direction and control of management of the Company for the purposes of and with the aim of maximising its value for shareholders. Each director operates with the diligence and care of a loyal and dedicated professional, guided by the company's interests, as a representative with complete independence to defend and protect the interests of the shareholders.

By virtue of their appointment, the directors are required to:

- Prepare and be sufficiently and properly informed for each meeting.
- Actively assist and participate in the meetings and decisions.
- Avoid conflicts of interest and, in the event that they arise, to communicate such conflicts to the Company through the Board of Directors' Secretary.
- Not to undertake duties for competing entities.
- Not to use Company information for personal purposes.
- Not to use the Company's business opportunities for their own interest.
- Maintain full confidentiality regarding information received within their role as Director of the Company.
- Abstain from voting on proposals that may have an effect on them.

- The Chairman:

The Chairman, in addition to the Company Bylaws and legal requirements, is the senior-most executive of the Company, and as such is effectively responsible for the management of the Company, in accordance always with the criteria and decisions of the Board of Directors and the Shareholder meetings. The Chairman is responsible for implementing the decisions made by the company's management bodies, through application of the powers as permanently granted to him by the Board of Directors, which he represents in all aspects. The Chairman also casts the deciding vote on the Board of Directors.

The Chairman is also the Chief Executive Officer. The following measures are in place to prevent an accumulation of power.

Under Article 44 bis of the Company Bylaws, on December 2, 2002 and February 24, 2003 the Board of Directors agreed to appoint the Audit Committee and the Appointment and Remuneration Committee.

These committees have the powers, which may not be delegated, as per the Law, the Company Bylaw and internal regulations, acting as regulatory body and supervisory body associate with the matters over which they chair.

Both are chaired by a non-executive independent director and are comprised of a majority of non-executive directors.

- The Secretary:

The Secretary to the Board of Directors undertakes those responsibilities as required by law. Currently the role of Secretary and that of Legal Counsel to the Board is undertaken by the same person, being responsible for the correct calling of meetings and that resolutions are properly implemented by the Board. In particular, he will advise the Board as to the legality of proposed deliberations and decisions and upon compliance with the Company's internal corporate governance regulations, making him responsible as a guarantor of the legality, both in law and in substance, of the actions of the Board.

The Secretary, as a specialised role, guarantees the legality in law and in substance of the actions of the Board, with the full support of the board to perform their duties with independent judgement and substance. He or she is also responsible for safeguarding the internal rules of corporate governance.

- Resolutions:

Decisions are made by a simple majority of those directors present at the meeting (present or represented) in each meeting, with the exception of legal matters as previously set out.

▪ Compensation and other benefits

- Salaries:

Directors are remunerated in accordance with Article 39 of the Company Bylaws. The director's remuneration may consist of a fixed amount as agreed at the Shareholders Meeting, and need not be equal for all directors. Additionally they may receive a proportion of retained earnings of the Company, of between 5 and 10 percent, maximum, of earnings after dividends in the year to which the remuneration relates. Additionally, costs of relocations are recovered, if undertaken as part of their role as Director.

The total remuneration paid during 2011 to the whole of the Board of Directors was €13,237,000 for fixed and variable remuneration concepts (€8,912,000 in 2010) and €155,863 for other concepts (€138,000 in 2010).

Detail on individual salaries and benefits in 2011 paid to the Board of Directors is as follows (in thousands of Euros):

Name	Daily Expenses for Attendance and Other Remun. as Officer	Compensation as Member of Board Committee	Compensation as Officer of Other Group Companies	Compensation for Sr. Mgmt. - Executive Officer Duties	Other Remunerations	Total 2011
Felipe Benjumea Llorente	679	-	-	3,804	-	4,483
Aplidig, S.L. (1)	180	-	-	2,804	-	2,984
Manuel Sánchez Ortega	679	-	-	3,024	-	3,703
Carlos Sebastián Gascón	166	110	7	-	-	283
Daniel Villalba Vilá (2)	100	72	9	-	-	181
Mercedes Gracia Díez	127	61	-	-	-	188
Miguel Martín Fernández	-	-	-	-	-	-
Alicia Velarde Valiente	110	66	-	-	-	176
Jose Borrell Fontelles	200	100	-	-	-	300
Ricardo Martínez Rico (3)	28	-	12	-	-	40
José Luis Aya Abaurre	110	44	-	-	-	154
José Joaquín Abaurre Llorente	110	44	-	-	-	154
Maria Teresa Benjumea Llorente	78	-	24	-	-	102
Javier Benjumea Llorente	78	-	-	-	177	255
Ignacio Solís Guardiola	78	-	-	-	-	78
Fernando Solís Martínez-Campos	78	-	-	-	-	78
Carlos Sundhein Losada	78	-	-	-	-	78
<b>Total</b>	<b>2,879</b>	<b>497</b>	<b>52</b>	<b>9,632</b>	<b>177</b>	<b>13,237</b>

Note (1): Represented by Mr. José B. Terceiro Lomba

Note (2): To 07.25.11

Note (3): From 10.24.11

The increase in the number of Executive Board Members from two to three marks the conclusion of the increase of 48.3% in the total value of comparing the 2010 – 2011 salary scales for Board Members (€8.9 M in 2010 and €13.2 M in 2011).

Additionally, during 2011 the remuneration paid to the Company's senior management team, as shown below (members of the senior management team that are not executive directors, indicating the total remuneration paid to them during the year) for all concepts (fixed and variable) totalled €7,822,000 (€7,216,000 in 2010).

For more information on the Corporate Governance Report, the appendix of this Management Report contains the complete version which has been subjected to independent verification by our auditors who have issued opinion of reasonable assurance based on the ISAE 3000 standard "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

## 11.- Appointments and remuneration committee

The Appointments and Remunerations Committee was created by Abengoa SA's Board of Directors on 24th February 2003 pursuant to Article 28 of the Board of Directors Regulations, with the aim of incorporating the recommendations on the Appointments and Remunerations Committee in Law 44/2002 on the Reform of the Financial System. Said Board of Directors also approved its Internal Regimen Regulations.

## Composition

The current composition of the Committee is as follows:

- Daniel Villalba Vila (until 07.25.11)	Chairman Non-executive independent Board Member
- Mercedes Gracia Diez (since 10.24.11)	Chairperson. Non-executive independent Board Member
- Aplicaciones Digitales, S. L. (represented by José B. Terceiro Lomba)	Member. Executive Board Member
- José Luis Aya Abaurre	Member. Non-executive Nominee Board Member
- Alicia Velarde Valiente	Member. Non-executive independent Board Member
- Carlos Sebastián Gascón	Member. Non-executive independent Board Member
- José Marcos Romero	Non-Board Member Secretary

The Secretary was appointed during the Appointments and Remunerations Committee meeting held on 28<sup>th</sup> January 2004 through a meeting by circular resolution; the Chairman was however appointed during the Appointments and Remunerations Committee meeting held on October 24, 2011.

The Appointments and Remunerations Committee is consequently comprised of one executive and four non-executive board members, in compliance with the requirements set forth in the Law on the Reform of the Financial System. Likewise, in accordance with the provisions of Article 2 of its Internal Regulations, the post of Committee Chairman is compulsorily held by a non-executive board member.

## Duties and competencies

The following are the duties and competencies of the Appointments and Remunerations Committee:

1. Inform the Board of Directors about appointments, re-elections, terminations and remunerations of the Board and of their posts, as well as about the general policy on remunerations and incentives for them and for the top management.
2. To inform the Board of Directors beforehand on all proposals it may submit to the General Assembly for the appointment or dismissal of board members, even in cases of co-optation by the Board of Directors itself; annually checking to ensure the upholding of the conditions that led to the appointment of a board member and the nature or type thereof. Said information shall be included in the Annual Report. When filling in new vacancies, the Appointments and Remunerations Committee will ensure that the selection procedure is void of implicit biases prone to be obstacles to the selection of female board members and also that women who meet the required profile are included as potential candidates.
3. To prepare an annual report on the activities of the Appointments and Remunerations Committee, to be included in the management report.

## Sessions and convening

To execute the duties listed above, the Appointments and Remunerations Committee shall meet as many times as necessary and, at least, once every six months. They shall also meet on the behest of the Chairman. Lastly, a meeting shall be deemed valid if all its members are present and they decide to hold a session.

The Committee held five meetings during the 2011 financial year; the most relevant among the issues dealt with on the agenda were the proposals of appointment and renewal of the Board of Directors, as well as the verification that the conditions that were basis for the appointment of the board members and the nature or type thereof continued to be upheld.

## Quorum

The Committee is considered validly constituted if the majority of its members are present. Only non-executive board members may act as representatives.

Decisions taken shall be deemed valid if favourably voted by the majority of the committee members, present or represented. Situations of tie shall be resolved by Chairman's vote.

The company's head of remunerations shall act as secretary in the Committee meetings.

## Committee analyses and proposals

- Follow-up and progress of remunerations of the members of the Board of Directors and the company's top management.
- Proposal of remunerations for the members of the Board of Directors and the company's top management.
- Preparation of the relevant information to be included in the financial statement.
- Proposal to the Board of Directors for the cooptation appointment of board member Mr. Ricardo Martínez Rico, following the resignation of Mr. Daniel Villalba Vilá.
- Proposal to the Board of Directors for the re-election of Aplicaciones Digitales, S.L., Ms. M<sup>a</sup> Teresa Benjumea Llorente, Mr. Fernando Solís Martínez-Campos, Mr. Ignacio Solís Guardiola and Mr. Carlos Sundheim Losada as board members because previous mandates had expired.
- Proposal to the Board of Directors for the approval of the annual report on the Remuneration of Board Members (RAR, remunerations annual report).
- Report on the verification that the conditions that were basis for the appointment of board members and their nature and type continue to be upheld.
- Presentation of the report on the remuneration of the members of the Board of Directors and Top Executives to the Board of Directors.
- Reports on comparative salaries and market researches by independent experts.
- Proposal to the Board of Directors for the approval of the Extraordinary Variable Remuneration Plan expiring on 12/31/2015.

## 12.- Further information

To correctly measure and value the business and the results obtained by Abengoa, it is necessary to draw out the business trends from the consolidated figures.

In addition to the accounting information, as provided within the financial accounts and within this management report, Abengoa also publishes an "Annual Report" which sets out the key events of 2011. This report is available in Spanish, English and French. The Annual Report, which is published prior to the shareholder meeting at which the financial statements of 2010 will be approved, includes not only the consolidated accounts of Abengoa, as well as the strategic objectives of the business and the key events of the three Business Units into which Abengoa is structured as of December 31, 2011.

The annual report is available on the Company's website at [www.abengoa.com](http://www.abengoa.com).

The requirement to provide the market with information which is useful, truthful, complete, comparable and up-to-date would not be of such value to the user if the means of communicating such information were insufficient, as it would result in such information not being as effective, timely and useful. As such, the Aldama Report, the Financial System Reform Law and the Transparency law recommend and enforce, in the light of recent technologies, the use of a website by listed companies as an information tool (including historical, qualitative and quantitative data on the company) and a means of disseminating information (on a timely or real-time basis, making such information available to investors).

Abengoa has a website, which was recently renewed and updated, that features far-reaching and comprehensive content, including information and documentation made available to the public and, in particular to shareholders. This website offers periodic information (quarterly and half-yearly) as well as other relevant information and facts upon which it is mandatory that Abengoa report to the CNMV to comply with the rules of the stock exchange. Through this website, it is also possible to request a copy of the Annual Report.

### **13.- Events after the end of the year.**

On January 16 2012, Abengoa Solar, S.A. entered an agreement with Rioglass, Laminar, S.L., for the acquisition of shares in the stock capital of Rioglass Solar Holding, S.A. Said acquisition means that Abengoa Solar, S.A. becomes the majority shareholder in Rioglass Solar Holding, S.L. Likewise, once all the contractual conditions set forth by this agreement are met, Abengoa Solar, S.A. will hold control of Rioglass Solar Holding, S.L. On the date of the close the impact was being evaluated in the consolidated financial statements of the acquisition in accordance with the accounting policies outlined in Note 2, and the impacts are not expected to be significant

Following the closing of the financial year there has not been any other events susceptible to significantly influence the information reflected in the Consolidated Financial Statements prepared by the Administrators on the same date, or which should be highlighted because it bears significant transcendence.

03 | 03

Appendix to the  
Consolidated  
Management Report

Annual corporate governance report

## Annual Corporate Governance Report for Listed Public Limited Companies

### A. Ownership structure

A.1. Complete the following table on the company's share capital

Date of last change	Share capital (€)	Nº of shares	Nº. of Voting Rights
04/11/2011	90,641,108.58	107,612,538	9,046,110,858

Indicate whether different types of shares exist with different associated rights:

Yes

Class	Number of Shares	Nominal unit	Unit number of voting rights	Different rights
A	90,469,680	1 Euro	100 voting rights	Without different rights
B	17,142,858	0.01 Euro	1 voting right	

Article 8 of the Abengoa's Bylaws govern the rights of these kinds of shares. See Fifth Additional of this report.

A.2. List the direct and indirect holders of significant ownership interests in your company at year-end, excluding board members:

Personal or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Inversión Corporativa, I.C., S.A.	4,523,472,300	546,518,300	49.90% (class A shares)
Finarpisa, S.A.	546,518,300	0	6.02% (class A shares)

(\*) Held through:

Name or corporate name of direct holder of shares	Number of rights	% of total voting rights
Finarpisa, S.A.	546,518,300	6.02%

Indicate the most significant movements in the shareholding structure of the company over the year:

Not applicable.

A.3. Complete the following tables on the members of the Board of Directors of the Company that hold voting rights through company shares:

Personal or corporate name of shareholder	N° of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr.Felipe Benjumea Llorente	0	81,411,100	0.898
Aplicaciones Digitales S.L.	92,581,400	0	1,021
Mr.Manuel Sánchez Ortega	20,810,000	0	0.229
Mr.José Joaquín Abaurre Llorente	190,000	0	0.002
Mr.José Luis Aya Abaurre	5,507,600	0	0.060
Mrs. M <sup>a</sup> Teresa Benjumea Llorente	1,239,000	0	0.013
Mr.Javier Benjumea Llorente	388,800	0	0.004
Prof.Jose Borrell Fontelles	300,000	0	0.003
Prof.Mercedes Gracia Díez	50,000	0	0.0005
Mr.Ricardo Martínez Rico	51,300	0	0.0005
Prof.Carlos Sebastián Gascón	1,300,000	1,200,000	0.027
Mr.Ignacio Solís Guardiola	2,100,000	0	0.023
Mr.Fernando Solís Martínez-Campos	5,083,200	3,444,000	0.093
Mr.Carlos Sundheim Losada	4,702,700	0	0.051
Mrs.Alicia Velarde Valiente	40,000	0	0.0004

(\*) Held through:

Name or corporate name of indirect holder of shares	Held through: Name or corporate name of direct holder of shares	Number of direct voting rights	% of total voting rights
Mr.Felipe Benjumea Llorente	Ardachon, S.L.	81,411,100	0.898
Mr.Fernando Solís Martínez-Campos	Dehesa del Mesto, S.A.	3,444,000	0.037
Prof.Carlos Sebastián Gascón	Bmca Inversiones S.L.	1,200,000	0.013

**% total of voting rights held by board of directors**

2.4254%

**Complete the following tables on members of the company's Board of Directors that hold rights over company shares:**

The board members do not hold rights over company shares.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relations between holders of significant shares, as far as known to the company, unless such relationship bears little relevance or arises from ordinary trading or course of business:

Inversión Corporativa, I.C, S.A holds 100% of Finarpisa, S.A.

A.5. Indicate, as applicable, any commercial, contractual or corporate relations between holders of significant shares on the one hand, and the company and/or its group on the other, unless such relationship bears little relevance or arises from ordinary trading or course of business:

No record.

A.6. Indicate whether any shareholders' agreements affecting the company have been communicated to the company pursuant to Art. 112 of the LMV. If so, provide a brief description and list the shareholders bound by the agreement:

Yes.

Under the investment agreement framework signed on November 8, 2011, between Abengoa and First Reserve Corporation, Inversión Corporativa IC and Finarpisa SA, in their capacity as Abengoa shareholders, made a commitment, effective November 4, 2011, to regulate the exercise of their respective voting rights in the Abengoa General Meeting in relation to the proposal, appointment, ratification, re-election or replacement of a board member representing First Reserve Corporation.

