

A photograph of a water treatment facility, showing a large circular tank with a central metal structure and water being treated. The image is partially obscured by a white circular graphic on the left side.

# 03

Corporate Governance

**ABENGOA**

Annual Report 2018

Innovative technology solutions  
for sustainability

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A stack of folders is shown on the right side of the image. The folders are light-colored with yellow and maroon labels. The top folder has a yellow label with the number '01' and a maroon label with the number '18'. The background is a blurred stack of similar folders.

**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
16-1-2018	35,865,862.17	18,836,119,300	179,329,310,851

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

Yes

Class	Number of Shares	Nominal unit	Unit number of voting rights	Rights and obligations conferred thereof
A	1,621,143,349	0.02	100	Without different rights
B	17,214,975,951	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	% of voting rights attributed to the shares		% of voting rights through financial instruments		% total of voting rights
	Direct	Indirect	Direct	Indirect	
Banco Santander, S.A.	3.45	–	–	–	3.45 %
Department of Trade - Ministry of Industry	3.152	–	–	–	3.152 %

Observations

### List of indirect shareholding:

Personal or corporate name of indirect owner	Personal or corporate name of direct owner	% of voting rights attributed to the shares	% of voting rights through financial instruments	% total of voting rights
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Observations

### State the most significant movements that occurred in the share structure 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 thousandth (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.

In addition, as a result of said capital increase, a group of financial entities, which included the entities owned by or that depended on the Department of Trade - Ministry of Industry, became shareholders of the Company. In the case of the Department of Trade - Ministry of Industry, notice was issued for said acquisition of shares in the 2018 financial year, after the actual transfer of the shares by the financial entities that they insured.

In addition, on 28th September 2018, following the merger by acquisition of the Banco Popular Español, S.A. by Banco Santander, S.A., the latter became the direct owner of the Company shares previously indirectly owned through Banco Popular Español, S.A.

Personal or corporate name of the shareholder	Date of the transaction	Description of the transaction
Department of Trade - Ministry of Industry	22-12-2017	Acquisition of significant shares as a consequence of capital increase through capital offsetting
Banco Santander, S.A.	28-09-2018	Acquisition of significant shares directly owned as a consequence of merger by acquisition
Banco Popular Español, S.A.	28-09-2018	Loss of significant shares as a consequence of merger by acquisition

**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	% of voting rights attributed to the shares		% of voting rights through financial instruments		% total of voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Gonzalo Urquijo Fernández de Araoz	0	0	0	0	0	0	0
Manuel Castro Aladro	0	0	0	0	0	0	0
Pilar Cavero Mestre	0	0	0	0	0	0	0
José Wahnnon Levy	0	0	0	0	0	0	0
José Luis del Valle Doblado	0	0	0	0	0	0	0
Ramón Sotomayor Jáuregui	0	0	0	0	0	0	0

Personal or corporate name of the director	% of voting rights attributed to the shares		% of voting rights through financial instruments		% total of voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Josep Piqué Camps	0	0	0	0	0	0	0

% total of voting rights held by the board of directors 0.000

Observations

**List of Indirect shareholding:**

Personal or corporate name of the director	Personal or corporate name of direct owner	% of voting rights attributed to the shares	% of voting rights through financial instruments	% total of voting rights	% of voting rights that may be transferred through financial instruments
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Observations

**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 except what is reported in section A.6:**

Name or related corporate name	Type of relation	Brief description
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**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	Type of relation	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
Department of Trade - Ministry of Industry /Abengoa, S.A.	Business	Some entities controlled by the Ministry render business support to the group of companies headed by Abengoa, S.A. (by granting financial concessions or the underwriting of guarantees)

**A.6. Describe the relations, except if scarcely relevant for both parties, existing between significant shareholders or shares represented on the board and the directors, or their representatives, if legal entity administrators.**

Explain, where possible, how significant shareholders are represented. Specifically, identify directors who may have been appointed to represent significant shareholders, those whose appointments may have been sponsored by significant shareholders, or who may be linked to significant shareholders and/or companies within its group, particularly indicating the nature of such link relation. Particularly, indicate, as the case may be, the existence, identity and posts held by members of the board of directors, or representatives of directors, of the company listed on the stock market, who may, where possible, be members of the administrative organ, or their representatives, in companies holding significant shares in the listed company or in entities within the group of said significant shareholders.

Name and corporate name of director or its representative, link	Personal or corporate name of the significant shareholder linked	Corporate name of company within the group of significant shareholder	Relation / post description
Observations			

**A.7. 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. In such a case, briefly describe them and list the shareholders bound by the agreement:**

No

Signatories to the paracorporate agreement	% of share capital affected	Brief description of the agreement	Agreement maturity date, if any
Observations			

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

No

Signatories to concerted action	% of share capital affected	Brief description of the concerted	Concerted maturity date, if any
Observations			

**In the event that said agreements or concerted actions underwent a modification during the financial year, indicate them specifically:**

On 23rd December 2016 the Company informed the National Securities Commission, by virtue of relevant event registered with number 246416, of the termination of the agreement of the investment agreement signed with First Reserve Corporation (FRC) on 3rd October 2011, considering that, on said date, the FRC was not a holder of any Class B shares of the Company or of any other securities exchangeable for or convertible to Class B shares and, therefore, was not a holder of any shares in the capital of the Company. As a result of said termination, the paracorporate agreements between the FRC and other shareholders referred to herein, which were reasons for the investment agreement with the FRC, became void.

Equally so, on 30th March 2017, Inversión Corporativa IC, S.A., Finarpisa, S.A. and First Reserve Fund XII L.P. deemed the shareholders' agreement signed on 10th October 2011 as terminated, such as had been modified on 27th August 2012, since First Reserve no longer held any shares in Abengoa's share capital. This event was reported to the CNMV on 5th March 2018.

**A.8 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, indicate:**

No

Personal or corporate name

Observations

**A.9. Complete the following tables on the company's treasury stock:**

**On the financial year closing date:**

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 %

Observations

**(\*) Through:**

Personal or corporate name of direct owner of shares

Number of direct shares

Total:

Observations

**Explain the significant variations occurring during the financial year:**

Not applicable

**A.10. 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 2018 financial year there were no transactions in relation to treasury stock. At year end there were no contracts of liquidity in vigour.

**A.11. Estimated floating capital:**

	%
Estimated floating capital	93.1

Observations

**A.12.** State whether there are any restrictions (bylaw, legislative or whatsoever) on the transferability of shares and/or any restrictions on voting rights. Specifically report on the existence of any restrictions that may impede the takeover of the company through the acquisition of its shares on the market, including the systems of authorization or prior reporting that may be applicable by sector laws on the acquisition or transfer of the company's financial instruments

There are no bylaw restrictions on the transferability of securities or on voting rights.

Description of the restrictions

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**A.13.** 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 so, explain the measures approved and the terms under which the restrictions may be deemed inefficient:

Explain the measures approved and the terms under which the inefficiency may occur

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**A.14.** 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.

Indicate the different classes of shares

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## 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

	% 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
Quorum required in 1st call		
Quorum required in 2nd call		

Quorum required in 1st call

Quorum required in 2nd call

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 in what it differs from the system envisaged in the LSC.

	Enhanced majority other than set forth in Article 201.2 LSC for the cases of 194.1 LSC	Others cases of enhanced majority
% established by the entity for entering into agreements		

% established by the entity for entering into agreements

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. On second call the attendance of twenty-five percent of said capital will be sufficient. 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 corporate bylaws establishes specific regulations for the purpose of protecting the minority in cases of bylaw modification:

*"[...] (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. Including but not limited in any manner whatsoever, this provision shall entail: the elimination or modification of the provision contained in these bylaws on the principle 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 shares of the company in the issuance of new shares or securities or instruments that that may give rise to the conversion, exchange, acquisition or any other aspect that may be entailed in the right to receive shares of the company; the partial or total exclusion in an unequal manner for Class A shares, those of Class B and of Class C (as the case may be) from the pre-emptive and other analogous rights that may be applicable pursuant to the Law and to these bylaws; the repurchase or acquisition of the company's own shares that may not affect Class A shares, Class B shares and Class C shares (as the case may be) in like manner, in their terms, price, or in any other manner therein, and that may exceed those produced within the framework of the ordinary treasury transaction or that may give rise to the redemption of shares or the reduction of capital in a manner not identical*

*for Class A shares, those of Class B and Class C (as the case may be); the approval of a structural modification of the company that may not ensure similarity in treatment in all their aspects for Class A shares and Class B shares; the exclusion from trading of any of the Company's shares at any stock market or any secondary market except if for the purpose of tender for acquisition for the exclusion from the trading which contemplates the same considerations for Class A shares, those of Class B and Class C (as the case may be); the issuance of Class C shares or of any other preferential or privileged class of 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. Including but not limited in any manner whatsoever, this provision shall entail: the elimination or modification of the provision contained in these bylaws on the principle 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 shares of the company in the issuance of new shares or securities or instruments that that may give rise to the conversion, exchange, acquisition or any other aspect that may be entailed in the right to receive shares of the company; the partial or total exclusion in an unequal manner for Class A shares and / or those of Class B and Class C from the pre-emptive and other analogous rights that may be applicable pursuant to the Law and to these bylaws; the repurchase or acquisition of the company's own shares that may not affect Class A shares and / or Class B shares with regards to Class C shares, in like manner, in their terms, price, or in any other manner therein, and that may exceed those produced within the framework of the ordinary treasury transaction or that may give rise to the redemption of shares or the reduction of capital in a manner not identical for Class A shares, those of Class B (as the case may be) and Class C; the approval of a structural modification of the company that may not ensure similarity in treatment in all their aspects for Class A shares, Class B shares (as the case may be) with regards to Class C; the exclusion from trading of any of the Company's shares at any stock market or any secondary market except if for the purpose of tender for acquisition for the exclusion from the trading which contemplates*

the same considerations for Class A shares, (those of Class B as the case may be) and Class C; the issuance of any other preferential or privileged class of 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 those in the two previous financial years:**

Date of General Meeting	Information on Attendance				
	% of those physically present	% of those present by representation	% of remote voting		Total
			Electronic voting	Others	
2-10-2018	0.382	17.397	0.427	0.416	18.62
Those of Floating Capital:	0.382	10.992	0.427	0.416	12.22
25-06-2018	0.492	13.566	0.624	0.550	15.23
Those of Floating Capital:	0.492	10.117	0.624	0.550	11.78
30-06-2017	0.70	15.24	1.54	3.02	20.50
Those of Floating Capital:	0.70	8.56	1.54	3.02	13.82
22-11-2016	6.86	51.29	0.080	0.06	58.29
Those of Floating Capital:	6.86	0.65	0.080	0.06	7.65
30-06-2016	6.58	52.51	0.01	0.64	59.74
Those of Floating Capital:	6.58	1.87	0.01	0.64	9.1

**B.5. State whether at General Meetings held during the financial year there was any item on the agenda that, for any reason, was not approved by the shareholders.**

Yes

**Items that were not approved on the agenda**

% of votes against (\*)

**Ordinary General Meeting 2018. Fifth Item.**

Not applicable

Granting the Board of Directors the power to increase the equity capital by issuing new shares of any of the classes of shares of Class A and/or B and/or C, pursuant to the stipulations in Article 297.1 b) of the Corporate Enterprise Act (Ley de Sociedades de Capital), within the limits of the Law, with the specific power to order the exclusion of the right of pre-emptive subscription in conformity with Article 506 of the Corporate Enterprises Act, revoking and nullifying the pending amount resulting from previous authorizations granted by the General Meeting. Granting powers to the Board of Directors, including the specific powers of replacement, to set up the conditions for increasing the capital. Seeking permission from the competent national and international authorities for the admission of the new shares to trade on any stock market whatsoever.

Due to lack of the necessary quorum on the second call, no voting was cast for the approval of the bylaw modifications.

**Extraordinary General Meeting 2018. First, Second and Third Items.**

Not applicable

The Meeting was not validly convened due to the lack of quorum necessary on the second call for the approval of bylaw modifications, with the rest being accessory agreements for the approval of the proposals contained in the first item on the agenda.

(\*) If the non-approval of items is for reasons other than the votes against, it should be explained in the text area, but the column of "% of votes against" should show "not applicable".

**B.6. State whether there are any bylaw restrictions requiring a minimum number of shares to attend the general meeting of shareholders, or for remote voting:**

Yes

Number of shares necessary to attend the general meeting	375
Number of shares necessary for remote voting	

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Observations

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See Section H "Other Information of Interest".

**B.7. Explain whether it is established that certain decisions, except those set forth by Law, involving the acquisition, transfer and contribution of essential assets or the execution of similar corporate transactions to other companies require the approval of the general meeting of shareholders.**

No

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Explain the decisions that must be submitted to the general meeting, except for those set forth by Law

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**B.8. 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 webpage address of Abengoa, S.A. is [www.abengoa.com/.es](http://www.abengoa.com/.es) and the shareholders and investors section contains all the necessary and updated information on matters of meetings.

