

ABENGOA

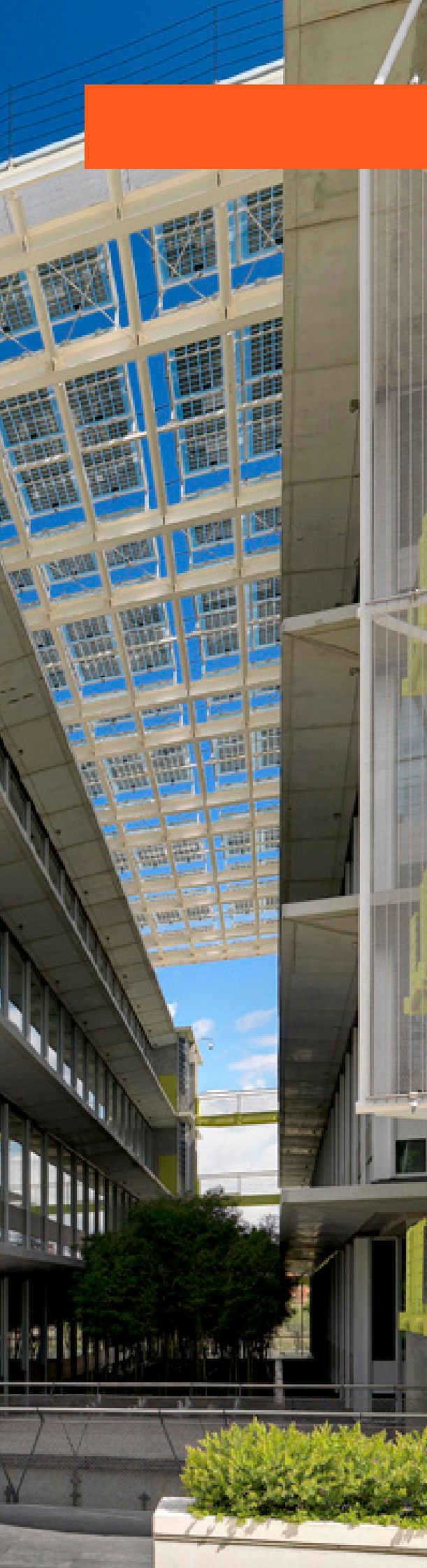
Corporate Governance
201020102010

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**Free translation of the report originally issued in Spanish.
In the event of a discrepancy, the Spanish language version prevails.**

**INDEPENDENT VERIFICATION REPORT
ON THE ANNUAL CORPORATE GOVERNANCE REPORT FOR 2010**

To the Board of Directors of Abengoa, S.A.:

1. We have verified that the content of the Annual Corporate Governance Report for 2010 of Abengoa, S.A. conforms to the recommendations contained in the Report of the Special Working Group on corporate governance in listed companies (Unified Code on Corporate Governance), dated 19 May 2006, and the minimum content of the Annual Corporate Governance Report stipulated in Circular 4/2007 (27 December) of the Spanish Stock Exchange Commission.
2. The preparation of the Annual Corporate Governance Report and its content are the responsibility of the Board of Directors of Abengoa, S.A., that is also responsible for the design, implementation and maintenance of the procedures through which information is obtained. Our responsibility is to issue an independent report based on the procedures applied as part of our verification work.
3. We have carried out our work in accordance with Standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with respect to reasonable assurance engagements and which requires performing procedures and obtaining sufficient evidence to support the information reported in order to reduce the risk of omission or error in that information to a reasonable level. Our work has generally consisted of:
 - Analysis and evaluation of legal documentation, minutes of the General Shareholders' Meeting, Board of Directors' meetings and its various Committee or Commission meetings; of the Annual Accounts and internal and external communications concerning the appropriateness of the information included in the Annual Corporate Governance Report.
 - Interviews and meetings with the personnel of Abengoa, S.A., members of the Board of Directors and other bodies responsible for governance in the company covered by this Report in order to analyse the information included in the Annual Corporate Governance Report.
 - Evaluation of internal control and key procedures used to collect and validate the data and information set out in the Annual Corporate Governance Report.
 - Analysis and adaptation of the content of the Annual Corporate Governance Report to the recommendations of the Unified Code of Corporate Governance and Circular 4/2007 (27 December) of the Spanish Stock Exchange Commission.
 - Verification through selective tests of the information included in the Annual Corporate Governance Report and its adequate compilation, reasonableness and consistency with the data provided by the Management of Abengoa, S.A.

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4. For those recommendations of the Unified Code that have not been implemented by the company, the Directors of Abengoa, S.A. offer the explanations that they consider appropriate (see Headings F and G of the attached report). In this respect, we have verified that the assertions contained in the Report do not contradict the evidence obtained from the application of the procedures described in paragraph 3.
5. We have carried out our work in accordance with the rules on independence as required by the Code of Ethics of the International Federation of Accountants (IFAC).
6. Based on the results of our work, in our opinion, the attached Annual Corporate Governance Report for 2010 of Abengoa, S.A. has been prepared in a reliable and adequate manner, in all significant respects, in accordance with Circular 4/2007 (27 December) of the Spanish Stock Exchange Commission and the recommendations of the Unified Code of Corporate Governance.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'Antonio Vázquez', is written over the printed name and title.

Antonio Vázquez
Partner

23 February 2011





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This version of our report is a free translation from the original in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

INDEPENDENT REVIEW REPORT ON THE DESIGN AND EFFECTIVE APPLICATION OF THE RISK MANAGEMENT SYSTEM

To the Board of Directors of
Abengoa, S.A.:

Scope of the work

We have verified, with a view to obtaining reasonable assurance, the design and effective application of the Risk Management System of Abengoa, S.A. and its corporate group (hereinafter Abengoa), used to manage business risks during the year ended 31 December 2010, in accordance with international standard ISO 31000 *Risk Management - Principles and Guidelines on implementation*.

The processes, procedures and specifications for the design and application of Abengoa's Risk Management System, used to manage business risks, form part of Abengoa's Common Management Systems ("NOC - Normas de Obligado Cumplimiento" hereinafter Mandatory Rules). The scope of the Mandatory Rules affects all Abengoa's business segments as well as all companies of its Business Groups and Abengoa Management is responsible for their preparation and update as well as the implementation and maintenance of the Risk Management System and the identification and assessments of the risks affecting Abengoa.

Our responsibility is to issue an independent report on the adequate design and effective application of the Risk Management System (Mandatory Rules) of Abengoa, in accordance with international standard ISO 31000 *Risk Management - Principles and Guidelines on implementation*, based on the procedures carried out during our verification.

Criteria used to carry out our verification

We have carried out our work in accordance with the guidelines contained in ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, (here on ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of our work has been as follows:

- Level of reasonable assurance in accordance with ISAE 3000 for both the design and effective application of Abengoa's Risk Management System with respect to the business risks covered by the Mandatory Rules.

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Procedures carried out

Our procedures consisted of enquiries of Abengoa management involved in the Company's Risk Management System and the performance of certain analytical procedures and tests on a sampling basis as described below:

- Interviews with key personnel, responsible for the design and effective application of the Mandatory Rules.
- Review of the information processes and systems through which Abengoa develops its risk management system, assessing the completeness of the information processed through them and general security and access control.
- Testing on a sampling basis, of evidence supporting the effective application of the Risk Management System and procedures and specifications contained in the Mandatory Rules.

Independence

We have carried our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

Conclusion

As a result of our work, we can conclude that:

- The design and effective application of Abengoa's Risk Management System (Mandatory Rules) agrees with the content of international standard ISO 31000 *Risk Management - Principles and Guidelines on implementation*.
- At 31 December 2010 the design and effective application of that Business Risk Management System is adequate to address the aforementioned business risks, in accordance with international standard ISO 31000 *Risk Management - Principles and Guidelines on implementation*.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'Gabriel López', is written over a horizontal line.

Gabriel López
Partner

23 February 2011



Listed Public Limited Companies

Year close date: 31/12/2010

Tax identification number (Spanish C.I.F.): A-41002288

Company name: Abengoa, S.A.

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Annual Corporate Governance Report for Listed Public Limited Companies

A - Ownership Structure

A.1. Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Nº of shares	Nº of voting rights
24/06/2001	22,617,420	90,469,680	90,469,680

Indicate whether different types of shares exist with different associated rights:

No

A.2. List the direct and indirect holders of significant ownership interests in your company at year-end, excluding directors:

Personal or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Inversión Corporativa, I.C, S.A.	45,234,723	5,465,183	56.041
Finarpisa, S.A.	5,465,183	0	6.041
BNP Paribas España, S.A.	2,819,442	0	3.116

Personal or corporate name Held through: personal or corporate	Name of the direct holder direct voting of the interest rights	Number of total voting rights of the indirect holder of the interest	% of total voting rights of the indirect holder of the interest
Inversión Corporativa IC, S.A	Finarpisa	5,465,183	6.041

Indicate the most significant movements in the shareholding structure of the company over the year:

None

A.3 Complete the following tables on those company directors that hold voting rights through company shares:

Personal or corporate name of the shareholder	Nº of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Felipe Benjumea Llórente		814,111	0.899
Javier Benjumea Llorente	3,888	0	0.004
Manuel Sánchez Ortega	108,800	0	0.120
José Joaquín Abaurre Llorente	1,900	0	0.0021
José Luis Aya Abaurre	55,076	0	0.061
Aplicaciones Digitales S.L.	925,814	0	1.023
Alicia Velarde Valiente	400	0	0.0004
Daniel Villalba Vilá	13,630	0	0.015
Carlos Sebastián Gascón	13,000	12,000	0.028
Mercedes Gracia Díez	500	0	0.0005
Mª Teresa Benjumea Llorente	12,390	0	0.013
Ignacio Solís Guardiola	25,336	0	0.0280
Fernando Solís Martínez Campos	50,832	34,440	0.092
Carlos Sundheim Losada	47,027	0	0.051
Jose Borrell Fontelles	1,000	0	0.0011

Personal or corporate name of the indirect holder of the ownership interest	Held through: personal or corporate name of the direct holder of the ownership interest	Number of direct voting rights	% of total voting rights
Felipe Benjumea Llórente	Ardachon, S.L.	814,111	0.899
Fernando Solís Martínez-Campos	Dehesa del Mesto, S.A.	34,440	0.037
Carlos Sebastián Gascón	Banca Inversiones S.L	12,000	0.013

% of total voting rights held by the members of the Board of Directors

2.3381%

Complete the following tables on those members of the company's Board of Directors that hold rights over company shares:

The directors do not hold rights over company shares.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relations between owners of significant shareholdings, insofar as these as known by the company, unless they bear little relevance or arise from ordinary trading or course of business:

No record.

A.5 Indicate, as applicable, any commercial, contractual or corporate relations between owners of significant shareholdings on the one hand, and the company and/or its group on the other, unless these bear little relevance or arise from ordinary trading or course of business:

No record.

A.6 Indicate whether any shareholders' agreements affecting the company have been communicated to the company pursuant to Art. 112 of the Spanish Securities Market Act (Ley del Mercado de Valores). If so, provide a brief description and list the shareholders bound by the agreement:

No record.

Specify whether the company is aware of the existence of any concerted actions among its shareholders. If so, provide a brief description:

No record.

Expressly indicate any amendments to, or terminations of such agreements or concerted actions during the year:

No record.

A.7 Indicate whether any individuals or bodies corporate currently exercise, or could exercise control over the company pursuant to Article 4 of the Spanish Securities Market Act (Ley del Mercado de Valores). If so, please identify:

Personal or corporate name:

Inversión Corporativa, I.C., S.A.

Comments.

In accordance with Article 4 of the Spanish Securities Market Act, the company Inversión Corporativa holds more than 50% of the share capital.

A.8 Complete los siguientes cuadros sobre la autocartera de la sociedad:

At year end:

Number of direct shares	Number of indirect shares	% of total share capital
225,250	0	0.25

Provide details of any significant changes during the year, in accordance with Royal Decree 1362/2007 (Real Decreto 1362/2007).

Date of communication	Total nº of direct shares acquired	Total nº of indirect shares acquired	% of total share capital
31/12/2010	10,276,598	0	11.3
Capital gains/(losses) on treasury stock disposed of over the period (-1,144,175.71€)			

A.9 Provide details of the applicable conditions and timeframes governing the powers of the Board of Directors, as conferred by the General Shareholders' Meeting, to acquire and/or transfer treasury stock.

The Ordinary General Assembly of Shareholders' Meeting held on 11th April 2010 granted authorization to the Board of Directors for the share buyback of the company's own shares, whether directly or through subsidiaries or companies in which shares are held up, to the maximum envisaged in the current provisions at a price ranging from six Euros (€6) minimum to sixty Euros (€60) maximum per share. Said authorization is valid for eighteen (18) months counting from date granted, and shall remain subject to the Fourth Section of Chapter IV of the Consolidated Text of the LSA.

On November 19, 2007, the company signed an agreement with Santander Investment Bolsa, S.V., the aim being to enhance the liquidity of transactions involving shares, ensure consistent stock prices and avoid fluctuations caused by non-market trends, without this contract interfering with the normal functioning of the market and in strict compliance with applicable stock market law. Although the agreement does not meet the conditions set forth in Circular Notice 3 dated 19 December 2007 (Circular 3/2007) of the Spanish Securities and Exchange Commission (Comisión Nacional del Mercado de Valores, hereinafter CNMV), Abengoa has been voluntarily complying with the information reporting requirements prescribed by said Circular Notice 3/2007 for such purpose. The transactions effected under the aforesaid Agreement have been duly communicated on a quarterly basis to the Spanish CNMV and likewise posted on the company's website.

On December 31, 2010, the balance of treasury stock amounted to 225,250.

In relation to transactions performed over the year, the number of treasury shares acquired stood at 10,276,598 while treasury shares disposed of amounted to 10,196,803, with a net operating result of - 1,144,175.71€.

A.10 Indicate, as applicable, any restrictions imposed by law or the Bylaws on voting rights, as well as any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on exercising voting rights:

Maximum percentage of voting rights that a shareholder may exercise by reason of legal restriction:

No restriction.

Indicate whether there are any restrictions included in the company's Bylaws on exercising voting rights:

No.

Maximum percentage of voting rights that a shareholder may exercise by reason of restrictions included in the Bylaws

No restriction.

Indicate whether there are any legal restrictions on the acquisition or transfer of holdings in the share capital:

No restriction.

A.11 Indicate whether the General Shareholders' Meeting has agreed to adopt neutralization measures to prevent a public takeover bid pursuant to the provisions of Act 6/2007 (Ley 6/2007).

The matter has not arisen.

Where applicable, explain the approved measures and terms under which restrictions will be rendered ineffective:

B - Structure of the company's governing bodies

B.1 Board of Directors

B.1.1 Indicate the maximum and minimum number of directors stipulated in the company Bylaws:

Maximum number of directors	Minimum number of directors
15	3

B.1.2 Complete the following table on the members of the Board of Directors:

Personal or corporate name of the member	Representative	Seat on the board	Date of 1st appt.	Date of last appt.	Election procedure
Felipe Benjumea Llórente		Executive Chairman	25/06/1983	05/04/2009	Voting Rights in Shareholders' Assembly
Aplicaciones Digitales, S.L.	José B. Tercero Lomba	Executive Deputy Chairman	15/04/2007	15/04/2007	Voting Rights in Shareholders' Assembly
Alicia Velarde Valiente		Board member	06/04/2008	06/04/2008	Voting Rights in Shareholders' Assembly
Carlos Sebastián Gascón		Board member	26/06/2005	05/04/2009	Voting Rights in Shareholders' Assembly
Carlos Sundheim Losada		Board member	15/04/2007	15/04/2007	Voting Rights in Shareholders' Assembly
Daniel Villalba Vilá		Board member	28/02/2005	05/04/2009	Voting Rights in Shareholders' Assembly
Fernando Solís Martínez-Campos		Board member	15/04/2007	15/04/2007	Voting Rights in Shareholders' Assembly
Ignacio Solís Guardiola		Board member	15/04/2007	15/04/2007	Voting Rights in Shareholders' Assembly
Javier Benjumea Llórente		Board member	25/06/1983	05/04/2009	Voting Rights in Shareholders' Assembly
José Borrell Fontelles		Board member	27/07/2009	11/04/2010	Voting Rights in Shareholders' Assembly
José Joaquín Abaurre Llórente		Board member	25/06/1988	05/04/2009	Voting Rights in Shareholders' Assembly
José Luis Aya Abaurre		Board member	25/06/1983	05/04/2009	Voting Rights in Shareholders' Assembly
María Teresa Benjumea Llórente		Board member	15/04/2007	15/04/2007	Voting Rights in Shareholders' Assembly
Mercedes Gracia Diez		Board member	12/12/2005	11/04/2010	Voting Rights in Shareholders' Assembly
Manuel Sánchez Ortega		CEO	25/10/2010	25/10/2010	(Co-optation)

Identify any members who left the Board of Directors over the period:

Mr. Miguel Martín Fernández, dated 25th October 2010.

B.1.3 Complete the following tables on the different types of members of the board:

Executive directors

Personal or corporate name of the director	Committee that proposed the appointment	Position within the company structure
Felipe Benjumea Llorente	Board of Directors	Executive-Chairman
Aplicaciones Digitales, S.L.	Appointments and Remuneration Committee	Executive Deputy Chairman
Manuel Sanchez Ortega	Appointments and Remuneration Committee	CEO

Total number of Board members 3
Total % of Board 20%

Independent External Directors

Personal or corporate name of the director	Committee that proposed the appointment	Personal or corporate name of the significant shareholder they represent or which proposed their appointment
Fernando Solís Martínez-Campos.	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A. Ignacio Solís Guardiola.
M ^a . Teresa Benjumea Llorente	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.
Javier Benjumea Llorente	Board of Directors	Inversión Corporativa, I.C., S.A.
José Joaquín Abaurre Llorente	Board of Directors	Inversión Corporativa, I.C., S.A.
José Luis Aya Abaurre	Board of Directors	Inversión Corporativa, I.C., S.A.
M ^a . Teresa Benjumea Llorente	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.
Carlos Sundheim Losada	Appointments and Remuneration Committee	Inversión Corporativa, I.C., S.A.

Total number of proprietary directors 7
% of total Board of Directors 46.667

Independent external directors

Personal or corporate name of the director: Prof. Alicia Velarde Valiente

Profile: Independent

She was born in Madrid on 28th October 1964 and studied at ICE Pablo VI from where she graduated with Magna Cum Laude. Law Degree from San Pablo University Studies Centre (Universidad Complutense) obtaining 21 distinctions (A+), 3 As and 1 A-. In 1990 she passed the Notary exams and became a Notary Public. During the 1994-1995 academic years she taught Civil Law at Universidad Francisco de Vitoria, where she remained until 1999. She is still connected with this University where from 1999 to the present, she teaches Master Lectures in the Masters in Canon Law, under the Directorship of Mr. José M^a Iglesias Altuna.

Personal or corporate name of the director: Prof. Carlos Sebastián Gascón

Profile: Independent

Mr Gascón (born in Madrid in 1944) studied at the universities of Madrid, Essex (UK) and the London School of Economics. He has been professor of Introduction to Economic Analysis at Madrid's Universidad Complutense since 1984. Outside his academic life, he has served as Director General for Planning attached to the Spanish Ministry of the Economy, director of the Fundación de Estudios de Economía Aplicada (FEDEA) and consultant and director of various private companies. He currently sits on the boards of Abengoa, S.A., Abengoa Bioenergía, S.A. and Gesif, S.A. He is likewise a member of the Boards of Trustee of Fundación Real Madrid and of the Scientific Committee of Fundación de Estudios Financieros. He has written many articles and papers on macroeconomics, the workplace, economic growth and the institutional economy and is also a regular columnist for the Cinco Días economic newspaper.

Personal or corporate name of the director: Prof. Daniel Villalba Vilá

Profile: Independent

Daniel Villalba is Professor of Business Economics at the Universidad Autónoma de Madrid, PhD in Economics by the Universidad Autónoma de Madrid and Master of Science in Operations Research by the Stanford University. He has been CEO of Inverban (a broker and investment bank), member of the Board of Directors at the Madrid Stock Exchange (actually BME) and CEO or member of the board of directors of several non public companies and member of the Board of Directors of Vueling S.A. He also has written more than fifty academic papers and books

Personal or corporate name of the director: Prof. Mercedes Gracia Díez

Profile: Independent

Professor of Econometrics at Madrid's Universidad Complutense and at Centro Universitario de Estudios Financieros. She has had her scientific work published in the Journal of Business and Economic Statistics, Review of Labor Economics and Industrial Relations, Applied Economics and the Journal of Systems and Information Technology. Director of Balance Sheet Management at Caja Madrid (1996-1999). Head of the Economics and Law Division of the Agencia Nacional de Evaluación y Prospectiva (1993-1996).

Personal or corporate name of the director: Prof. José Borrell Fontelles

Profile: Independent

Mr Borrell Fontelles (born 24/04/1947) is professor of Introduction to Economic Analysis at Madrid's Universidad Complutense and is to be the next Chairman of the European University Institute in Florence. He studied aeronautic engineering at the Universidad Politécnica in Madrid, and also holds a doctorate in Economic Sciences, a master's degree in Operations Research from Stanford and a further master's from Paris' Institut Français du Pétrole. He worked as an engineer at Compañía Española de Petróleos (1972-1981) and, between 1982 and 1996, he served successively as Secretary General for Budget, Secretary of State for Finance and Minister for Public Works, Telecommunications, Transport and the Environment. He was Chairperson of the European Parliament over the first half of the 2004-2009 legislative term and Chairperson of the Development Assistance Committee over the second.

Total number of independent directors	5
% of total Board of Directors	33.3%

The Audit Committee and the Appointment and Remunerations Committee were formed on 2nd December 2002 and on 24th February 2003, respectively. On the same date, the Board of Administration prepared a proposal to modify the Bylaws for the purpose of incorporating the forecasts relating to the Audit Committee, the proposal of the Regulations on the development of Shareholders Assemblies, the partial modifications to the Regulations of the Board of Administration and, finally, the Regulations on the internal system of the Audit Committee and of the Appointment and Remunerations Committee, approved by the General Assembly on 29th June 2003.

In February 2004 the composition of both commissions was modified for the purpose of permitting independent board members from outside the Company to become members of those commissions. Consequently, the Audit Committee and the Appointment and Remunerations Committee were now made up of board members, all of whom were non-executive and most of whom were independent, in accordance with what is established in the Financial System Reform Law. As a result, the first two independent board members were appointed by the Board of Administration since there was still, logically, no appointment committee. Said independence is also ratified on annual basis by the Appointment Commission. Upon its forming, the proposal for the appointment of board members became part of its competence, and since then the aforementioned commission has been the one making the proposals to the Board of Administration

Other external directors

None.

Explain the reasons for why these cannot be considered independent or proprietary directors and detail their connections with the company, its executives or its shareholders.

Not applicable.

Detail any changes in the classification of directors that may have taken place over the year:

No changes occurred in the type of board member. From 25/10/2010 onwards the number of board members rose to three following the appointment of Mr. Manuel Sánchez Ortega as CEO to share the executive duties of the company with Mr. Felipe Benjumea Llorente.

B.1.4 Explain, where applicable, the reasons for why proprietary directors have been appointed at the request of shareholders whose stake amounts to less than 5% of the share capital.

Not applicable.

Detail any failure to address formal requests for board representation made by shareholders whose stake equals or exceeds that of others at whose request proprietary directors have been appointed. If so, explain why the request was not entertained.

Not applicable.

B.1.5 Indicate whether any director has left their post before the end of their term of office, whether they explained their reasons to the Board and by which means and, if this was served in writing to the entire Board, explain the reasons given as a bare minimum:

Following the resignation of Mr. Miguel Martín Fernández as Board Member due to the increase in his other professional responsibilities, and on the proposal of the Appointments and Remunerations Committee dated 25th October 2010, Mr. Manuel Sanchez Ortega was appointed CEO by co-optation for a four-year term.

B.1.6 Indicate, if applicable, the powers vested in any Chief Executive Officers:

All CEO-related faculties are vested in Messrs. Manuel Sánchez Ortega and Felipe Benjumea Llorente. A General Power of Attorney has been conferred upon Mr. José Terceiro.

B.1.7 Identify, where applicable, any Board members who hold administrative or executive posts in other companies that belong to the same business group as the listed company subject to this report:

Personal or corporate name of the member	Company name of the group entity	Post
José Joaquín Abaurre Llórente	Telvent Tráfico y Transporte, S.A.	Board member
María Teresa Benjumea Llorente	Telvent Tráfico y Transporte, S.A.	Board member
Carlos Sebastián Gascón	Abengoa Bioenergía, S.A.	Board member
Daniel Villalba Vilá	Abengoa Bioenergía, S.A.	Board member
José B. Terceiro	Telvent Git, S.A.	Board member
José B. Terceiro	Bioetanol Galicia, S.A.	Chairman

B.1.8 Provide details, where applicable, of any company Board members who also sit on the boards of other entities that do not belong to the same business group and are listed on official securities markets in Spain, insofar as these are known by the company:

Personal or corporate name of the member	Corporate name of the listed entity	Post
Aplicaciones Digitales S.L	Iberia Linea Aéreas de España, S.A.	Board member
Aplicaciones Digitales S.L	Promotora de Informaciones, S.A.	Board member
Daniel Villalba Vilá	Vueling Airlines, S.A.	Board member

B.1.9 Indicate whether the company has established rules on the number of Boards on which its own Board members may sit. If so, provide details:

No

B.1.10 In relation to recommendation number 8 of the Unified Code, indicate the company's general strategies and policies that must be approved by plenary session of the Board of Directors:

Investment and financing policy.