By virtue of said commitment, Inversión Corporativa I.C., S.A. and Finarpisa, S.A. jointly agree on the following:

- (i) to vote on the following through their representatives on the Board of Directors of Abengoa: (a) on the appointment of the candidate proposed to serve as board member on said Board, appointed by the investor following the co-optation procedure envisaged in the Corporations Act. and (b) the proposal to recommend the Abengoa shareholders that Abengoa may name in the next General Meeting of shareholders, as the case may be, to replace the investor's representative on the Board of Directors;
- (ii) to vote in the corresponding General Meeting of shareholders of Abengoa in favour of the appointment of the candidate proposed by the Investor to serve as the investor's representative on the Board of Directors;
- (iii) FRC or any of its subsidiaries holding Abengoa class B shares or any other instrument convertible in, or exchangeable for, Abengoa Class B shares, issued in accordance with the Investment Agreement stipulations or with any other transaction document may not propose or ask the Board of Directors to recommend that the shareholders make any kind of changes to the Company Bylaws which may adversely affect the equality rights of Class B shares and Class A shares as regards the distribution of dividends or analogous such as envisaged in the Bylaws

**Specify whether the company is aware of the existence of any concerted actions among its shareholders. If so, provide a brief description:**

No record.

**Expressly indicate any amendments to, or terminations of such agreements or concerted actions during the year, if any:**

No record.

A.7. Indicate whether any individuals or corporate bodies currently exercise, or could exercise, control over the company pursuant to Article 4 of the Spanish Securities Market Act (Ley del Mercado de Valores). If so, please identify:

**Personal or corporate name:**

Inversión Corporativa, I.C., S.A.

**Notes**

Inversión Corporativa directly holds 49.90% of the share capital and indirectly holds 6.02% through its subsidiary, Finarpisa, S.A, which is also 100% owned by Inversión Corporativa.

A.8 Complete the following tables on the company’s treasury stock:

**At year end:**

Number of direct shares	Number of indirect shares	% of total share capital
2,913,435	0	3.21

**Provide details of any significant changes during the year, in accordance with Royal Decree 1362/2007 (Real Decreto 1362/2007).**

Date of communication	Total <sup>o</sup> of direct shares acquired	Total <sup>o</sup> of indirect shares acquired	% of total share capital
31/12/2011	7.784.190	0	8,59
Capital gains/(loss) on treasury stock disposed of over the period (€2,144,372.96)			

A.9. Provide details of the applicable conditions and timeframes governing the powers of the Board of Directors, as conferred by the General Shareholders’ Meeting, to acquire and/or transfer treasury stock.

The Ordinary General Meeting of Shareholders Meeting held on April 10, 2011, agreed to authorize the Board of Directors to buy back the Company’s shares either directly or through its subsidiary or investee companies up to the maximum permitted by current laws at a rate set between one hundredth part of a Euro (€0.01) as a minimum and sixty Euros (€60) as maximum, with express power of substitution in any of its members. Said power shall remain in vigour for eighteen (18) months from this very date, subject to article 144 and following of the Corporations Act.

On November 19, 2007, the company signed an agreement with Santander Investment Bolsa, S.V. with the aim of enhancing the liquidity of transactions involving shares, ensuring consistent stock prices and avoiding fluctuations caused by non-market trends, without such agreement interfering with the normal operations of the market and in strict compliance with applicable stock market law. Although said agreement fails to meet the conditions set forth in CNMV Circular 3/2007 of December 19, Abengoa has ensured the voluntary compliance with the prerequisites of information set forth in Circular 3/2007 to that effect. Quarterly reports of the transactions effected under the aforesaid Agreement were issued to the Spanish CNMV and posted on the company’s website.

As at December 31, 2011, the treasury stock balance amounted to 2,913,435.

In relation to transactions performed over the year, the number of treasury shares acquired stood at 7,784,190 while treasury shares disposed of amounted to 5,096,005. The net operating result amounted to - €2,144,372.96.

A.10 Indicate, if applicable, any restrictions imposed by law or the Bylaws on voting rights, including any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on exercising voting rights:

**Maximum percentage of voting rights that a shareholder may exercise by reason of legal restriction:**

No restriction.

**Indicate whether the company's Bylaws include any restrictions on the exercise of voting rights:**

No.

**Maximum percentage of voting rights that a shareholder may exercise by reason of Bylaw restrictions**

No restriction.

**Indicate whether there are any legal restrictions on the acquisition or transfer of holdings in the share capital:**

Yes.

This restriction only affects the Class B shares issued by the company.

With regards to the investment agreement signed on October 4 and fully effective from November 4, 2011, between Abengoa and First Reserve Corporation, the latter shall assume the commitment of not to sell the shares it holds in the Abengoa stock capital for a period of two and half years. At the end of the period, various formulas shall be established for the sale of the shares or for their eventual exchange for the Class A shares, whatever Abengoa decides.

A.11 Indicate whether the General Shareholders' Meeting has agreed to adopt neutralization measures to prevent a public takeover bid pursuant to the provisions of Act 6/2007 (Ley 6/2007).

Not.

**Where applicable, explain the approved measures and terms under which restrictions will be rendered ineffective:**

No record.

## B. Structure of the company's governing bodies

### B.1 Board of Directors

**B.1.1 Indicate the maximum and minimum number of directors stipulated in the company Bylaws:**

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	3

**B.1.2 Complete the following table on the members of the Board of Directors:**

Personal or corporate name of member	Representative	Seat on the Board	Date of 1st appt.	Date of last appt.	Election procedure
Mr.Felipe Benjumea Llorente		Chairman	25/06/1983	05/04/2009	Voting Rights in Shareholders' Assembly
Aplicaciones Digitales SL.	Prof. José B. Tercerio Lomba	Chairman	15/04/2007	10/04/2011	Voting Rights in Shareholders' Assembly
Mr.Manuel Sánchez Ortega		Managing Director (CEO)	25/10/2010	10/04/2011	Voting Rights in Shareholders' Assembly
Mr.José Joaquín Abaurre Llorente		Board Member	25/06/1988	05/04/2009	Voting Rights in Shareholders' Assembly
Mr.José Luis Aya Abaurre		Board Member	25/06/1983	05/04/2009	Voting Rights in Shareholders' Assembly
Mrs.María Teresa Benjumea Llorente		Board Member	15/04/2007	10/04/2011	Voting Rights in Shareholders' Assembly
Mr.Javier Benjumea Llorente		Board Member	25/06/1983	05/04/2009	Voting Rights in Shareholders' Assembly
Prof.José Borrell Fontelles		Board Member	27/07/2009	11/04/2010	Voting Rights in Shareholders' Assembly
Prof.Mercedes Gracia Díez		Board Member	12/12/2005	11/04/2010	Voting Rights in Shareholders' Assembly
Mr.Ricardo Martínez Rico		Board Member	24/10/2011	24/10/2011	Co-optation
Prof.Carlos Sebastián Gascón		Board Member	26/06/2005	05/04/2009	Voting Rights in Shareholders' Assembly
Mr.Ignacio Solís Guardiola		Board Member	15/04/2007	10/04/2011	Voting Rights in Shareholders' Assembly
Mr.Fernando Solís Martínez-Campos		Board Member	15/04/2007	10/04/2011	Voting Rights in Shareholders' Assembly
Mr.Carlos Sundheim Losada		Board Member	15/04/2007	10/04/2011	Voting Rights in Shareholders' Assembly
Mrs.Alicia Velarde Valiente		Board Member	06/04/2008	06/04/2008	Voting Rights in Shareholders' Assembly
<b>Total of Board Members</b>					<b>15</b>

**Indicate the Board of Directors whose services were terminated during the period being reported:**

Personal or corporate name of board member	Condition of member at the time of termination	Termination Date
Mr.Daniel Villalba Vilá	Independent member	25/07/2011

**B.1.3 Complete the following tables on the different types of members of the board:**

■ Executive directors

Personal or corporate name of director	Committee that proposed the appointment	Position within the company structure
Mr.Felipe Benjumea Llorente	Appointments and Remuneration Committee	Executive-Chairman
Aplicaciones Digitales, S.L.	Appointments and Remuneration Committee	Executive Deputy Chairman
Mr.Manuel Sánchez Ortega	Appointments and Remuneration Committee	CEO

**Total number of Board members** **3**

**Total % of Board** **20%**

■ Independent External Directors

Personal or corporate name of board member	Committee that proposed the appointment	Personal or corporate name of significant shareholder they represent or which proposed their appointment
Mr.Fernando Solís Martínez-Campos.	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr Ignacio Solís Guardiola.	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr.Javier Benjumea Llorente	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr.José Joaquín Abaurre Llorente	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr.José Luis Aya Abaurre	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mrs.M <sup>a</sup> . Teresa Benjumea Llorente	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr.Carlos Sundheim Losada	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.

**Total number of proprietary directors** **7**

**% of total Board of Directors** **46.667**

■ Independent external directors

**Personal or corporate name of director** Mrs. Alicia Velarde Valiente

**Profile** Independent

Mrs. Alicia Velarde was born in Madrid on October 28, 1964 and studied at ICE Pablo VI from where she graduated Magna Cum Laude. She earned a Law Degree from San Pablo University Studies Centre (Universidad Complutense) obtaining 21 distinctions (A+), 3 As and 1 A-. In 1990 she passed the Notary exams and became a Notary Public. During the 1994-1995 academic years she taught Civil Law at Universidad Francisco de Vitoria, where she remained until 1999. She is still connected with this University where from 1999 to the present, she teaches Master Lectures in the Masters in Canon Law, under the Directorship of Mr. José M<sup>a</sup> Iglesias Altuna.

**Personal or corporate name of director** Prof. Carlos Sebastián Gascón

**Profile** Independent

Prof. Gascón (born in Madrid in 1944) studied at the universities of Madrid, Essex (UK) and the London School of Economics. He has been professor of Introduction to Economic Analysis at Madrid's Universidad Complutense since 1984. Outside his academic life, he has served as Director General for Planning attached to the Spanish Ministry of the Economy, director of the Fundación de Estudios de Economía Aplicada (FEDEA) and consultant and director of various private companies. He currently sits on the boards of Abengoa, S.A., Abengoa Bioenergía, S.A. and Gesif, S.A. He is likewise a member of the Boards of Trustees of Fundación Real Madrid and

of the Scientific Committee of Fundación de Estudios Financieros. He has written many articles and papers on macroeconomics, the workplace, economic growth and the institutional economy and is also a regular columnist for the Cinco Días economic newspaper.

**Personal or corporate name of board member** Mr. Ricardo Martínez Rico

**Profile** Independent

Mr. Ricardo Martínez Rico holds a Degree in Business, with extraordinary merit, Commercial Expert and State Economist, on leave of absence, and founding member and executive chairperson of the Equipo Económico, S.L. Among other posts previously held, he managed the Spanish Business and Economic office in Washington and served as State Secretary for Budgets and Expenses in 2003/2004.

**Personal or corporate name of director** Prof. Mercedes Gracia Díez

**Profile** Independent

Professor of Econometrics at Madrid's Universidad Complutense and at Centro Universitario de Estudios Financieros. She has had her scientific work published in the Journal of Business and Economic Statistics, Review of Labour Economics and Industrial Relations, Applied Economics and the Journal of Systems and Information Technology. Director of Balance Sheet Management at Caja Madrid (1996-1999). Head of the Economics and Law Division of the National Agency for Evaluation and Forecasting (Agencia Nacional de Evaluación y Prospectiva) (1993-1996).

**Personal or corporate name of director** Prof. José Borrell Fontelles

**Profile** Independent

Mr Borrell Fontelles (born 24/04/1947) is professor of Introduction to Economic Analysis at Madrid's Universidad Complutense and is to be the next Chairman of the European University Institute in Florence. He studied aeronautic engineering at the Universidad Politécnica in Madrid, and also holds a doctorate in Economic Sciences, a master's degree in Operations Research from Stanford and a further master's from Paris' Institut Français du Pétrole. He worked as an engineer at Compañía Española de Petróleos (1972-1981) and, between 1982 and 1996, he served successively as Secretary General for Budget, Secretary of State for Finance and Minister for Public Works, Telecommunications, Transport and the Environment. He was Chairperson of the European Parliament over the first half of the 2004-2009 legislative term and Chairperson of the Development Assistance Committee over the second.

<b>Total number of independent directors</b>	<b>5</b>
<b>% of total Board of Directors</b>	<b>33.3%</b>

■ Other external directors

None.

**Explain the reasons for why these cannot be considered independent or proprietary directors and detail their connections with the company, its executives or its shareholders.**

Not applicable.

**Detail any changes in the classification of directors that may have taken place over the year:**

Not applicable.

**B.1.4 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders whose stake amounts to less than 5% of the share capital.**

**Detail any failure to address formal requests for board representation made by shareholders whose stake equals or exceeds that of others at whose request proprietary directors have been appointed. If so, explain why the request was not entertained.**

Not.

**B.1.5 Indicate whether any director has left their post before the end of their term of office, whether they explained their reasons to the Board and by which means and, if this was served in writing to the entire Board, explain the reasons given as a bare minimum:**

On July 25, 2011, Mr. Daniel Villalba Vilá resigned as board member and the resignation was accepted by the Board of Directors of Abengoa on the same date (he also resigned as head of the Appointments and Remunerations Committee and as member of the Audit Committee) due to the increase of other professional occupations.

**B.1.6 Indicate, if applicable, the powers vested in any Chief Executive Officers:**

All CEO-related faculties are vested in Mr. Manuel Sánchez Ortega and Mr. Felipe Benjumea Llorente. A General Power of Attorney has been conferred upon Mr. José Terceiro.

**B.1.7 Identify, where applicable, any Board members who hold administrative or executive posts in other companies that belong to the same business group as the listed company subject to this report:**

Personal or corporate name of board member	Corporate name of entity of group	Position
Prof. José B. Terceiro	Bioetanol Galicia, S.A	Chairman
Mr. Ricardo Martínez Rico	Abengoa Bioenergía, S.A.	Board Member

**B.1.8 Provide details, where applicable, of any company Board members who also sit on the boards of other entities that do not belong to the same business group and are listed on official securities markets in Spain, insofar as these are known by the company.**

**B.1.9 Indicate whether the company has established rules on the number of Boards on which its own Board members may sit. If so, provide details:**

No.

**B.1.10 In relation to recommendation 8 of the Unified Code, indicate the company's general strategies and policies that must be approved by plenary session of the Board of Directors:**

Investment and financing policy  
Yes.

Definition of the structure of the business group  
Yes.

Corporate governance policy  
Yes.

Corporate social responsibility policy  
Yes.

Strategic or Business Plan, and budget and management targets  
Yes.

Remuneration and performance assessment policy for senior executives  
Yes.

Risk control and management policy; and the frequent monitoring of internal information and control systems  
Yes.

Dividends and treasury stock policy and, in particular, limits thereto  
Yes.

