

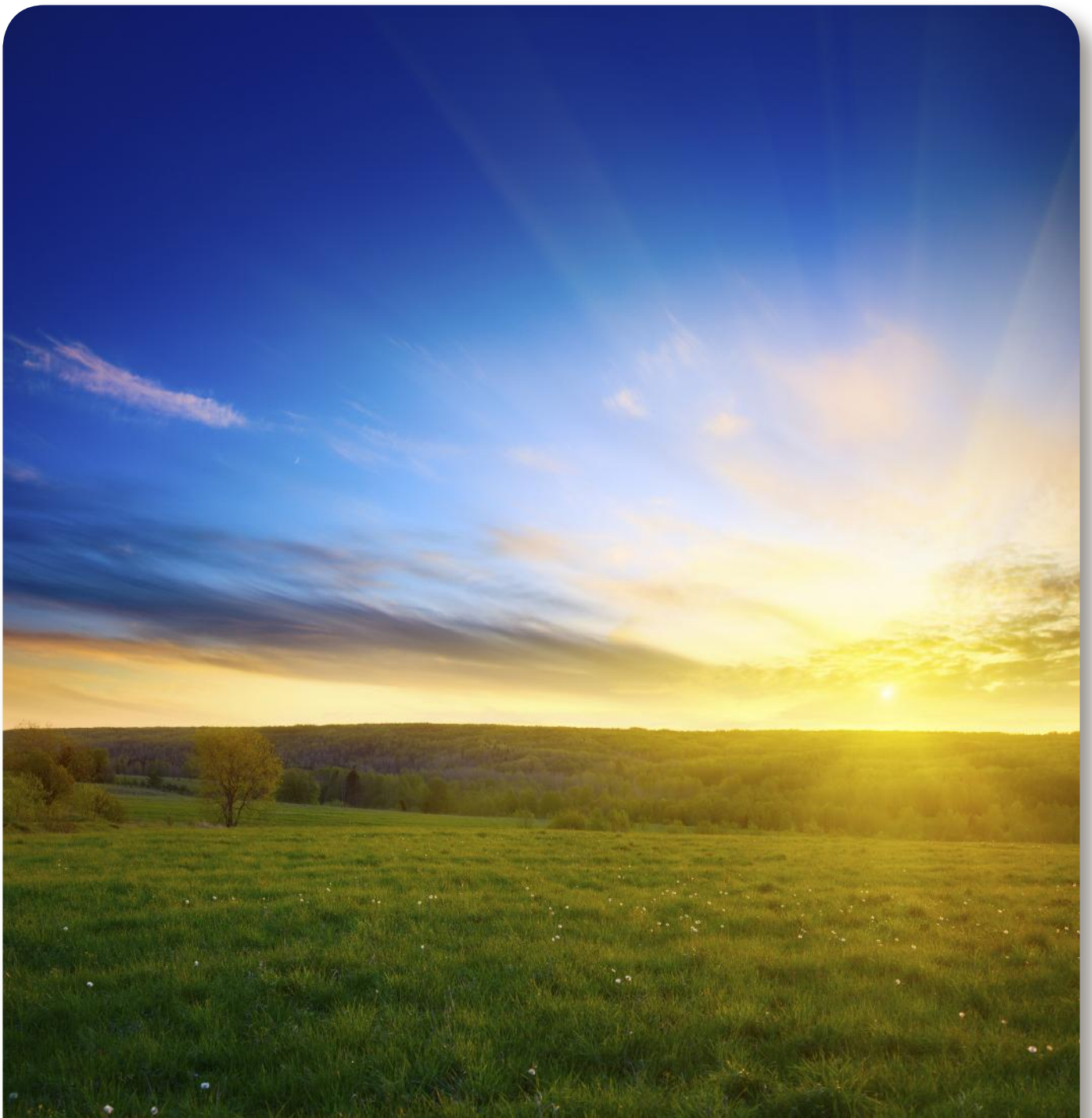
04

Corporate Governance

Innovative technology solutions for sustainability

ABENGOA

Annual Report 2012



01

**Independent assurance
report on the ACGR
for 2012**





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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT ASSURANCE REPORT ON THE ANNUAL CORPORATE GOVERNANCE REPORT FOR 2012

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

We have performed an assurance engagement regarding the adaptation of the content of the Annual Corporate Governance Report for 2012 of Abengoa S.A. to the recommendations contained in the Report of the Special Work Group on Good Corporate Governance for Listed Companies (Unified Good Corporate Governance Code) of 19 May 2006, to the minimum content of the Annual Corporate Governance Report provided for by Circular 4/2007, of 27 December, of the Spanish National Securities Market Commission (CNMV) and to Final Provision Five of Spanish Sustainable Economy Law 2/2001, of 4 March, which added Chapter VI of Title IV of Spanish Securities Market 24/1988, of 28 July.

The preparation of the Annual Corporate Governance Report and its content are the responsibility of the Board of Directors of Abengoa S.A., which is also responsible for the design, implementation and maintenance of the procedures through which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our assurance engagement. We carried out our engagement in accordance with the independence rules provided for in the Code of Ethics of the International Federation of Accountants (IFAC).

We carried out our assurance engagement in accordance with International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) on reasonable assurance engagements, which requires the performance of procedures and the obtainment of sufficient evidence to support the information reported in order to reduce the risk of omission or misstatement in that information to a reasonable level. Our engagement consisted of:

- Reading and understanding of the information prepared by the Company contained in the Annual Corporate Governance Report and assessment of whether said information encompasses all the information required by Circular 4/2007, of 27 December 2007 of the Spanish National Securities Market Commission, by Chapter VI of Title IV of the Spanish Securities Market Law and by the recommendations of the Unified Corporate Good Corporate Governance Code.

- Meetings with and the submission of queries to management of the Company, the Secretary of the Board of Directors and the bodies responsible for the various areas of governance of the Company, in order to check and confirm the information included in the Annual Corporate Governance Report.
- Evaluation of internal control and the procedures used to gather and validate the data and information set out in the Annual Corporate Governance Report.
- Reading and analysis of the minutes of the Annual General Meeting, of the Board of Directors meetings, of the Audit Committee meetings and of the Nomination and Remuneration Committee meetings for the purpose of assessing the consistency of the issues addressed and the information included in the Annual Corporate Governance Report.
- Verification, by means of selective tests, of the information included in the Annual Corporate Governance Report and its adequate compilation, reasonableness and consistency with the supporting information and data furnished by management of the Company.
- Obtainment of a representation letter on the work performed signed by the persons responsible for preparing and drafting the Annual Corporate Governance Report.

For the recommendations of the Unified Good Corporate Governance Code that have not been implemented by the Company, the directors of Abengoa S.A. offer the explanations that they considered appropriate (see sections F and G of the accompanying Report). In relation to said explanations, we checked that the assertions contained in the Report do not contradict the evidence obtained from the application of the procedures described in paragraph 3.

Based on the results of our work, in our opinion, the accompanying Annual Corporate Governance Report for 2012 of Abengoa, S.A. has been prepared, in all material respects, in accordance with Circular 4/2007, of 27 December, of the Spanish National Securities Market Commission, with the recommendations in the Unified Good Corporate Governance Code and with Chapter VI of Title IV of the Spanish Securities Market Law.

Deloitte Advisory, S.L.



Helena Redondo
Partner

21 February 2013

02

Independent of the design and effective application of the risk management system



Independent of the design and effective application of the risk management system



ERNST & YOUNG

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

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

Scope

We have verified with reasonable assurance the design and effective application of the risk management system of Abengoa, S.A. and subsidiaries (hereinafter "Abengoa"), in terms of the criteria established in ISO-31000 - "*Risk Management Principles and Guidelines*," to evaluate whether it was in keeping with the standard during 2012.

The General Management Systems (hereinafter "NOC") set out the procedures and specifications for applying Abengoa's risk management system. The NOC affect all the Company's business segments in addition to all the companies owned by Abengoa. The preparation, updating, implementation, and maintenance of the NOC, as well as the identification and assessment of the risks that affect Abengoa is the responsibility of the Company's management.

Our responsibility is to issue an independent report as to whether the design and effective application of Abengoa's risk management system conforms to the principles established in ISO 31000 on "*Risk Management Principles and Guidelines*," based on the procedures used in our review of the NOC's design and application.

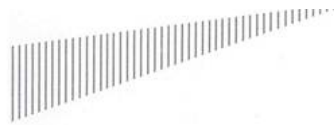
Review criteria

We have performed our review according to the guidelines of ISAE 3000 (the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information) issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), providing reasonable assurance in accordance with said standard, with the scope described in the above section.

Applied procedures

Our review work consisted of reviewing the NOC themselves, application processes and procedures, in addition to making inquiries of corporate management, as well as the management of the various Abengoa Business Groups participating in the Company's risk management system, as described below:

Independent of the design and effective application of the risk management system



ERNST & YOUNG

- We interviewed key personnel and persons in charge of the design and effective application of the NOC to review and analyze the status of general management systems during 2012.
- We reviewed the IT systems and processes through which Abengoa develops its Risk Management System to evaluate the integrity of the information processed by the system, as well as overall system security and access control.
- We checked a random sample of the supporting documentation substantiating effective application of both the risk management system and the various procedures as per NOC specifications.

Independence

We have performed 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 review during 2012 of the design and effective application of the NOC and the described processes and procedures which make up the Abengoa risk management system, we conclude that:

- For the risks managed using Abengoa's risk management system approved by Management and applied to the various activities and companies through the NOC, the design and effective application of said management system are in conformity with the principles established in ISO 31000, "Risk Management Principles and Guidelines."
- At December 31, 2012, the design and effective application of said system enables the Company to suitably respond to the aforementioned business risks as established by ISO 31000, "Risk Management Principles and Guidelines."

ERNST & YOUNG, S. L.

José Díaz Morales
Partner
Date: 21/02/2013

03

**Annual corporate
governance report**



A. Ownership Structure

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

Date of Last Modification	Equity Capital (Euros)	Number of Shares	Number of Voting rights
12/26/2012	90,143,938.83	538,062,690	9,014,393,883

Indicate whether there are different types of shares with different rights associated:

Yes.

Class	Number of Shares	Nominal unit	Unit number of voting rights	Different rights
A	85,619,507	1	100	Without different rights
B	452,443,183	0.01	1	See the "Fifth Additional" and "Sixth Additional" Provisions herein.

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

Personal or corporate name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Inversión Corporativa, I.C, S.A.	4,704,411,192	568,379,032	58.493
Finarpisa, S.A.	568,379,032	0	6.305

Name or corporate name of indirect holder of shares	Held through: Name or corporate name of direct holder of shares	Number of direct voting rights	% of total voting rights
Inversión Corporativa, I.C, S.A.	Finarpisa, S.A.	568,379,032	6.305

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

See the seventh additional provision herein.

A.3. Complete the following tables on the members of the Board of Directors of the Company that hold voting rights through company shares:

Personal or corporate name of board member	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Felipe Benjumea Llorente		84,667,544	0.9392
Aplicaciones Digitales S.L.	96,284,656	-	1.0681
Manuel Sánchez Ortega	21,642,400	-	0.2401
José Joaquín Abaurre Llorente	197,600	-	0.0022
José Luis Aya Abaurre	5,727,904	-	0.0635
M ^a Teresa Benjumea Llorente	1,288,560	-	0.0143
Javier Benjumea Llorente	404,352	-	0.0045
José Borrell Fontelles	312,000	-	0.0035
Mercedes Gracia Díez	52,000	-	0.0006
Ricardo Martínez Rico	53,352	-	0.0006
Claudi Santiago Ponsa	20,800	-	0.0002
Ignacio Solís Guardiola	1,768,000	-	0.0196
Fernando Solís Martínez-Campos	5,286,528	3,581,760	0.0984
Carlos Sundheim Losada	4,890,808	-	0.0543
Alicia Velarde Valiente	41,600	-	0.0005

Name or corporate name of indirect holder of shares	Held through: Name or corporate name of direct holder of shares	Number of direct voting rights	% of total voting rights
Felipe Benjumea Llorente	Ardachon, S.L.	84,667,544	0.939
Fernando Solís Martínez-Campos	Dehesa del Mesto, S.A.	3,581,760	0.040

% total of voting rights held by board of directors

2.510 %

Complete the following tables on the company's Board of Directors with rights over company shares:

The board members do not hold rights over company shares.