Yes

Definition of the structure of the business group.

Yes

Corporate governance policy.

Yes

Corporate social responsibility policy.

Yes

Strategic or Business Plan, as well as the budget and management targets.

Yes

The remuneration and performance assessment policy for senior executives.

Yes

Risk control and management policy, as well as the periodic monitoring of internal information and control systems.

Yes

Dividends and treasury stock policy and, in particular, limits thereto.

Yes

B.1.11 Complete the following tables on the aggregate remuneration of Board members accrued over the financial year:

a) For the company covered by this report:

Type of remuneration	Figures in thousands of euros
Fixed remuneration	693
Variable remuneration	5,608
Allowances	2,304
Benefits as per Bylaws	-
Share options and/or other financial instruments	-
Others	190
Total	8,795

Other benefits	Figures in thousands of euros
Advance payments	-
Loans granted	-
Pension funds and plans: Contributions	-
Pension funds and plans: Acquired obligations	-
Life insurance premiums	-
Guarantees created by the company in favour of Board members	-

b) Remuneration payable to members of the company's Board of Directors due to positions held on other Boards of Directors and/or within the senior management of other group companies:

Type of remuneration	Figures in thousands of euros
Fixed remuneration	117
Variable remuneration	-
Allowances	-
Benefits as per Bylaws	-
Share options and/or other financial instruments	-
Others	-
Total	117

Other benefits	Figures in thousands of euros
Advance payments	-
Loans granted	-
Pension funds and plans: Contributions	-
Pension funds and plans: Acquired obligations	-
Life insurance premiums	-
Guarantees created by the company in favour of Board members	-

c) Total remuneration by type of director:

Type of director	Fort he company	Fort he group
Executive	6,593	-
External, proprietary	888	24
External independent	1,314	93
Other external	-	-
Total:	8,795	117

d) Profit attributed to the parent company:

Total remuneration to directors (in thousand euros)	8,912
Total remuneration to directors/profit attributed to the parent company (expressed as %)	4.30%

B.1.12 Identify any members of the senior management that are not in turn executive directors, and indicate the total remuneration payable thereto during the financial year:

Personal or corporate name:	Position
Javier Salgado Leirado	Director of the Bioenergy Business Group
Javier Molina Montes	Director of the Environment Business Group
Ignacio González Domínguez	Director of IT Business Group
Alfonso González Domínguez	Director of Ind. Engineering and Construction
Santiago Seage Medela	Director of Solar Business Group
Miguel Ángel Jiménez-Velasco Mazarío	General Secretary
José Marcos Romero	Director of Appointments and Remuneration
Jose Domínguez Abascal	Technical General Secretary
Álvaro Polo Guerrero	Director of Human Resources
Luis Fernández Mateo	Director of Organization and Budgets
Amando Sánchez Falcon	Financial Director
Juan Carlos Jiménez Lora	Director of Planning and Control
Luis Enrique Pizarro Maqueda	Internal Audit Director
Enrique Borrajo Lovera	Director of Consolidation
Javier Camacho Donezar	Director of strategy and Corporate Development
German Bejarano García	Director of International Institutional Relations
Fernando Martínez Salcedo	General Secretary of Sustainability
Bárbara Zuburúa Furest	Director of Reporting and Head of Investor Relations

Total remuneration paid to the senior management (in thousand Euros): 7,216

B.1.13 Identify, on an aggregate basis, whether members of the company's or group's senior management team, including executive directors, are afforded guarantees or golden parachute clauses in the event of dismissal or changes of control. Indicate whether these contracts must be communicated to, and/or approved by the governing bodies of the company or its group:

There are no contracts or lists of the indicated. Whatever the case may be it is the competence of the Board of Administration upon the proposal of the Appointment and Remunerations Committee, which, as already indicated, has not yet been exercised

B.1.14 Describe the process for establishing the remuneration of Board members and the relevant provisions of the Bylaws.

Process for establishing the remuneration of Board members and relevant Bylaws

Established by the Appointments and Remuneration Committee, Art. 39 of the Bylaws, Remuneration Policy Report for company directors presented to the General Shareholders' Meeting.

Indicate whether the following decisions must be approved by plenary session of the Board:

Following a proposal from the company's chief executive, the appointment and removal of senior executives, including their compensation clauses.

Yes

The remuneration of Board members and, in the case of executive ones, the additional remuneration for their executive functions and other conditions set forth in their contracts.
Yes

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and explain the matters covered therein:

Amount of fixed remuneration items, including a breakdown, where applicable, of allowances for participation on the Board and its committees and an estimation of the annual fixed remuneration to which they give rise.
Yes

Variable remuneration items.
Yes

Main characteristics of the benefits system, with an estimation of their annual amount or equivalent cost.
Yes

Conditions that must be contained within the contracts of those who perform senior management functions as executive directors.
Yes

B.1.16 Indicate whether the Board submits a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate item on the agenda. If so, explain those aspects of the report concerning the remuneration policy as approved by the Board for forthcoming years, the most significant departures in such policies compared to that applied during the financial year in question and an overall summary of how the remuneration policy was applied over the financial year in question. Outline the role played by the Remuneration Committee and, if external consultancy was sought, the identity of the external consultants that provided it.

Yes

The 2010 financial year Appointments and Remunerations Committee issued reports on:

The follow-up and evolution of remunerations of the members of the Board of Directors and the company's top management.

The proposal of remunerations for the members of the Board of Directors and the company's top management.

The preparation of the relevant information to be included in the financial statement.

The proposal to the Board of Directors for the co-optation appointment of board member Mr. Manuel Sánchez Ortega, following the resignation of Mr. Miguel Martín Fernández

The proposal to the Board of Directors to be submitted to the next Shareholders' General Assembly, to ratify the previous appointment of Mr. Manuel Sánchez Ortega as CEO, by co-optation.

The proposal to the Board of Directors for the approval of the annual report on the Policy of Remuneration of Administrators.

The report verifying adherence to the conditions entailed in the appointment of board members and their characteristics and type.

The proposal to the Board of Directors reporting on the remuneration of the members of the board of directors and the Chief Executive.

Reports on salary comparison and market researches by independent experts.

Issues covered in the remuneration policy report

Amount of fixed remuneration and variable remuneration items.

Role played by the Remuneration Committee

Preparation of the proposal to the Board, stating grounds.

Did the company seek external consultancy?

Yes

Identity of external consultants

Three independent external consultancy firms.

B.1.17 Indicate, if applicable, the identity of those Board members that are also members of the Board of Directors, executives or employees of companies that hold significant shareholdings in the listed company and/or in entities belonging to its business group:

Personal or corporate name of the director	Corporate name of the significant shareholder	Position
Felipe Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Chairperson and conferment of joint and several powers.
Fernando Solís Martínez -Campos	Inversión Corporativa, I.C, S.A.	Member
Ignacio Solís Guardiola	Inversión Corporativa, I.C, S.A.	Member
Javier Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Member
José Joaquín Abaurre Llorente	Inversión Corporativa, I.C, S.A.	Member
José Luis Aya Abaurre	Inversión Corporativa, I.C, S.A.	Vice-chairman and conferment of joint and several powers.

Provide details, where applicable, of any relevant relations others than those contemplated in the previous section, between members of the Board of Directors and significant shareholders and/or group entities:

Personal or corporate name of the Board member

Felipe Benjumea Llorente

Personal or corporate name of the significant shareholder

Finarpisa, S.A.

Description of the relationship

Chairman of the Board.

B.1.18 Indicate whether any amendments were made to the Regulations of the Board of Directors during the financial year:

No

B.1.19 Indicate the procedures for the appointment, reappointment, appraisal and removal of Board members. Provide details of the competent bodies, the processes to be followed and the criteria employed in each of the procedures.

The Appointments and Remuneration Committee is the competent body in all cases and provides the Board of Directors with its duly substantiated proposal, applying the criteria of independence and professionalism as established in the regulations governing the Board and the Committee itself.

The performance of the board members and of the executive board members is evaluated on the proposal of the Appointments Commission through a reasoned report filed to the Board during its first meeting of the following quarter, after the closing of the previous exercise and upon obtaining or at least knowing the estimate of the accounts closure for the exercise and receiving the report from the auditor, which are essential as evaluation criteria.

B.1.20 Indicate the cases in which Board members are obliged to resign.

Directors are removed from office when the term for which they were appointed comes to an end, and similarly in all other cases when removal or resignation is required pursuant to applicable law, the Bylaws or these Regulations.

Directors must offer to resign and, if the Board of Directors considers it appropriate, tender their resignation in the following cases:

- a) In any of the cases of incompatibility or prohibition prescribed by law.
- b) When they are severely punished by a public authority for having violated their obligations as Board members.
- c) When asked to do so by the Board itself for having violated their obligations as Board members.

Thus, Article 13 (Board Member Dismissal) of the Board of Administration Regulations establishes that:

1. Board Members shall be dismissed from their posts after the period for which they were appointed and under all the other assumptions pursuant to the Law, the Bylaws and this Regulation.
2. Board Members are bound to place their posts at the disposal of the Board of Administration and to sign, should the Board deem it convenient, the relevant resignation in the following cases:
 - a) If they are involved in any of the legally envisaged assumptions of prohibition, incompatibility or conflicts of interest;
 - b) If they are severely punished by any public authority for infringing upon their obligations as Board Members;
 - c) Should the Board itself request it so for having infringed upon their obligations as Board Members;

3. Once the period ends or is terminated, for any other reason, said board member, in the performance of its duty, may not render any services to any other competing entity for a period of two years, except if the Board of Administration frees him/her from this obligation or shortens its duration.

B.1.21 Explain whether the function of chief executive of the company falls upon the Chairman of the Board of Directors. If so, indicate the measures that have been taken to limit the risks associated with powers being concentrated in one sole person:

Measures to limit risks.

In accordance with that set forth in article 44 bis of the company's Bylaws, the Board of Directors set up the Audit Committee and the Appointments and Remuneration Committee on December 2, 2002 and February 24, 2003, respectively.

These committees are vested with the necessary non-delegable powers stemming from the responsibilities assigned to them by law, the Bylaws and their respective internal regulations. They have been set up to control and oversee those matters that fall within their remit.

Both are presided over by an independent, non-executive director, and likewise comprise a majority of independent and non-executive directors.

On 10th December 2007, the Board of Directors decided to appoint Mr. José B. Terceiro Lomba (representing Aplicaciones Digitales SL), coordinating board member, as executive vice-Chairperson of the Board of Directors, with the consent of all the other board members and especially the independent members.

On 25th October 2010, the Board of Directors also decided to appoint Mr. Manuel Sánchez Ortega as CEO sharing his executive duties with Mr. Felipe Benjumea Llorente. The existence of three executive board members, as stated above, within a wide majority of independent or external board members results in the working control of the decisions of the top executive, ensuring that sound decisions are taken and allowing better performance of the company's corporate governance.

Indicate and, where applicable, explain whether rules have been established that empower one of the independent Board members to request that a meeting of the Board be convened, or that new items be added to the agenda, the aim being to coordinate and echo the concerns of the external directors and oversee evaluation by the Board of Directors.

Explanation of the rules.

The Board of Directors is currently composed of fifteen members. The Regulations of the Board of Directors govern its composition, functions and internal organization. In addition, there is an Internal Code of Conduct in Stock Markets, the scope of which extends to members of the Board of Directors, senior management and all those employees who, on account of their posts or assigned duties, may be affected by its content. The Regulations of the General Shareholders' Meeting govern the formal and internal aspects of such meetings. Lastly, the Board of Directors is assisted by the Audit Committee and the Appointments and Remuneration Committee, which both have their own Internal Regulations. All these regulations, brought together in a consolidated text of the Internal Corporate Governance Regulations, are available at the company's website, www.abengoa.com. Since its inception, the Appointments and Remuneration Committee has been analyzing the structure of the company's governing bodies and has been working to adapt it to incorporate corporate governance recommendations, paying particular attention to the historic and special configuration of these bodies within Abengoa. In accordance with this analysis, in February 2007 the Committee recommended the creation of the post of coordinating director, coupled with the elimination of the Advisory Committee to the Board of Directors.

The first measure was in order to incorporate the most recent corporate governance recommendations, as created in Spain in 2006, whereas the second was proposed because the Committee considered that the Advisory Committee had already fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could lead to conflicts of power. Both proposals were approved at a meeting of the Board of Directors held in February 2007 and at the General Shareholders' Meeting held on April 15 of the same year, and José B. Terceiro was appointed (on behalf of Aplicaciones digitales, S.L.) as coordinating board member, in his capacity as independent member. On a final note, in October 2007 the Committee proposed to the Board that it accept the resignation of Mr. Javier Benjumea Llorente from his position as Vice-Chairman, with the consequent revocation of his delegated powers, and likewise accept the appointment of a new natural person to represent Abengoa and the Focus-Abengoa Foundation in those entities or companies in which they have an appointed position.

The Committee then considered it advisable to recommence its study on the number and characteristics of the Vice-Chairman of the Board of Directors within the current structure of governing bodies.

As a result of this, the Committee thought it necessary for the Vice-Chairman of Abengoa to have the powers conferred by the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas) with regard to the organic representation of the company on the one hand, and, on the other, as a counterweight to the functions of the Chairman within the Board of Directors. On this basis, it considered that a coordinating director – with the functions assigned to that position by the resolutions of the Board of Directors (February 2007) and the General Shareholders' Meeting (April 2007) – would be the ideal figure, given the corporate governance recommendations and the structure of the company, as well as the composition and diversity of its directors. The coordinating director has already been entrusted with the task of coordinating the concerns and motivations of the other Board members, and as such has the power to request that a Board meeting be convened and that new items be included on the agenda. In its role as the visible head of Board members' interests, it has, more de facto than de jure, a certain representative nature on the Board, and it therefore seemed appropriate to confirm and expand this representation by making the post both institutional and organic. For the reasons outlined above, the Committee proposed Aplicaciones Digitales, S.L. (Aplidig, represented by Mr José B. Terceiro Lomba), the current coordinating director, as the new Executive Deputy Chairman to the Board of Directors. In addition, and within the functions of organic representation, the current Executive Deputy Chairman, jointly with the Chairman of the Board, was put forward as the physical representative of Abengoa in its capacity as the Chair of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

In view of the above, on December 10, 2007, the Board of Directors agreed to appoint Aplicaciones Digitales, S.L. (represented by Mr José B. Terceiro Lomba), the current coordinating director, as Executive Deputy Chairman of the Board of Directors, with the unanimous consent of the independent directors for the company to continue acting as coordinating director in spite of its new appointment as Executive Deputy Chairman. In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the Vice-Chairman, jointly with the Chairman of the Board of Directors, has been put forward as the physical representative of Abengoa, in its capacity as the Chair of the Board of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

B.1.22 Are reinforced majorities (different to legal majorities) required for any type of resolution?

No

Indicate how the resolutions of the Board of Directors are adopted, stating, at least, the minimum quorum and the types of majorities required to adopt the resolutions:

Description of the resolution:
 All, save ones for which legally reinforced majorities are required.

Quórum	%
Half plus one	51.00

Type of majority	%
Simple	51

Description of the resolution:
 Delegation of powers:

Half plus one	51.00
Two thirds	67

B.1.23 Explain whether there are specific requirements, different from those relating to Board members, in order to be appointed Chairman.

No

B.1.24 Indicate whether the Chairman has a casting vote:

Yes

Matters on which there is a casting vote: In the event of a tie.

B.1.25 Indicate whether the Bylaws or the Board Regulations establish any limit on the age of directors:

Maximum age of Chairman	Maximum age of the Chief Executive	Maximum age for Board members
0	0	0

B.1.26 Indicate whether the Bylaws or the Regulations of the Board of Directors establish a limited term of office for independent directors:

No

Maximum term of office: None.

B.1.27 If there are few or no female directors, explain the reasons and the initiatives adopted in order to remedy the situation.

Explanation of the reasons and the initiatives.

As at 31st December 2010 there were 3 females in a total of 15 board members (20%).

The internal policy of the company, mainly reflected in the Code of Conduct and in the procedure for selecting and hiring workers, excludes all discriminatory measures, actions or omissions.

In particular, indicate whether the Appointments and Remuneration Committee has established procedures to ensure that selection processes do not suffer from implicit biases that hamper the selection of female Board members, and whether female candidates who meet the required profile are deliberately sought:

Specify the main procedures.

There are no discriminatory measures. The number of female directors increased from one in 2006 to three (25/02/2008).

B.1.28 Indicate whether there are any formal processes in place for granting proxies at Board meetings. If so, provide a brief description:

Not applicable.

The second section of Article 10 of the Regulations of the Board of Administration establishes the following:

“Each Board Member may confer his/her representation upon another Board Member without it limiting the number of representations that each may hold for attendance to the Board. The representation of the absent Board Members may be conferred by any written means whatsoever, including telegram, telex or telefax addressed to the Chair.”

B.1.29 Indicate the number of Board meetings held during the financial year. Likewise indicate, where applicable, the number of times the Board met without the Chairman in attendance:

Number of Board meetings: 15 (including 3 written meetings).

Number of Board meetings without the attendance of the Chairman: 0.

Indicate the number of meetings held by the different Board committees during the financial year:

Number of meetings of the Executive or Delegate Committee: Not applicable.

Number of meetings of the Audit Committee: 7.

Number of meetings of the Appointments and Remuneration Committee: 6.

Number of meetings of the Appointments Committee: Not applicable.

Number of meetings of the Remuneration Committee: Not applicable.

B.1.30 Indicate the number of Board meetings held during the year without the attendance of all its members. Proxies granted without specific instructions for the meeting should be treated as non-attendances:

Number of non-attendances of directors during the year: 6.

% of non-attendances of the total votes cast during the year: 2.6%.

B.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval are previously certified:

Yes

Identify, where applicable, the people who certified the company's individual and consolidated accounts for approval by the Board:

Amando Sánchez Falcón.
 Financial Director.

Enrique Borrajo Lovera.
 Director of Consolidation.

B.1.32 Explain, if applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts prepared by it from being presented to the General Shareholders' Meeting with qualifications in the audit report.

The risk control system, the internal audit services and the Audit Committee have been set up to act as mechanisms of periodic and recurrent control and oversight. They identify and, where appropriate, resolve potential situations which, if not addressed, could give rise to incorrect accountancy treatment.

B.1.33 Is the secretary to the Board also a director?

No

B.1.34 Explain the procedures for the appointment and removal of the Secretary to the Board, indicating whether they are proposed by the Appointments Committee and approved by plenary session of the Board.

Appointment and Removal Procedure.

Proposal from the Appointments and Remuneration Committee, stating grounds.

Does the Appointments Committee communicate appointments?	Yes
Does the Appointments Committee communicate removals?	Yes
Does the plenary session of the Board approve appointments?	Yes
Does the plenary session of the Board approve removals?	Yes

Does the Secretary to the Board have special responsibility for ensuring that the recommendations on good governance are followed?.

Yes

B.1.35 Indicate, if applicable, the mechanisms established by the company to preserve the independence of the auditor, of financial analysts, of investment banks and of rating agencies.

The Audit Committee is composed of a majority of non-executive directors, thus meeting the requirements set forth in the good governance regulations and, especially, 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 office of Chairman to the Committee must be held by a non-executive director.

Functions

The Audit Committee has the following functions and responsibilities:

To report information on the Annual Accounts, as well as on the quarterly and half-yearly financial statements that must be presented to the regulatory or supervisory bodies of the securities markets, with express mention of the internal control systems and the monitoring and fulfillment thereof through the internal audit service and, where applicable, the accountancy criteria applied.

To inform the Board of any changes in the accountancy criteria and in on and off-balance sheet risks.

To report to the General Shareholders' Meeting on those matters requested by shareholders that fall within its remit.

To propose the appointment of the external financial auditors to the Board of Directors for subsequent referral on to the General Shareholders' Meeting.

To oversee the internal audit services. The Committee will have full access to the internal audit and will report during the process of selecting, appointing, renewing and removing the director thereof. It will likewise control the remuneration of the latter, and must provide information on the budget of the internal audit department.

To be fully aware of the financial information reporting process and the company's internal control systems.

To liaise with the external auditors in order to receive information on any matters that could jeopardize the latter's independence and any others related to the financial auditing process.

To summon those Board members it deems appropriate to its meetings, so that they may report to the extent that the Audit Committee deems fit.

To prepare an annual report on the activities on the Audit Committee, which must be included within the management report.

The same procedure applies to financial analysts, investment banks and rating agencies, including their selection under conditions of competition, confidentiality, and non-interference in other departments.

B.1.36 Indicate whether the company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:

No

In the event of disagreements with the outgoing auditor, please provide details:

No

B.1.37 Indicate whether the audit firm carries out other, non-audit work for the company and/or its business group. If so, state the total fees paid for such work and the percentage this represents of the fees billed to the company and/or its business group:

	Company	Group	Total
Fees for non-audit work (thousand Euros)	1,441	1,896	3,337
Fees for non-audit work/total amount invoiced by the audit firm (%)	87.06%	36.16%	48.37%

B.1.38 Indicate whether the audit report of the annual accounts for the previous financial year contains reservations or qualifications. If so, detail the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

Not applicable.

B.1.39 State the number of consecutive years during which the current audit firm has been auditing the annual accounts of the company and/or its business group. Likewise, indicate how many years the current audit firm has been auditing the accounts as a percentage of the total number of years over which the annual accounts have been audited:

Number of consecutive years	Company	Group
Nº of years audited by current firm	20	20
Nº of years over which the company has been audited (%)	100	100

B.1.40 Indicate any equity holdings held by company Board members in the capital of entities engaged in the same, analogous or complementary type of business to that which constitutes the corporate purpose of either the company or its business group, insofar as these have been communicated to the company. Likewise indicate the positions or functions they exercise within such companies:

None

B.1.41 Indicate whether there is a procedure whereby directors may seek external consultancy.

If so, provide details:

The Secretary to the Board of Directors exercises the functions legally attributed to that position. Currently, the office of secretary and legal consultant are vested in the same person, who is responsible for ensuring that meetings are validly convened and that resolutions are validly adopted on the Board. In particular, he advises Board members on the legality of the deliberations and motions put forward and on compliance with the Internal Corporate Governance Regulations. He therefore guarantees the principle of formal and material legality, which governs the actions of the Board of Directors. The Secretary's Office to the Board of Directors, as a specialized body set up to ensure the formal and material legality of the Board's conduct, has the full support of the latter to carry out its functions with complete independence of criteria and stability. It is likewise responsible for monitoring compliance with the internal regulations on corporate governance. Acting on its own initiative or upon the request of Board members, it provides the necessary external consultancy to ensure the Board is kept duly informed.

The Board of Administration has access to external, legal or technical consultants, according to its needs, which may or may not be arbitrated through the Board secretary. The second paragraph of Article 19 of the Regulations of the Board of Administration sets forth that:

"Likewise, through the Chairperson of the Board of Administration, the Board Members shall be empowered to propose to the Board of Administration, by majority, the hiring of legal, accounting, technical, financial, commercial consultants or consultants of any other nature deemed necessary in the interests of the Company for the purpose of providing assistance in the exercise of their duties in dealing with specific problems of certain magnitude and complexity linked with the exercise of such duties."

B.1.42 Indicate whether there is a procedure whereby directors can obtain the information needed to prepare for meetings of the governing bodies sufficiently in advance:

Yes

Details of the procedure:

Remitting of documents and/or making them available at the Board headquarters in advance of Board Meetings.

Also, in compliance with the stipulations in recommendations 24 and 25 of the Unified Code of Good Governance, a handbook of internal basic rules and regulations applicable to the functions and responsibilities of board members was created to be given to each new board member appointed, to provide sufficient knowledge of the company and its internal rules.

Mr. Manuel Sánchez Ortega received a copy of said handbook upon appointment.

B.1.43 Indicate whether the company has established rules that oblige directors to report and, where appropriate, resign in those cases where the image and reputation of the company may be damaged.

Yes

Explain the rules.

Art. 13 of the Board Regulations: Board members must offer to resign and, if the Board of Directors considers it appropriate, formalize said resignation in the following cases: When they fall within any of the grounds for incompatibility or prohibition as prescribed by applicable law.

Section (p) of Article 14.2 of the same Regulation also establishes the obligation of the board members to inform the company of all legal and administrative claims and of claims of whatsoever nature which, due to their importance, may severely affect the reputation of the company.

B.1.44 Indicate whether any member of the Board of Directors has informed the company that s/he has been sentenced or formally accused of any of the offences stipulated in Article 124 of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas):

Not applicable.

Indicate whether the Board of Directors has analyzed the case. If so, explain the decision taken regarding whether or not the director should remain in his/her post, giving reasons.

Not applicable.

B.2 Committees attached to the Board of Directors

B.2.1. List all the committees of the Board of Directors and the members thereof:

a) Audit Committee

Name	Position	Type
Don Carlos Sebastián Gascón	Chairman	Independent
Don Daniel Villalba Vilá	Member	Independent
Don José B. Terceiro	Member	Executive
Don José Joaquín Abaurre Llorente	Member	Proprietary
Doña Mercedes Gracia Díez	Member	Independent

b) Appointments and Remuneration Committee

Name	Position	Type
Daniel Villalba Vilá	Chairman	Independent
Alicia Velarde Valiente	Member	Independent
Don José B. Terceiro	Member	Executive
Carlos Sebastián Gascón	Member	Independent
José Luis Aya Abaurre	Member	Proprietary

B.2.2 Indicate whether the following functions are vested in the Audit Committee:

Monitoring the preparation process and the integrity of the financial information on the company and, where applicable, the group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the correct application of accounting criteria.