The complete gateway 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
Number of directors set up by the Meeting	

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

Personal or corporate name of the director	Representative	Category of director	Post held on the Board	Date of first appointment	Date of latest appointment	Selection procedure
Gonzalo Urquijo Fernández de Araoz	Not Applicable	Executive Director	Chairman	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
Manuel Castro Aladro	Not Applicable	Independent	Coordinating Director and Member	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
José Luis del Valle Doblado	Not Applicable	Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
José Wahnnon Levy	Not Applicable	Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
Ramón Sotomayor Jáuregui	Not Applicable	Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders
Josep Piqué Camps	Not Applicable	Independent	Director	13/07/2017	25/06/2018	Co-optation and subsequent ratification and appointment in Shareholders' Meeting
Dña. Pilar Cavero Mestre	Not Applicable	Independent	Director	22/11/2016	22/11/2016	Voting Rights in Meeting of Shareholders

Total number of directors	7
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**Give detail of vacancies that, due to resignation, dismissal or because of any other reason, may have arisen on the board of directors during the financial year being reported:**

Not applicable

Personal or corporate name of the director	Category of the director at the time of termination	Date of latest appointment	Date of vacancy	Specialized committees on which director served	State whether the vacancy occurred before the end of the mandate
Reason for vacancy and other observations					

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

**Executive director**

Personal or corporate name of the director	Post held in the company	Profile
Gonzalo Urquijo Fernández de Araoz	Chairman	Degree in Economics from Yale and he started his professional career in the banking sector, first with Citigroup and then with Credit Agricole. In 1992 he joined Aristrain (now Arcelor), a company in the metalwork sector, as financial director and in 2005 he was appointed member of the executive committee and as such he took part in the takeover bid lunched by Mittal Steel in 2006. In 2010 he was appointed Chairman of ArcelorMittal España and in 2015 advisor of the Chairman of the Arcelor Group worldwide  In 2016 he was appointed Executive Chairman of Abengoa, after joining the company in August 2016 as independent Advisor of the Board, without executive duties, on issues relating to the Viability Plan and the fulfilment of the conditions set forth in the restructuring agreement that the Company signed in September 2016.

Total number of executive directors	1
% over the total of directors	14.29 %

Observations

**External proprietary directors**

Not applicable

Personal or corporate name of director	Personal or corporate name of significant shareholder he represents or who proposed his appointment	Profile
0	Not applicable	

Total number of proprietary directors	0
Total % of the board	0 %

Observations

**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 served in various posts relating to business development until 2009, the year he was appointed Risks Management Director of the Group, a post he held until 2015. From 2015 onwards he has been independently advising banks and investment funds on issues relating to risks and investment management.

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 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 non-Executive Chairman of Wizink Bank and Chairman of Lar España, as well as an independent board member of Ocaso Seguros.
José Wahnnon 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 Masters in PMD89 (Program for Management Development). He started his career at Pricewaterhouse Coopers, a firm of which he became a partner in 1987, responsible for the financial institutions division between 1975 and 2003 and for the auditing division from 2003 until he left in 2007. He has also served as director of various entities tied to the Deposit Guarantee Fund.
Ramón Sotomayor Jáuregui	He has an in Industrial Engineering degree from the University of Portsmouth and an MBA from Rutgers University. He started his professional career at Ercross España and subsequently joined the Thyssenkrupp Group where he served in various posts, including that of CEO for the south of Europe, Africa and the Middle East, from 2011 to 2015. He also served as independent director of various companies including Velatia and Levantina Natural Stone.
Josep Piqué Camps	<p>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 Catalanian Parliament. In the private sector, he has held various responsibilities in companies like Ercross (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 director of the Airbus Group (EADS).</p> <p>He is currently vice-chairman of Alantra and BCG, among others. 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.</p>

Personal or corporate name of the director	Profile
Pilar Caveró Mestre	She holds a Law degree from the Universidad Complutense de Madrid, as well as a programme of Leadership of Services Companies from Harvard. He started his professional career at the Asociación de Cajas de Ahorros en España and later, in 1986, he joined the sector of the Law Chambers. In 1990 he joined Cuatrecasas where he has since been developing his professional career before becoming partner in 1993. He is currently honorary member of the Chamber, without executive duties, and is independent director of Merlin Properties.
Total number of external directors	6
Total % of the board	85.71 %

#### Observations

**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 perform 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, director or shareholder with which or with whom the tie exists	Profile
Observations			

Total number of external directors

Total % of the board

State the changes, if any, that may have occurred in the category of each director during the financial year:

Personal or corporate name of the director	Date of change	Previous category	Category Current
Observations			

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 directors				% over the total of directors in each category			
	Financial year 2018	Financial year 2017	Financial year 2016	Financial year 2015	Financial year 2018	Financial year 2017	Financial year 2016	Financial year 2015
Executive Director	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Independent	1	1	1	2	14.29	14.29	14.29	33.33
Other External	0	0	0	0	0	0	0	0
Total:	1	1	1	2	14.29	14.29	14.29	15.38

C.1.5. Indicate whether the company has any diversity policy in place regarding the company's board of directors to ensure compliance with issues of, for example, age, gender, disability or professional training and experience. Small and medium companies, pursuant to the definition set forth in the Accounts Auditing Act, are bound to report, as minimum, on the policy in place regarding aspects of gender diversity.

Yes

In the affirmative, give a description of such diversity policies, their objectives, measures and how they were applied and the results thereof during the financial year. Also explain the specific measures put in place by the board of directors and the appointments and remunerations committee to ensure a balanced and diverse presence of directors. If the company does not apply a diversity policy, explain the reasons why not.

Describe the policies, objectives, measures and how they are applied, including the results obtained

The company implements a series of measures to include a number of women on the Board of Directors to ensure a balanced presence between men and women.

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

"The Appointments and Remuneration Committee shall establish procedures and ensure compliance with the following conditions when new vacancies arise:

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

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Describe the policies, objectives, measures and how they are applied, including the results obtained

It is therefore 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 currently presided over by a female director.

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: that the appointments must favour diversity of expertise, experience and gender on the Board of Directors; and that by 2020 the number of female directors must represent at least 30 % of all members of the Board of Directors.

External consultants may be engaged to assist in the selection of board members.

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, regardless of gender, seeking to ensure that the composition of the Board of Directors is diverse and balanced.

On the other hand, in November 2018 the company signed a Diversity Charter, a voluntary code composed of companies and institutions within the same country, regardless of its size, to encourage their commitment to:

- › The Fundamental Principles of Equality
- › The commitment with regards to the right of inclusion of all persons regardless of their profiles, in the work and company environment
- › The recognition of the benefits entailed in the inclusion of the cultural, demographic and social diversity in your organization
- › The implementation of specific policies that encourages a work environment void of prejudices in matters of employment, training and promotion
- › The promotion of programs of non-discrimination towards disadvantaged groups

To work along these lines and to promote the visibility of diversity, Abengoa joined this initiative through the OTP Group Foundation by virtue of The Diversity Charter of Spain (El Charter de la Diversidad de España), a project fostered by the European Commission and the Equality Ministry (Ministerio de Igualdad), thus entering a commitment with the promotion of a socially respectful, economically sustainable and legally rigorous environment.

In addition, the main goal of the RSC Strategic Plan for the 2018-2020 financial years is to promote gender diversity and equal opportunities in the organization, promoting, among others, measures that contribute to the increase in females in leadership positions and as directors, including measures that guarantee non-discrimination and the inclusion of disabled persons into the workforce.

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Describe the policies, objectives, measures and how they are applied, including the results obtained

We highlight the following amongst the actions to be taken in the plan:

- › Define, develop and introduce a specific plan for diversity
- › Reintroduce the annual and bi-annual employee satisfaction surveys that may include questions in relation to diversity
- › Attain the goal of 30 % females on the board by 2020
- › One of the Board Committees be presided over by a female in 2022
- › Attain the goal of 15 % females on the COEJ by 2022
- › Attain the goal of 25 % females on the Business Committee
- › Attain the goal of 25 % females on the CODIR by 2022
- › Attain the goal of 30 % females as intermediate managers/managers with regards to the total of such in employed by 2022
- › Attain the goal of 35 % females employed with regards to the total of employed by 2022
- › Introduce work conciliation measures that may allow for attaining the goals outlined in the PERSC of diversity and equal opportunities

Abengoa has an explicit commitment with equal opportunities and non-discrimination based on sex, race, colour, religion, opinion, nationality, financial position or any other circumstances.

Those principles shall be specifically reflected in the various policies of the organization (hiring, selecting, training, performance measurement, promotion, remuneration, work conditions, conciliation, and harassment prevention, among others).

With the aim of ensuring those values, in 2008 Abengoa created its Equality Framework Plan and the Equal Treatment and Opportunities Office, which is entrusted with advocating for gender equality in the entire organization, boosting, developing and managing said plan and other associated plans.

Within the framework of this plan, the organization has a protocol for reporting harassment at work for the purpose of examining any situation susceptible to be deemed discriminatory. In addition, an Equality Committee is set up with the duty of undertaking a worldwide follow-up on issues relating to gender equality.

Given the organization's situations over the last years, Abengoa was forced to suspend its Equality of Treatment and Opportunities Committees (CITO). Thus, the company expects to reintroduce its CITO in 2019, in order for the committees to be able to meet bi-annually.

Finally, the insertion of disabled personnel into the workforce, and therefore, equal opportunities for that group, is a firm commitment by Abengoa. The company works to ensure that the disabled may join the social and work life, promoting employment, integration and accessibility. Therefore, it promotes initiatives aimed at the integration into the labour framework of the disabled who for various reasons suffer exclusion and prioritizing persons above their limitations.

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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, thus ensuring a balanced male and female presence.**

#### Explanation of the measures

It is the responsibility of the Appointments and Remunerations committee 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.

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 appointment in 2017, 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.

**If in spite of the measures implemented, where possible, there are still few or no females directors, explain the reasons that may justify the situation:**

#### Explanation of reasons

The members of the Board of Directors of Abengoa were appointed by the General Meeting on 22nd November 2016 except for one who was appointed by co-optation on 13th July 2017 and re-selected by the General Meeting of Shareholders on 25th June 2018 and, in compliance with the commitments undertaken within the framework of the restructuring agreement signed on 24th September 2016, were proposed by the Appointments and Remunerations Committee based on the selection and proposal made by the Spencer Stuart Consultancy.

In this regard, Spencer Stuart and the Appointments and Remunerations 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.

**C.1.7. Explain the conclusions of the appointments committee regarding the 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 consultants may be engaged to assist in the selection of board members.

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 the director whose appointment occurred during the 2018 financial year (Mr. Piqué, to cover the vacancy of Mr. Antoñanzas) was made taking into account the same criteria described above and also with the assistance of the Spencer Stuart consultancy, identifying the candidates.

Based on the considerations above, the Appointments and Remunerations Committee concludes that in 2018 the board member selection policy was applied satisfactorily.

**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

**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, explain the reasons why not yet answered:**

Not applicable

Personal or corporate name of the shareholder	Explanation

**C.1.9. Indicate, if there are, the powers and faculties conferred by the Board of Directors on directors or on board committees:**

Personal or corporate name of the director	Brief description
Gonzalo Urquijo Fernández de Araoz	General powers jointly and severally exercised with other empowereds of the Company

**C.1.10. Identify, where applicable, any members of the board who have administrative duties, represent administrators or directors in other companies within the listed company's group:**

Personal or corporate name of the director	Corporate name of entity within group	Post	Does it entail executive functions?
Gonzalo Urquijo Fernández de Araoz	Abengoa Abenewco 1, S.A.U.	Chairman	Yes
Manuel Castro Aladro	Abengoa Abenewco 1, S.A.U.	Director	No
José Luis del Valle Doblado	Abengoa Abenewco 1, S.A.U.	Director	No
José Wahnnon Levy	Abengoa Abenewco 1, S.A.U.	Director	No
Ramón Sotomayor Jáuregui	Abengoa Abenewco 1, S.A.U.	Director	No
Josep Piqué Camps	Abengoa Abenewco 1, S.A.U.	Director	No
Pilar Caveró Mestre	Abengoa Abenewco 1, S.A.U.	Director	No

**C.1.11. Provide details, where applicable, of company directors or legal entity representatives who also sit or represent legal entities on the boards of other entities listed on official stock markets other than those of their group, of which the company is aware:**

Personal or corporate name of the director	Corporate name of listed entity	Post
Gonzalo Urquijo Fernández de Araoz	Vocento, S.A.	Director
	Gestamp Automocion, S.A.	Director
José Luis del Valle Doblado	Lar España Real Estate SOCIMI, S.A.	Chairman
Pilar Caveró Mestre	Merlin Properties	Director
Josep Piqué Camps	Aena, S.A., SME, S.A.U.	Director

**Observations**

Mr. Piqué ceased to a Board member of Aena in 2019

**C.1.12. State and, if applicable, explain whether the company has established rules regarding the maximum number of boards on which its directors may sit, identifying, if applicable, where it is regulated:**

Yes

**Explain the regulations and identify the document in which it is regulated**

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 posts.

Executive posts shall be understood as that in which management duties may be executed whatever the legal ties that may attribute those duties.

The limitations above refer solely and exclusively to posts on boards of other listed companies even though, if a Board member were to participate on the board 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.1.13. State the amounts of the items relating to the overall remunerations of the board of directors as follows:**

Remuneration accrued during the financial year for the board of directors (thousands of Euros)	2,055
Amounts of rights accumulated by the current directors with regards to pensions (thousands of Euros)	0
Amounts of rights accumulated by the previous directors with regards to pensions (thousands of Euros)	0

**C.1.14. 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:**

Personal or corporate name	Post
Joaquín Fernández de Piérola	CEO
Daniel Alaminos Echarri	General and Board Secretary
Víctor Manuel Pastor Fernández	Financial Director
David Jiménez-Blanco Carrillo de Albornoz	Director of Restructuring and Strategy
Álvaro Polo Guerrero	Director of Human Resources
<b>Total remuneration to senior management (thousands of Euros)</b>	<b>2,718 thousands of Euros</b>

**C.1.15. State whether the regulations of the board have been amended during the financial year:**

Yes

In the meeting held on 16th April 2018, the Abengoa Board of Directors unanimously agreed to modify Articles 4 and 28 of the Board of Directors Regulations for the purpose of adding regulatory compliance to the duties of the Appointments and Remunerations Committee. Specifically, point (a)(xi) was added to Article 4 and sections (r), (s) and (t) to Article 28:

Article 4. Functions and Faculties of the Board of Directors

"[...]

