



**03** Annual Report 2017  
Corporate Governance

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01. Annual report on corporate  
governance of listed public limited  
companies

## A. Ownership structure

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30-10-2017	36,088,747.70	18,836,119,300	180,443,738,506

### State whether there are different classes of shares with different associated rights:

Yes

Class	Number of shares	Nominal unit	Number of voting rights	Different rights
A	1,632,400,194	0.02	100	Without different rights
B	17,203,719,106	0.0002	1	See section H "Other Information of Interest" at the end of the report

### A.2 Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the financial year, excluding directors:

Personal or corporate name of the shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of shares	Number of voting rights	
Banco Santander, S.A.	473,180,497	Banco Popular Español, S.A.	6,544,959,736	3.97 %
		Banco Santander Brasil, S.A.	139,890,132	
Banco Popular Español, S.A.	6,544,959,736	-	-	3.63 %

### State the most significant changes in the shareholding structure that have occurred during the financial year:

On 28 March 2017 and within the financial restructuring framework undertaken by the Company, the share capital increase that was approved at the general meeting of Shareholders held on 22 November 2016 was executed, thus increasing the Company's share capital by a total nominal amount of thirty-four million eight hundred and twenty-two thousand one hundred and fifty Euros and four hundred and two thousandths (34,822,150.402) of a Euro, by issuing and circulating one thousand five hundred seventy-seven million nine hundred forty three thousand eight hundred twenty-five (1,577,943,825) new Class A Shares and sixteen thousand three hundred sixteen million three hundred sixty-nine thousand five hundred and ten (16,316,369,510) new Class B Shares.

As a consequence of said share capital increase, the previous holders of the significant shares, Inversión Corporativa IC, S.A. and Finarpisa, S.A., saw their shares shrink by 95% from holding 50.71% of the voting rights to a mere 2.54%. In addition, as a result of said capital increase, a group of financial entities, which included the entities referred to in Section A.2 above, became part of the Company's shareholders although, on the year end date, the only entities holding significant shares are those listed in Section A.2. See Section H "Other Information of Interest".

Personal or corporate name of the shareholder	Date of the transaction	Description of the transaction
Inversión Corporativa IC, S.A.	28-03-2017	Dissolution of its shares as a consequence of capital increase
Finarpisa, S.A.	28-03-2017	Dissolution of its shares as a consequence of capital increase
Banco Santander, S.A.	28-03-2017	Acquisition of significant shares as a consequence of capital increase through capital offsetting
Banco Popular Español, S.A.	28-03-2017	Acquisition of significant shares as a consequence of capital increase through capital offsetting

### A.3 Complete the following tables about members of the board of directors of the company who have voting rights over company shares:

Personal or corporate name of the director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of shares	Number of voting rights	
Gonzalo Urquijo Fernández de Araoz	0	0	0	0
Manuel Castro Aladro	0	0	0	0
José Luis del Valle Doblado	0	0	0	0
José Wahnnon Levy	0	0	0	0
Ramón Sotomayor Jáuregui	0	0	0	0
Josep Piqué Camps	0	0	0	0
Pilar Cavero Mestre	0	0	0	0
% total de derechos de voto en poder del consejo de administración				0,000

### Complete the following tables about members of the company's board of directors with rights over company shares:

Personal or corporate name of the director	Number of direct rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct owner	Number of voting rights		
Gonzalo Urquijo Fernández de Araoz	0	0	0	0	0
Manuel Castro Aladro	0	0	0	0	0
José Luis del Valle Doblado	0	0	0	0	0
José Wahnnon Levy	0	0	0	0	0
Ramón Sotomayor Jáuregui	0	0	0	0	0
Josep Piqué Camps	0	0	0	0	0
Pilar Cavero Mestre	0	0	0	0	0

### A.4 State, if applicable, any family, contractual or corporate relations between owners of significant shareholdings, insofar as these are known to the company, unless they bear little relevance or arise from ordinary trading or course of business:

Name or related corporate name	Relationship type	Brief description
Banco Santander, S.A.	Business	Banco Santander, S.A owns 100 % of the shares in Banco Popular Español, S.A.
Banco Popular Español, S.A.		

A.5 State, if applicable, the commercial, contractual, or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

Name or related corporate name	Relationship type	Brief description
Banco Santander, S.A./Abengoa, S.A.	Contractual	The bank is the usual financier of Abengoa, S.A. and its group of companies
Banco Popular Español, S.A./Abengoa, S.A.	Contractual	The bank is the usual financier of Abengoa, S.A. and its group of companies

A.6 State whether any private (paracorporate) shareholders' agreements affecting the company pursuant to the provisions of sections 530 and 531 of the Corporate Enterprise Act (Ley de Sociedades de Capital) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

No

Participants of the agreement	% of share capital affected	Brief outline of the agreement

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

No

Participants of concerted action	% of share capital affected	Brief description of the concerted action

Expressly state whether any of such agreements, arrangements, or concerted actions have been modified or terminated during the financial year:

On 23<sup>rd</sup> December 2016 the Company informed the National Stock Exchange Committee, through significant event with record number 246416, the termination of the agreement of the investment agreement signed with First Reserve Corporation (FRC) on 3<sup>rd</sup> October 2011, given that, on that date, FRC did not hold any class B shares of the Company or other securities that could be exchanged or converted into class B shares and, therefore, had no stake in the Company's share capital. As a result of said termination, the partnership agreements between FRC and other shareholders, to which reference has been made, which led to the investment agreement with FRC, are rendered null and void.

Equally so, as was reported to the CNMV on 5<sup>th</sup> March, on 30<sup>th</sup> March 2017, Inversión Corporativa IC, S.A., Finarpisa, S.A. and First Reserve Fund XII L.P. terminated the shareholders agreement signed on 10<sup>th</sup> October 2011, just as it had been modified on 27<sup>th</sup> August 2012, since First Reserve no longer owned any shares in Abengoa's share capital.

A.7 State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to section 5 of the Spanish Securities Market Act (Ley del Mercado de Valores). If so, please identify:

No

Name or company name

Comments

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

At year end:

Number of direct shares	Number of indirect shares (*)	% Total on share capital
5,519,106 (Class A Shares)	0	0.31%
0 (Class B Shares)	0	0%
5,519,106 (Total Shares)	0	0.31%

(\*) Held through:

Name or corporate name of the direct holder of shares	Number of direct shares
Total:	

Explain any significant changes, pursuant to the provisions of Royal Decree 1362/2007, which have occurred during the financial year:

Not Applicable

Explain any significant changes

Date Informed	Total of direct shares acquired	Total of indirect shares acquired	% Total on share capital
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## A.9 Describe the terms and conditions and current time-frames that shareholders confer upon the board of directors to issue, repurchase, or transfer treasury stock:

The ordinary general meeting of shareholders held on 29 March 2015 authorized the board of directors to buy back the Company's shares, of any of the classes of shares stipulated in the company bylaws, 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 twenty Euros (€20) as maximum, with the specific power of substitution in any of its members. Said power shall remain in force for five (5) years from this very date, subject to article 144 et seq of the Corporate Enterprises Act. The authorization expressly includes the acquisition of shares that must be delivered directly to the company's employees or company officers, or as a consequence of the option rights to which they are entitled. Thus, the authorization conferred upon the board of directors for the same purposes, by virtue of the decision taken at the Ordinary General Meeting of Shareholders held on 29 March 2015, was specifically revoked.

During the 2017 financial year there were no transactions in relation to treasury stock. At year end there were no contracts of liquidity in vigour.

## A.9 bis Estimated free-float:

	%
Estimated free-float	96.03

A.10 State whether there are any restrictions on the transferability of shares and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares on the market.

There are no bylaw restrictions on the transferability of securities or on voting rights. However, in the context of the financial restructuring of the Company, its significant shareholders made a commitment not to transfer their shareholding in the Company until the restructuring operation had been completed, a milestone achieved on 31 March 2017.

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**Description of restrictions**

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A.11 State whether the general meeting of shareholders has agreed to implement any neutralization measures to prevent public takeovers pursuant to the provisions of Law 6/2007.

No

If applicable, explain the approved measures and the terms under which the restrictions will become ineffective:

A.12 State whether the company has issued securities that are not traded on a regulated market within the European Community.

No

If applicable, specify the different classes of shares, if any, and the rights and obligations attached to each class of shares.

## B. General meeting

B.1 State and, if applicable, describe whether there are differences with the minimum requirements set out in the Corporate Enterprises Agreement (LSC) in connection with the quorum needed for the general meeting of shareholders.

No

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	% of quorum different from that set out in article 193 of the Corporate Enterprises Act for general cases	% of quorum different from that set out in article 194 of the Corporate Enterprises Act for special cases
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Quorum required in 1st call

Quorum required in 2nd call

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**Description of the differences**

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B.2 State and, if applicable, describe any differences with regard to the system contemplated in the Corporate Enterprises Act (LSC) for the adoption of corporate resolutions:

No

Describe how they differ from the rules set out in the Corporate Enterprises Act.

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	Qualified majority other than that established in article 201.2 of the Corporate Enterprises Act for the cases set out in section 194.1 of the Corporate Enterprises Act	Other instances in which a qualified majority is required
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% established by the entity for the adoption of resolutions

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**Describe the differences**

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### B.3 State the rules applicable to the amendment of the company's bylaws. In particular, disclose the majorities required for amending the bylaws, and, where applicable, the legal provisions for the protection of partner rights regarding the amendment of the by-laws.

The modification of the Company bylaws is governed by the Corporate Enterprises Act, specifically in Section 285 et seq, and by the Company's internal regulations.

The bylaws and (Articles 13 and 29 respectively of) the rules and regulations of the general meeting establishes a special quorum that may enable the ordinary or extraordinary general meeting to validly agree on bond issuance, on capital increase or decrease, on changing, merging or splitting of the company and, in general, on any amendments whatsoever to the bylaws, thus requiring, on the first call, the attendance of shareholders present or represented with at least fifty percent of the subscribed share capital with voting rights. In the second call to meeting, it will be sufficient for twenty-five percent of the share capital to be present or represented. In the event of the attendance of shareholders with 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 Meeting.

Article 8 of the bylaws establishes certain rules and regulations for the purpose of protecting minority shareholders in bylaw amendment matters:

*"[...] (B.4) Separate voting in matters regarding the amendment of bylaws or agreements and other operations that may negatively affect class B shares.*

*Bylaw or agreement amendments that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class B shares (including any amendments to the precautionary bylaws regarding class B shares or any agreements 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 being approved pursuant to the stipulations of these bylaws, the approval of 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 amendment of the precautions 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 non-identical manner, in terms and conditions, in price or otherwise therein, and which may exceed what is produced under the framework of ordinary operation of treasury stock or which may cause amortization of shares or the reduction of capital in 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 shall not be required for the various existing classes of shares to decide 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 to these bylaws, simultaneously and identically for class A, class B and, as the case may be, class C shares."*

[...]

*"[C.6] 6.2 Separate voting in matters regarding the amendment of bylaws or agreements and other operations that may negatively affect class C shares.*

*Notwithstanding Article 103 of the Spanish Corporate Law, amendments of bylaws or agreements that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class C shares (including any amendments to 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 amendment 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 otherwise, 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 the 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 non-identical manner, in terms and conditions, in price or in any other manner, and which may exceed what is produced under the framework of ordinary operation of treasury stock or which may cause amortization of shares or reduction of capital in 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 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 Corporate Enterprises Act, whatever the case may be, the Company's agreements on capital increase under whichever modality and under any formula that may give rise to the first issuance of class C shares shall, in addition to its approval in accordance with the legal provisions and with article 29 of these bylaws, require the approval of the majority of class B shares that may be in circulation."

See Section H "Other Information of Interest".

**B.4 Give details of attendance at general meetings of shareholders held during the financial year referred to in this report and also those in the previous financial year:**

Date of General Meeting of Shareholders	Attendance data				
	% of physical presence	% of proxy	% of absentee voting		Total
			Electronic voting	Other	
30-06-2017	0.70	15.24	1.54	3.02	20.50
22-11-2016	6.86	51.29	0.080	0.06	58.29
30-06-2016	6.58	52.51	0.01	0.64	59.74

**B.5 State whether there are any bylaw restrictions requiring a minimum number of shares to attend the general meeting of shareholders:**

Yes

Number of shares required to attend the general meeting of shareholders	375
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See Section H "Other Information of Interest".

**B.6 Section deleted.**

**B.7 State the URL and method for accessing the company's website to access information regarding corporate governance and other information regarding general meetings of shareholders that must be made available to the shareholders through the company's website.**

The address of the Abengoa SA website is [www.abengoa.com/es](http://www.abengoa.com/es) and all the necessary and updated information relating to shareholders meetings can be found under the section of shareholders and investors.

The full path to follow is:

[http://www.abengoa.es/web/es/accionistas\\_y\\_gobierno\\_corporativo/juntas\\_generales/](http://www.abengoa.es/web/es/accionistas_y_gobierno_corporativo/juntas_generales/)

In compliance with the provisions of article 539.2 of the Corporate Enterprises Act, Abengoa has an electronic forum for shareholders so as to facilitate communication between shareholders regarding convening and holding all of the general meetings of shareholders. Pursuant to the shareholders' electronic forum regulations, the following may be submitted prior to holding the shareholders' general meeting:

- › Proposals intended for inclusion as part of the agenda outlined in the call for the general meeting of shareholders.
- › Request for the inclusion of said proposals.
- › Initiatives to reach the required percentage to exercise minority voting rights.
- › Requests for voluntary representation.

## C. Structure of the company's governing body

### C.1 Board of directors

#### C.1.1 Maximum and minimum number of directors stipulated in the company by-laws:

Maximum number of directors	16
Minimum number of directors	3

#### C.1.2 Complete the following table identifying the members of the board:

Personal or corporate name of director	Representative	Category of the director	Seat on the board	Date of first appointment	Date of last appointment	Election procedure
Gonzalo Urquijo Fernández de Araoz		Executive	Chairman	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
Manuel Castro Aladro		Independent	Coordinating Director and Member	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
José Luis del Valle Doblado		Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
José Wahnnon Levy		Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
Ramón Sotomayor Jáuregui		Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
Josep Piqué Camps		Independent	Director	13/07/2017	13/07/2017	Co-optation
Pilar Cavero Mestre		Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders

Total number of directors	7
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#### State the vacancies on the board of directors during the reporting period:

Personal or corporate name of the director	Category of the director at the time of removal	Leaving date
Javier Targhetta Roza	Independent	26/01/2017
Miguel Antoñanzas Alvear	Independent	19/05/2017

See Section H "Other Information of Interest".

### C.1.3 Complete the following tables on the directors and their different categories:

#### Executive directors

Personal or corporate name of the director	Position within the company structure
Gonzalo Urquijo Fernández de Aroz	Chairman
Total number of executive directors	1
Total % of directors	14.29 %

#### External proprietary directors

Not applicable

Personal or corporate name of the director	Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment
0	Not applicable
Total number of proprietary directors	0
Total % of the Board	0 %

#### Independent external directors

Personal or corporate name of the director	Profile
Manuel Castro Aladro	He has a Business Administration and Management degree from the Universidad Pontificia de Comillas (ICADE), and an International Executive MBA from the University of Chicago. He began his career at Arthur Andersen and later, in 1992, moved to the banking sector. In 1998 he joined BBVA where he held various positions related to business development until 2009, the year he was appointed Group Chief Risk Officer, a position he held until 2015. Since 2015 he has been independently advising banks and investment funds on issues related to risk management and investments.

Personal or corporate name of the director	Profile
José Luis del Valle Doblado	He has a Mining Engineering degree from the Universidad Politécnica de Madrid and a degree in Nuclear Engineering from the Massachusetts Institute of Technology (MIT), as well as an MBA from Harvard University. He has approximately 35 years' experience at Banco Central Hispanoamericano, Santander Central Hispano, where he participated in the merger between the two banks. He has also held various positions at Iberdrola, where he was CEO of Scottish Power, and was appointed Director of Strategy and Development in 2002. In 2014 he was appointed chairman of Lar España, and is an independent director of Ocaso Seguros and Verditek plc.
José Wahnon Levy	He has a Business Administration and Management degree from the Universidad de Barcelona and a Law degree from the Universidad Complutense de Madrid as well as a Doctorate from Harvard Business School. He started his career at Pricewaterhouse Coopers, a firm of which he became a partner in 1987, responsible for the financial institutions division between 1987 and 2003 and for the audit division from 2003 until he left the firm in 2007. He was subsequently a director at several enterprises tied to the Deposit Guarantee Fund.
Ramón Sotomayor Jáuregui	He has an Industrial Engineering degree from the University of Portsmouth and an MBA from Rutgers University. He began his professional career at Ercross Spain and later joined the ThyssenKrupp Group, where he held various positions including CEO for Southern Europe, Africa and the Middle East from 2011-2015. He has also been an independent director of several companies among which are Velatia and Levantina Natural Stone.
Josep Piqué Camps	Holds Bachelor's and Doctorate degrees in Business and Finance from the University of Barcelona and a Law degree from same university. He has served as Professor Economic Theory since 1984 and has been Principal Economist of the Study Service of "la Caixa". In the public sector, he has served as Minister of Industry and Energy, Ministry Spokesperson, Minister of Foreign Affairs and Minister of Science and Technology, as well as representative and Senator at the Spanish Parliament and the Catalan Parliament. In the private sector, he has held various responsibilities in companies like Ercros (director and executive chairman between 1988 and 1996) and Vueling, where he served as chairman between 2007 and 2013. He served as vice-chairman and CEO of OHL between 2013 and 2016 and board member of the Airbus Group (EADS). He is currently vice-chairman of Alantra and BCG, among others and board member of Aena. He has served as chairman of the Círculo de Economía and is presently vice-chairman of the Círculo de Empresarios (Business Society), Chairman of the Ibero-American Business Foundation and of the Forum and the Japanese-Spanish Foundation and of "CITPax", among others.
Pilar Cavero Mestre	She holds a Law degree from the Universidad Complutense de Madrid, as well as a programme of Leadership of Services Companies from Harvard. She began her career at the Asociación de Cajas de Ahorros en España, and then in 1986 she joined the legal practice sector. In 1990 she joined Cuatrecasas where she has developed her professional career since being named partner in 1993. She is currently an honorific partner of the Practice, without executive functions, and is an independent director of Merlin Properties.

Total number of independent external directors	6
Total % of the Board	85.71 %

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director, or senior officer of an entity that maintains or has maintained such relationship.

No

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

Not Applicable

Personal or corporate name of the director	Description of the relationship	Reasoned statement
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#### Other external directors

Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management, or its shareholders:

Not Applicable

Personal or corporate name of the director	Reasons	Company, executive or shareholder with whom the connection is held
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Total number of other external directors	
Total % of the Board	

State the changes, if any, in the class of each director during the period:

Personal or corporate name of the director	Date of change	Previous category	Current category
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**C.1.4** Complete the following table with information regarding the number of female directors for the last 4 financial years, as well as the status of such directors:

	Number of female directors:				% of total of directors of each category			
	Financial year 2017	Financial year 2016	Financial year 2015	Financial year 2014	Financial year 2017	Financial year 2016	Financial year 2015	Financial year 2014
Executive	0	0	0	0	0	0	0	0
Proprietary	0	0	0	1	0	0	0	14.28
Independent	1	1	2	2	14.29	14.29	33.33	40
Other External	0	0	0	0	0	0	0	0
Total:	1	1	2	3	14.29	14.29	15.38	18.75



### C.1.5 Explain any measures adopted to include on the board of directors a number of women that allow for a balanced representation of men and women.

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#### Explanation of the measures

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The regulations of the Appointments and Remunerations Committee, in its Article 1, establishes as follows:

"Article 1. Composition. Designation of its members. [...] "The Appointments and Remuneration Committee shall establish procedures and ensure that when new vacancies arise:

- a) The selection process for board vacancies has no implicit bias against female candidates;
- b) The company makes a conscious effort to include female candidates that meet the professional profile sought."

It is the responsibility of the Appointments and Remunerations Committee to notify the Board about any issues of gender diversity. It is also obliged to establish a representation target for the less represented sex on the Company's Board of Directors and draft guidelines on how to achieve this target

The Appointments and Remunerations Committee is responsible for verifying compliance with the board member selection policy. It sets out that, when making a selection, this shall be based on analyzing the needs of the Company and of its group of companies, further taking into account (i) that the appointments must favour diversity of expertise, experience and gender on the Board of Directors; and (ii) that by 2020 the number of female directors must represent at least 30% of all members of the Board of Directors.

Moreover, through the Company's Equality Framework Plan, Abengoa has defined a corporate strategy in the field of equal rights between men and women All Abengoa Group of companies and work centres take and use this Plan as a reference for developing and approving their own.

In 2009, to ensure the practice of these values, Abengoa created the Equal Opportunity and Treatment Office (OITO) under the Equality Framework Plan. The mission of this office is to advocate gender equality with the whole organization, promoting, developing and managing the Equality Framework Plan and all plans associated with it.

In addition, the Equal Opportunity and Treatment Committee was created to ensure a worldwide monitoring and subsequent development of issues affecting Equal Opportunities for men and women alike in the Abengoa Group. The Equal Opportunity and Treatment Committee is headed by the Human Resources Director and is integrated, as permanent members, by the heads of Human Resources of the various Business and geographical areas, as well as by the director in charge of Corporate Social Responsibility.

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### C.1.6 Explain any measures approved by the appointments committee in order for selection procedures to be free of any implied bias that hinders the selection of female directors, and in order for the Company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates:

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#### Explanation of the measures

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It is the responsibility of the Appointments and Remunerations committee to assess the competencies, knowledge and experience required on the Board, to define the aptitudes and capabilities required of the candidates to fill each vacancy and assess the time and dedication required for them to properly perform their duties.

The Appointments and Remunerations Committee objectively and transparently assesses the potential candidates based on the criteria of merit and capacity, promoting male and female equality and rejecting all kinds of direct or indirect discrimination based on gender.