Yes

Periodically assessing the internal control and risk management systems, so that the main risks are adequately identified, managed and made known.

Yes

Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving periodic information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account.

Yes

Establishing and overseeing a mechanism that enables employees to communicate - confidentially and, when considered appropriate, anonymously - any possible irregularities they may observe within the company, particularly financial and accounting ones.

Yes

Presenting to the Board of Directors proposals for the selection, appointment, reappointment and replacement of the external auditor, as well as the conditions under which it is contracted.

Yes

Regularly receiving, from the external auditor, information on the audit plan and the results of its implementation, and checking that the senior management takes its recommendations into account.

Yes

Ensuring the independence of the external auditor.

Yes

In the case of groups, helping to ensure that the group auditor also conducts the audits for individual group companies.

Yes

B.2.3 Describe the rules governing the organization, functioning and responsibilities of each of the Committees attached to the Board of Directors.

1 °Appointments and Remuneration Committee.

Brief description.

The Appointments and Remuneration Committee is composed of a majority of non-executive directors, thereby fulfilling the requirements established in the Financial System Reform Law (Ley de Reforma del Sistema Financiero). Likewise, in accordance with that envisaged in Article 2 of its Internal Regulations, the position of Chairman of the Committee must be held by a non-executive director.

Functions

The Appointments and Remuneration Committee is entrusted with the following functions and responsibilities:

To report to the Board of Directors on appointments, reappointments, removals and the remuneration of the Board and its component posts, as well as on the general policy of remunerations and incentives for positions on the Board and within the senior management.

To report, in advance, on all proposals that the Board of Directors presents to the General Shareholders' Meeting regarding the appointment or removal of directors, even in cases of co-optation by the Board itself; to verify, on an annual basis, continuing compliance with the requirements governing appointments of directors and the nature or type thereof, all of this being information included in the Annual Report. The Appointments Committee will ensure that, when vacancies are filled, the selection procedures do not suffer from implicit bias that hinders the selection of female directors and that women who meet the required profile are included among the potential candidates.

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

Organization and functioning

The Appointments and Remuneration Committee will meet as often as necessary in order to perform its functions, and at least once every six months.

A quorum is deemed to exist when the majority of its members are present. Proxies may only be granted to non-executive directors.

The Committee shall meet on the occasions necessary to fulfil its functions and, at least, once a quarter. In 2010 it met on six occasions.

The resolutions adopted shall be valid when the majority of the members of the Committee, present or represented by proxy, vote in favor. In case of a tie, the Chairman will cast the deciding vote.

2° Audit Committee

Brief description.

The Audit Committee is composed of a majority of non-executive directors, thereby fulfilling the requirements established in the good governance regulations and, especially, in the Financial System Reform Act. Likewise, in accordance with that envisaged in Article 2 of its Internal Regulations, the office of Chairman of the Committee must be held by a non-executive director.

Functions

The Audit Committee is entrusted with the following functions and responsibilities:

1. To report on the annual accounts, as well as the quarterly and half-yearly financial statements that must be presented to the regulatory or supervisory bodies of the securities markets, with express mention of the internal control systems, verification of compliance and monitoring through internal audit and, when applicable, the accountancy criteria applied.
2. To inform the Board of any change in the accountancy criteria, and any risks either on or off the balance sheet.
3. To report at the General Shareholders' Meeting on any matters requested by shareholders that fall within its remit.
4. To propose the appointment of the external financial auditors to the Board of Directors for subsequent referral on to the General Shareholders' Meeting.
5. To monitor the internal audit services. The Committee will have full access to the internal audit and will report during the process of selection, appointment, renewal and cessation of the internal audit director. Likewise, it will monitor the remuneration of the director and must report on the budget of the department.
6. To be fully aware of the financial information reporting process and the company's internal control systems.
7. To liaise with the external auditors to receive information on any matters that could jeopardize their independence and any others related to the financial auditing process.
8. To summon any Board members it considers appropriate to its meetings so that they may report to the extent that the Audit Committee deems fit.
9. To prepare an annual report on the activities of the Audit Committee, which must be included in the Management Report.

Organization and functioning

The Audit Committee will meet as often as necessary in order to discharge its functions, and at least once every quarter. The Committee met 7 times over 2010.

The Audit Committee is considered validly constituted when the majority of its members are present. Proxies may only be granted to non-executive directors.

B.2.4 Indicate the powers of each committee with regard to consultancy, consultation and, where applicable, delegation:

1º Appointments and Remuneration Committee

Brief Description.

To report to the Board of Directors on appointments, reappointments, cessations and remunerations of the Board and its posts, as well as the general policy of remunerations and incentives for Board members and for the senior management. To report, in advance, on all proposals that the Board of Directors presents to the General Shareholders' Meeting regarding the appointment or cessation of directors, even in cases of co-optation by the Board of Directors itself; to verify, on an annual basis, continuing compliance with the requirements for appointments of directors and the relevant nature or type of director. This information must be included in the annual report. The Appointments Committee will ensure that, when vacancies are filled, the selection procedures do not suffer from implicit biases that hinder the selection of female directors and that women meeting the required profile are included among the potential candidates. Likewise, to prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Management Report.

2º Audit Committee

Brief Description.

To report on the annual accounts, as well as the quarterly and half-yearly financial statements. To inform the Board of any change in the accountancy criteria, or any risks either on or off the balance sheet. To report at the General Shareholders' Meeting on those matters requested by shareholders that fall within its remit. To propose the appointment of the external financial auditors to the Board of Directors, for subsequent referral on to the General Shareholders' Meeting.

B.2.5 Indicate, where applicable, the existence of regulations governing the committees attached to the Board, the place where they are available for consultation and any amendments that may have been made during the financial year. Likewise indicate whether an annual report on the activities of each committee has been voluntarily prepared.

1º Appointments and Remuneration Committee

Brief description.

The Regulations of the Audit Committee and the Regulations of the Appointments and Remuneration Committee are both available from the company's website and also from the CNMV (Spanish Securities and Exchange Commission). Most recent amendment: February 25, 2008. Each Committee prepares an annual report on activities, which is published as part of the Annual Report.

2º Audit Committee

Brief description.

The Regulations of the Audit Committee and the Regulations of the Appointments and Remuneration Committee are both available from the company's website and also from the CNMV (Spanish Securities and Exchange Commission). Most recent amendment: February 25, 2008. Each committee prepares an annual report on activities, which is published as part of the Annual Report.

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation on the Board of the different categories of directors:

Not applicable – there is no Executive Committee.

If not, explain the composition of the executive committee.

There is no Executive Committee.

C - Related-party transactions

C.1 Indicate whether the Board, sitting in plenary session, has reserved for itself the function of approving, following a favorable report from the Audit Committee or any other body entrusted with this task, transactions that the company performs with directors, with significant shareholders or shareholders represented on the Board, or with related parties:

Yes

C.2 Give details of any relevant transactions involving a transfer of assets or liabilities between the company or group entities and significant shareholders in the company:

Not applicable.

C.3 Provide details of any relevant transactions involving a transfer of assets or liabilities between the company or Group entities and the company's managers or directors:

Personal or corporate name of the manager or director	Name of the group company or entity	Nature of the operation	Type of operation	Amount (thousand euro)
Barinas Gestión y Asesoría (associate company of Aplicaciones Digitales S.L.)	Bioetanol Galicia, S.A.	Rendering of economic consultancy services	Consultancy	90

C.4 Provide details of relevant transactions carried out by the company with other companies belonging to the same group, provided they are not eliminated during the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of their subject and applicable terms and conditions:

Not applicable.

C.5 Indicate whether the members of the Board of Directors have, over the course of the financial year, found themselves embroiled in any conflict of interest, in accordance with that set forth in article 127 ter. of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas).

No.

C.6 Provide details of any mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group and its Board members, executives or significant shareholders.

The Audit Committee is the body responsible for monitoring and resolving conflicts of interest. Directors are obliged, in accordance with the provisions of the Regulations of the Board of Directors, to inform the Board of any situation of potential conflict, in advance, and to abstain until the Committee has reached a decision.

C.7 Is more than one group company listed in Spain?

Yes

Identify any subsidiaries that are listed:

Listed Subsidiary.

Befesa Medio Ambiente, S.A.

Indicate whether the respective business lines and possible business relations among such companies have been publicly and precisely defined, as well as those of the listed subsidiary with the other group companies:

Yes

Define any business relations between the parent company and the listed subsidiary company, and between the latter and the other group companies:

Yes

Abengoa, S.A. is the parent company of a corporate group and operates as such. It therefore brings together a raft of complementary activities for a fully-comprehensive product that one or more business groups jointly offer their clients. As a result, the different companies and business groups share customers and join together as and when required, with one or other thereof acting as parent company on a case-by-case basis. This produces cross sales among companies (intra-group).

December 22, 2010, Abengoa, S.A. and Befesa Medio Ambiente, S.A. have today signed an agreement to govern the relations between both companies in terms of the listed parent/subsidiary relationship, their respective scopes of activity and information flows, as well as the related transactions that may be agreed between them.

Identify the mechanisms envisaged to resolve any conflicts of interest between the listed subsidiary and the other group companies:

Mechanisms to resolve possible conflicts of interest

Intra-group operations that may pose a conflict of interest and the transfer price policy are all analyzed by the Audit Committee.

D - Risk Control Systems

D.1 General description of the risk policy of the company and/or its group, detailing and evaluating the risks covered by the system, together with an explanation of why these systems are adequate for each type of risk.

Abengoa manages its risks through a model aimed at identifying the potential risks of a business. This model considers 4 important areas that are subdivided into 20 categories of risks, which contemplate more than 90 potential risks of a business.

Our model contemplates the following areas and categories of risks:

- Strategic risks: Corporate governance, strategic and R+D+i projects, mergers, acquisitions and divestments, planning and assignment of resources, market dynamics, communication and relation with investors

- Operational risks: Human resources, information technologies, physical assets, sales, supply chain, threats or catastrophes.
- Financial risks: Cash flow and credit, markets, taxation, capital structure, accounting and reporting.
- Legal risks: Regulations, laws and codes of ethics and of conduct.

Risk Management at Abengoa is based on two significant bases:

- a) the Common Management Systems, which serve to mitigate business risks
- b) internal control procedures designed following the SOX (Sarbanes-Oxley Act) to mitigate risks linked with the reliability of financial information.

Both elements make up an integrated system that permits an appropriate management of the risks and controls at all levels of the organization.

This is a live system that undergoes continuous modifications to remain in line with the reality of business.

There are also internal auditing services in charge of ensuring the compliance with and the good functioning of both systems.

I) Business risks

Procedures geared towards eliminating business risks are instrumented through what is referred to as "Common Management Systems" (CMS).

The Common Management Systems of Abengoa develop the internal rules governing Abengoa and its chosen approach to assessing and controlling risk. They represent a common culture in the business management of Abengoa, in that they permit the sharing of accumulated knowledge and they set the criteria and patterns of action.

The CMSs serve to identify both the risks embedded in the current model as well as the activities of control that mitigate them and they mitigate the risks inherent to the activity of the Company (business risks), at all possible levels.

There are 11 internal policies with 28 subsections that define how to manage each of the potential risks included in the Abengoa risks model.

The CMSs include some specific procedures that cover any action that may entail a risk for the organization, whether economic or not. In addition, they are available for all employees in IT media regardless of the geographical location and post of the employees.

For that reason, they contain, amongst other aspects, a series of authorization forms that must be filled in order to be granted approval for any action that may bear a financial repercussion on the Company, as well as in actions associated with other kinds of indirect risks (image, relationship with investors, press releases, information systems, access to applications, etc). All the forms filled in follow a cascading system of approvals passing through the company's organs of approval, business units, corporate departments, and are finally approved by the Chairperson.

The CMSs also include specific annexes aimed at helping to clarify the way to act in specific cases. They include aspects as varied as models of investment analysis and evaluation, up to corporate identity rules.

The following are also achieved through Common Management Systems:

- Optimization of daily management, applying procedures geared towards financial efficiency, reduction of expenses, homogenization and compatibility of information and management systems.
- Promoting the synergy and creation of value of the various Business Units of Abengoa.
- Reinforcing the corporate identity, respecting the values shared by all the companies of Abengoa.
- Achieving growth through strategic development, searching for innovation and new opportunities on short- and long-term bases.

The Systems cover the whole organization at three levels:

- All Business Units and Areas of Activity.
- All levels of responsibility.
- All types of operations.

Compliance with what is set forth in the Common Management Systems is compulsory for the whole organization, which is why all its members are bound to know them. Any exceptions to said compliance with said systems must be made known to the person in charge and must be conveniently authorized through the relevant authorization forms.

Besides, they are constantly undergoing updates that permit the incorporation of good practices to each of the fields of action. To facilitate their spreading, successive updates are immediately communicated to the organization through IT media.

At all times there are people in charge for each of the regulations entailed in the CMSs who assure the implementation of the procedures that consider all the relevant actions in their area, to mitigate anything that could derive in a financial or non-financial risk for Abengoa. It is them who are in charge of permanently updating the CMSs and placing them at the disposal of the whole organization.

In addition, those in charge of each of the policies of the Common Management Systems must verify and certify compliance with said procedures. Each year's certification is issued and submitted to the Audit Committee in January the following year.

II) Risks in relation to the reliability of financial information

In 2004 Abengoa started a process of adjusting its internal control structure on financial information to fit the requirements set forth by Section 404 of the SOX Act. Said adjustment process ended in 2007, although it is still being implemented in the new company acquisitions which occur each year.

The SOX Act was enacted in the United States in 2002 for the purpose of guaranteeing the transparency in management and the veracity and reliability of the financial information published by companies trading on the US market (SEC registrants). This Act requires that companies subject their internal control systems to formal auditing by the auditor of their financial statements who, in addition, would have to issue an independent opinion on them.

Following the instructions of the Securities and Exchange Commission (SEC), compliance with said Act is compulsory for companies and groups listed on North American markets. Thus, and although only one of the Business Units – Information Technologies (Telvent) – is obliged to comply with the SOX Act, Abengoa deems it necessary to comply with these requirements

in both the subsidiary listed on NASDAQ as well as in the rest of the companies, because the risks control model used by the company is completed with it.

Abengoa considers this legal requirement as an opportunity for improvement and, far from simply conforming to the precepts set forth in the law, it has tried to develop its internal control structures, the control and assessment procedures applied up to the maximum level.

The initiative is a response to the rapid expansion the group has undergone over the past years, and to the expectations of future growth, and for the purpose of being able to continue ensuring investors the preparation of accurate, timely and complete financial reports.

Also for the purpose of complying with the requirements in section 404 of the SOX act, Abengoa redefined its internal control structure following a Top-Down approach based on risk analysis.

Said risk analysis, entails the initial identification of significant risk areas and the assessment of the controls that the company has over them, starting from those executed at the highest level – corporate controls and supervision – and then down to the operational controls present in each process.

In this sense we defined 53 Management Processes (POC) grouped in Corporate Cycles and Business Units Common Cycles.

These processes have identified and put in place a series of activities of control (manual, automatic, configurable and inherent) that guarantee the integrity of the financial information prepared by the company.

Likewise, these controls are also present in the areas of Change, Operation and Security of the Systems, as well as in the Separation of Functions, that complement the Information Safety and Security Management System, providing a high level of security in the applications.

These processes and their over 550 activities of control catalogued as relevant are subjected to verification by internal and external auditors.

III) Other existing tools

The company has a Corporate Social Responsibility master plan that involves all the areas and is implemented in the five business units, adapting the CSR strategy to the social reality of the various communities in which Abengoa is present. Corporate Social Responsibility, understood as the integration of the Expectations of interest groups into the Company's strategy, the respect for the Law and the consistency with international standards of action, is one of the pillars of the Abengoa culture. The company informs its interest groups on the performance in the various CSR matters through a report following the GRI standard for preparing sustainability reports. This report will be externally verified as part of the company's commitment to transparency and rigour.

In 2002 Abengoa signed the United Nations World Pact, an international initiative aimed at achieving the voluntary commitment of entities regarding social responsibility, by way of implementing ten principles based on human, labour and environmental rights and on the fight against corruption. Also, in 2008, the company signed the Caring for Climate initiative, also from the United Nations. Consequently, Abengoa put in motion a system of reporting on greenhouse gas (GHG) emissions which would permit it to register its greenhouse gas emissions, know the traceability of all its supplies and certify its products and services.

In 2009, we developed a system of environmental sustainability indicators that would contribute to improving the management of the company's business, thus permitting us to measure and compare the sustainability of its activities, and to establish improvement objectives for the future. The combination of both initiatives places Abengoa at the helm of world leadership in sustainability management

IV) Criminal Liability Risks

Following the enactment of Organic Law 5/2010 Abengoa is developing a system of risks management, internal control and regulatory compliance that will allow it to minimize the possible criminal risks, implementing measures aimed at showing that its personnel and executives are subject to control and due diligence. Said procedure will ensure the prevention and/or detection and investigation of crimes committed.

D.2 Indicate whether any of the different types of risk affecting the company and/or its group (operating, technological, financial, legal, image-related, tax, etc.) materialized during the financial year.

No

If so, indicate the circumstances that led to them and whether the established control system worked.

D.3 Indicate whether there is a committee or other governing body responsible for establishing and supervising these control devices.

If so, provide details of its functions.

Name of the committee or body

Audit Committee.

Description of functions

To inform the Board of any change in accountancy criteria and risks either on or off the balance sheet.

D.4 Identification and description of the processes for complying with the different regulations that affect the company and/or its group.

1. See fourth annex at the end of this document.

2. Summary:

Since 2007, Abengoa has voluntarily submitted its Internal Control Systems to external evaluation, with the issuance of an audit opinion under PCAOB standards and a compliance audit under section 404 of the Sarbanes-Oxley Act (SOX).

This fact implies that Abengoa has been complying strictly with the reference indicators included in the National Stock Market Commission's "Systems of Internal Control over Financial Reporting" document for four financial years.

I) Internal Audit service

The Audit Committee's functions include the "supervision of the internal audit service" and "obtaining information on the financial reporting process and internal control systems and on the risks for the company".

I. i) The Internal Audit service in Abengoa

The Internal Audit service originated as an independent global function, reporting to the Audit Committee of the Board of Directors, with the principal objective of supervising Abengoa's internal control and significant risk management systems.

II) External Audit

The auditor of the individual and consolidated annual financial statements of Abengoa, S.A. is PricewaterhouseCoopers, which is also the Group's main auditor.

The Audit Committee proposed the appointment of this firm to the Board of Directors, in order for the latter to subsequently submit it to the General Meeting of Shareholders, due to said firm's extensive knowledge of the Group and its history, which were valued very favorably by both the Committee itself and Management.

Notwithstanding, a significant part of the Group, basically the Information Technologies Business Group (Telvent), is audited by Deloitte.

In addition, other firms collaborate in performing the audit, especially in small companies, both in Spain and abroad, although their scope is not significant in the Group overall.

The Audit Committee's functions include ensuring the independence of the external auditor, proposing the appointment or renewal thereof to the Board of Directors and approving its fees.

Thus, in the year 2007, the company submitted the Corporate Social Responsibility Report to verification for the first time. In the year 2008, it was the Report on Greenhouse Gas Emissions and, in 2009 the Corporate Governance Report was verified externally.

Thus, in the year 2010, 6 reports were issued by the external auditors and form an integral part of the Annual Report:

- Audit report on the Group's consolidated financial statements, as required by current legislation.
- Voluntary audit report on internal audit compliance under PCAOB (Public Company Accounting Oversight Board) standards, as required under section 404 of the Sarbanes-Oxley Act (SOX).
- Voluntary reasonable assurance verification report on the Corporate Governance Report, being the first Spanish listed company to obtain a report of this kind.
- Voluntary reasonable assurance verification report on the Corporate Social Responsibility Report.
- Voluntary verification report on the inventory of greenhouse gas emissions.
- Voluntary verification report on the design of the Risk Management System in accordance with the specifications of ISO 31000.

III) Internal Control

The Audit Committee's main objectives concerning internal control over the preparation of the financial reporting are:

- To determine the risks of a possible material error in the financial reporting caused by fraud or possible fraud risk factors.
- Analysis of the procedures to assess the efficiency of internal control in relation to the financial reporting.
- Capacity of the internal controls over the processes that affect Abengoa and its Business Groups.
- To identify the material deficiencies and weaknesses in the internal control in relation to the financial reporting and the response capacity.
- To supervise and coordinate any significant changes made over the internal controls related to the quarterly financial reporting.
- Performance of the quarterly processes of closing the financial statements and differences identified in relation to the processes performed at the year end.
- Putting in place plans and monitoring for the actions implemented to correct the differences identified in the audits.
- Measures to identify and correct possible internal control weaknesses in relation to the financial reporting.

Abengoa and its different Business Groups employ a mechanism for complaints to the Audit Committee, which was formally put in place in the year 2007 under the requirements of the Sarbanes-Oxley Act.

Abengoa has two complaint channels:

- An internal channel, which is available to all employees, so that they can notify any alleged irregularity in accounting or audit or breaches of the Code of Conduct. The communication channel is by e-mail or ordinary mail.
- An external channel, available to anyone outside the company, so that they can notify any alleged irregularities, fraudulent actions or breaches of Abengoa's Code of Conduct through the web page (www.abengoa.com).

IV) Risk Management

Abengoa is aware of the importance of managing its risks in order to carry out appropriate strategic planning and attain the defined business objectives. To do this, it applies a philosophy formed by a set of shared beliefs and attitudes, which define how risk is considered, starting with the development and implementation of the strategy and ending with the day-to-day activities.

The risk management philosophy is set out and applied through Abengoa's Risk Management System, which is completed with the Universal Risk Model.

Abengoa defines risk as any potential event that may prevent the company from reaching its business objectives. Abengoa considers that a risk arises as a loss of opportunities and/or strengths or the materialization of a threat and/or strengthening of a weakness.

IV. i) The Universal Risk Model

Abengoa's Universal Risk Model is made up of four categories, twenty subcategories and a total of 94 principal risks for the business. Each one of these risks has an associated series of indicators that allow its probability and impact to be measured and the degree of tolerance of the risk to be defined.

For each risk, at least one probability indicator and an impact indicator have been established. These may be quantitative and/or semi-quantitative indicators, while, at the same time, they allow tolerance levels to be fixed for subsequent evaluation and monitoring.

E - General Shareholders' Meeting

E.1 Indicate and, where applicable, provide details of whether there are any differences between the required quorum for the General Shareholders' Meeting and the quorum system set forth in the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas, hereinafter LSA).

No

% of quorum different from that established in art. 102 of the LSA for general matters	% of quorum different from that established in art. 103 of the LSA for special matters
n/a	n/a

E.2 Indicate and, where applicable, provide details of any differences with the system contemplated in the LSA for the adoption of corporate resolutions.

No

Describe how it is different from the system envisaged by the LSA.

Not applicable

E.3 List any rights held by shareholders in relation to the general meetings insofar as these are different to those established in the LSA.

The right to information, in accordance with applicable regulations; the right to receive, free of charge, the documents related to the General Shareholders' Meeting; voting rights in proportion to their shareholding, subject to no maximum limit; the right of attendance for all shareholders that hold at least 1,500 shares; financial rights (to dividends, where applicable, and to the distribution of corporate assets); the right to be represented, to delegate votes, to pool shares and to pursue any legal causes of action to which the shareholder may be entitled.

E.4 Indicate, if applicable, any measures adopted to encourage participation by shareholders at general meetings.

The documents related to the meeting are sent to shareholders free of charge and are also published on the website at the time the meeting is convened. Votes may be delegated or cast remotely by filling out attendance cards in due time and form.

The Bylaws do not limit the maximum number of votes of a single shareholder and do not contain restrictions that make it difficult to assume control through the acquisition of company shares.

Proposed resolutions to be presented at the general meeting are published when the meeting is convened and are likewise included on the company's website and on that of the CNMV.

Items on the agenda deemed substantially independent are voted on separately at the General Shareholders' Meeting, such that shareholders can exercise their voting preferences separately, particularly in cases of appointments or ratifications of directors and amendments to the Bylaws.

The company allows for the splitting of votes so that financial intermediaries authorized to act as shareholders but who act on behalf of different clients can cast their votes in accordance with the individualized instructions of each client.

Each financial year, presentations are offered to investors, analysts and to the general market, which are previously notified to the Spanish Securities and Exchange Commission and which are published on the Company's web page.

In compliance with article 528.2 of the Corporations Act, Abengoa approved the Regulations for the Electronic Shareholders' Forum to facilitate communication between shareholders in connection with the convening and holding of each Shareholder's General Assembly. Shareholders may send the following prior to each General Assembly:

- Proposals they wish to include as part of the agenda outlined in the General Assembly convocation.
- Requests for adherence to said proposals.
- Initiatives for acquiring the sufficient percentage for the exercise of a minority voting rights.
- Requests for voluntary representation.

E.5 Indicate whether the Chairman of the General Shareholders' Meeting coincides with the position of Chairman of the Board of Directors. Give details, where applicable, of any measures that may have been adopted in order to guarantee the independence and correct functioning of the General Meeting:

Outline of the measures

The Bylaws stipulate that the office of Chairman of the General Meeting must be held by the Chairman or Vice-Chairman of the Board of Directors, as decided by the Board itself. In accordance with this, General Shareholders' Meetings are presided over by the Chairman of the Board of Directors.

