

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