

## C - Appointments and Remuneration Committee Annual Report

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**Introduction**

The Appointments and Remuneration Committee was constituted by the Board of Directors of Abengoa, S.A. on February 24, 2003 in accordance with Article 29 of the Board Regulations in order to incorporate the Appointments and Remuneration Committee recommendations set forth in the Spanish Financial System Reform Act 44/2002 (Ley 44/2002). The Internal Regulations for the company were likewise approved at the aforementioned Board Meeting.

**Composition**

The Committee currently comprises the following members:

Nombre	Cargo
Carlos Sebastián Gascón	Presidente. Consejero independiente no ejecutivo
Aplicaciones Digitales, S. L.	Vocal. Consejero ejecutivo (Representada por D. José B. Terceiro Lomba)
José Luis Aya Abaurre	Vocal. Dominical no ejecutivo
Alicia Velarde Valiente	Vocal. Consejera independiente no ejecutiva
Daniel Villalba Vilá	Vocal. Consejero independiente no ejecutivo
José Marcos Romero	Secretario no consejero

The Secretary was appointed at the Appointments and Remuneration Committee meeting held on January 28, 2004 by circular resolution. The Chairman was, in turn, appointed at the Appointments and Remuneration Committee meeting held on October 19, 2006.

As a result, the Appointments and Remuneration Committee is composed of one executive director and four non-executive directors, thereby fulfilling the requirements laid down in the Spanish Financial System Reform Act (Ley de Reforma del Sistema Financiero). Likewise, and in accordance with the provisions of Article 2 of the Internal Regulations, the post of Chairman of the Committee is vested necessarily in a non-executive director.

**Functions and authority**

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

- 1 To inform the Board of Directors of appointments, re-appointments, departures and remuneration of the Board and those sitting on it, as well as other matters concerning general remuneration and incentive policies for the latter and for the senior management.
- 2 To give prior notice of any proposals that the Board of Directors may make to the General Shareholders' Meeting regarding the appointment or departure of directors, including cases of co-optation by the Board of Directors itself; to confirm, on a yearly basis, continuing compliance with the applicable requirements for appointments of directors, and likewise for the nature or type of director in question. This information must be included in the Annual Report. The Appointments and Remuneration Committee, when filling vacancies as

they arise, will ensure that the selection procedures do not implicitly hinder the selection of female directors and that women matching the desired profile are included among the potential candidates.

- 3 To draft an annual report on the activities of the Appointments and Remuneration Committee, which is to be included in the Corporate Governance report.

### Meetings and announcements

In order to fulfill the aforementioned functions, the Appointments and Remuneration Committee will meet as often as required and at least once every six months. It will also meet whenever called by the Chairman. Lastly, a meeting may be validly held when all members are present and unanimously agree to hold a meeting.

In 2008, the Committee held five meetings, the agendas of which included, in particular, the proposals for appointments of Board members and members of the Appointments and Remuneration Committee, as well as verification that the relevant parties continued to meet the applicable requirements for appointments of directors and their nature or type.

### Quorum

The Committee Meeting is deemed quorate when the majority of its members are present. Attendance may only be delegated to a non-executive director.

Resolutions will be validly adopted when voted for by the majority of Committee members, whether in person or by proxy. In the case of a tied vote, the Chairman will hold the casting vote.

The company's Director of Compensation will act as Secretary at the meetings of the Committee.

Information submitted to/by the Committee

- Monitoring and progress of remuneration payable to members of the company's Board of Directors and senior management.
- Remuneration proposal in relation to members of the company's Board of Directors and senior management.
- Preparation of relevant information to be included in the annual accounts.
- Proposal to the Board of Directors for the appointment as director by co-optation of Alicia Velarde Valiente, following the resignation of Ignacio de Polanco Moreno.
- Proposal for the Board of Directors to submit to the approval of the General Shareholders' Meeting held on April 6, 2008, the prior appointment by co-optation (February 25, 2008) of Alicia Velarde Valiente as director.
- Report to verify continuing compliance with the applicable requirements for the appointments of directors and their nature or type.
- Report delivered to the Board of Directors on the remuneration of Board members and the Chief Executive Officer.
- Market research reports carried out by independent experts and payment comparisons.