**B.1.11 Complete the following tables on the aggregate remuneration of Board members accrued over the financial year:**

**a) For the company covered by this report:**

Type of remuneration	Figures in thousands of Euros
Fixed remuneration	1.172
Variable remuneration	9.632
Allowances	2.204
Benefits as per Bylaws	-
Share options and/or other financial instruments	-
Others	177
<b>Total</b>	<b>13.185</b>

Other benefits	Figures in thousands of Euros
Advance payments	-
Loans granted	-
Pension funds and plans: Contributions	-
Pension funds and plans: Acquired obligations	-
Life insurance premiums	-
Guarantees created by the company in favour of Board members	-

**b) Remuneration payable to members of the company's Board of Directors due to positions held on other Boards of Directors and/or within the senior management of other group companies:**

Type of remuneration	Figures in thousands of Euros
Fixed remuneration	52
Variable remuneration	-
Allowances	-
Benefits as per Bylaws	-
Share options and/or other financial instruments	-
Others	-
<b>Total</b>	<b>52</b>

Other benefits	Figures in thousands of Euros
Advance payments	-
Loans granted	-
Pension funds and plans: Contributions	-
Pension funds and plans: Acquired obligations	-
Life insurance premiums	-
Guarantees created by the company in favour of Board members	-

**c) Total remuneration by type of director:**

Type of director	For the company	For the group
Executive	11.170	-
External, proprietary	875	24
External independent	1.140	28
Other external	-	-
Total:	13.185	52

**d) Profit attributed to the parent company:**

<b>Total remuneration to directors (in thousand Euros)</b>	<b>13.237</b>
<b>Total remuneration to directors/profit attributed to the parent company (expressed as %)</b>	<b>5,14%</b>

**B.1.12 Identity any members of the senior management that are not in turn executive directors, and indicate the total remuneration payable thereto during the financial year:**

Personal or corporate name:	Position
Mr. Javier Salgado Leirado	Director of the Bioenergy Business Group
Mr. Javier Molina Montes	Director of the Environment Business Group
Mr. Alfonso González Domínguez	Director of Ind. Engineering and Construction Business Group
Mr. Santiago Seage Medela	Director of Solar Business Group
Mr. Miguel Angel Jiménez-Velasco Mazario	General Secretary
Mr. Jose Fernando Cerro Redondo	Vice General Secretary
Mr. José Marcos Romero	Director of Appointments and Remuneration
Mr. Jose Dominguez Abascal	Technical General Secretary
Mr. Álvaro Polo Guerrero	Director of Human Resources
Mr. Luis Fernandez Mateo	Director of Organization, Quality and Budgets
Mr. Vicente Jorro de Inza	Financial Director
Mr. Juan Carlos Jiménez Lora	Director de Planning and Control
Mr. Luis Enrique Pizarro Maqueda	Internal Audit Director
Mr. Enrique Borrajo Lovera	Director of Consolidation
Mrs. Barbara Sofia Zubiria Furest	Director of Reporting and Head of Investor Relations
Mr. German Bejarano García	Director of International Institutional Relations
Mr. Fernando Martínez Salcedo	General Secretary of Sustainability

**Total remuneration paid to the senior management (in thousand Euros): 7.822**

**B.1.13 Identify, on an aggregate basis, whether members of the company's or group's senior management team, including executive directors, are afforded guarantees or golden parachute clauses in the event of dismissal or changes of control. Indicate whether these contracts must be communicated to, and/or approved by the governing bodies of the company or its group:**

There are no contracts or lists of the indicated. Whatever the case may be it is the competence of the Board of Directors upon the proposal of the Appointment and Remunerations Committee, which, as already indicated, has not yet been exercised.

**B.1.14 Describe the process for establishing the remuneration of Board members and the relevant provisions of the Bylaws.**

**Process for establishing the remuneration of Board members and relevant Bylaws**

Established by the Appointments and Remuneration Committee, Art. 39 of the Bylaws, Remuneration Policy Report for company directors presented to the General Shareholders' Meeting.

**Indicate whether the following decisions must be approved by plenary session of the Board:**

Following a proposal from the company's chief executive, the appointment and removal of senior executives, including their compensation clauses  
Yes.

The remuneration of Board members and, in the case of executive ones, the additional remuneration for their executive functions and other conditions set forth in their contracts.  
Yes.

**B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and explain the matters covered therein:**

Amount of fixed remuneration items, including a breakdown, where applicable, of allowances for participation on the Board and its committees and an estimation of the annual fixed remuneration to which they give rise  
Yes.

Variable remuneration items.  
Yes.

Main characteristics of the benefits system, with an estimation of their annual amount or equivalent cost.  
Yes.

Conditions that must be contained within the contracts of those who perform senior management functions as executive directors.  
Yes.

**B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate item on the agenda. If so, explain aspects of the report concerning the remuneration policy as approved by the Board for forthcoming years, the most significant departures in such policies compared to that applied during the financial year in question and an overall summary of how the remuneration policy was applied over the financial year in question. Outline the role played by the Remuneration Committee and, if external consultancy was sought, the identity of the external consultants that provided it.**

Yes.

The 2011 financial year Appointments and Remunerations Committee issued reports on: The follow-up and evolution of remunerations of the members of the Board of Directors and the company's top management.

The proposal of remunerations for the members of the Board of Directors and the company's top management.

The preparation of the relevant information to be included in the financial statement.

The proposal to the Board of Directors for the co-optation appointment of board member Mr. Manuel Sanchez Ortega, following the resignation of Mr. Miguel Martín Fernández

The proposal to the Board of Directors to be submitted to the next Shareholders' General Assembly, to ratify the previous appointment of Mr. Manuel Sánchez Ortega as CEO, by co-optation.

The proposal to the Board of Directors for the approval of the annual report on the Policy of Remuneration of Administrators.

03

Annual Corporate Governance Report

The report verifying adherence to the conditions entailed in the appointment of board members and their characteristics and type.

The proposal to the Board of Directors reporting on the remuneration of the members of the board of directors and the chief executive.

Reports on salary comparison and market researches by independent experts.

**Issues covered in the remuneration policy report**

Amount of fixed remuneration and variable remuneration items.

**Role played by the Remuneration Committee**

Preparation of the proposal to the Board, stating grounds.

**Did the company seek external consultancy?**

Yes.

**Identity of external consultants**

Three independent external consultancy firms.

**B.1.17 Indicate, if applicable, the identity of Board members who are also members of the Board of Directors, executives or employees of companies and at the same time hold significant shareholdings in the listed company and/or in entities belonging to its business group:**

Personal or corporate name of director	Corporate name of the significant shareholder	Position
Mr. Felipe Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Chairman and joint and several delations powers
Mr. Fernando Solís Martínez -Campos	Inversión Corporativa, I.C, S.A.	Member
Mr. Ignacio Solís Guardiola	Inversión Corporativa, I.C, S.A.	Member
Mr. Javier Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Member
Mr. José Joaquín Abaurre Llorente	Inversión Corporativa, I.C, S.A.	Member
Mr. José Luis Aya Abaurre	Inversión Corporativa, I.C, S.A.	Vice-chairman with joint and several delegation powers

**Provide details, where applicable, of any relevant relations other than those contemplated in the previous section, between members of the Board of Directors and significant shareholders and/or group entities:**

**Personal or corporate name of the Board member**

Mr. Benjumea Llorente

**Personal or corporate name of significant shareholder**

Finarpisa, S.A.

**Description of the relationship**

Chairman of the Board

**B.1.18 Indicate whether any amendments were made to the Regulations of the Board of Directors during the financial year:**

In the Board of Directors' meeting held on 24th October 2011, amongst other things, a decision was taken with regards to the agreement on the partial modification of Articles 27 and 28 of the Board of Directors of Abengoa S.A. A specific entry was made on the minimum number of members that may make up the Appointments and Remunerations Committee, as well as that of the Audit Committee:

Article 27: "[...] The Audit Committee shall consist of a minimum of three board members with mandates of four years maximum. Two of them shall be non-executive board members, thus ensuring a non-executive majority as envisaged in the aforementioned Law [...]"

Article 28: "[...] The Appointments and Remunerations Committee shall consist of a minimum of three board members with mandates of four years maximum. Two of them shall be non-executive board members, thus ensuring a non-executive majority [...]"

Said modification was entered in the Seville Company Registry and the CNMV was informed thereof.

**B.1.19 Indicate the procedures for the appointment, reappointment, appraisal and removal of Board members. Provide details of the competent bodies, the processes to be followed and the criteria employed in each of the procedures.**

The Appointments and Remuneration Committee is the competent body in all cases and provides the Board of Directors with its duly substantiated proposal, applying the criteria of independence and professionalism as established in the regulations governing the Board and the Committee itself.

The performance of board members and of the executive board members is evaluated on the proposal of the Appointments Commission through a reasoned report filed to the Board during its first meeting of the following quarter, after the closing of the previous exercise and upon obtaining or at least knowing the estimate of the accounts closure for the exercise and receiving the report from the auditor, which are essential as evaluation criteria.

The Audit Committee and the Appointment and Remunerations Committee were formed on December 2, 2002 and on February 24, 2003, respectively. On the same date, the Board of Directors prepared a proposal to modify the Bylaws for the purpose of incorporating the forecasts relating to the Audit Committee, the proposal of the Regulations on the development of Shareholders Assemblies, the partial modifications to the Regulations of the Board of Directors and, finally, the Regulations on the internal system of the Audit Committee and of the Appointment and Remunerations Committee, approved by the General Meeting on June 29, 2003.

In February 2004 the composition of both commissions was modified for the purpose of permitting independent board members from outside the Company to become members of those commissions. Consequently, the Audit Committee and the Appointment and Remunerations Committee were now made up of board members, all of whom were non-executive and most of whom were independent, in accordance with what is established in the Financial System Reforms Act. As a result, the first two independent board members were appointed by the Board of Directors since there was still, logically, no appointment committee. Said independence is also ratified on annual basis by the Appointment Commission. Upon its forming, the proposal for the appointment of board members became part of its competence, and since then the aforementioned commission has been the one making the proposals to the Board of Directors.

**B.1.20 Indicate the cases in which Board members are obliged to resign.**

Directors are removed from office when the term for which they were appointed comes to an end, and similarly in all other cases when removal or resignation is required pursuant to applicable law, the Bylaws or these Regulations.

Directors must offer to resign and, if the Board of Directors considers it appropriate, tender their resignation in the following cases:

- a) In any of the cases of incompatibility or prohibition prescribed by law.
- b) When they are severely punished by a public authority for having violated their obligations as board members.
- c) When asked to do so by the Board itself for having violated their obligations as board members.

Thus, Article 13 (Board Member Dismissal) of the Board of Directors Regulations establishes that:

1. Board members shall be dismissed from their posts after the period for which they were appointed and under all the other assumptions pursuant to the Law, the Bylaws and this Regulation.
2. Board members are bound to place their posts at the disposal of the Board of Directors and to sign, should the Board deem it convenient, the relevant resignation in the following cases:
  - a) If they are involved in any of the legally envisaged assumptions of prohibition, incompatibility or conflicts of interest;
  - b) If they are severely punished by any public authority for infringing upon their obligations as board members;
  - c) Should the board itself request it so for having infringed upon their obligations as board members;
3. Once the period ends or is terminated, for any other reason, said board member, in the performance of its duty, may not render any services to any other competing entity for a period of two years, except if the Board of Directors frees him/her from this obligation or shortens its duration

**B.1.21 Explain whether the function of chief executive of the company falls upon the Chairman of the Board of Directors. If so, indicate the measures that have been taken to limit the risks associated with powers being concentrated in one sole person:**

#### **Measures to limit risks**

In accordance with that set forth in article 44 bis of the company's Bylaws, the Board of Directors set up the Audit Committee and the Appointments and Remuneration Committee on December 2, 2002 and February 24, 2003, respectively.

These committees are vested with the necessary non-delegable powers stemming from the responsibilities assigned to them by law, the Bylaws and their respective internal regulations. They have been set up to control and oversee those matters that fall within their remit.

Both are presided over by an independent, non-executive director, and likewise comprise a majority of independent and non-executive directors.

On December 10, 2007, the Board of Directors decided to appoint Mr. José B. Terceiro Lomba (representing Aplicaciones Digitales SL), coordinating board member, as Executive Deputy Chairman of the Board of Directors, with the consent of all the other board members and especially the independent members.

On October 25, 2010, the Board of Directors also decided to appoint Mr. Manuel Sánchez Ortega as CEO sharing his executive duties with Mr. Felipe Benjumea Llorente. The existence of three executive board members, as stated above, within a wide majority

of independent or external board members results in the working control of the decisions of the top executive, ensuring that sound decisions are taken and allowing better performance of the company's corporate governance.

**Indicate and, where applicable, explain whether rules have been established that empower one of the independent Board members to request that a meeting of the Board be convened, or that new items be added to the agenda, the aim being to coordinate and echo the concerns of the external directors and oversee evaluation by the Board of Directors.**

#### Explanation of the rules

The Board of Directors is currently composed of fifteen members. The Regulations of the Board of Directors govern its composition, functions and internal organization. In addition, there is an Internal Code of Conduct in Stock Markets, the scope of which extends to members of the Board of Directors, senior management and all those employees who, on account of their posts or assigned duties, may be affected by its content. The Regulations of the General Shareholders' Meeting govern the formal and internal aspects of such meetings. Lastly, the Board of Directors is assisted by the Audit Committee and the Appointments and Remuneration Committee, which both have their own Internal Regulations. All these regulations, brought together in a consolidated text of the Internal Corporate Governance Regulations, are available at the company's website, [www.abengoa.com](http://www.abengoa.com). Since its inception, the Appointments and Remuneration Committee has been analyzing the structure of the company's governing bodies and has been working to adapt it to incorporate corporate governance recommendations, paying particular attention to the historic and special configuration of these bodies within Abengoa. In accordance with this analysis, in February 2007 the Committee recommended the creation of the post of coordinating director, coupled with the elimination of the Advisory Committee to the Board of Directors. The first measure was in order to incorporate the most recent corporate governance recommendations, as created in Spain in 2006, whereas the second was proposed because the Committee considered that the Advisory Committee had already fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could lead to conflicts of power. Both proposals were approved at a meeting of the Board of Directors held in February 2007 and at the General Shareholders' Meeting held on April 15 of the same year, and José B. Terceiro was appointed (on behalf of Aplicaciones Digitales, S.L.) as coordinating board member, in his capacity as independent member. On a final note, in October 2007 the Committee proposed to the Board that it accept the resignation of Mr. Javier Benjumea Llorente from his position as Vice-Chairman, with the consequent revocation of his delegated powers, and likewise accept the appointment of a new natural person to represent Abengoa and the Focus-Abengoa Foundation in those entities or companies in which they have an appointed position.

The Committee then considered it advisable to recommence its study on the number and characteristics of the Vice-Chairman of the Board of Directors within the current structure of governing bodies.

As a result of this, the Committee thought it necessary for the Executive Deputy Chairman of Abengoa to have the powers conferred by the Spanish Corporations Act (Ley de Sociedades Anónimas) with regard to the organic representation of the company on the one hand, and, on the other, as a counterweight to the functions of the Chairman within the Board of Directors. On this basis, it considered that a coordinating director – with the functions assigned to that position by the resolutions of the Board of Directors (February 2007) and the General Shareholders' Meeting (April 2007) – would be the ideal figure, given the corporate governance recommendations and the structure of the company, as well as the composition and diversity of its directors. The coordinating director has already been entrusted with the task of coordinating the concerns and motivations of the other Board members, and as such has the power to request that a Board meeting be convened and that new items be included on the agenda. In its role as the visible head of Board members' interests, it has, more

de facto than de jure, a certain representative nature on the Board, and it therefore seemed appropriate to confirm and expand this representation by making the post both institutional and organic. For the reasons outlined above, the Committee proposed Aplicaciones Digitales, S.L. (Aplidig, represented by Mr José B. Terceiro Lomba), the current coordinating director, as the new executive deputy chairman to the Board of Directors. In addition, and within the functions of organic representation, the current executive deputy chairman, jointly with the chairman of the Board, was put forward as the physical representative of Abengoa in its capacity as the chair of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

In view of the above, on December 10, 2007, the Board of Directors agreed to appoint Aplicaciones Digitales, S.L. (represented by Mr José B. Terceiro Lomba), the current coordinating director, as executive deputy chairman of the Board of Directors, with the unanimous consent of the independent directors for the company to continue acting as coordinating director in spite of its new appointment as executive deputy chairman. In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the vice-chairman, jointly with the chairman of the Board of Directors, has been put forward as the physical representative of Abengoa, in its capacity as the chair of the Board of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

**B.1.22 Are reinforced majorities (different from legal majorities) required for any type of resolution?**

No.

**Indicate how the resolutions of the Board of Directors are adopted, stating, at least, the minimum quorum and the types of majorities required to adopt the resolutions:**

**Description of the resolution:**

All, save ones for which legally reinforced majorities are required.

Quorum	%
Half plus one	50.01

Type of majority	%
Simple	50.01

**Description of the resolution:**

**Delegation of powers**

Quorum	%
Half plus one	50.01

Type of majority	%
Two thirds	66.66

**B.1.23 Explain whether there are specific requirements, different from those relating to Board members, in order to be appointed Chairman.**

No.

**B.1.24 Indicate whether the Chairman has a casting vote:**

Yes.

**Matters on which there is a casting vote: In the event of a tie**

**B.1.25 Indicate whether the Bylaws or the Board Regulations establish any limit on the age of directors:**

Maximum age of Chairman	Maximum age of the Chief Executive	Maximum age for Board members
0	0	0

**B.1.26 Indicate whether the Bylaws or the Regulations of the Board of Directors establish a limited term of office for independent directors:**

No.

**Maximum term of office: None**

**B.1.27 If there are few or no female directors, explain the reasons and the initiatives adopted in order to remedy the situation.**

**Explanation of the reasons and the initiatives**

As at December 31, 2011, there were 3 females in a total of 15 board members (20%)

The internal policy of the company, mainly reflected in the Code of Conduct and in the procedure for selecting and hiring workers, excludes all discriminatory measures, actions or omissions

**In particular, indicate whether the Appointments and Remuneration Committee has established procedures to ensure that selection processes do not suffer from implicit biases that hamper the selection of female Board members, and whether female candidates who meet the required profile are deliberately sought:**

**Specify the main procedures**

There are no discriminatory measures. The number of female directors increased from one in 2006 to three (25/02/2008).