In the context of the restructuring of Abengoa and in accordance with the terms of the Restructuring Agreement signed by the Company on 24 September 2016, the Board of Directors of Abengoa was completely modified, both in number as well as composition, at the Extraordinary General Meeting of Shareholders held on 22 November 2016. In the process of selecting new members of the Board of Directors as well as their replacements appointed in the 2017 financial year, all independent except for one, the Appointments and Remuneration Committee, which relied for that purpose on the proposal of Spencer Stuart, ensured the inclusion of women among candidates and at least one woman was among the members finally appointed.

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### If there are few or no female directors despite any measures adopted, describe the reasons for such result:

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#### Explanation of the reasons

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The members of the Board of Directors of Abengoa were appointed by the General Meeting of Shareholders on 22 November 2016 and, in compliance with the undertakings assumed under the restructuring agreement signed on 24 September 2016, were proposed by the Appointments and Remuneration on the basis of selection and proposal carried out by the consulting firm Spencer Stuart.

In this regard, Spencer Stuart and the Appointments and Remuneration Committee assessed the capabilities and merits of the various candidates and proposed those candidates considered most appropriate taking into account the characteristics of Abengoa and its current circumstances.

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**C.1.6 bis Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. Particularly, explain how said policy is promoting the goal that the number of female directors represents at least 30 % of all members of the board of directors by 2020.**

The policy for selecting directors sets out that, when making such a selection, this shall be based on analyzing the needs of the Company and of its group of companies, further taking into account (i) that the appointments must favour diversity of expertise, experience and gender on the Board of Directors; and (ii) that by 2020 the number of female directors must represent at least 30% of all members of the Board of Directors. External advisers may be brought in to assist with the selection of directors.

In accordance with the policy of selection of directors, said directors must be people that are respectable, qualified and with recognized expertise, competence, experience, qualifications, training, availability and commitment to their duties, seeking to ensure that the composition of the Board of Directors is diverse and balanced.

The Extraordinary General Meeting of Shareholders held on 22 November 2016, following a positive report from the Appointments and Remuneration Committee in the case of the executive director and at the proposal of this committee in the event of independent directors, renewed the composition of the Board of Directors by appointing the majority of the current directors of Abengoa, among which there directors with financial, industrial and legal profiles.

As described in the mandatory reports of the Board of Directors, the appointment proposals were formulated within the framework of the obligations assumed by the company under the agreement for the restructuring of the financial debt and recapitalization of the group of companies of which Abengoa is the parent company. This involves the undertaking to submit a proposal for approval by an Extraordinary General Meeting of Shareholders with regard to renewal of the composition of the company's Board of Directors, by replacing all directors with people that comply with the conditions to be considered as independent external directors of the Company, based on the candidate proposal put forward by Spencer Stuart, a firm that specializes in providing human resource consulting services, to enable the Company's Board of Directors to comprise a majority of independent external directors.

The selection of directors, made by the Spencer Stuart firm and on which the Nomination Committee bases itself for its reports and proposals, took into account (i) the company's needs at a time of financial difficulties; (ii) the required diversity of profiles, combining people with an industrial profile, required for a greater understanding of the business, as well as financial and legal persons capable of understanding the complex financial situation the Company was in; and (iii) the capability, demonstrated qualifications and experience of the different candidates, thus fulfilling the objectives set out in the policy for selection of directors and with the conditions set out therein when selecting candidates.

In line with the above, the selection of two board members who were appointed in the 2017 financial year (Messrs Antoñanzas and Piqué for the former to occupy the vacancy left by Mr. Targheta and the latter the vacancy necessarily left by Mr. Antoñanzas), was based on the criteria described above and also with the help of Spencer Stuart, the company that identified the candidates.

Based on the considerations above, the Appointments and Remunerations Committee concluded that in 2017 the board member selection policy was applied satisfactorily.

**C.1.7 Explain the form of representation on the board of shareholders with significant holdings.**

With the exception of the Chairman, who holds an executive position, the Company's Board of Directors is composed of independent board members such that the significant shareholders are not represented on the board by Proprietary members.

Said composition of the board derives from the obligations assumed by the Company under the Agreement for the Restructuring of the Financial Debt and the Re-financing of the group of companies headed by Abengoa. In addition, as a result thereof, a group of financial entities became part of the Company's shareholders although, on the year end date, the only entities holding significant shares are those listed in Section A.2. These entities, with regards to the commitments assumed within the restructuring framework, do not hold any representation on the Board.

**C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 3 % of share capital:**

Not Applicable

Personal or corporate name of the shareholder	Justification
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State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:

Not Applicable

Personal or corporate name of the shareholder	Explanation
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**C.1.9 State whether any director has withdrawn from the position as such before the expiration of the director's term of office, whether the director has given reasons to the board and by what means, and in the event that the director gave reasons in writing, describe at least the reasons given thereby:**

Name of director	Reason for withdrawal
Javier Targhetta Roza	Submitted his resignation to the Board of Directors on 26/01/2017 for personal reasons.
Miguel Antoñanzas Alvear	Submitted his resignation to the Board of Directors on 19/05/2017 for personal reasons.

**C.1.10 State, where applicable, any powers delegated by any Chief Executive Officer:**

Personal or corporate name of the director	Brief description
Gonzalo Urquijo Fernández de Aroz	General Powers that can be jointly exercised with other attorneys-in-fact of the Company.

**C.1.11 Identify, where applicable, any members of the board who are directors or officers of companies within the listed company's group:**

Not Applicable

Personal or corporate name of the director	Corporate name of group entity	Post	Does he/she holds executive responsibilities
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**C.1.12 Provide details, where applicable, of company directors who also sit on the boards of other entities listed on official stock markets different from those of their group, of which the company is aware:**

Personal or corporate name of the director	Corporate name of the listed company	Post
Gonzalo Urquijo Fernández de Aroz	Vocento, S.A.	Director
	Gestamp Automocion, S.A.	Director
	Atlantica Yield, plc	Director
José Luis del Valle Doblado	Lar España Real Estate SOCIMI, S.A.	Chairman
	Verditek PLC	Director
Pilar Cavero Mestre	Merlin Properties	Director
Josep Piqué Camps	Aena, S.A.	Director

**C.1.13 State and, if applicable, explain whether the regulations of the board have established rules regarding the maximum number of boards on which its directors may sit:**

Yes

**Explanation of the rules**

Article 14 of the Board Regulations sets out the limit with regards to the number of boards on which company directors may sit.

"[...] Directors are obliged by virtue of their office, in particular, to:

[...]

(n) Participate actively and with dedication in the matters covered by the Board of Directors, and follow them up, gathering the necessary information. For the foregoing purposes, in order to ensure the adequate time allocation of the directors for the correct performance of their functions and without prejudice to the terms of article 16 herein below, which shall, in any event, be applicable, the directors may not simultaneously hold more positions in listed companies than those which are set out in one of the following combinations:

- i. An executive position together with three non-executive positions.
- ii. Five non-executive positions.

The term executive position shall be understood to mean a position for which management duties are performed irrespective of the legal nature of the duties performed.

The foregoing restrictions relate only to positions on the boards of directors of other listed companies, although if a director were to participate on the board of directors of other unlisted companies and such participation were to involve a high degree of dedication, such director must immediately inform his intention and the Appointments and Remuneration Committee shall evaluate the authorization to join such board of directors.

The executive positions or non-executive positions which are held within a single corporate group or in commercial companies in which the Company holds a shareholding of at least 10% of the share capital or of the voting rights shall be considered to constitute a single position".

**C.1.14 Section deleted.**

**C.1.15 State the overall remuneration of the board of directors:**

Remuneration of the board of directors (in thousands of Euros)	1,645
Amount of remuneration for the concept of accumulated pension entitlements for current directors (in thousands of Euros)	0
Amount of remuneration for the concept of accumulated pension entitlements for former directors (in thousands of Euros)	0

**C.1.16 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the financial year:**

Name or company name	Post	Body	Communication Date
Joaquín Fernández de Piérola	CEO	Executive Committee	From 22/11/16
Daniel Alaminos Echarri	Secretary General and Secretary of the Board	Executive Committee	From 22/11/16
Víctor Manuel Pastor Fernández	Finance Director	Executive Committee	From 22/11/16
David Jiménez-Blanco Carrillo de Albornoz	Director of Restructuring and Strategy	Executive Committee	From 22/11/16
Álvaro Polo Guerrero	Director of Human Resources	Executive Committee	From 22/11/16
Total remuneration to senior management (in thousands of Euros)			3,240 thousands of Euros

**C.1.17 State the identity of the members of the board, if any, who are also members of the board of directors of significant shareholders and/or in entities of their group:**

Not Applicable

Personal or corporate name of the director	Corporate name of significant shareholder	Post
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Describe any significant relationships, other than the ones contemplated in the prior item, of the members of the board of directors linking them to significant shareholders and/or companies within their group:

Not Applicable

Name or company name of associated director	Name or company name of associated significant	Description of relationship
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**C.1.18 State whether the regulations of the board have been amended during the financial year:**

No

**Description of amendments**

**C.1.19 State the procedures for the selection, appointment, re-selection, evaluation, and removal of directors. Describe the competent bodies, the procedures to be followed, and the criteria applied in each of such procedures.**

The appointments and remunerations committee is the competent body for drafting, insofar as independent directors are concerned, and reporting on, in the case of all other directors, the proposal to be presented to the board of directors for appointment by co-optation or for subsequent submission before the General Meeting of Shareholders, as well as proposals for their re-election or discharge by the General Meeting of Shareholders, applying criteria of independence and professionalism set out in the board regulations and the commission regulations, and ensuring that they hold the recognized creditworthiness and suitable knowledge, prestige and professional experience to perform their duties pursuant to the provisions set out in the Director Selection Policy.

With regards to the procedures for selecting and appointing independent directors, the Appointments and Remunerations Committee is the body in charge of selecting profiles that best represent the needs of the different stakeholders among professionals from different fields and of renowned national and international prestige. The procedure for their selection is based on the principles of merit and capacity, promoting equality amongst men and women and rejecting all forms of direct or indirect discrimination based on gender.

Thus, the Appointments and Remunerations Committee performs annual inspections to verify the sustenance of the conditions met for the appointment of the director and the nature and typology assigned to such appointee, and then includes the information in the annual report on corporate governance. The appointments committee likewise strives to ensure that the selection procedures for filling vacancies refrain from implicit biases that may hinder the inclusion of females that fit the required profile among the potential candidates. Its functions also include reporting to the board of directors on appointments, re-elections, terminations and remuneration for senior management, as well as proposing to the Board the general remuneration policy and incentives for Directors and senior management, individual remuneration of Directors, the other contractual terms and conditions of each executive director and the basic contractual conditions for senior management, as well as informing the board of directors beforehand on all proposals to be submitted to the general meeting of shareholders for the appointment or dismissal of directors, even in cases of co-optation by the board of directors itself.

The assessment of the performance of the Board of Directors and their Committees are supervised and organized by the same Appointments and Remunerations Committee through reports issued to the Board at year end in question and closing the accounts and issuing the audits report, or at least a summary of it, given its significance as an assessment criterion. Based on the results of the assessment, the Appointments and Remunerations Committee proposes an action plan aimed at correcting the deficiencies detected.

**C.1.20 Explain the extent to which the self-assessment of the board has given rise to significant changes in its internal organization and regarding the procedures applicable to its activities:**

The yearly assessment of the Board of Directors was assigned to a consultancy not connected to the company (Egon Zehnder) given the fact the existing components of the Board had not had any shares whatsoever in this organ throughout most of 2016. They were all appointed towards the end of November (22) of the year that was supposed to be assessed such that they lacked direct knowledge of the functioning of the Board of Directors until then. The assessment done by the consultant only had two board members who had been in their posts prior to 22 November 2016 and all the board members with existing posts at the time of the consultancy. The result of the assessment identified recommendations to be implemented but which had not been tackled as yet by the incoming board of directors given the short time that had passed since the appointment of the new board members and given the preference they had until then given to



other urgent decisions. There has not been any major change as a consequence of the board's annual assessment for the 2017 financial year.

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**Description of amendments**

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Not applicable

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**C.1.20.bis Describe the process of self-evaluation and the areas assessed by the board of directors, as it may be assisted by an external consultant, regarding diversity in its composition and powers, the operation and composition of its committees, the performance of the chairman of the board and chief executive officer, and the performance and contribution of each director.**

The assessment of the Board of Directors is centred, on the one hand, on analyzing the functioning of the board and its committees, which is why information is sought on all who were board members at the close of the 2017 financial year and those who may have at one time or the other acted as such during the year. The request for information was made by issuing them questionnaires to be filled out in relation to matters deemed of special relevance with regards to the functioning of the board; and, on the other, in evaluating the individual participation and performance of each of the board members of the Company, in light of the functions and duties that, based on the varying typologies to which they are assigned, they are attributed by law and by the internal regulations of the Company's corporate governance.

The report from the independent consultant was considered by the Appointments and Remunerations Committee and by the governing body.

**C.1.20.ter List any business relationships of the consultant or any company of its group has with the company or any company of its group.**

Not Applicable

**C.1.21 State the circumstances under which the resignation of directors is mandatory.**

In accordance with the provisions in article 13 of the board of directors' regulations, Directors are removed from office when the term for which they were appointed comes to an end, and in all other cases deemed appropriate by Law, the bylaws or the board of directors' regulations.

Directors are obliged to surrender their posts to the Board of Directors and to formalize their resignation, if the board deems it convenient, in the following cases:

- (a) If they fall within any of the grounds for incompatibility or prohibition as prescribed by the law.
- (b) If deemed severely liable by any public authority for infringing upon their obligations as directors.
- (c) If the Board itself requests so due to a director having infringed upon his/her obligations. In the case of Independent Directors, the Board cannot ask them to resign prior to elapse of the statutory period for which they were appointed, unless (i) there has been a public takeover bid, a merger or other kind of similar corporate operation that involves a change to the company's share capital, and as a consequence of this there are changes required to the structure of the Board of Directors to maintain the proportionality between proprietary and non-executive directors; or (ii) that there are just grounds in the opinion of the Board following a report from the Appointments and Remuneration Committee.
- (d) When, in the case of proprietary directors, the shareholder they represent transfers all of their shareholding or reduces it to a level that requires a reduction to the number of proprietary directors, in the latter case by the corresponding proportion.
- (e) In cases in which their actions may harm the credit and reputation of the Company.

**C.1.22 Section deleted.**

**C.1.23** Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

No

If applicable, describe the differences.

**Description of the differences****C.1.24** Explain whether there are specific requirements, other than the requirements relating to directors, to be appointed chairman of the board of directors.

Not Applicable

**Description of requirements****C.1.25** State whether the chair has the casting vote:

Yes

**Matters in which there is a casting vote**

In the event of ties.

**C.1.26** State whether the by-laws or the regulations of the board set forth any age limit for directors:

No

Age limit for chairperson Age limit for chief executive  Age limit for director **C.1.27** State whether the by-laws or the regulations of the Board establish any limit on the term of office for independent directors that is different than the term provided by regulatory provisions:

No

Maximum number of terms

**C.1.28** State whether there are formal rules for proxy-voting at meetings of the board of directors, the manner of doing so, and especially the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, give brief details.

Article 10 of the Board of Directors' regulations governs the delegation of voting rights in the following way:

"Members of the Board of Directors may only delegate their representation to another member of the Board. Non-executive Directors may only be represented by other non-executive members of the Board of Directors. Representation of absent directors may be granted by means of written communication of any nature addressed to the Chairmanship, which is sufficiently competent to accredit the representation granted and the identity of the represented Director."

**C.1.29** State the number of meetings that the board of directors has held during the financial year. Also indicate, where applicable, how many times the Board has met without the Chairman being present: Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the Board	20
Number of Board meetings without the Chairman attending	0

If the chair is an executive director, state the number of meetings held without the presence in person or by proxy of any executive director and chaired by the lead independent director.

Number of meetings	0
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State the number of meetings held by the different committees of the board of directors during the financial year:

Number of meetings of the executive committee	Not Applicable
Number of meetings of the audit committee	14
Number of meetings of the appointments and remuneration committee	12
Number of meetings of the appointments committee	NA
Number of meetings of the remuneration committee	NA

**C.1.30 State the number of meetings that the board of directors has held during the financial year with the attendance of all of its members. Proxies granted with specific instructions shall be counted as attendance.**

Number of meetings with the attendance of all directors	20
% of attendances of the total votes cast in the year	100

**C.1.31 State whether the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:**

No

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated accounts of the company for preparation by the board:

Name	Post
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**C.1.32 Explain the mechanisms, if any, adopted by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.**

The risk control system, the internal auditing services and the Audits Committee, to which the former reports, are set up as frequent and regular monitoring and supervision mechanisms that prevent and, if appropriate, resolve potential situations which, if not addressed, could lead to incorrect accounting treatment. Thus, the audit committee receives regular information from the external auditor on the Audit Plan and on the results of its execution, and ensures that senior management acts on its recommendations.

The Board Regulations and the internal regulations of the Audit Committee expressly set out in article 27(b) and 3.2, respectively, that the said Committee shall carry out in all cases the duty to "ensure that the Board of Directors presents the annual accounts to the General Meeting of Shareholders without limitations or qualifications in the external audit report, and the chairman of the Audit Committee, together with the external auditor, must clearly explain to the shareholders the nature and scope of said limitations or qualifications, if applicable".

**C.1.33 Is the secretary of the board a director?**

No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Daniel Alaminos Echarri	N/A

**C.1.34 Section deleted.****C.1.35 State the mechanisms, if any, used by the company to preserve the independence of auditors, financial analysts, investment banks, and rating agencies.**

Article 27 of the Board of Directors' regulations establishes that the role of the Audit Committee is to ensure the independence of the external auditor, which includes, among other matters, ensuring that the Company and the auditor respect the regulations in force with regard to the provision of services other than those concerning auditing, the limits on the focus of the auditor's services, and in general, other regulations in place to ensure independence of auditors

In any case, every year the Audit Committee should receive from external auditors the declaration of their independence from the Company or companies with a direct or indirect connection thereto, as well as information on additional services of any kind provided and the corresponding fees received from these companies by the external auditor or by the individuals or companies with a connection thereto in accordance with the provisions set out in legislation on financial auditing.

The Committee should also issue every year, prior to the issuance of the financial auditing report, a report stating the judgement on the independence of the external auditor.

In addition, the internal regulations of the audit committee sets out in article 3.16 c.(iv) order the Audit Committee "that it strives to ensure that the remuneration of the external auditor for its work does not compromise either its quality or independence."

Insofar as financial analysts and investment banks are concerned, the company has an internal application procedure in place with three tenders for the procurement thereof; in turn the company draws up a mandate letter where the exact terms and conditions of the procured work are outlined.

Regarding the rating agencies, at the 2017 year end the Company had not been rated by any agency.

**C.1.36 State whether the Company has changed the external auditor during the financial year. If so, identify the incoming audit firm and the outgoing auditor:**

If the change occurred during the 2017 financial year but in light of the accounts auditor for the 2018 financial year.

Outgoing auditor	Incoming auditor
Deloitte	PWC

If there has been any disagreement with the outgoing auditor, provide an explanation thereof:

Not Applicable

**Explanation of the disagreements****C.1.37 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:**

Yes

	Company	Group	Total
Fees for non-audit work (in thousands of Euros)	0	91	91
Fees for non-audit work/Total amount invoiced by the audit firm (in %)	0	7.3	3.8

**C.1.38 State whether the audit report on the annual accounts for the prior financial year has observations or qualifications. If so, state the reasons given by the chair of the audit committee to explain the content and scope of such observations or qualifications.**

No

**Explanation of the reasons**

Not applicable

**C.1.39** State the consecutive number of years for which the current audit firm has been auditing the annual accounts of the company and/or its group. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the annual accounts have been audited:

	Company	Group
Number of consecutive financial years	6	6
Number of years audited by the current audit firm / Number of years in which the company has been audited (%)	22	22

**C.1.40** State whether there is any procedure for directors to hire external advisory services, and if so, describe it:

Yes

#### Describe the procedure

The Secretary of the Board of Directors performs the duties legally attributed. Currently, the position of secretary and legal adviser are one and the same, and this person is responsible for the valid call to meeting and the adoption of resolutions by the board of directors. In particular, the secretary of the board advises board members on the legality of the deliberations and resolutions proposed and on compliance with the internal rules of corporate governance, which makes this person the guarantor of the principle of formal and material legality, which governs the actions of the board.

As the specialized body tasked with guaranteeing the formal and material legality of the board's actions, the Secretary of the Board has the full support of the Board in order to perform his/her duties with complete independence of criterion and stability, and is also charged with safeguarding the internal regulations of corporate governance. Acting in their position or on behalf of the directors, he or she channels the external advice necessary for the proper formation of the Board.

The Board of Directors has access to external, legal or technical consultants, depending on its needs, which may or may not be arbitrated through the Secretary of the Board. The second paragraph of Article 19 of the Regulations of the Board of Directors sets out that:

*"Through the Chairperson of the Board of Directors, Board Members shall be empowered to submit a proposal by majority to the Board of Directors to engage the services of a legal, accounting, technical, financial, commercial or any other kind of consultants deemed necessary in the interests of the Company to provide assistance in the exercise of their duties in dealing with specific problems of certain magnitude and complexity linked with the exercise of such duties".*

**C.1.41** State whether there is any procedure for directors to obtain sufficiently in advance the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

Yes

#### Describe the procedure

Availability of the information before each Board meeting via an online platform that can be accessed by all of the directors. In addition, via this platform directors have access at all times to consult the internal regulations and basic legislation applicable to the role and responsibility of the Director, which offers them sufficient knowledge of the Company and its internal rules, as well as the matters to be submitted for consideration.

