

## Annual report of the Appointments and Remuneration Committee

### 2015

#### Introduction

The Appointments and Remuneration Committee was formed by the Board of Directors of Abengoa, S.A. (the "**Company**") on 24 February 2003 pursuant to Article 28 of the Board of Directors Regulations in order to incorporate the recommendations relating to the Appointments and Remuneration Committee in Law 44/2002, of 22 November, on Financial System Reform Measures. The directors also approved the Committee's Internal Regulations at that time.

The Appointments and Remuneration Committee is currently governed by the Consolidated Spanish Limited Liability Companies Law, approved by Legislative Royal Decree 1/2010, of 2 July ("Spanish Limited Liability Companies Law"), which is reflected in the bylaws, the Board of Directors Regulations and the Internal Regulations of Abengoa's Appointments and Remuneration Committee.

#### Composition

The Committee currently comprises:

- Mercedes Gracia Díez                      Chairwoman. Independent non-executive director
- José Borrell Fontelles                      Member. Independent non-executive director
- Alicia Velarde Valiente                      Member. Independent non-executive director
- Juan Carlos Jiménez Lora                      Non-director secretary

Ms Gracia Díez was designated as a Committee member by the directors at the Board of Directors meeting of Abengoa, S.A. held on 12 December 2005 and was elected as Chairwoman at the meeting of the Appointments and Remuneration Committee held on 17 March 2015. The Secretary was designated at the meeting of the Appointments and Remuneration Committee held on 23 June 2014.

Mr Antonio Fornieles Melero ceased to belong to this Committee on 1 March 2016 as a result of his appointment as the new Executive Chairman of the Company's Board of Directors, replacing Mr José Domínguez Abascal.

As a result, the Appointments and Remuneration Committee comprises three independent directors and its Chairwoman was appointed from among them. Accordingly, the requirements established in the Spanish Limited Liability Companies Law have been met. In addition, in accordance with Article 2 of its Internal Regulations, the position of Chairman of the Committee must be held by an independent director.

## **Functions and powers**

The functions and powers of the Appointments and Remuneration Committee are as follows:

1. Evaluate the skills, knowledge and experience required to discharge the duties as a member of Abengoa's Board of Directors. To this end, it defines the roles and capabilities required of the candidates to fill each vacancy, and decides the time and dedication necessary for them to effectively perform their duties.
2. Establish a target for representation of the less represented gender on the Board of Directors and prepare guidelines on how to reach this target.
3. Submit proposals for the appointment of independent directors for designation thereof by co-optation to the Board of Directors or to the shareholders for approval at the Annual General Meeting and proposals for them to be re-appointed or removed by the shareholders.
4. Report the proposals for the appointment of the other directors for designation thereof by co-optation or for submission to the shareholders for approval at the Annual General Meeting and proposals for them to be re-appointed or removed by the shareholders.
5. Verify on an annual basis the continuation of the conditions that were met for the designation of a director and of the nature or type assigned to such director. This information is to be included in the annual report.
6. Report the proposals for the appointment and removal of senior executives and the basic terms of their contracts.
7. Examine and organise the succession of the Chairman of the Board of Directors and of the Company's chief executive and, where appropriate, make recommendations to the Board so the handover proceeds in a planned and orderly manner.
8. Propose to the Board of Directors the remuneration policy for directors and general manager or executives who discharge management duties under the direct supervision of the Board, executive committees or CEOs and the individual remuneration and other contractual conditions of the executive directors and oversee compliance therewith.
9. Organise and supervise the annual performance appraisal of the Board of Directors and related committees and propose, on the basis of the findings thereof, an action plan to correct the deficiencies identified.
10. Prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the directors' report.

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## **Meetings and call notice**

In order to perform the foregoing functions, the Appointments and Remuneration Committee will meet as required, at least once every six months. It will also meet whenever called by the Chairman. Lastly, the meeting will be valid when all its members are present and resolve to hold a meeting.

## **Quorum**

The Committee will be deemed to be validly convened when the majority of its members are present. Attendance may only be delegated in a non-executive director.

The resolutions adopted will be valid when a majority of the present or represented Committee members vote in favour. In the event of a tie, the Chairman will have the casting vote.

The Company's remuneration director will attend Committee meetings as secretary.

## **Analysis, reports and proposals performed by the Committee**

In 2015 the Committee held twelve meetings; notable among the matters covered were the proposals of appointments and renewals relating to members of the Board of Directors and the verification of the continuation of the conditions that were met for the designation of directors and the nature or type of such directors.

Specifically, in 2015 the main actions of the Appointments and Remuneration Committee were as follows:

- Proposal sent to the Board of Directors for the designation by co-optation of Mr Antonio Fornieles Melero as an independent director to fill the vacancy arising as a result of the resignation submitted by the former director of the Company, Aplidig, S.L.
- Report sent to the Board of Directors on the designation of Mr Antonio Fornieles Melero as Second Deputy Chairman, Coordinating Director and member of the Audit and Appointments and Remuneration Committees of the Company's Board of Directors.
- Report sent to the Board of Directors on the new regulation of remuneration systems for directors of listed companies.
- Report sent to the Board of Directors on the designation of Mr Manuel Sánchez Ortega, the Company's CEO, as First Deputy Chairman of the Company's Board of Directors.
- Report sent to the Board of Directors on the designation of Mr Ignacio García Alvear as the Company's new Investor Relations Director, replacing Ms Bárbara Sofía Zubiria Furest.
- Proposal sent for approval by the Board of Directors on the individual remuneration and other contractual conditions of the executive directors.

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- Proposal sent for approval by the Board of Directors on the annual directors' remuneration report, including the remuneration policy for the Company's directors and senior executives.
- Submission for approval by the Board of Directors of the findings of the annual performance appraisal of the Board of Directors and related committees.
- Proposal sent to the Board of Directors for the appointment of Mr Antonio Fornieles Melero as Chairman of the Audit Committee.
- Proposal sent to the Board of Directors for the appointment of Ms Mercedes Gracia Díez as Chairwoman of the Appointments and Remuneration Committee, replacing Mr José Borrell Fontelles.
- Report sent to the Board of Directors on the designation of Mr Santiago Seage Medela as the Company's new CEO, replacing Mr Manuel Sánchez Ortega.
- Report sent to the Board of Directors on the payment of remuneration items to Mr Manuel Sánchez Ortega, as a result of his resignation as a CEO of the Company.
- Proposal sent to the Board of Directors for the appointment of Mr Santiago Seage Medela as First Deputy Chairman of the Board of Directors and inclusion of Ms María Teresa Benjumea Llorente as a member of the Board of Directors, both replacing Mr Manuel Sánchez Ortega.
- Report sent to the Board of Directors on the payment of remuneration items to Mr Felipe Benjumea Llorente, as a result of his resignation as Executive Chairman of the Company.
- Favourable report sent to the Board of Directors on the proposal to designate Mr José Domínguez Abascal as proprietary director and Non-Executive Chairman of the Board of Directors.
- Favourable report sent to the Board of Directors on the following changes in the Company's management structure: designate Mr José Domínguez Abascal as Executive Chairman of the Board of Directors; appoint by co-optation Mr Joaquín Fernández de Piérola Marín as director, filling the vacancy left by the resignation of Mr Santiago Seage Medela; and appoint Mr Joaquín Fernández de Piérola Marín as the Company's General Manager.
- Favourable report sent to the Board of Directors on the new commercial contracts of executive directors for Mr José Domínguez Abascal and Mr Joaquín Fernández de Piérola Marín.