For that purpose, the Company's Board of Directors shall be authorised to enter agreements on all kinds of issues not attributed by law or by the Bylaws to the General Meeting of Shareholders. Particularly, the Company's Board of Directors shall be fully authorised to exercise the faculties of decision over matters that, not limited thereof, are indicated below:

(a) The Company's general policies and strategies and, in particular:

[...]

(xi) The Regulatory Compliance Policy

[...]"

Article 28. Appointments and Remuneration Committee

“[...]

*Notwithstanding any other duties that may be entrusted to it at all times by the Board of Directors or its Chairman, and by virtue of the valid regulations, the Appointments and Remunerations Committee shall, at any rate, execute the following functions:*

[...]

*(r) Supervise the duty of compliance performed by the Director in charge of said department. The Committee shall have full access to the Compliance Director, who, shall regularly attend the meetings of the Committee to be abreast of the latest in matters of regulatory compliance.*

*(s) To review the policies, internal procedures and compliance programs of the Company, in the execution of the compliance functions, so as to prevent 31 inappropriate conducts and to identify possible policies or procedures that may be more effective in the promotion of the highest sustainable company standards.*

*(t) To review and validate the plan of activities for the function of compliance, ensuring that said function has the resources necessary for the performance of its duties.*

[...]”

**C.1.16. State the procedures for the selection, appointment, re-selection, evaluation, and removal of directors. Give detail of the competent organs, the steps to follow and the criteria to employ in each of the 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 said member, and then includes the information in the annual report on corporate governance. The Appointments Committee also ensures that, when covering new vacancies, the selection procedures do not undergo implicit bias that may impede the selection of female candidates and that the potential candidature includes females who meet the profile criteria sought. 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.1.17. 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:**

There were no significant modifications as a result of the annual assessment of the board of directors for the 2018 financial year.

Description of modifications

Not applicable

**Describe the process of self-assessment and the areas assessed by the board of directors, as the case may be, assisted by an external consultant, regarding the functioning and composition of the board and of its committees, and any other area or aspect that was assessed.**

**Description of the assessment process and the areas assessed**

On the one hand, the assessment of the board of directors focused on analyzing the functions of the board and its committees. Information is requested from all who are directors at the closing of the 2018 financial year and from those who may have performed tasks sometime during the year. The information was sought 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 was studied by the Appointments and Remunerations Committee and by the Board of Directors.

**C.1.18. For financial years in which external consultants were involved in the assessment, list any business relationships that exist between the consultant or any company of its group and the company or any company of its group.**

Not applicable

**C.1.19. 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 has no power to ask them to resign before the end of the statutory period of the appointment except (i) if a bid is tendered for the company takeover, a merger or other similar kind of corporate transaction that may mean a change in the Company's capital structure, and which may consequently require changes in the structure of the Board of Directors to ensure the proportionality between proprietary and non-executive board members; or (ii) if there is just cause appreciated by the Board of Directors following a report by the Appointments and Remunerations Committee.

(d) If, in the case of proprietary directors, the represented shareholder fully transfers its shares or reduces the shares down to a level that requires a reduction in the number of its proprietary directors, in that situation, in the required proportion.

(e) In cases in which their actions may harm the credit and reputation of the Company.

**C.1.20. Are qualified majorities, other than statutory majorities, required to adopt any type of decision?**

No

In that case, explain the differences.

Description of the differences

**C.1.21. Explain whether there are specific requirements, other than the requirements relating to directors, for being appointed board of directors chairman.**

No

Description of the requirements

**C.1.22. State whether the by-laws or the board regulations stipulate any age limit for directors:**

No

Age limit

Chairman

Chief Executive

Director

Observations

**C.1.23. State whether the by-laws or the regulations of the Board establish any term limit or other stricter requirements for independent directors other than those established by regulatory provisions:**

No

*Additional requirements and/or maximum number of terms of mandate*

**C.1.24. State whether there are formal rules for proxy-voting for other directors 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, briefly explain such regulations.**

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.1.25. 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	18
Number of board meetings without the chairman attending	0

*Observations*

State the number of meetings held by the coordinating director without the physical or proxy presence of any executive director:

Number of meetings	0
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*Observations*

**State the number of meetings held by the various 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	10
Number of meetings of the appointments and remuneration committee	8
Number of meetings of the appointments committee	Not applicable
Number of meetings of the remunerations committee	Not applicable
Number of meetings of the committee	Not applicable

*Observations*

**C.1.26. State the number of meetings that the board of directors held during the financial year and give the attendance information on all its members:**

Number of meetings with the attendance of at least 80 % of all directors	18
% of attendances of the total votes cast in the financial year	100 %
Number of meetings with the physical attendance, or proxy attendance with specific instructions given by all board members	17
% of votes cast during physical presence, and during proxy presence with specific instructions given, over the total of votes cast during the financial year	94.4 %

*Observations*

**C.1.27. State whether the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are first certified:**

No

**If so, identify the person/s who issue the certification of the company's annual individual accounts and the annual consolidated accounts, for endorsement by the board:**

Name	Post
Observations	

**C.1.28. 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 External Auditor regularly provides information to the Audits Committee on the Audit Plan and the results of its execution and ensures that the senior management takes their recommendations into account.

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.1.29. Is the secretary of the board a director?**

No

**If the board secretary is not a director complete the following chart:**

Personal or corporate name of the board secretary	Representative
Daniel Alaminos Echarri	Not applicable

Observations

**C.1.30. Outline the specific mechanisms set up by the company to preserve the independence of external auditors, and, where possible, the mechanisms in place to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented.**

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) orders the Audit Committee "to strive 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 2018 year end the Company had not been rated by any agency.

**C.1.31. State whether the Company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:**

If the change of accounts auditor was approved during the 2017 financial year for the 2018, 2019 and 2020 financial years.

Outgoing auditor	Incoming auditor
Deloitte	PWC

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Observations

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

Not applicable

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Explanation of the disagreements

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**C.1.32. 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	82	82
Fees for non-audit work/Total amount invoiced by the audit firm (in %)	0	8.3	4.8

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Observations

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**C.1.33. 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

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Explain the reasons

Not applicable

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**C.1.34. State the consecutive number of years for which the current audit firm has been auditing the individual and/or consolidated annual accounts of the company. 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:**

	Individual	Consolidated
Number of consecutive financial years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm / Number of years in which the company has been audited (%)	78.60 %	78.60 %

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Observations

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**C.1.35. 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



**Give detail of 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.1.36. 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 submit their resignation, if the board deems it convenient, in the following cases: (a)

(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 that purpose, 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”. 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.1.37. 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 Enterprises Act:**

No

**Name of director****Criminal Proceedings****Observations**

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

Not applicable

**Decision taken / action taken****Reasonable explanation**

**C.1.38. 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 ordinary shares or any other type that, where applicable, hold voting rights. Said agreements may be concluded upon the request of creditors in the event of a change of control or takeover.

In addition, the financial instruments subscribed and/or issued or to be subscribed and/or to be issued within the framework of the restructuring transaction envisaged in the restructuring agreement signed on 11th March 2019 contains takeover clauses in the sense referred to in the paragraph above, including the possible voluntary conversion of bonds into shares in the events of both takeover as well as the acquisition on significant shares (35 % or more of the share capital of Abengoa Abenewco 1, S.A.) by a third party.

**C.1.39. Identify on singular basis, in the case of directors, and on aggregate basis, in all order cases, and provide 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 Aroz, 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 -not considered as such that which may be brought about by the very Chairman in response to a change of control of the group- death or incapacity, or due to non-performance of his obligations), 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 Aroz, 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.

Number of beneficiaries	6
Type of beneficiary	Description of agreement
Executive Chairman	See previous paragraph
CEO	
Secretary General	
Financial Director	
Director of Human Resources	
Director of Strategy	

State whether beyond the situations envisaged by law such agreements must be reported to and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, envisaged situations and the nature of the organs responsible for their approval or for reporting them:

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

Observations

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

Observations

**Explain the duties of or assigned to this committee other than as described in section C.1.10, and describe the procedures and rules of organization and operation thereof. For each of these duties, point out the most important actions during the financial year and how each of the duties assigned to it were actually performed, be it in the law, in the bylaws or in other company agreements.**

Not applicable

#### Audit committee

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

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

#### Observations

**Explain the duties, including, if possible, the addition legally envisaged, that may be assigned to this committee, and describe the procedures and rules of organization and operation thereof. For each of these duties, point out the most important actions during the financial year and how each of the duties assigned to it were actually performed, be it in the law, in the bylaws or in other company agreements.**

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 cast the deciding 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 any.
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 commitments to increase and reduce financial borrowing, monitoring of the financial deleveraging policy and the dividend distribution policy and the policy for distributing dividends and any amendments to these.
5. To inform the General Meeting of Shareholders about any matters or questions that arise 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 process of selection, dismissal, renewal, removal and remuneration of its director and on determining of its remuneration, and must also report on 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 revise 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.
- (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 taking the relevant 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 regards 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 audit plan and the results of its execution, and to ensure that senior management follows 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, accompanying such notice with a statement on possible disagreements, if any, arising with the outgoing auditor and the reasons for these.
  - (ii) Ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements set forth to ensure auditor independence.
 

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) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
  - (iv) Ensure that the remuneration of the external auditor does not compromise 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 companies therein.
- (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 during the 2018 financial year:

- › Revision and analysis prior to the preparation of the individual accounts of Abengoa S.A and the consolidated accounts of its group for the 2017 financial year.
- › Revision and analysis prior to the approval of the financial information for the intermediate periods of 2018 remitted to the CNMV.
- › Revision and analysis prior to the financial restructuring proposal.
- › Approval of the 2019 budget and revision of the cash-flow plans.
- › Approval of divestitures including, in particular, the sale of 16.47 % of Atlantica Yield.
- › Identification and monitoring of the Company's financial risks in light of preparing the 2018 financial statement.
- › Approval of verification duties performed by the external auditor.
- › Internal audit: approval of the work plan and supervision and assessment of the work.
- › Supervision of whistle-blowing channels.
- › Approval of external auditing tasks other than those of the auditor.

**Identify the director of the audit committee who has been appointed in light of his/her knowledge and experience in accounting, auditing or both, and report on the date of the appointment and duration of the Chairman of this committee.**

Name of director with experience	José Wahnnon Levy
Date appointed as Chairman	22/11/2016

#### Appointments and remunerations committee

Name	Post	Category
Pilar Cavero Mestre	Chairlady	Independent
Josep Piqué Camps	Member	Independent
Ramón Sotomayor Jáuregui	Member	Independent

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

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Observations

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**Explain the duties, including, if possible, the addition legally envisaged, that may be assigned to this committee, and describe the procedures and rules of organization and operation thereof. For each of these duties, point out the most important actions during the financial year and how each of the duties assigned to it were actually performed, be it in the law, in the bylaws or in other company agreements.**

This Committee shall comprise at least three Directors, designated by the Board of Directors, at the Committee's proposal. The Committees shall exclusively comprise of non-executive board members, two of whom, at least, shall be independent members.

Pursuant to Articles 44 bis of the bylaw and 27 of the Board of Directors' regulations, the Remunerations 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 cast the deciding 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. The Committee shall specifically establish a representation goal for the gender least represented on the Company's Board of Directors and prepare orientations on how to reach such goal.
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.
18. Supervise the duty of compliance performed by the Director in charge of said department. The Committee shall have full access to the Compliance Director, who, shall regularly attend the meetings of the Committee to be abreast of the latest in matters of regulatory compliance.
19. To review the policies, internal procedures and compliance programs of the Company, in the execution of the compliance functions, so as to prevent inappropriate conducts and to identify possible policies or procedures that may be more effective in the promotion of the highest sustainable company standards.
20. To review and validate the plan of activities for the function of compliance, ensuring that said function has the resources necessary for the performance of its duties.

In 2018, the main interventions of the Appointments and Remunerations Committee were as follows:

- › Evaluation of the functions of the Board in 2017
- › Determination of the (non-) accrual of the variable remuneration in 2017
- › Definition of the variable remuneration for 2018 with two components
- › Annual report on the remunerations and annual report to the General Meeting on functions of the Committee
- › Revision of the succession plan for senior management
- › Assuming of the responsibility to supervise the Regulatory Compliance and Risks Management
- › Proposal on the ratification of Mr. Piqué as director
- › Preliminary assessment of the accrual and payment of the variable remuneration for 2018 and other variable remunerations (2019, MIP 2019-2021 and the second restructuring of the group's financial debts)

**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 directors			
	Financial year 2018	Financial year 2017	Financial year 2016	Financial year 2015
	% Number	% Number	% Number	% 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. 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 indicate whether a report was voluntarily prepared on the activities of each committee.**

Both the Audit Committee as well as the Appointments and Remunerations Committee have their own internal operations rules and regulations available on the company's webpage.

During the financial year, Article 3 of the Appointments and Remunerations Committee was modified to include the functions relating to regulatory compliance. The following functions were specifically added:

“(xviii) Supervise the duty of compliance performed by the Director in charge of said department. The Committee shall have full access to the Compliance Director, who, shall regularly attend the meetings of the Committee to be abreast of the latest in matters of regulatory compliance.

(xix) To review the policies, internal procedures and compliance programs of the Company, in the execution of the compliance functions, so as to prevent inappropriate conducts and to identify possible policies or procedures that may be more effective in the promotion of the highest sustainable company standards.

(xx) To review and validate the plan of activities for the function of compliance, ensuring that said function has the resources necessary for the performance of its duties.”

These Committees prepare annual reports on activities. The reports on the activities undertaken in 2017 was made available to shareholders together with the call to convene the Ordinary General Meeting of Shareholders held on 25th June 2018. That of the Audit Committee was also made public, forming part of the annual report for the 2017 financial year.