**C.1.42** State whether the company has established any rules requiring directors to inform the company—and, if applicable, resign from their position—in cases in which the prestige and reputation of the company may be damaged, and if so provide a detailed description:

Yes

#### Explain the rules

Article 13 of the regulations of the Board of Directors sets forth that "[...]Directors are obliged to surrender their posts to the Board of Directors and to formalize their resignation, if the board deems it convenient, in the following cases: (a) If they fall within any of the grounds for incompatibility or prohibition as prescribed by the law; (b) If deemed severely liable by any public authority for infringing upon their obligations as Directors; (c) If the Board itself requires it as due to infringement on obligations as Board Member. [...] (e) In cases in which their actions may harm the credit and reputation of the Company. For the foregoing purposes, the Directors must inform the Board of Directors of any criminal actions for which they are being investigated as well as of any other legal proceedings in relation thereto. If the Director was to be finally accused of or if a court hearing was set down in relation thereto for any offence set out under commercial legislation, the Board of Directors shall examine the specific case and shall determine whether or not it is appropriate to request the director in question to resign from office".

Section (q) of Article 14 of the same Regulation also establishes the obligation of the directors "to inform the company of all legal and administrative claims and of any other claims that, given their magnitude, may severely affect the reputation of the company. Accordingly, the directors must notify the Board of Directors of any criminal proceedings for which they are being investigated as well as any other legal proceedings in relation thereto"



**C.1.43 State whether any member of the board of directors has informed the company that such member has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against such member for the commission of any of the crimes contemplated in section 213 of the Companies Act:**

No

Name of director	Criminal Case	Comments
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State whether the board of directors has analyzed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the director should remain in office or, if applicable, describe the actions taken by the board of directors through the date of this report or that it plans to take.

Not Applicable

Decision taken / action taken	Reasoned explanation
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**C.1.44 Describe the significant agreements entered into by the company that go into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and effects thereof.**

The Company has not implemented any significant agreements that enter into force, whether specifically amended or expired as a result of a change of control in the Company deriving from a takeover bid.

While it is true that the company has signed agreements in which change of control clauses are set out, these clauses are not necessarily triggered as a result of a takeover bid. Control is understood as the ability or power (whether it be by share ownership, power of attorney, contract, agency or any other way) to (i) vote for or control the vote of more than 50% of voting rights that may be exercised in the Company's general meeting; (ii) appoint or dismiss more than 50% or all members of the Company's governing body; or (iii) establish guidelines on the

Company's operating and financial policies that must be complied with by administrators or equivalent staff; or ownership of more than 50% of capital in the form of common shares or any other type that, where applicable, hold voting rights. Said agreements may conclude upon the request of creditors in the event of a change of control or takeover.

The financial contracts signed under the restructuring framework also include change of control or takeover clauses in the sense referred to in the paragraph above.

**C.1.45 Identify on an aggregate basis and provide a detailed description of the agreements between the company and its management level and decision making positions or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or termination without cause, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.**

The business contract of the Executive Chairman, Gonzalo Urquijo Fernández de Araoz, entitles him to compensation equivalent to two years' fixed and annual variable salary, in the event of termination of the contract (unless said termination is a consequence of voluntary resignation, death or incapacity, or due to non-performance of his obligations) -it is not considered as such if brought about by the very Executive Chairperson in relation to a change of control of the group- and one of the annual payments is as a non-competition payment.

Elsewhere, senior management contracts for members of the Executive Committee (with the exception of Gonzalo Urquijo Fernández de Araoz, whose compensation is set out in the previous paragraph), Messrs Fernández de Piérola, Pastor, Jiménez-Blanco, Alaminos and Polo are entitled to compensation for an amount equivalent to one year's fixed salary plus variable remuneration in the event of termination, which will be two years in the case of a change of control and succession of the business. There shall be no compensation if the termination is unilateral or due to serious non-performance and culpability of obligations by the senior director. The post-contractual non-competition compensation shall be the payment of a fixed annual salary plus variables understood as included in the aforementioned compensation amount should such be the case. In the event of voluntary termination of the contract by Abengoa it will be necessary to give 6 months' notice and, if this is not fulfilled, the Company will compensate the other party by paying the amount of remuneration for the period not respected.

<b>Number of beneficiaries</b>	6
<b>Type of beneficiary</b>	<b>Description of the agreement</b>
Executive Chairman	
CEO	
General Secretary	See previous paragraph
Finance Director	
Director of Human Resources	
Director of Strategy	

State whether such agreements must be reported to and/or approved by the decision-making bodies of the company or its group:

	Board of directors	General shareholders' meeting
Body that authorizes the clauses	Yes	No
	Yes	No
Is the general meeting informed of the clauses?	X	

## C.2 Committees of the board of directors

**C.2.1 Describe all of the committees of the board of directors, the members thereof, and the proportion of executive, proprietary, independent, and other external directors therein comprised:**

Executive or delegated committee

Name	Post	Current

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

Explain the duties assigned to this committee, describe the procedures and rules of organization and operation thereof, and summarize the most significant activities thereof during the year.

Not Applicable

State whether the composition of the executive committee reflects the participation of the different directors within the board based on their class:

Not Applicable

**If the answer is No, explain the makeup of your Executive Committee**

Audit committee

Name	Post	Current
José Wahnón Levy	Chairman	Independent
José Luis del Valle Doblado	Member	Independent
Manuel Castro Aladro	Member	Independent

% of proprietary directors	0
% of independent directors	100
% of other external directors	0

**Explain the duties assigned to this committee, describe the procedures and rules of organization and operation thereof, and summarize the most significant activities thereof during the year.**

Pursuant to Articles 44 bis of the bylaw and 27 of the Board of Directors' regulations, the Audit Committees shall exclusively comprise of external board members appointed by the Board of Directors, the majority of whom must be independent members. All likely members of the Committee must be appointed based on their knowledge and experience in accounting, auditing or risks management matters, and one of them, at least, considering their knowledge and experience in accounting, auditing or both areas. The Board of Directors shall appoint the Chairperson of the Committee from among the independent board members forming part of them. The duty of the Audit Committee Chairperson shall be held for a maximum period of four years, at the end of which the candidate may not be re-selected for a period of one year after said end, notwithstanding the candidate's continuity or re-selection as member of the Committee.

The function of the Audit Committee shall be governed by the Company bylaws, the Board of Directors' regulations and the internal regulations of the Committee itself.

They will meet whenever necessary to carry out their duties or once every quarter, at least. The Committee shall also meet whenever convened by the Chairman, on his own initiative or at the request of any of the members, who may also suggest that the Chairman include a certain issue in the agenda of the following meeting,

The agreements established by the Audit Commission will be adopted in a fair fashion when the majority of the members present or represented in the meeting vote in favour thereof. In the event of a tie, the Chairman shall have the casting vote.

The following duties, among others, are assigned to the Audit Committee:

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 the internal audit and, where applicable, on the accounting criteria applied.
2. To ensure that the Board of Directors presents the accounts to the General Meeting of Shareholders without any limitations or qualifications in the external audit report, and the chairman of the Audit Committee, together with the external auditor, must clearly explain to the shareholders the nature and scope of said limitations or qualifications, if applicable.
3. To inform the Board of Directors of any change in the accounting criteria, and any risks either on or off the balance sheet.
4. To inform the Board of Directors on monitoring the budget, the undertakings to increase and reduce financial borrowing, monitoring of the financial deleveraging policy and the dividend distribution policy and any amendments to these.
5. To inform the General Meeting of Shareholders about any matters or questions that arises on issues within its power.
6. To propose the appointment of external accounts auditors to the Board of Directors for subsequent submission before the General Meeting of Shareholders.
7. To supervise the internal audit services, which shall functionally depend on the Committee Chairperson. The Commission will have full access to internal auditing and will report on the selection, dismissal, renewal and removal process of its director, on the setting of his/her salary scale, as well as the budget for this department
8. To supervise the internal control and risks management function.
9. To know the process of the Company's financial reporting and internal monitoring systems.
10. 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.
11. To summon the Directors it deems appropriate to the meetings of the Committee to report on issues to the extent the Audit Commission deems fit.
12. To prepare an annual report on the activities of the Audit Committee and to include it in the directors' report.
13. To prepare an annual report on the transactions with related parties, which should be published on the Company's web-page before the ordinary Shareholders' Meeting is held.
14. To supervise compliance with the corporate governance regulations, the internal code of conduct regulations on stock market-related issues and the rest of the internal code of conduct and the corporate social responsibility policy

15. With respect to internal control and reporting systems:
- (a) To monitor the preparation process and the integrity of the financial reporting with regard to the Company and, where applicable, the group of which Abengoa is parent company (hereinafter, the "Group"), verifying compliance with legal requirements and the correct application of accounting criteria, and appropriately specifying the scope of consolidation.
  - (b) To periodically review the internal control and risk management systems so that the main risks, including those of a tax nature, are identified, managed and properly disclosed, as well as to discuss significant shortcomings of the internal control system identified in the audit with the financial auditor.
  - (c) To supervise and ensure the independence and effectiveness of the duties of internal audits, with full access thereto; to propose the selection, appointment, re-selection and dismissal of the head of internal audits; to propose the budget for said unit, and set the salary scale of its Director; to obtain the annual work plan together with the events that may have occurred during its execution; to approve the orientation and its work plans, ensuring that its activity is mainly focused on the Company's relevant risks, to obtain regular information on the activities, including a report at the end of each financial year, and the budget of the service; and to ensure that senior management considers the conclusions and recommendations in its reports.
  - (d) To establish and supervise a mechanism by which the staff may confidentially and, if necessary, anonymously report any irregularities, especially those of a financial or accounting nature, detected in the course of their duties, with potentially serious implications for the company.
  - (e) To summon any Company employee or manager, and even order them to appear without the presence of any other senior officer.
  - (f) The Audit Committee shall inform the Board, prior to the latter adopting the corresponding decisions, about the following matters:
    - (i) The financial information that all listed companies must periodically disclose. The Committee must ensure that interim financial 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.
    - (ii) The creation or acquisition of shares in special purpose entities or entities resident in countries or territories considered tax havens, and any other similar transactions or operations which, due to their complexity, might impair the transparency of the Group.
    - (iii) Related-party transactions
  - (g) To supervise compliance with the Internal Code of Conduct in relation to the Securities Market and the Policy on the Use of Relevant Information and the rules of corporate governance
16. With regard to the external auditor
- (a) To propose the selection, appointment, re-selection and replacement of the external auditor, including the conditions of their hiring, to the Board of Directors to submit said proposal to the General Meeting of Shareholders for approval.
  - (b) To be regularly informed by the external auditor on the progress and findings of the audit plan and to ensure that senior management follow up on its recommendations
  - (c) To make sure the external auditor remains independent and, for that purpose:
    - (i) The Company should notify the National Securities Market Commission of any change of auditor as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for these.
    - (ii) The Committee must ensure that both Company and auditor respect the current regulations on providing services other than auditing, the limits on the focus of the auditor's services and, in general, other standards and regulations set out to ensure the independence of auditors.  
In any case, every year the Committee should receive from external auditors the declaration of their independence from the Company or companies with a direct or indirect connection thereto, as well as information on additional services of any kind provided and the corresponding fees received from these companies by the external auditor or by the individuals or companies with a connection thereto in accordance with the provisions set out in legislation on financial auditing.
    - (iii) If an external auditor resigns, the Commission must investigate the circumstances leading to the resignation.
    - (iv) To ensure that the remuneration of the external auditor in return for its work does not compromise either its quality or independence.
  - (d) To annually issue a report stating the judgement on the independence of the financial auditor, prior to the issuance of the financial auditing report. This report should always state the value of the additional services provided and referred to in previous section (c). (ii), individually and consolidated, different from the legal audit and with regards to the independent status or to the governing auditing regulations.
  - (e) To ensure that the Group's auditor is entrusted with conducting the audits for the individual group companies.
  - (f) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

**The main interventions of the Audit Committee were as follows:**

- › Revision and analysis prior to the preparation of the individual accounts of Abengoa S.A and the consolidated accounts of its group for the 2016 financial year.
- › Revision and analysis prior to the approval of the financial information for the intermediate periods of 2017 remitted to the CNMV.
- › Monitoring of the works carried out in the framework of the restructuring process.
- › Approval of the 2017 and 2018 budget and revision of the cash-flow plans.
- › Examining of tender proposals for auditors, their appointment and remuneration, revision of the scope of work and analysis of the requirements of their independence.
- › Approval of divestitures including, in particular, the sale of 25 % of Atlantica Yield.
- › Identification and monitoring of the Company's financial risks in light of preparing the 2017 financial statement.
- › Approval of verification duties performed by the external auditor.
- › Monitoring of accounting impacts from the restructuring agreement.
- › Internal audit: approval of the work plan and supervision and assessment of the work.
- › Supervision of whistle-blowing channels.

Identify the director of the audit commission who has been appointed in light of his/her knowledge and experience in accounting, auditing or both, and state the number of years that the Chairman of this committee has been carrying out the role.

Name of director with experience	José Wahnón Levy
Number of years in chairman role	1

**Appointment and remunerations committee**

Name	Post	Current
Pilar Caveró Mestre	Chairwoman	Independent
Josep Piqué Camps	Member	Independent
Ramón Sotomayor Jáuregui	Member	Independent

% of proprietary directors	0
% of independent directors	100
% of other external directors	0

Explain the duties assigned to this committee, describe the procedures and rules of organization and operation thereof, and summarize the most significant activities thereof during the year.

This Committee shall comprise at least three Directors, designated by the Board of Directors, at the Committee's proposal. All members of the Committee shall be non-executive Directors, at least two of whom must be independent directors.

Pursuant to Articles 44 bis of the bylaw and 27 of the Board of Directors' regulations, the Audit Committees shall exclusively comprise of external board members appointed by the Board of Directors, the majority of whom must be independent members, ensuring consideration of the appropriate knowledge, aptitude and experience in the functions to be performed. The Board of Directors shall appoint the Chairperson of the Committee from among the independent board members forming part of them.

The function of the Appointments and Remunerations Committee shall be governed by the Company bylaws, the Board of Directors' regulations and the internal regulations of the Committee itself.

The Appointments and Remuneration Committee shall meet whenever necessary to carry out its duties, and at least once every six months. The Committee shall also meet whenever convened by the Chairman, on his own initiative or at the request of any of the members, who may also suggest that the Chairman include a certain issue in the agenda of the following meeting,

The agreements established by the Committee shall be valid when the majority of members present or represented in the meeting vote in favour thereof. In the event of a tie, the Chairman shall have the casting vote.

Its functions shall include the following:

1. To present proposals before the Board of Directors to appoint independent directors by co-optation or for submission for approval before the General Meeting of Shareholders, as well as proposals for their re-selection or discharge by the General Meeting of Shareholders.
2. To present proposals to appoint all other Directors by co-optation or for submission for approval before the General Meeting of Shareholders, as well as proposals for their re-selection or discharge by the General Meeting of Shareholders.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, to be included in the management report.



4. To assess the competencies, knowledge and experience required on the Board, define the aptitudes and capabilities required of the candidates to fill each vacancy and assesses the time and dedication required for them to properly perform their duties.
  5. To examine and organize the succession of the Chairman of the Board of Directors and the Chief Executive of the Company and, where necessary, make proposals to the Board of Directors to ensure the planned and orderly fashion of said succession.
  6. To report on the appointment and discharge proposals of top executives that the chief executive may propose to the Board of Directors and the basic terms and conditions of their contracts.
  7. To report issues of gender diversity to the Board. To establish a representation target for the least represented sex on the Board of Directors of the Company and to draft guidelines on how to achieve this target.
  8. To propose the following to the Board of Directors:
    - (i) The remuneration policy for Directors, general directors or those with executive responsibilities reporting directly to the Board, and for executive committees or Chief Executives, for approval by the Company's General Meeting of Shareholders, as well as regularly revising said policy and guaranteeing that the individual remuneration for each of them is proportional to what is paid to the rest of the board members and the general managers of the Company.
    - (ii) The individual remuneration of board members and the other contractual conditions of each executive director.
    - (iii) The basic conditions of the contracts for senior management.
  9. Ensure the remuneration policy of Directors approved by the Company's General Meeting of shareholders is observed.
  10. Check with the Chairman or CEO of the Company, especially when these are issues associated to executive directors and senior management.
  11. Organize, oversee and report on the annual performance appraisal of the Board of Directors and its committees and propose, based on the result of the appraisal, a plan of action to correct the identified shortcomings.
  12. Analyze requests formulated by any director to take into consideration potential candidates to cover board vacancies.
  13. Monitor and ensure the independence of the external consultant who, every three years, will assist the Board in its annual performance evaluation.
  14. In those cases where this Committee obtains external advice to ensure that any conflicts of interest does not impair its independence.
  15. Verify compliance with the director selection policy and report the findings to the Board of Directors.
  16. Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration report.
  17. Verify that the annual corporate governance report (i) provides an explanation on why proprietary directors appointed at the request of shareholders whose shareholding interest is less than 3 % of the capital, and (ii) sets out the reasons why, if appropriate, formal requests were rejected for a presence on the board from shareholders whose shareholding interest is equal to or higher than those whose request the proprietary directors were designated.
- In 2017, the main interventions of the Appointments and Remunerations Committee were as follows:
- › Recommendations on the handling of possible expectation of receiving annual variable remuneration for the staff for the 2015 and 2016 financial years.
  - › Recommendations on the structure of requirements, on metrics and on quantified objectives for the annual variable remuneration for the 2017 financial year.
  - › To report favourably on the Annual Report on Board Member Remunerations for the 2016 financial year.
  - › To report favourably on the Remunerations Policies for the 2018, 2019 and 2020 financial years as well as the modification of the remunerations policy for 2017.
  - › Approval of and favourable report on the long-term Management Incentives Plan (MIP).
  - › To approve the Annual Report of the Appointments and Remunerations Committee for the 2016 financial year.
  - › Submission of the results, of the annual appraisal of the performance of the Board of Directors and its committees, to the Board of Directors for approval.
  - › Proposal for the appointment of Miguel Antoñanzas Alvear (in replacement of Javier Targhetta, who resigned for personal reasons) and Josep Piqué Camps (in replacement of Miguel Antoñanzas Alvear, who resigned for personal reasons) as new board members.
  - › Proposal on the modification of the Executive Chairman's contract, to the Board of Directors.

**C.2.2 Complete the following table with information regarding the number of female directors comprising the committees of the board of directors for the last four financial years:**

	Number of female directors			
	Financial year 2017 Number %	Financial year 2016 Number %	Financial year 2015 Number %	Financial year 2014 Number %
Executive committee	Not applicable	Not applicable	Not applicable	Not applicable
Audit committee	0 (0)	0 (0)	2 (50)	2 (66.66)
Appointments and remuneration committee	1 (33.33)	1 (33.33)	2 (50)	2 (66.66)
Appointments committee	Not applicable	Not applicable	Not applicable	Not applicable
Remunerations committee	Not applicable	Not applicable	Not applicable	Not applicable

**C.2.3 Section deleted.**

**C.2.4 Section deleted.**

**C.2.5 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and the amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.**

Both the audit committee and appointments and remunerations committee have their own internal operating regulations available on the Company's website.

Such regulations were not modified during the financial year.

These Committees prepare annual reports on activities. The reports on the activities undertaken in 2016 were made available to shareholders together with the call to convene the Ordinary General Meeting of Shareholders held on 30 June 2017. That of the Audit Committee was also made public, forming part of the annual report for the 2016 financial year.

**C.2.6 Section deleted.**

## D. Related-party transactions and intragroup transactions

**D.1 Explain any procedures for approving related-party and intragroup transactions.**

### Procedure to report the approval of related-party transactions

The procedure for approving transactions with related parties is set forth in Articles 44 and 44 bis of the bylaws, and 4 and 27 of the Board of Directors regulations.

Before the Board of Directors takes the relevant decisions, the audit committee must inform said Board of the transactions with related parties.

Upon prior receipt of the Audit Committee report, the Board of Directors is required to approve the transactions carried out between the Company or companies in its group with Directors, or with shareholders, individually or in partnership with others, involving a share legally considered as significant, including shareholders represented on the Company's Board of Directors or the Board of Directors of other companies belonging to the same group or with related parties.

The affected board members or those representing or connected to affected shareholders should abstain from the deliberation and voting process of the agreement in question. Only transactions that simultaneously meet the following three characteristics shall be exempt from this approval:

- (i) They are governed by standardized agreements that are applied on across-the board bases to a high number of clients;
- (ii) they go through at prices or rates generally set by the person supplying the goods or services; and
- (iii) their amount does not exceed 1 % of the company's annual revenue.

Only in duly justified circumstances of urgency may decisions be adopted on previous matters by the delegated bodies or individuals. In this case, they should be ratified in the first Board meeting that is held following the adoption of the decision.

The Audit Committee shall prepare an annual report on the transactions with related parties, which should be published on the Company's web-page before the Ordinary Shareholders' Meeting is held.

D.2 Describe those transactions that are significant due to the amount or subject matter thereof between the company or entities of its group and the company's significant shareholders:

Name or corporate name of significant shareholder	Name or corporate name of the company or entity of the group	Nature of the relationship	Type of transaction	Amount (thousands of Euros)
Banco Santander, S.A.	Abengoa, S.A.	Trading	Financial Consultancy on the sale of the shares in Atlantica Yield	Fees payable for said services are calculated over a percentage of the value of the transaction and its accrual is subject to the divestment in compliance with the conditions set forth in said agreements

D.3 Describe those transactions that are significant due to the amount or subject matter thereof between the company or entities of its group and the company's directors or officers:

Name or corporate name of the directors or executives	Name or corporate name of the related party	Connection	Nature of the transaction	Amount (thousands of Euros)

D.4 Report the significant transactions made by the company with other entities belonging to the same group, provided they are not eliminated in the preparation of the consolidated accounts and they are not part of the ordinary course of business of the company as to their purpose and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Corporate name of entity of group	Brief description of the transaction	Amount (thousands of Euros)

D.5 State the amount of transactions with other related parties.