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

Type of relationship

Societal.

Brief description:

Inversión Corporativa, I.C, S.A holds 100% shares in Finarpisa, S.A.

Personal or corporate name of related
Finarpisa, S.A.
Inversión Corporativa, I.C., S.A.

A.5. Indicate, as the case may be, 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 evidence or indication of the existence of such.

A.6. Indicate whether the company was informed of any shareholders' agreements affecting the company pursuant to Article 112 of the Spanish Securities Market Law. If so, provide a brief description and list the shareholders bound by the agreement:

Yes.

% of equity capital affected:

58.493%

Brief description of pact:

Under the framework of investment agreement signed on November 9, 2011 between Abengoa and First Reserve Corporation, Inversión Corporativa IC and Finarpisa SA, in their capacity as Abengoa shareholders, made a commitment, effective November 4, 2011, undersigned on October 4, 2011, to regulate the exercise of their respective voting rights in the Abengoa general assemblies in relation to the proposal, appointment, ratification, re-election or replacement of a board member representing First Reserve Corporation.

By virtue of said commitment, Inversión Corporativa I.C., S.A. and Finarpisa, S.A., jointly agree on the following:

(i) to vote on the following through their representatives on the Board of Directors of Abengoa: (a) the appointment of the candidate proposed to said board to serve as board member designated by investor based on the co-optation procedure envisaged in the Corporations Act; and (b) the proposal to recommend that during the next meeting of the general assembly the Shareholders of Abengoa appoint, as the case may be, a replacement for the board member designated by investor on the Board of Directors.

(ii) to vote in the corresponding general assembly of shareholders of Abengoa in favour of the appointment of the candidate proposed by Investor to serve as investor's representative on the Board of Directors;

(iii) FRC or any of its subsidiaries holding Abengoa class B shares or any other instrument convertible in, or exchangeable for, Abengoa Class B shares, issued in accordance with the Investment Agreement stipulations or with any other transaction document, may not propose or ask the Board of Directors to recommend that the shareholders make any kind of changes to the Company Bylaws which may adversely affect the equality rights of Class B shares and Class A shares as regards the distribution of dividends or analogous such as envisaged in the Bylaws.

Participants of the agreement
Finarpisa, S.A.
Inversión Corporativa, I.C., S.A.

% of equity capital affected:

58.493%

Brief description of pact:

On August 27, 2012, Inversión Corporativa, I.C., S.A. and its subsidiary, Finarpisa, S.A., modified the shareholder agreement with the Abengoa shareholder, First Reserve Corporation (reported to this committee accordingly due to the Price-sensitive content (relevant fact) dated November 9, 2011).

The modification entailed adding "if such proposal is submitted by another shareholder or by the Board of Directors, votes should be cast against it" to the following valid obligation: "FRC or any of its subsidiaries holding Abengoa class B shares or any other instrument convertible in, or exchangeable for, Abengoa Class B shares, issued in accordance with the Investment Agreement stipulations or with any other transaction document, may not propose or ask the Board of Directors to recommend that the shareholders make any kind of changes to the Company Bylaws which may adversely affect the equality rights of Class B shares and Class A shares as regards the distribution of dividends or analogous such as envisaged in the Bylaws".

Participants of the agreement

Finarpisa, S.A.

Inversión Corporativa, I.C., S.A.

% of equity capital affected:

55.93%

Brief description of pact:

On August 27, 2012, Abengoa S.A. entered a shareholder agreement with its top shareholder, Inversión Corporativa, I.C., S.A by virtue of which the latter warrants and undertakes, the following, directly or indirectly, through its subsidiary, Finarpisa S.A.:

(i) To vote in favour of the agreements regarding points 2nd, 3rd, 4th, 5th, 6th and 7th on the Agenda of the Shareholders' General assembly held on September 30, 2012, as long as it is first verified that the aforementioned agreements are approved by the majority of the shareholders of another class other than those of Inversión Corporativa;

(ii) to not exercise its voting rights except up to a maximum of 55.93% in cases in which, as a result of the exercise of the rights of conversion of Class A shares into Class B shares expected to be included in the Corporate Bylaws, the total percentage of the voting rights it holds are seen increased over the company's entire voting rights;

(iii) that the percentage of the number of shares with voting rights held at all times (whether such shares are Class A or Class B) over the company's total number of shares not be at any time lower than one fourth of the percentage of the voting rights that said shares may allocate to Inversión Corporativa in relation to the company's total number of voting rights (that is, that its voting rights not be higher by more than four times its financial rights); and that, should such be the case, Class A share should be transferred or converted into Class B, in the amount deemed necessary to sustain such proportion.

Participants of the agreement

Abengoa, S.A.

Inversión Corporativa, I.C., S.A.

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

No.

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

On August 27, 2012, Inversión Corporativa, I.C., S.A. and its subsidiary, Finarpisa, S.A., modified the shareholder agreement with the Abengoa shareholder, First Reserve Corporation (reported to this committee accordingly due to the Price-sensitive content (relevant fact) dated November 9, 2011), in the manner explained in the start of this section.

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

Personal or corporate name:

Inversión Corporativa, I.C, S.A.

Notes

Inversión Corporativa, I.C, S.A. is the direct holder of 52.19% of the equity capital of Abengoa, S.A. and an indirect holder of 6.31% through its subsidiary, Finarpisa S.A. Inversión Corporativa, I.C, S.A. is bona fide owner of the 100% shares of Finarpisa S.A.

A.8. Complete the following tables on the company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
14,681,667	0	3.39

Held through:

Total
0

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

Date of communication	Total n° of direct shares acquired	Total n° of indirect shares acquired	% Total on Capital Stock
12/31/2012	23,659,447	0	9.27

Capital gains/(loses) on treasury stock disposed of over the period - € 13,684,129

A.9. Provide details of the conditions and timeframes set up by the General Shareholders' Meeting for the Board of Directors to acquire and/or transfer treasury stock.

The Ordinary General Assembly of Shareholders Meeting held on April 1, 2012, authorized the Board of Directors to buy back the Company's shares either directly or through its subsidiary or investee companies up to the maximum permitted by current laws at a rate set between one hundredth part of a Euro (€0,01) as a minimum and sixty Euros (€60) as maximum, with express power of substitution in any of its members. Said power shall remain in vigour for eighteen (18) months from this very date, subject to article 144 and following of the Corporations Act.

On November 19, 2007, the company signed a Liquidity Agreement regarding Class A shares with Santander Investment Bolsa, S.V. In replacement of this agreement, on 8th January 2013, pursuant to the conditions set forth in Circular 3/2007, of December 19, of the CNMV, the company signed a liquidity agreement regarding Class A shares.

On 8th November 2012, pursuant to the conditions set forth in Circular 3/2007, of December 19, of the CNMV, the company signed a liquidity agreement regarding Class B shares with Santander Investment Bolsa, S.V.

On December 31, 2012, the balance of treasury stock amounted to 14,681,667. In relation to transactions performed over the year, the number of treasury shares acquired stood at 23,659,447 while treasury shares disposed of amounted to 11,891,215. The net operating result amounted to - €13,684,129.66

A.10 Indicate, as applicable, any law or Bylaw restrictions imposed 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:

No.

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

0

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

No.

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

0

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

No.

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

No.

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

Not applicable.

B. Structure of the Administration of the company

B.1 Board of Directors

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

Maximum number of board members	Minimum number of board members
15	3

B.1.2. Complete the following table with the Board Members:

Personal or corporate name of the member	Representative	Seat on the Board	Date of 1st appt.	Date of last appt.	Election procedure
Mr. Felipe Benjumea Llórente		Executive Chairman	06/25/1983	04/05/2009	Voting Rights in Shareholders' Assembly
Aplicaciones Digitales, S.L.	Mr. José B. Tercerio Lomba	Executive Vice-chairman	04/15/2007	04/10/2011	Voting Rights in Shareholders' Assembly
Mr. Manuel Sánchez Ortega		Managing Director (CEO)	10/25/2010	04/10/2011	Voting Rights in Shareholders' Assembly
Mr. José Joaquín Abaurre Llórente		Board Member	06/25/1988	04/05/2009	Voting Rights in Shareholders' Assembly
Mr. José Luis Aya Abaurre		Board Member	06/25/1983	04/05/2009	Voting Rights in Shareholders' Assembly
Ms. María Teresa Benjumea Llórente		Board Member	04/15/2007	04/10/2011	Voting Rights in Shareholders' Assembly
Mr. Javier Benjumea Llórente		Board Member	06/25/1983	04/05/2009	Voting Rights in Shareholders' Assembly
Mr José Borrell Fontelles		Board Member	07/27/2009	04/11/2010	Voting Rights in Shareholders' Assembly
Mr Mercedes Gracia Diez		Board Member	12/12/2005	04/11/2010	Voting Rights in Shareholders' Assembly
Mr. Ricardo Martínez Rico		Board Member	10/24/2011	04/01/2012	Voting Rights in Shareholders' Assembly
Mr Claudi Santiago Ponsa		Board Member	02/23/2012	04/01/2012	Voting Rights in Shareholders' Assembly
Mr. Ignacio Solís Guardiola		Board Member	04/15/2007	04/10/2011	Voting Rights in Shareholders' Assembly
Mr. Fernando Solís Martínez-Campos		Board Member	04/15/2007	04/10/2011	Voting Rights in Shareholders' Assembly
Mr. Carlos Sundheim Losada		Board Member	04/15/2007	04/10/2011	Voting Rights in Shareholders' Assembly
Ms. Alicia Velarde Valiente		Board Member	04/06/2008	04/10/2012	Voting Rights in Shareholders' Assembly

Total number of Board members **15**

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

Personal or corporate name of board member	Condition of member at the time of termination	Termination Date
Mr. Carlos Sebastian Gascón	Independent member	02/23/2012

B.1.3. Complete the following tables on the members and their different conditions:

Executive board members

Personal or corporate name of board member	Committee that proposed the appointment	Position within the company structure
Mr. Felipe Benjumea Llorente	Appointments and Remunerations Committee	Executive Chairman
Aplicaciones Digitales SL.	Appointments and Remunerations Committee	Executive Vice-chairman
Mr. Manuel Sanchez Ortega	Appointments and Remunerations Committee	Managing Director (CEO)

Total number of Executive Board members 3

Total % of Board: 20%

External Dominion Board Members

Personal or corporate name of board member	Committee that proposed the appointment	Personal or corporate name of the significant shareholder they represent or which proposed their appointment
Mr. José Joaquín Abaurre Llorente	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr. José Luis Aya Abaurre	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr. Javier Benjumea Llorente	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Ms. M ^ª . Teresa Benjumea Llorente	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr. Claudi Santiago	Appointments and Remunerations Committee	First Reserve Corporation
Mr. Ignacio Solís Guardiola.	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr. Fernando Solís Martínez-Campos.	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.
Mr. Carlos Sundheim Losada	Appointments and Remunerations Committee	Inversión Corporativa, I.C., S.A.

Total number of Dominion Board members 8

Total % of Board: 53.33%

External Independent Board members**Personal or corporate name of board member:** Mr. José Borrell Fontelles**Profile:** Independent

Mr Borrell Fontelles 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 Masters from Paris' Institut Français du Pétrole. He worked as Engineer for the Spanish Petroleum Company (1972-1981). 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 President of the European Parliament during the first half of the 2004-2009 legislative term and Chairman of the Development Committee during the second.