Through the Abengoa Equality Framework Plan the company has defined a corporate strategy in the field of equal rights between male and female. Thus, all Abengoa companies and work centres are using this Plan as reference to develop and approve their own.

Article 1 letter a and b of the Appointments and Remunerations Committee Regulations specifically outline the quest for equal opportunities.

**B.1.28 Indicate whether there are any formal processes in place for granting proxies at Board meetings. If so, provide a brief description:**

Not applicable.

The second section of Article 10 of the Regulations of the Board of Directors establishes

the following:

“Each Board Member may confer his/her representation upon another Board Member without it limiting the number of representations that each may hold for attendance to the Board. The representation of the absent Board Members may be conferred by any written means whatsoever, including telegram, telex or telefax addressed to the Chair.”

**B.1.29 Indicate the number of Board meetings held during the financial year. Likewise indicate, where applicable, the number of times the Board met without the Chairman in attendance:**

Number of Board meetings	11 (including 1 written meeting)
Number of Board meetings without the attendance of the Chairman	0

**Indicate the number of meetings held by the different Board committees during the financial year:**

Number of meetings of the Executive or Delegate Committee	Not applicable.
Number of meetings of the Audit Committee	5
Number of meetings of the Appointments and Remuneration Committee	4
Number of meetings of the Appointments Committee	Not applicable.
Number of meetings of the Remuneration Committee	Not applicable.

**B.1.30 Indicate the number of Board meetings held during the year without the attendance of all its members. Proxies granted without specific instructions for the meeting should be treated as non-attendances:**

Number of non-attendances of directors during the year	7
% of non-attendances of the total votes cast during the year	2.6

**B.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval are previously certified:**

Yes.

**Identify, where applicable, the people who certified the company’s individual and consolidated accounts for approval by the Board:**

Name	Position
Mr. Vicente Jorro	Financial Manager
Mr. Enrique Borrajo Lovera	Director of Consolidation

**B.1.32 Explain, if applicable, the mechanisms established by the Board of Directors to prevent the prepared individual and consolidated accounts from being presented to the General Shareholders’ Meeting with qualifications in the audit report.**

The risk control system, the internal audit services and the Audit Committee have been set up to act as mechanisms of frequent and recurrent control and oversight. They identify and, where appropriate, resolve potential situations which, if not addressed, could give rise to incorrect accountancy treatment.

**B.1.33 Is the secretary to the Board also a director?**

No.

**B.1.34 Explain the procedures for the appointment and removal of the**

Secretary to the Board, indicating whether they are proposed by the Appointments Committee and approved by plenary session of the Board.

**Appointment and Removal Procedure**

Proposal from the Appointments and Remuneration Committee, stating grounds

Does the Appointments Committee communicate appointments?	Yes.
Does the Appointments Committee communicate removals?	Yes.
Does the plenary session of the Board approve appointments?	Yes.
Does the plenary session of the Board approve removals?	Yes.

**Does the Secretary to the Board have special responsibility for ensuring that the recommendations on good governance are followed?**

Yes.

**B.1.35 Indicate, if applicable, the mechanisms established by the company to preserve the independence of the auditor, of financial analysts, of investment banks and of rating agencies.**

The Audit Committee is composed of a majority of non-executive directors, thus meeting the requirements set forth in the good governance regulations and, especially, in the Spanish Financial System Reforms Act (Ley de Reforma del Sistema Financiero). Likewise, in accordance with the provisions of Article 2 of its Internal Regulations, the office of Chairman of the Committee must be held by a non-executive director.

Functions

The Audit Committee is entrusted with the following functions and responsibilities:

To report on the Annual Accounts, as well as on the quarterly and half-yearly financial statements that must be issued to the regulatory or supervisory bodies of the securities markets, with express mention of the internal control systems, verification of compliance and monitoring through internal audit and, when applicable, on the accounting criteria applied.

To inform the Board of any change in the accounting criteria and the risks either on or off the balance sheet.

To report to the General Meeting of Shareholders on matters questioned by shareholders, and which fall within its powers.

To advise the Board of Directors to propose the appointment of the external financial auditors to the General Meeting of Shareholders.

To monitor the internal audit services. The Committee will have full access to the internal audit and will report on the process of selection, appointment, renewal and cessation of the internal audit director, monitoring the director's remunerations and reporting on the department's budget.

To study the financial reporting process and the Company's internal control systems. To liaise with the external auditors in order to obtain information on any matters that could jeopardize their independence and on any other matters that may be in relation to the financial auditing process.

To summon Board members deemed appropriate to its meetings to provide any information whatsoever until the Audit Committee is satisfied.

To prepare an annual report on the activities on the Audit Committee to be included within the management report.

The same procedure applies to financial analysts, investment banks and rating agencies, including their selection under conditions of competence, confidentiality, and non-interference in other departments.

**B.1.36 Indicate whether the company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:**

No.

**In the event of disagreements with the outgoing auditor, please provide details:**

No.

**B.1.37 Indicate whether the audit firm carries out other, non-audit work for the company and/or its business group. If so, state the total fees paid for such work and the percentage this represents of the fees billed to the company and/or its business group:**

	Company	Group	Total
Fees for non-audit work (thousand Euros)	1.224	1.132	2.356
Fees for non-audit work/total amount invoiced by the audit firm (%)	57,60%	24,82%	35,23%

**B.1.38 Indicate whether the audit report of the annual accounts for the previous financial year contains reservations or qualifications. If so, detail the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.**

Not applicable.

**B.1.39 State the number of consecutive years during which the current audit firm has been auditing the annual accounts of the company and/or its business group. Likewise, indicate how many years the current audit firm has been auditing the accounts as a percentage of the total number of years over which the annual accounts have been audited:**

Number of consecutive years	Company	Group
Nº of years audited by current firm	21	21
nº of years over which the company has been audited (%)	100	100

**B.1.40 Indicate any equity holdings held by company Board members in the capital of entities engaged in the same, analogous or complementary type of business to that which constitutes the corporate purpose of either the company or its business group, insofar as these have been communicated to the company. Likewise indicate the positions or functions they exercise within such companies:**

None.

**B.1.41 Indicate whether there is a procedure whereby directors may seek**

**external consultancy.****If so, provide details:**

The secretary to the Board of Directors exercises the functions legally attributed to that position. Currently, the office of secretary and legal consultant are vested in the same person, who is responsible for ensuring that meetings are validly convened and that resolutions are validly adopted on the Board. In particular, he advises board members on the legality of the deliberations and motions put forward and on compliance with the Internal Corporate Governance Regulations. He therefore guarantees the principle of formal and material legality, which governs the actions of the Board of Directors. The Secretary's Office to the Board of Directors, as a specialized body set up to ensure the formal and material legality of the Board's conduct, has the full support of the latter to carry out its functions with complete independence of criteria and stability. It is likewise responsible for monitoring compliance with the internal regulations on corporate governance. Acting on its own initiative or upon the request of board members, it provides the necessary external consultancy to ensure the Board is kept duly informed.

The Board of Directors has access to external, legal or technical consultancy, according to its needs, which may or may not be arbitrated through the Board secretary. The second paragraph of Article 19 of the Regulations of the Board of Directors sets forth that:

"Likewise, through the chairman of the Board of Directors, the board members shall be empowered to propose to the Board of Directors, by majority, the hiring of legal, accounting, technical, financial, commercial consultants or consultants of any other nature deemed necessary in the interests of the Company for the purpose of providing assistance in the exercise of their duties in dealing with specific problems of certain magnitude and complexity linked with the exercise of such duties."

**B.1.42 Indicate whether there is a procedure whereby directors can obtain the information needed to prepare for meetings of the governing bodies sufficiently in advance:**

Yes.

**Details of the procedure:**

Remitting of documents and/or making them available at the Board headquarters in advance of Board Meetings.

Also, in compliance with the stipulations in recommendations 24 and 25 of the Unified Code of Good Governance, a handbook of internal basic rules and regulations applicable to the functions and responsibilities of the board member was created to be given to each new board member appointed, to provide vast knowledge of the company and its internal rules. Mr. Ricardo Martínez Rico received a copy of said handbook upon appointment.

**B.1.43 Indicate whether the company has established rules that oblige directors to report and, where appropriate, resign in cases wherein the image and reputation of the company may be damaged.**

Yes.

**Explain the rules**

Art. 13 of the board Regulations: Board members must offer to resign and, if the Board of Directors considers it appropriate, formalize said resignation in the following cases: When they fall within any of the grounds for incompatibility or prohibition as prescribed by the applicable law.

Section (p) of Article 14.2 of the same Regulation also establishes the obligation of the board members to inform the company of all legal and administrative or whatsoever other kinds of claims which, due to their magnitude, may severely affect the reputation of the company.

**B.1.44 Indicate whether any member of the Board of Directors has informed the company that s/he has been sentenced or formally accused of any of the offences stipulated in Article 124 of the Spanish Corporations Act (Ley de Sociedades Anónimas):**

Not applicable.

**Indicate whether the Board of Directors has analyzed the case. If so, explain the decision taken regarding whether or not the director should remain in his/her post, giving reasons.**

Not applicable.

**B.2 Committees attached to the Board of Directors**

**B.2.1. List all the committees of the Board of Directors and the members thereof:**

**a) Audit Committee**

Name	Position	Type
Prof. Carlos Sebastián Gascón	Chairman	Independent
Mr. José Joaquín Abaurre Llorente	Member	Proprietary
Mr. José B. Terceiro	Member	Executive
Prof. Mercedes Gracia Díez	Member	Independent
Mrs. Alicia Velarde Valiente	Member	Independent

**b) Appointments and Remuneration Committee**

Name	Position	Type
Prof. Mercedes Gracia Díez	Chairman	Independent
Mr. José Luis Aya Abaurre	Member	Proprietary
Prof. José B. Terceiro	Member	Executive
Mrs. Alicia Velarde Valiente	Member	Independent
Prof. Carlos Sebastián Gascón	Member	Independent

**B.2.2 Indicate whether the following functions are vested in the Audit Committee:**

**Monitoring the preparation process and the integrity of the financial information on the company and, where applicable, the group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the correct application of accounting criteria.**

Yes.

**Frequently assessing the internal control and risk management systems, so that the main risks are adequately identified, managed and made known.**

Yes.

**Ensuring the independence and efficacy of the internal audit; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving frequent information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account.**

Yes.

**Establishing and overseeing a mechanism that enables employees to communicate - confidentially and, when considered appropriate, anonymously - any possible irregularities they may observe within the company, especially those of financial and accounting.**

Yes.

**Presenting the Board of Directors with proposals for the selection, appointment, reappointment and replacement of the external auditor, as well as the conditions under which it is contracted.**

Yes.

**Regularly receiving information from the external auditor, on the audit plan and the results of its implementation, and checking that the senior management takes its recommendations into account.**

Yes.

**Ensuring the independence of the external auditor**

Yes.

**In the case of groups, helping to ensure that the group auditor also conducts the audits for individual group companies.**

Yes.

**B.2.3 Describe the rules governing the organization, function and responsibilities of each of the Committees attached to the Board of Directors.**

**1st Appointments and Remunerations Committee**

**Brief description**

The Appointments and Remunerations Committee is composed of a majority of non-executive directors, thereby fulfilling the requirements established in the Financial System Reforms Act (Ley de Reforma del Sistema Financiero). Likewise, in accordance with the provisions in Article 2 of its Internal Regulations, the position of Chairman of the Committee must be held by a non-executive board member.

Functions

The following are the duties and competencies of the Appointments and Remunerations Committee:

1. To report to the Board of Directors on appointments, re-elections, cessations and remunerations of the Board and its posts, as well as the general policy of remunerations and incentives for Board members and for the senior management.
2. To issue prior reports on all proposals that the Board of Directors have to present to the General Meeting of Shareholders on the appointment or removal of directors, even in cases of co-optation by the Board itself; to annually verify the continuous compliance with the requirements governing appointments and nature or type of directors, and to include all of this information in the Annual Report issued. The Appointments Committee shall ensure that the selection procedures for filling in vacancies do not suffer from implicit biases that may hinder the inclusion of females meeting the required profile into the potential candidates thus preventing the selection of female directors.
3. To prepare an annual report on the activities of the Appointments and Remunerations Committee, to be included in the management report.

#### Organization and function

The Appointments and Remunerations Committee will meet as often as necessary to perform its functions, but at least once every six months.

A quorum is deemed to exist when the majority of its members are present. Proxies may only be granted to non-executive directors.

The Committee shall meet on the occasions necessary to fulfil its functions and, at least, once a quarter. In 2011 it met on four occasions.

The resolutions adopted shall be valid when the majority of the members of the Committee, present or represented by proxy, vote in favour. Situations of tie shall be resolved by Chairman's vote.

### 2nd Audit Committee

#### Brief description

The Audit Committee is comprised of a majority of non-executive directors, thereby fulfilling the requirements established in the good governance regulations and, especially, in the Financial System Reforms Act. Likewise, in accordance with the provisions of Article 2 of its Internal Regulations, the office of Chairman of the Committee must be held by a non-executive director.

#### Functions

The Audit Committee is entrusted with the following functions and responsibilities:

1. To report on the Annual Accounts, as well as on the quarterly and half-yearly financial statements that must be issued to the regulatory or supervisory bodies of the securities markets, with express mention of the internal control systems, verification of compliance and monitoring through internal audit and, when applicable, on the accounting criteria applied.
2. To inform the Board of any change in the accounting criteria, and any risks either on or off the balance sheet.
3. To report to the General Meeting of Shareholders on matters questioned by shareholders, and which fall within its powers.
4. To advise the Board of Directors to propose the appointment of the external financial auditors to the General Meeting of Shareholders.

5. To monitor the internal audit services. The Committee will have full access to the internal audit and will report on the process of selection, appointment, renewal and cessation of the internal audit director, monitoring the director's remunerations and reporting on the department's budget.
6. To study the financial reporting process and the Company's internal control systems.
7. To liaise with the external auditors in order to obtain information on any matters that could jeopardize their independence and on any other matters that may be in relation to the financial auditing process.
8. To summon any Board members it deems appropriate to its meetings to issue reports until said Audit Committee is satisfied.
9. To prepare annual reports on the activities of the Audit Committee to be included in the Management Report.

#### Organization and function

The Audit Committee will meet as often as necessary to perform its functions, and at least once every quarter. In 2011 it met on five occasions.

The Audit Committee is considered validly constituted when the majority of its members are present. Proxies may only be granted to non-executive directors.

#### **B.2.4 Indicate the powers of each committee with regard to consultancy, consultation and, where applicable, delegation:**

##### 1ºAppointments and Remuneration Committee

###### Brief Description

To report to the Board of Directors on appointments, reappointments, cessations and remunerations of the Board and its posts, as well as the general policy of remunerations and incentives for Board members and for the senior management. To report, in advance, on all proposals that the Board of Directors presents to the General Shareholders' Meeting regarding the appointment or cessation of directors, even in cases of co-optation by the Board of Directors itself; to verify, on an annual basis, continuing compliance with the requirements for appointments of directors and the relevant nature or type of director. This information must be included in the annual report. The Appointments Committee will ensure that, when vacancies are filled, the selection procedures do not suffer from implicit biases that hinder the selection of female directors and that women meeting the required profile are included among the potential candidates. Likewise, to prepare an annual report on the activities of the Appointments and Remuneration Committee to be included in the Management Report.

##### 2ºAudit Committee

###### Brief Description

To report on the annual accounts, as well as the quarterly and half-yearly financial statements. To inform the Board of any change in the accountancy criteria, or any risks either on or off the balance sheet. To report at the General Shareholders' Meeting on those matters requested by shareholders that fall within its remit. To propose the appointment of the external financial auditors to the Board of Directors, for subsequent referral on to the General Shareholders' Meeting.

03

Annual Corporate Governance Report

**B.2.5 Indicate, where applicable, the existence of regulations governing the committees attached to the Board, the place where they are available for consultation and any amendments that may have been made during the financial year. Likewise indicate whether an annual report on the activities of each committee has been voluntarily prepared.**

1º Audit Committee and Appointments and Remuneration Committee

Brief description

The Regulations of the Audit Committee and the Regulations of the Appointments and Remuneration Committee are both available from the company’s website and also from the CNMV (Spanish Securities and Exchange Commission). Most recent amendment: October 24 2011. Each Committee prepares an annual report on activities, which is published as part of the Annual Report.