The Regulations of the General Shareholders' Meeting, as approved at the General Meeting held on June 29, 2003, contain procedures regulating the convening, functioning, exercise of

rights and adoption of resolutions at general meetings, thereby establishing an accurate and binding framework for the staging of such meetings.

The General Shareholders' Meeting is generally attended by a notary public, who verifies fulfillment of the requirements necessary for its valid constitution and the adoption of resolutions, and who issues the corresponding minutes.

It is the responsibility of the Secretary to the Board (who, in accordance with the Bylaws and the Regulations of the General Shareholders' Meeting, acts as the secretary at the general meeting) to ensure compliance with legal requirements and those stipulated in the Bylaws concerning the convening and staging of the meeting and the adoption of resolutions at the meeting.

E.6 Indicate, if applicable, any changes made during the financial year to the Regulations of the General Shareholders' Meeting.

No changes occurred.

E.7 Give details of attendance at general meetings held during the financial year to which this report refers.

Attendance Details

Date of General Meeting	% attendance in person	% as proxy	% remote voting	Electronic vote	Others	Total
11-4-2010	57.795%	8.217%	0	0	0.000%	66.013%

E.8 Briefly indicate the resolutions adopted at the General Shareholders' Meetings held in the financial year to which this report refers and the percentage of votes with which each resolution was adopted.

Abengoa's Ordinary General Assembly of Shareholders was held on 11th April 2010 and in attendance was a total of 59,725,210 shares, about 66.016% of the total equity, amounting to 407 shareholders (60 present and 347 represented) out of a total of 11,338 registered shareholders.

The decisions reached, all with the entire equity capital present and represented voting in favour, were as follows:

First Decision. Approval of the following:

1º. The Financial Statement (including the Balance, Profit and Loss Accounts and Report) and the Abengoa SA Management Report for the 2009 financial year;

2º. The Consolidated Financial Statement of the Group (including the Consolidated Balance, Profit and Loss Accounts and Report) and the Consolidated Management Report for the 2009 financial year;

3º. The Board of Directors management report for said financial year and the remuneration of its members, as stated in the Financial Statement.

Second Decision.

1º. The following 2009 financial year outcome distribution scheme is hereby approved, with the dividends to be distributed from 6th July 2010 onwards:

	Euros
Profit and Loss Account Balance	48,988,795.40
Application:	
To Voluntary Reserves	31,799,556.20
To Dividend	17,189,239.20
Total	48,988,795.40

2º. Mr. Felipe Benjumea Llorente, Mr. José B. Terceiro and the Secretary of the Board of Directors, Mr. Miguel Ángel Jiménez-Velasco Mazarío are hereby empowered such that either of them may register and deposit the Company's and the Consolidated Group's Financial Statement and Management Report at the Company Registry in accordance with the stipulations of the Law, marking them with signatures and by indicating their destination.

Third Decision: Ratification, appointment and, as the case may be, re-election of administrators.

- a) On the proposal of the Appointments and Remunerations Committee, Ms. Mercedes Gracia Díez is hereby re-elected as independent Board Member for another period of four years, following the expiration of the mandate conferred upon her by the 2006 General Assembly of Shareholders.
- b) On the proposal of the Appointments and Remunerations Committee, the co-optation appointment of Mr. José Borrell Fontelles, as an independent member, to serve a four-year term, is hereby ratified.

Fourth Decision: Re-election or appointment of the Company's or Consolidated Group's Accounts Auditor for the 2010 financial year.

Pursuant to article 204 of TR of the LSA, the Auditor of the Company and its group of companies, Pricewaterhouse Coopers SL, holder of Tax ID B-79031290, domiciled in Madrid, at Paseo de la Castellana, 43, entered in the Company Registry of Madrid, Volume 9,267, on page 8,054, sheet number 87,250, and in the Official Registry Of Auditors with number 50-242, is hereby appointed for a one-year term, for the ongoing 2010 financial year.

Fifth Decision: The special report on the Administrators' Remuneration Policy and the report on article 116 bis of the Stock Exchange Laws are hereby approved.

Sixth Decision: General assembly authorizations granted the Board of Directors.

In accordance with article 153-1-b) of the Consolidated Text of the Law governing Limited Liability Companies, the faculty of the Board of Directors, granted by the Ordinary General Assembly of Shareholders on 6th April 2008, to increase the equity capital, once or several times, up to eleven million three hundred eight thousand seven hundred ten Euros (€11,308,710) equal to fifty percent (50%) of the equity capital at the time of this authorization, through monetary contributions, with or without issuance bonus, in the amount and whenever the Board itself may deem necessary and without having to first consult the General Assembly, is hereby ratified. Likewise, in accordance with article 159, section 2 of the Consolidated Text of the Law governing Limited Liability Companies, the Board of Directors' are authorized to decide whether or not to exclude, as the case may be, pre-emptive subscription rights in relation to the increases that may be decided upon by virtue of this decision, if the circumstances envisaged in section 1 of the aforementioned article, relating to equities, concur, and as long as, if excluded, the nominal value of the

shares to be issued plus, as the case may be, the amount of the issuance bonus is equal to the actual value of the company's auditors' report prepared, on the request of the Board of Directors, for that purpose. The Board of Directors is also authorized to re-draft article 6 of the Corporate Bylaws, relating to equity capital, upon the execution of the increase, on the basis of the actual amounts subscribed and disbursed.

Regarding the shares that may be issued pursuant to the abovementioned decisions, the Board of Directors is authorized to apply to the CNMV, the Stock Exchange Governing Body, through any Brokerage House or Company, and to process applications for the aforementioned shares to be admitted to trade on any Stock Exchange Market, whenever the Board of Directors may deem opportune, fulfilling whatsoever requirements that may be set forth in the valid laws.

In accordance with article 27 of the Official Stock Exchange Regulations, the declarations of the shareholders regarding this decision shall be entered in the minutes.

Seventh Decision: General assembly authorizations granted the Board of Directors.

Pursuant to article 319 of the Company Registry Regulation and the general rules of issuance of bonds or debentures, for a period of five (5) years, with the specific faculty of substitution upon any of its members, the company's Board of Directors are authorized to issue any fixed income securities or debt securities of analogous nature (including, but not limited to, certificates, promissory notes or warrants), and fixed income or other types of securities (including warrants) convertible to the Company's shares and/or exchangeable for the Company's shares or for those of other companies within or outside the Company's group, for up to Five Thousand Million Euros (€5,000M), on one or several occasions. The Board of Directors are authorized, with the specific faculty of substitution upon any of its members, to set forth the criteria for determining the bases and modalities to convert, exchange or exercise the faculty to increase the equity capital in the amount necessary to meet the corresponding requests for conversion or exercise, and it is granted the faculty to exclude shareholders' pre-emptive subscription rights, in accordance with article 293.3 of the LSA and all other applicable rules and regulations.

Eighth Decision: General assembly authorizations granted the Board of Directors.

The Board of Directors is authorized to execute share buybacks of the company's own shares whether directly or through subsidiaries or companies in which shares are held up to the maximum envisaged in the current provisions at a price ranging from six Euros (€6) minimum to sixty Euros (€60) maximum per share. Said authorization is valid for eighteen (18) months counting from date granted, and shall remain subject to the Fourth Section of Chapter IV of the Consolidated Text of the LSA.

To ensure the above, the authorization conferred upon the Board of Directors for the same purposes, by virtue of decision taken at the Shareholders' Ordinary General Assembly meeting held on 5th April 2009, is hereby specifically revoked.

Ninth Decision: Empowerment of the Board of Directors.

Mr. Felipe Benjumea Llorente, Mr. José B. Terceiro, and Mr. Miguel Ángel Jiménez-Velasco Mazarío are hereby specifically authorized, such that any of them may, acting as special representative of this Assembly, appear before a Notary Public, to execute the necessary and due notarizations, as the case may be, to enter the decisions taken into the Company Registry as legally required, undersigning as many documents as may be necessary in the execution of said decisions.

The Board of Directors is also authorized, with the faculty of substitution, to freely interpret, apply, execute and develop the approved decisions, including rectification and fulfillment thereof, and to authorize any of its members to notarize any rectification or complementary deemed necessary to correct any error, defect or omission that could impede the entry of any decision whatsoever into the company registry, to the extent of complying with as many requirements as may be inevitable for the effectiveness of the decisions taken.

E.9 Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares needed to attend the General Shareholders' Meeting.

Number of shares needed to attend the General Shareholders' meeting 1,500, without detriment to all the shareholders' right to delegate, represent or gather shares.

E. 10 Indicate and explain the policies followed by the company with regard to the granting of proxies at General Shareholders' Meetings.

There are no specific policies, to the extent that there is no restriction on the exercise of the right to vote.

The only requirement is that the proxy be granted to another shareholder.

E.11 Indicate whether the company is aware of the policy of institutional investors regarding their participation in the decision-making process of the company.

No

E.12 Indicate the address and means of accessing corporate governance content on the company's website.

The Webpage of the Company, at www.abengoa.com, is regularly updated in both Spanish and English.

Said Webpage contains all the decisions taken at the last General Assembly meeting held on 11th April 2010. It also includes the complete convocation, the agenda and the decisions proposed for the Assembly to approve.

For convening subsequent assemblies, the Company will continue to update the available information to enable shareholders to exercise the right to information, and with it that to vote, under equal conditions.

Finally, with the established techniques and regulations determined, and with the safeguard of the legal security required, the rights to vote or to delegate via the Internet shall be guaranteed.

F - Degree to which corporate governance recommendations are followed

Indicate the degree to which the company follows the recommendations of the Unified Good Governance Code. If any of them are not complied with, explain the recommendations, regulations, practices or criteria that the company applies.

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 obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23, E.1 and E.2

Compliant

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Compliant

3. Even when not expressly required under company commercial law, any decisions involving a fundamental corporate change should be submitted to the general shareholders' meeting for approval or ratification. In particular:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;
- b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively add up to the company's liquidation.

Partially compliant

The company has not incorporated this regulation, on a non-mandatory basis, to its internal rules (Social Bylaws), which does not prevent from complying in practice with said Recommendation.

4. Detailed proposals of the resolutions to be adopted at the general shareholders' meeting, including the information stated in recommendation 28, should be made available at the same time as the publication of the meeting notice.

Compliant

5. Separate votes should be taken at the general shareholders' meeting on materially separate items, so shareholders can express their preferences in each case, in order for the shareholders to exercise their voting preferences separately. And that said rule is applied, particularly:

The appointment or ratification of directors, with separate voting on each candidate; Amendments to the bylaws, with votes taken on all Articles or groups of Articles that are materially different.

See section: E.8

Compliant

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Compliant

7. The board of directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time. It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

- a) The company's general policies and strategies, and in particular:
 - i) The strategic or business plan, management targets and annual budgets;
 - ii) Investment and financing policy;
 - iii) Design of the structure of the corporate group;
 - iv) Corporate governance policy;
 - v) Corporate social responsibility policy;
 - vi) Remuneration and evaluation of senior officers;
 - vii) Risk control and management, and the periodic monitoring of internal information and control systems.
 - viii) Dividend policy, as well as the policy and limits applying to treasury stock.

See sections: B.1.10., B.1.13., B.1.14 and D.3

- b) The following decisions:
 - i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14

- ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

- iii) The financial information that all listed companies must periodically disclose.
 - iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the general shareholders' meeting;
 - v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

- 1st. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2nd. They go through at market rates, generally set by the person supplying the goods or services;
3rd. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the audit committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the executive committee in urgent cases and later ratified by the full board.

See sections: C.1 and C.6

Compliant

9. In the interests of maximum effectiveness and participation, the board of directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Compliant

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2., A.3., B.1.3 and B.1.14

Compliant

11. In the event that some external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

See section: B.1.3

Not applicable

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Compliant

13. The number of independent directors should represent at least one third of all board members.

See section: B.1.3

Compliant

14. The condition of each director should be explained to the shareholders at general meeting of shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's annual corporate governance report, after verification by the nomination committee. The said report should also disclose the reasons for the appointment of proprietary directors at the urging of

shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

Compliant

15. When women directors are few or non-existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

The process of filling board vacancies has no implicit bias against women candidates; The company makes a conscious effort to include women with the target profile among the candidates for board places.

See sections: B.1.2, B.1.27 and B.2.3

Compliant

16. The chairman, as the person responsible for the proper operation of the board, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See section: B.1.42

Compliant

17. When a company's chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.

See section: B.1.21

Explanation

The Board of Directors currently comprises fifteen members. The Regulations of the Board of Directors regulate the composition, functions and internal organization of the governing body. Furthermore, the company has an Internal Code of Conduct in Stock Markets applicable to board members, the senior management and any other employees who may be affected by the terms thereof on account of their post or assigned duties. The Regulations of the General Shareholders' Meeting regulate the formal aspects and internal system for staging shareholders' meetings. Lastly, the Board of Directors is assisted by its Audit Committee and the Appointments and Remuneration Committee, which both have their own respective Internal Regulations. All these rules and regulations are brought together in a consolidated text of the company's Internal Good Governance Rules, which is available from the company's website, www.abengoa.com. Since its inception, the Appointments and Remuneration Committee has been analyzing the structure of the company's governing bodies and has been working to adapt it to incorporate corporate governance recommendations, paying particular attention to the historic and special configuration of these bodies within Abengoa. In accordance with this analysis, in February 2007 the Committee recommended the creation of the post of coordinating director, coupled with the elimination of the Advisory Committee to the Board of Directors. The first measure was in order to incorporate the most recent corporate governance recommendations, as created in Spain in 2006, whereas the second was proposed because the Committee considered that the Advisory Committee had already fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could lead to conflicts of power. Both proposals were approved at a meeting of the Board of Directors held in February 2007 and

at the General Shareholders' Meeting held on April 15 of the same year appointing Mr. José B. Terceiro in representation of Aplicaciones Digitales S.L., as coordinating director, acting as independent, up to date.

On a final note, in October 2007 the Committee proposed to the Board that it accept the resignation of Mr. Javier Benjumea Llórente from his position as Vice-Chairman, with the consequent revocation of his delegated powers, and likewise accept the appointment of a new natural person to represent Abengoa and the Focus-Abengoa Foundation in those entities or companies in which they have an appointed position.

The Committee then considered it advisable to recommence its study on the number and characteristics of the Vice-Chairman of the Board of Directors within the current structure of governing bodies.

As a result of this, the Committee thought it necessary for the Vice-Chairman of Abengoa to have the powers conferred by the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas) with regard to the organic representation of the company on the one hand, and, on the other, as a counterweight to the functions of the Chairman within the Board of Directors. On this basis, it considered that the coordinating director – with the functions assigned to that position by the resolutions of the Board of Directors (February 2007) and the General Shareholders' Meeting (April 2007) – was the ideal figure, given the corporate governance recommendations and the structure of the company, as well as the composition and diversity of its directors. The coordinating director has already been entrusted with the task of coordinating the concerns and motivations of the other Board members, and as such has the power to request that a Board meeting be convened and that new items be included on the agenda. In its role as the visible head of Board members' interests, it has, more de facto than de jure, a certain representative nature on the Board, and it therefore seemed appropriate to confirm and expand this representation by making the post both institutional and organic.

For the reasons outlined above, the Committee proposed Aplicaciones Digitales, S.L. (Aplidig, represented by Mr José B. Terceiro Lomba), the current coordinating director, as the new Vice-Chairman to the Board of Directors. In addition, and within the functions of organic representation, the current Vice-Chairman, jointly with the Chairman of the Board, was put forward as the physical representative of Abengoa in its capacity as the Chair of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

In view of the above, on December 10, 2007, the Board of Directors agreed to appoint Aplicaciones Digitales, S.L. (represented by Mr José B. Terceiro Lomba), the current coordinating director, as executive deputy Chairman of the Board of Directors, with the unanimous consent of the independent directors for the company to continue acting as coordinating director in spite of its new appointment as executive deputy Chairman.

In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the Vice-Chairman, jointly with the Chairman of the Board of Directors, has been put forward as the physical representative of Abengoa, in its capacity as the Chair of the Board of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

18. The secretary should take care to ensure that the board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulations of the general shareholders' meeting, the board of directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the secretary,

his or her appointment and removal should be proposed by the nomination committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulation.

See section: B.1.34

Compliant

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Compliant

20. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Compliant

21. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Compliant

22. The board in full should evaluate the following points on a yearly basis:

The quality and efficiency of the board's operation;
Starting from a report submitted by the nomination committee, how well the chairman and chief executive have carried out their duties;
The performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.

See section: B.1.42

Compliant

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Compliant

25. Companies should set up orientation programs that may provide new board members with quick and sufficient knowledge of the company and its corporate governance rules and regulations. Companies should make knowledge updating programs available to board members whenever the circumstances deem it advisable.

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;
- b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Partially compliant

Section (a) of this recommendation is complied with, in that the Appointments and Remuneration Committee is kept duly informed of the professional duties of Board members, as well as their potential needs with regard to any information they may need to exercise them. In relation to section (b), there are no limits on participation on other Boards, and this aspect is left to the responsible judgement of each director.

27. The proposal for the appointment or renewal of directors which the board submits to the general shareholders' meeting, as well as provisional appointments by the method of co-optation, should be approved by the board:

- a) On the proposal of the nomination committee, in the case of independent directors.
- b) Subject to a report from the nomination committee in all other cases.

See section: B.1.2

Compliant

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background;
- b) Directorships held in other companies, listed or otherwise;
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
- d) The date of their first and subsequent appointments as a company director, and;
- e) Shares held in the company and any options on the same.

Compliant

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Compliant

30. 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.

See sections: A.2., A.3 and B.1.2

Compliant

31. 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 just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Compliant

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention 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 crimes stated in Article 124 of the Spanish Companies Act (Ley de Sociedades Anónimas), the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the annual corporate governance report.

See sections: B.1.43 and B.1.44

Compliant

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation. The terms of this recommendation should also apply to the secretary of the board; director or otherwise.

Compliant

34. Directors who give up their position before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the annual corporate governance report.

See section: B.1.5

Compliant

35. The company's remuneration policy, as approved by its board of directors, should specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;
- b) Variable components, in particular:
 - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

- iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
- iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount of annual equivalent cost.

d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:

- i) Duration;
- ii) Notice periods; and
- iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Compliant

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Compliant

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant

39. In the case of variable awards, remuneration policies should include 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, atypical or exceptional transactions or circumstances of this kind.

Compliant

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the general shareholders' meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the remuneration committee in designing the policy should be reported to the meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Compliant

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
 - i) Participation and attendance fees and other fixed director payments;
 - ii) Additional compensation for acting as chairman or member of a board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any severance packages agreed or paid;
 - vi) Any compensation they receive as directors of other companies in the group;
 - vii) The remuneration executive directors receive in respect of their senior management posts;
 - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:
 - i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Compliant

42. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

See sections: B.2.1 and B.2.6

Not applicable

43. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Not applicable

44. In addition to the audit committee mandatory under the Securities Market Act (Ley del Mercado de Valores), the board of directors should form a committee, or two separate committees, of nomination and remuneration.

The rules governing the make-up and operation of the audit committee and the committee or committees of nomination and remuneration should be set forth in the board regulations, and include the following:

- a) The board of directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the committees' invitation.
- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: B.2.1 and B.2.3

Partially compliant

Barring section b) above, all requirements are duly met. We would refer you to Recommendation 54 as regards the presence of an executive director on the Appointments Committee. In relation to an executive director's presence on the Audit Committee, and in addition to the explanation provided under point B.1.21 above (independent director designated as coordinating director and subsequently appointed vice-chairman, who will remain as coordinating director following the unanimous consent of the remaining independent directors to such effect), we would add that their seat on the Audit Committee is due (leaving aside their knowledge and experience in matters of accounting and auditing) to the wishes of the independent directors, given that the executive director acts as a nexus between such independent directors (irrespective of whether they sit on such committees and particularly insofar as they don't) and the committee (and also the Appointments Committee).

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the audit committee, the nomination committee or, as the case may be, separate compliance or corporate governance committees.

Compliant

46. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Compliant

47. Listed companies should have an internal audit function, under the supervision of the audit committee, to ensure the proper operation of internal reporting and control systems.

Compliant

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

49. Control and risk management policy should specify at least:

The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
The determination of the risk level the company sees as acceptable;
Measures in place to mitigate the impact of risk events should they occur;
The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Compliant

50. The audit committee's role should be:

1. With respect to internal control and reporting systems:

- a) To supervise the preparation process and monitor the integrity of the financial information on the company and, if applicable, the group, and to verify compliance with regulatory requirements, the appropriate boundaries of the scope of consolidation and the correct application of accounting principles.
- b) Periodically review the systems for the internal monitoring and management of risks, so that the principal risks are identified, managed and properly disclosed.
- c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect to the external auditor:

- a) To submit to the Board proposals for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of its engagement.
- b) To receive regular information from the external auditor on the progress and findings of the audit plan and to check that senior management are acting on its recommendations.
- c) Monitor the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.
- d) In the case of groups, the Committee urges the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Compliant

51. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

52. The audit committee should prepare information on the following points from recommendation 8 for input to board decision-making:

- a) The financial information that all listed companies must periodically disclose. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Compliant

53. The board of directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

Compliant

54. The majority of nomination committee members – or nomination and remuneration committee members as the case may be – should be independent directors.

See section: B.2.1

Compliant

55. The nomination committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in recommendation 14 of this code.

See section: B.2.3

Compliant

56. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the nomination committee for its consideration.

Compliant

57. The remuneration committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the board of directors regarding:
 - i) The remuneration policy for directors and senior officers;
 - ii) The individual remuneration and other contractual conditions of executive directors;
 - iii) The standard conditions for senior officer employment contracts.
 - b) Oversee compliance with the remuneration policy set by the company.
- See sections: B.1.14 and B.2.3**

Compliant

58. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant

G - Other information of interest

If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report, indicate and explain below.

First annex:

A table detailing the individual remuneration of directors is attached hereto as complementary information to section B.1.11 and following.

Remuneration of directors - 2010 (in thousand euros)

Name	Allowances for board attendance and other remuneration as director
Felipe Benjumea Llorente	93
Aplidig, S.L. (1)	180
Manual Sánchez Ortega (2)	19
José B. Terceiro Lomba	-
Carlos Sebastián Gascón	166
Daniel Villalba Vilá	166
Mercedes Gracia Díez	110
Miguel Martín Fernández	121
Alicia Velarde Valiente	110
Jose Borrell Fontelles	200
José Luis Aya Abaurre	110
José Joaquín Abaurre Llorente	110
Maria Teresa Benjumea Llorente	78
Javier Benjumea Llorente	78
Ignacio Solís Guardiola	78
Fernando Solís Martínez-Campos	78
Carlos Sundhein Losada	78
Total:	1,775

Name	Remuneration for membership of board committees
Carlos Sebastián Gascón	110
Daniel Villalba Vilá	110
Mercedes Gracia Díez	44
Miguel Martín Fernández	33
Alicia Velarde Valiente	44
Jose Borrell Fontelles	100
José Luis Aya Abaurre	44
José Joaquín Abaurre Llorente	44
Total:	529

Name	Remuneration for directorships within other group companies
José B. Terceiro Lomba	25
Carlos Sebastián Gascón	34
Daniel Villalba Vilá	34
Maria Teresa Benjumea Llorente	24
Total:	117

Name	Remun. for senior management functions – executive directors
Felipe Benjumea Llorente	3,390
Aplidig, S.L. (1)	2,804
Manual Sánchez Ortega (2)	107
Total:	6,301

Name	Total remuneration
Felipe Benjumea Llorente	3,483
Aplidig, S.L. (1)	2,984
Manual Sánchez Ortega (2)	126
José B. Terceiro Lomba	25
Carlos Sebastián Gascón	310
Daniel Villalba Vilá	310
Mercedes Gracia Díez	154
Miguel Martín Fernández	154
Alicia Velarde Valiente	154
Jose Borrell Fontelles	300
José Luis Aya Abaurre	154
José Joaquín Abaurre Llorente	154
Maria Teresa Benjumea Llorente	102
Javier Benjumea Llorente	268
Ignacio Solís Guardiola	78
Fernando Solís Martínez-Campos	78
Carlos Sundhein Losada	78

Name	Others
Javier Benjumea Llorente	190
Total:	8,912

(1) Represented by José B. Terceiro/Aplidig SL

(2) From 25/10/2010

Comparing directors' salary in 2009 and 2010 (8.7 M € in 2009 and 8.9 M € in 2010), it is concluded that a 2.2% has been applied in its total value.

Second annex:**International Advisory Board**

Abengoa has created an international Advisory Board that consists of a maximum of nine members. Only the Board of Directors is empowered to elect them and appoint its chairperson. It will act of secretary the Technical General Secretary of Abengoa.

The Advisory Committee is a non-ruled voluntary body that renders technical and advisory consultancy services to the Board of Directors, to which it is organically and functionally subordinate, as consultant and strictly professional adviser; its main function is to serve as support to the Board of Directors within the scope of the latter's own competences, collaborating and advising, basically focusing its activities on responding to enquiries made by the Board of Directors in connection to all issues that the Board of Directors may enquire on or even raising proposals deemed outcome of their experience and analysis.

Its current composition is as follows:

Name	Position	Type
José Borell Fontelles	Chairperson	Independent
Mario Molina	Member	Independent
Nicholas Stern	Member	Independent
Jerson Kelman	Member	Independent
Ricardo Hausmann	Member	Independent
Pamposh Bhat	Member	Independent
Kemal Dervis	Member	Independent

Tirth annex:

The Internal Code of Conduct in Stock Markets was instituted in August 2007 and it is applicable to all administrators, to the Strategy Committee members and to some employees depending on the activity they develop and the information to which they may have access.