Personal or corporate name of board member: Ms. Mercedes Gracia Diez**Profile:** Independent

Full Professor in Econometrics at CUNEF (University College for Financial Studies). BA in Economics at Universidad Autónoma de Madrid (1978) and Ph.D in Economics at New York University (1986). She has developed her academic carrier at Universidad Complutense de Madrid (on leave since 2011) and has scientific publications in international journals. She has been Chairperson of the Department of Balance Management in CajaMadrid (1996-1999) and Manager of the area of Economics and Law in the Spanish Commission of Science and Technology (1993-1996).

Personal or corporate name of board member: Mr. Ricardo Martínez Rico**Profile:** Independent

Ricardo Martínez Rico holds a Degree in Business, with extraordinary merit, Commercial Expert and State Economist, on leave of absence, and founding member and executive chairman of the Equipo Económico, S.L. Among other posts previously held, he managed the Spanish Business and Economic office in Washington and served as State Secretary for Budgets and Expenses in 2003/-2004.

Personal or corporate name of board member: Ms. Alicia Velarde Valiente**Profile:** Independent

Born in Madrid on October 28 1964, she 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 imparts Master Lectures in the Masters in Canon Law, under the Directorship of Mr. José M^a Iglesias Altuna.

Total number of Independent Board members	4
Total % of Board:	26.667

Other External Board members

None.

Explain the reasons why these cannot be considered independent or dominion board members and detail their connections with the company, its executives or its shareholders.

Not applicable.

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

Not applicable.

B.1.4. Explain, as the case may be, the reasons why dominion members were appointed at the request of shareholders with stakes amounting to less than 5% of the stock capital.

Name or corporate name of shareholder.

First Reserve Corporation

Justification

The Shareholders' General Assembly held, at the second call, on April 1, 2012, whose decisions were reported to this Committee on April 2, 2012, ratified the appointment by the Board of Directors of Abengoa S.A., through co-optation, on February 23, 2012, of Mr. Claudi Santiago Ponsa as Board Member, on the request of First Reserve Corporation, by virtue of the agreement reached with Inversión Corporativa, in the capacity as shareholders of Abengoa, on November 9, 2011, within the investment framework agreement signed between Abengoa and First Reserve Corporation, on October 4, 2011, valid since November 4, 2011, regarding the proposal, appointment, ratification, re-election or replacement of a board member in representation of First Reserve Corporation, reported to this Committee.

Detail any failure to address formal requests for board representation made by shareholders with stakes equal to or exceeding that of others at whose request dominion members were appointed. If so, explain why the request was not entertained.

No.

B.1.5. Indicate whether any board member resigned its post before the end of its term of office, whether reasons were given to the Board and how, if in writing to the entire Board. Explain the reasons given as a bare minimum:

Yes.

Name of board member: Mr. Carlos Sebastián Gascón

Reasons for the termination

On February 23, 2012, due to the increase in other professional occupations, Mr. Carlos Sebastián Gascón submitted his resignation from the Abengoa Board of Directors, from the Appointments and Remunerations Committee and from the Audits Committee, which was accepted by the Abengoa Board of Directors on that same date.

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

Personal or corporate name of board member: Aplicaciones Digitales, S.L.

Brief description: A general power of Attorney is vested in him.

Personal or corporate name of board member: Mr. Felipe Benjumea Llorente

Brief description: All the board delegated powers are vested in him.

Personal or corporate name of board member: Mr. Manuel Sánchez Ortega

Brief description: All the board delegated powers are vested in him.

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

B.1.7. Identify, if applicable, the board members that hold administrator or directive positions in other companies making up the group of companies listed on the stock market:

Personal or corporate name of board member	Corporate name of entity of group	Post
Mr. José B. Terceiro	Bioetanol Galicia, S.A	Chairperson
Ms. María Teresa Benjumea Llorente	Sociedad Inversora en Energía y Medio Ambiente, S.A.	Board Member

B.1.8. Provide details, where applicable, of any company Board members who also sit on the boards of other entities not belonging to the same business unit and are listed on the Spanish Stock Exchange, of which the company is aware:

Not applicable.

B.1.9. Indicate whether the company has established rules on the number of Boards on which its own Board members may sit.

No.

B.1.10. In relation to recommendation 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 group of companies

Yes.

Corporate governance policy

Yes.

Corporate social responsibility policy

Yes.

Strategic or Business Plan, and the budget and management targets Budget

Yes.

The remuneration and performance assessment policy for senior Executives

Yes.

Risk control and management policy, and the regular monitoring of internal information and control systems.

Yes.

Dividend and treasury stock policies and especially their limits.

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	2,172
Variable remuneration	9,412
Per diem (allowance)	2,046
Benefits as per Bylaws	-
Share options and/or other financial instruments	-
Other	220
Total:	13,850

Other benefits	Figures in thousands of Euros
Advances	-
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 for posts held on other Boards of Directors and/or within the senior management of other companies of group:

Type of remuneration	Figures in thousands of Euros
Fixed Remuneration	37
Variable remuneration	-
Per diem (allowance)	-
Benefits as per Bylaws	-
Share options and/or other financial instruments	-
Other	-
Total:	37

Other benefits	Figures in thousands of Euros
Advances	-
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	For the company	For the group
Executives	12,065	-
External, proprietary	957	24
External independent	828	13
Other external	-	-
Total:	13,850	37

d) Profit attributed to the parent company:

Total remuneration to directors (in thousands of Euros)	Total remuneration to directors/profit attributed to the parent company (expressed as %)
13,887	11.11%

B.1.12. Identity any senior management staff that are not also executive board members, and indicate the total remuneration payable thereto during the financial year:

Personal or corporate name:	Post
Javier Salgado Leirado	Director of Bioenergy Business Unit
Javier Molina Montes	Director of Environmental Services Business Unit
Alfonso González Domínguez	Director of Ind. Engineering and Construction Business Group.
Santiago Seage Medela	Director of Solar Energy Business Unit
Carlos Cosin Fernández	Director of Water Business Unit
Miguel Ángel Jiménez-Velasco Mazarío	Secretary General
José Fernando Cerro Redondo	Director of Legal Services
José Marcos Romero	Director of Appointments and Remunerations
José Domínguez Abascal	Assistant General Secretary
Álvaro Polo Guerrero	Director of Human Resources
Luis Fernández Mateo	Director of Organization, Quality and Budgets
Vicente Jorro de Inza	Financial Manager
Juan Carlos Jiménez Lora	Director of Planning and Control
Luis Enrique Pizarro Maqueda	Director of Internal Audits
Enrique Borrajo Lovera	Director of Consolidation
Javier Garoz Neira	Director of Strategy and Corporate Development
Bárbara Sofía Zubiria Furest	Director of Reporting and Head of Investor Relations
Germán Bejarano García	Director of International Institutional Relations
Fernando Martínez Salcedo	Secretary General of Sustainability

Remuneración total alta dirección (en miles de euros). 13,574

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:

Number of beneficiaries
0

	Board of Directors	General assembly
The governing body that authorises the clauses	No	No

Is the General Assembly informed of the clauses?

No.

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:

The proposal of the top executive of the company, the appointment and possible. Termination of the top management, and their compensation clauses.

Yes.

Remuneration of board members, including, in the case of executive members, the additional considerations for their executive duties and other contract conditions.

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 components, (itemised, if possible), of allowances for participation on the Board and its committees and an estimation of the resulting annual fixed remuneration.

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.

Issues covered in the remuneration policy report

The 2012 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. Claudi Santiago Ponsa, following the resignation of Mr. Carlos Sebastian Gascón

The proposal on the admission Mr. Ricardo Martínez Rico to the Audits Committee.

The proposal on the admission of Mr. José Borrell Fontelles as Chairman of the Appointments and Remunerations Committee (marking the completion of the number of independent board members joining said committees in light of the termination of Mr. Carlos Sebastian Gascón), following the renouncement of Ms. Mercedes Gracia Díez as its Chairperson, since she is still member of the Appointments and Remunerations Committee.

The proposal on the admission of Ms. Mercedes Gracia Díez as Chairperson of the Audits Committee, which was agreed upon at the meeting of said Committee on May 3, 2012, following the renouncement of Mr. Carlos Sebastian Gascón.

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 comparative salaries and market researches by independent experts.

Role played by the Remuneration Committee

Preparation of the proposal instigated 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 the members of the Board of Directors who also serve as Board of Administration members, 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 board member	Corporate name of the shareholder	Post held:
Mr José Joaquin Abaurre Llorente	Inversión Corporativa I.C, S.A.	Member
Mr. José Luis Aya Abaurre	Inversión Corporativa I.C, S.A.	Vice chairman with delegation of joint and several powers
Mr Felipe Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Chairman and delegation of joint and several powers
Mr Javier Benjumea Llorente	Inversión Corporativa I.C, S.A.	Member
Mr Ignacio Solís Guardiola.	Inversión Corporativa I.C, S.A.	Member
Mr Fernando Solís Martínez-Campos	Inversión Corporativa I.C, S.A.	Member

Provide details, as the case may be, of any relevant relations other 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

Mr. Felipe Benjumea Llorente

Personal or corporate name of related significant shareholder

Finarpisa, S.A.

Description of relationship

Chairperson of Board.

B.1.18. Indicate whether any of the rules and regulations of the board were modified during the financial year

No.

B.1.19. Indicate the procedures for the appointment, re-election, evaluation 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 Remunerations 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.

The performance of the board members and of the executive board members is evaluated on the proposal of the Appointments Committee through a substantiated report filed to the Board at its meeting of the subsequent first 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.

On December 2, 2002, the Audits Committee was formed and on February 24, 2003, the Appointments and Remunerations Committee was also formed. On the same date, the Board of Directors prepared a proposal to modify the Bylaws for the purpose of incorporating the forecasts relating to the Audits Committee, the proposal of the Regulations on the development of Shareholders Assemblies, the partial modifications to the Regulations of the Board of Directors and, finally, the Regulations on the internal system of the Audits Committee and of the Appointment and Remunerations Committee, approved by the General Assembly on June 29, 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 Audits Committee and the Appointments and Remunerations Committee were integrated by non-executive board members (with the exception of the coordinator who is member of the board of directors and of the Audits Committee), majority being independent, in accordance with the stipulations in Law on Financial Systems Reform Measures. As a result, the first two independent board members were appointed by the Board of Directors since there was still, logically, no appointment committee. Said independence is also ratified on annual basis by the Appointments Committee. Upon its creation, the proposal for the appointment of board members became part of its competence, and since then it is the aforementioned committee that has made the proposals to the Board of Directors.

Regarding the procedure for selecting and appointing independent members of the board, the Appointments and Remunerations Committee is the organ responsible for selecting the profiles that best represent the needs of the various interest groups among professionals from various fields of expertise and of national and international acclaimed prestige. The procedure for selecting them is based on meritocracy and on the intent to cover any vacancy with professional profiles and not linked to special interests.

Thus, the Appointments and Remunerations Committee annually assesses procedures to ensure compliance with the conditions met for the appointment of a board member and the character and type assigned thereto, including the information into the annual Corporate Governance Report. The Appointments Committee shall likewise ensure that the selection procedures for filling in vacancies do not suffer from implicit biases that may hinder the inclusion of females meeting the required profile into the potential candidates thus preventing the selection of female directors. Its functions also include that of informing the Board of Directors on the appointments, re-elections, terminations and remunerations of the Board members and their posts, as well as on the general policy remuneration and for the top management and to first inform the Assembly of all the proposals that the board of directors may formulate for the appointment or termination of board members, even in cases of co-optation, by the Board of Directors itself.

Regarding the above, every year the External Auditors issue a report on the independent verification of the Corporate Governance Annual Report issued by Abengoa S.A., assessing to ensure that its contents are in line with both the stipulations of recommendations of the report issued by the Special Work's group on good governance of listed companies (Uniform Good Governance Code) as well as the modifications enforced by Law 2/2011 of Sustainable Economy of March 4.