Corporate name of entity of group	Brief description of the transaction	Amount (thousands of Euros)
Atlantica Yield	On 1st November Abengoa signed an agreement with companies belonging to Atlantica Yield, including Atlantica Yield itself, as well as with the Department of Energy of the United States (USA – DOE) - (Omnibus Agreement) which sets forth the responsibilities of Abengoa to the DOE with regards to the construction of a Thermosolar plant in Solana, currently operated by Atlantica Yield.	As a result of the agreement the company registered an impact of €94M in the income of the financial year.

D.6 Describe the mechanisms used to detect, determine, and resolve potential conflicts of interest between the company and/or its group, and its directors, officers, or significant shareholders.

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 conflict is resolved.

### D.7 Is more than one company of the group listed in Spain?

No

#### Identify the subsidiary companies that are listed in Spain:

Not Applicable

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#### Listed subsidiary companies

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#### activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the group:

Not Applicable

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#### Describe the possible business relationships between the parent company and the listed subsidiary, and between the subsidiary and the other companies within the group:

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See Section H "Other Information of Interest"

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#### Identify the mechanisms established to resolve possible conflicts of interest between the listed subsidiary and the other companies within the group:

Not Applicable

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#### Mechanisms for the resolution of possible conflicts of interest

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## E. Risk control and management systems

### E.1 Explain the scope of the company's Risk Management System, including the system for managing tax risks.

Abengoa's Risk Management System is a global and dynamic system. The scope of action of this system covers the entire organization and its whereabouts on a more permanent basis, and compliance with it is compulsory for all the Company's employees, managers and directors. It works comprehensively and continuously, consolidating this management according to the area, business unit or activity, subsidiaries, geographical areas and support areas at corporate level.

Abengoa's risk management system is designed to mitigate all the risks to which the Company may be exposed as a result of its activities. The structure of Abengoa's risk management is based on three pillars:

- › The common management systems specifically designed to mitigate business risks.
- › Internal control procedures aimed at mitigating risks derived from the elaboration of the financial report and at improving the reliability of such report, designed in accordance with the SOX Act (Sarbanes-Oxley Act).
- › The universal risk model which is the methodology that Abengoa uses to identify, compress and assess the risks that affect the Company. The purpose is to obtain an integral vision of them, designing an efficient system of response that is in line with the business objectives.

These elements form an integrated system that allows for appropriate management of the risks and their mitigating controls at all the levels of the organization.

The internal auditing unit is in charge of ensuring compliance with and the proper functioning of these systems.

### E.2 Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management System, including the system for managing tax risks.

The determination of the risk control and management policy, including tax risks and the supervision of internal reporting and control systems, is a faculty of the Board of Directors of Abengoa that cannot be delegated, in compliance with the provisions set out in the Corporate Enterprises Act.

The duty of elaborating and executing the risks management system is basically exercised by the audit committee, specifically through the internal auditor and the risks manager.

The risks manager is in charge of analyzing projects and businesses in aspects regarding the identification and quantification of risks of any nature.

Meanwhile, the internal audit department is in charge of supervising and ensuring the correct functioning of the risks management system.

### E.3 Point out the principal risks, including tax risks that could affect the achievement of business goals.

In the process of identifying, understanding and assessing the risks affecting the Company, the following risks factors have been considered:

#### General risks

- › Abengoa operates in a sector of activity especially linked to the economic cycle.
- › Risks derived from depending on regulations in support of activities relating to renewable energy
- › Solar power generation.
- › Risks derived from delays and cost overruns in activities of an Engineering and construction nature due to the technical difficulties of the projects and the lengthy duration of their execution.
- › Risks linked to the activities of concession-type infrastructural projects operating under regulated tariffs or extremely long-term licence agreements.
- › Income derived 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.
- › The variations in the cost of energy may have a negative impact on the Company results.
- › Risks derived from the development, construction and exploitation of new projects.
- › 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 forces with third parties for the execution of certain projects.
- › The energy sector products and services are part of a market subject to intensive conditions of competition.

#### Specific risks for Abengoa

- › Risks derived from the shareholders' equity situation.
- › Risks related to the ability to comply with the feasibility plan.
- › Risks related to the liquidity needs of Abengoa in the short- and medium-term.
- › Risks related to the impossibility of completing the divestiture plan.
- › Risks related to the sale of the shares in Atlantica Yield and A3T.
- › Abengoa operates with high levels of borrowing.
- › Risks arising from the need to generate positive cash flows.
- › The results of the Company depend significantly on it being able to carry on its engineering and construction activity for third parties.
- › Fluctuations in interest rates and their hedging may affect the results of the company.
- › Fluctuations in the currency exchange rates and their hedging may affect the results of the company.
- › Risk of litigation and other legal processes.

#### Risks derived from internationalization and from country 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.
- › Insurance coverage taken out by Abengoa may be insufficient to cover the risks entailed in the projects, and the costs of the insurance premiums may rise.
- › The activities of the company may be negatively affected by natural catastrophes, extreme climate conditions, unexpected geological conditions or other physical kinds of conditions, as well as by terrorist acts perpetrated in some of its locations.

### E.4 Identify whether the entity has a risk tolerance level, including one for tax risk.

Abengoa has a risk tolerance level established at corporate level.

The universal risks model is a tool used for identifying and evaluating all risks affecting Abengoa. All the risks contemplated therein are evaluated considering probability and impact indicators.

Based on such parameters, the risks are classified as follows:

- › Minor risks: risks that occur frequently but bear little economic impact. These risks are managed to reduce their frequency only if managing them is economically viable.
- › Tolerable risks: risks that occur infrequently and bear little economic impact. These risks are monitored to ensure that they remain tolerable.
- › Severe risks: frequent risks that bear extremely high impact. These risks are managed immediately although, due to the risk management processes implemented by Abengoa, it is unlikely that Abengoa needs to tackle these types of risks.
- › Critical risks: risks that occur infrequently but bear extremely high economic impact. These risks are linked with a contingency plan because, when they do occur, the impact can be extremely high.

### E.5 State what risks, including tax risks, have materialized during the financial year.

Abengoa endured certain risks during the 2017 financial year, the most significant of which are described below.

Energy and the environment are part of the activities in which Abengoa is engaged. This activity is performed in changing surroundings, with regulations, subsidies or tax incentives that can be changed or even legally challenged. Throughout recent financial years various amendments to regulations have taken place in the jurisdictions where Abengoa operates (mainly in the United States and Brazil), mainly in relation to activity concerning renewable energy generation, which have affected the profitability of Abengoa's current and future projects, the conditions in which to compete with non-conventional renewables and other kinds of energy, and its ability to complete some ongoing projects.

Moreover, given the financial difficulties that the Company went through in the second half of 2015 as a result of, inter alia, limited access to capital markets, in September 2015 the Company initiated a process of negotiation with its creditors to reach an agreement that would guarantee its financial feasibility. For these purposes, and to ensure stability in the period of negotiations, the Company submitted the communication provided for in Article 5 bis of the Bankruptcy Act on 25 November 2015 to the Commercial Court of Seville. The deadline for reaching an agreement with the creditor banks concluded on 28 March 2016, the date on which the Company filed a standstill agreement with the Commercial Courts of Seville, for judicial approval. The aim was to provide the time necessary to continue working in reach of fallen complete agreement for restructuring of its financial debt and recapitalization of the Group. This standstill agreement, which granted a delay in meeting financial obligations until 28 October 2016, was judicially approved on 6 April 2016 and its effects extended to dissident creditors.

On 24 September 2016, within the period granted through the standstill agreement, the Company, several of the Group companies and a group of financial creditors signed and publicly recorded the restructuring contract in a deed that was executed by the Notary Public of Madrid, José Miguel García Lombardía. Among other issues, this agreement regulated the terms of the restructuring of the financial debt of the Group and certain financial institutions undertook to provide new funding. This restructuring agreement was placed at the disposal of financial creditors and, after the initial period of adhesion, it received support from 86% of financial creditors at which it was addressed (a percentage that reached 93.97% after the additional period of partnership). On 28 October 2016, a group of financial creditors asked the Commercial Courts of Seville for judicial approval of the agreement, approval that was given on 8 November 2016, extending the effects of the agreement to dissident creditors.

In accordance with the provisions of the restructuring agreement, the closing of the deal and the entry of new financing were subject to compliance with a number of conditions precedent. The maximum period for compliance with said conditions and the closure of the operation was 28 February 2017 although the Company requested authorization to extend said period to 31 March 2017. On 31 March 2017 the Company completed the financial restructuring process.

The agreement was challenged by series of financial creditors. On 25 September 2017, the Commercial Court nº2 in Seville ruled on the challenges filed (i) dismissing the challenges relating to the lack of concurrence of the percentages required by the Bankruptcy Law and thus deciding to uphold the endorsement agreed upon and the effects of the restructuring agreement; and (ii) admitting challenges relating to the disparity of the sacrifice caused to the challengers cited in the ruling.

The nominal value of the debt demanded by the challengers, which, as consequence of the above, was excluded, amounts to approximately €72 Million as at the date of the endorsement agreement.

The Company filed writs of clarification and complements against the ruling, but both petitions were dismissed by the Court.

That meant that the amounts owed object of such proceedings which shall not be affected by the restructuring surpassed the thresholds envisaged in the agreements that caused a possible supposition of their anticipated maturity.

In relation to the above and in anticipation of such scenario, the Company had already requested for the relevant exemption under different financial instruments, exemptions that have now been obtained, for which reason such suppositions of anticipated maturity are deemed not to have occurred.



## E.6 Explain the plans for responding to and supervising the entity's main risks, including tax risks.

There is a specific action plan in place for each of the risks identified, which could encompass various departments of the Company.

The following committees are in charge of the executive supervision of the Company's main risks, becoming more relevant in 2017:

- › Executive Committee.
- › Management Committee.
- › Vertical and Countries Committees.

## F. Internal risks control and management system in connection with the process of issuing financial information (ICFRS)

Describe the mechanisms making up the risk control and management systems with respect to the process of issuing the entity's financial information (ICFRS).

### F.1 Control environment at the entity

Indicate at least the following, specifying the main features thereof:

#### **F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFRS); (ii) the implementation thereof; and (iii) oversight thereof.**

The System of Internal Control over Financial Reporting, (hereinafter, ICFRS), is part of Abengoa's general system of internal control and is set up as a system prepared to provide reasonable assurance of the reliability of the published financial report. The body in charge, pursuant to the Regulations of Abengoa's Board of Directors, is the Board of Directors and, within it, the duty of supervision is conferred to the audit committee in accordance with its own regulations.

Thus, the Board of Directors is in charge of setting up and maintaining a compulsory Audit Committee as inferred from Article 27 of the Board Regulations.

According to the foregoing Article, the functions entrusted by the Board of Directors to the Audit Commission, with regard to the ICFRS, entail: *"Monitoring the preparation process and the integrity of the financial report concerning the Company and, where applicable, the group of which Abengoa is parent company (hereinafter, the "Group"), verifying compliance with legal requirements and the correct application of accounting criteria, and appropriately specifying the scope of consolidation"*.

Additionally, and in accordance with the same Article, included among the functions of the Board and, by delegation, the Audit Committee, is that which entails *"Periodically revising the internal control and risk management system so that the main risks, including those of a fiscal nature, are identified, managed, and properly disclosed, as well as discussing significant shortcomings of the internal control system identified in the audit with the financial auditor"*.

### F.1.2 Whether any of the following are in place, particularly as regards the financial information preparation process:

Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity.

As stipulated by the Board of Directors' Regulations, it is in charge of:

- › Defining the structure of the Group of companies;
- › At the proposal of the Company's chief executive, the appointment and possible dismissal of senior executives, as well as establishing the basic conditions of their contracts, including their remuneration and, where applicable, their compensation clauses.
- › The core components of its mission should be to approve the Company's strategy and the organization required for its execution, and to ensure that management attains the objectives while pursuing the Company's interests and corporate purpose.
- › Through the relevant departments, strive for the correct and integral announcement of the relevant information regarding the company including but not limited to that related to the call for the general meeting of shareholders, its agenda and contents of the proposed agreements, relevant facts, agreements adopted by the last general meeting held, the internal regulations of corporate governance and the Annual Report. The means of communication will be the most adequate for ensuring that unrestricted announcements are made and in a timely manner, including the Company's web-page.

Code of conduct, body of approval, degree of publication and instruction, principles and values including (indicating whether there is specific mention of the recording of transactions and the elaboration of the financial report), body in charge of analyzing breaches and of proposing the corrective actions and sanctions.

At Abengoa there is a code of ethics and professional conduct approved by the board of directors and available on the Intranet in both Spanish and English, which outlines the ethical and responsible behaviour that must be assumed in the execution of company activities and in managing the businesses, by the management team and all the professionals of Abengoa and its subsidiaries. Abengoa runs a continuous on-the job training programme in which Code of Conduct courses are given. It is compulsory for all employees to attend these courses and to show proof by signing attendance sheets; meanwhile the Company ensures that all Abengoa employees have received and understood said information.

In 2017 268,844 hours of training were given throughout the Group, with the attendance of 10,014 employees.

Abengoa's code of conduct:

- › The highest standards of honesty and ethical behaviour, including appropriate and ethical procedures for dealing with actual or possible conflicts of interests between professional and personal relationships.
- › The most complete, just, precise, timely and intelligible communication in all periodic reports that Abengoa must submit to the bodies of Administration or in all reports that may be made.
- › Compliance with the applicable laws, standards, rules and regulations.
- › The tackling of actual or possible conflicts of interests and providing guidance to ensure that employees, managers and directors report such conflicts to Abengoa.
- › The interruption of the poor use or poor application of Abengoa's properties and business opportunities.
- › The maximum level of confidentiality and fair treatment in and outside Abengoa
- › The immediate internal reporting of any breach of said Code of Conduct and the appropriate reporting of all illegal behaviour.

All information made public and all media releases deemed to be affecting Abengoa must first be approved by the board of directors or by the board chairman who may have been previously entrusted with performing such duty.

It's appropriate monitoring is a source of profitability and security in the execution of the activities of Abengoa. These regulations ensure the veracity and reliability of the financial report.

The Board of Directors and, by virtue thereof, its Chairman, the established committees, executive committees or, in turn, Managers entrusted therewith, are tasked with the classification of breaches of the Common Management Systems.

Whistleblowing channel, which enables reporting of irregularities of financial and accounting nature to the audit committee, in addition to possible breaches of the code of conduct and irregular activities in the organization. The reports may be filed confidentially.

An important aspect of responsibility and transparency is to provide a mechanism by which any interested party may safely and confidentially report irregularities, unethical or illegal conduct that, in his/her opinion, occur in the execution of the Company's activities.

In this manner and following the guidelines provided in section 301 of the Sarbanes-Oxley Act, the audit committee decided to establish specific procedures for:

- › The reception, safeguard and processing of complaints or reports that the Company may receive in relation to the accounting, internal monitoring of the accounting or auditing matters.
- › Employees of the Company to be able to confidentially or anonymously send information in good faith on dubious or arguable policies of accounting and auditing.

In this sense, Abengoa has a twin mechanism for receiving complaints or reports.

- › An internal channel, which is available to all employees, so that they can notify any alleged irregularity in accounting or audits or breaches of the code of conduct. The communication channel is by e-mail or ordinary mail.
- › An external channel, available to anyone outside the Company, so that they can notify any alleged irregularities, fraudulent actions or breaches of Abengoa's code of conduct through the website (www.abengoa.com).

Abengoa and its various business groups have been operating a whistleblower channel since 2007. Pursuant to the requirements of the Sarbanes-Oxley Act, whereby interested parties may report possible irregularities on accounting, auditing or internal controls over financial reporting, to the Audit Committee. A record is kept of all communications received in relation to the whistleblower, subject to the necessary guarantees of confidentiality, integrity and availability of the information.

**Training programmes and regular updates for personnel involved in the preparation and review of the financial report, as well as in the evaluation of the System of Internal Control over Financial Reporting, which should at least cover accounting regulations, auditing, internal risks monitoring and management.**

The Human Resources Management works together with the Economic-Financial Management to impart regular training, both internally and externally, to personnel involved in the preparation of the Financial Statements of the Group.

The training programmes are fundamentally focused on the correct knowledge and update on the International Financial Reporting Standards (IFRS) and on the laws and other rules and regulations on the Internal Control over Financial Reporting (Common Management Systems).

Both the Internal Audits Management and the Global Risks Management keep themselves informed and up-to-date on the latest on Risks management and Internal Control, especially on Financial Reporting.

During the 2017 financial year, the Departments related to the preparation, review and reporting of financial information received various publications of updates to the accounting and financial standards, internal control and tax, including courses by external experts in relation to the update of accounting standards.

## F.2 Financial reporting risk assessment

**Indicate at least the following:**

### **F.2.1 What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:**

**Whether the process exists and is documented.**

Abengoa has introduced a process for identifying and evaluating risks: the Universal Risks Model (URM) which is updated on a regular basis. This model numbers the risks identified by the organization, classified into categories and sub-categories, assigns indicators to each to enable them to measure their probability and impact and to define the degree to which they may be tolerated.

And finally, the types of risks related to the accounting and submission of the financial report, the management of debt and equity financing, planning and budgeting and the tax strategy of transactions:

**Whether the process covers all the objectives of financial information (existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often.**

The URM is designed to cover all risks that are identified Among them there is a group that refers to the preparation and submission of the financial report, accounting records, the management of debt and equity financing, planning and budgeting and the tax strategy of transactions:

Identified risks are covered and mitigated by Abengoa's internal monitoring system. All risks previously linked with the process by which the financial information is prepared are under control in such a way that it may be guaranteed that the financial reporting appropriately adheres to the requirements of existence, occurrence, integrity, evaluation, presentation, breakdown and comparability.

The existence of a process for the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities.

The consolidation perimeter of Abengoa is subject to revisions during each quarterly closing. The Consolidation department is in charge of analyzing companies that enter and those that exit said perimeter. Both the creation and acquisition of companies, as well as their sale or dissolution, are subject to internal authorization processes that permit the clear identification of all entries and exits to and from the consolidation perimeter.

Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

As already mentioned, the URM is the methodology to identify, understand and assess the risks that may affect Abengoa. The purpose is to obtain an integral vision of these risks, designing an efficient system of response that is in line with the Company's business objectives.

It is made up of 56 risks belonging to 20 categories. These are grouped into 4 large areas (financial risks, strategic risks, regulatory risks and operational risks).

All the risks of the model are evaluated based on two criteria:

- › Probability of occurrence: Degree of frequency at which to be sure that a specific cause will expose Abengoa to an event with negative impact.
- › Impact on the Entity: Set of negative effects on the strategic goals and objectives of Abengoa.

Which corporate governance body supervises the process?

The financial reporting process is the ultimate responsibility of the Board of Directors. In accordance with the Board of Directors' Regulations, the integrity and exactitude of the financial reporting presented to the Board of Directors for approval must first be certified by the Chairman of the Company's Board of Directors and by the Director of the Department of Corporate Consolidation and Audits.

Likewise, as set out in section F.5 of this document, the Board of Directors entrusts the Audit Committee with the duties of supervising the system of internal control and monitoring which ensures that the preparation of the financial information strictly follows the required standards.

## F.3 Control activities

Indicate whether at least the following are in place and describe their main features:

**F.3.1 Procedures for reviewing and authorizing the financial reporting and the description of the System of Internal Control over Financial Reporting to be published in the stock markets, indicating those in charge, as well as the documents describing the cash flows of activities and controls (even in connection with fraud risks) of the various types of transactions that could substantially affect the financial statements, including the accounting closure proceedings and the specific review of the opinions, estimates, assessments and relevant projections.**

Once the Board of Directors receives the corresponding reports and after the necessary clarifications, it shall clearly and precisely, in terms that aid comprehension of its content, prepare the annual accounts, the directors' report and the resolution on the application of the company's profit/loss outcome, as well as the consolidated annual accounts and directors' report, and the financial reports which the company must regularly publish, due to being a listed company, ensuring that these documents depict the true state of the asset, the financial situation and the profit and loss outcome of the Company, in accordance with the stipulations of applicable law.

Before signing the annual accounts required by law, the Directors shall keep a record of all the reservations they deem relevant. Otherwise, it will be understood that they had all the necessary information available to approve this preparation of the annual accounts.

Directors must sign statements of responsibility on the content of the annual financial report and, in turn, on any intermediate financial reports which the company must regularly publish due to being listed.

Thus, the Board of Directors will decide on and take as many actions and measures deemed necessary to ensure the Company's transparency on financial markets, promoting correct formation of prices of the Company's shares, supervising financial-related information regularly made public and performing as many duties as may be required due to the Company's status as a listed company.

The process or structure effectively followed in certifying the financial reporting, done on a quarterly basis, reflects the manner in which the financial report is generated at Abengoa.

In this structure, the information to be reported is prepared by company heads, then reviewed by heads of the respective Vertical Business Units and by the respective Corporate area heads who certify both the reliability of the financial report on the area under their charge - which is what they submit for consolidation at group level- as well as the effectiveness of the internal control system set up to reasonably ensure this reliability. Finally, the Company's chief executive and the directors of Internal Audits and Corporate Consolidation certify the reliability of the consolidated accounts to the Board of Directors in the quarterly Audit Committee. With the support of the management team in Internal Audits, this Commission supervises the entire certification process, and then submits its conclusions from said analysis to the Board of Directors in the sessions when the accounts will be officially prepared. The information will then be published at the National Securities Market Commission (CNMV) once submitted to the Commission.

The legal consultancy department holds regular committee meetings with the different legal consultants of the various subsidiaries of Abengoa to be informed of the legal situations of ongoing litigations and later report to the Chairman's office where subsequent discussions are held during the Board of Directors meetings on the situations posing the most significant conflicts.

### **F.3.2 Policies and procedures of internal control of information systems (especially on safety and security of access, monitoring of changes, operating these, operational continuity and separation of duties) that back the entity's relevant processes with regards to the drafting and publication of the financial reporting.**

Among the controls studied for mitigating or managing the risks of error in financial reporting are those related to the most relevant computer applications, like controls relating to user access permissions or to the integrity of information transfer between applications.