**B.2.6 Indicate whether the composition of the Executive Committee reflects the participation on the Board of the different categories of directors:**

Not applicable – there is no Executive Committee.

**If not, explain the composition of the executive committee**

There is no Executive Committee

**C. Related-party transactions**

C.1 Indicate whether the Board, sitting in plenary session, has reserved for itself the function of approving, following a favourable report from the Audit Committee or any other body entrusted with such task, transactions that the company performs with directors, with significant shareholders or shareholders represented on the Board, or with related parties:

Yes.

C.2 Give details of any relevant transactions involving a transfer of assets or liabilities between the company or group entities and significant shareholders in the company:

Not applicable.

C.3 Provide details of any relevant transactions involving a transfer of assets or liabilities between the company or Group entities and the company’s managers or directors:

Personal or corporate name of manager or director	Name of group company or entity	Nature of operation	Type of operation	Amount (thousand of Euros)
Barinas Gestión y Asesoría (associate company of Aplicaciones Digitales S.L.)	Bioetanol Galicia, S.A.	Economic consultancy services	Consultancy	90

C.4 Provide details of relevant transactions carried out by the company with other companies belonging to the same group, provided they are not eliminated during the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of their subject and applicable terms and conditions:

Not applicable.

C.5 Indicate whether the members of the Board of Directors have, over the course of the financial year, found themselves embroiled in any conflict of interest, in accordance with that set forth in article 127 ter. of the Spanish Corporations Act (Ley de Sociedades Anónimas).

No.

C.6 Provide details of any mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group and its Board members, executives or significant shareholders.

The Audit Committee is the body responsible for monitoring and resolving conflicts of interest. In accordance with the provisions of the Board of Directors' Regulations, Directors are obliged to inform the Board of any situation of potential conflict, in advance, and to abstain until the Committee has reached a decision.

C.7 Is more than one company listed in Spain?

No.

**Identify any subsidiaries that are listed:**

Not applicable.

**Indicate whether the respective business lines and possible business relations among such companies have been publicly and precisely defined, as well as those of the listed subsidiary with the other group companies:**

Not applicable.

**Define any business relations between the parent company and the listed subsidiary company, and between the latter and the other group companies:**

Not applicable.

**Identify the mechanisms envisaged to resolve any conflicts of interest between the listed subsidiary and the other group companies:**

**Mechanisms to resolve possible conflicts of interest**

Intra-group operations that may pose a conflict of interest and the transfer price policy are all analyzed by the Audit Committee.

**D. Risk control systems**

D.1 General description of the Risk Policy of the Company and/or its Group, detailing and evaluating the risks covered by the system, together with an explanation of why these systems are appropriate for each type of risk.

The structure of the Abengoa Risk Management is based on three significant pillars:

- The Common Management Systems, which serve to mitigate business risks
- Internal control procedures based on the SOX (Sarbanes-Oxley Act) requirements designed to mitigate risks linked with the reliability of financial information.
- Abengoa’s Universal Risks Model, a methodology that quantifies the risk in the internal control procedures in relation with the preparation of financial information . This tool is used to help us manage, identify, mitigate and monitor the risks involved in the business.

These two elements form an integrated system that allows the appropriate risk management and control at all the levels of the organization.

This is a live system that is subject to continuous modifications and improvements to keep in line with the reality of business.

There are also internal auditing services in charge of ensuring the compliance with and the good functioning of these systems.

**I) Business Risks:**

Procedures geared towards eliminating business risks are engineered and set in motion through what is referred to as “Common Management Systems” (CMS). The Common Management Systems of Abengoa develop the internal rules by which Abengoa is governed, and define the manner in which all risks are assessed and controlled. In addition to permitting the company to share its accumulated knowledge and to setting the criteria and patterns of action, said systems represent a common culture in the management of Abengoa’s business.

The CMSs serve to identify both the risks embedded in the current model as well as the activities of control put in place to mitigate such risks, thus drastically reducing any risks (business risks) inherent in the Company’s activity, at all possible levels.

The CMSs define certain specific procedures designed to cover any action that may entail a risk for the organization, whether economic or otherwise.

The Systems cover the whole organization at three levels:

- All Business Units and Areas of Activity
- All levels of responsibility
- All types of operations

Compliance with the regulations set forth in the Common Management Systems is compulsory for the whole organization, which is why all its members are bound to be familiar with them. Any exceptions to said compliance with said systems must be reported to the person in charge and must be conveniently authorized through the relevant authorization forms.

Besides, they are constantly undergoing updates that permit the incorporation of good practices to each of the fields of action. To facilitate their spreading, successive updates are immediately communicated to the organization through IT media.

**II) Risks in relation to the reliability of financial information:**

In 2004 Abengoa started a process of adjusting its internal control structure on financial information to fit the requirements set forth by Section 404 of the SOX Act. Said adjustment process ended in 2007, although it is still being implemented in the new company acquisitions which occur each year.

As a result of our commitment to transparency, in order to continue to ensure the reliability of the financial reporting prepared by the company, we have continued to reinforce our internal control structure, adapting it to the requirements established in section 404 of the United States Sarbanes-Oxley Act (SOX). For a further year, we have wished to voluntarily submit the internal control system of the whole group to an independent evaluation process conducted by external auditors under the PCAOB (Public Company Accounting Oversight Board) audit standards.

SOX is a compulsory law for all companies listed in the United States and is intended to ensure the reliability of the financial reporting of these companies and to protect the interests of their shareholders and investors by setting up an appropriate internal control system. This way, and even though none of the Business Units are under obligation to comply with the SOX Law, Abengoa believes it is best for all its companies to comply with said requirements, since said rules complete the risks control model that the company uses.

An appropriate internal control system can be put in place using three tools:

- A description of the company's relevant processes that may bear a potential impact on the financial report being prepared. So far 41 Management Processes (MPs) have been identified and grouped into Corporate Cycles and Cycles Common to the Business Groups.
- A series of flow charts that provide a visual description of the processes.
- An inventory of the control activities (460 controls, 214 of them being automatic) in each process that ensures attainment of the control objectives.

The 2011 financial year saw the introduction of the SAP GRC Process Control module. GRC Process Control provides a technological solution that allows the automation of the continuous internal control and performance monitoring model, facilitating its performance and increasing security in the company's operations.

Below are the benefits derived from the introduction of the GRC Process Control:

- Automation of the Continuous (Internal) Control Monitoring. Obtaining automatic reports and balanced scorecards on the internal control framework and regulations
- Integration of internal control into business processes.
- Level of automation of auditing for automatic controls.
- Centralization of documentation and internal control management processes. (Sole repository of information)
- Usage of standard workflows for the entire life-cycle of a control, bearing the regulation in mind, as in the case of SOX.
- Increase of the efficiency of internal control model, by reducing performance cost and increasing its effectiveness.
- Increasing confidence in the effectiveness of controls.
- Improving the performance follow-up.

### III) Universal Risks Model

Abengoa manages its risks through a model aimed at identifying the potential risks of a business. This model considers 4 important areas that are subdivided into 20 categories of risks, which proposes more than 86 potential risks of a business.

Our model envisages the following areas and categories of risks:

- Strategic risks: corporate governance, strategic and R+D+i projects, mergers, acquisitions and divestitures, planning and assignment of resources, market dynamics, communication and relation with investors
- Operational risks: human resources, information technologies, physical assets, sales, supply chain, threats or catastrophes.
- Financial risks: cash flow and credit, markets, taxation, capital structure, accounting and reporting.
- Legal risks: regulations, laws and codes of ethics and of conduct.

The 2011 financial year saw the culmination of the introduction of Archer eGRC, a technology solution that allows the automation of the process of identification, evaluation, response, monitoring and reporting of risks making up the Universal Risks Model for safeguarding all activities and sectors in which Abengoa operates.

### IV) Risks factors

The Risks Factors of Abengoa are identified in Schedule 1 of the Securities Registration Document published in the CNMV on June 30, 2011.

#### 1. Specific risks factors of issuer or of its activity sector.

##### 1.1. General risks

- Abengoa operates in a sector of activity especially linked with the economic cycle.
  - Risk derived from depending on the regulations in support of activities relating to renewable energy, bioethanol production and also research- and development-related activities.
  - Solar power generation.
  - Biofuel consumption.
  - Risks derived from the sensitivity entailed in the supply of raw materials for biofuel production and the volatility of the price of the final product.
  - Risks derived from the sensitivity entailed in the supply of raw materials for recycling activities and the volatility of the price of the final product.
  - Risks derived from delays and cost overruns in activities of Engineering and Construction due to the technical difficulties of the projects and the lengthy duration of their execution.
  - Risks linked to the activities of concession-type of Infrastructural projects operating under regulated tariffs or extremely long-term licences agreements.
  - Incomes obtained from long-term agreements: risks derived from the existence of clauses and/or renewal of licence agreements processed by Abengoa, termination of pending Engineering and Construction projects and non-renewals of biofuel distribution agreements.
- I. Concessions
  - II. Biofuel distribution agreements
  - III. Backlog of projects in the activities of Engineering and Construction.
    - The variations in the cost of energy may bear negative impact on the Company results.
    - Risks derived from the development, construction and exploitation of new projects.
    - Abengoa's activities may be negatively affected in the event that public support for such activities diminishes.

- Construction projects regarding the Engineering and Construction activities and the facilities of Concession-type Infrastructural and Industrial Production activities are dangerous places of work.
- Risks derived from joining hands with third parties for the execution of certain projects.

**1.2. Specific risks of Abengoa**

- Abengoa operates with enormous levels of indebtedness.
- Risks derived from the demand for capital intensive investments in fixed assets (CAPEX), which increases the need for external financing for the execution of pending projects.
- The renewable energy sector products and services are part of a market subject to intensive conditions of competition.
- The results of the Engineering and Construction activity depend significantly on the growth of the Company in the Concession-type Infrastructural and Industrial Production activities.
- Fluctuations in the interest rates and its coverage may affect the results of the Company.
- Fluctuations in the currency exchange rates and its coverage may affect the results of the Company.
- Country and Internationalization risks.
- Abengoa’s activities fall under multiple jurisdictions with various degrees of legal demands requiring the Company to undertake significant efforts to ensure its compliance with them.
- The activities of the Company may be negatively affected by natural catastrophes, extreme climate conditions, unexpected geological conditions or other physical kind1s of conditions, as well as by terrorist acts perpetrated in some of its locations.
- Insurance coverage underwritten by Abengoa may be insufficient to cover the risks entailed in the projects, and the costs of the insurance premiums may rise.
- Abengoa’s business may undergo deterioration if it is not able to retain its top management personnel and key employees, or attract and retain other highly qualified employees.
- Reduction of future incomes, benefits and debts from variations in the Company consolidation perimeter (Telvent GIT, S.A. and its affiliates and the Brazilian transmission lines: NTE, STE, ATE, ATE II and ATE III):
- The tax practices and the product alteration product alteration on the Brazilian fuel distributions market may distort the market prices.
- The company has a controlling shareholder.

**V) Other existing tools**

The company has a Corporate Social Responsibility master plan that involves all the areas and is implemented in the five business units, adapting the CSR strategy to the social reality of the various communities in which Abengoa is present. Corporate Social Responsibility, understood as the integration of the Expectations of interest groups into the Company’s strategy, the respect for the Law and the consistency with international standards of action, is one of the pillars of the Abengoa culture. The company informs its interest groups on the performance in the various CSR matters through a report that is based on the GRI standard for preparing sustainability reports. This report will be externally verified as part of the company’s commitment to transparency and rigour.

In 2002 Abengoa signed the United Nations World Pact, an international initiative aimed at achieving the voluntary commitment of entities regarding social responsibility, by way of implementing ten principles based on human, labour and environmental rights and on the fight against corruption. Also, in 2008, the company signed the Caring for Climate initiative, also from the United Nations. Consequently, Abengoa put in motion a system of reporting

on greenhouse gas (GHG) emissions which would permit it to register its greenhouse gas emissions, know the traceability of all its supplies and certify its products and services.

In 2009, the company developed a system of environmental sustainability indicators that would contribute to improving the management of the company's business, thus permitting the sustainability of its activities to be measured and compared, and establishing improvement objectives for the future. The combination of both initiatives has situated Abengoa at the helm of world leadership in sustainability management.

**VI) Criminal liability risks**

The enactment of Organic Law 5/2010 forced Abengoa to develop a system for risks management and internal control, and a system for verifying compliance with the legal standards to ensure that possible criminal liability risks are minimized, putting in place measures aimed at prevention, detection and investigation.

D.2. Indicate whether some of the various kinds of risks (operational, technological, financial, legal, reputational, tax-related...) that may affect the company and/or its group emerged during the financial year.

No.

**If so, indicate the circumstances that led to such risks and whether the established control system worked.**

D.3 Indicate whether there is a committee or other governing body responsible for establishing and supervising these control devices.

**If so, outline its functions.**

**Name of the committee or body**

Audits Committee.

**Description of functions**

To inform the Board of any changes in the accounting criteria and of any risks whether or not in the balance sheets.

The Audit Committee's functions include the "supervision of the internal audit service" and "obtaining information on the financial reporting process, the internal control systems and on the risks for the company".

Below are the Audit Committee's main objectives regarding the internal control over the preparation of the financial reporting:

- To determine the risks of a possible material error in the financial reporting caused by fraud or possible fraud risk factors.
- To analyze the procedures for evaluating the efficiency of internal control in relation to financial reporting.
- To obtain information on the capacity of the internal controls over the processes affecting Abengoa and its Business Groups.
- To identify the material deficiencies and weaknesses in the internal control in relation to the financial reporting and the response capacity.

- To supervise and coordinate any significant changes made over the internal controls affecting the quarterly financial reporting.
- Performance of the quarterly processes of closing the financial statements and differences identified in relation to the processes performed at the year end.
- Implementing plans and monitoring for actions taken to correct the differences identified in the audits.
- Installing measures to identify and correct possible internal control weaknesses in relation to the financial reporting.
- Analyzing the procedures, activities and controls that seek to guarantee the reliability of the financial reporting and to prevent fraud.

#### D.4 Identification and description of the processes for complying with the different regulations that affect the company and/or its group.

Abengoa applies all the provisions decreed by the CNMV, which implies that Abengoa complies with the reference indicators included in the FIICS (Financial Information Internal Control System) document from the CNMV with maximum rigour from over five years.

Since 2007, Abengoa has voluntarily submitted its Internal Control Systems to external evaluation, with the issuance of an audit opinion under PCAOB standards and a compliance audit under section 404 of the Sarbanes-Oxley Act (SOX).

##### I) External Auditing

The auditor of the individual and consolidated annual financial statements of Abengoa, S.A. is PricewaterhouseCoopers, which is also the Group's main auditor.

In the year 2011, 5 reports were issued by the external auditors and then integrated into the Annual Report:

Audit report on the Group's consolidated financial statements, as required by the Laws in vigour.

Voluntary audit report on internal audit compliance under PCAOB (Public Company Accounting Oversight Board) standards, as required under section 404 of the Sarbanes-Oxley Act (SOX).

Voluntary reasonable assurance verification report on the Corporate Governance Report, being the first Spanish listed company to obtain a report of this kind.

Voluntary reasonable assurance verification report on the Corporate Social Responsibility Report.

And voluntary verification report on the design of the Risk Management System in accordance with the ISO 31000 Standards and Specifications.

**E. General Shareholders’ Meeting**

E.1 Indicate and, where applicable, provide details of whether there are any differences between the required quorum for the General Shareholders’ Meeting and the quorum system set forth in the Spanish Corporations Act (Ley de Sociedades Anónimas, hereinafter LSA).

No.

% of quorum different from that established in art. 102 of the LSA for general matters	% of quorum different from that established in art. 103 of the LSA for special matters
n/a	n/a

E.2 Indicate and, where applicable, provide details of any differences with the system contemplated in the LSA for the adoption of corporate resolutions.

No.

**Describe how it is different from the system envisaged by the LSA.**

Not applicable.

E.3 List any rights held by shareholders in relation to the general meetings insofar as these are different to those established in the LSA.

The right to information, in accordance with applicable regulations; the right to receive the documents related to the General Shareholders’ Meeting free of charge; voting rights in proportion to their shareholding, subject to no maximum limit; rights of attendance as long as holding three hundred and seventy-five (375) class A shares or thirty-seven thousand five hundred (37,500) class B shares or a combination of both classes of shares with nominal values being equivalent to three hundred seventy-five Euros (€375); financial rights (to dividends, where applicable, and to the distribution of corporate assets); the right to be represented, to delegate votes, to pool shares and to pursue any legal causes of action to which the shareholder may be entitled.