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 in all other cases deemed appropriate by the applicable law, the Bylaws or these Regulations.

Board Members are bound to surrender their posts to the Board of Directors 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 supposed incompatibilities or prohibitions envisaged by law.
- b) If 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.

Thus, Article 13 (Board Member Termination) of the Board of Director Regulations establishes that:

1. Directors are removed from office when the term for which they were appointed comes to an end, and in all other cases deemed appropriate by the applicable law, the Bylaws or these Regulations.
2. Board Members are bound to surrender their posts to the Board of Directors and to sign, should the Board deem it convenient, the relevant resignation in the following cases:
 1. If they are involved in any of the supposed incompatibilities or prohibitions envisaged by law;
 2. If severely punished by any public authority for infringing upon their obligations as Board Members;
 3. Should the Board itself request it so for having infringed upon their obligations as Board Members;
3. When the period expires or duty is terminated, whatever the reason, said board member may not render any services to any other competing entity for a period of two years, except if the Board of Directors release him/her from this obligation or shortens the 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 taken to limit the risks associated with the concentration of powers in one person:

Yes.

Measures to limit risks

Explain the division of functions

In accordance with the provisions of article 44 bis of the Company's Bylaws, on December 2, 2002 and on February 24 2003, the Board of Directors set up the Audits Committee and the Appointments and Remunerations Committee, respectively.

These committees are vested with the necessary non-delegable powers inherent in the responsibilities assigned them by law, the Bylaws and their respective internal regulations, thus rendering as organs of control and supervision of issues within their power.

Both are presided over by an independent, non-executive board member, and are comprised of a majority of independent and non-executive board members.

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

On October 25, the Board of Directors also decided to appoint Mr. Manuel Sanchez Ortega as CEO sharing his executive duties with Mr. Felipe Benjumea Llorente. The existence of three executive board members, according to the above, within an ample majority of independent or external board members results in the effective control over the decisions of the top executive, thus preventing the concentration of power in the top executive, encouraging decision-making and ensuring the best functioning of the company governance.

Indicate and, as the case may be, explain whether rules were established to empower one of the independent Board members to request the convening of a board meeting, or to include new items in the agenda, in order to coordinate and echo the concerns of external board members and to oversee the assessment by the Board of Directors.

Explanation of the Rules and Regulations

The Board of Directors currently consists of fifteen members. The Regulations of the Board of Directors govern the composition, functions and internal organization of the governing body. The company also has an Internal Code of Conduct that bounds the Board of Directors, the senior management and all other employees deemed affected, by virtue of the positions or powers that may be held in matters relating to the Stock Market. The Regulations of the General Assembly of Shareholders governs the formal aspects and the internal system for holding shareholders' meetings. Lastly, the Board of Directors is assisted by its Audits Committee and the Appointments and Remunerations Committee, both of which 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, available on the company's website, www.abengoa.es and www.abengoa.com. Since its inception, the Appointments and Remunerations Committee has worked towards analyzing the company's governing bodies' structure and adapting it to corporate governance recommendations, with particular attention to the historic and special configuration of said bodies within Abengoa. In February 2007, based on this analysis, the Committee recommended the creation of the post of coordinating director, and 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, produced in Spain in 2006; and the second, because it was considered that said body had fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could create situations of conflict of competences. 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 Mr. José B. Terceiro was appointed (on behalf of Aplicaciones digitales, S.L.) as coordinating board member, in his capacity as independent. On a final note, in October 2007 the Committee proposed that the Board accepts the resignation of Mr. Javier Benjumea Llorente from his position as Executive 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 entities or companies in which they have an appointed position.

The Committee then decided to revisit the study of the number and characteristics of the Vice-Chairman of the Board of Directors within the current structure of governing bodies.

As a result, the Committee thought it necessary that the powers of the Vice-Chairman of Abengoa be restricted to those conferred under the Spanish Corporations Act as regard the material representation of the company on the one hand, and as balance to the Chairman's functions on the Board of Directors, on the other. On this basis, it considered that the coordinating board member – with the functions assigned thereto by virtue of the decisions taken by the Board of Directors (February 2007) and the General Shareholders' Meeting (April 2007) – was the ideal figure, given the corporate governance recommendations and the company structure, as well as the composition and diversity of its directors. The coordinating board member has already been entrusted with the task of coordinating the concerns and motivations of the other Board members, and empowered to convene Board meetings and to include new items on the agenda. In its role as the visible protector of the interests of the Board members, it holds more of a de facto than of a de jure position on the Board, such that it 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 Vice-Chairman to the Board of Directors. In addition, and within the functions of material representation, the Executive 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.

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 Vice-Chairman of the Board of Directors, with the unanimous consent of the independent board members with regards to retaining its position as coordinating board member in spite of its new appointment as Executive Vice-Chairman. In addition, and within the functions of material representation (conferred through a power of attorney granted by the Board of Directors on July 23, 2007), the Executive Vice-Chairman, together with the Chairman of the Board of Directors, was proposed as joint physical representative of Abengoa, in its capacity as the Chair of the Board of 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 from legal majorities) required for any type of decision?

No.

Indicate how the decisions of the Board of Directors are taken, stating, at least, the minimum quorum and the types of majorities required to take the decisions:

Description of Decision:

All, except those legally reinforced.

Quorum	%
Half plus one	50.01
Type of majority	%
Simple	50.01

Description of Decision:

Delegation of powers

Quorum	%
Half plus one	50.01
Type of majority	%
Two third	66.66

B.1.23. Explain whether there are specific requirements, other than those relating to Board members, to be appointed Chairman.

No.

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

Yes.

Matters on which there is a deciding vote

In the event of ties

B.1.25. Indicate whether the bylaws or board regulations establish any age limit on board members:

No.

Age Limit of Executive Chairman	Age Limit of CEO	Age Limit of Board Member
0	0	0

B.1.26. Indicate whether the bylaws or board regulations establish a limited mandate for independent board members:

No.

Maximum term of office

None

B.1.27. In the event that there are few or no female directors, explain the reasons and the initiatives put in place to remedy the situation.

Explanation of the reasons and the initiatives

As at December 31, 2012 there were 3 females among the 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).

Through the Abengoa Equality Framework Plan the company has defined a corporate strategy in the field of equal rights between male and female. Thus, all Abengoa companies and work centres are using this Plan as reference to develop and approve their own. Article 1 letters A and B of the Appointments and Remunerations Committee Regulations specifically outline the quest for equal opportunities.

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

None.

The second section of Article 10 of the Regulations of the Board of Directors 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 in writing by any 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, as the case may be, the number of times the Board met without the Chairman in attendance:

Number of board meetings	Number of Board meetings held without the attendance of the Chairman
15 (including 5 written session)	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 Audits Committee	7
Number of meetings of the Appointments and Remunerations Committee	2
Number of meetings of the Appointments Committee	Not applicable
Number of meetings of the Remunerations 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	5
% of non-attendances of the total votes cast during the year	2%

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

Yes.

Identify, as the case may be, the people who certified the company's individual and consolidated accounts for approval by the Board:

Name	Post
Mr. Enrique Borrajo Lovera	Director of Consolidation
Mr. Vicente Jorro	Chief Financial Officer

B.1.32. Explain, if applicable, the mechanisms established by the Board of Directors to ensure that the individual and consolidated accounts that it prepares are not presented to the General Assembly of Shareholders with reservations and qualifications in the audit report.

The risk control system, the internal audit services and the Audits Committee to which the others report, have been equipped to act as mechanisms of frequent and regular control and supervision. They prevent, identify and, where appropriate, resolve potential situations which, if not addressed, could give rise to incorrect accountancy treatment. The Audit Committee, it receives regularly of the external auditor the information about the Plan of Audit and the results of his execution and, checks that the high direction bears his recommendations in mind.

B.1.33. Is the secretary to the Board also a board member?

No.

B.1.34. Explain the procedures for the appointment and removal or termination 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 Remunerations Committee, stating ground

Does the Appointments Committee communicate appointments?	Does the Appointments Committee communicate removals or terminations?	Does the plenary session of the Board approve appointments?	Does the plenary session of the Board approve removals or terminations?
Yes	Yes	Yes	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 article 27 of the regulation of the board of directors establishes as function of the audit committee to assure the independence of the external auditor, which includes that one assures the review of the provision of services, the limits to the concentration of the business of the auditor, and in general, other procedure established to assure the independence of the auditors. In relation with the financial analysts and investment banks, the company supports an internal procedure of request of three offers for the contracting of the same ones, in turn the company elaborates a letter of mandate where there are established the precise terms of the contracted work. In what concerns the agencies of qualification we possess the qualification of three current agencies, his corresponding letter of mandate.

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

Yes.

Auditor outgoing	Auditor incoming
PricewaterhouseCoppers, S.L	Deloitte, S.L.

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 Accts.	Total
Fees for non-audit work (Thousands of Euros)	425	1.825	2.250
Fees for non-audit work/total amount invoiced by the audit firm (%)	73.14%	31.81%	35.61%

B.1.38. Indicate whether the audit report on 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.

No.

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:

	Company	Group Accts.
Number of years uninterrupted	1	1
Nº of years audited by current firm / Nº of years for which the company has been audited (%)	4.55	4.55

B.1.40. Indicate any equities that company Board members hold in capitals of other entities engaged in the same, analogous or complementary type of business as 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.

Details of the procedure:

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 decisions are validly taken by 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, thus guaranteeing 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, it holds the full support of the latter to execute its functions with complete independence of criteria and stability, and is responsible for ensuring compliance with the internal regulations on corporate governance. Single-handedly, or through the board members, it channels the external consultancy necessary for the due training of the Board.

The Board of Directors 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 Directors sets forth that

"The Members of the Board of Directors shall be empowered, through the Chairperson, to propose to the Board of Directors, by majority, that it engages the services 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 through which board members can obtain the information needed to prepare well in advance of meetings of the governing bodies and, if there is, give details:

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 the board member was created to be given to each new board member appointed, to provide vast knowledge of the company and its internal rules. Claudi Santiago Ponsa received said manual upon his appointment.

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

Yes.

Explain the rules

Article 13 of the Board of Directors Regulations: Board members must offer to resign and, if the Board of Directors deems it appropriate, resign under the following circumstances: if they get involved in any of the legally envisaged suppositions of incompatibility or prohibition.

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 any other claims whatsoever which, due to their magnitude, 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:

No.

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

Not applicable.

Taked decision	Explication reasoned
None	None

B.2. Committees of the Board of Directors

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

a) Audits Committee

Name	Post	Typology
Mr. Mercedes Gracia Díez	Chairperson	Independent
Mr. José Joaquín Abaurre Llórente	Member	Proprietary
Mr. José B. Terceiro	Member	Executive
Mr. Ricardo Martínez Rico	Member	Independent
Ms. Alicia Velarde Valiente	Member	Independent

b) Appointments and Remunerations Committee

Name	Post	Typology
Mr. José Borrell Fontelles	Chairperson	Independent
Mr. José Luis Aya Abaurre	Member	Proprietary
Mr. José B. Terceiro	Member	Executive
Ms. Mercedes Gracia Díez	Member	Independent
Ms. Alicia Velarde Valiente	Member	Independent

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

Monitoring the preparation process and the integrity of the financial information on the company and, as the case may be, the group, verifying compliance with legal requirements and the correct application of accounting criteria, and appropriately specifying the scope of consolidation.

Yes.

Frequently 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, renewal and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities; and checking to ensure 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 deemed appropriate, anonymously - any possible irregularities they may observe within the company, particularly in the area of finance and accounting.

Yes.

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

Yes.

Regularly receiving information on the audit plan and on the implementation results from the external auditor, and ensuring that the senior management takes the 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 companies in the group.

Yes.

B.2.3. Describe the rules of the organization and how it functions; also outline the responsibilities of each of the Board Committees.

Committee name

Appointments and Remunerations Committee.