In addition, Abengoa follows guidelines or standards and procedures of internal control over information systems in relation to acquiring and developing software, acquiring systems infrastructure, installing and testing software, managing changes, managing service levels, managing services performed by third parties, systems security and access to systems, managing incidents, managing operations, the continuity of operations and the segregation of duties. Said guidelines and procedures -which in some cases are different based on geographical scope and which are in the process of gradual homogenization- are applied to all information systems including those that house the relevant processes of the generation of financial reporting, and to the infrastructure necessary for its functioning.

In geographical areas where Abengoa operates, the entire internal network of computer infrastructure is controlled by a Department of internal professionals who are responsible for defining and executing the group's IT and telecommunications strategy, as well as user support, systems operation and IT security. Abengoa has an Internet Technology (IT) security system in place that envisages the recovery of relevant information in the event of a system crash. This security system is managed through the aforementioned internal IT department.

### **F.3.3 Policies and procedures of internal control aimed at supervising management of activities outsourced to third parties, including the aspects of evaluation, calculation or assessment entrusted to independent experts, which could materially affect the financial statements.**

In general terms, Abengoa does not retain third party subcontractors to perform significant tasks that directly affect financial reporting. Third-party assigned assessments, evaluations or calculations that could materially affect the financial statements are considered activities deemed relevant for generating a financial report that may lead, as the case may be, to the identification of risks of priority errors, thus requiring the design of associated internal controls.

Abengoa has a method of approval through an authorization that grants Executive support which, among other things, must be acquired by the Department that needs to contract a professional service. Such contracts are subject to reviews before being signed, including their analysis and internal approval of the fundamental assumptions to be used.

## F.4 Information and communication

Indicate whether at least the following are in place and describe their main features:

**F.4.1 A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organization, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.**

Abengoa operates with an Accounting Policies Manual. This manual establishes the accounting policies criteria that must be observed when the Company is preparing the financial report using the financial reporting framework established by the International Financial Reporting Standards adopted by the European Union.

The manual is available to all employees of Abengoa.

The manual is also subject to regular updates for the purpose of including all new applicable rules and regulations. The department of Consolidations and Accounting Policies is responsible for updating the manual which was last updated during 2015.

**F.4.2 Mechanisms to capture and prepare financial information with standardized formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.**

All the entities that make up Abengoa's consolidated group use the same financial information reporting tools and applications, regardless of the information system being used for the maintenance of the accounting records. Said tools, which are regularly supervised by the Consolidation department, ensure that the financial information reported by companies is complete, reliable and consistent. Thus, the information reported during the closing of financial years includes all breakdowns deemed necessary for the preparation of consolidated financial statements and their explanatory notes.

## F.5 Supervision of system operation

Indicate whether at least the following are in place and describe their main features:

**F.5.1 The activities of supervising the System of Internal Control over Financial Reporting performed by the audit committee, and on whether the entity has an internal audit system that is able to support the committee in supervising the internal control system, including the ICFRS Also provide information on the scope of the assessment of the ICFRS during the financial year and on the process by which the head of the assessment reports the results, whether the entity has an action plan that outlines the possible corrective measures, and whether its impact on the financial reporting has been considered.**

The Board of Directors is in charge of ensuring the appropriate registration of the operations in the accounting records, of maintaining a structure of internal control and accounting for the purpose of preventing and detecting errors and irregularities. In accordance with the Board of Directors' Regulations, the Audit Committee is entrusted with the following duties, amongst others:

- › 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 the internal audit and, where applicable, on the accounting criteria applied.
- › Supervising the preparation and completeness of the financial information concerning the company and, if appropriate, the group, checking due compliance with the governing regulations, the proper delimitation of the consolidation criteria and the correct application of accounting criteria.
- › To periodically review the internal control and risk management systems so that the main risks are identified, managed, and properly disclosed, as well as to discuss significant shortcomings of the internal control system identified in the audit with the financial auditor.
- › To supervise and ensure the independence and effectiveness of the duties of internal audits, with full access thereto; to propose the selection, appointment, re-selection and dismissal of the head of internal audits; to propose the budget for said unit, and set the salary scale of its Director; to obtain regular information on the activities and the budget of the unit; and to ensure that senior management considers the conclusions and recommendations in its reports.

La Comisión de Auditoría tiene, además, entre sus funciones la supervisión de los servicios de The Audit Committee's functions also entail supervising the internal audit service and obtaining information on the financial reporting process, the internal control systems and the risks for the company.



On the other hand, with regards to supervising the internal controls system, the aims of the internal audit duties are as follows:

- › To prevent the group companies, projects and activities from exposure to audit risks such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the smooth operation of the business.
- › To ensure the continuous application of the standards, appropriate procedures and efficient management in accordance with the common management systems.

Abengoa's internal audit department originated as an independent global function, reporting to the Board of Directors' Audit Committee, with the main aim of supervising Abengoa's internal monitoring and significant risk management systems.

Abengoa's internal audit service is structured around seven functional areas:

- › Internal control
- › Financial auditing
- › Project auditing
- › Monitoring auditing a specific risks
- › Fraud prevention auditing
- › Non-financial auditing
- › Systems auditing

The internal audit team comprises of 19 professionals. The general characteristics of the team are as follows:

- › They have average professional experience of 8 years.
- › Approximately 65 % of the auditors have previous experience at one of the Big4 external audit firms.

The general goals of internal auditing are as follows:

- › To prevent the group companies, projects and activities from exposure to audit risks such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the smooth operation of the business.
- › To ensure the continuous application of the standards, appropriate procedures and efficient management in accordance with the common management systems.
- › To create value for Abengoa and its business units, promoting the construction and maintenance of synergies and the monitoring of optimal management practices.
- › To coordinate working criteria and approaches with external auditors to achieve optimum efficiency and profitability of both functions.

- › Analysis and processing of the complaints received through whistleblowing and reporting the conclusions of the work performed to the Audit Committee.
- › To evaluate the companies' audit risk in accordance with an objective procedure.
- › To develop annual work plans using appropriate scopes for each situation.

Abengoa's internal auditor services are in line with the international standards for the professional practice of internal auditing of the Institute of Internal Audit (IIA).

Likewise, Abengoa has been a member of ACFE Corporate Alliance since 2014. This association helps companies with tools and specific training focused on the fight against fraud and corruption, as well as resources to obtain the CFE (Certified Fraud Examiner) certification for internal auditors assigned to this area.

**F.5.2 Indicate whether or not there is a discussion procedure by which, (in accordance with the stipulations of the NTA), the accounts auditor, the internal audits' office and all the other experts, may inform the company's senior management, its audit committee and its directors, on the significant weaknesses identified in the internal control during the review of the financial statements or of all other documents to which they were assigned. Also report on whether or not there is an action plan for correcting or mitigating the weaknesses uncovered.**

The internal audit office regularly informs senior management and the Audit Committee about the weaknesses identified regarding internal control in reviews performed on the processes during the financial year, and on the implementation of the action plans put in place to ensure the mitigation of said weaknesses.

Elsewhere, the accounts auditor of the group has direct access to the group's senior management, holding regular meetings both to obtain the information necessary for the execution of its duties as well as to report on any control weaknesses detected during the auditing. External auditors will submit an annual report to the economic-financial director and the Audit Committee detailing the weaknesses they detected regarding internal control while carrying out their work.

## F.6 Other significant information

In 2017 a total of 2 reports were issued by external auditors, and these form an integral part of the Annual Report:

- › Audit report on the consolidated accounts of the Group, as required by current regulations
- › Audit report on compliance with internal control under the CNMV standards in conformity with the ICFRS requirements.

## F.7 External audit report

### Report on:

#### **F.7.1 Whether the information on the internal control over financial reporting system has been reviewed by the external auditor, in which case the entity should include the respective report as an exhibit. Otherwise, it should report its reasons.**

Abengoa applies all the rules and regulations dictated by the (CNMV) Stock Market Authorities. This fact implies that for the past six financial years Abengoa has been strictly complying with the reference indicators included in the document of the CNMV's "Systems of Internal Control over Financial Reporting

The ICFRS information remitted to the markets was revised by the external auditor.

The auditor of the individual and consolidated annual financial statements of Abengoa, for the financial year ending 31 December 2017 is Deloitte S.L., which is also the Group's main auditor.

## G. Degree of follow-up on Corporate Governance recommendations

State the company's degree of compliance with the recommendations of the Good Governance Code for Listed Companies.

If the company does not comply with any recommendation or follows it partially, there must be a detailed explanation of the reasons providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Explanations of a general nature will not be acceptable.

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.

Compliant

See headings: A.10, B.1, B.2 and C.1.23

2. 2. When a dominant and subsidiary company are both listed, they should provide detailed disclosure on:

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

Not Applicable

See headings: D.1, D.4 and D.7

3. During the ordinary general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous annual general meeting.
- b) The specific reasons for the Company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Partially compliant

The proposal of delegation of powers to issue shares or convertible bonds that the Board of Directors submitted to the Ordinary General Meeting of Shareholders during the 2015 financial year, and which is the one still valid on the date of this report, does not comply with the recommendation. Given the financial structure of the Company and the need to maintain certain appropriate levels of revenue in comparison with its volume of activity and its situation on the market, it was then appropriate for the Company to provide a major flexibility margin to enable it undertake this type of issuance at any time. Thus, the Board of Directors submitted a delegation

of more than 20% of the Abengoa's share capital at that time to the Shareholders' General Meeting for consideration, and the Shareholders General Meeting approved it in those terms and conditions.

Notwithstanding the above, at the Ordinary Shareholders' General Meeting in 2017, the Board of Directors submitted a proposal for the delegation of powers to issue shares or convertible bonds that complied with said recommendation but it could not be voted upon, and so it could not be approved, since the minimum quorum necessary for voting to be cast on the bylaw modification proposal could not be attained.

In spite of the above, the Company has not made use of the capital delegation that was authorized.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committees.
- c) Audit committee report on related-party transactions.
- d) Report on the corporate social responsibility policy.

Compliant

7. The company should stream its general shareholders' meetings live on the corporate website.

Explain

Since the Company had just completed a complex financial restructuring process, and to avoid both the possible alterations of the normal course of the Meeting and its leakage to non-shareholders, as well as being consistent with the austerity and costs savings policy that the Company has implemented, Abengoa's Board of Directors decided against a live broadcast of its 2017 Ordinary Shareholders' General Meeting.

Nevertheless, the Company sufficiently publishes the General Meetings of Shareholders in the BORME [Official Gazette of the Commercial Registry], on the CNMV website and on its own corporate website. Likewise, the Company, in line with prevailing legislation and its own internal regulations, facilitates participation of all shareholders (who wish it as such) at General Meetings through the possibility of attending General Meetings via remote online communication.

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant

See heading C.2.1

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Not Applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Not Applicable

No attendance bonus was paid during the 2017 Ordinary General Meeting.

12. The board of directors should perform its duties with unity of purpose and independent judgement, affording the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximizing its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant

13. The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Compliant

See heading C.1.2

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.

- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-selection of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant

15. Proprietary and independent directors should constitute an ample majority on the board of directors, 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.

Compliant

See heading C.1.2 and C.1.3.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalization, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Compliant

See heading C.1.2 and C.1.3.

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options over the same.

Compliant

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent 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.

Not Applicable

20. 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 entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant

See heading C.1.21

21. 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 they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant

See heading C.1.21

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organization's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board 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 offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decides whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant

See heading C.1.21 and C.1.42

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm 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 also apply to the secretary of the board, even if he or she is not a director.

Compliant

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Compliant

See heading C.1.9



25. The nominations committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors' regulations should lay down the maximum number of company boards on which directors can serve:

Compliant

See heading C.1.13

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant

See heading C.1.29

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant

See headings C.1.29 and C.1.30.

28. 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, they should be recorded in the minute book if the person expressing them so requests.

Compliant

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant

See heading C.1.40

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Compliant

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Compliant

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Compliant

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular focus on the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Not Applicable

38. 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

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Compliant

See heading C.2.1

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant

See heading C.2.1

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant

See heading C.2.1

43. 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

See heading C.2.1

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyze the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant

45. The risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational) risks, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of identified risk events should they occur.

- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant

See headings E.

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Compliant

47. Appointees to the nomination and remuneration committee - or of the nomination committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Compliant

See heading C.2.1

48. Large cap companies should operate separately constituted appointment and remuneration committees.

Not Applicable

49. The appointments committee should consult the company's board chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable

Compliant

See heading C.2.1

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Compliant

See heading C.2.1

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant

See heading C.2.1

52. The terms of reference of supervision and control committees should be set out in the board of directors' regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all board members.

Not Applicable

See heading C.2.1

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organization, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and cater, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholders.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Compliant

56. Director remuneration should be sufficient to attract individuals with the desired profile and to compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Explain

Give the extraordinary situation of Abengoa and its group, and as acknowledgement of the task assumed by the board members to achieve its feasibility and consolidation as a company, it has been deemed appropriate that the board members be entitled to additional remuneration in a single payment in an amount equal to half of what is paid to each of them as board member and for duties performed in their capacities and in committees (excluding remunerations for executive duties) from 22 November 2016 to 31 December 2020 (including board members that may only have exercised their duties for part of the time, as long as for less than a year), if the members of the team of executives who are beneficiaries of the long-term incentive plan for the period between 2017-2020 approved by the Board of Directors in its session dated 24 May 2017 accrue the right to variable remunerations for the plan.

The maximum amount for said single payment shall be €2,320,000 in addition to what is set for the remuneration for the 2020 financial year, and which was approved by the 2017 General Meeting of Shareholders.

58. In the case of variable awards, remuneration policies should include limits and 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, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduces their amount.

Compliant

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Explain

On the date of this report, as a result of the extraordinary circumstances that the Company has been through over the last years, there are no plans to hand out shares as part of the pluri-annual variable remuneration of executive board members, Notwithstanding the above, the Remunerations Policy for the 2018 to 2020 financial years approved by the Shareholders' General Meeting on 30 June 2017 envisages the possibility although the inclusion of shares or options in the remunerations of executive directors would require the approval of the General Meeting if proposed by the Board of Directors following a report from the Appointments and Remunerations Committee.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Not Applicable

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Compliant



## H. Other information of interest

1. If there are any significant aspects regarding corporate governance at the company or at entities of the group that is not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.
2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial, or other codes of ethical principles or good practices. If so, identify the code in question and the date of adherence thereto. In particular, mention whether there has been adherence to the Code of Good Tax Practices of 20 July 2010.

### A.1 - Rights inherent to class A and B shares

Article 8 of Abengoa's Bylaws regulates the different rights inherent in its class A and B shares. The extraordinary general meeting of shareholders held on the second call on 30 September 2012, agreed to amend article 8 of Abengoa's bylaws to include a mechanism for voluntarily converting class A shares into class B shares. Below is the aforementioned subsection of the aforementioned Article 8 which includes the right of voluntary conversion:

" [...] A.3) *The right of conversion into class B Shares*

*Each class A share entitles its owner the right to convert it into a class B share until 31 December 2017.*

*The owner may exercise the right of conversion by writing the Company or, as the case may be, the agent appointed for such purpose, through the share-holding entity of the Systems Registry Management Company, Compensation and Liquidation of Stocks (Iberclear), by any means that provides acknowledgement of receipt, notification reflecting the total number of class A shares owned by said owner and the exact number of class A shares over which said owner wishes to*

*exercise the inherent rights of conversion, in order for the Company to execute the agreements necessary for effecting the aforementioned conversion and to subsequently inform the CNMV by issuing the corresponding notice of relevant event.*

*The aforementioned notice shall include the corresponding certificate of ownership and legitimacy for the class A shares issued by an entity that must be a participant in the Iberclear management systems, or through an intermediary or depository or financial entity managing the shares under the terms set out in the regulations governing securities representation by means of book-entry or through any other equivalent means of accreditation to which the Company grants sufficient validity for that purpose.*

*The exercise of the inherent conversion rights of a class A shares shall be understood as the company's share capital being reduced by the amount of the difference between the face value of the class A shares for which the inherent rights are exercised and the face value of the same number of class B shares, an amount that will increase the restricted reserve which the company would already have set aside for that purpose and in accordance with article 335.c) of the Corporate Enterprises Act.*

*The Board of Directors, with the specific faculty of substitution by the Chairman or the Chief Executive, shall be empowered to determine the period, frequency and procedure for exercising the inherent conversion rights, including, if applicable, the decision of adequacy of the aforementioned equivalent means of accreditation, as well as all other aspects that may be deemed necessary for the proper and correct exercise of said right, which shall all be appropriately communicated through the corresponding notice of relevant event. [...]"*

On the date of this report, following the last period of the converting of Class A Shares to Class B Shares, the Company's corporate capital was thirty five million eight hundred sixty-five thousand eight hundred sixty-two Euros and seventeen cents of a Euro (€35,865,862.17) represented by eighteen thousand eight hundred and thirty-six million one hundred nineteen thousand three hundred (18,836,119,300) shares completely subscribed and disbursed, belonging to two different classes: one thousand six hundred twenty-one million one hundred forty-three thousand three hundred forty-nine (1,621,143,349) shares belonging to Class A at a nominal value of two cents (0.02) of a Euro each, belonging to the same class and series, each of which confers one hundred (100) votes and which are Class A shares; and seventeen thousand two hundred fourteen million nine hundred seventy-five thousand nine hundred fifty-one (17,214,975,951) shares belonging to Class B at a nominal value of two thousandth (0.0002) of a Euro each, belonging to the same class and series, each of which confers one (1) vote and which are the shares with the privileged financial rights set forth in Article 8 of these bylaws.

## A.2 and A.4

On 31 March 2017 the Company completed the financial restructuring process in which it had been immersed. Among other items, this restructuring operation involved the entry of new money into the group of companies headed by the Company and the capitalization and/or discharge, as appropriate, of certain financial debt. As a result of said capitalization operations and following their execution giving rise to the conclusion of the restructuring operation, the significant shareholders of the Company at the 2016 year end, Inversión Corporativa I.C., S.A. and Finarpisa, S.A. ceased to be holders of significant shares in the Company and, in their stead, the following companies became the holders: Banco Santander, S.A., Credit Agricole Corporate and Investment Bank, Caixabank, S.A., Bankia, S.A., Banco Popular Español, S.A., D.E. Shaw, Arvo Investment Holdings Sarl and Banco de Sabadell, S.A.

Notwithstanding the above, said entities went on selling their shares during the financial year and, by the end of said year, the only entities holding significant shares in the equity of the company are Banco Santander, S.A. and Banco Popular Español, S.A.

## A.12

The Company reported a relevant event on 29 April 2016 to the CNMV (official registration number 238043) stating that the process of voluntary delisting of its Class B shares and its American Depositary Receipts (ADRs) from the NASDAQ Stock Market became effective on 28 April 2016, having carried out all the actions to exclude such securities from the SEC and therefore terminating its reporting obligations under the Securities Exchange Act of 1934. Following the delisting of the Class B shares and ADRs from the Nasdaq Stock Market, all of the shares of the Company are traded on the Spanish Electronic Market.

## B.3 / B.5 Reinforcement to guarantee minority rights

In the interest of reinforcing minority rights, Abengoa submitted a series of bylaw amendments to the Extraordinary General Meeting of Shareholders for approval for the purpose of ensuring that the so-called "defence of minority rights" does not suffer infringements for the mere fact that two different classes of shares exist with different face values and specifically to prevent the lesser face value of the class B shares from making it difficult to obtain the percentages of the share capital required for the exercise of some voting rights. For example, the 3% the share capital required for convening a General Meeting or proposing the exercise of a corporate liability action. Thus, the General Meeting approved the amendments of Abengoa's bylaws in the terms and conditions shown below to envisage that all rights are exercised, using the number of shares as the base for calculating the percentage, and not the share capital.

Specifically, the General Meeting agreed to modify the Bylaws for the purpose of establishing therein that: (i) to attend the General Meeting of Shareholders it is necessary to have three hundred seventy-five (375) shares, regardless of whether Class A or Class B; (ii) shareholders representing at least 3% of the share capital or 3% of shares with voting rights can request the publication of a supplement to the convening of the Ordinary General Meeting of Shareholders, including one or two points in the agenda, and they can submit proposals of decisions on issues already included or should be included in the agenda of the Meeting convened; (iii) shareholders holding 1% of the share capital or 1% of the shares with voting rights can request the presence of a Notary Public to endorse the minutes of the General Meeting; (iv) shareholders with 3% of the share capital or 3% of shares with voting rights can request the convening of a General Meeting that is to decide on the corporate liability action against administrators, or to exercise corporate liability action without the agreement of the General Meeting or against it; (v) the Board of Directors of the Company shall convene the General Meeting of Shareholders if so requested by shareholders representing 3% of the share capital or the total number of shares with voting rights; (vi) that the Board of Directors of the Company shall decide to defer the General Meeting of Shareholders if so requested by shareholders representing 25% of the share capital present or represented at the meeting or 25% of the shares with voting rights; (vii) that the Company's Board Chairman may only suspend the right to information envisaged in Article 197 of the Corporate Enterprises Act if the request is submitted by shareholders representing less than 25% of the capital disbursed, or 25% of the shares with voting rights if said percentage is a number less than shares with voting rights (and as long as, in addition, the other envisaged bylaw conditions are verified).

## C.1.2 and C.1.9

The Board of Directors' meeting held on 26 January 2017 accepted the resignation submitted by board member Javier Targhetta Roza for personal reasons of family nature. Subsequently, on 23 March 2017 the Board of Directors, acting on the proposal of the Appointments and Remunerations Committee, agreed to cover, by co-optation, the vacancy existing on the Board as a result of the resignation of Targhetta, by appointing independent board member Miguel Antoñanzas Alvear.