## D. Related-party transactions and intragroup transactions

**D.1. Explain, if any, the procedures and competent organs for approving related-party and intragroup transactions.**

**Procedure for reporting 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 in question; and
- (iii) their amount does not exceed 1% of the company's annual revenue.

Only in duly justified circumstances of urgency may decisions be taken 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 taking 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 the transactions deemed significant due to the amount or subject matter thereof between the company or entities of its group and the company's significant shareholders:**

Personal or corporate name of the significant shareholder	Personal or corporate name of the company or entity of the group	Nature of the relationship	Type of transaction	Amount (Thousands of Euros)
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**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:**

Not applicable

Personal or corporate name of the directors or executives	Personal or corporate name of the related party	Relation	Nature of the relationship	Amount (Thousands of Euros)
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**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:**

Not applicable

Corporate name of entity within group	Brief description of the transaction	Amount (Thousands of Euros)
Observations		

**D.5. Outline the significant transactions entered into with the company or entities within the group and with other related parties, which are not reported in headings above.**

Corporate name of related party	Brief description of the transaction	Amount (Thousands of Euros)
Atlantica Yield	Sale of 25 %	514,670
Atlantica Yield	Algonquin Power & Utilities bought a total of 16,503,348 shares of AY (representing 16.47 of the share capital)	To be established
AAGES	Abengoa Perú reached an agreement with AAGES to transfer ATN3.	To be established
Atlantica Yield	Second Omnibus de Solana.	To be established
Atlantica Yield	Sale of Solana and Mojave lands.	To be established
Atlantica Yield	Omnibus de Mojave.	To be established
Algonquin	Agreement in which Abengoa warrants and undertakes to compensate Algonquin in the event that there is reduction in the annual dividend shared by Atlantica Yield derived from the performance of the Solana and Kaxu plants.	To be established
Atlantica Yield	Sale of certain credit rights against solar plants owned by Atlantica Yield.	To be established.
Atlantica Yield	Estoppel Agreement	To be established

**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 other companies listed in Spain and their relationship with the company:**

Not applicable

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Identity and relation with other listed companies of the group

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**State whether they have publicly and accurately defined their respective areas of 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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Not applicable

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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 Control and Risks 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. Its purpose is to obtain an integral vision of these risks, 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 Control and Risks Management System, including the system for managing tax risks.**

The determination of the control and risks 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, in the manner of significance, that may derive from corruption (the latter understood under the scope of Royal Decree Law 18/2017), 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.
- › Risks derived from delays and cost overruns in Engineering and construction activities 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.
- › 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.
- › 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 Abengoa's short- and medium-term liquidity needs.
- › Risks related to the impossibility of completing the divestiture plan.
- › Risks related to the sale of the shares in 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 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 underwritten 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.
- › Abengoa's activities may be affected in the event of geopolitical conflicts, including terrorist acts perpetrated at some of its locations.

Abengoa's activities may be affected in the event of geopolitical conflicts, including terrorist acts perpetrated at 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 would have 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.

In addition, Abengoa has various insurance programs in place that would allow the adequate transfer of the greater part of such risks to the insurance market.

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

Abengoa endured certain risks during the 2018 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. Recent financial years have witnessed various amendments to regulations have taken place in the jurisdictions where Abengoa operates (mainly in the United States and Brazil), mainly in relation to activities 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. After said period of negotiations, the Company reached an agreement with its financial debtors that allowed it to complete the financial restructuring in March 2017. Nevertheless, said restructuring agreement, which was supported by 93.97 % of the financial debtors to whom it was addressed, was challenged by a series of financial debtors. 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 a result of the above, was excluded, amounts to approximately € 76 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.

In relation to the above, the Company started negotiations with the challenging entities for the purpose of reaching a satisfactory agreement.

After the culmination of the restructuring process in March 2017, to ensure the feasibility of the company and of the Abengoa Group and be able to competitively and sustainably continue with its activities in the future, if necessary:

- › To have a stable platform that may grant access to new sources of liquidity financing like those of sureties.
- › To access new bonding lines in order to ensure the growth of its Engineering and Construction business.
- › To maintain an adequate financial structure for the business model to be developed in future.

In relation to the above, in the middle of 2018 the Company started negotiations with its main creditors as established in the following milestones:

1. The signing, on 30th September 2018, Abengoa of a term sheet consisting of terms and conditions, subject to the terms and conditions specified hereunder, including the signing of the final document for the purpose of establishing the bases of the aforementioned financial restructuring that includes, among other things, the granting of cash in the maximum amount of 97 million Euros, and new bonding facility in the amount of 140 million Euros, for financing the liquidity and bonding needs of the group (Financing Agreement).

The Financing Agreement implies modifications in the structure of the financial debt of the group, mainly as follows:

- › The issuance of a convertible instrument that is convertible into shares at A3T level for a maximum amount of € 97 M, scheduled to mature in 2023 and with an annual turn out of 9 % ("Convertible A3T").
- › The conditions of New Money 1 and 3 remain currently unaltered, and its payment is expected once a long-term financing deal is closed on A3T.
- › 45 % of the nominal amount of the New Money 2 as well as the € 65 M cash-flow line acquired by the group in November 2017, and increased in May 2018, have become financings that have the sole resource as the A3T asset and improves the economic conditions of the debtor.
- › The creditors who own the remaining 55 % of the New Money 2, which is held in Abenewco1, including the bonding entities, will consent to relinquishing the application for the payment of their debt from the funds obtained through the issuance of the convertible as well as from funds that may be obtained from a divestiture of the assets in a future and modify their economic conditions.
- › Surrender an instrument that is compulsorily convertible into shares representing up to 22.5 % of Abenewco1 to creditors of the New Money 2 in Abenewco 1, to holders of the Convertible A3T and to members of the so-called Ad Hoc Committee.

The Financing Agreement is subject to the performance of certain conditions precedent as well as to the obtaining of the necessary consents by the creditors in accordance with the current financial instruments.

2. The agreement reached in December 2018 with a group of investors who hold significant shares in the Old Money instruments for the restructuring of the Old Money entailed allowing the optimization of the financial structure of the Group, thus facilitating the access of new financing in future. The terms and conditions of said restructuring, the describing of which is summarized below, have also been offered to the challengers.

- › A new company, Abenewco 2 Bis, will be created and the shares held in Abenewco 1 will be invested in the ownership of Abenewco 2, which will assume the Senior Old Money debt.
- › The instruments of the Senior Old Money, which will maintain its actual value while modifying its economic conditions, will be exchanged for convertible instrument issued by Abenewco 2 Bis. Upon maturity, payment shall be made using the Group's free cash-flow available above a minimum and anything not met in cash shall be compulsorily converted into shares of Abenewco 2 Bis representing up to a maximum of 100 % of its share capital.
- › The instruments of the Junior Old Money, which will maintain its actual value while modifying its economic conditions, will be exchanged for two convertible instrument issued by Abenewco 2, the first in shares representing up to a maximum of 99.9 % of the share capital of Abenewco 2 and the second, to be converted only when the first has been converted, into shares representing 49 % of the share capital of Abenewco 2. Upon maturity, payment of the first instrument shall be made using the Group's free cash-flow available above a minimum to be specified and anything not met in cash shall be compulsorily converted into shares of Abenewco 2 Bis.
- › The new instruments shall be respectively due on the date it five years or five years and six months from the date of issue with the possibility of extension for periods of one year up to a maximum of five additional years at the option of the creditors.
- › The order of conversion of these instruments shall be based on the actual precedence of the instruments that may substitute them.

3. In the implementation of the aforementioned agreements, on 31st December 2018 the signing of a Lock up Agreement with a group of financial entities and investors holding the greater part of the New Money 2, the Syndicated Bonding Facilities and the Senior Old Money as well as the insuring entity of the new liquidity, by virtue of which, among other things, said creditors agreed as follows: (i) to leave the exercise of certain rights and actions that may be taken against the relevant companies in the Group in suspense until before the following dates: the date on which the Lock-up Agreement expires in conformity with its own terms and conditions or the so-called Long-stop Date which was initially 31st January 2019 but was later extended to 14th March 2019 and subsequently to 31st March 2019 (The Long-Stop Date); (ii) to take all the actions necessary to support, facilitate, implement, execute or, in any other manner, to render the financial restructuring proposal and, in particular, to initiate negotiations with the aim of agreeing on and signing a restructuring agreement not later than the Long Stop Date, and (iii) to agree not to sell or transfer the debt in any other manner until the Long-Stop Date or the date of the termination of the Lock-up Agreement, except under certain circumstances.

Upon the signing of the Lock-up Agreement, the rest of the creditors of the New Money 2, bonding entities and creditors of the Old Money, as well as the challengers were requested to adhere to the Lock-up Agreement in accordance with the procedures established and reported in the Relevant Event published thereof on 31st December 2018.

On 28th January 2019 the majority necessary for the Lock-up Agreement to be effective was attained. Subsequently, on 31st January 2019, Abengoa reported the extension of the Long Stop Date for the maturity of the Lock-up Agreement to 14th March 2019, which was later extended once again to 31st March 2019.

On 22nd February 2019 the Company asked for the consent of the holders of the bonds of the New Money 2, Senior Old Money and Junior Old Money to modify certain terms and conditions of the bonds and to sign the restructuring agreement.

Subsequently, on 27th February 2019, the Company announced the convening of the Extraordinary General Meeting of Shareholders (hereinafter, EGMS) to be possibly held on 28th March 2019 on second call, for the approval of certain agreements in relation to the restructuring

On 11th March 2019 the Company announced that it had, together with various companies of the group and a group of financial creditors with part in the existing financial debt, signed a restructuring agreement (Amendment and Restructuring Implementation Deed) (the Restructuring Agreement) for the purpose of modifying the terms and conditions of the existing financing and to restructure the group's financial debt (the Restructuring) under terms and conditions set forth above, thus commencing the period of commitment on that very date.

On 28th March 2019 the Extraordinary General Meeting, held on second call approved the proposed agreements relating to the restructuring and, on 29th March 2019, once the period of commitment to the restructuring agreement ended, the Company reported that it had obtained the supports necessary from the financial creditors for the implementation of the restructuring operation. Notwithstanding the above, it requested an extension of the date for rounding up the transaction to the 11th April 2019, a date that was also extended on two occasions until 26th April 2019. The restructuring operation was finally completed on 26th April 2019 with the application for the judicial endorsement of said agreement set to be submitted within the next few days. It is however important to point out that said judicial endorsement is not a condition for the effectiveness of the restructuring agreement which came into effect on the date set forth above.

In addition, on 11th April 2019, A3T, a subsidiary that is wholly owned by Abengoa, entered into a bridge-financing agreement with a group of financial entities for the purpose of refinancing the NM1/3. When the conditions for its reimbursement were met it was done on 25th April and the NM1/3 was fully repaid on 26th April 2019.

**E.6. Explain the response and supervision plans for the main risks of the entity, including tax risks, as well as the procedures followed by the company to ensure that the board of directors respond to the new challenges that may surface.**

Generally, Abengoa has some Common Management Systems in place that are compulsory for the company. They identify a series of risks in the various scopes of the company, and establish their operational standards and procedures, focusing on the mitigation of the risks, such that, in Abengoa, managing business is practically the same as managing risks.

In addition, in each of the processes and projects, Abengoa performs a risks analysis in which an action plan is established to mitigate the risks identified, passing through the mitigation of the probability and the potential impact that the risk may entail, the transfer to third parties, and self-insurance plans.

## F. Internal risk control and management systems 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 the following, at least specifying the main features:**

**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; and (iii) oversight.**

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 of it, 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.

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.
- › Requires the most complete, just, precise, timely and intelligible information 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.
- › Tackles actual or possible conflicts of interests and provides 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 or by whoever may have been previously entrusted with performing such duty.

Its appropriate monitoring is a source of profitability and security in the execution of the activities of Abengoa. These standards ensure the veracity and reliability of the financial information.

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.

Thus, 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 reporting channel is via 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 2018 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 risks 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, completeness, assessment, 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 with which assurance may be given that a specific act may give rise to an event with negative impact on Abengoa.
- › Impact on the Company: Group 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 the following and, if possible, at least specifying the 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, if possible, 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 Committee.

The legal consultancy department holds regular committee meetings with the various 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 them, 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 the 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 the following, at least specifying the 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 revise the internal control and risks management system so that the main risks, including those of a fiscal nature, are identified, managed, and properly disclosed, including a discussion of the 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 determining of the salary scale of its Director; to obtain regular information on the activities and on the budget of the unit; and to verify that the senior management considers the conclusions and recommendations of their reports.

The Audit Committee's functions entail supervising the internal audit unit 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 unit is structured around seven functional areas:

- › Internal Control
- › Financial Audit
- › Projects Audit
- › Specific Risks Audit Monitoring
- › Fraud Prevention Audit
- › Non-Financial Audit
- › Systems Audit

The internal audit team comprises of 14 professionals. The main characteristics of the team are as follows:

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.
- › Analyzing 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 risks following 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).

**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 submit an annual report to the economic-financial director and the Audit Committee detailing the weaknesses they detected regarding internal control while performing their work.

## F.6. Other significant information

In 2018 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 the valid laws.
- › Agreed procedures 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, state the 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 PricewaterhouseCoopers Auditores, S.L., which is also the Group's main auditor.

## G. Degree of compliance with 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 general nature are not 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 restrictions on the takeover of the company by means of share purchases on the market.**

Compliant

See headings: A.12, B.1, B.2 and C.1.20

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

- a) **Their respective areas of activity and any possible business relationships between them, as well as those between the listed subsidiary and other companies within the group;**
- 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 and, in particular:**

- a) **Changes that have taken place since the last ordinary 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 that exclude 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 that excludes 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 and 2018, the Board of Directors submitted the proposals 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 used the authorized delegation of capital.

