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**Appointments
and remunerations
committee annual
report**



Appointments and remunerations committee annual report

Introduction

Pursuant to Article 28 of the regulations governing the board of directors, the appointments and remunerations committee was created by the board of directors of Abengoa, S. A. on 24th February 2003, for the purpose of incorporating the recommendations regarding the appointments and remunerations committee into the Financial Systems Reform Law 44/2002. Said board of directors also approved its Internal Systems Regulations.

Composition

The current composition of the committee is as follows:

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| ▪ José Borrell Fontelles
(From 07.23.12) | Chairperson. Non-executive independent |
| ▪ Mercedes Gracia Diez
(Until 07.23.12) | Chairperson. Non-executive independent |
| ▪ Mercedes Gracia Diez
(From 07.23.12) | Member. Non-executive independent |
| ▪ Aplicaciones Digitales, S. L.
(Rep: José B. Terceiro Lomba) | Member. Executive |
| ▪ José Luis Aya Abaurre | Member. Non-executive Proprietary |
| ▪ Alicia Velarde Valiente | Member. Non-executive independent |
| ▪ Carlos Sebastián Gascón
(Until 02.14.12) | Member. Non-executive independent |
| ▪ José Marcos Romero | Secretary. Non-Board Member |

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 23rd July 2012.

Consequently, the appointments and remunerations committee is presently comprised of one executive and four non-executive board members, in compliance with the requirements set forth in the Financial System Reforms Law. 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 shareholders 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.
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 two meetings during the 2012 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. Claudi Santiago Ponsa, following the resignation of Mr. Carlos Sebastián Gascón.
- Proposal to the board of directors to re-elect Ms. Alicia Velarde Valiente as board member following the expiration of her previous tenure.

- 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.

Annual report on the remuneration of board members (RAR)

2012 Financial year

Company background

This 2012 financial year board members' remuneration policy report 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.

Absolutely subject to the principles of transparency and information, this report entails Abengoa SA's remuneration policy for the members of its board of directors, clearly distinguishing between the salaries of the company's top management executive board members and the salaries of its 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 duties.
- Remuneration for holding executive board member posts and for performing executive duties is aimed at ensuring:
 - (i) The competitive nature of the overall remuneration package and its structure in comparison with the international sector; and at ensuring compatibility with the standard of our leadership vocation;
 - (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 remuneration of board members, adjusted to comply with the legal provisions (specifically, articles 217 and following) of the Corporations Act, the Bylaws (article 39) and the Regulations governing 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 shareholders 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 the EAT (Earnings After Tax) scheme; it may also include rewards for memberships to board of directors committees and, as the case may be, for chairmanship.

▪ 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 the statutory benefits and per diems (allowances) 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 and commensurate with the leadership position that Abengoa holds. 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)

The 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 board of directors for the 2012 financial year

The table below shows a detail of the total remuneration of the board members, for the 2012 financial year:

Name	Type	Salaries	Variable remuneration at p/a	Per diem (allowance)	Remuneration for serving on committees	Remuneration of board of directors of other company group	Other Items	2012 Total	2011 Total
Felipe Benjumea Llorente	Executive	1,086	3,304	93	-	-	-	4,483	4,483
Aplidig, S.L. (1)	Executive	-	2,804	295	-	-	-	3,099	2,984
Manuel Sánchez Ortega	Executive	1,086	3,304	93	-	-	-	4,483	3,703
Carlos Sebastián Gascón (2)	Independent	-	-	33	28	-	-	61	283
Daniel Villalba Vilá	Independent	-	-	-	-	-	-	-	181
Mercedes Gracia Díez	Independent	-	-	160	40	-	-	200	188
Alicia Velarde Valiente	Independent	-	-	110	40	-	-	150	176
Jose Borrell Fontelles	Independent	-	-	200	100	-	-	300	300
Ricardo Martínez Rico	Independent	-	-	107	10	13	-	130	40
Claudi Santiago Ponsa (3)	Proprietary	-	-	55	-	-	-	55	-
José Luis Aya Abaurre	Proprietary	-	-	110	40	-	-	150	154
José Joaquín Abaurre Llorente	Proprietary	-	-	110	40	-	-	150	154
Maria Teresa Benjumea Llorente	Dominical	-	-	78	-	24	-	102	102
Javier Benjumea Llorente	Dominical	-	-	78	-	-	220	298	255
Ignacio Solís Guardiola	Dominical	-	-	78	-	-	-	78	78
Fernando Solís Martínez-Campos	Dominical	-	-	78	-	-	-	78	78
Carlos Sundhein Losada	Dominical	-	-	70	-	-	-	70	78
		2,172	9,412	1,748	298	37	220	13,887	13,237

Note:

(1) Represented by José B. Terceiro Lomba

(2) Until 02/23/2012

(3) From 02/24/2012

In the exercise of the duties conferred thereupon, the appointments and remunerations committee 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.

Reference benchmarks and bases for the annual variable remuneration system (or Bonus)

As regards the ongoing financial year, the variable portion of the remuneration for executive board members shall be determined 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 2013 financial year remuneration policy in line with that of the preceding financial year.

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 21st February 2013, on the proposal of the appointments and remunerations committee.