Brief description

In compliance with the requirements set forth in the Financial System Reforms Law, the Appointments and Remunerations Committee is comprised of a majority of non-executive directors. Likewise, in accordance with the provisions in Article 2 of its Internal Regulations, the position of Chairman of the Committee shall be held by a non-executive board member.

Functions

The powers and duties of the Appointments and Remuneration Committee include the following:

1. Report to the Board of Directors on matters relating to the appointment, reelection, retirement, removal and remuneration of the members of the Board of Directors and the Advisory Board and on general policy relating to remuneration and incentives for the aforesaid members and executive officers.

2. Prepare the proposals that the Board of Directors puts to the General Meeting of Shareholders for the appointment or removal of Directors, including those appointed by the Board of Directors to fill casual vacancies by co-option.
3. Produce an annual report on the activities of the Committee of Appointments and Remuneration, to be included in the Directors' Report
4. Evaluate the skills, knowledge and experience required by the Board; to define the abilities and functions required by candidates to cover vacancies; and to assess the time and dedication required by Board members to fully carry out their functions;
5. Examine and organise the succession of the Chairman and CEO and make proposals to the Board, as appropriate, so that any succession occurs in an orderly and well planned way;
6. Inform the Board of any appointments or resignations of senior managers proposed by the CEO.
7. Inform the Board about gender diversity issues.
8. Propose to the Board of Directors:
 - i) The remuneration policy for directors and senior management;
 - ii) The individual remuneration of the directors and the approval of the contracts that the Company signs with each executive director;
 - iii) The basic conditions of contracts for senior management.
9. Ensure that the remuneration policy established by the Company is followed.
10. Consult with the Chairman or CEO of the Company, especially in relation to issues connected to executive directors and senior management.
11. Analyse applications from any director, when taking potential candidates into consideration to cover director vacancies.

Organization and function

The Appointments and Remunerations Committee shall meet as often as necessary to perform its functions, but 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 2012 it met on two occasions.

The decisions taken shall be deemed valid when the majority of the members of the Committee, present or represented by proxy, vote in favour. Situations of tie shall be resolved by the decisive vote of the Chairman.

Committee name

Audits Committee.

Brief description

In compliance with the requirements set forth in the good governance regulations and, especially, in the Financial System Reforms Act, the Audits Committee is comprised of a majority of non-executive directors. Likewise, in accordance with the provisions of Article 2 of its Internal Regulations, the office of Chairman of the Committee shall be held by a non-executive director.

Functions

The powers and duties of the Audit Committee include the following:

1. Prepare 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.
2. Inform the Board of Directors of any changes in accounting principles, balance sheet risk and off-balance sheet risk.
3. Report to the General Meeting of Shareholders on questions that fall within its area of competence.
4. Submit proposals to the Board of Directors for the appointment of external auditors to be approved by the General Meeting of Shareholders.
5. Supervise internal audit procedures. The Committee shall have full access to internal auditing and shall report on the process of selection, appointment, reappointment, removal and remuneration of the internal audit director and on the department's budget.
6. Have full knowledge of the Company's financial information process and internal control systems.
7. Serve as a channel of communication with the external auditors for information on questions that could jeopardise the independence of the latter and any other matters relating to the audit process.
8. Summon Directors to meetings of the Committee, at its discretion, to report on such matters as the Audit Committee may determine.
9. Produce an annual report on the activities of the Audit Committee to be included in the Directors' Report.

I. In relation to internal control and the information systems:

- a) Supervise the preparation process and the integrity of the financial information relating to the Company and to the Group, as appropriate, ensuring compliance with regulatory requirements, the appropriate scope of consolidation and the correct application of accounting criteria.
- b) Periodically review the internal control and risk management systems so that the principal risks are appropriately identified, managed and reported.
- c) Supervise the internal audit function, through full access to it, and monitor and supervise its independence and effectiveness; propose the selection, appointment, re-election and removal of the manager of the internal audit service; propose the budget for this service and set the remuneration for its manager; receive periodic information on its activities and the budget for the service; and verify that senior management takes into account the conclusions and recommendations of its reports.
- d) Establish and supervise a mechanism that allows employees to confidentially and anonymously, if appropriate, communicate potential irregularities, especially financial and accounting, which they may identify within the Company, proposing the appropriate corrective measures and approvals to the Board of Directors.
- e) Summon any employee or director of the Company, including appearances without the presence of any other manager.
- f) The Audit Commission shall notify the Board prior to adopting the corresponding decisions on the following issues:
 - (i) The financial information that the Company must periodically publish, as a listed company. The Commission must ensure that the interim accounts are prepared using the same accounting criteria as the annual accounts, and therefore consider the relevance of a partial review by the external auditor.

- (ii) The creation or acquisition of shareholdings in special purpose vehicles or entities registered in countries or territories considered as tax havens, as well as any other similar transactions or operations that, due to their complexity, could reduce the transparency of the Group.
 - (iii) Related operations.
- g) Supervise compliance with the Internal Code of Conduct in relation to the securities market and the policy on the Use of Relevant Information and the rules of corporate governance.
- II. In relation to the external auditor:
- a) The proposals to select, appoint, re-elect and substitute the external auditor, as well as the conditions of its contract, shall be presented by the Board of Directors to the Shareholders' General Meeting.
 - b) Receive information about the audit plan and its results from the external auditor on a regular basis and verify that senior management takes its recommendations into account.
 - c) Ensure the independence of the external auditor and therefore:
 - (i) That the Company notifies the CNMV of the change of auditor as a significant event and accompanies this disclosure with a statement about the existence of disputes with the outgoing auditor and the content of such disputes, if they exist;
 - (ii) That it ensures that the Company and the auditor comply with the prevailing regulations on the provision of services, other than audit services, the restrictions on the concentration of business with an auditor and, in general, any other regulations established to ensure auditors' independence;
 - (iii) In the case of the resignation of an external auditor, to examine the circumstances that may have caused it.
 - d) Support the Group auditor in taking responsibility for the audits of the companies that comprise it.

Organization and function

The Audits Committee shall meet as often as necessary to perform its functions and at least once every quarter. In 2012 it met on five occasions and two written sessions.

The Audits Committee shall be deemed validly convened 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 regarding consultancy, consultation and, as the case may be, conferment:

Committee name

Appointments and Remunerations Committee.

Brief description

To Report to the Board of Directors on matters relating to the appointment, reelection, retirement, removal and remuneration of the members of the Board of Directors and the Advisory Board and on general policy relating to remuneration and incentives for the aforesaid members and executive officers, prepare the proposals that the Board of Directors puts to the General Meeting of Shareholders for the appointment or removal of Directors, including those appointed by the Board of Directors to fill casual vacancies by co-option, produce an annual report on the activities of the Committee of Appointments and Remuneration, to be included in the Directors' Report Evaluate the skills, knowledge and experience required by the Board; to define the abilities and functions required by candidates to cover vacancies, and to assess the time and dedication required by Board members to fully carry out their functions, examine and organise the succession of the

Chairman and CEO and make proposals to the Board, as appropriate, so that any succession occurs in an orderly and well planned way, inform the Board of any appointments or resignations of senior managers proposed by the CEO, inform the Board about gender diversity issues, propose to the Board of Directors: i) the remuneration policy for directors and senior management; ii) the individual remuneration of the directors and the approval of the contracts that the Company signs with each executive director; iii) the basic conditions of contracts for senior management, ensure that the remuneration policy established by the Company is followed, consult with the Chairman or CEO of the Company, especially in relation to issues connected to executive directors and senior management, applications from any director, when taking potential candidates into consideration to cover director vacancies.

Committee name

Audits Committee.

Brief description

Prepare 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, inform the Board of Directors of any changes in accounting principles, balance sheet risk and off-balance sheet risk, report to the General Meeting of Shareholders on questions that fall within its area of competence. Submit proposals to the Board of Directors for the appointment of external auditors to be approved by the General Meeting of Shareholders, supervise internal audit procedures, the Committee shall have full access to internal auditing and shall report on the process of selection, appointment, reappointment, removal and remuneration of the internal audit director and on the department's budget, have full knowledge of the Company's financial information process and internal control systems, serve as a channel of communication with the external auditors for information on questions that could jeopardise the independence of the latter and any other matters relating to the audit process, summon Directors to meetings of the Committee, at its discretion, to report on such matters as the Audit Committee may determine, produce an annual report on the activities of the Audit Committee to be included in the Directors' Report.

B.2.5. Indicate whether there are any regulations that govern the Board Committees, references to their availability for consultations, and any amendments that may have been made during the financial year. Also state whether annual reports were voluntarily prepared on the activities of each committee.

Committee name

Appointments and Remunerations Committee.

Brief description

The latest amendments of the Appointments and Remunerations Committee Regulations dated October 24, 2011, are available on the company's website and at the CNMV. Each committee issues its own annual report on its activities, which is then published as part of the Annual Report.

Committee name

Audits Committee.

Brief description

The latest amendments of the Audits Committee dated October 24, 2011, are available on the company's website and at the CNMV. Each committee issues its own annual report on its activities, which is then 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

Not applicable – there is no Executive Committee.

C. Linked Transactions

C.1 Indicate whether the plenary session of the Board reserved the right to approve transactions between the company and its directors, significant shareholders, shareholders represented on the Board, or related parties, upon a favourable report from the Audit or any other Committee entrusted with this task:

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:

None.

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:

None.

C.4 Provide details of relevant transactions between the company and other companies belonging to the same group, provided they are not eliminated during the preparation of the consolidated financial statements and are not part of the normal company transactions with regards to its purpose and conditions:

Not applicable.

C.5. Pursuant to article 127 ter of the Spanish Public Limited Companies Act, indicate whether the members of the Board of Directors were involved in any conflict of interest during the financial year.

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 Audits Committee is the body responsible for monitoring and resolving conflicts of interest. Pursuant to the Board of Directors Regulations, the Board member is obliged 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 company of the group listed in Spain?

No.

Identify any subsidiaries listed:

Not applicable.

D. Risks Control System

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.

The Abengoa Risk Management is structured on three significant bases:

- The Common Management Systems, which serve to mitigate business risks.
- Internal control procedures on the elaboration of financial information designed following the SOX (Sarbanes-Oxley Act) to mitigate risks linked with the reliability of financial information.
- The Universal Risks Model of Abengoa is the methodology for the identification, comprehension and evaluation of the risks that may affect Abengoa. The purpose is to obtain an integral vision of them, designing an efficient system of response that is in line with the business goals and objectives of the company.

These two elements form an integrated system that allows an appropriate risk management and control at all the 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 aimed at ensuring the compliance with and the good functioning of these systems.

I) Business Risks:

Procedures geared towards eliminating business risks are instrumented through what is referred to as "Common Management Systems". The Common Management Systems of Abengoa develop the internal rules that govern Abengoa and its chosen approach to assessing and controlling the risks. 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 common management systems serve to identify both the risks embedded in the current model as well as the activities of control that mitigate them and drastically reduces the risks inherent in the activity of the Company (business risks), at all possible levels.

The common management systems include some specific procedures that cover any action that may entail a risk for the organization, whether economic or otherwise.

The functional managers must verify and certify compliance with these procedures. This certification is annual and submitted to the Audit Committee in January of the following year.

The goals and objectives of the common management systems can be summarised as follows:

- Identify possible risks, which, though inherent in any business, must be identified, mitigated and monitored
- 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.
- Reinforce the corporate identity.
- Achieving growth through strategic development that seeks innovation and new options on short- and long-term bases.

The systems cover three levels of the whole organization:

- All business units and areas of activity
- All levels of responsibility
- All types of operations

Compliance with the regulations set forth in the common management systems is compulsory for the whole organization, which is why all its members are bound to be familiar with them. Any exceptions to said compliance with said systems must be reported 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.

II) Risks in relation to the reliability of financial information:

In 2004 Abengoa started the 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.

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 another year, we are able 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.

