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## Introduction

The Appointments and Remuneration Committee was set up by the Board of Directors of Abengoa, S.A. on February 24, 2003 in accordance with Art. 28 of the Regulations of the Board of Directors, the aim being to implement the recommendations on Appointments and Remuneration Committees set forth in the Spanish Financial System Reform Act of 2002 (Ley 44/2002). The aforementioned Board meeting likewise approved the Internal Regulations of the Appointments and Remuneration Committee.

## Membership

Committee membership is currently as follows:

- **Daniel Villalba Vila** Chairman. Non-executive independent director
- **Aplicaciones Digitales, S. L.** Member. Executive director  
(Represented by Mr José B. Terceiro Lomba)
- **José Luis Aya Abaurre** Member. Non-executive proprietary director
- **Alicia Velarde Valiente** Member. Non-executive independent director
- **Carlos Sebastián Gascón** Member. Non-executive independent director
- **José Marcos Romero** Non-member Secretary

The Secretary was appointed at the Appointments and Remuneration Committee meeting held on January 28, 2004 by circular resolution, whereas the Chairman was appointed at the Appointments and Remuneration Committee meeting held on February 23, 2009.

The Appointments and Remuneration Committee therefore comprises one executive and four non-executive directors, thereby meeting the requirements prescribed by the Spanish Financial System Reform Act. Likewise, and in accordance with Article 2 of the Internal Regulations, the post of Chairman to the committee must be held by a non-executive director.

## Functions and Remit

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

- Report to the Board of Directors on appointments, re-appointments, removals and remuneration of the Board and those sitting on it, as well as general payment and incentive policies for Board members and the senior management team.
- Report in advance on any motions that the Board of Directors submits to the General Shareholders' Meeting regarding the appointment or removal of Board members,

including cases of co-optation by the Board of Directors itself; to ensure, on a yearly basis, continued subscription to the requirements governing Board membership, with due regard to the nature or type of director in question. This information will be included in the Annual Report. The Appointments and Remunerations Committee, when covering vacancies as they arise, will ensure that selection procedures do not implicitly hinder the selection of female directors and that women matching the desired profile are included among the potential candidates.

- Draft an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Management Report.

## Meetings and Announcements

In order to discharge the aforementioned functions, the Appointments and Remuneration Committee will meet as often as required and, as a bare minimum, once every six months. It will also meet whenever convened by the Chairman. A quorum will be deemed to exist when all members are present and agree to hold a meeting.

The Committee met four times in 2009. Key items on the agendas included proposals for the appointment and renewal of memberships of the Board of Directors, the Appointments and Remuneration Committee and the Audit Committee, and likewise verification that directors continue to meet the requirements governing Board membership, with due regard to the nature or type of director in question.

## Quorum

The Commission Meeting is deemed quorate when the majority of its members are present. Proxies may only be granted to non-executive committee members.

Resolutions will be validly adopted when the majority of committee members in attendance or represented by proxy vote in favor. In the case of a deadlock, the Chairman will hold the casting vote.

The company's remuneration director will attend committee meetings as secretary.

## Duties entrusted to the Committee

- Monitor and analyze the remuneration of members of the Board of Directors and the company's senior management team.
- Issue proposals on the remuneration of members of the Board of Directors and the company's senior management team.
- Prepare the relevant information to be included in the annual accounts.
- Issue a proposal to the Board of Directors on the appointment to the Board, by co-

optation, of Mr José Borrell Fontelles, following the departure of Mr Miguel Ángel Jiménez-Velasco Mazarío.

- Issue a proposal to the Board of Directors prompting the latter to submit Mr José Borrell Fontelles' appointment (appointed as independent director by co-optation on 27/07/09) to the upcoming General Shareholders' Meeting for ratification.
- Issue a proposal to the Board of Directors on the approval of the company's annual Report on Directors' Remuneration Policy.
- Draw up a report to verify that directors continue to meet the requirements governing Board membership, with due regard to the nature or type of director in question.
- Furnish the Board of Directors with a report on the remuneration of Board members and the company's senior executive officer.
- Issue reports on market studies conducted by independent experts and market comparisons on remuneration.