**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) Reports of the operation of the audit committee and the appointments 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 has, over the last years, passed through 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 the Company is currently engaged in, Abengoa's Board of Directors decided against a live web broadcast of its 2018 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. 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 that, in the exceptional situations in which there may be qualifications, both the chairman of the Audit Committee, and the auditors, must clearly explain the nature and scope of said limitations or qualifications, to the shareholders.**

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 the 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 the company plans to pay bonus for attendance at the general meeting, it should first establish a general long-term policy on such bonus and said policy should be stable.**

Not applicable.

No attendance bonus was paid during the 2018 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 based on the principles of good faith, ethics and respect for usage and commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and all other stakeholders who may be affected, 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 promote the goal that the number of female directors represents at least 30 % of all members of the board of directors by 2020.

The appointment 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 necessary, bearing in mind the complexity of the corporate group and the percentage of ownership interests they control in the company.**

Compliant

See headings: C.1.2 and C.1.3

**16. The percentage of proprietary directors out of all non-executive directors should not be 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 headings: 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. After verification by the appointments committee, the annual corporate governance report should provide explanation on why proprietary directors are appointed at the request of shareholders whose shareholding interest is less than 3 % of the capital; and should explain 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 for the appointment of proprietary directors were accepted.**

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.1.19

**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 shall be presumed to exist when directors take up new posts or responsibilities that prevent them from allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or deemed to have incurred in any of the circumstances that may nullify their classification as independent, in accordance with the stipulations of the applicable legislation.**

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

Compliant

See heading C.1.19

**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, decide 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 headings: C.1.19 and C.1.36



**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, independent and other directors not affected by potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.**

When the board takes significant or reiterated decisions about which a director expresses serious reservations, the director should draw the pertinent conclusions and, if he or she decides to resign, such director should set out the 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 relevant event, the reason for the resignation should be explained in the annual corporate governance report.**

Compliant

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

The board of directors' regulations should set forth the maximum number of company boards on which directors can serve.

Compliant

See heading C.1.12

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

Compliant

See heading C.1.25

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

Compliant

See headings: C.1.25 and C.1.26

**28. When directors or the secretary express concerns about a specific proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board 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 for the execution of their duties, including, if necessary, external consultancy at the company's expense.**

Compliant

**30. Regardless of the knowledge that directors must possess for the execution of 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 information they need for such decision.

If, for reasons of urgency, the chairman wishes to present decisions or resolutions to the board for approval, which are not included on the meeting agenda, such exceptional circumstances shall require the duly minuted prior and express consent of the majority of directors present.

Compliant

**32.** Directors should be regularly informed of movements in share ownership and of the views of significant 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 coordinating 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: preside over the board of directors in the absence of the chairman or vice chairmen, if possible, giving 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 entire board should conduct an annual assessment and, if necessary, prepare 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 assessment 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 appointments committee.

Every three years, the board of directors should engage an external facilitator to aid in the assessment process. This facilitator's independence should be verified by the appointments 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 assessed should be detailed in the annual corporate governance report.

Compliant

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

Not applicable

**38.** The board should always be kept fully informed of the businesses transacted and decisions made by the executive committee. To this end, all board members should receive a copy of said 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, directly reporting 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 regards 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 audits committee should summon any company employee or manager, and even order them to appear without the presence of any other 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 risks management and control 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 heading E.

**46. The company 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. Members of the appointment and remunerations committee -or of the appointments committee and remunerations committee, if separately constituted- should have the right balance of knowledge, skills and experience for the functions they are called upon 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 appointments committee and remunerations committee.**

Explain

Pursuant to Article 44 bis of the Bylaws of Abengoa, the Board of Directors shall create and maintain, compulsorily and permanently, an Appointment and Remunerations Committee.

On the referenced date of this report, the Board of Directors of Abengoa consisted of seven members, six of them external, and two consultative Committees –the Audit Committee and Appointments and Remunerations Committee– each of them consisting of three independent board members. The number of board members, though lower than normal in comparable listed companies, and its qualitative distribution is deemed appropriate for the Company's current needs. This composition is a result of the Restructuring Agreement signed by the

Company on 24 September 2016, which gave rise to the reformation of the internal regulations of Abengoa and to the reorganization of its governing body.

Thus, the dividing of the Appointments and Remunerations Committee and Good governance will generate inefficiencies, especially derived from the additional needs of funds, without clear justification in terms of improvement in the functioning of the governing body. For that reason, the Board of Directors has no intention of proposing the modification of Article 44 bis of the Bylaws to the Shareholders' General Meeting.

**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 appointments committee to propose candidates that such director deems suitable.**

Compliant

See heading C.2.1

**50. The remunerations committee should operate independently and, in addition to those assigned by law, should perform the following functions:**

- 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 remunerations committee should consult 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 board of directors' regulations should include the terms of reference of supervision and control committees and should be consistent with those governing legally mandatory board committees, as recommended above, including 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 include the principles or commitments the company voluntarily adheres to in its dealings with various groups of stakeholder and should at least identify the following:**

- 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. Remunerations of executive directors should be based on variable remunerations depending on the company's and on director's performance, including the award of shares, options or any other rights over shares or instruments based on share price, and long-term savings schemes such as pension plans, retirement or other social welfare systems.**

**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, as the case may be, 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 was deemed that the board members 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 who may only have exercised their duties for part of the time, as long as for at least 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 through 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 and that said criteria takes into account the risk assumed in obtaining 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 risks management and control 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 sustainable 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 been effectively met.**

Compliant

**60. Remuneration linked to company earnings should bear in mind any possible qualifications that may be stated in the external auditor's report and that may reduce said earnings.**

Compliant

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

Explain

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 of such although the inclusion of shares or options in the remunerations of executive directors would require the approval of the General Meeting on the proposal of the Board of Directors following a report from the Appointments and Remunerations Committee.

Notwithstanding the above, given the interest demonstrated by the shareholders of the Company and in meeting the commitments they assumed with their financial creditors within the framework of the Restructuring Agreement signed in March 2019, the Board of Directors' Meeting held on 25th February 2019 prepared a proposal for submission to the Extraordinary General Meeting of Shareholders convened for 27th and 28th March 2019 on the modification of the Remunerations Policy applicable for 2019 and 2020 entailing the implementation of a new incentives plan, of which the Executive Chairman shall be beneficiary, whose remuneration shall be paid in the shares of Abengoa and Abenewco 1, under the terms and conditions outlined in the 2018 Annual Remunerations Report. Said proposal was finally approved by the Extraordinary General Meeting.

**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 fixed annual remuneration, and should not 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, as the case may be, to defray costs related to their acquisition.

Not applicable

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

Compliant

**64. Contract 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 the director 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. This section may also include any other information, clarification, or comment relating to the previous 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 20th July 2010.**

### A.1 - Rights inherent in Class A and Class 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 to 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 into 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.

### 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; (v) 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).

### B.4 Attendance to the General Meeting

The Extraordinary General Meeting of Shareholders of Abengoa convened to be held on second call dated 2nd October 2018 could not be held for lack of quorum. Only a total of 33,395,068,309 votes were in attendance, present and represented, which represents 18.62 % of the share capital of the company.

### 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 to 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 on the company's full and complete adherence 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 29th April 2019.**

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

No

Personal or company name of director that did not vote in favour of the approval of this report	Reasons (opposed, abstained, absent)	Explain the reasons
Observations		



**02.** Annual report  
on remuneration  
of board members  
(ARR)

## A. The company's remunerations policy for the on-going year

**A.1. Explain the current directors remunerations policy applicable for the on-going financial year. If deemed relevant, include specific information as reference to the remunerations policy approved by the general meeting of shareholders, as long as the inclusion is clear, specific and concrete.**

**It should include a description of the specific conditions for the on-going year, both for the remunerations of the directors for their condition as such, for example, for holding executive director positions, that a director may have held in accordance with the stipulations in the contracts signed with the executive directors and with the remunerations policy approved by the general meeting.**

**Be what the case may, the following aspects should at least be reported:**

- › **Provide a description of the procedures and organs of the company involved in the determination and approval of the remunerations policy and the conditions.**
- › **Indicate and if possible, explain whether companies of similar nature were taken into account in establishing the company's remunerations policy.**
- › **Give information on whether external consultants participated and, if so, identify such consultant.**

At Abengoa, S.A. (hereinafter, "Abengoa" or the "Company" or the "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

re-launching 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 measureable performance indicators.

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 directors reflected in this report was approved by the Ordinary General Meeting of Shareholders held of 30 June 2017. The remunerations policy was prepared, discussed and signed in the meeting of the Appointments and Remunerations Committee. The proposal was submitted to the Board of Directors, approved thereby as proposal to the General Meeting and approved by the General Meeting on the date indicated. Notwithstanding the above, the Board of Directors' Meeting held on 25th February 2019 agreed to submit a proposal to the Extraordinary General Meeting scheduled for 27th and 28th March 2019 respectively, for the modification of the Remunerations Policy applicable for the 2019 and 2020 financial years under the terms and conditions set forth in Section A.2 following. Said modification proposal, which was approved by said Meeting, was studied by Mercer Consultants.

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.

Regarding the Appointments and Remunerations Committee, it is set forth in the bylaws and in Abengoa's Board of Directors regulations that 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 the 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.

In the 2018 financial year 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 served as secretary of the Appointments and Remunerations Committee during the 2018 financial year, but resigned from his post effective 1st January 2019.

The current criteria approved by the Ordinary General Meeting in 2017 used for establishing the remunerations policy for directors are in accordance with the stipulations of the Corporate Enterprises Act (Articles 217 to 219, 249 and 529 sexdecies to 529 novodecies), 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

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 through the award of shares or their options rights or their amounts referenced to 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; and
- (f) the savings or forecast systems deemed appropriate.

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.

At present, from among the various possibilities contemplated in Abengoa's internal regulations, the remuneration of directors as such are concretized in (A) fixed annual salaries for each of the following situations: (a) membership of the Board of Directors, (b) membership of Board of Directors' Committees, (c) performance as coordinating director (when not presiding over any of the committees), (d) Chairmanship of the Board of Directors (except if held by an executive director with delegated powers) or of any of its committees and, in addition, (B) a variable remuneration that, when accrued, will not be payable until 2021. The specific amounts are listed in the next section of this report, taking into account the distribution of contents defined by the standard template.

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.

Besides the amounts associated with the performance of the post and duties, the Company (a) shall underwrite a civil liability insurance and (b) shall separately reimburse, without such being deemed a remuneration, the directors' 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.

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.

From 22nd November 2016, the date of the Extraordinary Shareholders' General Meeting to the end of the 2018 financial year, or from then up to the date of the approval of this Annual Remunerations Report by the Appointments and Remunerations Committee, no other director, all being independent as already indicated, has received any remunerations (order than that for being the Company's board member) for the performance of executive duties or for tasks or responsibilities entrusted then by the Company or entities of its group.

› **State the relative importance of the variable remuneration items with regards to fixed (mix remuneration) and the criteria and objectives considered in determining them and guaranteeing an appropriate balance between the remuneration's fixed and variable components. Specifically, outline the actions taken by the company in relation to the remuneration system to reduce its exposure to excessive risks and to adjust them to the long-term goals, values and interests of the company, which will include, if possible, a reference to the measures put in place to ensure that in the remuneration policy the company's long-term results are met, the measures taken in relations to categories of personnel whose professional activities bear material repercussion on the profile of the risks of the entity and the measures envisaged to prevent conflicts of interests, as the case may be.**

**Also indicate whether the company established a date, for the accrual or consolidation of specific variable remuneration items like shares or other financial instruments, a period of deferment in the payment of amounts or in the award of financial instruments already accrued and consolidated, or whether the company agreed on a clause of reduction in the deferred remuneration or which forces the director to return remunerations received if such remunerations were paid based on information that is later found to be clearly and unquestionably incorrect.**

A) The quantification of the variable items and their relative importance with regards to fixed amounts in the remuneration of the Company's directors, both independent and executive directors, are fixed with the aim of attaining a balance that is in line with the Company's financial situation and that, at the same time, constitutes a possible complement of the current fixed remuneration of the directors for the performance of their duties, on the condition that they meet the target and specific goals set for 2020, defined as the determining factors of their accrual.

The setting of said conditional variable remuneration was decided upon in 2017 bearing in mind that the established fixed remuneration may be considered reduced for (a) the dedication to and the complex nature of the duties that directors have to perform for the Company and (b) the specific qualification required for better serving the corporate

interests in the difficult context of financial tensions and uncertainty of the consolidation of its new business model, in comparison with the performance of the duty of director in other listed companies not in situations comparable to that of the difficult situations of Abengoa after its 2015 financial crisis.

The variable remuneration in question was postponed to 2021 and on the condition that by 2020 the Company of the group would have attained the specific goals and objectives to which the accrual of the Long-term Incentive package of the executive directors is also conditioned. The determinant goals and objectives are indicators deemed appropriate to justify that the situation of economic and financial uncertainty has been conquered and that the feasibility of the business model defined after the crisis that arose in 2015 has been consolidated.

The amount of the variable remuneration was calculated, as detailed further below, into an amount equal to half of the fixed remunerations that each director, whether independent or executive, received strictly for the performance of their duties as members of the board of directors performing the collective tasks of the board itself from 22nd November 2016 to 31st December 2020 (therefore explicitly excluding remunerations received by the executive director for the performance of its duties as such). This means that if the conditions are met for the accrual, the variable remunerations of the directors will increase the total amount of their fixed remuneration, the only amounts received up until then, complementing such by 50 % of the accrued for each director until that date and reaching a total amount much befitting the remuneration deemed necessary to offer for attracting and retaining the professionals with the qualifications of those who should form part of the Board of Directors until the end of 2020.