This standard 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. This way, and even though none of the Business Units are under obligation to comply with the SOX Law, Abengoa believes it is best for all its companies to comply with said requirements, since said rules complete the risks control model that the company uses.

An appropriate internal control system can be put in place using three tools:

- A description of the company's relevant processes that may bear a potential impact on the financial report being prepared. So far 41 management processes have been identified and grouped into corporate cycles and cycles that are common to the business units.
- A series of flow charts that provide a visual description of the processes.
- An inventory of the control activities (530 controls, 250 of them being automatic) in each process that ensures attainment of the control objectives.

At Abengoa, we have always viewed this legal requirement as an opportunity for improvement. Far from limiting ourselves to the bare minimum required by law, we have strived to optimize our internal control structures, control procedures and the assessment procedures we apply.

For the purpose of complying with the requirements of section 404 of the SOX Act, Abengoa's internal control structure has been redefined following the "Top-Down" approach based on a risks analysis that entail the initial identification of the significant risks areas and the assessment of the controls that the company holds over them, beginning with those executed at the highest level then down to the operational controls put in place in each case.

Thus, in 2011 the initial stages of the introduction of the SAP GRC Process Control module were concluded. By December 31, 2012, the module had already been implemented in all the significant companies.

GRC Process Control provides a technological solution that allows the automation of the continuous internal control and performance monitoring model, facilitating its performance and increasing security in the company's operations.

Below are the benefits derived from the introduction of the GRC Process Control:

- Automation of the Continuous (Internal) Control Monitoring. Obtaining automatic reports and balanced scorecards on the internal control framework and regulations
- Integration of internal control into business processes.
- Level of automation of auditing for automatic controls.
- Centralization of documentation and internal control management processes. (Sole repository of information)
- Usage of standard workflows for the entire life-cycle of a control, bearing the regulation in mind, as in the case of SOX.
- Increase of the efficiency of internal control model, by reducing performance cost and increasing its effectiveness.
- Increasing confidence in the effectiveness of controls.
- Improving the performance follow-up.

III) Universal Risks Model

The 2011 financial year saw the culmination of the implementation of the universal risks model of Abengoa, the methodology for the identification, comprehension and evaluation of risks that may affect Abengoa. The purpose is to maintain an integral vision of them, designing an efficient system of response that is in line with the business goals and objectives of the company.

Our model envisages the following areas and categories of risks:

- Strategic Risks: corporate governance, strategic and R+D+i projects, mergers, acquisitions and divestitures, 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.
- Regulatory Risks: regulations, laws and codes of ethics and of conduct.

The risks identified are assessed considering the probability of them actually occurring and their impact on the company.

The 2012 financial year saw the consolidation of Archer eGRC as the tool for calculating and reporting the risks of the various activities and sectors of the company. Since its introduction, effort has been made to ensure the synchronization of the application with other tools of the group for the purpose of getting the processes to become more automatic.

IV) Risks Factors

The Risks Factors of Abengoa are identified in Schedule 1 of the Securities Registration Document published in the CNMV on July 12, 2012.

1. Specific risks factors of issuer or of its activity sector.

1.1. General Risks

- Abengoa operates in a sector of activity especially linked with the economic cycle.
- Risk derived from depending on the regulations in support of activities relating to renewable energy, bioethanol production and also research- and development-related activities.
- Solar power generation.

- Biofuel consumption.
- Risks derived from the sensitivity entailed in the supply of raw materials for biofuel production and the volatility of the price of the final product.
- Risks derived from the sensitivity entailed in the supply of raw materials for recycling activities and the volatility of the price of the final product.
- Risks derived from delays and cost overruns in activities of Engineering and construction due to the technical difficulties of the projects and the lengthy duration of their execution.
- Risks linked to the activities of concession-type Infrastructural projects operating under regulated tariffs or extremely long-term licences agreements.
- Incomes derived from long-term agreements: risks derived from the existence of clauses and/or renewal of licence agreements processed by Abengoa, termination of pending Engineering and Construction projects and non-renewals of biofuel distribution agreements.

I. Concessions.

II. Biofuel distribution agreements.

III. Backlog of projects in the activities of Engineering and construction.

- The variations in the cost of energy may bear negative impact on the Company results.
- Risks derived from the development, construction and exploitation of new projects.
- Abengoa's activities may be negatively affected in the event that public support for such activities diminishes.
- Construction projects regarding the Engineering and Construction activities and the facilities of Concession-type Infrastructural and Industrial production activities are dangerous places of work.
- Risks derived from joining hands with third parties for the execution of certain projects.

1.2. Specific Risks of Abengoa

- Abengoa operates with enormous levels of indebtedness.
- Risks derived from the demand for capital intensive investments in fixed assets (CAPEX), which increases the need for external financing for the execution of pending projects.
- Risk of obtaining reduced net profit derived from assets rotation
- The company has a controlling shareholder.
- The renewable energy sector products and services are part of a market subject to intensive conditions of competition.
- The results of the Engineering and construction activity depend significantly on the growth of the Company in the Concession-type Infrastructural and Industrial Production activities.
- Fluctuations in the interest rates and its coverage may affect the results of the Company
- Fluctuations in the currency exchange rates and its coverage may affect the results of the Company

1.3. Risks derived from internationalization and from country risks:

- Abengoa's activities fall under multiple jurisdictions with various degrees of legal demands requiring the Company to undertake significant efforts to ensure its compliance with them.
- Insurance coverage underwritten by Abengoa may be insufficient to cover the risks entailed in the projects, and the costs of the insurance premiums may rise.
- The activities of the Company may be negatively affected by natural catastrophes, extreme climate conditions, unexpected geological conditions or other physical kinds of conditions, as well as by terrorist acts perpetrated in some of its locations.
- The practices of tax evasion and product alteration on the Brazilian fuel distributions market may distort the market prices.

V) 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 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 Corporate Social Responsibility matters through a report that is based on 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.

Likewise, from 2009 onwards, the company put in place a system of environmental sustainability indicators that contributes to improving the management of the company's business, thus permitting the sustainability of its activities to be measured and compared, and establishing improvement objectives for the future. The combination of both initiatives has situated Abengoa at the helm of world leadership in sustainability management.

VI) Criminal Liability Risks

The enactment of Organic Law 5/2010 forced Abengoa to develop a system for risks management, internal control and for verifying compliance with the legal standards to ensure that possible criminal liability risks are minimized, putting in place measures aimed at prevention, detection and investigation.

D.2. Indicate whether some of the various kinds of risks (operational, technological, financial, legal, of reputation, tax-related...) that may affect the company and/or its group emerged during the financial year.

No.

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

Not applicable.

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

Yes.

If so, outline its functions.

Name of the committee or body

Audits Committee.

Description of functions

The powers and duties of the Audit Committee include the following:

- Prepare 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.
- Inform the Board of Directors of any changes in accounting principles, balance sheet risk and off-balance sheet risk.
- Report to the General Meeting of Shareholders on questions that fall within its area of competence.
- Submit proposals to the Board of Directors for the appointment of external auditors to be approved by the General Meeting of Shareholders.
- Supervise internal audit procedures. The Committee shall have full access to internal auditing and shall report on the process of selection, appointment, reappointment, removal and remuneration of the internal audit director and on the department's budget.
- Have full knowledge of the Company's financial information process and internal control systems.
- Serve as a channel of communication with the external auditors for information on questions that could jeopardise the independence of the latter and any other matters relating to the audit process.
- Summon Directors to meetings of the Committee, at its discretion, to report on such matters as the Audit Committee may determine.
- Produce an annual report on the activities of the Audit Committee to be included in the Directors' Report.

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

- To determine the risks of a possible material error in the financial reporting caused by fraud or possible fraud risk factors.
- To analyse the procedures for evaluating the efficiency of internal control in relation to financial reporting.
- To obtain information on the capacity of the internal controls over the processes affecting Abengoa and its operating segments.
- 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 affecting 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.
- Implementing plans and monitoring for the actions taken to correct the differences identified in the audits.
- Installing measures to identify and correct possible internal control weaknesses in relation to the financial reporting.
- Analysing the procedures, activities and controls that seek to guarantee the reliability of the financial reporting and preventing fraud.

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

Abengoa applies all the rules and regulations dictated by the (CNMV) Stock Market Authorities. This fact implies that for the past five financial years Abengoa has been strictly complying with the reference indicators included in the document of the CNMV's "Systems of Internal Control over Financial Reporting.

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

External audit

The auditor of the individual and consolidated annual financial statements of Abengoa, S.A. for the financial year ending December 31, 2012, is Deloitte S.L. which is also the Group's main auditor.

The external auditors issued five reports during the 2012 financial year. They are integrated into the Annual Report:

- Audit report on the Group's consolidated financial statements, as required by the Laws in vigour.
- 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 prepare by KPMG, Auditores, S.L.
- And voluntary verification report on the design of the Risk Management System in accordance with the ISO 31000 Standards and Specifications prepare by Ernst & Young Auditores, S.L.

E. General Assembly

E.1. Indicate and explain, if any, the differences existing between the required quorum and that stipulated in the Spanish Public Limited Companies Act (LSA) for convening the General Assembly of Shareholders.

No.

	% of quorum other than that established in Article 102 of the LSA for general matters	% of quorum other than that established in Article 103 of the LSA for special matters
Quorum required for the first call	0	0
Quorum required for the second call	0	0

E.2. Indicate and explain, if any, the differences existing between the required system and that envisaged in the LSA for taking corporate decisions.

No.

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

Not applicable.

E.3. List any shareholders' rights with regards to general assemblies other than those established in the LSA.

The right to information, in accordance with applicable regulations; the right to receive Shareholders' Assembly-related documents free of charge; the rights to vote in proportion to shares held, without maximum limit; the right of attendance for all shareholders with at least three hundred seventy-five (375) shares; whether of class A or class B (which grant the holders the right to attend shareholders assemblies, as long there is proof that the shareholding capacity existed before the date of the assembly, accredited through the presentation of the relevant legal attendance card, which shall indicate the number, class and series of shares that bearer holds, plus the number of votes bearer may cast); economic rights (to dividends, as the case may be, and to the distribution of assets); the right of proxy, delegation and grouping and the right of the shareholder to take any legal actions whatsoever. See Additional sixth for the Rights of the Minority Shareholder which was reinforced following the Extraordinary General Assembly of Shareholders Meeting held on September 30, 2012.

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 after the Spanish Securities and Exchange Commission has been notified thereof. Said presentations are published on the Company's web page.

In compliance with article 539.2 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 the inclusion of 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, as the case may be, 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 Assembly shall 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' Assemblies are presided over by the Chairman of the Board of Directors.

The Regulations of the General Shareholders' Assembly, as approved at the General Assembly held on June 29, 2003, contain procedures regulating the convening, functioning, exercise of rights and Decision-making at general assemblies, thereby establishing an accurate and binding framework for holding such assemblies.

The General Assembly of Shareholders is generally attended by a Notary Public, who verifies the fulfilment of the requirements necessary to be deemed validly convened and to Resolve and take Decisions, and who takes down the corresponding minutes.

Pursuant to the Bylaws and to the Shareholders General Assembly Regulations, the Board Secretary shall act as secretary at the general assembly meeting) to ensure compliance with the Bylaws and the legal requirements on convening and holding assemblies and on Resolving and taking Decisions.

E.6. Indicate the changes, if any, in the Shareholders General Assembly Regulations during the financial year.

On September 30, 2012, the Extraordinary General Assembly of Shareholders agreed to modify Articles 2, 4, 5, 9, 12 and 14 of the Shareholders General Assembly Operations Regulation for their adaptation to the new texts of Articles 21, 23, 24, 28, 31 and 33 of the Bylaws, which was also modified on said date and entered into the Company Registry of Seville on October 23, 2012. The aforementioned modifications were also entered into said registry.

E.7. Indicate the information of assistance to the shareholders meeting held in the exercise here referred.