It establishes the obligation to safeguard the information and to protect the confidentiality of relevant facts in the stages prior to decision and publication, as well as establishing the procedure for maintaining internal and external confidentiality, the shares ownership registry, stock operations and interest conflicts.

The secretary general is in charge of monitoring and supervision. It's available at www.abengoa.com.

Fourth annex:

D.4 Identification and description of the processes for complying with the different regulations that affect the company and/or its group.

In February 2010, the National Stock Market Commission published the document "Internal Control over Financial Reporting in Listed Entities", which contains two new legal obligations that listed companies must meet from 2011 onwards:

- The audit committees will be responsible for supervising the financial reporting and the efficiency of the company's internal control and risk management systems.

- Companies will have to inform the markets of their systems of internal control over financial reporting through the Annual Corporate Governance Report.

The National Stock Market Commission's document is based on COSO and includes 30 recommended practices divided into five components:

- Internal Control Environment
- Financial Reporting Risk Assessment
- Control Activities
- Information and Communication, and
- System Operation Supervision

Since 2007, Abengoa has voluntarily submitted its Internal Control Systems to external evaluation, with the issuance of an audit opinion under PCAOB standards and a compliance audit under section 404 of the Sarbanes-Oxley Act (SOX).

This fact implies that Abengoa has been complying strictly with the reference indicators included in the National Stock Market Commission's "Systems of Internal Control over Financial Reporting" document for four financial years.

The conceptual framework used as a reference is the COSO model, since it is the model that is closest to the approach required by SOX, which has also been presented to the Audit Committee. In this model, internal control is defined as the process carried out in order to provide reasonable assurance of the attainment of certain objectives, such as compliance with laws and regulations, the reliability of financial reporting and the effectiveness and efficiency of operations.

I) Internal Audit service

In order to supervise the sufficiency, suitability and efficient working of the internal control and risk management systems, the Committee received regular information in 2010 from the person responsible for Corporate Internal Audit in relation to:

- The Annual Internal Audit Plan and the degree to which it had been met.
- The degree of implementation of the recommendations issued.
- Other more detailed explanations which the Audit Committee had requested.

One factor that had a decisive effect on the number of recommendations issued was the performance of internal control compliance audits under PCAOB (Public Accounting Oversight Board) standards, in accordance with the requirements of section 404 of the Sarbanes-Oxley Act (SOX).

I. i) The Internal Audit service in Abengoa

The Internal Audit service originated as an independent global function, reporting to the Audit Committee of the Board of Directors, with the principal objective of supervising Abengoa's internal control and significant risk management systems.

I. ii) Structure and Team

Abengoa's Internal Audit service is structured around the joint audit services, which act in coordination. To meet its functions and carry on its activities, it has a structure based on multidisciplinary teams, formally organized by geographical area, which work under a sole Annual Plan of activities and share execution of the tasks on the basis of their qualifications, applying the best international practices.

I. iii). General Objectives

Objectives of the Internal Audit Service:

Forestalling the audit risks to which group companies, projects and activities are exposed, such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the healthy running of the business.

Controlling the manner in which the corporate Common Management Systems are applied.

To create value for Abengoa and its Business Groups, promoting the creation of synergies and the monitoring of optimal management practices.

To coordinate the criteria and focuses for the work with the external auditors, seeking the greatest efficiency and profitability of the two functions.

Analysis and processing of the complaints received and notification of the work performed to the Audit Committee.

To evaluate the companies' audit risk following an objective procedure.
To develop the Work Plans with the appropriate scopes for each different situation.

I. iv). Evaluation of the Internal Audit Service

In 2010, Abengoa commenced a process for the independent evaluation of the Audit service in accordance with the standards of the Institute of Internal Auditors.

The objective of the evaluation of the Internal Audit Service is to assess organization, processes and performance in the internal audit field, in order to fix the parameters to improve the Audit Service's effectiveness and efficiency and thus deal with an increasingly demanding competitive and regulatory environment.

II) External Audit

The auditor of the individual and consolidated annual financial statements of Abengoa, S.A. is PricewaterhouseCoopers, which is also the Group's main auditor.

The Audit Committee proposed the appointment of this firm to the Board of Directors, in order for the latter to subsequently submit it to the General Meeting of Shareholders, due to said firm's extensive knowledge of the Group and its history, which were valued very favorably by both the Committee itself and Management.

Notwithstanding, a significant part of the Group, basically the Information Technologies Business Group (Telvent), is audited by Deloitte.

In addition, other firms collaborate in performing the audit, especially in small companies, both in Spain and abroad, although their scope is not significant in the Group overall.

The Audit Committee's functions include ensuring the independence of the external auditor, proposing the appointment or renewal thereof to the Board of Directors and approving its fees.

II. i) Planning of the External Audit:

To familiarize itself with the external audit plan.

To understand what the company expects from the auditor: type of service, timeframes and information requirements.

To examine the experience of the audit teams.

To appreciate that the main areas of risk will be tackled during the audit.

SOX (Sarbanes-Oxley Act) internal control audit work is assigned to the same firms following the same criterion, since, according to PCAOB (Public Accounting Oversight Board) rules, the firm that issues the opinion on the financial statements must also be the firm that evaluates the internal control over the preparation of these statements, since this internal control is a key factor in "integrated audits".

Abengoa follows the policy of having an external audit performed on all group companies, even if they are not obliged to do so because they do not meet the legal requirements.

A total of 46 new companies have been audited this year, more than 85% of which are being audited by one of the four main international audit firms or "Big Four".

The global fees agreed with the external auditors for the 2010 audit, including the review of regular reporting, the audit of the company listed in the USA under US GAAP and the SOX audit, together with the distribution thereof, is shown below:

	Firm	Fees	Companies
Spain	PwC	1,892,187	84
Spain	Deloitte (*)	524,040	13
Spain	Other Firms	49,927	8
Abroad	PwC	1,670,557	122
Abroad	Deloitte	697,521	23
Abroad	Other Firms	157,870	26
Total		4,985,072	276

(*) Includes, among others, the fees for the quarterly review of the financial statements of the listed subsidiary in the USA under US GAAP.

When assigning work other than the financial audit to any of the "Big Four" audit firms, the company has a prior verification procedure, in order to detect the existence of possible incompatibilities that would prevent the firm from performing the work under the rules of the SEC (Securities Exchange Commission) or ICAC (Instituto de Contabilidad y Auditoría de Cuentas).

The amount of the fees incurred with the four main audit firms for work other than the financial audit in the year 2010 is shown in the following chart:

Firm	Fees
PwC	3,338,191
Deloitte	925,549
Kpmg	2,599,014
Ernst & Young	295,592
Total	7,158,346

(*) Includes 1,249,500 € for other supplementary audit services provided by the main auditor in accordance with the requirements of current legislation.

When thus required, the external auditor has attended Audit Committee meetings to report on its areas of competency, which are basically the following.

- Review of the financial statements of the consolidated group and its companies and issuing an audit opinion thereon.

Although the auditors must issue their opinion on the financial statements as of December 31 each year, the work they conduct in each of the companies includes a review as of an earlier date, which is usually the end of the third quarter (September), in order to anticipate any significant transactions or other matters that have arisen up to said date.

Since the year 2008, Abengoa and its listed subsidiaries voluntarily submit their six-monthly statements to a limited review, issued by the relevant auditor.

Furthermore, reviews are conducted of the quarterly statements prepared in order to provide the financial reporting required by official bodies.

Likewise, the consolidated financial statements of each one of the five Business Groups: Abeinsa, Befesa, Telvent GIT, Abengoa Bioenergía and Abengoa Solar, are audited.

- Evaluation of the internal control system and issuance of an audit opinion under PCAOB (Public Company Accounting Oversight Board) standards, (SOX -Sarbanes-Oxley Act- compliance).

The specific PCAOB rules involve the performance of a series of additional audit procedures. The SEC (Securities Exchange Commission) delegates to the PCAOB the preparation and issuance of the standards to be met by the external auditors in the course of their evaluation of internal control in an integrated audit.

In 2010, the external auditors carried out an integrated audit under PCAOB standards.

As a result of this work, the external auditors likewise issued a report with the conclusions of the internal control evaluation. This opinion is additional to the opinion included in the audit report on the annual financial statements, although the PCAOB allows both opinions to be included in the same document.

II. i) Matters of special interest

For certain matters or specific or significant transactions, the external auditor is required to provide its opinion on the criteria adopted by the company, in order to reach a consensus.

II. ii) Independent Verification Reports prepared by external auditors

One of the axes of the company's strategy is its commitment to transparency and meticulousness. To reinforce this commitment, some years ago, the company fixed the objective that all the information that appears in the Annual Report should be verified externally.

Thus, in the year 2007, the company submitted the Corporate Social Responsibility Report to verification for the first time. In the year 2008, it was the Report on Greenhouse Gas Emissions and, in 2009 the Corporate Governance Report was verified externally.

Thus, in the year 2010, 6 reports were issued by the external auditors and form an integral part of the Annual Report:

- Audit report on the Group's consolidated financial statements, as required by current legislation.
- Voluntary audit report on internal audit compliance under PCAOB (Public Company Accounting Oversight Board) standards, as required under section 404 of the Sarbanes-Oxley Act (SOX).

- Voluntary reasonable assurance verification report on the Corporate Governance Report, being the first Spanish listed company to obtain a report of this kind.
- Voluntary reasonable assurance verification report on the Corporate Social Responsibility Report.
- Voluntary verification report on the inventory of greenhouse gas emissions.
- Voluntary verification report on the design of the Risk Management System in accordance with the specifications of ISO 31000.

III) Internal Control

The Audit Committee's main objectives concerning internal control over the preparation of the financial reporting are:

- To determine the risks of a possible material error in the financial reporting caused by fraud or possible fraud risk factors.
- Analysis of the procedures to assess the efficiency of internal control in relation to the financial reporting.
- Capacity of the internal controls over the processes that affect Abengoa and its Business Groups.
- To identify the material deficiencies and weaknesses in the internal control in relation to the financial reporting and the response capacity.
- To supervise and coordinate any significant changes made over the internal controls related to the quarterly financial reporting.
- Performance of the quarterly processes of closing the financial statements and differences identified in relation to the processes performed at the year end.
- Putting in place plans and monitoring for the actions implemented to correct the differences identified in the audits.
- Measures to identify and correct possible internal control weaknesses in relation to the financial reporting.
- Analysis of procedures, activities and controls that seek to guarantee the reliability of the financial reporting and prevent fraud.

III i) Complaints Channel

Abengoa and its different Business Groups employ a mechanism for complaints to the Audit Committee, which was formally put in place in the year 2007 under the requirements of the Sarbanes-Oxley Act.

Abengoa has two complaint channels:

- An internal channel, which is available to all employees, so that they can notify any alleged irregularity in accounting or audit or breaches of the Code of Conduct. The communication channel is by e-mail or ordinary mail.

- An external channel, available to anyone outside the company, so that they can notify any alleged irregularities, fraudulent actions or breaches of Abengoa's Code of Conduct through the web page (www.abengoa.com).

With the creation of these channels, Abengoa has wished to provide a specific method of communication with Management and the governing bodies, which may be used as a tool to inform them of any possible irregularity, non-compliance, unethical or illegal conduct or breach of the rules that govern the Group.

III. ii) Supervision and Control of the Risk Management Model at Abengoa

Abengoa's Risk Management Model comprises two basic elements:

Business Risks and Risks Associated with the Reliability of Financial Information. The former are covered by the Common Management Systems and the latter by the Compulsory Procedures (SOX)

These two elements form an integrated system that allows appropriate risk management and control at all levels of the organization.

III. iii) Common Management Systems

The Common Management Systems represent the internal rules of Abengoa and all its Business Groups and their method of assessing and controlling risks. They represent a common culture in the management of Abengoa's businesses, sharing the knowledge accumulated and fixing criteria and guidelines for action.

The Common Management Systems include specific procedures that cover any action that may result in either an economic or non-economic risk for the organization. Furthermore, they are available to all employees in electronic format, irrespective of their geographical location or job.

The CMS must verify and certify compliance with these procedures. This annual certification is issued by the Audit Committee in January of the following year.

The Systems cover the whole organization at three levels:

- All the Business Groups and areas of activity;
- All levels of responsibility;
- All kinds of operations.

Our Common Management Systems represent a common culture for Abengoa's different businesses and are composed of eleven Rules defining how each one of the potential risks included in Abengoa's risk model should be managed. Through these systems, the risks and the appropriate way to cover them are identified and the control mechanisms are defined.

Over recent years, the Common Management Systems have evolved to adapt to the new situations and environments in which Abengoa operates, with the principal intention of reinforcing risk identification, covering the risks and fixing control activities.

III. iv) Compulsory Procedures (SOX)

The Compulsory Procedures are used to mitigate the risks relating to the reliability of the financial reporting, by means of a combined system of procedures and control activities in key areas of the company, which are intended to ensure the reliability of the financial reporting and avoid fraud.

As a result of our commitment to transparency, in order to continue to ensure the reliability of the financial reporting prepared by the company, we have continued to reinforce our internal control structure, adapting it to the requirements established in section 404 of the United States Sarbanes-Oxley Act (SOX). For a further year, we have wished to voluntarily submit the internal control system of the whole group to an independent evaluation process conducted by external auditors under the PCAOB (Public Company Accounting Oversight Board) audit standards.

SOX is a compulsory law for all companies listed in the United States and is intended to ensure the reliability of the financial reporting of these companies and protect the interests of their shareholders and investors by setting up an appropriate internal control system. Thus, although only one of the Business Groups –Information Technologies (Telvent)- is obliged to meet SOX requirements, Abengoa deems it necessary to meet these requirements both in the subsidiary that is listed in the United States and in the rest of the companies, since these requirements complete the risk control model used by the company.

An appropriate internal control system is in place and uses three tools:

- A description of the company's relevant processes that have a potential impact on the financial reporting that is prepared.

In this respect, 41 Management Processes (MPs) have been identified and grouped into Corporate Cycles and Cycles Common to the Business Groups.

- A series of flow charts that provide a visual description of the processes.
- An inventory of the control activities in each process that ensures attainment of the control objectives.

At Abengoa, we have seen this legal requirement as an opportunity for improvement and, far from being satisfied with the rules included in the Act, have tried to develop our internal control structures, the control procedures and the evaluation procedures applied to a maximum.

This initiative arose in response to the swift expansion undergone by the Group in recent years and future growth expectations, in order to enable us to continue to guarantee the preparation of accurate, timely and complete financial reports to our investors.

In order to meet the requirements of section 404 of the SOX, Abengoa's internal control structure has been redefined following a "Top-Down" approach based on risk analysis.

Said risk analysis covers the initial identification of significant risk areas and the evaluation of the controls that the company has in place over them, starting with those executed at the highest level –corporate and supervisory controls-, then dropping to the operational controls present in each process.

IV) Risk Management

Abengoa is aware of the importance of managing its risks in order to carry out appropriate strategic planning and attain the defined business objectives. To do this, it applies a philosophy formed by a set of shared beliefs and attitudes, which define how risk is considered, starting with the development and implementation of the strategy and ending with the day-to-day activities.

The risk management philosophy is set out and applied through Abengoa's Risk Management System, which is completed with the Universal Risk Model. Abengoa's Risk Management System is shown in the following diagram:

Abengoa defines risk as any potential event that may prevent the company from reaching its business objectives. Abengoa considers that a risk arises as a loss of opportunities and/or strengths or the materialization of a threat and/or strengthening of a weakness.

Abengoa's attitude in the face of risk is awareness, involvement and anticipation. The key principles of Risk Management at Abengoa are the following:

- In order to attain the business objectives fixed, risks must be managed at all levels of the company without exception.
- Risk Management includes the identification and assessment of, response to, monitoring or follow-up of and reporting of risks in accordance with the procedures in place for these purposes.
- Responses to risks must be consist and must be well adapted to the conditions of the business and the economic environment.
- Management must regularly evaluate the assessment of its risks and the responses that have been designed.
- Monitoring will be conducted regularly and the conformity of the activities of identification, assessment, response, monitoring and reporting included in Abengoa's Risk Management System will be reported.

IV. i) The Universal Risk Model

Abengoa's Universal Risk Model is made up of four categories, twenty subcategories and a total of 94 principal risks for the business. Each one of these risks has an associated series of indicators that allow its probability and impact to be measured and the degree of tolerance of the risk to be defined.

For each risk, at least one probability indicator and an impact indicator have been established. These may be quantitative and/or semi-quantitative indicators, while, at the same time, they allow tolerance levels to be fixed for subsequent evaluation and monitoring.

As a result of the assignation of probability and impact indicators to all the risks that form Abengoa's Universal Risk Model, the risks are classified into four types, each of which has a predetermined risk strategy:

Minor Risk: risks that occur frequently but have little economic impact. These risks are managed to reduce their frequency only if managing them is economically viable.

Tolerable Risk: risks that occur infrequently and have little economic impact. These risks are monitored to check that they are still tolerable.

Severe Risk: frequent risk with a very strong impact. These risks are managed immediately, although, due to the Risk Management processes implemented by Abengoa, it is unlikely that Abengoa needs to tackle this type of risk.

Critical or Emerging Risk: risks that occur infrequently but have a very high economic impact.

Fifth annex:

Abengoa and its business groups have been operating a whistleblower channel since 2007 pursuant to the requirements of the Sarbanes-Oxley Act, whereby interested parties may report to the Audit Committee possible irregular practices concerning accounting, auditing or internal controls over financial reporting. A register is kept of all communications received in relation to the whistleblower, subject to the necessary guarantees of confidentiality, integrity

and availability of the information. The internal audit team conducts an inquiry into each claim it receives.

In cases that involve highly technical matters, the company secures the assistance of independent experts, thus ensuring at all times that it has the sufficient means of conducting a thorough investigation and guaranteeing sufficient levels of objectivity when performing the work.

Within this section, you may include any other information, clarification or detail related to the above sections of the report, to the extent that these are deemed relevant and not reiterative.

Specifically, indicate whether the company is subject to non-Spanish legislation with regard to corporate governance and, if so, include the information it is obliged to provide and which is different from that required in this report.

Binding definition of independent director:

List any Independent Directors who maintain, or have maintained in the past, a relationship with the company, its significant shareholders or managers, when the significance or importance thereof would dictate that the directors in question may not be considered independent pursuant to the definition thereof set forth in section 5 of the Unified Good Governance Code:

No

Date and signature:

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

23/02/2010

Indicate whether there were any directors who voted against or abstained in relation to the approval of this report.

No



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Introduction

Abengoa's Audit Committee was set up by the Board of Directors of Abengoa, S.A. on December 2, 2002 under article 4 of the company Bylaws, in order to meet the provisions on the Audit Committee contained in Law 44/2002 on the Reform of the Financial System. Furthermore, Abengoa has a corporate governance system that is constantly kept in line with current legislation and the best practices.

Pursuant to good governance practices, in order to reinforce the functions of the Board of Directors and ensure they are carried out efficiently, the creation of specialized committees is required. Thus, the work is diversified and it is ensured that, in certain relevant areas, any proposals and/or decisions are previously vetted by a specialized independent body with specific professional qualifications that enable it to filter and inform on its decisions, thus reinforcing the guarantees that the resolutions adopted by the Board are objective and have been given due consideration.

The Audit Committee ensures, from its independent position, that the companies are responsible for their actions and behave ethically. This responsibility is, without any doubt, the principal activity at present and will continue to be so in the future.

The Audit Committee forms the core of this responsibility objective and puts it into practice, in its essence, by publishing the Report on the Activities of the Audit Committee for each year. Its competencies, composition and rules of operation are regulated in the Board of Directors Regulations and in its own Internal Regulations and, in general terms, since it was created, this Committee has carried on intensive activity in the areas in which it is competent, as set out in the annual public information on the company's Corporate Governance.

The Audit Committee Activities Report for the year 2010 was approved at the meeting held by this Committee on February 23, 2011 and presented to the Board of Directors at its meeting held on the same date. It will be made available to company shareholders upon publication of Abengoa's Annual Report, which will be no later than when notice of the General Meeting of Shareholders is given.

Internal Regulations of the Audit Committee

The Internal Regulations of the Audit Committee were approved by the Board of Directors on February 24, 2003 and state:

Composition and Appointment

It shall permanently be formed by at least three directors. At least two of them shall be non-executive directors, thus maintaining the majority of non-executive members required in the aforementioned Law 44/2003.

They will be appointed for a maximum term of four years, renewable for maximum terms of the same length.

Chairman and Secretary

The Audit Committee shall initially elect its Chairman from among its non-executive director members.

The Secretary of the Board of Directors will act as the Secretary of the Committee.

Functions and Competencies

The following are the functions and competencies of the Audit Committee:

- Report on the annual accounts and half-yearly and quarterly financial statements that must be submitted to regulatory bodies and market monitoring bodies, making reference to the internal control systems, the control mechanisms to monitor implementation and compliance through internal audit procedures and, where appropriate, the accounting principles applied.
- To inform the Board of any change in accounting policies and the risks on and off the statement of financial position.
- To inform the General Meeting of Shareholders on any questions that the shareholders may raise thereat concerning matters that fall within the Committee's competencies.
- To propose the appointment of the external account auditors to the Board of Directors, for subsequent submission to the General Meeting of Shareholders.
- To supervise the internal audit service. The Committee shall have full access to the internal audit department and will report on the process of selecting, appointing, renewing, removing and/or remuneration of the department's manager, also informing on the budget of said department.
- To obtain information on the financing reporting process and the company's internal control systems.
- To maintain relations with the external auditors in order to receive information on those issues that may jeopardize the latter's independence and any other matters relating to the process of performing the account audit.
- To invite the directors considered appropriate to the Committee's meetings, so that they can report on the matters that the Audit Committee itself decides.
- To draw up an annual report on the Audit Committee's activities, which must be published together with the Annual Financial Statements for the year.

Meetings and Notice of Meetings

The Audit Committee shall meet on the occasions required to meet the functions set forth in the preceding article, which shall be at least once a quarter. The meetings will, in general, be held at the company's registered office, although the members may, notwithstanding, designate a different location for a specific meeting.

The Audit Committee shall also meet whenever a meeting is called by the Chairman, either on his own initiative or at the request of any of the members, who may also suggest to the Chairman the convenience of including a certain item on the Agenda for the next meeting. Notice must be given sufficient time in advance, not less than three days, in writing and must include the Agenda. However, a meeting of the Audit Committee will be valid when all its members are present and agree to hold the meeting.

Quorum:

A meeting of the Audit Committee shall be deemed valid when a majority of its members are present. Attendance may only be delegated to a non-executive director.

A resolution shall be valid when a majority of the Committee members present vote in favor. In the event of a tie, the Chairman will have the casting vote.

Composition, Appointments and Member Profiles

The Audit Committee is formed by a majority of non-executive directors and its current composition, together with the date on which each member was appointed, is as follows:

Chairman	Carlos Sebastián Gascón	Independent, non-executive	February 23, 2009
Director	José Joaquín Abaurre Llorente	Shareholder representative, non-executive	February 24, 2003
Director	José B. Terceiro Lomba (*)	Executive	February 24, 2003
Director	Mercedes Gracia Díez	Independent, non-executive	December 12, 2005
Director	Daniel Villalba Vilá	Independent, non-executive	February 28, 2005
Secretary	Miguel Ángel Jiménez-Velasco Mazarío	Non-director secretary	February 28, 2005

(*) Representing Aplicaciones Digitales, S.L.

Note: On October 25, 2010, Miguel Martín Fernández resigned from the Audit Committee due to an increase in his other professional occupations.

Carlos Sebastián Gascón:

Professor of the Fundamentals of Economic Analysis at the Universidad Complutense de Madrid since 1984. He studied at the Universities of Madrid and Essex (UK) and the London School of Economics. Apart from his academic career, he has also been the Director General of Planning at the Ministry of Economics, Director of the Fundación de Estudios de Economía Aplicada (FEDEA) (Applied Economics Studies Foundation) and an advisor and administrator of private companies. Currently, he is a director of Abengoa, S.A., Abengoa Bioenergía, S.A. and Gesif, S.A. He is the author a large number of articles and monographs on macroeconomics, the labor market, economic growth and institutional economics and has a regular column in the daily economic newspaper Cinco Días.

Daniel Villalba Vilá

Professor of Business Economics at the Universidad Autónoma de Madrid, PhD in Economics by the Universidad Autónoma de Madrid and Master of Science in Operations Research by the Stanford University. He has been CEO of Inverban (a broker and investment bank), member of the Board of Directors at the Madrid Stock Exchange (actually BME) and CEO or member of the board of directors of several non public companies and member of the Board of Directors of Vueling S.A. He also has written more than fifty academic papers and books.

José B. Terceiro Lomba

Professor of Applied Economics at the Universidad Complutense de Madrid and a director of the Prisa Group, Iberia Líneas Aéreas de España and Corporación Caixa Galicia. He was the Undersecretary of the Presidency of the Government (1981-1982) and has been awarded the "Premio CEOE a las Ciencias Económicas" (CEOE Prize for Economics) and the "Rey Jaime I" Prize for Economics.

José Joaquín Abaurre Llorente

Carries on activities in the audiovisual industry.