The additional maximum that may be accrued, which will altogether not be more than € 2,320,000 in 2020, as variable remuneration for the performance of the duty of director during the period of more than 4 years, as well as the conditions to which they are pegged, which are the same as those set for the accrual of the Long-term Incentives of the team of directors (EBITDA, coefficient of conversion of this operational benefit in cash, degree of indebtedness associated with the new activity after the financial crisis, and the on-market evaluation of the senior debt derived from the financial crisis), does not amount to, but a reduction of, exposure to the assumption of excessive risks by decisions of the Board of Directors and an encouragement of the adjustment of management decisions incumbent upon the Board of Directors to the Company's long-term goals and objectives, values and interests.

The amounts of the variable remuneration and the determining goals and objectives of the accrual, being defined as such, it was not deemed necessary to take particular or specific measures with regards to any category of personnel or directors whose professional activities bear material repercussion on the profile of risks of the Company or its group,

or for preventing conflicts of interests as a result of the variable remuneration scheme designed, that was not identified.

- B) The accrual of the variable remuneration described above for non-executive independent directors (that is, all directors except for the Executive Chairman) will only take effect at the close of 2020. Nevertheless, no period of consolidation for deferred payment has been set up for after that time. Neither are there any rules on the obligation of non-executive directors to return remunerations received if the payment of such remunerations was based on information later discovered to be untrue and as demonstrated incorrect.

With regards to the variable remuneration of the Executive Chairman (both annual and pluri-annual) derived from his contract for performance of his duties as top executive of the Company, indeed there is the obligation to return remunerations received based on untrue information and demonstrated as incorrect. The Executive Chairman is, by virtue of his contract, under obligation to reimburse the variable components of his remuneration, both annual and pluri-annual, that may have been paid 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.

› **Amount and nature of the fixed components expected to accrue during the year for the directors in their conditions as such.**

The remunerations of Abengoa's directors as such consist of (A) fixed annual amounts that accrue depending on the attendance of Board of Directors sessions and, where possible, the Committee membership. These amounts vary based on membership and, as the case may be, the chairmanship that each director holds on the Board and on the Committees, and (B) a variable remuneration.

Regarding the fixed remuneration (A) the accrual of the relevant amounts depends on the director's attendance of the sessions of the relevant organ. Below is a list of the items.

- › For board membership: As maximum, € 80,000 annually, at the rate of € 8,000 per session.
- › For membership of any committee of the Board of Directors: € 10,000 per year for each session, 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 year, 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 amounts set forth above are 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.

› **Amount and nature of the fixed components that will accrue for the top executive of the executive directors' performance of the duties during the year.**

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 2019 financial year as € 1,000,000, similar to that of 2018. Should other executive directors 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 and that, in the case of Mr. Urquijo, the Company reimburses him upon justification of the costs.

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

› **Amount and nature of any component of the remuneration in kind that will accrue during the year, including, but not limited to, insurance premium paid for the director.**

As remunerations in kind, the Executive Chairman receives a life and accidents insurance plus that of health (€ 26,417.93 and € 12,800 respectively).

Likewise, it be noted that all of Abengoa's board members are covered by a civil liability policy engaged by the Company under normal conditions of the market (€ 589,875.57).

› **Amount and nature of variable components, separated between those set for short- and long-terms. Financial and non-financial parameters, the latter including social, environmental and climate change, selected for determining the variable remuneration in the ongoing financial year. Explanation of the scale to which such parameters bear relation with the performance, both of the director, as well as the entity and with its risk profile, and the methodology, period necessary and the techniques envisaged for determining, at year end, the degree of performance of the parameters used in the design of the variable remuneration.**

**Indicate the monetary range of the various variable components based on the degree of performance of the set goals and objectives and parameters, and whether a maximum monetary limit exists in absolute terms.**

(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 [ ] in relation to the pluri-annual variable remuneration of the Executive Chairman as director with executive duties.



The maximum amount for said single payment, should it accrue, shall 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, should he appoint other directors with executive duties, these other executive directors) shall receive variable remunerations with double components – one annual and another pluri-annual - 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, 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 director 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 directors, the Board of Directors is entitled, following a report from the Appointments and Remunerations Committee, to 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 director 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 to other indicators relating to the business of the Group as already established. Based on such criteria a range of total variation of the variable remuneration of the executive director 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 2018 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. The variable remuneration of all the beneficiaries was defined, specifically, with two components and subject to the requirement set forth by the Company at the time of the liquidity necessary for the payment of the amount that, as the case may be, could have accrued:

(a) the first component of the variable remuneration was linked to the sale or to obtaining financing, partially or totally, for (i) residual interest of 16.5 % of the capital of Atlántica Yield held by Abengoa at the start of 2018 - object of an adjustment of 60 % in this component (a) - and (ii) the shares Abengoa holds in Project 3T in Mexico - object of the 40 % shares in this component (a) - and

(b) the second component will include a variable remuneration for each of the group of directors based on their level of responsibility (putting the executive director on equal footing with the other members of the Executive Committee for that purpose):

(x) an amount identified as "corporate ordinary variable" whose accrual remains linked to the achievement of seven general objectives of the business of the group in the 2018 financial year - (i) EBITDA from the activity defined as conventional for the future (excluding, therefore, concession incomes), (ii) liquidity (defined as cash income from the EBITDA of the same conventional activity), (iii) construction work (also from conventional activity), (iv) gross margin of the contract, (v) volume of the contract, (vi) reduction of general expenses and (vii) improvement of the safety and security index of workers -, each of them are attributed with a specific adjustment (of 25 % for the first two, 15 % for the second two, 10 % for the fifth and 5 % for the last two) and a minimum and maximum performance bracket of 80 % to 140 % (except the safety and security objective, which has a bracket of between 100 % and 120 % and as long as no accident occurs that result in death); each objective is attributed a proportional amount for being met within the bracket (with zero (0) value if met below the minimum bracket and 120 % if met above that percentage) and it is also required that the performance of the first two requirements be

met by at least the minimum of 80 % as condition precedent (trigger factor) for the accrual to the beneficiaries of any amount for that “corporate ordinary variable”; plus,

(y) another amount linked to the assessment of the beneficiary and the results from his/her business unit, with a different relative weight of (x) and (y) for each level of responsibility, variable remuneration is attributed to the executive director and other members of the Executive Committee only for the “corporate ordinary variable”, while the weight of this “corporate ordinary variable” is less than 100 % for other groups of directors and a possible receipt of a part of the variable incentive is recognized for them for the individual assessment that the beneficiary deserves and for the results of his/her business unit.

On the proposal of the Appointments and Remunerations Committee, after the Board of Directors analyzed the performance or non-performance of the variable described in letter a) in its session held on 21st January, it resolved that section i) was performed but that section ii) was not, thus recognizing the accrual of the 60 % of the variable set forth as Section B.

Regarding section b) of the variable, on the proposal of the Appointments and Remunerations Committee, in its session dated 21st January 2019, in light of the outcomes, the Board of Directors deemed 95.4 % of the goals and objectives of the “ordinary corporate variable” performed and thus gave instructions that the process of evaluating the specific objectives be completed in area or function subject to variable.

#### *(b.2) Pluri-annual Variable Remuneration*

Executive Board Members, as members of top management of Abengoa, can enter the system of the pluri-annual 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 withholding and incentives plan, 2017-2020 (“ILP”) and whose conditions are listed below in this report, 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 and whose conditions are outlined further in this report.

Likewise, as already indicated, the Board of Directors' Meeting held on 25th February 2019 issued a proposal to the Extraordinary General Meeting of Shareholders convened for 27th and 28th March on the approval of a modification of the Remunerations Policy applicable for the 2019 and 2020 financial years with the aim of implementing a new long-term (2019-2024) incentives plan, compatible with the previous, for which the Executive Chairman will be beneficiary Said proposal was approved.

As regards the Executive Chairman (the sole executive director on the date of signing this report), the potential aim of said plan is the withholding and motivation, to incentivise dedication and commitment to the Company.

› **Main characteristics of the long-term savings systems. Amongst other information, indicate the contingencies covered by the system, whether defined contribution or benefit, the annual contribution that should be made to the defined contribution systems, the benefit to which the beneficiaries may be entitled in the case of defined benefit systems, the conditions of consolidation of economic rights of directors and its compatibility with any kind of payment or compensation for closure or early termination, or derived from expiration of contractual relationship between the company and the director, under the terms and conditions envisaged.**

**It should be clarified if the accrual or consolidation of some of the long-term savings plans is linked to the achievement of specific goals and objectives relating to the short- and long-term performance of the director.**

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

› **Any kind of payment or compensation for closure or early termination or derived from expiration of contractual relationship between the company and the director, under the terms and conditions envisaged, whether the termination is voluntary by the company or the director, as well as any kind of agreements reached, such as exclusivity, post-contractual non-competition, lock-up and loyalty pledge, that may entitle to any kind of payment.**

There no plans to pay any compensations 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 reported in the section below.

› **State the conditions that should be met in contracts of those holding top management posts as executive directors. Amongst others, report on the duration, limits on the amount of the compensation, the lock-up clauses, the prior notification period, as well as the payment in exchange for said prior notification period, and any other clauses relating to hiring bonus (retainer), and compensations or golden parachutes for early termination or expiration of contractual relationship between the company and the executive director. It should include the non-competition, exclusivity, lock-up or loyalty pledge, and post-contractual non-competition agreements, except if already explained in the section above.**

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 of the issuance of the 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 annual fixed and 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 fixed annual and that received in the last years as variable remuneration. The compensation does not exclude the right to claim other damages that could 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 (termination instigated by the Executive Chairman because of a change in the control of the group shall not be considered voluntary), 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 owes 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 pluri-annual, 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.

› **The nature and estimate of any other complementary remuneration that may accrue for directors during the ongoing financial year in consideration for services rendered other than those inherent in their duties.**

On the date of this report, no complementary remuneration had accrued for any director as payment for services rendered other than those inherent in director duties or, in the case of the Executive Director, than those inherent in his duties as chief executive.

› **Other remuneration items like those derived, if possible, from the company's concession to the director as advance, credits and guarantees and other remunerations.**

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

› **The nature and estimate of any other envisaged complementary remuneration not included in the sections above, whether payable by the company or another entity of the group, which may be accrued by directors during the ongoing financial year.**

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

**A.2. Explain any relevant change in the remuneration policy applicable during the ongoing financial year derived in:**

› **A new policy or a modification of the policy already approved by the Meeting.**

› **Relevant changes in the specific decisions taken by the board on the valid remunerations policy for the ongoing financial year with regards to that applied during the previous financial year.**

› **Proposal that the board may have decided to submit to the general meeting of shareholders to which this annual report will be submitted and which they propose to apply during the ongoing financial year.**

In its session held on 25th February 2019, and on the proposal of the Appointments and Remunerations Committee, the Board of Directors of Abengoa, S.A. prepared a proposal to be submitted to Extraordinary General Meeting of the Company's shareholders scheduled for 26th and 27th March, on first and second call respectively. It entails a modification of the Remunerations Policy applicable for the 2019 and 2020 financial years (both inclusive), such that said Policy will now include the amounts accrued under a new long-term incentives plan for 2019-2023 ("New MIP I"), as pluri-annual variable remuneration for directors performing executive duties and for the financial years in question. The aim is to bind the executive director (Executive Chairman) and the key team of directors of the Company (up to a maximum of 25 directors) with the creation of its value through the execution of its strategic plan for said financial year. The Meeting, held on second call, approved said modification

Said modification stems from the interests shown by the Company's shareholders and from the fulfilment of the commitments undertaken with its financial creditors within the framework of the restructuring Agreement signed on 11th March 2019 and is consistent with recommendation 61 of the Good Governance Code of Listed Companies.

The accrual of envisaged payments for this new plan is set up to be made in shares, thus dividing its entire amount in the following manner:

- › Abengoa's Class A shares
- › Abenewco1's shares

The New MIP I, which is compatible with the currently valid ILP, is determined by the value creation in both Abengoa and Abenewco1, such that, meeting the lock-up requirements set for 2019-2023 (with the exceptions made in the plan itself), the beneficiaries will only be entitled to collect the incentive if:

- › in the part linked to the re-evaluation of Abengoa (20 % of the plan), the value of the Class A shares reach a minimum of 25 cents of a Euro (approximately 10 times its current value).
- › in the part linked to the re-evaluation of Abenewco1 (80 %), its initial value, for the purpose of the plan, multiplies 1.7 times in the five years plan, less the amount of the very plan referring to Abenewco1.

With the following limits:

- › In the case of the part referring to Abengoa, the limit value of Class A shares be stable at 50 cents of a Euro (approximately 20 times its actual value), with the amount of this part of the plan remaining static from that value.
- › In the case of the part referring to Abenewco1, for the purpose of the plan, a maximum limit value of 58 million is set forth.

Both part, will be measured separately, independently valued and liquidated.

If the executive director (Executive Chairman) performs the requirements and conditions of the Plan, he will receive:

- i) For the part affecting Abengoa, a maximum number of Class A shares of 1,630,000 (with the conditions and under the limits already stated above).
- ii) For the part affecting Abenewco1, an approximate maximum amount of 20 % of the amount accrued for the entire plan.

The expiry date of the plan is 31st December 2024, nevertheless accruing in two tranches, the first being on 31st December 2023, when 2/3 will accrue, and the second on 31st December 2024, when the remaining 1/3 will accrue, except if there is an event of liquidity which will hasten the expiration.