Attendance Data					
Date of General Assembly Meeting	% of physical presence	% of attendance by proxy	% of absentee voting		Total
			Electronic voting	Others	
04-1-2012	56.695%	7.779%	0	0	64.474%

Attendance Data					
Date of General Assembly Meeting	% of physical presence	% of attendance by proxy	% of absentee voting		Total
			Electronic voting	Others	
09-30-2012	57.728%	21.838%	0	0	79.565%

Briefly indicate the decisions taken at the General Assembly of Shareholders' Meetings held in the financial year to which this report refers and the percentage of votes with which each Decision was taken.

The Ordinary General Assembly of Shareholders of Abengoa was held following the second call on April 1, 2012 with the attendance of 58,439,880 shares, amounting to 64.474% of the entire stock capital.

The following Decisions were taken:

First. - To examine and, if applicable, approve the Annual Accounts and the Management Report for the 2011 Financial Year, of the Company and of its consolidated group, as well as the management and remuneration of the Board of Directors during said financial year. -In this Decision, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,819,818,900 votes in favour, 4,948,700 against, and 19,220,400 abstentions.

Second. - To examine and, if applicable, approve the proposal for applying the result of the 2011 Financial Year. -In this Decision, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,681,303,400 votes in favour, 2,625,600 against, and 160,059,000 abstentions.

Third. - To ratify, appoint and re-select, as the case may be, Directors. In Decision Three, Paragraph 1, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,822,946,700 votes in favour, 20,930,000 against, and 111,300 abstentions. In Decision Three, Paragraph 2, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,822,921,400 votes in favour, 20,955,300 against, and 111,300 abstentions. -In Decision Three, Paragraph 3, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,590,762,100 votes in favour, 253,114,600 against, and 111,300 abstentions.

Fourth. - To re-select or appoint, as the case may be, accounts Auditor for the Company and its consolidated group. -In this Decision, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,834,491,500 votes in favour, 9,412,000 against, and 84,500 abstentions.

Fifth. - Modification of the Shareholders General assembly Regulations (adaptation to Act 25/2011) In Decision Five, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,843,988,000 votes in favour, 0 against and 0 abstentions.

Sixth. - Special Report issued on the Administrators Remuneration Policy and submitted for consultation to the General Assembly of Shareholders. In Decision Six, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,567,391,400 votes in favour, 276,596,600 against, and 0 abstentions.

Seventh. - Conferment of the power upon the Board of Directors to increase the stock capital by issuing new shares of any of the A and/or B and/or C Classes, pursuant to Article 297.1 b), adhering to the legal specifications, with the specific power to impose the exclusion of pre-emptive right in conformity with the stipulations of Article 506 of the Corporations Act, voiding the amount that remained from previous empowerments granted by the General Assembly. Empowerment of the Board of Directors and each of its members to set forth the conditions of the capital increase, to take all the actions deemed necessary for the execution thereof, to re-write the relevant articles of the Bylaws to adapt to the new amount of the stock capital and to grant as many notarised as well as private documents as may be deemed necessary to ensure the increase. To apply to the national and foreign authorities requesting admission for the new shares to trade on any stock market. In Decision Seven, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,560,571,000 votes in favour, 283,416,600 against, and 400 abstentions.

Eight. - Conferment of power upon the Board of Directors to issue fixed or variable bonds and securities of that nature, simple or guaranteed, convertible and non-convertible, with the specific power to impose the exclusion of pre-emptive rights in conformity with the stipulations of Article 511 of the Corporations Act, directly or through Companies in the Group, in accordance with the laws in vigour, and voiding the amounts that remained from previous empowerments granted by the General Assembly. In Decision Eight, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,568,786,700 votes in favour, 244,132,600 against, and 31,068,700 abstentions.

Ninth. - Conferment of power upon the Board of Directors for the derivative acquisition of equity shares, directly or through companies of the group, in conformity with the laws in vigour, voiding all previous authorizations granted by the General Assembly for the same purposes. In Decision Nine, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,596,874,600 votes in favour, 228,495,400 against, and 18,618,000 abstentions.

Tenth. - Conferment of power upon the Board of Directors for the interpretation, rectification, execution, formalization and inscription of the Decisions. In Decision Ten, a total of 5,843,988,000 valid votes were issued for a total of 58,439,880 shares representing 64.474% of the stock capital, with 5,843,748,000 votes in favour, 240,000 against, and 0 abstentions.

The meeting of the Extraordinary General Assembly of Shareholders of Abengoa was held following the second call on September 30, 2012 with the attendance of 89,090,315 shares, amounting to 79.565% of the entire stock capital.

Pursuant to the Bylaws of Abengoa, S.A. and to Article 293 of the Corporations Act, the approval of the decisions outlined under points Third to Seventh of the Agenda required, in addition to voting by all the shareholders present and represented in the General Assembly, the separate voting of the Class A and the Class B shareholders. At the same time, the Class A shareholders voted points Fifth and Sixth of the Agenda with the participation of the shareholders present and represented with the exception of the shareholders of Inversión Corporativa IC, S.A. and its subsidiary, Finarpisa S.A. who declared that they may only vote in favour of the proposals of the

Board of Directors in the separate voting of the Class A shareholders if it is verified that the majority of the rest of the attending shareholders vote in favour of the proposals submitted by the Board of Directors. The proposals of the decisions under points Third to Seventh on the Agenda are closely inter-related and such that said decisions could only be approved and be effective if the preceding decisions are approved. This system of separate voting (of which we informed the CNMV on October 1, 2012) was used to approve all the decisions proposed. Said decisions are as follows:

First. -In conformity with Article 319 of the Company Registry Regulations and the General Guidelines for the issuance of Bonds, the conferment of power upon the Board of Directors to issue Bonds and other Fixed-Income Securities, or warrants that may be converted into Class B shares, once or on several occasions, for a period of one (1) year, for the maximum amount of one thousand million (€1,000M) Euros, notwithstanding the conferment of powers approved by the general assembly on April 1, 2012. The conferment of power to outline the criteria for determining the bases and modalities of the conversion, exchange or exercise of the faculty to increase the stock capital in the amount deemed necessary to meet the corresponding requests for conversion or exercise, specifically granting the Board the power to exclude the pre-emptive subscription rights of shareholders, in accordance with Article 511 of the Corporations Act and all other applicable rules and regulations.

Second. - Ensuring that the Class A and the Class B shares and the convertible Bonds that the Company issued or may issue are admitted to trade on the Stock Exchange of Madrid and Barcelona, as well as on the Stock Exchange markets in the US. Conferment of power upon the Board of Directors of the Company to do everything necessary for that purpose, including any action, making any declaration and processing any documents before the competent authorities, to ensure that the shares or bonds, represented by ADS, as the case may be, are admitted to trade.

Third. - Modifications of Articles 21, 23, 24, 28, 31 and 33 of the Bylaws to pave the way for the exercise of certain rights of the shareholders based on the number of shares a shareholder may hold.

- 3.1. Modification of Article 21 of the Bylaws to reflect that to be permitted to attend the meetings of the general assembly of shareholders, a shareholder must possess three hundred and seventy-five (375) shares, regardless of whether they are Class A or Class B shares or a combination of both.
- 3.2. Modification of Article 23 of the Bylaws such that shareholders may be entitled to request the publication of a supplement to the convening of an ordinary general assembly of shareholders including one or more points to the agenda to submit decision proposals on issues already included or that should be included in the agenda of the convened assembly on the basis of the number of shares possessed.
- 3.3. Modification of Article 24 of the Bylaws such that the following may be permitted: (i) that based on the number of shares possessed, shareholders with one percent of the shares with voting rights may request the presence of a Notary Public to take the minutes of the general assembly; (ii) that shareholders with five percent of the shares with voting rights may request that a general assembly be summoned to decide on a social responsibility action to be brought against the administrators or to take a social responsibility action without the general assembly agreement or against it.
- 3.4. Modification of Article 28 of the Bylaws such that the Board of Directors of the Company may be permitted to convene a General Assembly of Shareholders upon the request of shareholders representing five percent of the company's shares with voting rights.
- 3.5. Modification of Article 31 of the Bylaws such that the Board of Directors of the company may be permitted to decide on the postponement of the general assembly of shareholders upon the request of shareholders representing five percent of the company's shares with voting rights.
- 3.6. Modification of Article 33 of the Bylaws such that the Board of Directors of the company may be permitted to suspend the right to information as envisaged in Article 197 of the Corporations Act upon the request of shareholders representing less than twenty-five percent of the company's shares with voting rights.

Fourth. - Modification of Article 8 of the Bylaws for the purpose of anticipating the possibility of increasing the capital stock using the reserves through the issuance of a single class of shares; and for establishing a percentage limit on the rights of redemption of the class B shares.

Fifth. - Increase of the capital stock through the issuance of class B shares using the voluntary reserves. Approval of the balance that may serve as basis of the increase.

Sixth. - Stipulation of a right to voluntarily convert class A shares into class B shares, for that purpose the following decisions shall be submitted to vote:

- 6.1. Addition of a new sub-section 3 to the first section, "Class A Shares", of Article 8 of the Bylaws (such that the current sub-section 3, still with the same wording, unchanged, would now be sub-section 4) in order to introduce a right to voluntarily convert Class A Shares into Class B Shares.
- 6.2. Reduction of the stock capital by reducing the nominal value of a given number to be specified of class A shares by €0.99 per share, by setting up a non-distributable reserve in accordance with the provisions in Article 335 c) LSC, with the integration of the shares that suffer such nominal value reduction by virtue of their transformation into class B shares, listing the class B shares on the Stock Market and conferring the necessary powers for their execution, all of the above for the purpose of permitting the exercise of the right to voluntarily convert class A shares into class B shares.

Seventh. - Modification of Articles 2, 4, 5, 9, 12 and 14 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Articles 21, 23, 24, 28, 31 and 33 of the Bylaws which shall be submitted for approval to the General Assembly as the third point on the Agenda.

- 7.1. Modification of Articles 2 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Article 21 of the Bylaws proposed to the General Assembly as point 3.1 on the Agenda.
- 7.2. Modification of Article 4 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Articles 23 of the Bylaws proposed to the General Assembly as point 3.2 on the Agenda.
- 7.3. Modification of Article 5 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Articles 24 of the Bylaws proposed to the General Assembly as point 3.3 on the Agenda.
- 7.4. Modification of Article 9 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Articles 28 of the Bylaws proposed to the General Assembly as point 3.4 on the Agenda.
- 7.5. Modification of Article 12 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Articles 31 of the Bylaws proposed to the General Assembly as point 3.5 on the Agenda.
- 7.6. Modification of Article 14 of the Regulations of Procedures and Operations of the General Assembly of Shareholders for adaptation to the re-written Articles 33 of the Bylaws proposed to the General Assembly as point 3.6 on the Agenda.

Eighth. - Conferment of power upon the members of the Board of Directors to interpret, rectify, execute, formalize and register the decisions taken and agreed upon.

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 necessary for attendance to the General Assembly

375

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 conferment of power to the exercise the right to vote.

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 Company's Website is regularly updated in both Spanish and in English. The address is www.abengoa.es and www.abengoa.com

Said page contains the Decisions taken at the last General Assembly meeting held on April 1, 2012 and on September 30, 2012, regarding the Extraordinary General Assembly of Shareholders. It also included the whole text issued to convene the meeting, the agenda and the decisions that were submitted for the approval of the Assembly.

For convening subsequent assemblies, the Company shall 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, the rights to vote or to confer power via the Internet shall remain intact following the established regulations and specified techniques, and with the protection of the legal certainty required.

In compliance with the stipulations of the Corporations Act, an electronic forum has been set up which shareholders may enter in connection with the Assembly.

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. In the event of failure to comply with any of them, explain the alternative recommendations, regulations, practices or criteria that the company applies.

1. The bylaws of listed companies should not limit the votes that can be cast by a single shareholder, or impose other obstacles to impede the takeover of the company by means of share purchases on the market.