Mercedes Gracia Díez

Professor of Econometrics at the Universidad Complutense de Madrid and the Centro Universitario de Estudios Financieros. She has published many scientific publications in the Journal of Business and Economic Statistics, Review of Labor Economics and Industrial Relations, Applied Economics and Journal of Systems and Information Technology. She was the Manager of the Balance-Sheet Management Department at Caja Madrid from 1996 to 1999 and responsible for the Economics and Law area of the Agencia Nacional de Evaluación y Prospectiva (National Evaluation and Foresight Agency) from 1993-1996.

Miguel Ángel Jiménez-Velasco Mazarío

A Law graduate from the Universidad Autónoma de Barcelona (1989), Master in Company Management and Finance from the Instituto Internacional de Empresas de la Universidad de Deusto (International Company Institute of Deusto University) (1990-1991). He has been the Legal manager of Abengoa since 1996 and was appointed Secretary and Advisory Lawyer to the Board of Directors in 2003.

Meetings of the Audit Committee in 2010

In the year 2010, the Audit Committee met nine times, with all its members in attendance. The meetings and the principal matters discussed thereat are described below:

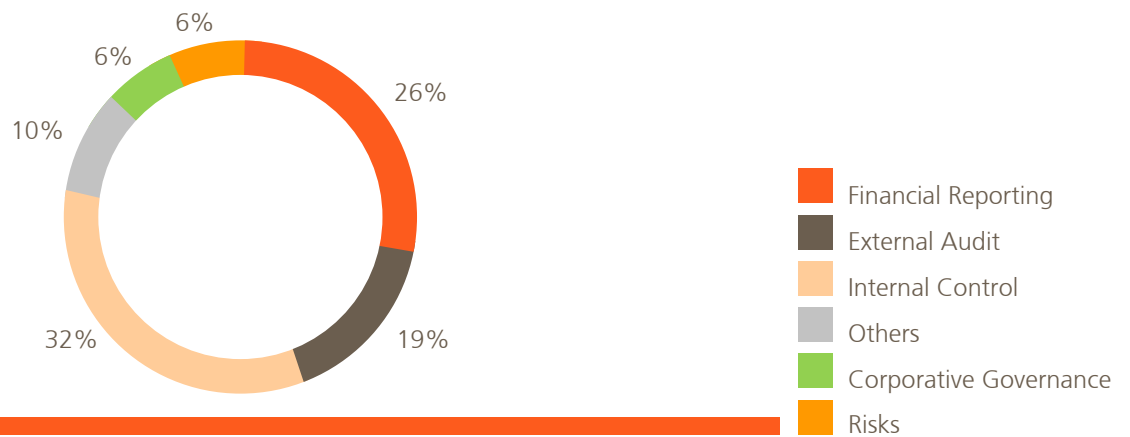
1. January 26, 2010 in Madrid
 - Risk Analysis of the solar plant construction project in the U.S.A.
 - Training session for the Audit Committee.
2. February 24, 2010 in Madrid
 - Economic information on F.Y. 2009.
 - Presentation by the external auditor of the conclusions of the audit of F.Y. 2009.
 - Summary of the evaluation of internal control deficiencies performed by the company in relation to the Sarbanes-Oxley Act.
 - Summary of audit and external consulting fees for 2009.
3. March 1, 2010 in Madrid
 - Presentation and analysis of several investment and disinvestment operations.
4. May 12, 2010 in Madrid
 - Economic information on the first quarter of 2010.
5. May 20, 2010 in Madrid
 - Presentation of hedging mechanisms applicable to the convertible bonds issues of Abengoa, S.A.
6. August 25, 2010 in Madrid
 - Economic information on the first half of 2010.
 - Main conclusions of the external auditor of the limited review as of June 30.
 - External auditor's fees 2010.
 - Consulting services fees 2010.
 - Presentation on the degree of progress of the quantification project in Abengoa's Universal Risk Model.
7. November 10, 2010 in Madrid
 - Economic information on the third quarter of 2010.
 - New external complaints channel procedure.
 - Presentation on the degree of progress of the quantification project in Abengoa's Universal Risk Model.
 - Preliminary presentation of the Project for self-evaluation of the Audit Committee.
 - Proposal for framework agreement between Abengoa and Befesa for related transactions between listed companies.
8. December 15, 2010 in Madrid
 - Presentation of several corporate transactions.
9. December 28, 2010 in Madrid
 - Presentation of several corporate transactions.

In addition, at each of the Audit Committee meetings, recurring subjects were discussed, such as:

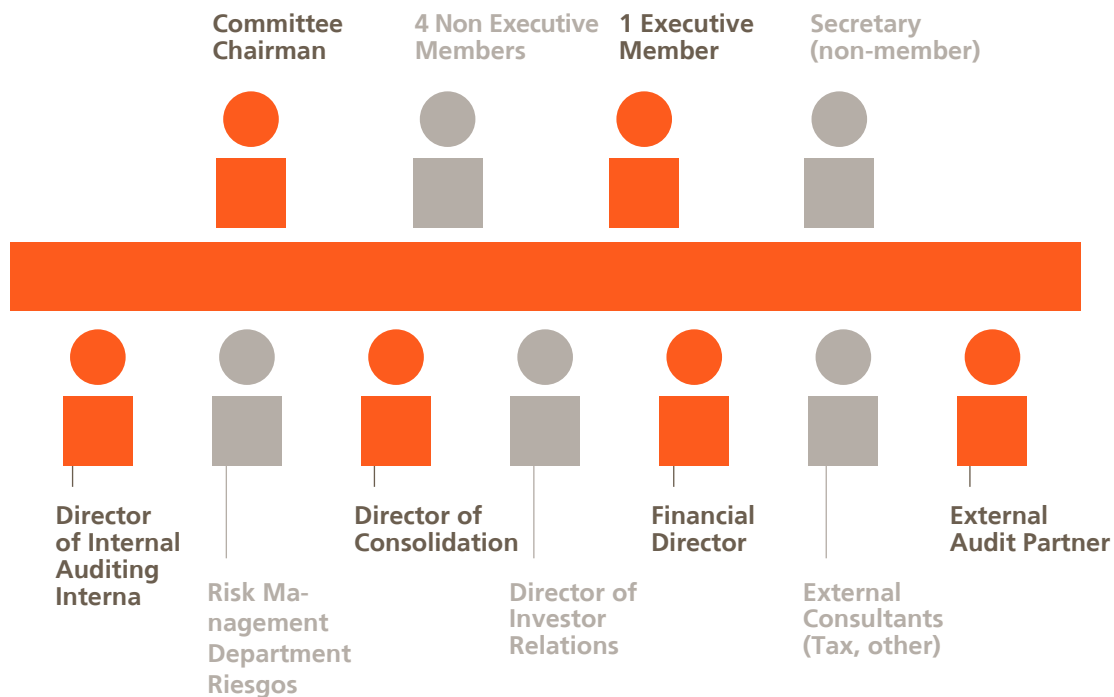
- Monitoring of Internal Audit Plan.
- Reporting on related transactions.
- Code of Conduct compliance / Information on Complaint Channeling Policy.

The subjects analyzed at the Audit Committee meetings during the year are shown in the following graph:

Temática analizada en las reuniones del Comité de Auditoría durante el ejercicio:



The following attended the Committee meetings in 2010:



Activities Performed

Meeting its primary function of providing support to the Board of Directors, the principal activities discussed and analyzed by the Audit Committee may be grouped into three different areas of competency:



a) Internal Audit

The Audit Committee's functions include the "supervision of the internal audit service" and "obtaining information on the financial reporting process and internal control systems and on the risks for the company".

In order to supervise the sufficiency, suitability and efficient working of the internal control and risk management systems, the Committee received regular information in 2010 from the person responsible for Corporate Internal Audit in relation to:

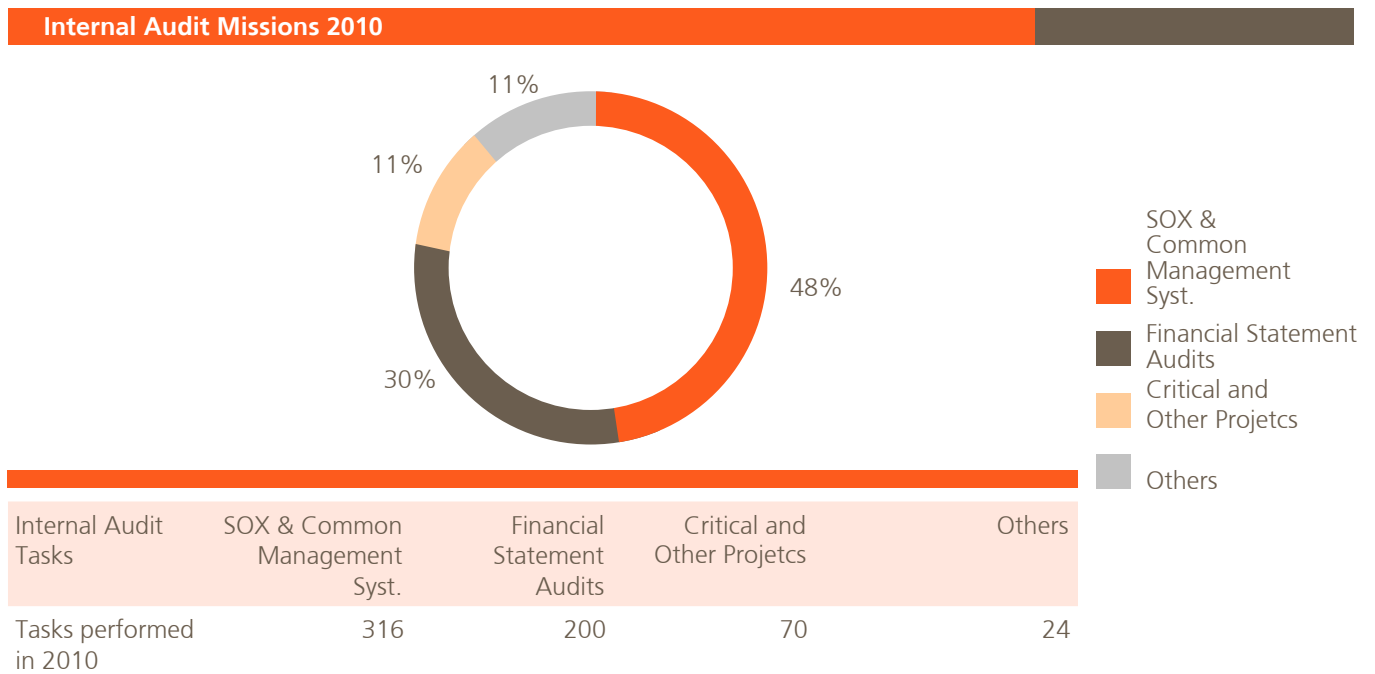
- The Annual Internal Audit Plan and the degree to which it had been met: progress and conclusions on the internal audit work performed, which basically comprises the tasks of auditing financial statements, internal control SOX audits, Common Management Systems audits, reviews of critical projects and works, reviews of special areas and other.
- The degree of implementation of the recommendations issued.
- A description of the main areas reviewed and the most significant conclusions, which include the risks audited and sufficiently mitigated.
- Other more detailed explanations which the Audit Committee had requested.

In the year 2010, the Audit Committee worked consistently and supervised the performance of 660 tasks by the Internal Audit Department –the Annual Audit Plan for the year contained 627 tasks-. The tasks not included in the Plan related principally to general reviews of companies and projects that had not been considered in the initial planning.

As a result of the work performed, 317 recommendations were issued, most of which had been implemented by the year end.

One factor that had a decisive effect on the number of recommendations issued was the performance of internal control compliance audits under PCAOB (Public Accounting Oversight Board) standards, in accordance with the requirements of section 404 of the Sarbanes-Oxley Act (SOX).

The following graph shows the types of internal audit work carried out during the year 2010:



The Internal Audit service in Abengoa

The Internal Audit service originated as an independent global function, reporting to the Audit Committee of the Board of Directors, with the principal objective of supervising Abengoa's internal control and significant risk management systems.

Structure and Team

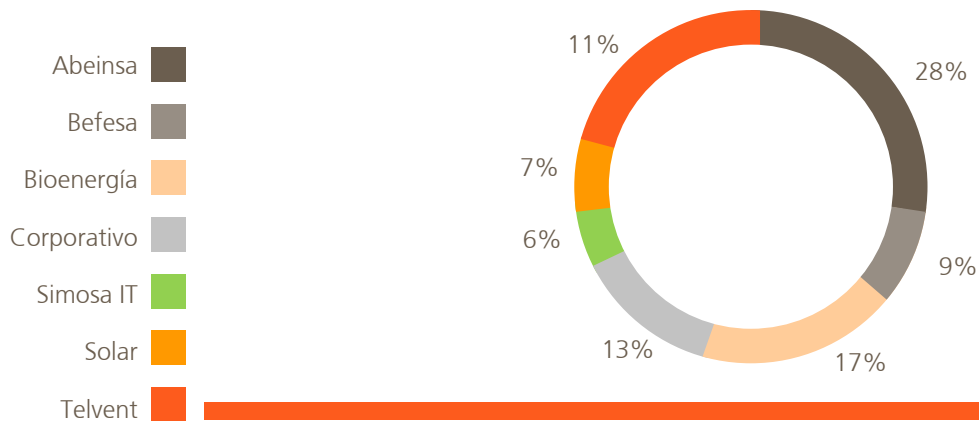
Abengoa's Internal Audit service is structured around the joint audit services, which act in coordination. To meet its functions and carry on its activities, it has a structure based on multidisciplinary teams, formally organized by geographical area, which work under a sole Annual Plan of activities and share execution of the tasks on the basis of their qualifications, applying the best international practices.

The Internal Audit team is formed by 53 auditors, distributed among the different Business Groups.

- The average age of Abengoa's internal auditor team is currently around 31.
- 50% are men and 50% are women.
- The average length of professional experience is 7 years.
- Approximately 70% of the auditors have previous experience in one of the "Big Four" external audit firms.

The characteristics of Abengoa's internal auditors show the company's commitment to employing personnel qualified to carry out the audit functions. Abengoa's internal auditors closely reflect the desire to provide a good service in the activity and involvement with the business project they are carrying out, with the main objective of creating value for the organization.

Distribution of Internal Auditors by Business Group



General Objectives

Objectives of the Internal Audit Service:

- Forestalling the audit risks to which group companies, projects and activities are exposed, such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the healthy running of the business.
- Controlling the manner in which the corporate Common Management Systems are applied.
- To create value for Abengoa and its Business Groups, promoting the creation of synergies and the monitoring of optimal management practices.
- To coordinate the criteria and focuses for the work with the external auditors, seeking the greatest efficiency and profitability of the two functions.
- Analysis and processing of the complaints received and notification of the work performed to the Audit Committee.
- To evaluate the companies' audit risk following an objective procedure.
- To develop the Work Plans with the appropriate scopes for each different situation.

Evaluation of the Internal Audit Service

In 2010, Abengoa commenced a process for the independent evaluation of the Audit service in accordance with the standards of the Institute of Internal Auditors.

The objective of the evaluation of the Internal Audit Service is to assess organization, processes and performance in the internal audit field, in order to fix the parameters to improve the Audit Service's effectiveness and efficiency and thus deal with an increasingly demanding competitive and regulatory environment.

b) External Audit

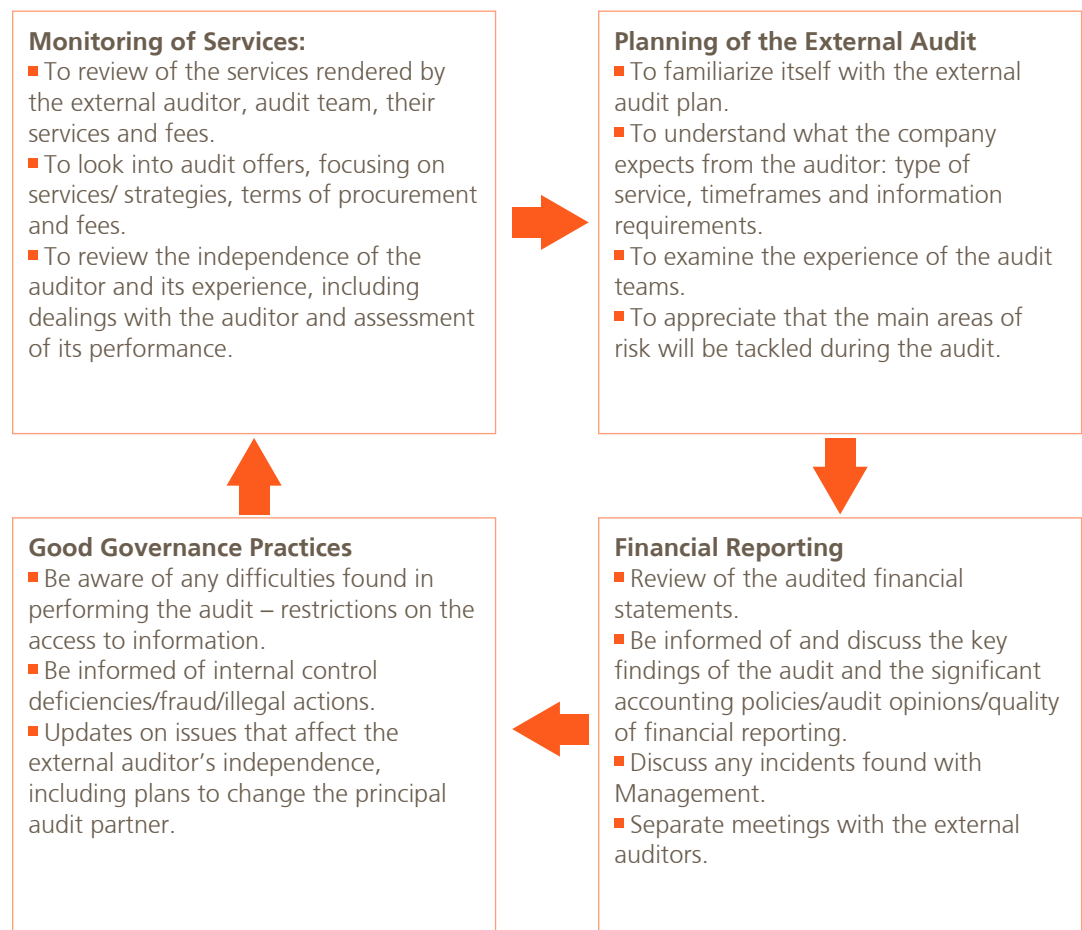
The auditor of the individual and consolidated annual financial statements of Abengoa, S.A. is PricewaterhouseCoopers, which is also the Group's main auditor.

The Audit Committee proposed the appointment of this firm to the Board of Directors, in order for the latter to subsequently submit it to the General Meeting of Shareholders, due to said firm's extensive knowledge of the Group and its history, which were valued very favorably by both the Committee itself and Management.

Notwithstanding, a significant part of the Group, basically the Information Technologies Business Group (Telvent), is audited by Deloitte.

In addition, other firms collaborate in performing the audit, especially in small companies, both in Spain and abroad, although their scope is not significant in the Group overall.

The Audit Committee's functions include ensuring the independence of the external auditor, proposing the appointment or renewal thereof to the Board of Directors and approving its fees.



SOX (Sarbanes-Oxley Act) internal control audit work is assigned to the same firms following the same criterion, since, according to PCAOB (Public Accounting Oversight Board) rules, the firm that issues the opinion on the financial statements must also be the firm that evaluates the internal control over the preparation of these statements, since this internal control is a key factor in "integrated audits".

Abengoa follows the policy of having an external audit performed on all group companies, even if they are not obliged to do so because they do not meet the legal requirements.

A total of 46 new companies have been audited this year, more than 85% of which are being audited by one of the four main international audit firms or "Big Four".

The global fees agreed with the external auditors for the 2010 audit, including the review of regular reporting, the audit of the company listed in the USA under US GAAP and the SOX audit, together with the distribution thereof, is shown below:

	Firm	Fees	Companies
Spain	PwC	1,892,157	84
Spain	Deloitte (*)	524,040	13
Spain	Other Firms	42,927	8
Abroad	PwC	1,670,557	122
Abroad	Deloitte	697,521	23
Abroad	Other Firms	157,870	26
Total		4,985,072	276

(*) Includes, among others, the fees for the quarterly review of the financial statements of the listed subsidiary in the USA under US GAAP.

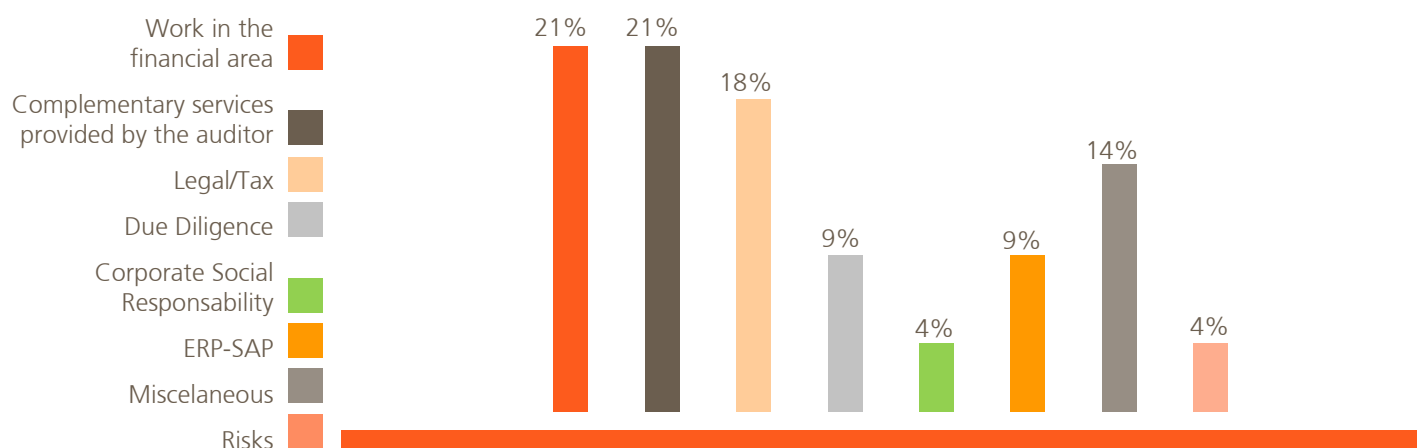
When assigning work other than the financial audit to any of the "Big Four" audit firms, the company has a prior verification procedure, in order to detect the existence of possible incompatibilities that would prevent the firm from performing the work under the rules of the SEC (Securities Exchange Commission) or ICAC (Instituto de Contabilidad y Auditoría de Cuentas).

The amount of the fees incurred with the four main audit firms for work other than the financial audit in the year 2010 is shown in the following chart:

Firm	Fees
PwC (*)	3,338,191
Deloitte	925,549
Kpmg	2,599,014
Ernst & Young	295,592
Total	7,158,346

(*) Includes 1,249,500 € for other supplementary audit services provided by the main auditor in accordance with the requirements of current legislation.

Breakdown of consultancy fees incurred in 2010:



In 2010, a survey was conducted on the satisfaction with the service received from the main auditor during the 2009 audit. A series of conclusions have been drawn from this survey and will help to improve the work carried out jointly with the main auditor.

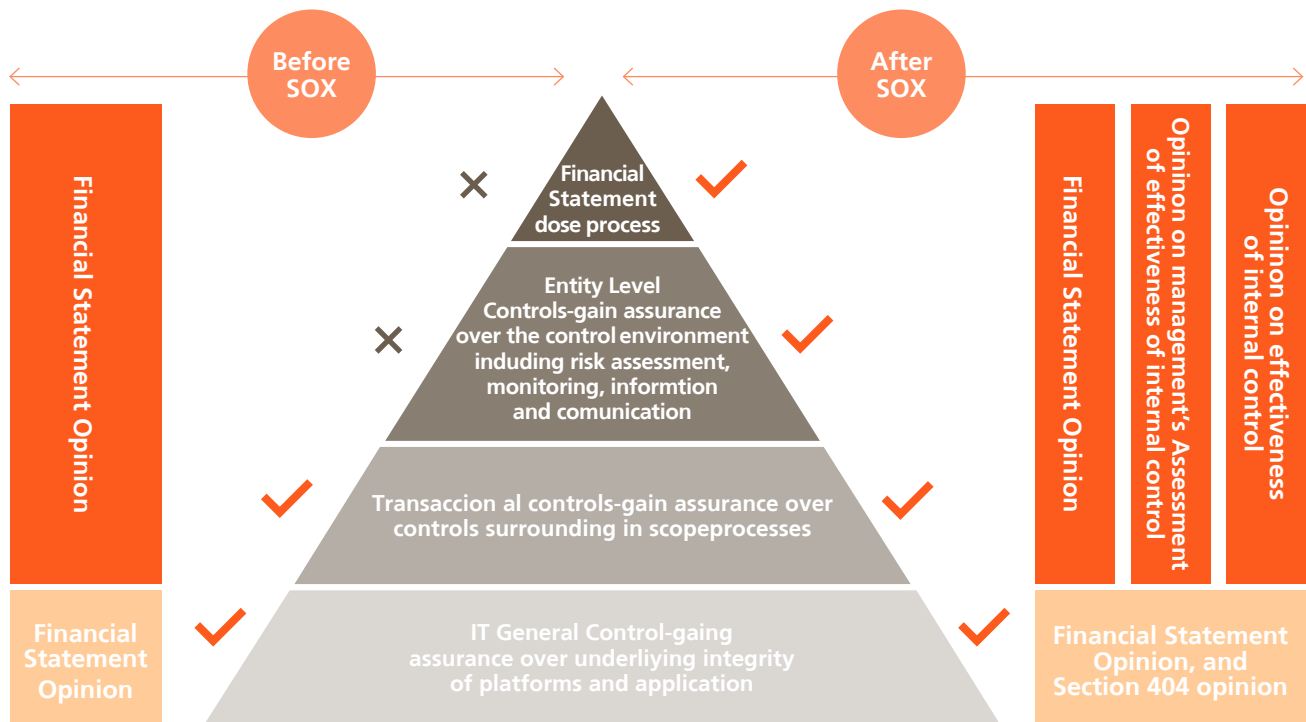
The Audit Committee is, furthermore, responsible for supervising the results of the tasks of the external auditors. Therefore, it is promptly informed of their conclusions and of any incidents noted in their reviews.