E.4 Indicate, if applicable, any measures adopted to encourage participation by shareholders at general meetings.

The documents related to the meeting are sent to shareholders free of charge and are also published on the website at the time the meeting is convened. Votes may be delegated or cast remotely by filling out attendance cards in due time and form.

The Bylaws do not limit the maximum number of votes of a single shareholder and do not contain restrictions that make it difficult to assume control through the acquisition of company shares.

Proposed resolutions to be presented at the general meeting are published when the meeting is convened and are likewise included on the company's website and on that of the CNMV.

Items on the agenda deemed substantially independent are voted on separately at the General Shareholders' Meeting, such that shareholders can exercise their voting preferences separately, particularly in cases of appointments or ratifications of directors and amendments to the Bylaws.

The company allows for the splitting of votes so that financial intermediaries authorized to act as shareholders but who act on behalf of different clients can cast their votes in accordance with the individualized instructions of each client.

Each financial year, following notice to the Spanish Securities and Exchange Commission, presentations are offered to investors, analysts and to the general market, and then published on the Company's web page.

In compliance with article 528.2 of the Corporations Act, Abengoa approved the Regulations for the Electronic Shareholders' Forum to facilitate communication between shareholders in connection with the convening and holding of each Shareholder's General Assembly. Shareholders may send the following prior to each General Assembly:

- Proposals they wish to include as part of the agenda outlined in the General Meeting convocation.
- Requests for adherence to said proposals.
- Initiatives for acquiring the sufficient percentage for the exercise of a minority voting rights.
- Requests for voluntary representation.

E.5 Indicate whether the Chairman of the General Shareholders' Meeting coincides with the position of Chairman of the Board of Directors. Give details, where applicable, of any measures that may have been adopted in order to guarantee the independence and correct functioning of the General Meeting:

#### **Outline of the measures**

The Bylaws stipulate that the office of Chairman of the General Meeting shall be held by the Chairman or Vice-Chairman of the Board of Directors, as decided by the Board itself. In accordance with this, General Shareholders' Meetings are presided over by the Chairman of the Board of Directors.

The Regulations of the General Shareholders' Meeting, as approved at the General Meeting held on June 29, 2003, contain procedures regulating the call, function, exercise of rights and adoption of resolutions at general meetings, thereby establishing an accurate and binding framework for the staging of such meetings.

The General Shareholders' Meeting is generally attended by a notary public, who verifies fulfilment of the requirements necessary for its valid constitution and the adoption of resolutions, and who issues the corresponding minutes.

It is the responsibility of the Secretary to the Board (who, in accordance with the Bylaws and the Regulations of the General Shareholders' Meeting, acts as the secretary at the general meeting) to ensure compliance with legal requirements and those stipulated in the Bylaws

concerning the convening and staging of the meeting and the adoption of resolutions at the meeting.

E.6 Indicate, if applicable, any changes made during the financial year to the Regulations of the General Shareholders' Meeting.

No changes occurred.

E.7 Give details of attendance at general meetings held during the financial year to which this report refers.

Attendance Data					
Date of General Meeting	% of physical presence	% in representation	% of absentee voting		Total
10-04-2011	50.955%	18.396%	Electronic voting 0	Other 0	69.351%

E.8 Briefly indicate the resolutions adopted at the General Shareholders' Meetings held in the financial year to which this report refers and the percentage of votes with which each resolution was adopted.

Abengoa's Ordinary General Meeting of Shareholders was held on April 10, 2011 and in attendance was a total of 62,742,007 shares, about 69,351 % of the total equity, amounting to 476 shareholders (53 present and 423 represented) out of a total of 10,873 registered shareholders.

The decisions reached, all with the entire equity capital present and represented voting in favour, were as follows:

**First.** Presentation and adoption, as appropriate, of the annual financial statements and management report of the Company and the Consolidated Group for the 2010 financial year, and of the management and remuneration of the Board of Directors during the aforesaid period.

**Second.** Examination and approval, as the case may be, of the Proposal to Apply the 2010 Financial year Outcome.

**Approval of the following:**

1) 2010 financial year outcome distribution scheme, with dividends to be distributed from July 5, 2011 onwards:

Euros	
Profit and Loss Account Balance	111,117,766.56
Application:	
To Voluntary Reserves	93,023,830.56
To Dividend	18,093,936.00
Total	111,117,766.56

2) Mr. Felipe Benjumea Llorente, Mr. José B. Terceiro, Mr. Manuel Sánchez Ortega and the Secretary of the Board of Directors, Mr. Miguel Ángel Jiménez-Velasco Mazarío are hereby empowered such that either of them may register and deposit the Company's and the Consolidated Group's Financial Statement and Management Report at the Company Registry in accordance with the stipulations of the Law, marking them with their signatures and indicating their destination.

**Third.** Ratification, appointment and, as the case may be, re-selection of administrators

- On the proposal of the Appointments and Remunerations Committee, the following are hereby re-selected as Board Members for another period of four years, following the expiration of the mandate conferred upon them by the 2007 General Meeting of Shareholders.

Mr. Fernando Solís Martínez-Campos	Proprietary
Mr. Ignacio Solís Guardiola	Proprietary
Mrs. María Teresa Benjumea Llorente	Proprietary
Mr. Carlos Sundheim Losada	Proprietary
Aplicaciones Digitales, S.L. (represented by José B. Terceiro Lomba)	Executive

- To ratify the appointment of Manuel Sánchez Ortega as executive board member, appointed through co-optation by the Board of Directors on October 25, 2010, for a period of four years.

**Fourth.** Appointment or confirmation, as appropriate, of Auditors of the Company and the Consolidated Group for the 2011 financial year.

**Fifth.** Increase in corporate share capital by raising par value from 0.25 to 1 (one) Euro per share, charged against voluntary reserves and with reference to the following amendment to the text of Article 6 of the Articles of Incorporation.

**Sixth.** Amendment to the Articles of Incorporation for the purpose of including:

- a) amendments deriving from the capital increase by raising the par value of the shares mentioned in section Five above (Arts 6 and 21);
- b) the creation of different classes of shares to include the following: these ordinary shares shall be denominated Class A shares, with the same rights, par value of one (1) Euro and conferring one hundred (100) voting rights, and shall continue to constitute the Company's ordinary shares; Class B shares, with a par value of one cent (0.01) of a Euro conferring one (1) voting right and certain financial privileges set forth in the proposed amendment; Class C, without voting rights, par value of 1 (one) Euro and with the privileges and preferences set forth in the proposed amendment to the Articles of Incorporation (articles 6 and 8) .
- c) the amendments required to harmonize the Articles of Incorporation with the new share classes mentioned in subsection b) of section Six (articles 6 and 8);
- d) minor amendments updating legal references in the Articles of Incorporation in accordance with the Consolidated Text of the Capital Companies Act (articles 7, 15, 21, 22, 31, 33, 34, 37, 38, 50 and 53).

**Seventh.** A special report on Directorship Remuneration Policy for consultative deliberation by the Annual General Meeting. Report relating to aspects of the provisions of Article 116 bis of the Security Market Act.

**Eight.** Authorization of the Board of Directors to increase corporate capital under the provisions of article 297.1.b) to the full extent allowed by law, with express delegation of the power of exclusion of the right of preference in compliance with article 506 of the Capital Companies Act, rescinding and rendering null and void the amounts pending as a result of previous delegations conferred by the General Meeting.

**Ninth.** Authorization of the Board of Directors to issue debentures and other similar securities of fixed or variable income, ordinary or guaranteed, convertible to shares or not, with express delegation of the power of exclusion of the right of preference in compliance with article 511 of the Capital Companies Act, directly or through group companies in accordance with currently applicable legislation and rendering null and void the amounts pending as a result of previous delegations conferred by the General Meeting.

**Tenth.** Authorization of the Board of Directors for derivative acquisition of own equity, directly or through group companies in accordance with currently applicable legislation and rendering null and void the amounts pending as a result of previous delegations conferred with the same purpose by the General Meeting.

**Eleventh.** Delegation to the Board of Directors of the power to interpret, rectify, execute, legalize and register the agreements adopted.

**Twelfth.** Approval of the minutes by any procedure in accordance with the law.

E.9 Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares required to attend the General Shareholders' Meeting.

375

E. 10 Indicate and explain the policies followed by the company with regard to the granting of proxies at General Shareholders' Meetings.

There are no specific policies, to the extent that there is no restriction on the exercise of the right to vote.

The only requirement is that the proxy be granted to another shareholder.

E.11 Indicate whether the company is aware of the policy of institutional investors regarding their participation in the company's decision-making process.

No.

E.12 Indicate the address and means of accessing corporate governance content on the company's website.

The Webpage of the Company, at [www.abengoa.com](http://www.abengoa.com), is regularly updated in both Spanish and English.

Said Webpage contains all the decisions taken at the last General Meeting meeting held on April 11, 2010. It also includes the complete call, the agenda and the decisions proposed for the Assembly to approve.

For convening subsequent assemblies, the Company will continue to update the available information to enable shareholders to exercise the right to information, and with it that to vote, under equal conditions.

Finally, with the established techniques and regulations determined, and with the safeguard of the legal security required, the rights to vote or to delegate via the Internet shall be guaranteed.

Pursuant to the Corporations Act, with regards to the meeting, a shareholders' electronic forum was created and made accessible to all the shareholders.

F. Degree to which corporate governance recommendations are followed

Indicate the degree to which the company follows the recommendations of the Unified Good Governance Code. If any of them are not complied with, explain the recommendations, regulations, practices or criteria that the company applies.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23, E.1 and E.2

Compliant

2. When a parent and a subsidiary company are listed on the stock market, the two shall provide detailed disclosures on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Compliant

3. Even when not expressly required under Commercial Law, any decisions involving a fundamental corporate change should be submitted to the general shareholders' meeting for approval or ratification, especially the following:

- a) The transformation of listed companies into holding companies through the process of subsidiarization, i.e. reallocating core activities previously carried out by the originating firm to subsidiaries, even though the former retains full control of the latter;
- b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively add up to the company's liquidation.

Partially compliant

The company has not incorporated this regulation, on a non-mandatory basis, to its internal rules (Social Bylaws), which does not prevent compliance in practice with said Recommendation.

4. Detailed proposals of the resolutions to be adopted at the general shareholders' meeting, including the information stated in recommendation 28, should be made available at the same time as the publication of the meeting notice.

Compliant

5. Separate votes should be taken at the general shareholders' meeting on materially separate items, so shareholders can express their preferences in each case, in order for the shareholders to exercise their voting preferences separately. And that said rule is applied, particularly:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) Amendments to the bylaws, with votes taken on all Articles or groups of Articles that are materially different.

See section: E.8

Compliant

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

**See section: E.4**

Compliant

7. The board of directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

- a) The company's general policies and strategies, and in particular:
  - i) The strategic or business plan, management targets and annual budgets;
  - ii) Investment and financing policy;
  - iii) Design of the structure of the corporate group;
  - iv) Corporate governance policy;
  - v) Corporate social responsibility policy;
  - vi) Remuneration and evaluation of senior officers;
  - vii) Risk control and management, and the frequent monitoring of internal information and control systems.
  - viii) Dividend policy, as well as the policy and limits applying to treasury stock.

**See sections: B.1.10., B.1.13., B.1.14 and D.3**

- b) The following decisions:
  - i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

**See section: B.1.14**

- ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

**See section: B.1.14**

- iii) The financial information that all listed companies must periodically disclose.
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the general shareholders' meeting;
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

- 1st. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
- 2nd. They go through at market rates, generally set by the person supplying the goods or services;
- 3rd. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions only be approved on the basis of a favourable report from the audit committee or some other committee handling the same function; and that the directors involved neither exercise nor delegate their votes, and withdraw from the meeting room while the board deliberates and votes.

Ideally the abovementioned powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the executive committee in urgent cases and later ratified by the full board.

**See sections: C.1 and C.6**

Compliant

9. In the interests of maximum effectiveness and participation, the board of directors should ideally comprise no fewer than five and no more than fifteen members.

**See section: B.1.1**

Compliant

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

**See sections: A.2., A.3., B.1.3 and B.1.14**

Compliant

11. In the event that some external director is deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

**See section: B.1.3**

Not applicable

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large capital companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the board but not otherwise related.

**See sections: B.1.3, A.2 and A.3**

Compliant

13. The number of independent directors should represent at least one third of all board members.

**See section: B.1.3**

Compliant

14. The condition of each director should be explained to the shareholders at general meeting of shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's annual corporate governance report, after verification by the Appointments Committee. Said report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

**See sections: B.1.3 and B.1.4**

Compliant

15. When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

**See sections: B.1.2, B.1.27 and B.2.3**

Compliant

16. The chairman, as the person responsible for the proper operation of the board, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

**See section: B.1.42**

Compliant

17. When a company's chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.

**See section: B.1.21**

Explanation

The Board of Directors currently comprises of fifteen members. The Regulations of the Board of Directors govern the composition, functions and internal organization of the governing body. Furthermore, the company has an Internal Code of Conduct in Stock Markets applicable to board members, the senior management and any other employees who may be affected by the terms thereof on account of their post or assigned duties. The Regulations of the General Shareholders' Meeting govern the formal aspects and internal system for staging shareholders' meetings. Lastly, the Board of Directors is assisted by its Audit Committee and the Appointments and Remuneration Committee, which both have their own respective Internal Regulations. All these rules and regulations are brought together in a consolidated text of the company's Internal Good Governance Codes, which is available from the company's website, [www.abengoa.com](http://www.abengoa.com). Since its inception, the Appointments and Remuneration Committee has been analyzing the structure of the company's governing body and has been working towards adapting it to assimilate

corporate governance recommendations, paying particular attention to the historic and special configuration of these bodies within Abengoa. In accordance with this analysis, in February 2007 the Committee recommended the creation of the post of coordinating director, coupled with the elimination of the Advisory Committee to the Board of Directors. The first measure was in order to incorporate the most recent corporate governance recommendations, as created in Spain in 2006, whereas the second was proposed because the Committee considered that the Advisory Committee had already fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could lead to conflicts of power. Both proposals were approved at a meeting of the Board of Directors held in February 2007 and at the General Shareholders' Meeting held on April 15 of the same year appointing Mr. José B. Terceiro in representation of Aplicaciones Digitales S.L., as coordinating director, acting as independent, up to date.

On a final note, in October 2007 the Committee proposed to the Board that it accept the resignation of Mr. Javier Benjumea Llórente from his position as Vice-Chairman, with the consequent revocation of his delegated powers, and likewise accept the appointment of a new natural person to represent Abengoa and the Focus-Abengoa Foundation in those entities or companies in which they have an appointed position.

The Committee then considered it advisable to recommence its study on the number and characteristics of the Vice-Chairman of the Board of Directors within the current structure of governing bodies.

As a result of this, the Committee thought it necessary for the Vice-Chairman of Abengoa to have the powers conferred by the Spanish Corporations Act (Ley de Sociedades Anónimas) with regard to the organic representation of the company on the one hand, and, on the other, as a counterweight to the functions of the Chairman within the Board of Directors. On this basis, it considered that the coordinating director – with the functions assigned to that position by the resolutions of the Board of Directors (February 2007) and the General Shareholders' Meeting (April 2007) – was the ideal figure, given the corporate governance recommendations and the structure of the company, as well as the composition and diversity of its directors. The coordinating director has already been entrusted with the task of coordinating the concerns and motivations of the other Board members, and as such has the power to request that a Board meeting be convened and that new items be included on the agenda. In its role as the visible head of Board members' interests, it has, more de facto than de jure, a certain representative nature on the Board, and it therefore seemed appropriate to confirm and expand this representation by making the post both institutional and organic.

In view of the above, on December 10, 2007, the Board of Directors agreed to appoint Aplicaciones Digitales, S.L. (represented by Mr José B. Terceiro Lomba), the current coordinating director, as executive deputy chairman of the Board of Directors, with the unanimous consent of the independent directors for the company to continue acting as coordinating director in spite of its new appointment as executive deputy chairman.

In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the executive deputy chairman, jointly with the Chairman of the Board of Directors, has been put forward as the physical representative of Abengoa, in its capacity as the Chair of the Board of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

18. The secretary should take care to ensure that the board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulations of the general shareholders' meeting, the board of directors and others;
- c) Conform with the good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulation.