The Board of Directors meeting held on 19 May 2017 accepted the resignation submitted by board member Miguel Antoñanzas Alvear for personal reasons. Subsequently, on 13 July 2017 the Board of Directors, acting on the proposal of the Appointments and Remunerations Committee and after the approval by the General Meeting of Shareholders held on 30 June 2017, agreed to cover, by co-optation, the vacancy existing on the Board as a result of the resignation of Antoñanzas by appointing independent board member Josep Piqué Camps.

**C.1.15**

The amount of total remuneration of Board members includes remuneration paid, for any reason, to all those who have held the position of director of the Company during 2017.

**C.2.1**

It should be stated that on 27 February 2017 Abengoa's Board of Directors unanimously agreed to appoint José Luis del Valle Doblado as temporary member of the Appointments and Remunerations Committee in replacement of Javier Targueta Roza. On 23 March 2017, following the appointment of Miguel Antoñanzas Alvear as board member, the Board of Directors unanimously agreed to appoint him as member of the Appointment and Remunerations Committee in replacement of José Luis del Valle, who had been holding the position temporarily.

On 19 May 2017, following the resignation of Miguel Antoñanzas as board member, the Board of Directors of Abengoa unanimously agreed to appoint José Luis del Valle Doblado as temporary member of the Appointments and Remunerations Committee in replacement of the former. On 13 July 2017, following the appointment of Josep Piqué Camps as board member, the Board of Directors unanimously agreed to appoint him as member of the Appointment and Remunerations Committee in replacement of José Luis del Valle, who had been holding the position temporarily.

**D.7**

Atlantica Yield plc, a company that does not belong to the Group but in which Abengoa holds a stake of approximately 40%, is listed on the US Nasdaq. For this purpose, on 26 May 2014 both companies signed a protocol for the authorization and supervision of related-party transactions.

**Other information**

During 2013 Abengoa started to prepare a corporate compliance programme which it has continued to develop in recent years.

The concept of corporate compliance was introduced in adherence to international practices and to specific compulsory legal rules and regulations, especially practised in Anglo-Saxon law and, from December 2014 onwards, in Spain. Up until the Transparency Act and, most recently, Law 31/2014, of 3 December, which amends the Corporate Enterprises Act to improve corporate governance, became effective and enforceable in Spain, good governance recommendations were just that: recommendations. They were not binding even though, on the international markets, companies were legally obliged to comply with certain codes of conduct to prevent fraud, among other bad practices. Notwithstanding the above, due to the increase in getting closer to the international markets as well as to the recent promulgation of Law 31/2014, it is now necessary, on the one hand, to harmonize the international practice with Spanish laws,

thus introducing the concept of criminal liability for legal entities and, on the other, to adapt the various company standards to the new amendments introduced in the Corporate Enterprises Act.

The goal that Abengoa hopes to attain by creating this programme and by adapting its standards to the recent amendments in the Corporate Enterprise Act on the aspect of corporate governance is for the Board of Directors and the management to apply and practice ethics, legality and efficacy in business transactions (good governance), with the organization's systematic focus on evaluating and managing risks, and to ensure that the organization and its employees comply with the existing laws, regulations and standards, including the company's behavioural standards (regulatory compliance), with Abengoa exercising due control and providing a strategic vision to tackle the legal needs of the organization. The creation of a regulatory compliance monitoring programme by introducing an effective system of good governance and crime prevention is an essential resource for the reputation of Abengoa.

Abengoa's corporate compliance programme establishes standards and procedures for detecting and preventing bad corporate practices, with the Board of Directors acting as the authority in supervising the implementation and improvement of the compliance programme and creating the internal post of compliance officer. An appropriate corporate compliance programme requires an evaluation of the criminal, social and corporate good governance risks, a monitoring authority, a follow-up, action and surveillance programme, as well as an important ongoing training programme for employees.

Also in 2002, Abengoa signed the UN Global Compact, an international initiative which aims to achieve a voluntary commitment of entities in social responsibility through the implementation of ten principles based on human, labour and environmental rights and the fight against corruption.

And in 2007 the Company signed the Caring for Climate initiative, also of the United Nations. As a result, Abengoa has implemented a system of reporting emissions of greenhouse gases (GHGs), which allows it to calculate its emissions of greenhouse gases, trace all its supplies and certify the products and services it offers.

On 26 July 2010, the Company's Board of Directors agreed the company's adhesion to the Code of Good Tax Practices.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting dated 7<sup>th</sup> March 2018.

State whether any directors voted against or abstained in connection with the approval of this Report.

No

Individual or company name of director that did not vote in favour of the approval of this report	Reasons (opposed, abstained, absent)	Explain the reasons
<hr/>		



## 02. Annual Report on Remuneration of Board Members (ARR)

## A. The Company's Remunerations Policy for the On-going Year

### A.1. Abengoa's Remuneration Policy for the 2018 Financial Year

At Abengoa, S.A. (hereinafter, "**Abengoa**" or the "**Company**" or "**Company**") it is paramount to maintain policies geared towards proposing long-term professional careers within the group headed by the Company (hereinafter, the "**Group**") and, at the same time, to promote long-term profitability and sustainability of the Company and its Group, withholding a reasonable proportion considering the Company's magnitude, its financial situation at all times and the standards of the comparable enterprise markets. In the activities that Abengoa is engaged in, executed in highly competitive environments, the attainment of its goals and objectives, to a great extent, depends on the work quality and capacity, the dedication and knowledge of those holding key positions and leading the organization.

Following the financial crisis that plagued the Company and in light of the new demands of the new situation of the Group, with new focus, challenges and difficulties, the Policy for the Remuneration of Abengoa's Board Members has been redefined to the service of a prevailing goal: attract and retain the most outstanding and appropriate professionals ready to contribute towards the attainment of Abengoa's new strategic goals and objectives, concretized in (a) the relaunching of its original activity as an overseas market frontline contractor, (b) the securing of a margin in its contracts and in the generation of cash to ensure performance of payment commitments owed to its creditors, and to finance its own operations and investments, and (c) the reorganization of Abengoa as a sustainable and profitable enterprise that adjusts its business structure and its costs to the demands of the activity it intends to undertake in future.

These premises determine the remunerations policy for the Group in general and for the board members in particular, especially for the executives, and must be attractive enough to bring in and retain the most distinguished professionals.

Consequently, the board members' remunerations policy aims at ensuring that their remunerations:

- › Are geared towards promoting the Company's long-term profitability and sustainability, taking the necessary cautions to prevent the excessive assumption or risks.
- › Makes efforts to encourage the attainment of specific quantifiable company objectives, aligned with the interests of the shareholders and other interest groups.
- › Are appropriate enough for the situation of crisis that the Company has passed through, the results of which are heavy weight for the viability of the Company in future, so as to attract, commit and motivate professionals able to contribute in getting the Company and its group to overcome the difficulties and recover normalcy in its business and a sustainable

profitability, and for that reason, using the present market standards for comparable companies.

- › Are necessary for remunerating the dedication, qualification and responsibility required for the performance of board member duties, considering the tasks performed in the Board of Directors and on the Committees on which they may serve, but, in the case of non-executive board members, not so high enough to alter their independence.
- › With regards to remuneration of executive board members for the performance of their executive duties:
  - (i) Ensure that the overall remunerations package and its structure remain competitive with what is offered in the international sector and are compatible with our leadership vocation.
  - (ii) Maintain a variable component linked to various periods and specific objectives, in order to link them to the performance of the executive in question, using predetermined and measurable performance indicators.

The remunerations policy for Abengoa's board members reflected in this report was approved by the Ordinary General Meeting of Shareholders held of 30 June 2017, which also agreed that said policy be applicable to the 2017 financial year, thus modifying the policy then in vigour since 2015.

The criteria used for establishing the remunerations policy for the board members are in accordance with the stipulations of the Corporate Enterprises Act (Articles 217 to 219, 249 and 529o to 529r), of the Bylaws (Article 39) and in the Regulations of the Board of Directors (Article 20), setting forth various criteria based on whether or not a board member performs executive duties:

- › **Remuneration of board members based on their condition as such**  
The position of board member is remunerated in accordance with the stipulations of Article 39 of the Bylaws. The remuneration of directors shall consist of an amount whose total shall be agreed upon by the Company's Shareholders' General Meeting, in conformity with the remunerations policy of Board Members, in accordance with all or some of the following items and subject, in cases in which it may be deemed necessary if stipulated by law, to the prior approval by the Shareholders' General Meeting:
  - (a) a fixed salary;
  - (b) attendance per diem;
  - (c) variable remuneration with indicators or general parameters of reference;
  - (d) remuneration by payment in shares or in pre-emptive rights over them or the value of which is referenced at the value of the Company's shares;



- (e) compensations for resignation, as long as the resignation is not due to non-performance of the duties assigned to the person;
- (f) savings or forecast systems deemed opportune.

Likewise, the payment may be made through the handover of shares to non-executive board members as long as it is based on the condition that said shares would be maintained (with the exception of those that may need to be assigned to meet the costs of acquiring them) until resignation as board members.

Currently, amongst the various possibilities set forth in the internal regulations of Abengoa, the remuneration of board members, when specified in a fixed annual amount for serving as a member of the Board of Directors, another for serving on the Committees of the Board of Directors, another for serving as Chairperson of the Board of Directors (except if by an executive board member with delegated powers) or on any of the committees and, in addition, a variable remuneration, although such variable remuneration, if accrued, shall not be payable until 2021.

The specific determination of the relevant amount for the aforementioned items to each of the Board Members and the form of payment shall be set by the Board of Directors within the parameters set forth by the remunerations policy. For that purpose, as already pointed out above, duties performed by each board member on the board itself, membership to the board and attendance to the various Committees, shall be considered.

Likewise, the Company shall underwrite civil liability insurance and shall separately reimburse, without such being deemed a remuneration, travel and lodging expenses that may be required for the performance of duties and expenses incurred for acquiring the necessary media and installations.

The rights and duties of any nature derived from membership to the Board of Directors shall be compatible with whatsoever other rights, obligations and compensations to which the Board Member may be entitled for the other duties, including executive, which, as the case may be, members perform in the Company.

#### › Remunerations for the performance of duties in the Company other than those of board member

It includes board member remunerations for performing executive or other kinds of duties, other than those of supervision and decision-making as member on the Board of Directors or on its Committees.

These remunerations are compatible with receiving remuneration that may be payable thereto for the condition of mere member of the Board of Directors.

It is the Company's Board of Directors duty to set the remuneration of the Board Members for the performance of executive duties. It should be noted that since the Extraordinary Shareholders' General Meeting held on 22 November 2016, the only executive board member still on the board is the current Executive Chairman, Gonzalo Urquijo Fernández de Araoz.

### A.2. The process for determining the remunerations policy

Pursuant to Article 28 of Abengoa's Board of Directors' regulations, it is the duty of the Appointments and Remunerations Committee to propose the remuneration policy for Directors, managing directors or those with executive responsibilities reporting directly to the Board, and for executive Committees or Chief Executives, to the Board of Directors for approval by the Company's General Meeting of Shareholders, as well as regularly revising said policy and guaranteeing that the individual remuneration for each of them is proportional to what is paid to the rest of the board members and the general managers of the Company.

The remunerations policy for Abengoa's board members reflected in this report was approved by the Ordinary General Meeting of Shareholders held of 30 June 2017, which also agreed that said policy be applicable to the 2017 financial year, thus modifying the policy then in vigour since 2015. Said remunerations policy was prepared, discussed and formulated in the heart of the Appointments and Remunerations Committees, submitting the resulting proposal to the Board of Directors to be subjected to the General Meeting for approval. Its realization in relation to board members holding positions on the date of this report required the consideration of market references based on the information provided by renowned consultants, as indicated hereunder in this same section A.2.

In accordance with the bylaws and Abengoa's Board of Directors regulations, the majority of the members of the Appointments and Remunerations Committee have to be independent board members and its Chairperson must be appointed from amongst the independent Board Members forming part of said Committee. Currently, the Appointments and Remunerations Committee is exclusively made up of independent board members, including its Chairlady, all appointed based on their knowledge, aptitude and experience in matters to be handled by the Committee.

The current members of the Appointments and Remunerations Committee, and as such, participants in the definition and regular revision of the remunerations policy, are as follows:

Pilar Cavero Mestre	Chairman	Independent Board Member
Josep Piqué Camps	Member	Independent Board Member
Ramón Sotomayor Jáuregui	Member	Independent Board Member
Juan Miguel Goenechea Domínguez	Secretary	Non-Board Member



Ms. Cavero Mestre was appointed as member of the Committee by and at the Meeting of the Board of Directors of Abengoa, S.A. held on 22 November 2016, and selected as Chairlady by and at the Meeting of the Appointments and Remunerations Committee held on that same date; on the other hand, the Secretary was appointed by and at the Meeting of Board of Directors of Abengoa, S.A. held on 22 November 2016.

Mr. Piqué Camps was appointed member of the Committee by and at the Meeting of the Board of Directors of Abengoa, S.A. held on 13 July 2017, in replacement of José Luis del Valle Doblado, who served on the Committee briefly after the resignation of Miguel Antoñanzas Alvear.

In the context of the restructuring of Abengoa and in accordance with the terms of the Restructuring Agreement signed by the Company on 24 September 2016, the Board of Directors was completely modified, both in number as well as composition, at the Extraordinary General Meeting of Shareholders held on 22 November 2016. To set up the remunerations for new members of the Board of Directors, all independent except for the Executive Chairman, the Appointments and Remunerations Committee obtained information on market reference provided by a specialized firm, Spencer Stuart. To determine the contractual conditions of the Executive Chairman, Mercer, a consultancy company also specialized in matters of remunerations, was also consulted.

### A.3. Components of the fixed remuneration

#### (a) Remuneration of board members as such

The remuneration of the board members of Abengoa as such consists of a fixed annual amount that can vary based on membership and, as the case may be, chairmanship of the Board of Directors and its Committees, and a variable remuneration.

Regarding the fixed remuneration, the relevant amounts can only accrue for attendance of the board member to sessions of the relevant organ. Below is a list of the items.

- › For membership of the board: €80,000, at the rate of €8,000 per session.
- › For membership of any committee of the Board of Directors: €10,000 for each committee, at the rate of €2,500 per session.
- › For chairmanship of the Board of Directors, except if held by an executive board member: €40,000, at the rate of €4,000 per session.
- › For the post of Coordinating Board Member, when held by a Board Member not presiding over any of the committees of the Board of Directors: €10,000, at the rate of €1,000 per session.

- › For chairmanship of any committee of the Board of Directors: €10,000 for each committee, at the rate of €2,500 per session

The maximum amount calculated for the entire board members would be €1,160,000 per annum, in the expectation of a possible increment within the triennium of the validity of the Remunerations Policy, for (a) the number of members of the Board of Directors up to ten, (ii) the number of the members of each of the committees by up to five board members and (c) the number of committees that the Board of Directors may set up with consultative duties for the better performance of its functions.

The exact amount of the aggregated remuneration set forth in the paragraph above may be lower than what is set forth as maximum if the individual amount set forth above is accrued as such by the board members who have held posts during the financial year in question. In the event of only serving for a part of the financial year, the accrual shall be proportional to the time during the year in question during which the post is held. The form of payment shall be set by the Board of Directors.

#### (b) Remuneration of board members for the performance of executive functions

Executive board members receive a fixed payment or salary for rendering services in their executive capacities. This consists of a fixed gross amount equally divided into twelve months.

Its amount must be within the normal parameters of remuneration for analogous positions in companies with similar profile. Its determination requires the consideration, in the manner possible, of market studies by external consultants.

The fixed remuneration may be increased annually based on the revision conducted by the Board of Directors, upon the proposal of the Appointments and Remunerations Committee and on the applicable remuneration policy.

As already indicated, since 22 November 2016 the only executive board member Abengoa has had is its Executive Chairman, Gonzalo Urquijo Fernández de Araoz, whose remuneration is set for the 2018 financial year as €1,000,000, same as that of 2017 financial year. Should other executive board members be appointed during the financial year, their fixed remuneration shall be governed by the stipulations set for the fixed remuneration of the Executive Chairman with a maximum limit of 70% of the fixed remuneration for said chairman.

Executive chairpersons are also entitled to life insurance and/or accident insurance as well as medical insurance, and the premiums shall be paid by the Company.

Abengoa shall also assume the expenses of security, displacement, communication media and others incurred in relation to the performance of duties, without such being a reward.

#### A.4. Variable components of the remuneration systems

##### (a) Variable remuneration of board members as such

Board members, in their condition as such, shall be entitled to additional remuneration in a single payment in an amount equal to half of what is paid to each of them as board member and for duties performed in their capacities and in committees (excluding remunerations for executive duties) from 22 November 2016 to 31 December 2020 (including board members that may only have exercised their duties for part of the time, as long as for less than a year), if the members of the team of executives who are beneficiaries of the long-term incentive plan for the period between 2017-2020 approved by the Board of Directors in its session dated 24 May 2017 accrue the right to variable remunerations for the plan, described in section C.1(iii) in relation to the pluriannual variable remuneration of the Executive Chairman as board member with executive duties.

The maximum amount for said single payment shall, in the event of its accrual, be €2,320,000 in addition to what is set for the remuneration for the 2020 financial year.

##### (b) Variable remuneration of board members for the performance of executive functions

The Executive Chairman and, as the case may be, other board members with executive duties, shall receive variable remunerations with double components – one annual and another pluriannual - with their respective accruals being conditioned to the attainment of specific goals predetermined by the Board of Directors following a report from the Appointments and Remunerations Committee.

Each of the components of the variable remuneration is structured in coherence with the distinct time period to which it is linked, and its accrual is tied to the verification of the attainment of the corresponding pre-defined goals and objectives, which are predetermined, quantified, and measurable and linked to:

- (a) Abengoa's own financial econometrics like the progress of the company's equity or its shares, its various margins, its profits at various levels, the debt, the generation of free cash-flow and liquidity, and other magnitudes of Abengoa's creation, and

- (b) the attainment of the specific goals, in line with the Strategic Plans or valid Business Plans at all times, in connection with the professional performance and execution of the executive board member and with financial and non-financial factors.

##### (b.1) Annual variable remuneration (or bonus)

The annual variable remuneration of the executive board members is entered in the general policy of the remuneration of Abengoa's Senior Management, participating in the same general structure as the annual variable remuneration of the senior directors. In relation to the executive board members, the Board of Directors is entitled to, following a report from the Appointments and Remunerations Committee, set yearly objectives and their adjustment in conformity with the stipulations of the applicable remunerations policy.

The annual variable remuneration (or bonus) of the executive board members is linked to the performance of goals and objectives. These objectives are fundamentally referenced to the Earnings Before Interest, Taxes, Depreciation and Amortization or "EBITDA", as commonly referred to) as well as other indicators related to the Business of the Group. Based on such criteria a range of total variation of the variable remuneration of the executive board members is estimated at the start of the financial year.

The variable remuneration is the annual bonus and is payable in bulk.

For the purpose of calculating the annual variable remuneration of the Executive Chairman, the variable target of reference amounts to 100% of its fixed annual remuneration and is the amount of the bonus in the event of performing 100% of all the objectives set for the year in question. Should it accrue, the annual variable remuneration can be between 80 % and a maximum of 140 % of the variable target referred to. In addition, for the purpose of attaining a balanced implementation of all the marked goals and objectives the Board of Directors may establish that to accrue the right to any amount of annual variable remuneration during a financial year it is a requirement ("trigger" or "necessary condition") that a minimum degree of one or several or all of the objectives be attained.

In 2017 the objectives of the Executive Chairman's annual variable remuneration was the same as set forth for the entire team of directors, with the same metric weighting. After assessing the conditions set forth for such and upon establishing the non-performance of one of the general triggers, it was decided that it had not accrued and, was therefore not recognised for either the company's Executive Chairman, its directors or employees.

## (b.2) Pluriannual Variable Remuneration

Executive Board Members, as members of top management of Abengoa, can enter the system of the pluriannual variable remuneration for directors that may at anytime be approved by the Board of Directors on the recommendation of the Appointments and Remunerations Committees.

Currently, in compliance with the commitments assumed in the Group's financial debt restructuring agreement that was legally endorsed on 8 November 2016, there is a four (4) years long-term incentives plan, 2017-2020 ("ILP") and whose conditions are listed in section C.1, which was approved by the Board of Directors, on the proposal of the Appointments and Remunerations Committee, on 24 May 2017, and of which a group of approximately 125 directors are beneficiaries, including the Executive Chairman.

As regards the executive directors, on the date of this report, only as regards the Executive Chairman, the potential aim of the plan is the withholding and motivation, to incentivise dedication and commitment to the Company.

### A.5. Long-term savings system

The remunerations package of Abengoa's board members does not include any long-term savings system.

### A.6. Compensations

There are no plans to pay any compensation to board members in the event of termination of their services as such. The payment of compensations is only envisaged in possible terminations of executive services that, as the case may be, they may be performing, such as listed in section A.7 below.

### A.7. Conditions of executive directors' contracts

The Board of Directors, upon the proposal by its Appointments and Remunerations Committee, sets the remuneration for executive directors for the performance of their executive duties and other basic conditions that their contracts must adhere to, duly approved by the Board of Directors under the terms and conditions set forth in Article 249 of the Corporate Enterprises Act.

Below are the main conditions of the contract signed by the Company with the Executive Chairman, Gonzalo Urquijo Fernández de Aroz, the only executive board member still in power on the date of this report:

#### a) Time indefinite

The contract of the Executive Chairman is time indefinite and it envisages a financial compensation in the event of the termination of the contractual relationship with the Company, except if said termination is voluntary, caused by death or incapacity of the board member or is a result of serious non-compliance and breach of his obligations.

#### b) Periods of prior notification

The contract of the Executive Chairman envisages a period for prior notice to be respected, of, at least, three months from the moment he issues notice of his decision to terminate the contract. In the event of non-compliance with the period, the board member shall compensate Abengoa with an amount equal to the total annual remuneration, fixed and variable, to which he may be entitled during the breached prior notice.