When thus required, the external auditor has attended Audit Committee meetings to report on its areas of competency, which are basically the following:

- Review of the financial statements of the consolidated group and its companies and issuing an audit opinion thereon.
 Although the auditors must issue their opinion on the financial statements as of December 31 each year, the work they conduct in each of the companies includes a review as of an earlier date, which is usually the end of the third quarter (September), in order to anticipate any significant transactions or other matters that have arisen up to said date.
 Since the year 2008, Abengoa and its listed subsidiaries voluntarily submit their six-monthly statements to a limited review, issued by the relevant auditor.
 Furthermore, reviews are conducted of the quarterly statements prepared in order to provide the financial reporting required by official bodies.
 Likewise, the consolidated financial statements of each one of the five Business Groups: Abeinsa, Befesa, Telvent GIT, Abengoa Bioenergía and Abengoa Solar, are audited.
- Evaluation of the internal control system and issuance of an audit opinion under PCAOB (Public Company Accounting Oversight Board) standards, (SOX -Sarbanes-Oxley Act- compliance).

The specific PCAOB rules involve the performance of a series of additional audit procedures. The SEC (Securities Exchange Commission) delegates to the PCAOB the preparation and issuance of the standards to be met by the external auditors in the course of their evaluation of internal control in an integrated audit.

In 2010, the external auditors carried out an integrated audit under PCAOB standards. As a result of this work, the external auditors likewise issued a report with the conclusions of the internal control evaluation. This opinion is additional to the opinion included in the audit report on the annual financial statements, although the PCAOB allows both opinions to be included in the same document.



- Matters of special interest. For certain matters or specific or significant transactions, the external auditor is required to provide its opinion on the criteria adopted by the company, in order to reach a consensus.
- Independent Verification Reports prepared by external auditors. One of the axes of the company's strategy is its commitment to transparency and meticulousness. To reinforce this commitment, some years ago, the company fixed the objective that all the information that appears in the Annual Report should be verified externally. Thus, in the year 2007, the company submitted the Corporate Social Responsibility Report to verification for the first time. In the year 2008, it was the Report on Greenhouse Gas Emissions and, in 2009 the Corporate Governance Report was verified externally. The company is not, however, satisfied with a limited assurance verification report, but intends to continue progressing towards a reasonable assurance verification report, which is the most demanding type of verification to which a company can aspire.

Thus, in the year 2010, 6 reports were issued by the external auditors and form an integral part of the Annual Report:

- Audit report on the Group's consolidated financial statements, as required by current legislation.
- Voluntary audit report on internal audit compliance under PCAOB (Public Company Accounting Oversight Board) standards, as required under section 404 of the Sarbanes-Oxley Act (SOX).
- Voluntary reasonable assurance verification report on the Corporate Governance Report, being the first Spanish listed company to obtain a report of this kind.
- Voluntary reasonable assurance verification report on the Corporate Social Responsibility Report.
- Voluntary verification report on the inventory of greenhouse gas emissions.
- Voluntary verification report on the design of the Risk Management System in accordance with the specifications of ISO 31000.

c) Internal Control

The Audit Committee's main objectives concerning internal control over the preparation of the financial reporting are:

- To determine the risks of a possible material error in the financial reporting caused by fraud or possible fraud risk factors..
- Analysis of the procedures to assess the efficiency of internal control in relation to the financial reporting.
- Capacity of the internal controls over the processes that affect Abengoa and its Business Groups.
- To identify the material deficiencies and weaknesses in the internal control in relation to the financial reporting and the response capacity.
- To supervise and coordinate any significant changes made over the internal controls related to the quarterly financial reporting.
- Performance of the quarterly processes of closing the financial statements and differences identified in relation to the processes performed at the year end.
- Putting in place plans and monitoring for the actions implemented to correct the differences identified in the audits.
- Measures to identify and correct possible internal control weaknesses in relation to the financial reporting.
- Analysis of procedures, activities and controls that seek to guarantee the reliability of the financial reporting and prevent fraud.

Internal Control Model

In February 2010, the National Stock Market Commission published the document "Internal Control over Financial Reporting in Listed Entities", which contains two new legal obligations that listed companies must meet from 2011 onwards:

- The audit committees will be responsible for supervising the financial reporting and the efficiency of the company's internal control and risk management systems.
- Companies will have to inform the markets of their systems of internal control over financial reporting through the Annual Corporate Governance Report.

The National Stock Market Commission's document is based on COSO and includes 30 recommended practices divided into five components:

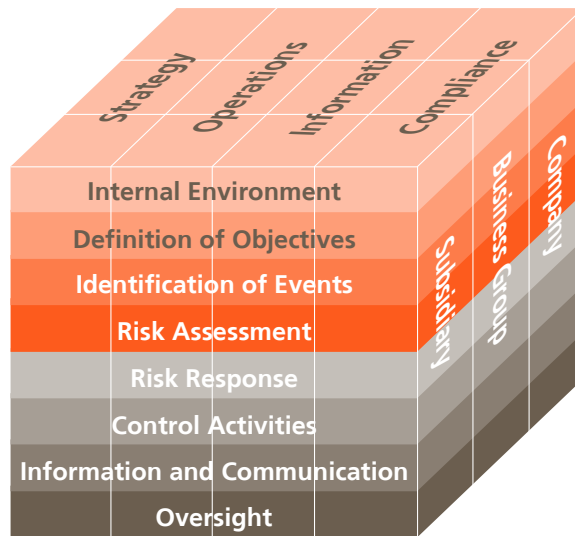
- Internal Control Environment
- Financial Reporting Risk Assessment
- Control Activities
- Information and Communication, and
- System Operation Supervision

Since 2007, Abengoa has voluntarily submitted its Internal Control Systems to external evaluation, with the issuance of an audit opinion under PCAOB standards and a compliance audit under section 404 of the Sarbanes-Oxley Act (SOX).

This fact implies that Abengoa has been complying strictly with the reference indicators included in the National Stock Market Commission's "Systems of Internal Control over Financial Reporting" document for four financial years.

Abengoa believes that an appropriate internal control system must ensure that all relevant financial reporting is reliable and known to Management. Thus, it considers the model developed and adapted to SOX to complement and complete the Common Management Systems, the principal objective of which is to control and mitigate business risks.

The conceptual framework used as a reference is the COSO model, since it is the model that is closest to the approach required by SOX, which has also been presented to the Audit Committee. In this model, internal control is defined as the process carried out in order to provide reasonable assurance of the attainment of certain objectives, such as compliance with laws and regulations, the reliability of financial reporting and the effectiveness and efficiency of operations.



- **Internal environment:** this is essentially the basis for all the other components of risk management as it provides discipline and structure. The internal environment influences the strategy and targets in place by effectively structuring business activities and pinpointing, assessing and interpreting risks. Put differently, the internal environment affects the functioning of the control activities, information, communication systems and the oversight functions.
- **Definition of objectives:** Within the context of mission and vision, the management defines strategic objectives. These objectives must be in place before the management is able to identify the events potentially capable of frustrating attainment thereof. Risk management enables the management to have a process whereby objectives can be harmonized with the company's mission and vision, and to ensure that these are compatible with the degree of accepted risk.
- **Identification of events:** The company must be vigilant of events that could have a positive or negative bearing on the company. Negative impacts require assessment and an appropriate response from the management. When identifying possible events, the management must pay due heed to both internal and external factors.
- **Risk assessment:** Risk assessment allows the company to address potential events that could affect its ability to reach its objectives. The approach to assessing risks involves a combination of qualitative and quantitative techniques.
- **Risk response:** When faced with significant risks, the management must generate potential responses. After having created a risk response, the management must calibrate the new risk to the residual basis. There will always be a residual risk, not only because resources are limited, but also because of future uncertainties and limitations inherent in other activities.
- **Control activities:** These are the policies and procedures that help to ensure that the company's response to risk is correctly implemented. Control activities take place throughout all levels and functions of the company structure.
- **Information and communication:** Information, both internal and external, must be identified, secured and communicated in due time and form if we are to be able to assess risks and provide an appropriate response. Given that information is generated from different sources (internal, external) and has different characteristics (quantitative, qualitative), the company must be sure to secure the most relevant information, which must be processed and conveyed such that it reaches all relevant sectors, thereby allowing us to assume responsibilities.
- **Oversight:** Risk management must be supervised, and this oversight may be conducted in real time or a posteriori, the former proving the most effective means.

d) Governance and Compliance

To carry out its responsibilities, the Audit Committee has the following supervision tools at different levels of the organization:

Board of directors: Policies and Guidelines	Audit Committee: Oversight	Management: Design & Implementation	Rest of the company: Implementation
Control Environment	<ul style="list-style-type: none"> Code of Conduct Whistleblower channels for reporting incidents Programs for training internal auditors Training courses for the Audit Committee 		
Risk Identification and Measurement	<ul style="list-style-type: none"> Systems for identifying and managing risk (Risk Map) Links with other risks (operational, reputation, legal, ...) 		
Information and Communication Systems	<ul style="list-style-type: none"> Manual of accounting policies, updates and training Department of accounting policies Manual of internal processes and rules Integrated information systems Reporting systems 		
Control Activities	<ul style="list-style-type: none"> Processes and controls for all areas / processes Closing procedures Procedures relating to Information Systems (IT) Collaboration with independent experts Mechanisms for validating opinions, estimates and forecasts 		
Oversight	<ul style="list-style-type: none"> Independent internal audit unit Global scope: All areas / procedures Audits of all areas / processes / territories Handling of weaknesses / recommendations 		

Company Management has implemented a Code of Professional Conduct, the philosophy of which is honesty, integrity and good judgment on the part of employees, managers and directors, as reflected in Abengoa's Annual Corporate Governance Report, which provides details of the Company Administration Structure, the Risk Control Systems, the degree to which recommendations on governance are followed and the Reporting Instruments and where Management's commitment to maintaining an appropriate internal control and risk management system, good corporate governance and ethical conduct on the part of the organization and its employees can be seen.

The Code of Conduct is available to all employees through the Abengoa intranet and is updated from time to time.

In the Welcome Manuals of Abengoa and the different Business Groups, express reference is made to the Code of Professional Conduct.

All departments, principally Human Resources and Internal Audit, look to ensure compliance with the Code and notify Management of any irregular conduct noted so that the appropriate measures can be adopted.

Complaints Channel

Abengoa and its different Business Groups employ a mechanism for complaints to the Audit Committee, which was formally put in place in the year 2007 under the requirements of the Sarbanes-Oxley Act.

Abengoa has two complaint channels:

An internal channel, which is available to all employees, so that they can notify any alleged irregularity in accounting or audit or breaches of the Code of Conduct. The communication channel is by e-mail or ordinary mail.

An external channel, available to anyone outside the company, so that they can notify any alleged irregularities, fraudulent actions or breaches of Abengoa's Code of Conduct through the web page (www.abengoa.com).

Complaints may be sent on the basis of confidentiality for the complainant or anonymously.

With the creation of these channels, Abengoa has wished to provide a specific method of communication with Management and the governing bodies, which may be used as a tool to inform them of any possible irregularity, non-compliance, unethical or illegal conduct or breach of the rules that govern the Group.

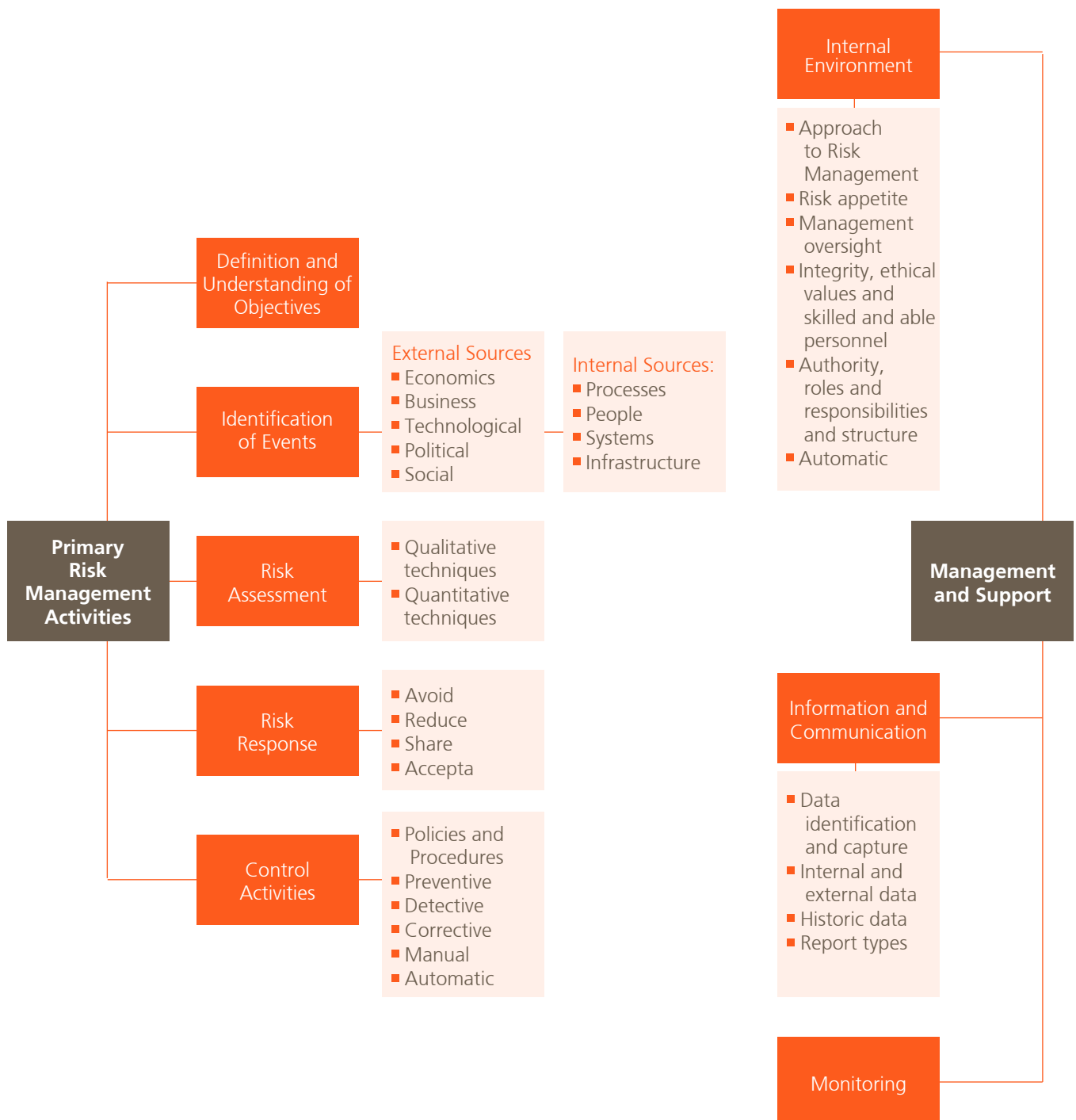
Each complaint received leads to investigations by the Internal Audit team in accordance with the following phases:



Supervision and Control of the Risk Management Model at Abengoa

During the year 2010, Abengoa continued its growth, carrying on activities in more than 77 countries. To deal with this growth in a safe and controlled manner, Abengoa has a common business management system that allows it to work on an efficient, coordinated and consistent basis.

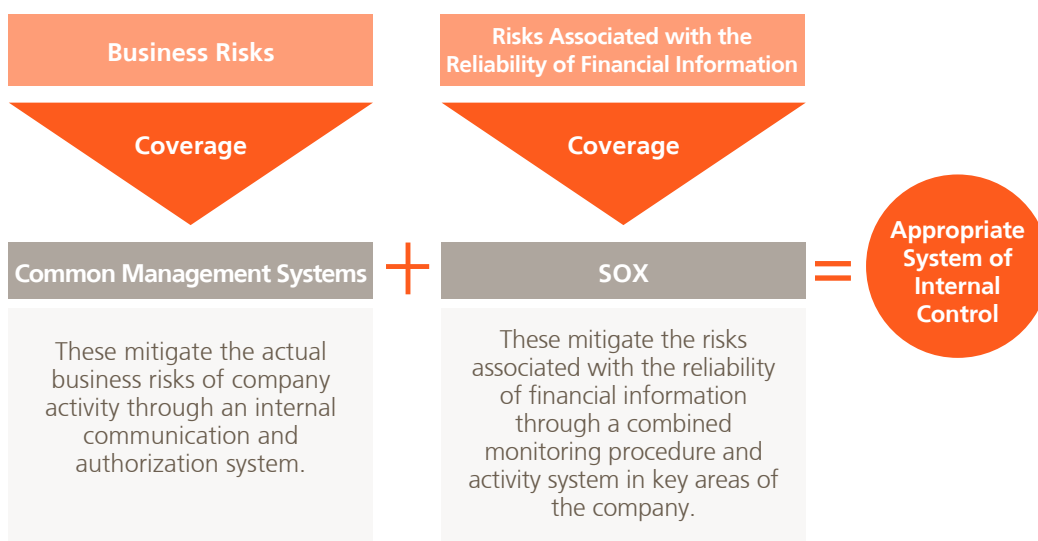
In forthcoming years, we will be faced with an environment the principal characteristic of which will be greater regulatory requirements. In order to deal with this scenario, Abengoa considers risk management to be an indispensable activity and function for strategic decision making.



Abengoa manages its risks using the following model, described in the company’s Risk Management Manual, which is intended to identify the potential risks of a business:

Strategic Risks		
Governance	Strategic R&D Projects	Mergers, acquisitions & disinvestments
Resource Planning and Assignment	Market Dynamics	Communication & Investor Relations
Operational Risks		
Sales	Human Resources	Thereats or disasters
Supply Chain	Tangible Assets	Information Technologies
Financial Risks		
Markets	Accounting & Reporting	Capital Structure
Liquidity & Credit	Taxation	
Regulatory Risks		
Codes of Ethics and Conduct	Legislation	Regulator

Abengoa’s Risk Management Model comprises two basic elements:



These two elements form an integrated system that allows appropriate risk management and control at all levels of the organization.

a) Common Management Systems

The Common Management Systems represent the internal rules of Abengoa and all its Business Groups and their method of assessing and controlling risks. They represent a common culture in the management of Abengoa's businesses, sharing the knowledge accumulated and fixing criteria and guidelines for action.

The Common Management Systems include specific procedures that cover any action that may result in either an economic or non-economic risk for the organization. Furthermore, they are available to all employees in electronic format, irrespective of their geographical location or job.

The CMS must verify and certify compliance with these procedures. This annual certification is issued by the Audit Committee in January of the following year.

Objectives:

- To identify possible risks which, although they are inherent to any business, must be identified, mitigated and monitored.
- To optimize the day-to-day management by applying procedures leading to financial efficiency, expense reduction and the homogenization and compatibility of information and management systems.
- Promote synergies and value creation throughout Abengoa's different business units.
- To reinforce the corporate identity.
- To achieve growth through strategic development that seeks innovation and new options in the medium- and long-term.

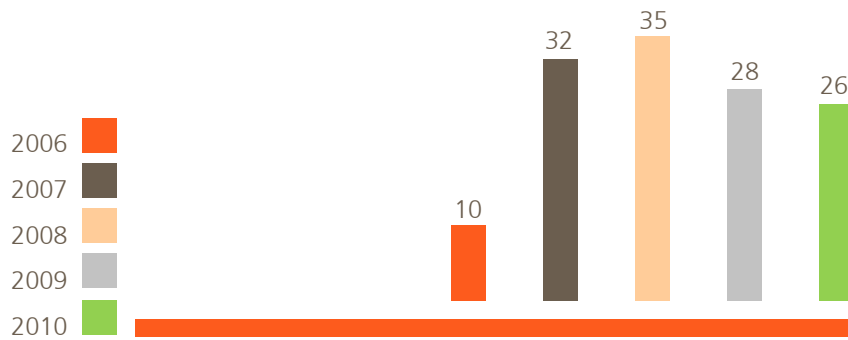
The Systems cover the whole organization at three levels:

- All the Business Groups and areas of activity;
- All levels of responsibility;
- All kinds of operations.

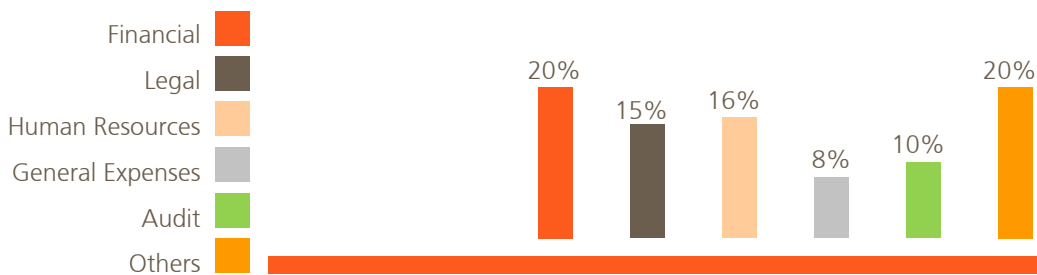
Our Common Management Systems represent a common culture for Abengoa's different businesses and are composed of eleven Rules defining how each one of the potential risks included in Abengoa's risk model should be managed. Through these systems, the risks and the appropriate way to cover them are identified and the control mechanisms are defined.

Over recent years, the Common Management Systems have evolved to adapt to the new situations and environments in which Abengoa operates, with the principal intention of reinforcing risk identification, covering the risks and fixing control activities.

Annual updates:



Updates from 2006 to 2010 by category:



b) Compulsory Procedures (SOX)

The Compulsory Procedures are used to mitigate the risks relating to the reliability of the financial reporting, by means of a combined system of procedures and control activities in key areas of the company, which are intended to ensure the reliability of the financial reporting and avoid fraud.

As a result of our commitment to transparency, in order to continue to ensure the reliability of the financial reporting prepared by the company, we have continued to reinforce our internal control structure, adapting it to the requirements established in section 404 of the United States Sarbanes-Oxley Act (SOX). For a further year, we have wished to voluntarily submit the internal control system of the whole group to an independent evaluation process conducted by external auditors under the PCAOB (Public Company Accounting Oversight Board) audit standards.

SOX is a compulsory law for all companies listed in the United States and is intended to ensure the reliability of the financial reporting of these companies and protect the interests of their shareholders and investors by setting up an appropriate internal control system. Thus, although only one of the Business Groups –Information Technologies (Telvent)- is obliged to meet SOX requirements, Abengoa deems it necessary to meet these requirements both in the subsidiary that is listed in the United States and in the rest of the companies, since these requirements complete the risk control model used by the company.

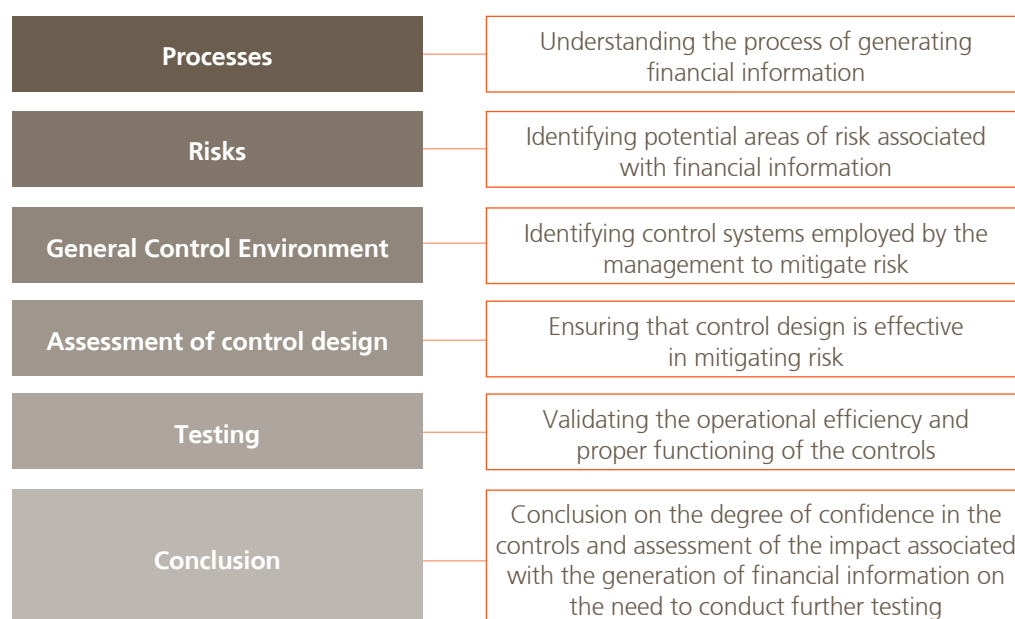
An appropriate internal control system is in place and uses three tools:

- A description of the company's relevant processes that have a potential impact on the financial reporting that is prepared.

In this respect, 41 Management Processes (MPs) have been identified and grouped into Corporate Cycles and Cycles Common to the Business Groups.

- A series of flow charts that provide a visual description of the processes.
- An inventory of the control activities in each process that ensures attainment of the control objectives.

