

Report prepared by the Board of Directors of Abengoa, S.A. with regard to item six on the agenda of the Annual General Meeting to be held on 29 or 30 June 2017, on first and second call respectively, regarding the changes to the Directors' Remuneration Policy to be applied in 2017.

1. Purpose of the report

Article 529 19r of the Spanish Companies Act, as worded by Law 31/2014 of 3 December, sets forth that the directors' remuneration policy will conform to the remuneration system provided in the bylaws and will be agreed at the General Meeting of Shareholders at least once every three years as a separate item on the agenda.

Furthermore, section two of such article requires that the proposal of the directors' remuneration policy be reasoned and accompanied by a special report by the Appointments and Remuneration Committee. Both documents should be made available to the shareholders upon calling the General Meeting of Shareholders.

Lastly, section 3 of such article sets forth that the agreed directors' remuneration policy will be valid for three years and any changes thereto or replacements thereof while it is still in force should be previously agreed at the General Meeting of Shareholders in accordance with the procedure set for such purposes, in other words, with a report that justifies such changes.

Pursuant to section 3 in the aforementioned article, the Board of Directors of Abengoa, S.A. has drawn up this report on the proposal to change the Directors' Remuneration Policy to be applied in 2017 to be presented before the Company's Annual General Meeting.

2. Justification of the proposal

The Company's Annual General Meeting held on 29 March 2015 agreed, through advisory vote, the Annual Remunerations Report for 2014, including the remuneration policy contained in such report that, under the temporary provision of Law 31/2014 of 3 December, was considered as the directors' remuneration policy for the purposes of article 529 19r of the Spanish Companies Act and therefore, such remuneration policy remains in force until 2017 (inclusive).

In spite of the above, article 39 of the Bylaws of Abengoa, that governs -among other aspects- the directors' remuneration, has been changed at such Annual General Meeting of 29 March 2015 and at the Extraordinary General Meeting of 22 November 2016, where the members also agreed to renew the Board of Directors of Abengoa that, so far, had been made up of six independent directors and one executive director. Among other changes, the Extraordinary General Meeting of 22 November 2016 agreed to eliminate the option that was previously provided to remunerate directors through a profit-sharing scheme.

Also, at the Company's Board of Directors meeting held on that same date, the Board agreed to, on the one hand and in accordance with the current Remunerations Policy, set a remuneration for the directors in such capacity that would be €8,000 per Board session with a yearly limit of €80,000, remuneration that would accrue solely if the director assists to the Board session or otherwise participates through electronic means, additional €10,000 in case a director is a member of any of the Committees and additional €10,000 in case the hold the chair in any of those Committees. These amounts would be paid pro rata in case a director is not a member of a Committee during the whole year. On the

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other hand, the Board agreed the remuneration paid to the Executive President as a yearly fixed sum of €1,000,000 and a variable remuneration of €1,000,000 which was subject to attaining the targets set by the Board of Directors.

The Board of Directors meeting held on 27 February 2017, as proposed by the Appointments and Remuneration Committee, set the targets expected from the Executive President for 2017 and agreed, among other matters, that the payment of the variable elements in the remuneration may be subject to a claw-back clause (and the Company may claim it back) when the payment does not adjust to the performance terms or when the sum was paid based on data that was later proved to be inaccurate.

Lastly, the Board of Directors meeting held on that same date, as proposed by the Appointments and Remuneration Committee, has agreed to propose, at the General Meeting of Shareholders, the Directors' Remuneration Policy for 2018, 2019 and 2020. A copy of such proposal is made available to the shareholders upon giving notice of the General Meeting of Shareholders. This proposal substitutes the allowances regime for a fix remuneration regime that would coincide with the allowances that they would have probably accrued and only adding the remuneration of the lead independent director to make it equal to that of the chairman of a Committee.

In view of the above, the Company's Board of Directors, at its meeting held on 24 May 2017 and as proposed by the Appointments and Remuneration Committee, has agreed to propose, at the General Meeting of Shareholders, for its approval, a change in the 2017 Directors' Remuneration Policy. Such change should (i) adjust to the changes made to the Bylaws on the matter of remuneration in the last few years; and (ii) apply to 2017 the same Directors' Remuneration Policy applied to 2018, 2019 and 2020, if agreed at the General Meeting of Shareholders.

Therefore, the effectiveness of this agreement will be subject to the agreement of the Directors' Remuneration Policy for 2018-2020, both included, that is proposed for its approval in item seven on the agenda. Should the motion proposed be rejected, the current Directors' Remuneration Policy agreed at the Annual General Meeting of 29 March 2015 will remain in force during 2017.

The full text of the motion proposed to the Annual General Meeting is available in the **Annex** to this report.

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This report was prepared and approved by the Board of Directors at its meeting on 24 May 2017.

Annex

Text of the motion proposed as item six on the agenda of the Annual General Meeting of Abengoa.

Six.- Approval of amendments to the remuneration policy applicable to the year 2017.

The remuneration policy for Abengoa directors in 2017 arises from the Annual Report on Directors' Remuneration corresponding to fiscal year 2014, which was approved by the Ordinary General Shareholders' Meeting on 29 March 2015. Pursuant to the transitory stipulation of Law 31/ 2014 of 3 December amending the Corporate Enterprise Law for the purposes of improving corporate governance, approval of the report by the General Meeting determined that the remuneration policy set out therein would also be approved for the purposes of Article 529 novodecies of the Corporate Enterprise Law, remaining applicable up to the year 2017 (inclusive).

At a meeting of the Company's Board of Directors on 24 May 2017, following a proposal by the Appointments and Remuneration Committee, the Board agreed to submit for the approval of the General Meeting an amendment to the Remuneration Policy for directors in the year 2017 for the purposes of (i) adaptation to the amendments to the bylaws in recent years concerning remuneration; and (ii) application to the year 2017 of the same Remuneration Policy for directors which, if approved in accordance with the provisions of point seven below, shall be applied for the financial years 2018, 2019 and 2020. A copy of this Remuneration Policy for directors was furnished to shareholders following publication of the notice convening the General Meeting.

Approve, pursuant to the provisions of section 3 of Article 529 novodecies of the Corporate Enterprise Law, the amendment to the Remuneration Policy for directors for the financial year 2017.

The effectiveness of this resolution shall nevertheless be subject to approval of the Remuneration Policy for directors for the financial years 2018-2020, both inclusive, which is proposed for approval in item seven on the agenda below. If this proposed resolution is not approved, the current Remuneration Policy for directors, approved by the General Shareholders' Meeting on 29 March 2015, shall continue to be applicable for the financial year 2017.