#### c) Exclusivity and Non-competition

The contract of the Executive Chairman sets forth that his obligation is to dedicate all that involves executive duties exclusively to the Company.

In addition, it includes a post-contractual non-competition agreement to last for a period of one year following the termination of his contractual relationship with the Company. In exchange for that commitment, the Executive Chairman shall be entitled to compensation in the amount equal to one year of his fixed and annual variable remuneration. In the event of voluntary termination, the Company reserves the right to or not to activate the agreement. In the event that the termination compensation referred to in section e) et seq. is recognized, the post-contractual non-competition compensation shall be understood as included in said amount.

If the board member breaches the post-contractual non-competition agreement, he shall be bound to pay the Company a fine equal to a year of his annual fixed remuneration and received over the last year as annual variable. The payment of the fine shall not exempt the rights to claims for other damages that may have been caused.

#### d) Compensation Clauses

The contract of the Executive Chairman acknowledges his right to collect a compensation in the amount equal to two annual payments of his fixed and variable salaries in the event of the termination of the contract, except if said termination is voluntary (not considered as such if caused by the Executive Chairman him/herself as a result of a change in the control of the group), caused by death or incapacity of the board member, or is as a result of a breach of his obligations. In the event of voluntary termination, the resignation must be preceded by a prior notice issued at least three months in advance, and the board member shall be bound to compensate the Company in the event of a breach with an amount equal to his annual fixed and variable remuneration for the part of the prior notice period not respected. If it is recognized that the board member must pay such compensation for terminating the contract, one of the two annual payments of salary shall be understood as received as compensation for the non-competition agreement described in section b) above.

#### e) Claw Back Clause

The contract of the Executive Chairman contains a clause that allows Abengoa to claim the reimbursement of the variable components of the remuneration, both annual and pluriannual, that may have been paid to the Executive Chairman if one of the financial parameters sustaining such payment is overturned by Abengoa's audits service, and it shall be set at the new result in the case of the variable remuneration if less, or even null as the case may be (for the application of a necessary requirement or "trigger", or for not reaching the minimum thresholds), with the Executive Chairman being obliged to return the resulting difference.

#### A.8. Complementary Remunerations

On the date of this report, no complementary remuneration has accrued as payment for services rendered other than those inherent in the post of board member or, as the case may be, the performance of executive duties.

#### A.9. Advances, credits and guarantees granted

On the date of this report, there are no advances, credits or guarantees granted to members of the Abengoa's Board of Directors.

#### A.10. Remunerations in kind

As remunerations in kind, the Executive Chairman receives a life and accidents insurance with the premiums paid for the Company.

Likewise, it be noted that all of Abengoa's board members are covered by civil liability policy engaged by the Company under normal conditions of the market.

#### A.11. Remunerations accrued by the board members in lieu of payments made to a third party entity

No payments were made to any entity for the purpose of remunerating services rendered to Abengoa by external board members.

#### A.12. Other items payable

There are no other items payable other than those set forth in sections above.

#### A.13. Actions taken for the reduction of risks

To guarantee the good running of the organization and to guarantee the long-term future of the Company, in addition to a good strategic planning, there must be accurate and rigorous management that bears in mind the risks associated with the activity of the company and envisages how to mitigate them.

Thus, Abengoa has an overall system of managing its own risks, which allows for the control and identification of the risks and which is regularly updated for the purpose of creating a common management culture, of attaining the goals and objectives set forth herein and for having an adaptation capacity to mitigate the threats that may emerge within such competitive environments as the present.

The implementation of this system obliges:

- › The management of risks at all levels of the organization, without exception.
- › Its full integration into the strategy and into the systems for the attainment of the fixed goals and objectives.
- › The full support of the Management for evaluating, following-up on and complying with the marked guidelines relating to the handling of threats.

This risks management system is formalized in three tools:

- › Compulsory compliance rules (NOC).
- › Compulsory compliance processes (POC).
- › The Universal Risks Model (MUR).

Compliance thereof is guaranteed through verifications done by the Internal Audits Department and regularly committee meetings held by the Senior Management and the Chairmanship of the Company.

These tools or common management systems are designed based on quality standards for the purpose of complying with the international rules and regulations, like the ISO 31000 and the Sarbanes-Oxley rules, and have been certified by internationally renowned firms.

The Universal Risk Model (MUR) is the methodology that Abengoa uses to identify, compress and assess the risks that affect the company. The purpose is to obtain an integral vision of them, designing an efficient system that is in line with the business objectives of Abengoa.

The MUR is comprised by more than 55 risks belonging to 20 different categories grouped into 4 great areas: financial, strategic, regulatory and operational.

The MUR is revised annually, ensuring that the calculations designed for each risk are the most appropriate for the reality of the Company.

## C. Overall Summary of How The Remunerations Policy was Applied During the Closed Financial Year

### C.1. Remunerations Policy applied during the 2017 financial year: remunerations structure and items

Below is a detail of the structure and items of the remunerations policy applied in the 2017 financial year, distinguishing between the remuneration of board members as such and their remuneration for the performance of executive duties:

#### Remuneration of board members in their condition as such

The structure and items of the remunerations policy applied in the 2017 financial year to board members as such are as follows:

- › Per diem for attendance of Board of Directors sessions: 552 thousands of Euros.
- › Per diem for attendance to Audit Committee sessions and to Appointments and Remunerations Committee, and for chairmanship thereof: 92.5 thousands of Euros.

The amounts shown are the aggregated calculation for all the board members.

Pursuant to the Board Member Remunerations Policy for the 2018-2020 period (in its sections 3.2 and 4.2.3D), which regulates the long-term variable remunerations for Board Members and Executive Chairman, respectively, the Company reserved the amount of €1,018 thousands of Euros, the 2017 estimate. Said amount shall not be payable in the event of the non-performance of the goals and objectives set forth and shall not be paid before 31<sup>st</sup> December 2020.

#### Remunerations for the performance of duties in the Company other than those of board member

The structure and items of the remunerations policy applied in the 2017 financial year for the performance of executive duties are as follows:

**(i) Fixed Remuneration**

The amount of the fixed remuneration paid to the Executive Chairman, the only board member who performed executive duties during the 2017 financial year, according to the contract approved by the Board of Directors on the proposal of the Appointments and Remunerations Committee reached a total of € 1,000,000 Euros.

**(ii) Annual variable remuneration (or bonus)**

The amount of the annual variable remuneration accrued for the Executive Chairman during the 2017 financial year reached 0 Euros (see section A above).

**(iii) Pluriannual Variable Remuneration**

As shown in paragraph (b.2) of section A.4, there is currently a four (4) years long-term incentives plan (“ILP”) of which a group of approximately 125 directors are beneficiaries, including the Executive Chairman.

The ILP demands compliance with a requirement as necessary condition (“trigger”), that is based on the fact that the ratio representing the bank debt generated by the business activity after the restructuring – excluding, therefore, the debt inherited from the restructuring, that of suppliers and of financial instruments like factoring or confirming – at the close of the last financial year of the ILP with regards to the EBITDA of that last financial year being equal to or lower than 3. If the ratio is above the rights to incentives shall not accrue.

Once this condition is met, the accrual of the amount of the ILP is tied to the attainment of two objectives that have been defined by the Board of Directors following a report from the Appointments and Remunerations Committee, with an adjustment of 50% each:

- (a) the ratio representing the free cash flow generated in 2020 with regards to the EBITDA of that last 2020 financial year (EBITDA which must be equal to or above €100 million as fixed goal and objective in the business plan) is equal to or above 80%; and
- (b) the attributed value, at the end of the ILP accrual period, in the operations of the secondary market, to the “Senior Old Money” debt, inherited from the restructuring, is equal to or above 25%.

The ILP shall accrue if the metrics of performance of the objectives is, in each of them, 90% or above. In that minimum threshold of performance of 90% in both objectives, 50% of the ILP reference shall be for the beneficiary, including the Executive Chairman. In the performance of 100%, it will be 100% of the reference figure. In the performance of 120%, it will be 150% of the reference figure. The degree of intermediate performance shall determine the relevant percentage of the reference figure based on the lineal interpolation between the two referents

immediately above and farther up. A performance lower than 90% of any of the two objectives means that no amounts shall be paid from the ILP. A performance above 120% shall not entitle the right of receipt of more than 150% of the reference figure.

The reference figure for the Executive Chairman for performance of 100% of the objectives is set at 175% of the amount of his fixed annual remuneration of €1,000,000. Consequently, if the necessary requirements or “trigger” are met and the 100% of the goals and objectives are attained, the Executive Chairman shall be entitled to a pluriannual variable remuneration of €1,750,000 at the end of the four years. If the performance is 90% he shall be entitled to half of the amount, that is, €875,000. If he attains 120% or above, he shall be entitled to €2,625,000.

The evaluation of the degree of attainment of the goals and objectives shall be executed by the Audit Committee and, as the case may be, the Appointments and Remunerations Committee, upon the closure of the financial year and the preparation of the annual accounts. Based on that information, the Appointments and Remunerations Committee shall make a proposal for the acknowledgement, as the case may be, of that remuneration, a proposal that shall be remitted to the Board of Directors, the body that shall take a decision in that regard.

As already mentioned above, pursuant to the Board Member Remunerations Policy for the 2018-2020 period (in its sections 3.2 and 4.2.3D), which regulates the long-term variable remunerations for Board Members and Executive Chairman, respectively, the Company reserved the amount of €1,018 thousands of Euros, the 2017 estimate. Said amount shall not be payable in the event of the non-performance of the goals and objectives set forth and shall not be paid before 31st December 2020.

**(iv) Remuneration in kind**

In the 2017 financial year, the Executive Chairman, Gonzalo Urquijo Fernández de Araoz, was beneficiary of life and accidents insurance paid for by the Company.

The premiums paid amount to €25,043.28 Euros in total.

**(v) Other items. Advances, credits and guarantees. Payments to third parties. Complementary Remunerations**

In the 2017 financial year Abengoa’s Board of Directors did not accrue any remunerations in the financial year for executive duties for items other than those listed in sections (i) to (v) above.

In the 2017 financial year no advances, credits or guarantees were granted to board members; no payments were made to any entity for the purpose of paying for services rendered to Abengoa by external board members; and there was no accrual of any amounts for any board member as complementary remuneration in payment for services other than those inherent in board member duties or, as the case may be, in the performance of executive duties.

## D. List of Individual Remunerations Accrued by each Board Member

### D.1. List of individual remunerations accrued by board members

#### a) Remunerations accrued in Abengoa, S.A. (in thousands of Euros):

Name	Typology	Period	Salary	Fixed Remuneration	Per Diem	Variable Remuneration at short-term	Variable Remuneration at long-term	Remuneration for belonging to Board Committees	Compensation	Other items	Total 2017 Financial Year	Total 2016 Financial Year
Javier Benjumea Llorente <sup>(1)</sup>	Executive	01/01/2016-30/06/2016										111
José Borrell Fontelles <sup>(2)</sup>	Independent	01/0/20161-22/11/2016										185
Mercedes Gracia Díez <sup>(2)</sup>	Independent	01/0/20161-22/11/2016										185
Ricardo Martínez Rico <sup>(2)</sup>	Independent	01/0/20161-22/11/2016										100
Alicia Velarde Valiente <sup>(2)</sup>	Independent	01/0/20161-22/11/2016										176
Ricardo Hausmann <sup>(2)</sup>	Independent	01/0/20161-22/11/2016										229
José Joaquín Abaurre Llorente <sup>(2)</sup>	Proprietary	01/0/20161-22/11/2016										100
José Luis Aya Abaurre <sup>(3)</sup>	Proprietary	01/01/2016-12/02/2016										20
Inayaba, S.L. <sup>(2) (4)</sup>	Proprietary	07/03/2016-22/11/2016										80
Claudi Santiago Ponsa <sup>(5)</sup>	Proprietary	01/01/2016-25/05/2016										36
Ignacio Solís Guardiola <sup>(2)</sup>	Proprietary	01/0/20161-22/11/2016										71
Antonio Fornieles Melero <sup>(2) (6)</sup>	Independent/Executive	01/0/20161-22/11/2016										548
José Domínguez Abascal <sup>(7)</sup>	Executive/External	01/01/2016-18/04/2016										119
Joaquín Fernández de Piérola Marín <sup>(2) (8)</sup>	Executive	01/0/20161-22/11/2016										571
Gonzalo Urquijo Fernández de Araoz <sup>(9) (10)</sup>	Executive	01/01-31/12	1,000		80						1,080	124
Manuel Castro Aladro <sup>(10)</sup>	Independent	01/01-31/12			80			10			90	19
José Wahnnon Levy <sup>(10)</sup>	Independent	01/01-31/12			80			20			100	21
Pilar Caveró Mestre <sup>(10)</sup>	Independent	01/01-31/12			80			20			100	26
José Luis del Valle Doblado <sup>(10) (11)</sup>	Independent	01/01-31/12			80			20			100	19
Javier Targhetta Roza <sup>(10) (12)</sup>	Independent	01/01-26/01			8						8	21
Ramón Sotomayor Jáuregui <sup>(10)</sup>	Independent	01/01-31/12			80			10			90	21



Name	Typology	Period	Salary	Fixed Remuneration	Per Diem	Variable Remuneration at short-term	Variable Remuneration at long-term	Remuneration for belonging to Board Committees	Compensation	Other items	Total 2017 Financial Year	Total 2016 Financial Year
Miguel Antoñanzas Alvear <sup>(13)</sup>	Independent	23/3-19/5			16			5			21	–
Josep Piqué Camps <sup>(14)</sup>	Independent	13/7-31/12			48			8			56	–
<b>Total</b>			<b>1,000</b>	<b>0</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>1,645</b>	<b>2,782</b>

Note (1): Javier Benjumea Llorente was removed from his duty as board member in the General Meeting of Shareholders held on 30 June 2016.

Note (2): Antonio Fornieles Melero, Joaquín Fernández de Piérola Marín, Ms. Alicia Velarde Valiente, Ms. Mercedes Gracia Díez, José Borrell Fontelles, Ricardo Hausmann, Ricardo Martínez Rico, José Joaquín Abaurre Llorente, Inayaba, S.L. (represented by Ms. Ana Abaurrea Aya) and Ignacio Solís Guardiola submitted their respective resignations as board members on 22 November 2016.

Note (3): José Luis Aya Abaurre passed away on 12 February 2016.

Note (4): Inayaba, S.L. was appointed proprietary board member of Abengoa, in replacement of Aya Abaurre, on 7 March 2016, naming Ms. Ana Abaurrea Aya as personal physical representative.

Note (5): Claudi Santiago Ponsa submitted his resignation as board member 25 May 2016.

Note (6): Fornieles Melero was appointed independent Board Member of Abengoa on 19 January 2015, in replacement of Aplidig, S.L. Later, on 1 March 2016, Fornieles Melero was appointed Executive Chairman of the Board of Directors of Abengoa in replacement of José Domínguez Abascal.

Note (7): Domínguez Abascal was appointed proprietary board member and non-executive Chairman of the Board of Directors of Abengoa on 23 September 2015, in replacement of Felipe Benjumea Llorente. Later, on 27 November 2015, the Board of Directors of Abengoa approved the conferment of all legally and statutorily conferrable powers on Domínguez Abascal. Later, on 1 March 2016, Domínguez Abascal was removed as Executive Chairman of the Board of Director of Abengoa, and replaced by Fornieles Melero, then made to hold the condition of another external board member.

Note (8): Fernández de Piérola Marín was appointed Managing Director Board member of Abengoa, in replacement of Seage Medela, on 27 November 2015. Until his appointment as Managing Director Board member, Fernández de Piérola Marín held the post of chairman of the board of director of Abengoa México, S.A. de C.V. Later, on 1 March 2016, Fernández de Piérola Marín was appointed CEO of Abengoa.

Note (9): Urquijo Fernández de Araoz was appointed independent consultant of the Board of Directors of Abengoa, without the condition of board member, on 10 August 2016. Later, on 22 November 2016, he was appointed executive board member and Chairman of the Board of Directors of Abengoa in replacement of Antonio Fornieles Melero.

Note (10): Messrs. Castro Aladro, Wahnnon Levy, Cavero Mestre, del Valle Doblado, Targhetta Roza and Sotomayor Jáuregui were appointed independent board members of Abengoa on 22 November 2016 in replacement of previous members of the Board of Directors, who resigned on that date.

Note (11): José Luis del Valle was appointed member of the Appointments and Remunerations Committee on 27 February 2017 in replacement of Javier Targhetta Roza, a post he held until 23 March 2017, the date on which he was replaced by Miguel Antoñanzas. Later, following the resignation of Antoñanzas, he was again appointed as member of the Appointments and Remunerations Committee from 19 May 2017 to 13 July 2017, when he was replaced by Piqué Camps.

Note (12): Targhetta Roza resigned as board member on 26 January 2017.

Note (13): AntoñanzasAlvear was appointed independent board member of on 23 March 2017 in replacement of Targhetta Roza. He later resigned as board member on 19 May 2017.

(Note (14): Piqué Camps was appointed independent board member on 13 July 2017 in replacement of Antoñanzas Alvear.



## c) Summary of remunerations (in thousands of Euros):

Name	Typology	Remuneration accrued in the Company				Remuneration accrued in the Group's companies				Total		Contribution to the savings system during the financial year
		Total Cash remuneration	Value of shares granted	Gross Benefit of options exercised	Total 2017 Financial Year company	Total Cash remuneration	Value of shares granted	Gross Benefit of options exercised	Total 2017 Financial Year Group	Total 2017 Financial Year	Total 2016 Financial Year	
Javier Benjumea Llorente	Executive	-	-	-	-	-	-	-	-	-	111	-
José Borrell Fontelles	Independent	-	-	-	-	-	-	-	-	-	185	-
Mercedes Gracia Díez	Independent	-	-	-	-	-	-	-	-	-	185	-
Ricardo Martínez Rico	Independent	-	-	-	-	-	-	-	-	-	100	-
Alicia Velarde Valiente	Independent	-	-	-	-	-	-	-	-	-	176	-
Ricardo Hausmann	Independent	-	-	-	-	-	-	-	-	-	229	-
José Joaquín Abaurre Llorente	Proprietary	-	-	-	-	-	-	-	-	-	100	-
José Luis Aya Abaurre	Proprietary	-	-	-	-	-	-	-	-	-	20	-
Inayaba, S.L.	Proprietary	-	-	-	-	-	-	-	-	-	80	-
Claudi Santiago Ponsa	Proprietary	-	-	-	-	-	-	-	-	-	36	-
Ignacio Solís Guardiola	Proprietary	-	-	-	-	-	-	-	-	-	71	-
Antonio Fornieles Melero	Independent/Executive	-	-	-	-	-	-	-	-	-	548	-
José Domínguez Abascal	Executive/External	-	-	-	-	-	-	-	-	-	119	-
Joaquín Fernández de Piérola Marín	Executive	-	-	-	-	-	-	-	-	-	571	-
Gonzalo Urquijo Fernández de Araoz	Executive	1,080	-	-	1,080	-	-	-	-	1,080	124	-
Manuel Castro Aladro	Independent	90	-	-	90	-	-	-	-	90	19	-
José Wahnnon Levy	Independent	100	-	-	100	-	-	-	-	100	21	-
Pilar Caveró Mestre	Independent	100	-	-	100	-	-	-	-	100	26	-
José Luis del Valle Doblado	Independent	100	-	-	100	-	-	-	-	100	19	-
Javier Targhetta Roza	Independent	8	-	-	8	-	-	-	-	8	21	-
Ramón Sotomayor Jáuregui	Independent	90	-	-	90	-	-	-	-	90	21	-
Miguel Antoñanzas Alvear	Independent	21	-	-	21	-	-	-	-	21	-	-
Josep Piqué Camps	Independent	56	-	-	56	-	-	-	-	56	-	-
<b>Total</b>		<b>1,645</b>	<b>-</b>	<b>-</b>	<b>1,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,645</b>	<b>2,782</b>	<b>-</b>

## D.2. Relation between remuneration and Company profit and loss outcome

The remuneration of the executive board members of Abengoa is related to the profit and loss outcome of Company through the variable components pointed out in sections A.4 and C.1:

- › the annual variable remuneration or bonus, linked to the attainment of goals and objectives mainly linked referenced to EBITDA and others determined by the Board of Directors on the proposal of the Appointments and Remunerations Committee; and
- › the pluriannual variable remuneration, structured through the ILP, also pointed out in sections A.4 and C.1, and whose maturity is envisaged for 31 December 2020.

As already mentioned above, pursuant to the Board Member Remunerations Policy for the 2018-2020 period (in its sections 3.2 and 4.2.3D), which regulates the long-term variable remunerations for Board Members and Executive Chairman, respectively, the Company reserved the amount of €1,018 thousands of Euros, the 2017 estimate. Said amount shall not be payable in the event of the non-performance of the goals and objectives set forth and shall not be paid before 31st December 2020. Regarding the 2017 annual variable, after assessing the conditions set forth for such and upon establishing the non-performance of one of the general triggers, it was decided that it had not accrued and, was therefore not recognised for either the company's Executive Chairman, its directors or employees.

## D.3. Result of the consultative votes cast by the General Meeting of Shareholders on the annual report of the remunerations of the previous financial year

	Number	% of total
Votes cast	36,711,208,050	20.197

	Number	% of those cast
Votes in favour	25,676,190,795	69.94
Votes against	508,802,502	1.39
Abstentions	10,526,214,753	28.68

## E. Other Information of Interest

Not Applicable

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This annual remunerations report has been unanimously approved by the Board of Directors of the Company, in its session dated 7<sup>th</sup> March 2018.



### 03. Annual Report on the Activities of the Audit Committee

## 1. Letter from the Audit Committee Chairman

I am pleased to present the Annual Report of this Audit Committee. It provides information on the activities undertaken during the last financial year.