For that purpose, the following three situations shall be deemed liquidity event:

- (a) Takeover by a third party, whether singularly or in a concerted effort, through the direct or indirect acquisition of Abenewco1 shares, by virtue of which more than 50 % of the voting rights would be held in Abenewco1 or of a lower amount that may grant the right to appoint most of the members of the board of directors of Abenewco1.
- (b) When Abenewco1 (IPO) is admitted to trading, regardless of the terms and conditions agreed upon in the event.
- (c) When Abenewco2bis is admitted to trading after an event of conversion of the SOM upon its maturity.

If the plan ends with an amount not assigned to any beneficiary for any of the possible reasons, said excess amount shall be shared among the beneficiaries of the plan who meet the required conditions in the end, in the proportion set forth at the beginning of the plan.

When the plan ends for any of the reasons therein, Abengoa's Board of Directors would be responsible for determining whether or not the plan was performed and, if performed, the re-evaluation attained in each of the parts, establishing and reporting the final amount of the plan for each of the beneficiaries.

For information purposes, the Company will introduce another plan -New MIP II-, for the same period, for the Company's key management team, with 100 employees as maximum, not including the executive director (Executive Chairman), but which is equally necessary for ensuring the business goals and objectives.

The new MIP I is compatible with the 2017-2020 Long-term Incentive Plan referred to in section D) above.

The Extraordinary General Meeting held on 28th March 2019 approved the aforementioned modification.

**A.3. Provide the direct link to the document that has the company's valid Remunerations Policy, which must be available on the company's website:**

[http://www.abengoa.es/export/sites/abengoa\\_corp/resources/pdf/gobierno\\_corporativo/juntas\\_generales\\_de\\_accionistas/2017/ordinaria/es/11-jgo2017-es.pdf](http://www.abengoa.es/export/sites/abengoa_corp/resources/pdf/gobierno_corporativo/juntas_generales_de_accionistas/2017/ordinaria/es/11-jgo2017-es.pdf)

**A.4. Considering the information provided in section B.4, explain how the shareholders' vote was taken into account when the annual report on remunerations of the previous year was brought to their attention, for the purpose of consultation:**

Some shareholders think that the Remunerations Policy should bear in mind the progress of the share trade and therefore anticipate that one part of the variable remuneration be through the award of shares.

The Remunerations Policy for the 2018 to 2020 financial years approved by the Shareholders' General Meeting on 30 June 2017 envisaged the possibility that should it be applied through the inclusion of shares or options in the remunerations of executive directors it shall require the approval of the General Meeting if proposed by the Board of Directors following a report from the Appointments and Remunerations Committee. Given the extraordinary circumstances that the Company has been through over the past years, the trading volatility and its low and unstable correlation with basic information on capital value, up until now the Board of Directors had not thought it convenient to include the award of shares as part of the pluri-annual variable remuneration for the Executive Chairman (and for other executive directors if ever appointed).

Notwithstanding, as already stated in section A.3 above, given the interests shown by shareholders and in compliance with the obligations assumed by the Company in the Restructuring Agreement, the Board of Directors has suggested that the Extraordinary General Meeting approves a modification of the Remunerations Policy for its application during the 2019 and 2020 financial years. Said modification consists of recognizing additional pluri-annual variable remuneration payable in shares under the terms and conditions described in the section above. Said proposal was approved.

## B. Overall summary of how the remuneration policy was applied during the closed financial year

**B.1. Explain the process followed in applying the remunerations policy and in deciding on individual salaries as shown in section C of this report. This information must include the role played by the Remunerations Committee, the decisions taken by the board of directors and, if possible, the identity and role of the external consultants whose services were used in the process of applying the remunerations policy during the closed financial year.**

The Appointments and Remunerations Committee performed an intense activity in 2018 to evaluate, initially, the concurrent circumstances surrounding the accrual of the variable remuneration of 2017; then, they defined the variable remuneration scheme for 2018; and finally, at the close of 2018, they evaluated the information relevant for recognizing the corresponding variable remuneration with regards to their components described above, including, among other considerations, the treasury status of the group, before arriving at the conclusion that was fair to recommend to the Board of Directors to only recognize the obligation to pay the component (i) of variable (a), linked to the sale of or to obtaining financing for the Company's investments in Atlantica Yield.

In addition, in 2018 the Appointments and Remunerations Committee started studying a long-term incentives scheme for the team of directors as complement of the actual amount set out for the four-year period (2017-2020) superimposing a new scheme for the subsequent financial years.

In defining this new long-term incentives plan, they engaged the services of Mercer, an external professional consultancy firm specialized in remuneration schemes like the one under consideration, and of Lazard.

The design of the new plan considered the various indications received from shareholders and creditors wishing to reinforce the alignment of the incentives of the team of directors with those of interested groups through the inclusion of the Company's shares, or of instruments indexed to the Company's shares as a part, at least, of the long-term payable variable remuneration.

**B.2. Explain the various actions taken by the company in relation to the remunerations system and how it has contributed to reducing exposure to excessive risks and adjustment to the goals and objectives, long-term values and interests of the company, including a reference to the measures that have been put in place to ensure that the accrued remuneration met with the long-term results of the company and attained an appropriate balance between the fixed and variable components of the remuneration, what measures have been taken in relation to the category of personnel whose professional activities bear material repercussion on the entity's risks profile, and what measures are in place to prevent conflicts of interests, where possible.**

No general actions have been taken with regards to the remunerations systems aimed at or for the purpose of reducing the exposure to excessive risks and adjustment to the goals and objectives, the long-term values and interests of the Company except for considering them (a) in designing the annual variable remunerations for each financial year, (b) in designing the Long-term Incentives plan for the 2017-2020 period as well as the MIP I, [with the latter approved by the Extraordinary General Meeting held on 28th March 2019, as far as the remuneration of the Executive Chairman is concern] and (c) in ensuring that the Executive Chairman's contract includes a clause that supports a claim for the amounts that may have been recognized and payment based on information later deemed and proven to be misleading.

**B.3. Explain how the remuneration accrued in the financial year complies with the provisions in the valid remuneration policy.**

**Also report on the relation between the remuneration received by the directors and the results or other measures of performance, at short- and long-term, of the entity, explaining, if possible, how the variations in the company's performance was able to influence in the variation of the directors' remunerations, including the accruals that have been deferred in payment, and how these contribute to the company's short- and long-term results.**

The remuneration of the directors in their condition as such for the financial year for the duties entailed in the post of Board of Director that accrued in the 2018 financial year (on the condition of the directors' attendance of Board meetings and, if possible, Committee meetings, such as set forth in the valid Remunerations Policy) is in compliance with the 2018 financial year Remunerations Policy. It did not exceed the maximum amount of € 1,160,000 set forth in the Remuneration Policy and was confirmed for the 2018 financial year by specific decision of the Ordinary General Meeting of Shareholders held on 25th June 2018.

The remuneration of the Executive Chairman, the only director who performed executive duties, has remained unchanged in its fixed component aspect since the approval of the valid Remunerations Policy by the Ordinary General Meeting of Shareholders held 30th June 2017.

Regarding the variable components of the 2018 annual remunerations for the Executive Chairman, the annual variable remuneration in 2018 was based on two components as described above, one was linked to the execution of two divestitures or on obtaining financing for the respective investments, and the other to various magnitudes of business, also already described in this Report. Both the structure and magnitude on which the accrual depended, like the decision to pay one of the components by instalment and not to recognize the obligation to pay for the other because of reasons already stated, it is in agreement with the Remunerations Policy as regards the Executive Chairman as one of the beneficiaries of the 2018 variable remunerations to which the decisions are applicable.

Lastly, the pluri-annual variable remunerations of the Executive Chairman also is in compliance with the Remunerations Policy approved by the Ordinary General Meeting of Shareholders held in 2017 when it set up the conditions for the accrual and quantification that are coherent with the forecasts of the valid Remunerations Policy. Up to date there has been no accrual of any amount for the Executive Chairman in the item of pluri-annual variable remuneration.

**B.4. Report on the result of the consultative voting by the general meeting on the annual report on remunerations of the previous financial year, indicating the number of votes against, if any were cast:**

	Number	% of total
Votes cast	26,763,564,710	14.924

	Number	% of those cast
Votes against	8,386,982,408	31.34
Votes in favour	13,638,655,104	50.96
Abstentions	4,737,927,198	17.70

Observations

**B.5. Explain how the fixed components accrued were determined during the financial year by the directors in their condition as such, and how it has varied with regards to the previous years.**

As pointed out above, the fixed components of the remunerations of directors in their condition as such for the performance in the collective action as member of the corporate bodies and the committees are specific maximum annual amounts that accrue depending on the actual attendance of the Board sessions and the relevant committees to which each director belongs.

The maximum fixed remunerations set up in the valid Remunerations Policy are as follows:

- › For board membership: As maximum, € 80,000 annually, 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 per year for each session, at the rate of € 2,500 per session.

The maximum amount added for the entire directors shall be € 1,160,000 per year.

The fixed components of the remuneration for the directors for the performance of their duties inherent therein have not changed in comparison to that of last financial year.

**B.6. Explain how the accrued salaries were determined, for the closed financial year, for each one of the executive directors for the performance of their management duties, and how it has changed in comparison to that of last year.**

The salary accrued by the Chairman of the Board of Directors, the only executive director, remains unchanged in the sum of € 1,000,000 since it was set by decision of the Board of Directors on 22nd November 2016 on the proposal of the Appointments and Remunerations Committee.

The remuneration in the salary item was subsequently supported by the Remunerations Policy approved by the General Meeting of Shareholders on 30th June 2017.

In the determination by the Appointments and Remunerations Committee of that salary, as well as in the revisions performed, said Committee collected and considered market information provided by independent consultants, mainly Mercer and Spencer Stuart.

**B.7. Explain the nature and main characteristics of the variable components of the remuneration systems accrued for the closed financial year.**

Particularly:

› **Identify each one of the remuneration plans that determined the various variable remunerations accrued for each of the directors during the closed financial year, including information on the scope, the date of approval, the date of implementation, accrual and validity periods, the criteria used for evaluating the performance and how it impacted the setting of the accrued variable amount, as well as the criteria of measurement used and the period necessary to get to be in the conditions to appropriately measure all the stipulated criteria and conditions.**

**In the case of options plans over shares or other financial instruments, the general characteristics of each plan should include information on the conditions to acquire there unconditional ownership (consolidation) so as to be able to exercise said options or financial instruments, including the price and the exercise period.**

› **Each of the directors, and their category (executive directors, external proprietary directors, external independent directors or other external directors), who are the beneficiaries of the remuneration systems or plans that incorporate a variable remuneration.**

› **Where possible, provide information on the established accrual or payment deferment periods that were applied and /or shares or other financial instruments withholding or non-disposal periods, if there are.**

**Explain the short-term variable components of the remuneration systems**

The only variable remuneration accrued in 2018 is that which the Executive Chairman will be entitled to receive as variable annual remuneration for 2018 in accordance with his contract with the Company as Executive Chairman and with the attainment of the goals and objectives described as component (a) - linked to the sale of or obtaining of financing from the investments of the group in Atlantica Yield and in Project 3T in Mexico. Said remuneration shall be paid in the same instalments and proportion in each payment as those of other directors who are beneficiaries of the remuneration. The amount to be received by the Executive Chairman, in the event of liquidation of the entire amount of the variable remuneration, shall be € 366,342.

**Explain the long-term variable components of the remuneration systems**

Variable remuneration of directors in their condition 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 below in relation to the pluri-annual variable remuneration of the Executive Chairman as director with executive duties.

The maximum amount for said single payment, should it accrue, shall be € 2,320,000 in addition to what is set for the remuneration for the 2020 financial year.

The beneficiaries of this remuneration are the current directors of the Company (Ms. Cavero and Messrs. Urquijo, Wahnnon, del Valle, Sotomayor, Castro and Piqué).

In 2018 the Company set aside an amount of € 1,081 thousands of Euros from its accounts as an estimate of 2018 for this item. Said amount will not be paid without the performance of the goals and objectives set forth and not before 31st December 2020.

Variable remuneration of board members for the performance of executive functions

As shown in paragraph (b.2) of section A.1, there is currently a four (4) years withholding and 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 condition precedent (“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 value attributed to the “Senior Old Money” debt inherited from the restructuring is equal to or above 25 %, in the operations of the secondary market, at the end of the ILP accrual period.

The ILP shall accrue if the metrics of performance of the objectives is, in each of them, 90 % or above. In this minimum threshold of 90 % compliance in both objectives, the beneficiaries of the ILP will be entitled to 50 % of the ILP figure of reference (including the Executive Chairman in his capacity as director and separate from what he may be entitled to in his capacity as executive member of the corporate body). 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 shall exclude the right receipt to any amounts 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 pluri-annual 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, in accordance with the Board of Directors’ Remunerations Policy for the 2018-2020 period (specifically, the stipulations in sections 3.2 and 4.2.3D) which regulates the long-term variable remuneration of Directors and the Executive Director, respectively) the Company has made available the amount of 1,018 thousands of Euros as estimate for 2018. The provision of said amount does not mean that it should be paid, and so shall in no manner whatsoever until the goals set forth are met at the close of 2020, and whatever the case, the payment shall not be made before 31st December 2020.