Our work comprises the following aspects:



At Abengoa, we have seen this legal requirement as an opportunity for improvement and, far from being satisfied with the rules included in the Act, have tried to develop our internal control structures, the control procedures and the evaluation procedures applied to a maximum.

This initiative arose in response to the swift expansion undergone by the Group in recent years and future growth expectations, in order to enable us to continue to guarantee the preparation of accurate, timely and complete financial reports to our investors.

In order to meet the requirements of section 404 of the SOX, Abengoa's internal control structure has been redefined following a "Top-Down" approach based on risk analysis.

Said risk analysis covers the initial identification of significant risk areas and the evaluation of the controls that the company has in place over them, starting with those executed at the highest level –corporate and supervisory controls–, then dropping to the operational controls present in each process.

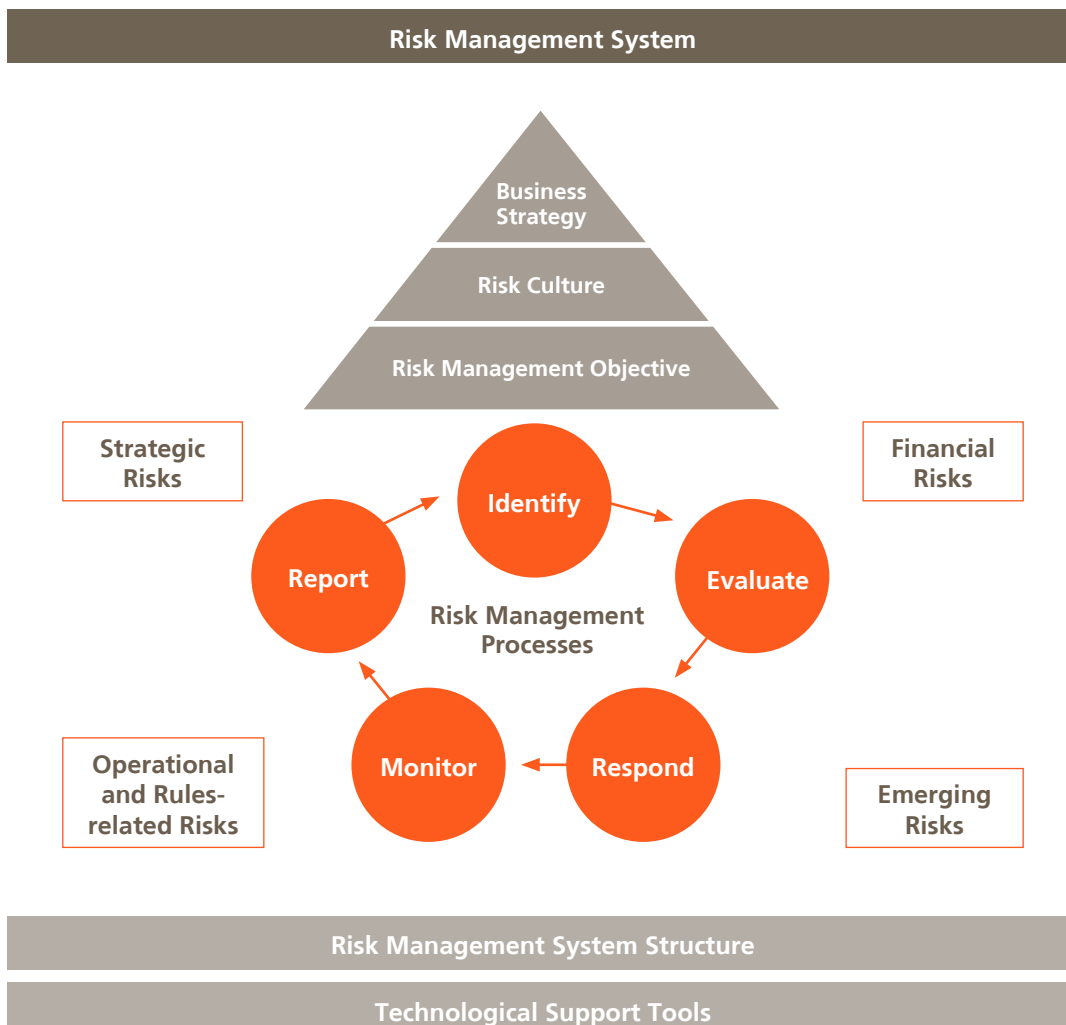
Our approach is as follows:

- A top-down approach to risk assessment, helping us to identify the areas of greater risk.
- Integration of financial statement audits and internal control reviews, paying special attention to the company's General Control Environment (GCE).
- A focus that combines SOX Section 404 with the Internal Auditing work being performed.
- A working plan that identifies the most relevant business areas and the most significant accounts in a way that ensures satisfactory coverage of the associated risks involved.
- Internal auditing teams made up of professionals with experience and expertise in the sector.
- Use of experienced experts to support the internal auditing teams as and when needed.

Risk Management

Abengoa is aware of the importance of managing its risks in order to carry out appropriate strategic planning and attain the defined business objectives. To do this, it applies a philosophy formed by a set of shared beliefs and attitudes, which define how risk is considered, starting with the development and implementation of the strategy and ending with the day-to-day activities.

The risk management philosophy is set out and applied through Abengoa's Risk Management System, completed with the methodology of the Universal Risk Model. Abengoa's Risk Management System is shown in the following diagram:



Abengoa defines risk as any potential event that may prevent the company from reaching its business objectives. Abengoa considers that a risk arises as a loss of opportunities and/or strengths or the materialization of a threat and/or strengthening of a weakness.

Abengoa's attitude in the face of risk is awareness, involvement and anticipation. The key principles of Risk Management at Abengoa are the following:

- In order to attain the business objectives fixed, risks must be managed at all levels of the company without exception.
- The Board will be responsible for supervising the efficiency of the entity's internal control and risk management systems.
- Decisions are always taken on the basis of a consensus, with shared responsibility.
- Abengoa's Risk Management System is fully integrated into:
 - The strategic planning process.
 - The definition of business objectives.
 - Day-to-day operations to attain said objectives.
- Risk Management includes the identification and assessment of, response to, monitoring or follow-up of and reporting of risks in accordance with the procedures in place for these purposes.
- Responses to risks must be consist and must be well adapted to the conditions of the business and the economic environment.
- Management must regularly evaluate the assessment of its risks and the responses that have been designed.
- Monitoring will be conducted regularly and the conformity of the activities of identification, assessment, response, monitoring and reporting included in Abengoa's Risk Management System will be reported.

Risk Management work processes:

The Risk Management process at Abengoa is a continuous cycle based on five key phases, as shown in the following diagram:



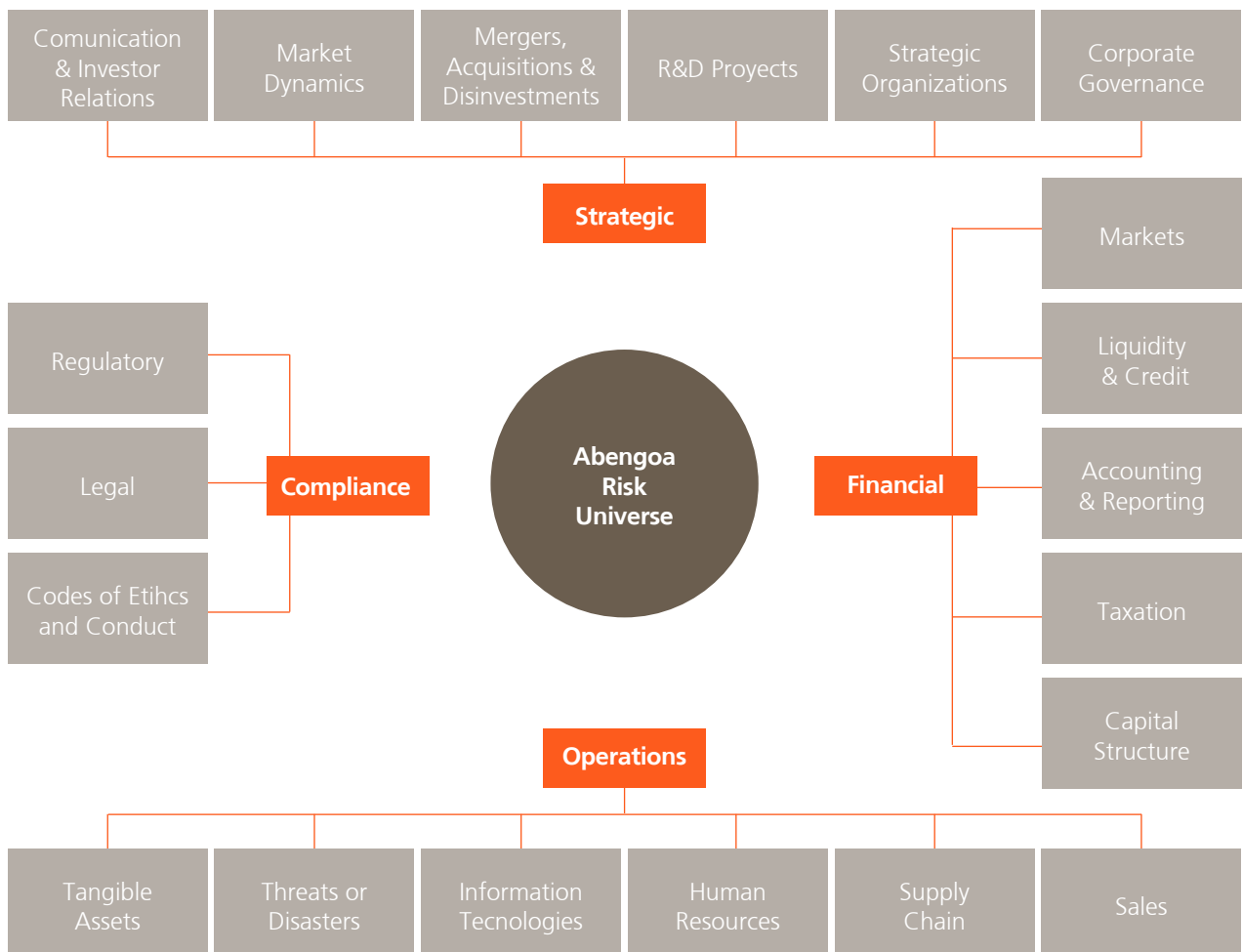
In each phase, regular and consistent communication is necessary in order to achieve good results. Since it is a continuous cycle, permanent feedback is necessary in order to achieve a constant improvement in the Risk Management System. These processes are addressed to all the company's risks.

The Universal Risk Model

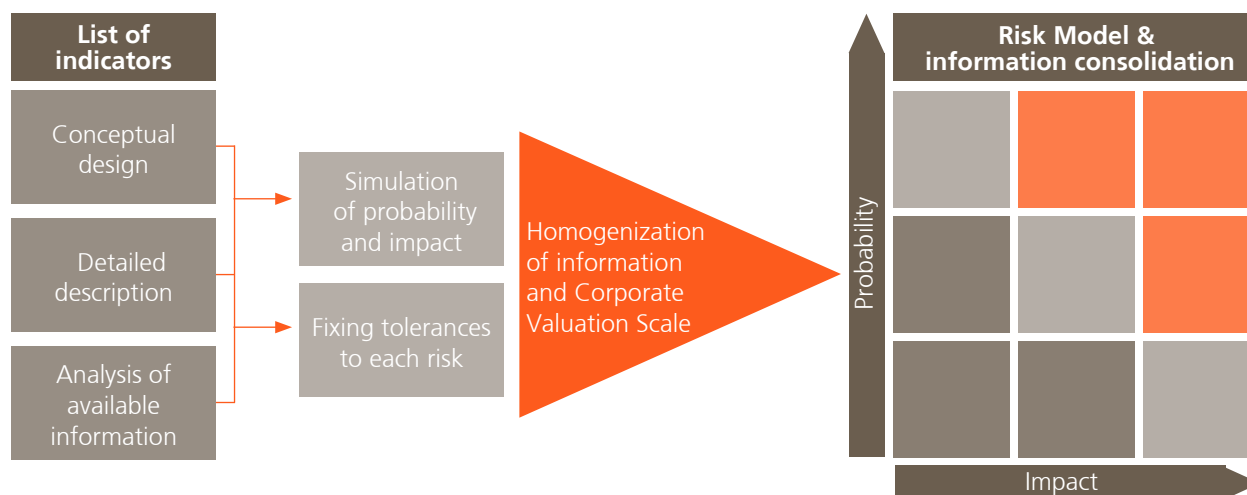
During 2010 Abengoa has continued the development of the Universal Risk Model which is the methodology used by Abengoa to quantify the risks that compose the Risk Management System.

Abengoa's Universal Risk Model is made up of four categories, twenty subcategories and a total of 94 principal risks for the business. Each one of these risks has an associated series of indicators that allow its probability and impact to be measured and the degree of tolerance of the risk to be defined.

For each risk, at least one probability indicator and an impact indicator have been established. These may be quantitative and/or semi-quantitative indicators, while, at the same time, they allow tolerance levels to be fixed for subsequent evaluation and monitoring.



The following diagram shows how Abengoa's Universal Risk Model operates. The regular review and updating of this Model is the combined responsibility of Internal Audit, those responsible for each Area and the Risk Management Department, both at corporate level and in the different Business Groups.



As a result of the assignation of probability and impact indicators to all the risks that form Abengoa's Universal Risk Model, the risks are classified into four types, each of which has a predetermined risk strategy:

1. Minor Risk: risks that occur frequently but have little economic impact. These risks are managed to reduce their frequency only if managing them is economically viable.
2. Tolerable Risk: risks that occur infrequently and have little economic impact. These risks are monitored to check that they are still tolerable.
3. Severe Risk: frequent risk with a very strong impact. These risks are managed immediately, although, due to the Risk Management processes implemented by Abengoa, it is unlikely that Abengoa needs to tackle this type of risk.
4. Critical or Emerging Risk: risks that occur infrequently but have a very high economic impact. These risks have a contingency plan since, when they arise, their impact is extremely high. In the event of Critical Risks or Emerging Risks, the Corporate Risk Management Department is directly involved in assessing them. To do this, the following is done:
 - Emerging Risk are related to the strategic lines of activity.
 - Information is sought and analyzed using an adequate assignation of resources.
 - The traditional risk indicators and the controls are reviewed in relation to the changing market conditions.
 - It is necessary to know how to listen to the "weak" signals (however weak they may be) by investing in technology to control Emerging Risks.
 - It is necessary to learn from management experience with risks based on past events.
 - Information is provided for Risk Management strategies through relevant data and an appropriate analysis.

Response

The risk response tools are included in the NOC and POC, which all employees must comply with. Responses to risk must always be made in terms of efficiency and effectiveness.

The responses designed and included in the NOC and POC are intended for one of the following risk management scenarios:

- Elimination: the risk is completely eliminated
- Reduction and Control: it is attempted to reduce the risk as much as possible by using strategic or safety measures (diversification of supply, quality systems, maintenance, prevention, etc.).
- Transfer to a third party: the risk is transferred to a third party, so that Abengoa holds no responsibility for the risk, either through an insurance company or another third party (supplier, subcontractor).
- Financial Retention: if it has not been possible to otherwise control the risk, it is finally accepted.





5

Introduction

The Appointments and Remunerations Committee was created by Abengoa SA's Board of Directors on 24th February 2003 pursuant to Article 28 of the Board of Directors Regulations, with the aim of incorporating the recommendations on the Appointments and Remunerations Committee in Law 44/2002 on the Reform of the Financial System. Said Board of Directors also approved its Internal Regimen Regulations.

Composition

The current composition of the Committee is as follows:

- | | |
|---|---|
| ■ Daniel Villalba Vilá | Chairman Non-executive independent Board Member |
| ■ Aplicaciones Digitales, SL
(Represented by
José B. Terceiro Lomba) | Member. Executive Board Member |
| ■ José Luis Aya Abaurre | Member. Non-executive Nominee Board Member |
| ■ Alicia Velarde Valiente | Member. Non-executive independent Board Member |
| ■ Carlos Sebastián Gascón | Member. Non-executive independent Board Member |
| ■ José Marcos Romero | Non-Board Member Secretary |

The Secretary was appointed during the Appointments and Remunerations Committee meeting held on 28th January 2004 through a meeting by circular resolution; the Chairman was however appointed during the Appointments and Remunerations Committee meeting held on 23rd February 2009.

The Appointments and Remunerations Committee is consequently comprised of one executive and four non-executive board members, in compliance with the requirements set forth in the Law on the Reform of the Financial System. Likewise, in accordance with the provisions of Article 2 of its Internal Regulations, the post of Committee Chairman is compulsorily held by a non-executive board member.

Duties and competencies

The following are the duties and competencies of the Appointments and Remunerations Committee:

- Inform the Board of Directors about appointments, re-elections, terminations and remunerations of the Board and of their posts, as well as about the general policy on remunerations and incentives for them and for the top management.
- To inform the Board of Directors beforehand on all proposals it may submit to the General Assembly for the appointment or dismissal of board members, even in cases of co-optation by the Board of Directors itself; annually checking to ensure the upholding of the conditions that led to the appointment of a board member and the nature or type thereof. Said information shall be included in the Annual Report. When filling in new vacancies, the Appointments and Remunerations Committee will ensure that the selection procedure is void of implicit biases prone to be obstacles to the selection of female board members and also that women who meet the required profile are included as potential candidates.
- To prepare an annual report on the activities of the Appointments and Remunerations Committee, to be included in the management report.

Sessions and convening

To execute the duties listed above, the Appointments and Remunerations Committee shall meet as many times as necessary and, at least, once every six months. They shall also meet on the behest of the Chairman. Lastly, a meeting shall be deemed valid if all its members are present and they decide to hold a session.

The Committee held six meetings during the 2010 financial year; the most relevant among the issues dealt with on the agenda were the proposals of appointment and renewal of the Board of Directors members and the appointment of the Board of Directors International Advisory Committee members, as well as the verification that the conditions that were the basis for the appointment of the board members and the nature or type thereof continued to be upheld (or maintained).

Quorum

The Committee is considered validly constituted if the majority of its members are present. Only non-executive board members may act as representatives.

Decisions taken shall be deemed valid if favourably voted by the majority of the committee members, present or represented. Situations of tie shall be resolved by Chairman's vote.

The company's head of remunerations shall act as secretary in the Committee meetings.

Committee analyses and proposals

- Follow-up and progress of remunerations of the members of the Board of Directors and the company's top management.
- Proposal of remunerations for the members of the Board of Directors and the company's top management.
- Preparation of the relevant information to be included in the financial statement.
- Proposal to the Board of Directors for the cooptation appointment of board member, Mr. Manuel Sanchez Ortega, following the resignation of Mr. Miguel Martín Fernandez.
- Proposal to the Board of Directors to re-elect Ms. Mercedes Gracia Diez as board member following the expiration of her previous tenure.
- Proposal to the Board of Directors to be submitted to the next Shareholders' General Assembly, to ratify the appointment of Mr. Manuel Sanchez Ortega as CEO, previously by cooptation (25.10.10).
- Proposal to the Board of Directors for the approval of the annual report on the Policy on the Remuneration of Administrators.
- Report on the verification that the conditions that were basis for the appointment of board members and their nature and type continue to be upheld.
- Presentation of the report on the remuneration of the members of the board of directors and the Chief Executive to the Board of Directors.
 - Reports on comparative salaries and market researches by independent experts.
 - Analyses on remuneration of executives of the various companies of the Group.





6

Background

This report on the Policy on Remuneration of Administrators for the 2010 financial year was prepared by the Appointments and Remunerations Committee pursuant to the stipulations of Article 28 of the Regulations governing the Board of Directors of Abengoa SA.

This report includes Abengoa SA's remuneration policy for the members of its Board of Directors. It is subject to the principles of transparency and information, and it fixes the salaries of the company's Top Management executive board members separate from the salaries of the non-executive board members, incorporated in the general remuneration policy applicable to the whole staff.

Basic Principles

Abengoa deems it crucial to maintain policies geared towards proposing long-term professional careers in the Group. Given the extremely competitive nature of Abengoa's sphere of activities, the achievement of its goals and objectives greatly depends on the quality of the persons holding key posts and leading the organization, their work capacity, dedication to, and knowledge of, the business.

These premises determine the group's policy of remuneration in general, that of the Board Members in particular, and especially that of the executives, and it should make it possible to attract and retain the best amongst the professionals.

Consequently, the aim of the policy of Remuneration of Board Members is as follows:

- Remuneration for the performance of mere board-member duties that is appropriate enough to reward the necessary dedication, qualification, and responsibility required for the correct performance of such post.
- For Executive Board Members, for the performance of executive duties, it ensures that:
 - (i) The overall remuneration package and its structure are competitive in comparison with the international sector and compatible with our vocation of leadership.
 - (ii) The maintenance of an annual variable component linked to the achievement of specific and quantifiable objectives that are in line with the interests of shareholders

Structure of Board Members Remuneration

The structure of board members remuneration, adapted to comply with the stipulations of the Law (specifically, articles 217 and following of the Corporations Act), the Bylaws (article 39) and the Regulations of the Board of Directors, is comprised of the following elements:

- **Remuneration for non-executive board member post**

The post of board member is remunerated following the stipulations of article 39 of the Bylaws. The salary may consist of a fixed amount set by the General Assembly, not necessarily equal amounts for all members. It could also be an allotment of a share in the Company's profits, between 5 and 10 percent maximum of the annual profit after subtracting the dividend, for the financial year at hand, plus reimbursement of duty and Board-related travel expenses.

This remuneration is linked to EAT (Earnings After Tax); it may also include rewards for belonging to Board of Directors Committees and, as the case may be, for Chairmanship.

■ Remunerations for the performance of other non-board member Company duties

These include remunerations to board members for performing duties, as executive board members or otherwise, other than those of supervision and decisions executed on the Board or on its Committees.

These remunerations are compatible with the perception of the bylaws and per diems they may be paid for their mere condition as members of the Board of Directors.

Executive-duty salary packages include the following basic elements:

(a) Fixed Remuneration

This amount must be competitive in comparison to those on the market in line with the leadership position Abengoa strives for. It must be determined through market studies by external consultants. The fixed salary consists of the following:

- 1) Salary Level. This is the basic fixed monthly salary, stipulated for each category or level.
- 2) Special Responsibility Allowance (SRA). This complement is freely set by the Company's Management and paid on monthly basis, and it is therefore linked to and conditioned by the exercise of a specific duty or the performance of a given responsibility.

(b) Variable annual remuneration (bonus)

Variable annual remuneration (or bonus) for executive board members is basically linked to the fulfilment of objectives. Said objectives are in reference to gross cash flows / ebitda for some board members or to earnings after tax (EAT) for others. Based on these criteria, a range of total variation of the variable remuneration of executive board members is estimated at the start of financial year.

The fixed remuneration therefore includes the salary level amount and the special responsibility allowance, payable monthly.

The variable remuneration is the annual bonus payable in bulk.

Total remuneration of the Board of Directors for the 2010 financial year

The total remuneration of board members for the 2010 financial year follows:
(Amount in thousands of Euros)

Name	Per diem and other remunerations as board member	Remun. as Board of Directors Committee members	Remun. as board member of other companies of the Group	Remun. for Top Manag. executive board member duties	Other remunerations	Total
Felipe Benjumea Llorente	93	-	-	3,390	-	3,483
Aplidig, S.L. (1)	180	-	-	2,804	-	2,984
Manuel Sánchez Ortega (2)	19	-	-	107	-	126
José B. Terceiro Lomba	-	-	25	-	-	25
Carlos Sebastián Gascón	166	110	34	-	-	310
Daniel Villalba Vila	166	110	34	-	-	310
Mercedes Gracia Díez	110	44	-	-	-	154
Miguel Martín Fernández	121	33	-	-	-	154
Alicia Velarde Valiente	110	44	-	-	-	154
José Borrell Fontelles (3)	200	100	-	-	-	300
José Luis Aya Abaurre	110	44	-	-	-	154
José Joaquín Abaurre Llorente	110	44	-	-	-	154
María Teresa Benjumea Llorente	78	-	24	-	-	102
Javier Benjumea Llorente	78	-	-	-	190	268
Ignacio Solís Guardiola	78	-	-	-	-	78
Fernando Solís Martínez-Campos	78	-	-	-	-	78
Carlos Sundhein Losada	78	-	-	-	-	78
Total	1,775	529	117	6,301	190	8,912

((1) Represented by José B. Terceiro Lomba

(2) From 25/10/10

The Appointments and Remunerations Committee, in the exercise of the duties conferred thereupon, periodically reviews the policy of remunerations of the Board of Directors, updating it with policies deemed relevant both with regards to concepts as well as to amounts.

Reference Benchmarks and Bases for the Annual Variable Remuneration System (or Bonus)

As regards the ongoing financial year, the criteria for determining the variable part of the remuneration for executive board members will be based on the following:

- Market references based on the information provided by top world consultants on remuneration.
- The essential reference for the variable annual remuneration will be the evolution of earnings after tax (EAT) and gross cash flows / ebitda, whether for Abengoa in general or, for executive board members holding non-general responsibilities, commensurate with the degree of responsibility.
- When the financial year ends, other qualitative elements, which may vary from one year to another, and which may allow the modulation of the decision on the actual amount of the variable remuneration at that moment, will be considered together with this basic quantitative element.

Approval of this Report

This Report was approved by the Board of Directors of Abengoa SA in its session held on 23rd February 2011, on the proposal of the Appointments and Remunerations Committee.

ABENGOA