In 2017 Abengoa continued to advance in its restructuring plan and the Audit Committee (AC) supported the objective by exercising its duties, focusing on the supervision of the financial information and its preparation and control process, the handling of the external auditor in determining its mandate and independence in the execution thereof, the effectiveness of the risks and internal control management system and issues of corporate governance, all for the ultimate purpose of informing and advising the Board of Directors in their decision-making.

During the 2017 financial year, the committee met 14 times, to deal with, review and discuss a variety of issues such as the financial information published quarterly, transactions with associated parties, and communications with the regulator. We performed an exhaustive follow-up on the proposals and services rendered by the auditors, and the fees received for such services, as well as the supervision of the duties of the internal auditor and the results of the interventions done as a result of whistle-blowing received in relation to fraud regarding financial information. Thus we regularly invited the accounts auditor to the Committee, as well as the members of Abengoa's top management such that we continued tackling the issues with maximum rigour, scepticism and transparency.

It should be pointed out that during the 2017 financial year the Board of Directors empowered the Committee to prepare a bid for the services of external auditor for the next three years. As a result of said process, the Committee proposed the appointment of Deloitte LLP as auditor for the 2017 financial year and PricewaterhouseCoopers Auditores, S.L. (PwC) as external auditor for the 2018, 2019 and 2020 financial year to the Board of Directors and to this Assembly of Shareholders, and both appointments were approved during the General Meeting held in June 2017.

In the name of the Audit Committee we wish to thank the outgoing external auditors, Deloitte LLP, for their hard work and dedication to Abengoa, and for their professional approach towards guaranteeing an orderly transition to the new auditor, PricewaterhouseCoopers Auditores, S.L. (PwC).

**Don José Wahnón Levy**  
Audit Committee Chairman

## 2. Scope

In 2015, Law 22/2015 of Accounts Auditor (LAC) conferred supervisory powers on the National Committee of the Stock Market (CNMV) in this scope and extended said obligation, with some exception, to entities of public interest (EIP). Thus, both the LAC and the Corporate Act as well as the Good Governance Code of Listed Companies contain rules on the composition, function and responsibilities of the audit committee. In 2017, the CNMV issued a Technical Guide pursuant to RDL 4/2015 of the LVM, which set up the basic principles, and a compendium of good practices in matters of function and responsibilities of the audit committee.

Abengoa's Audit Committee was set up by the Board of Directors of Abengoa, S.A. on 2nd December 2002, in accordance with Article 44 of the Bylaws, for the purpose of incorporating the stipulations regarding the Audit Committee, set forth in Law 44/2002, of 22 November, on Measures of Reforming the Financial System. Since then, Abengoa's Audit Committee has been incorporating all the obligations and recommendations that, in each case, have been required, so as to not only ensure regulatory compliance but also to ensure that the best practices in matters of Corporate Governance are applied.

The Report on the Activities of the Audit Committee, for the 2017 financial year, was approved in the session held by this committee on 7 March 2017, submitted to the Board of Directors in its session held on 7 March 2017 and shall be made available to the company's shareholders as part of the publication of Abengoa's Annual Report, not later than the call for the convening of the General Meeting of Shareholders.

## 3. Composition of the Audit Committee

The Audit Committee's Regulation of its Internal Regimen was approved by the Board of Directors on 24 February 2003, and it establishes that:

### 3.1. Composition and Assignment

On 22 November 2016, and on the proposal of the Appointments and Remunerations Committee approved by the Board of Directors approved the appointment of board members that now make up the Audit Committee and as listed below:

Chairman / Board Member	José Wahnon Levy	Independent	22 November 2016
Member	José Luis del Valle Doblado	Independent	22 November 2016
Member	Manuel Castro Aladro	Independent	22 November 2016
Non-board member secretary	Daniel Alaminos Echarri	Non-member Secretary	23 June 2014

Following the obligations set forth in the valid regulations, and adopting the recommendations made by the relevant bodies, the Committee comprises of independent board members, with renowned experience and training in accounting, auditing, financial, risks management and internal control matters, sufficient for the good performance of their duties. Below is a summary of the professional profile of each one of the members of the Committee, abstracted,

#### José Wahnon Levy

He has a Business Administration and Management degree from the Universidad de Barcelona and a Law degree from the Universidad Complutense de Madrid, as well as a Doctorate from Harvard Business School.

He started his career at PricewaterhouseCoopers, a firm of which he became a partner in 1987, responsible for the financial institutions division between 1987 and 2003. He was later appointed as Partner Director of the audit division until he left the company in 2007. He has since being linked to the business world in the performance of Independent Board Member in several entities.

#### José Luis del Valle Doblado

Mining Engineering at Polytechnic University of Madrid and "Nuclear Engineer" at the Massachusetts Institute of Technology (MIT). He then studied an MBA at Harvard Business School.

He started his professional career in the banking sector where he has accumulated more than 35 years of experience. Likewise, he has held various posts in the energy sector, where he has performed diverse relevant jobs in companies like Iberdrola or Gamesa Corporación Tecnológica. He is presently the Chairman of Lar España, as well as an independent board member of Ocaso Seguros and of Verditek plc.

#### Manuel Castro Aladro

He has a Business Administration and Management degree from the Universidad Pontificia de Comillas (ICADE), and an International Executive MBA from the University of Chicago.

He began his career at Arthur Andersen and later, in 1992, moved to the banking sector. In 1998 he joined BBVA where he held various positions related to business development until 2009, the year he was appointed Group Chief Risk Officer, a position he held until 2015. Since 2015 he has been independently advising banks and investment funds on issues related to risk management and investments.

#### Daniel Alaminos Echarri

Law degree with specialization in Commercial Law from the University of San Pablo CEU. State Prosecutor since 1996, presently he is the Secretary General and also for Abengoa's Board.

During his professional career he has held various posts as director of the Legal Consultancy of State-Owned Industrial Corporation (SEPI) and partner in the Equities Market of the Ramón y Cajal Abogados Chamber, and he has participated in several restructuring processes of savings banks, capital split, as well as restructuring operations linked with huge real estate and industrial groups plus consultancy on an extensive range of subjects, with a special emphasis on finance, technology and industries.

### 3.2. Chairman and Secretary

In accordance with the Regulations of the Committee, on the date of the creation of the Committee, the board appointed José Wahnon Levy as Chairman and Daniel Alaminos as Secretary of the Committee.



### 3.3. Duties

In accordance with the stipulations in the Internal Regimen Regulations, available of the Abengoa's intranet ([www.abengoa.es](http://www.abengoa.es)), which includes the provision in the specific legal rules: Law 44/2002, Law 22/2015 and the Technical Guide of the CNMV published in 2017, the following activities are the duties and competencies of the Audit Committee:

- › Supervision and analysis of the quarterly, half-yearly and annual financial and non-financial information that should be remitted to the regulatory organs or the market supervisors.
- › Supervision of the design and efficiency of the internal control systems.
- › To inform the Board of Directors on any changes in the accounting criterion with special relevance in the financial and non-financial information prepared by the company.
- › Assessment and analysis of the significant risks in the business, informing the Board on its evolution.
- › To inform the General Meeting of Shareholders on the questions that the shareholders bring forth on aspects of financial and non-financial information, as well as on Abengoa's risk management.
- › Supervision of the internal audit services. The Commission will have full access to internal auditing and will report on the selection, dismissal, renewal, removal and remuneration of its director, and must also report on the budget for this department
- › Approval and supervision of the internal audit plan for the ongoing financial year, ensuring that the main areas of risks are considered.
- › To direct the process for selecting the accounts auditor, in accordance with the obligations set forth in the LSC and the LAC, as well as in Regulation (UE) 537/2014.
- › To propose the appointment of external accounts auditors to the Board of Directors for subsequent submission before the General Meeting of Shareholders.
- › To supervise the services and fees paid to the external auditors.
- › To ensure communication with external auditors to receive information on matters that may cast doubt on their independence, and to learn of the most significant aspects of the work performed for the issuance of the auditor report.
- › To summon the Directors it deems appropriate to the meetings of the Committee to report on issues to the extent the Audit Commission deems fit.
- › To prepare an annual report on the activities of the Audit Committee, which should be published together with the annual accounts/financial statement of the financial year.

## 4. Activities Undertaken in 2017

### 4.1. Main areas of activity of the Audit Committee

In the performance of its main tasks of serving as support for the Board of Directors, the main activities undertaken and analyzed by the Audit Committee and which make up its main areas of supervision, may be grouped into four areas of different competencies:

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#### 1. External Auditor

- › Appointment and Remuneration of auditor
  - › Supervision of the scope of work.
  - › Requirements of independence and disqualification situation.
  - › Analysis of significant issues of the financial audit.
  - › Supervision of the work of the external auditors.
  - › Promoting communication fluency with the external auditor for better understanding of the risks and significant aspects that may affect the financial information
- 

#### 2. Preparation of the Financial and non-Financial Information

- › To understand and supervise the correct functioning of the systems of preparation and control of the financial and non-financial information made available to its interest groups (shareholders, employees, suppliers).
  - › Analysis of the complex technical aspects that could affect the financial and non-financial information.
  - › To ensure the application of the regulations and the correct accounting principles.
  - › Revision of the integrity of the financial and non-financial information.
-

### 3. Internal Auditor

- › To supervise the function of the Internal Audits department
- › To assess the capacity and performance.
- › To approve and supervise the internal audit plan, ensuring that the main areas of risks are considered and are prepared taking into account an appropriate coordination with other assurance functions.

### 4. Risks and Internal Control

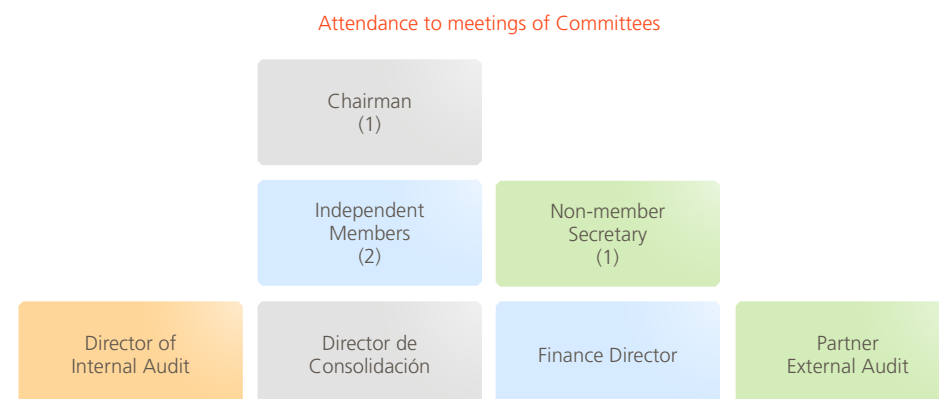
- › To define action plans for mitigating risks of fraud in the company.
- › To know and understand the efficiency of internal control of the financial information (SCIIF).
- › To supervise the functioning of the whistle-blowing channels, both internal as well as external, on fraud relating to the financial statements.
- › To supervise the progress of ongoing projects in the company
- › To supervise the process of divestiture involving significant assets.

### 5. Corporate Governance

- › Maintenance and measurement of the effectiveness of the organs of control.
- › Financial communication and reporting.
- › Actions in corporate social responsibility.
- › Compliance with regulations and ethic questions.
- › Conflicts of interests.
- › Associated transactions.
- › Supervision of the whistle-blowing policy.

## 4.1. Meetings Held

During the 2017 financial year, the Audit Committee met on 14 occasions, with all the members of the Committee in attendance on all of the occasions.



The sessions held during the 2017 financial year until the issuing of this Report are as follows:

Madrid, 16 January 2017	Madrid, 19 June 2017
Madrid, 23 February 2017	Madrid, 31 July 2017
Seville, 27 February 2017	Madrid 21 September 2017
Madrid, 16 March 2017	Seville, 25 September 2017
Madrid, 19 April 2017	Madrid, 30 October 2017
Madrid, 9 May 2017	Madrid, 13 November 2017
Madrid, 24 May 2017	Madrid, 18 December 2017

## Key Activities in 2017

### External Auditor

The auditor of the individual and consolidated annual financial statements of Abengoa, for the 2017 financial year is Deloitte S.L., which is also the Group's main auditor.

On 30 June 2017, in the meeting of Shareholders, Deloitte was re-selected as the accounts auditor of the Company and of the consolidated group for the 2017 financial year. This decision was submitted for approval to the General Shareholders Meeting upon the proposal by the Board of Directors, after it had been proposed by the Audit Committee. Also, and following a bidding process monitored by the Audit Committee and on the proposal of the Board of Directors, the General Meeting of Shareholders appointed PricewaterhouseCoopers Auditores, S.L. as the accounts auditor for the Company and its consolidated group for the 2018, 2019 and 2020 financial years, to audit the company during the 2018, 2019 and 2020 financial years.

In addition, other auditing firms collaborate as accounts auditors for some of the subsidiaries, both in Spain and elsewhere, but the scope is not significant for the Group's auditor when it comes to preparing to issue the audit report on the Consolidated Financial Statement.

The overall fees agreed upon with the external auditors for the 2017 financial year auditing, including the revision of regular information, as well as the auditing of SCIIF internal control are as follows:

Geography	Firms	Fees (€)	companies
Spain	Deloitte	1,783,314	36
	PwC	0	0
	Otras firmas	26,040	5
Foreign	Deloitte	520,493	40
	PwC	6,036	1
		496,858	46
<b>Total</b>		<b>2,832,741</b>	<b>128</b>

When engaging different works of financial auditing to any of the auditing firms making up the Big4, the company undertakes a prior verification procedure, for the purpose of detecting the existence of any possible disqualification for such in accordance with regulations issued by the regulator, Institute of Accounting and Accounts Auditing (ICAC). Said procedure ends in the proposing to the Audit Committee of said engagement, which is authorized if deemed in accordance with independence and legitimacy.

The fees amount for which the main auditing firms are engaged for different financial auditing works in the 2017 financial year, are as follows:

Firm	Fees (€)
Deloitte	90,754
PwC	765,881
KPMG	696,825
Ernst & Young	333,291
<b>Total</b>	<b>1,886,750</b>

The external auditor regularly attends the sessions of the Audit Committee, to report on the scope of competencies.

In 2017 a total of 3 reports were issued by external auditors, and these form an integral part of the Annual Report:

- › Audit report on the consolidated accounts of the Group.
- › Report on the individual accounts auditing of Abengoa, S.A, the group's parent company.
- › Audit report on compliance with internal control under the ICFRS standards.

Below is a list of the main events dealt with at the committees in 2017 in this area:

- › Presentation of the external auditor's (Deloitte) report for the 2016 financial year.
- › Analysis of independence of the external auditor for the 2016 financial year.
- › Selecting of the accounts auditor, in accordance with the obligations set forth in the LSC and the LAC, as well as in Regulation (UE) 537/2014.
- › Appointment of Deloitte, S.L. as the accounts auditor of the company, individual and consolidated for the 2017 financial year.
- › Follow-up on the fees payable for the external auditing services and consultancy for the 2017 financial year.
- › Revision of non-Audit services rendered by the Group's auditor, to assess any possible reason that may disqualify it as accounts auditor.
- › Technical analysis of the accounting treatment of specific significant events that may have occurred in the financial year.
- › Information on the validity of the new accounting regulations.
- › Presentation of the results of the limited revision of the intermediate financial statements by Deloitte, as external auditor.
- › Presentation of the results and the opinion report on the financial statements for the 2017 financial year, by the external auditor.

## Financial Reporting

The Audit Committee in the exercise of its duties like the supervision and analysis of the quarterly, half-yearly and annual financial and non-financial information that should be remitted to the regulatory organs or to the market supervisors, performed the following during the 2017 financial year:

- › Positive information to the Board on the preparation of the CCAA for Abengoa S.A and its consolidated group, for the 2016 financial year
- › Supervision of the relationship and communication with the regulatory organs (CNMV, etc)
- › Positive information on the budgets for the 2017 financial year.
- › Positive information to the Board on the financial information for the first, second and third quarters of the 2017 financial year.
- › Revision of the evaluation of significant assets of the company.
- › Analysis of the impacts due to significant changes in the accounting regulations.

## Internal Auditor

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

The Audit Committee recorded and supervised and monitored the Audit Plan during the financial year. They also performed other duties, not envisaged in the plan, mainly in connection with the support rendered to the Company during and after the restructuring period.

For the purpose of supervising the sufficiency, adjustment and efficacy of the functioning of the systems of internal control and risks management, during the 2017 financial year the Committee was systematically informed by the internal audits director, with regards to works performed.

Below is a list of the main events dealt with at the committees in 2017 in this area:

- › Presentation and approval of the 2017 Internal Audits Plan.
- › Approval of the Internal Audits budget for the financial year
- › Follow-up of the 2017 Internal Audits Plan and the degree of compliance.
- › Approval of the Internal Audits budget for the 2018 financial year
- › Approval of the goals and objectives of the department for the 2018 financial year.

## Risks and Internal Control

Works continued during the financial year in relation to the update, and improvement of the design of internal control under the COSO trademark, preparing the general frameworks and guidelines on the company's risks management, its internal control and fraud detection for the betterment of the corporate governance. In addition, fraud prevention and detection mechanisms were put in place in the organizations, for the purpose of reducing the impacts thereof.

Below is a list of the main events dealt with at the committees in 2017 in this area:

- › Presentation and approval of the 2017 Internal Audits Plan
- › Follow-up of the 2017 Internal Audits Plan and the degree of compliance in fraud-related matters.
- › Follow-up on the main risks in ongoing projects.
- › Assessment of the recoverability of assets through the results obtained from impairment tests.
- › Follow-up and approval of divestitures on assets and businesses with significant impact in the Financial Statements.
- › Follow-up on legal proceedings with possible impacts on the Financial Statements.

## Corporate Governance

The Management of the company has a professional code of conduct that is constantly updated and the philosophy of which is based on honesty, integrity and good judgement of the employees, directors and board members, as shown in the Annual Corporate Governance Report, which outlines the structure of the administration, the risks control systems, the degree of follow-up on recommendations in matters of corporate governance, and the instruments of information; and which shows the commitment of the Management to maintaining an appropriate system of internal control and risks management, the good corporate governance, and the ethics conduct of the organization and its employees.

All the directorates, mainly of the departments of human resources and internal audits, strive towards ensuring compliance with the code, and inform the management of any improper conduct that is observed, even as the appropriate measures are taken.

Abengoa's internal control system is equipped with various mechanisms and procedures that enable the mitigation of risks of fraud.

In this manner and following the guidelines provided in section 301 of the Sarbanes-Oxley Act, the Audit Committee decided to establish specific procedures for:

- › The reception, safeguard and processing of complaints or reports that the company may receive in relation to the accounting, internal monitoring of the accounting or auditing matters.
- › Employees of the company to be able to confidentially or anonymously send information in good faith on dubious or arguable policies of accounting and auditing.

In this sense, Abengoa has a twin mechanism for receiving complaints or reports.

- › An internal channel, which is available to all employees, so that they can notify any alleged irregularity in accounting or audits or breaches of the code of conduct.
- › An external channel, available to anyone outside the company, so that they can notify any alleged irregularities, fraudulent actions or breaches of Abengoa's code of conduct through the website ([www.abengoa.com](http://www.abengoa.com)).

The whistle-blowing policy guarantees the absence of reprisals for sincere whistle-blowers, who may make their reports on the basis of confidentiality. Likewise, both the internal as well as external whistle-blowing admits and accepts anonymous reporting.

This policy applies to any employee of the Group, consultants, suppliers or third parties with direct relationship and legitimate profession or business interest.

Each report received is thoroughly investigated by the internal auditors. Within the internal audit department, Abengoa has a specific unit assigned to investigation of reports received through the various whistle-blowing channels and to ensuring that the fraud prevention measures are put in place. In cases in which the technical complexity so requires, independent experts collaborate with them to ensure at all times that sufficient capacity exists for the appropriate investigation and to ensure sufficient level of objectivity in doing the job.

Below is a list of the main events dealt with at the committees in 2017:

- › Annual Report on the Activities of the Audit Committee
- › Information on the whistle-blowing policy.
- › Approval of the Annual Report on the 2016 Corporate Social Responsibility.
- › Follow-up on and assessment of the whistle-blowing and the investigations done for each, including the implementation of measures based on the result of the investigation.

## 5. Conclusions

Throughout the 2017 financial year, the audit committee adequately exercised the responsibilities assigned to it by the bylaws and the Board regulations through the holding of the 17 committees attended and participated in by all the members with responsibility and scepticism while maintaining constructive dialogue both among its members as well as with the company and its management.

In conformity with the best practices of corporate governance, the audit committee adapted its composition and today it's exclusively comprised of board members deemed independent pursuant to the aforementioned regulations, in accordance with the new appointments decided upon by Extraordinary General Meeting dated 22 November 2016.

The Committee has always encouraged continuous participation and communication with different members of the Company: CEO, CFO, Internal Audit Director, Director of Restructuring and Strategy.

Thus, the Committee Chairman has invited the accounts auditor to as many meetings as have been held, the result of which is that the auditor has participated at least 6 of the sessions held, explaining and sharing knowledge of significant issues identified in the auditing procedures, and training the Committee in the identification of business and auditing risks.

The follow-up on the work performed by the accounts auditor, the revision of its conclusions and the assessment of its independence by the committee complied with the established policies. The positive conclusions of the accounts auditor on the financial status of the Group and the ratification of the quality of the aforementioned systems financial information and internal control of the Group.

Finally, the committee is in conformity with the internal procedures set forth to ensure the correct compliance with the valid regulations and the policies, internal norms and procedures of the Group.

The Committee is deeply satisfied with the work performed by the internal audit services in executing their mission of supervising compliance, efficacy and efficiency of the internal control systems, as well as the reliability and quality of the Group's financial information.

Considering the nature of the listed company in Spain, Abengoa has taken the regulations and good practices of transparency and good corporate governance as reference. Thus, Abengoa's annual report includes the following reports on independence verification:

- › Audit report on the consolidated accounts of the Group, as required by current regulations
- › Audit report on compliance with internal control under the ICFRS standards.