**B.8. Indicate whether the company cut down on or requested the reimbursement of any components of the variable remunerations if, in the first place, such payments were consolidated and deferred or, in the second, consolidated and paid, based on any information subsequently deemed and proven to be incorrect. Describe the amounts reduced or reimbursed as a result of the application of the reduction or reimbursement (clawback) clauses, giving reasons why they were executed and the financial years thereof.**

Not applicable

**B.9. Explain the main characteristics of the long-term savings systems whose equivalent annual amounts or costs appear in the tables in Section C, including retirement and any other survivor and safety net benefits, that may be partially or entirely financed by the company, whether internally or externally funded, indicating the kind of plan, whether the contribution is definite, the contingencies covered, the conditions of consolidation of economic rights of the directors and its compatibility with any kind of compensation for early termination or expiration of contractual relationship between the company and the director.**

Not applicable

**B.10. Explain, if possible, the compensations or any other kind of payment derived from early termination, whether such termination is voluntary by the company or the director, or the expiration of the contract, under the terms and conditions envisaged therein, accrued and/or received by the directors during the closed financial year.**

During the financial year there was no accrual or payment of any compensations or any early termination payment to any director.

**B.11. Indicate whether there were any significant modifications in the contracts of those performing top management duties as executive directors and, if possible explain them. Likewise, explain the main conditions of the new contracts signed with executive directors during the financial year, except if already explained in section A.1.**

The Board of Directors' Meeting of Abengoa held on 25th February 2019, following a report from the Appointments and Remunerations Committee, unanimously approved the modification of the Contract of the Executive Chairman to include the remunerations in kind consisting of the payment of health insurance premiums.

**B.12. Explain any complementary remuneration accrued for the directors in considerations for the services rendered other than those inherent in their duties.**

There was no accrual of any remuneration for such item.

**B.13. Explain any remuneration derived from the concession of advances, credits and guarantees, indicating the interest rates, their essential characteristics and the amounts eventually returned, as well as the obligation assumed by them as guarantee.**

In the 2018 financial year no advances, credits or guarantees were granted to directors.

**B.14. Give detail of the remuneration in kind accrued by directors during the financial year, briefly explaining the nature of the different salary components.**

In the 2018 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 € 26,417.93 and € 12,800 respectively.

The Company also has a civil liability policy that costs € 589,875.57 for directors and executive directors.

**B.15. Explain the remunerations accrued by the directors by virtue of payments made by the listed company to a third party entity where the director renders services, if the purpose of such payments is to remunerate the services in the company.**

There was no remunerations of this kind accrued during the 2018 financial year.

**B.16. Explain any other remuneration item other than the above, whatsoever their nature or the entity of the group that pays it, especially if considered a linked operation or if its issuing distorts the true image of the entire remunerations accrued by the director.**

During the 2018 financial year there were no remunerations accrued for directors other than what is described above.

## C. List of individual remunerations accrued by each board member

Name	Typology	Period of accrual 2018 Financial Year
Gonzalo Urquijo Fernández de Aroz	Executive Director	From 01/01/2018 to 31/12/2018
Manuel Castro Aladro	Independent	From 01/01/2018 to 31/12/2018
José Wahnnon Levy	Independent	From 01/01/2018 to 31/12/2018
Pilar Caverro Mestre	Independent	From 01/01/2018 to 31/12/2018
Ramón Sotomayor Jáuregui	Independent	From 01/01/2018 to 31/12/2018
José Luis del Valle Doblado	Independent	From 01/01/2018 to 31/12/2018
Josep Piqué Camps	Independent	From 01/01/2018 to 31/12/2018

### C.1. Complete the following tables regarding the individualized remunerations of each of the directors (including the yearly remuneration as executives) accrued during the year.

#### a) Remunerations of the company of this report:

##### i) Remuneration accrued in cash (in thousands of Euros)

Name	Fixed Remuneration	Per Diem	Remuneration for board committee membership	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2018 Financial Year	Total 2017 Financial Year
Gonzalo Urquijo Fernández de Aroz		80,000		1,000,000	366,342				1,446,342	1,080,000
Manuel Castro Aladro		90,000	10,000						100,000	90,000
José Wahnnon Levy		80,000	20,000						100,000	100,000
Pilar Caverro Mestre		80,000	20,000						100,000	100,000
Ramón Sotomayor Jáuregui		80,000	10,000						90,000	90,000
José Luis del Valle Doblado		80,000	10,000						90,000	100,000
Josep Piqué Camps		80,000	10,000						90,000	56,000

Observations

**ii) Table of movements of the systems of remuneration based on gross shares and benefits of the shares or consolidated financial instruments.**

As described in previous sections, the Company has no system of remuneration based on shares.

Observations

**iii) Long-term savings system**

As stated above, the Company does not have any long-term savings system.

Remuneration for consolidation of rights to savings systems

Director 1

Name	Contribution of the financial year by company (thousands of Euro)				Amount of the funds accumulated (thousands of Euros)			
	Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights		Financial year t		Financial year t-1	
	Financial year t	Financial year t-1	Financial year t	Financial year t-1	Systems with consolidated economic rights	Systems with non-consolidated economic rights	Systems with consolidated economic rights	Systems with non-consolidated economic rights

Director 1

Observations

**iv) Give detail of other items**

Name	Item	Remuneration amount
Gonzalo Urquijo Fernandez de Araoz	Life and accidents insurance	26,417.93
	Health Insurance	12,800

Observations

**b) Remunerations to company directors for membership of the board of other companies of the group:**

**i) Remuneration accrued in cash (in thousands of Euros)**

Name	Fixed Remuneration	Per Diem	Remuneration for board committee membership	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total Financial Year t	Total Financial Year t-1
Director 1										
Director 2										

Observations

**ii) Table of movements of the systems of remuneration based on gross shares and benefits of the shares or consolidated financial instruments.**

Observations

## iii) Long-term savings system

## Remuneration for consolidation of rights to savings systems

Director 1

Name	Contribution of the financial year by company (thousands of Euro)				Amount of the funds accumulated (thousands of Euros)			
	Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights		Financial year t		Financial year t-1	
	Financial year t	Financial year t-1	Financial year t	Financial year t-1	Systems with consolidated economic rights	Systems with non-consolidated economic rights	Systems with consolidated economic rights	Systems with non-consolidated economic rights
	Director 1							

Observaciones

## iv) Give detail of other items.

Name	Item	Remuneration amount
Director 1		

Observations

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

The summary should include the relevant amounts for all the remuneration items included in this report that has been accrued by the director, in thousands of Euros.

Name	Remuneration accrued in the Company				Remuneration accrued in the Group's companies					
	Total Cash remuneration	Gross benefits of shares or consolidated financial instruments	Remuneration for savings systems	Remuneration for other items	Total 2018 Financial Year company	Total Cash remuneration	Gross benefits of shares or consolidated financial instruments	Remuneration for savings systems	Remuneration for other items	Total group 2018 financial year
Gonzalo Urquijo Fernández de Araoz	1,446,342			39,200	1,485,542					
Manuel Castro Aladro	100,000				100,000					
José Wahnnon Levy	100,000				100,000					
Pilar Cavero Mestre	100,000				100,000					
Ramón Sotomayor Jáuregui	90,000				90,000					
José Luis del Valle Doblado	90,000				90,000					
Josep Piqué Camps	90,000				90,000					
<b>Total</b>	<b>2,016,342</b>				<b>2,055,542</b>					

Observations

## D. Other informations of interest

If there are any significant aspects regarding the remuneration of directors 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 company remunerations in connection with their directors, briefly describe them.

**This annual remunerations report has been approved by the board of directors of the company, in its session dated 29th April 2019.**

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

No

Name or corporate name of  
members of the board of directors  
who did not vote for the approval of  
this report

Reasons (opposed, abstained,  
absent)

Explain the reasons

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



## 1. 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 2018 financial year, was approved in the session held by this committee on 28th March 2019, submitted to the Board of Directors in its session held on 28th March 2019 and shall be made available to the company's shareholders as part of the publication of Abengoa's Annual Report. And it is expected to be approved by the Shareholders' General Meeting set for 28th March 2019.

## 2. 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:

### 2.1. Composition and Appointment

On 22 November 2016 and on the proposal of the Appointments and Remunerations Committee approved by the Board of Directors the appointment of board members that now make up the Audit Committee was approved 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	23rd 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

Degree in Economics from the University of Barcelona and in Law from the Universidad Complutense in Madrid. He did his post-graduate degree in the Harvard Business School where he studied the Harvard PMD89 programme

He started his career at Pricewaterhouse Coopers, a firm of which he became a partner in 1987, responsible for the financial institutions division between 1975 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 tied to the Deposit Guarantee Fund.

### José Luis del Valle Doblado

Mining Engineering at Polytechnic University of Madrid and Nuclear Engineering 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 non-Executive Chairman of Global Energy Services and Chairman of Lar España, as well as an independent board member of Ocaso Seguros.

### 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 served in various posts relating to business development until 2009, the year he was appointed Risks Management Director of the Group, a post he held until 2015. From 2015 onwards he has been independently advising banks and investment funds on issues relating to risks and investment management.

### Daniel Alaminos Echarrri

Degree in Law with specialty in Legal Business from the University of San Pablo CEU. He served as State Attorney from 1996, and is currently the General Secretary of the Board of Abengoa

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.

## 2.2. Chairman and secretary

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

## 2.3. Duties

In accordance with the stipulations in the Internal Regimen Regulations, available of the Abengoa's intranet ([www.abengoa.com](http://www.abengoa.com)), 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.

## 3. Activities carried out in 2018

### 3.1 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:

#### 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 (SCIFF).

- › 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.

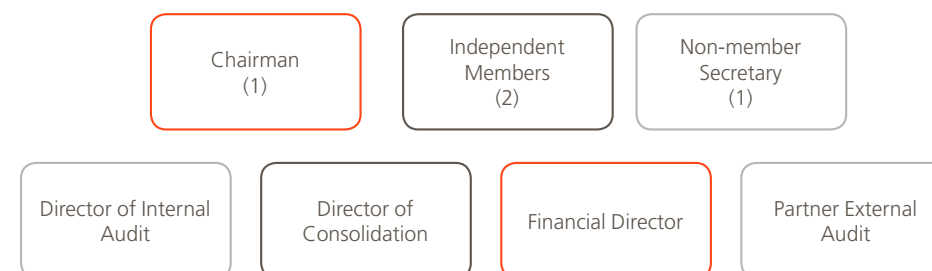
### 5. Corporate Governance

- › 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.

### 3.2 Meetings held

During the 2018 financial year, the Audit Committee met on 11 occasions, with all the members of the Committee in attendance on all of the occasions.

#### Attendance to meetings of Committees



The sessions held in 2018 are as follows:

Madrid, 19th January 2018  
 Madrid, 7th March 2018  
 Seville, 14th May 2018  
 Madrid, 24th September 2018  
 Madrid, 26th October 2018  
 Madrid, 10th December 2018

Madrid, 26th February 2018  
 Madrid, 10th April 2018  
 Madrid, 17th July 2018  
 Madrid, 30th September 2018  
 Madrid, 12th November 2018

## Key Activities in 2018

### External Auditor

The auditor of the individual and consolidated annual financial statements of Abengoa, for the 2018 financial year is Pricewaterhouse Coopers, S.L., which is also the Group's main auditor.

On 30th June 2017 the General Meeting of Shareholders appointed PricewaterhouseCoopers Auditores, S.L. as the Accounts Auditor of the Company and its consolidated group for auditing 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 2018 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	PwC	1,139,000	26
	Deloitte	0	0
	Other firms	11,600	2
Foreign	PwC	486,044	29
	Deloitte	38,364	3
		304,467	42
<b>Total</b>		<b>1,979,475</b>	<b>102</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 2018 financial year, are as follows:

Firm	Fees (€)
Deloitte	117,465
PwC	81,533
KPMG	2,276,357
Ernst & Young	135,577
<b>Total</b>	<b>2,610,933</b>

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

In 2018 a total of 3 reports were issued by accounts auditor, 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 2018 in this area:

- › Presentation of the external auditor's (Deloitte) report for the 2017 financial year.
- › Analysis of independence of the external auditor 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 certain significant events that occurred during the financial year (Tax ID 9, Tax ID 15, Tax ID 16; and Law 11/2018, dated 28th December, which modifies the Code of Commerce, the Consolidated text of the Corporations Act approved by Royal Decree Law 1/2010, dated 2nd July, and Law 22/2015, dated 20th July, on Financial Auditing, in matters of diversity and non/financial information).
- › Information on the validity of the new accounting regulations.
- › Presentation of the results of the limited revision of the 2018 intermediate financial statements by PwC, as 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 2018 financial year:

- › Positive information to the Board on the preparation of the CCAA for Abengoa S.A and its consolidated group, for the 2017 financial year
- › Supervision of the relationship and communication with the regulatory organs (CNMV, etc)
- › Positive information on the budgets for the 2018 financial year.
- › Positive information to the Board on the financial information for the first, second and third quarters of the 2018 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 2018 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 2018 in this area:

- › Submission and approval of the 2018 Internal Audits Plan.
- › Approval of the Internal Audits budget for the financial year
- › Monitoring of the 2018 Internal Audits Plan and the degree of compliance.
- › Approval of the Internal Audits budget for the 2019 financial year
- › Presentation and monitoring of the events detected in the area of fraud.

#### 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 2018 in this area:

- › Submission and approval of the Internal Audits Plan for 2018 on the significant risks identified on the Financial Statements
- › Follow-up of the 2018 Internal Audits Plan and the degree of compliance in fraud-related matters.
- › Follow-up on the main risks in ongoing projects.
- › 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.
- › Assessment of the recoverability of assets through the results obtained from impairment tests.

#### 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.

Thus, 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 2018:

- › Annual Report on the Activities of the Audit Committee 2018
- › Information on the whistle-blowing policy.
- › Annual Report on Corporate Governance 2018
- › 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.

## 4. Conclusions

Throughout the 2018 financial year, the audit committee adequately exercised the responsibilities assigned to it by the bylaws and the Board regulations through the holding of the 11 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 its exclusively comprised of board members deem 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 invited the accounts auditor to as many meetings as were held, such that the auditor attended 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 the valid laws.
- › Audit report on compliance with internal control under the ICFRS standards.