**See section: B.1.34**

Compliant

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

**See section: B.1.29**

Compliant

20. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. When directors have no choice but to delegate their vote, they should do so with instructions.

**See sections: B.1.28 and B.1.30**

Compliant

21. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Compliant

22. The plenary session of the board should evaluate the following points on yearly basis:

- a) The quality and efficiency of the board's operation;
- b) Starting from a report submitted by the Appointments Committee, how well the chairman and chief executive have carried out their duties;
- c) The performance of its committees on the basis of the reports furnished by them.

**See section: B.1.19**

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.

**See section: B.1.42**

Compliant

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

**See section: B.1.41**

Compliant

25. Companies should set up orientation programs that may provide new board members with quick and sufficient knowledge of the company and its corporate governance rules and regulations. Companies should make knowledge updating programs available to board members whenever the circumstances deem it advisable.

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) Directors should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;
- b) Companies should enact rules and regulations governing the number of directorships their board members can hold.

**See sections: B.1.8, B.1.9 and B.1.17**

Partially compliant

Section (a) of this recommendation is complied with, in that the Appointments and Remuneration Committee is kept duly informed of the professional duties of Board members, as well as their potential needs with regards to any information they may need to exercise such duties. In relation to section (b), there are no limits on participation on other Boards, and this aspect is left to the responsible judgement of each director.

27. The proposal for the appointment or renewal of directors which the board submits to the general shareholders' meeting, including provisional appointments done through co-optation, should be approved by the board:

- a) On the proposal of the Appointments Committee, in the case of independent directors.
- b) Subject to a report from the Appointments Committee in all other cases.

**See section: B.1.2**

Compliant

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background;
- b) Directorships held in other companies, listed or otherwise;
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
- d) The date of their first and subsequent appointments as a company director, and;
- e) Shares held in the company and any options on the same.

Compliant

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

**See section: B.1.2**

Compliant

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlements to proprietary directors, the latter's number should be reduced accordingly.

**See sections: A.2., A.3 and B.1.2**

Compliant

31. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in recommendation 12.

**See sections: B.1.2, B.1.5 and B.1.26**

Compliant

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Spanish Companies Act (Ley de Sociedades Anónimas), the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the annual corporate governance report.

**See sections: B.1.43 and B.1.44**

Compliant

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation. The terms of this recommendation should also apply to the secretary of the board; director or otherwise.

Compliant

34. Directors who give up their position before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the annual corporate governance report.

**See section: B.1.5**

Compliant

35. The company's remuneration policy, as approved by its board of directors, should specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;
- b) Variable components, in particular:
  - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
  - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
  - iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
  - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount of annual equivalent cost.
- d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:
  - i) Duration;
  - ii) Notice periods; and
  - iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

**See section: B.1.15**

Compliant

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

**See sections: A.3 and B.1.3**

Compliant

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Compliant

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the general shareholders' meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the remuneration committee in designing the policy should be reported to the meeting, along with the identity of any external advisors engaged.

**See section: B.1.16**

Compliant

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
  - i) Participation and attendance fees and other fixed director payments;
  - ii) Additional compensation for acting as chairman or member of a board committee;
  - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
  - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
  - v) Any severance packages agreed or paid;
  - vi) Any compensation they receive as directors of other companies in the group;
  - vii) The remuneration executive directors receive in respect of their senior management posts;
  - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
  
- b) An individual breakdown of shares, share options or other share-based instruments awarded to directors, itemised by:
  - i) Number of shares or options awarded in the year, and the terms set for their execution;
  - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
  - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
  - iv) Any change in the year in the exercise terms of previously awarded options.
  
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Compliant

42. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

**See sections: B.2.1 and B.2.6**

Not applicable

43. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Not applicable

44. In addition to the audit committee mandatory under the Securities Market Act (Ley del Mercado de Valores), the board of directors should form a committee, or two separate committees, of appointment and remuneration.

The rules governing the make-up and operation of the audit committee and the committee or committees of appointment and remuneration should be set forth in the board regulations, and include the following:

- a) The board of directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the committees' invitation.
- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Minutes of meetings should be recorded and a copy sent to all board members.

**See sections: B.2.1 and B.2.3**

Partially compliant

Barring section b) above, all requirements are duly met. We would refer you to Recommendation 54 as regards the presence of an executive director on the Appointments Committee. In relation to an executive director's presence on the Audit Committee, and in addition to the explanation provided under point B.1.21 above (independent director designated as coordinating director and subsequently appointed vice-chairman, who will remain as coordinating director following the unanimous consent of the remaining independent directors to such effect), we would add that their seat on the Audit Committee is due (leaving aside their knowledge and experience in matters of accounting and auditing) to the wishes of the independent directors, given that the executive director acts as a nexus between such independent directors (irrespective of whether they sit on such committees and particularly insofar as they don't) and the committee (and also the Appointments Committee).

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the audit committee, the Appointments Committee or, as the case may be, separate compliance or corporate governance committees.

Compliant

46. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Compliant

47. Listed companies should have an internal audit function, under the supervision of the audit committee, to ensure the proper operation of internal reporting and control systems.

Compliant

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

49. Control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events should they occur;
- d) The internal reporting and control systems put in place to control and manage the abovementioned risks, including contingent liabilities and off-balance-sheet risks.

**See section: D**

Compliant

50. The audit committee's role should be:

1. With respect to internal control and reporting systems:

- a) To supervise the preparation process and monitor the integrity of the financial information on the company and, if applicable, the group, and to verify compliance with regulatory requirements, the appropriate boundaries of the scope of consolidation and the correct application of accounting principles.
- b) Frequently review the systems for the internal monitoring and management of risks, so that the principal risks are identified, managed and properly disclosed.
- c) Monitor the independence and effectiveness of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify whether senior management are acting on the findings and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can confidentially and, if necessary, anonymously report, any irregularities, especially financial or accounting irregularities, they may detect in the course of their duties, with potentially serious implications for the firm.

2. With respect to the external auditor:

- a) To submit proposals to the Board for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of its engagement.
- b) To receive regular information from the external auditor on the progress and findings of the audit plan and to verify whether senior management are acting on its recommendations.
- c) Monitor the independence of the external auditor, to which end:
  - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for such disagreement.
  - ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
  - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

- d) In the case of groups, the Committee urges the group auditor to take on the auditing of all component companies.

**See sections: B.1.35, B.2.2, B.2.3 and D.3**

Compliant

51. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

52. The audit committee should prepare information on the following points from recommendation 8 for input to board decision-making:

- a) The financial information that all listed companies must periodically disclose. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

**See sections: B.2.2 and B.2.3**

Compliant

53. The board of directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account of their scope and content to shareholders.

**See section: B.1.38**

Compliant

54. The majority of Appointments Committee members – or Appointments and remuneration committee members as the case may be – should be independent directors.

**See section: B.2.1**

Compliant

55. The Appointments Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide on the time and dedication necessary for them to properly perform their duties.
- b) Appropriately examine or organise the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in recommendation 14 of this code.

**See section: B.2.3**

Compliant

56. The Appointments Committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Appointments Committee for its consideration.

Compliant

57. The remuneration committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the board of directors regarding the following:
  - i) The remuneration policy for directors and senior officers;
  - ii) The individual remuneration and other contractual conditions of executive directors;
  - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

**See sections: B.1.14 and B.2.3**

Compliant

58. The remuneration committee should hold consultations with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant

**G. Other information of interest**

**If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report, indicate and explain below. Within this section, you may include any other information, clarification or detail related to the abovementioned sections of the report, to the extent that these are deemed relevant and not reiterative.**

**First annex:**

A table detailing the individual remuneration of directors is attached hereto as complementary information to section B.1.11 and following.

**Remuneration of directors - 2011  
(in thousand Euros)**

<b>Name</b>	<b>Allowances for board attendance and other remuneration as director</b>
Mr. Felipe Benjumea Llorente	93
Aplidig, S.L. (1)	180
Mr. Manuel Sánchez Ortega	93
Prof. Carlos Sebastián Gascón	166
Mr. Daniel Villalba Vilá (2)	100
Prof. Mercedes Gracia Díez	127
Mrs. Alicia Velarde Valiente	110
Prof. José Borrell Fontelles	200
Ricardo Martínez Rico	28
Mr. José Luis Aya Abaurre	110
Mr. José Joaquín Abaurre Llorente	110
Mrs. Maria Teresa Benjumea Llorente	78
Mr. Javier Benjumea Llorente	78
Mr. Ignacio Solís Guardiola	78
Mr. Fernando Solís Martínez-Campos	78
Mr. Carlos Sundhein Losada	78
<b>Total:</b>	<b>1,707</b>

<b>Name</b>	<b>Remuneration for membership of board committees</b>
Prof. Carlos Sebastián Gascón	110
Mr. Daniel Villalba Vilá (2)	72
Prof. Mercedes Gracia Díez	61
Mrs. Alicia Velarde Valiente	66
Prof. José Borrell Fontelles	100
Mr. José Luis Aya Abaurre	44
Mr. José Joaquín Abaurre Llorente	44
<b>Total:</b>	<b>497</b>

# 03

## Annual Corporate Governance Report

<b>Name</b>	<b>Remuneration for directorships within other group companies</b>
Mr. Ricardo Martínez Rico	12
Prof. Carlos Sebastián Gascón	7
Mr. Daniel Villalba Vilá	9
Mrs. Maria Teresa Benjumea Llorente	24

**Total: 52**

<b>Name</b>	<b>Remuneration for senior management functions – executive directors</b>
Mr. Felipe Benjumea Llorente	3,804
Aplidig, S.L. (1)	2,804
Mr. Manuel Sánchez Ortega	3,024

**Total: 9.632**

<b>Name</b>	<b>Total remuneration</b>
Mr. Felipe Benjumea Llorente	4,483
Aplidig, S.L. (1)	2,984
Mr. Manuel Sánchez Ortega	3,703
Prof. Carlos Sebastián Gascón	283
Mr. Daniel Villalba Vilá (2)	181
Mercedes Gracia Díez	188
Mrs. Alicia Velarde Valiente	176
Prof. José Borrell Fontelles	300
Mr. Ricardo Martínez Rico (3)	40
Mr. José Luis Aya Abaurre	154
Mr. José Joaquín Abaurre Llorente	154
Mrs. Maria Teresa Benjumea Llorente	102
Mr. Javier Benjumea Llorente	255
Ignacio Solís Guardiola	78
Mr. Fernando Solís Martínez-Campos	78
Mr. Carlos Sundhein Losada	78

**Total: 13,237**

<b>Name</b>	<b>Other remuneration</b>
Mr. Javier Benjumea Llorente	177

(1) Represented by Prof. José B. Terceiro/Aplidig SL

(2) Since 25/07/2011

(3) From 24/10/2011

The increase in the number of Executive Board Members from two to three marks the conclusion of the increase of 48.3% in the total value of comparing the 2010 – 2011 salary scales for Board Members (€8.9 M for 2010 and €13.2 M for 2011).

**Second annex**

**International Advisory Board**

Abengoa on may 24,2010, created and International Advisory Board (IAB), and the Board of Directors as well as the chairman are responsible for its selection. The Secretary of the Board of Directors of Abengoa S.A acts as its Secretary.

The Advisory Board is a non-ruled voluntary body that renders technical and advisory consultancy services to the Board of Directors, to which it is organically and functionally subordinate, as consultant and strictly professional adviser. Its main function is to serve as support to the Board of Directors within the scope of it’s own competences, collaborating and advising, basically focusing its activities on responding to enquiries made by the Board of Directors in connection to all issues that the Board of Directors may enquire on or even raising proposals deemed outcome of their experience and analysis.

Its current composition is as follows:

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr. José Borell Fontelles	Chairperson	Independent
Mr. Kemal Dervis	Member	Independent
Mr. Jerson Kelman	Member	Independent
Mr. Mario Molina	Member	Independent
Lord Nicholas Stern	Member	Independent
Mrs. Pamposh Bhat	Member	Independent
Mr. Ricardo Hausmann	Member	Independent
Mr. Bill Richardson	Member	Independent
Lord Douro	Member	Independent
Mr. Álvaro Fernández - Villaverde y Silva	Member	Independent
Mr. Alberto Aza Arias	Member	Independent

**Third annex**

The Internal Code of Conduct in Stock Markets was instituted in August 1997 and it is applicable to all administrators, to the Strategy Committee members and to some employees depending on what they do and the information to which they may have access.

It establishes the obligation to safeguard the information and to protect the confidentiality of relevant facts prior to decision and publication, thus establishing the procedure for maintaining internal and external confidentiality, the ownership registration of shares, stock operations and conflicts of interests.

The Professional Code of Conduct was introduced in 2003, as a request from the Human Resources Management, and was modified in 2005 in order to add various elements that are common to the different companies that form Abengoa, bearing in mind their geographic, cultural and legal diversity. Said code gathers the fundamental values that must govern the actions of all the Company’s employees, regardless of their position or responsibility. The integrity of its behaviour, the strict observance of current legislation, its professional rigor, confidentiality and quality are part of Abengoa’s historical culture since it was set up in 1941 and still remain part of its corporate identity today.

The general secretary is responsible for follow-up and supervision. Available at [www.abengoa.com](http://www.abengoa.com).

**Fourth Annex**

Abengoa and its Business Units have been operating a whistleblower channel since 2007 pursuant to the requirements of the Sarbanes-Oxley Act, whereby interested parties may report possible irregularities, in accounting, auditing or internal controls of financial reporting, to the Audit Committee. A register is kept of all communications received in relation to the whistleblower, subject to the necessary guarantees of confidentiality, integrity and availability of the information. The Internal Audit team conducts an inquiry into each claim it receives.

In highly technical cases, the company secures the assistance of independent experts, thus ensuring at all times that it has the sufficient means of conducting a thorough investigation and guaranteeing sufficient levels of objectivity when performing the work.

**Fifth Annex**

Article 8 of Abengoa's Bylaws regulates the different rights inherent in Class A and B shares.

The following can therefore be summarized:

**Class A Shares**

At the nominal value of one Euro (1) each, and in the condition as ordinary shares, Class A Shares, ("Class A Shares") grant holders the rights established by Law and set forth in these Bylaws with the specifications outlined hereunder:

1. Voting Rights  
Each Class A Share grants its holder one hundred (100) votes.
2. Pre-emptive and free allocation rights over new shares
3. Notwithstanding the stipulations in section 2 above, each Class A Share grants all other rights, including economic rights, acknowledged by Law and set forth in these bylaws and in the rights entailed therein as holders of the condition of partner.

**Class B Shares**

Class B Shares, at a nominal value of one hundredth of a Euro (€0.01) each, ("Class B Shares" and, together with Class A Shares, "Shares with Voting Rights"), grant holders the rights established by Law and set forth in these Bylaws with the specifications outlined hereunder:

1. Voting Rights  
Each Class B Share grants its holder one (1) vote.
2. Pre-emptive and free allocation rights over new Class B shares with regards to the principle of proportionality between the number of shares and class A shares, those of Class B and those of class C (if already issued previously) over the total number of shares of the company, previously stated in relation to class A shares, the pre-emptive and free allocation rights of class B shares shall solely be aimed at class B shares (or convertible or exchangeable bonds or debentures, warrants or other securities and instruments that grant subscription or acquisition rights). Capital increases using reserves or premiums obtained from the issuance of shares executed by increasing the nominal value of the shares issued, as the case may be, Class B shares as a whole shall be entitled to nominal value increase in a proportion similar to the total nominal value of the Class B shares in circulation at the time of the execution of the agreement it represents with regards to the Company's stock capital represented by the class A shares and by the class B shares circulating at such time.

## 3. Rights of Redemption for class B Shares

In the event that offers are tendered and accepted for the acquisition of the company's entire shares with voting rights, following which the offeror, together with the persons cooperating therewith, (i) manage to directly or indirectly acquire voting rights in the company amounting or equal to 30 percent, except if another person, individually or jointly together with the persons cooperating therewith, already held

a percentage of voting rights equal to or above that of the offeror after the offer, or better still (ii) having acquired shareholding below 30 percent, appoints a number of board members who, united, as the case may be, with those already appointed previously, may represent more than half of the members of the Company's Administrative organ, each class B shares holder shall be entitled to a redemption by the company in accordance with Article 501 of the Corporations Act, except if the holders of the class B shares had already held the rights to participate in this offer and that such shares may have been acquired in the same manner and under the same terms and conditions and, whatever the case may be, for the same consideration as that of holders of class A shares (each offer that meets the characteristics described above, an "Apparent Redemption").

**Specifically, indicate whether the company is subject to non-Spanish legislation with regard to corporate governance and, if so, include the information it is obliged to provide and which is different from that required in this report.**

No

**List any Independent Directors who maintain, or have maintained in the past, a relationship with the company, its significant shareholders or managers, when the significance or importance thereof would dictate that the directors in question are not considered independent pursuant to the definition thereof set forth in section 5 of the Unified Good Governance Code:**

No

**Date and signature:**

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

23/02/2011

**Indicate whether there were any directors who voted against or abstained in relation to the approval of this report.**

No

## Additional information that must be included in the Corporate Governance Annual Report pursuant to law 2/2011 of 4<sup>th</sup> March, of the Sustainable Economy act

### **1st Provide a list of securities not traded on the Community Stock Exchange, indicating, as the case may be, the various classes of shares and the rights and obligations inherent in each class of shares.**

Not applicable. Abengoa has not issued securities that may not be traded on the community stock exchange.

### **2nd Outline all the rules and regulations applicable to the modification of the company's bylaws.**

In compliance with the stipulations of Articles 285 and following of the Corporations Act, hereinafter, L.S.C, it remains the prerogative of the General Assembly of Abengoa to decide on any changes in the bylaws, except on the aspects over which competence is solely and legally reserved for the Board of Directors.

The internal rules and regulations of Abengoa include detailed regulations that govern the competence of the Assembly on the aspect of changes in the bylaws. Articles 8 and 30 of the bylaws of Abengoa address the competence of the General Assembly on matters regarding changes in the bylaws. Like Article 11 of the General Assembly Regulations, Article 30 of the bylaws establishes a special quorum:

"In order for the Ordinary or the Extraordinary General Assembly to decide, in general, on implementing any changes in the Corporate Bylaws, the attendance of shareholders in person or by proxy of at least fifty percent of the subscribe capital with voting rights shall be necessary in the first call. The second call shall only require the attendance of twenty-five percent said capital. In the event of the attendance of holders of less than twenty-five percent of the subscribed capital with voting rights, decisions may only be taken with the favourable votes of two thirds of the capital present or represented in the Assembly".

Article 8 of the Bylaws establish separate voting possibilities in cases of changes in the bylaws deemed detrimental to Class B or C shares; thus this would require, in addition to approval by a special quorum, approval by a majority of Class B shares if the intended changes may be detrimental to them or by the majority of Class C, then in circulation, if the intended changes may be detrimental to such kinds of shares.

### **3rd List any restrictions whatsoever on the transferability of securities and any restrictions on the voting rights.**

Abengoa has not imposed any kinds of restrictions on voting rights. Regarding the restrictions on the transferability of securities, see point A.10 of the IAGC.

### **4th Give an explanation on the powers of the members of the Board of Directors and, in particular, in relation to the possibility of issuing or repurchasing shares.**

See point B.1.6; B.1.21, E.8 of the IAGC.

### **5th Provide detailed information on significant agreements undersigned by the company becoming valid, whether modified or terminated if the control of the company changes through a hostile takeover bid, and its effects, except if revealing such information may be damaging to the company. This exception shall not be applicable if the company is under legal obligations to reveal such information.**

The eventuality has not arisen.

**03**Annual Corporate  
Governance Report

**6th Give detailed information on the agreements signed between the company and its administrators and managers or employees with compensation rights in the event of resignation or unlawful dismissal or if work relationship is abruptly halted as a result of a hostile takeover bid.**

Abengoa is not party to specific agreements of this nature.

**7th Risks control systems in relation with the process of issuing financial information.**

See point B.1.32 and letter D of the IAGC.

03 | 03

Appendix to the  
Consolidated  
Management Report

Annual report from the appointments and remunerations committee

## Annual Report from the Appointments and Remunerations Committee

### Introduction

The Appointments and Remunerations Committee was created by Abengoa SA's Board of Directors on 24th February 2003 pursuant to Article 28 of the Board of Directors Regulations, with the aim of incorporating the recommendations on the Appointments and Remunerations Committee in Law 44/2002 on the Reform of the Financial System. Said Board of Directors also approved its Internal Regimen Regulations.

### Composition

The current composition of the Committee is as follows:

- **Daniel Villalba Vilá** Chairman. Non-executive independent Board Member  
(Until 25.07.11)
- **Mercedes Gracia Diez** Chairman. Non-executive independent Board Member  
(From 24.10.11)
- **Aplicaciones Digitales, S. L.** Member. Executive Board Member  
(Represented by José B. Terceiro Lomba)
- **José Luis Aya Abaurre** Member. Non-executive Nominee Board Member
- **Alicia Velarde Valiente** Member. Non-executive independent Board Member
- **Carlos Sebastián Gascón** Member. Non-executive independent Board Member
- **José Marcos Romero** Non-Board. Member Secretary

The Secretary was appointed during the Appointments and Remunerations Committee meeting held on 28th January 2004 through a meeting by circular resolution; the Chairman was however appointed during the Appointments and Remunerations Committee meeting held on 24th October 2011.

The Appointments and Remunerations Committee is consequently comprised of one executive and four non-executive board members, in compliance with the requirements set forth in the Law on the Reform of the Financial System. Likewise, in accordance with the provisions of Article 2 of its Internal Regulations, the post of Committee Chairman is compulsorily held by a non-executive board member.

## Duties and competencies

The following are the duties and competencies of the Appointments and Remunerations Committee:

- Inform the Board of Directors about appointments, re-elections, terminations and remunerations of the Board and of their posts, as well as about the general policy on remunerations and incentives for them and for the top management.
- To inform the Board of Directors beforehand on all proposals it may submit to the General Meeting for the appointment or dismissal of board members, even in cases of co-optation by the Board of Directors itself; annually checking to ensure the upholding of the conditions that led to the appointment of a board member and the nature or type thereof. Said information shall be included in the Annual Report. When filling in new vacancies, the Appointments and Remunerations Committee will ensure that the selection procedure is void of implicit biases prone to be obstacles to the selection of female board members and also that women who meet the required profile are included as potential candidates.
- To prepare an annual report on the activities of the Appointments and Remunerations Committee, to be included in the management report.

## Sessions and convening

To execute the duties listed above, the Appointments and Remunerations Committee shall meet as many times as necessary and, at least, once every six months. They shall also meet on the behest of the Chairman. Lastly, a meeting shall be deemed valid if all its members are present and they decide to hold a session.

The Committee held five meetings during the 2011 financial year; the most relevant among the issues dealt with on the agenda were the proposals of appointment and renewal of the Board of Directors, as well as the verification that the conditions that were basis for the appointment of the board members and the nature or type thereof continued to be upheld.

## Quorum

The Committee is considered validly constituted if the majority of its members are present. Only non-executive board members may act as representatives.

Decisions taken shall be deemed valid if favourably voted by the majority of the committee members, present or represented. Situations of tie shall be resolved by Chairman's vote.

The company's head of remunerations shall act as secretary in the Committee meetings.

Committee analyses and proposals

- Follow-up and progress of remunerations of the members of the Board of Directors and the company's top management.
- Proposal of remunerations for the members of the Board of Directors and the company's top management.
- Preparation of the relevant information to be included in the financial statement.
- Proposal to the Board of Directors for the cooptation appointment of board member Mr. Ricardo Martínez Rico, following the resignation of Mr. Daniel Villalba Vilá.
- Proposal to the Board of Directors for the re-election of Aplicaciones Digitales, S.L., Ms. M<sup>ª</sup> Teresa Benjumea Llorente, Mr. Fernando Solís Martínez-Campos, Mr. Ignacio Solís Guardiola and Mr. Carlos Sundheim Losada as board members because previous mandates had expired.
- Proposal to the Board of Directors for the approval of the annual report on the Remuneration of Board Members (RAR, remunerations annual report).

## 05

Annual Report from  
the Appointments  
and Remunerations  
Committee

- Report on the verification that the conditions that were basis for the appointment of board members and their nature and type continue to be upheld.
- Presentation of the report on the remuneration of the members of the Board of Directors and Top Executives to the Board of Directors.
- Reports on comparative salaries and market researches by independent experts.
- Proposal to the Board of Directors for the approval of the Extraordinary Variable Remuneration Plan expiring on 31-12-2015. ■ Propuesta al Consejo de Administración de reelección como consejeros, por vencimiento mandato anterior, de Aplicaciones Digitales, S.L., Doña M<sup>ª</sup> Teresa Benjumea Llorente, Don Fernando Solís Martínez-Campos, Don Ignacio Solís Guardiola y Don Carlos Sundheim Losada.
- Propuesta al Consejo de Administración para la aprobación de Informe anual sobre remuneraciones de los consejeros (IAR).
- Informe sobre la verificación del mantenimiento de las condiciones que concurrieron en la designación de consejeros y de su carácter o tipología.
- Presentación al Consejo de Administración del informe sobre retribución de los miembros del Consejo de Administración y de los Primeros Ejecutivos.
- Informes sobre estudios de mercado realizados por expertos independientes y comparativas sobre retribuciones.
- Propuesta al Consejo de Administración para la aprobación de un Plan de Retribución Extraordinaria Variable con vencimiento en 31-12-2015.

## Annual report on the remuneration of Board Members (RAR)

### Background

This report on the Policy on Remuneration of Administrators for the 2011 financial year was prepared by the Appointments and Remunerations Committee pursuant to the stipulations of Article 28 of the Regulations governing the Board of Directors of Abengoa SA.

This report includes Abengoa SA's remuneration policy for the members of its Board of Directors. It is subject to the principles of transparency and information, and it fixes the salaries of the company's Top Management executive board members separate from the salaries of the non-executive board members, incorporated in the general remuneration policy applicable to the whole staff.

### Basic principles

Abengoa deems it crucial to maintain policies geared towards proposing long-term professional careers in the Group. Given the extremely competitive nature of Abengoa's sphere of activities, the achievement of its goals and objectives greatly depends on the quality of the persons holding key posts and leading the organization, their work capacity, dedication to, and knowledge of, the business.

These premises determine the group's policy of remuneration in general, that of the Board Members in particular, and especially that of the executives, and it should make it possible to attract and retain the best amongst the professionals.

Consequently, the aim of the policy of Remuneration of Board Members is as follows:

- Remuneration for the performance of mere board-member duties that is appropriate enough to reward the necessary dedication, qualification, and responsibility required for the correct performance of such post.
- For Executive Board Members, for the performance of executive duties, it ensures that:
  - (i) The overall remuneration package and its structure are competitive in comparison with the international sector and compatible with our vocation of leadership.
  - (ii) The maintenance of an annual variable component linked to the achievement of specific and quantifiable objectives that are in line with the interests of shareholders

### Structure of board members remuneration

The structure of board members remuneration, adapted to comply with the stipulations of the Law (specifically, articles 217 and following of the Corporations Act), the Bylaws (article 39) and the Regulations of the Board of Directors, is comprised of the following elements:

- **Remuneration for non-executive board member post**  
The post of board member is remunerated following the stipulations of article 39 of the Bylaws. The salary may consist of a fixed amount set by the General Meeting, not necessarily equal amounts for all members. It could also be an allotment of a share in the Company's profits, between 5 and 10 percent maximum of the annual profit after subtracting the dividend, for the financial year at hand, plus reimbursement of duty and Board-related travel expenses.

This remuneration is linked to EAT (Earnings After Tax); it may also include rewards for belonging to Board of Directors Committees and, as the case may be, for Chairmanship.

## 05

Annual Report from  
the Appointments  
and Remunerations  
Committee

- **Remunerations for the performance of other non-board member Company duties**  
These include remunerations to board members for performing duties, as executive board members or otherwise, other than those of supervision and decisions executed on the Board or on its Committees.

These remunerations are compatible with the perception of the bylaws and per diems they may be paid for their mere condition as members of the Board of Directors.

Executive-duty salary packages include the following basic elements:

**(a) Fixed Remuneration**

This amount must be competitive in comparison to those on the market in line with the leadership position Abengoa strives for. It must be determined through market studies by external consultants. The fixed salary consists of the following:

- 1) Salary Level. This is the basic fixed monthly salary, stipulated for each category or level.
- 2) Special Responsibility Allowance (SRA). This complement is freely set by the Company's Management and paid on monthly basis, and it is therefore linked to and conditioned by the exercise of a specific duty or the performance of a given responsibility.

**(b) Variable annual remuneration (bonus)**

Variable annual remuneration (or bonus) for executive board members is basically linked to the fulfilment of objectives. Said objectives are in reference to gross cash flows / EBITDA for some board members or to earnings after tax (EAT) for others. Based on these criteria, a range of total variation of the variable remuneration of executive board members is estimated at the start of financial year.

The fixed remuneration therefore includes the salary level amount and the special responsibility allowance, payable monthly.

The variable remuneration is the annual bonus payable in bulk.

## Total remuneration of the Board of Directors for the 2011 financial year

The total remuneration of board members for the 2011 financial year follows:

Salary scale for Board of Directors in the 2011 Financial Year

(Amount in thousands of Euros)

Name	Type	Salaries	Short-term variable remuneration	Per diem	Remuneration for serving on Committees	Remuneration of Board of Directors of other Companies of group	Other items	2011 Total	2010 Total
Mr. Felipe Benjumea Llorente	Executive	586	3804	93	-	-	-	4483	3483
Aplidig, S.L. (1)	Executive	-	2804	180	-	-	-	2984	2984
Mr. Manuel Sánchez Ortega	Executive	586	3024	93	-	-	-	3703	126
Prof. José B. Terceiro Lomba	Executive	-	-	-	-	-	-	-	25
Prof. Carlos Sebastián Gascón	Independent	-	-	166	110	7	-	283	310
Mr. Daniel Villalba Vilá (2)	Independent	-	-	100	72	9	-	181	310
Prof. Mercedes Gracia Díez	Independent	-	-	127	61	-	-	188	154
Mr. Miguel Martín Fernández	Independent	-	-	-	-	-	-	-	-
Mrs. Alicia Velarde Valiente	Independent	-	-	110	66	-	-	176	154
Prof. Jose Borrell Fontelles	Independent	-	-	200	100	-	-	300	300
Mr. Ricardo Martínez Rico (3)	Independent	-	-	28	-	12	-	40	-
Mr. José Luis Aya Abaurre	Proprietary	-	-	110	44	-	-	154	154
Mr. José Joaquín Abaurre Llorente	Proprietary	-	-	110	44	-	-	154	154
Mrs. María Teresa Benjumea Llorente	Proprietary	-	-	78	-	24	-	102	102
Mr. Javier Benjumea Llorente	Proprietary	-	-	78	-	-	177	255	268
Mr. Ignacio Solís Guardiola	Proprietary	-	-	78	-	-	-	78	78
Mr. Fernando Solís Martínez-Campos	Proprietary	-	-	78	-	-	-	78	78
Mr. Carlos Sundheim Losada	Proprietary	-	-	78	-	-	-	78	78
		<b>1172</b>	<b>9632</b>	<b>1707</b>	<b>497</b>	<b>52</b>	<b>177</b>	<b>13,237</b>	<b>8912</b>

Note:

(1) Represented by Prof. José B. Terceiro Lomba

(2) From 25.07.11

(3) From 24.10.11

The Appointments and Remunerations Committee, in the exercise of the duties conferred thereupon, periodically reviews the policy of remuneration of the Board of Directors, updating it with proposals deemed relevant both with regards to concepts as well as to amounts.

## 05

Annual Report from  
the Appointments  
and Remunerations  
Committee

## Reference benchmarks and bases for the annual variable remuneration system (or Bonus)

As regards the ongoing financial year, the criteria for determining the variable part of the remuneration for executive board members will be based on the following:

- Market references based on the information provided by top world consultants on remuneration.
- The essential reference for the variable annual remuneration will be the evolution of earnings after tax (EAT) and gross cash flows / EBITDA, whether for Abengoa in general or, for executive board members holding non-general responsibilities, commensurate with the degree of responsibility.
- When the financial year ends, other qualitative elements, which may vary from one year to another, and which may allow the modulation of the decision on the actual amount of the variable remuneration at that moment, will be considered together with this basic quantitative element.

## The company's remuneration policy approved for the Board of Directors

The Board of Directors of Abengoa, S.A. have agreed to maintain the 2012 financial year remuneration policy in line with that of the preceding 2011.

The remuneration policies for future financial years, which will still contain fixed and variable components, shall consider market studies done by first rate consultancies specialized in compensation.

## Approval of this report

This Report was approved by the Board of Directors of Abengoa SA in its session held on 23rd January 2011, on the proposal of the Appointments and Remunerations Committee. y Retribuciones.