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

Compliant.

2. When a parent and a subsidiary company are listed, both should provide detailed disclosure on:

- a) Their respective types of activities, and any business dealings between them, including between the listed subsidiary and other companies in the group;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Compliant.

3. That even when not specifically required under Commercial Law, all decisions involving fundamental corporate restructuring, especially the following, are submitted to the General Assembly of Shareholders for approval or ratification:

- a) The transformation of listed companies into holdings through subsidiarisation, or the reallocation of previous core activities of such listed company to its subsidiaries, even if the latter retains full control of the former;
- b) Any acquisition or transfer of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively amount to the company's liquidation.

Partially compliant.

The company has not voluntarily incorporated this regulation into its internal rules (Bylaws) but, in practice, this fact is not an impediment to compliance with said Recommendation.

4. That the proposals outlined in the decisions to be taken at the General Assembly of Shareholders, including the information stated in recommendation 28, be made available at the same time the meeting is convened.

Compliant.

5. That the General Assembly of Shareholders be allowed to vote separately on substantially independent issues such that said shareholders are able to exercise separate voting preferences. And that said rule particularly apply to the following:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) The modification of Bylaws, with votes taken on all materially different articles or groups of articles.

See section: E.8

Compliant.

6. That companies allow split votes such that financial intermediaries acting as nominees on behalf of different clients can issue their votes following the instructions given by such clients.

See section: E.4

Compliant.

7. That the board of directors perform its duties with unity of purpose and criteria independence, giving the same treatment to all the shareholders, allowing itself to be guided only by the company's interests, which means striving to maximise its economic value in a sustainable manner. And that it also ensures that the company abides by the laws and regulations in its dealings with stakeholders; performing its obligations and contracts in good faith; respecting the customs and good practices of the sectors and territories in which it operates; and upholding any additional social responsibility principles to which it may have voluntarily subscribed.

Compliant.

8. That the core components of the board's mission be to approve the company's strategy and the required organization for its execution, ensuring that management meets the objectives set while pursuing the company's interests and corporate purpose. And that, for that purpose, the plenary board reserves the right to approve the following:

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) Senior staff performance remuneration and evaluation policy;**
- vii) Risk control and management policy, and the regular monitoring of internal information and control systems.**
- viii) Dividend and treasury stock policies and especially their limits.**

See sections: B.1.10. B.1.13. B.1.14 y 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) Remuneration of board members, including, in the case of executive members, the additional considerations for their executive duties and other contract conditions.**

See section: B.1.14

- iii) The financial information that all listed companies must periodically disclose.**
- iv) All kinds of investments or operations deemed strategic due to their huge amount or special characteristics, except if they require the approval of the General Assembly of Shareholders;**
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other comparable transactions or operations with complexities that might impair the transparency of the group.**

- c) Transactions which the company conducts with board members, significant shareholders, shareholders with board representation or with other associated persons ("associate transactions").

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

1. They are governed by standardized agreements applied on an across-the-board basis to a large number of clients;
2. They go through at market rates, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that the Board approves associate transactions only if the audit committee issues a favourable report or, if applicable, any other committee assigned to that function; and that the board members involved may neither exercise nor delegate their voting rights, and should be excused from the meeting 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 plenary session of the Board of Directors.

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 dominion and independent board members should occupy an ample majority of board places, while the number of executive board members should be the minimum necessary bearing in mind the complexity of the corporate group and the percentage of ownership the executive board members hold in the equity.**

See sections: A.2. A.3. B.1.3 y B.1.14

Compliant.

- 11. In the event that an external board member may not be considered dominion or independent, the company should disclose such circumstance and the links, be it with the company or with its executives, or its shareholders.**

See section: B.1.3

Not applicable.

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

This strict proportional criterion can be relaxed so the weight of dominion board members is greater than would correspond to the total percentage of capital represented:

1st. In companies with huge capital where few or no equity stakes attain the legal threshold of significant shareholdings, but where there may be shareholders with considerable sums actually invested.

2nd. 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

Partially compliant.

Explain

Abengoa has increased the number of dominion board members by virtue of the agreement reached on October 4, 2011, with Inversión Corporativa, in the capacity as shareholders of Abengoa, within the framework of the investment agreement signed between Abengoa and First Reserve Corporation, effective on November 4, 2011.

On the proposal of First Reserve Corporation, by virtue of the agreement reached with Inversión Corporativa, in their capacity as shareholders of Abengoa, on November 9, 2011, Claudi Santiago Ponsa was appointed board member of Abengoa, within the framework of the Investment Agreement signed between Abengoa and First Reserve Corporation, mentioned above, regarding the proposal, appointment, ratification, re-election or replacement of a board member representing First Reserve Corporation, notifying this Committee.

13. That the number of independent members represent at least one third of all board members.

See section: B.1.3

Explain

Contrary to what the company has come realizing till now, expiring with the recommendations of good corporate government, the number of independent board members has been diminished below the third of the total of members due to Mr. Claudio Santiago Ponsa's appointment as dominion board member by virtue of the agreement reached with Inversión Corporativa, I.C. S.A., as shareholders of Abengoa, of date November 9, 2011 and Mr. Carlos Sebastian Gascón's resignation as independent board member.

14. That the condition of each board member be explained at the General Assembly of Shareholders, which shall appoint or ratify its appointment, with confirmation or, if applicable, review in the Annual Corporate Governance Report, before verification by the appointments committee. And that said report also gives the reasons for the appointment of the dominion members at the urging of shareholders with less than 5% of capital, explaining any rejections of formal requests for a place on the Board of Directors issued by shareholders with capital equal to or greater than that of others whose requests for dominion members may have been accepted.

See sections : B.1.3 y B.1.4

Compliant.

15. That in the event that female board members are few or non existent, the Board gives the reasons for this situation and the correction measures implemented; in particular, the Appointments Committee takes the necessary steps to ensure that:

- a) **The process of filling board vacancies has no implicit bias against female candidates;**
- b) **The company makes a conscious effort to include females in the target profile among the candidates for board places.**

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

Compliant.

16. That the Chairman, as the person responsible for the proper operation of the board, ensures that members are supplied with sufficient information in advance of board meetings, and secures a good level of debate and active involvement of all members, safeguarding their rights to freely express opinions and take stands, organising and coordinating regular evaluations of the board and, if appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

Compliant.

17. That when the board chairperson is also the company's chief executive, an independent board member is empowered to convene board meetings or to include new items on the agenda; to coordinate and voice concerns of external board members; and to lead the board's evaluation of its chairperson.

See section: B.1.21

Explain

The Board of Directors currently comprises of fifteen members. The Board of Directors Regulations govern the composition, functions and internal organization of the governing body. The company also has an Internal Code of Conduct that bounds the Board of Directors, the senior management and all other employees deemed affected, by virtue of the positions or powers that may be held in matters relating to the Stock Market. The General Assembly of Shareholders Regulations of Procedures and Operations govern the formal aspects and the internal system for conducting shareholders' meetings. Lastly, the Board of Directors is assisted by its Audits Committee and the Appointments and Remunerations Committee, both of which 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, available on the company's website, www.abengoa.es and www.abengoa.com. Since its inception, the Appointments and Remunerations Committee has worked towards analysing the structure of the company's governing bodies and adapting it to corporate governance recommendations, with particular attention to the historic and special configuration of said bodies within Abengoa. In February 2007, based on this analysis, the Committee recommended the creation of the post of coordinating director, and 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 made in Spain in 2006; the second, because it was deemed that said Advisory Committee had already performed the duty 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 Assembly of Shareholders on April 15 of the same year, appointing Mr. José B. Terceiro in representation of Aplicaciones Digitales S.L., as coordinating board member, in its capacity then as independent.

On a final note, in October 2007 the Committee proposed that the Board accepts the resignation of Mr. Javier Benjumea Llorente from his position as Executive Vice-Chairman, subsequently revoking the powers entailed therein, and accepts the appointment of a new natural person to represent Abengoa and the Focus-Abengoa Foundation in entities or companies in which they have an appointed position.

The Committee then decided to revisit the study of the number and characteristics of the Executive Vice-Chairman of the Board of Directors within the current structure of governing bodies.

As a result, the Committee thought it necessary that the powers of the Executive Vice-Chairman of Abengoa should be restricted to those conferred under the Spanish Corporations Act as regard the material representation of the company, on the one hand, and the balance to the Chairman's functions on the Board of Directors, on the other. Thus, it was considered that the coordinating board member – with the functions assigned thereto by the decisions taken by the Board of Directors (February 2007) and the General Assembly of Shareholder (April 2007) – was the ideal figure, given the corporate governance recommendations and the company structure, as well as the composition and diversity of its directors. The coordinating board member has already been entrusted with the task of coordinating the concerns and motivations of the other Board members, and empowered to convene Board meetings and to include new items on the agenda. In its role as the visible protector of the interests of the Board members, it holds more of a de facto than of a de jure position on the Board, such that it seemed appropriate to confirm and expand this representation by making the post both institutional and organic.

In view of the above, the Committee proposed Aplicaciones Digitales, S.L. (Aplidig, represented by Mr José B. Terceiro Lomba), the current coordinating director, as the new Executive Vice-Chairman to the Board of Directors. In addition, and within the functions of material representation, the executive 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.

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 vice-chairman of the Board of Directors, with the unanimous consent of independent board members in relation to continuing in his position as coordinator in spite of the change in his capacity as executive board member.

In addition, and within the functions of material representation (conferred thereof by virtue power of attorney granted by the Board of Directors on July 23, 2007), the Executive Vice-Chairman, together with the Chairman of the Board of Directors, was proposed as joint physical representative of Abengoa, in its capacity as the Chair of the Board of 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) Are in conformity with the company Bylaws and the Regulations of the Assembly, the Board of Directors and all others to which the company may have subscribed**
- c) Complies with the recommendations on good governance set forth in the Unified Code that the company may have accepted. And that in order to safeguard the independence, impartiality and professionalism of the Secretary, its appointment and termination should be proposed by the Appointments Committee and approved by the plenary session of the Board of Directors; and that said appointment and termination procedure be included in the Regulations of the Board of Directors.**

See section: B.1.34

Compliant.

19. The board should meet as frequently as may deemed necessary to properly perform its functions, following a calendar and a program scheduled at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Compliant.

20. The absences of board members should be reduced to the bare minimum and quantified in the Annual Corporate Governance Report. If board members have no choice but to confer their voting powers, such conferment should be with instructions.

See sections: B.1.28 and B.1.30

Compliant.

21. If a board members or the secretary expresses concerns about a proposal or, in the case of a board member, about the company's performance, and such concerns are not resolved at the Board meeting, the person expressing the concerns may request that such concerns be recorded in the minute book.

Compliant.

22. The plenary session of the board should evaluate the following on yearly basis:

The quality and efficiency of the board's operation;

- a) **The level of performance of the chairman and chief executive of the company based on the report the Appointments Committee may submit;**
- b) **The performance of its committees on the basis of the reports they provide.**

See section: B.1.19

Compliant.

23. All board members should be able to exercise their rights to obtain any additional information they may 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 board members should be entitled to call on the company for the required advice and guidance necessary for the performance of their duties. The company should provide the 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 programmes 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 insist that their board members devote sufficient time and effort to perform their duties effectively, and, as such:

- a) Board members should apprise the Appointments Committee of any other professional obligations that could possibly interfere with the necessary dedication;**
- b) Companies should establish rules about the number of boards on which their board members can sit.**

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 Remunerations 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 for successful performance. 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 board member.

27. The proposal for the appointment or renewal of board members submitted to the general assembly of shareholders, as well as provisional appointments by co-optation should be approved by the board:

- a) On the proposal of the Appointments Committee, in the case of independent board members.**
- b) Subject to report from the Appointments Committee in all other cases.**

See section: B.1.2

Compliant.

28. Companies should post the following information on the board members on their websites, and keep them permanently updated:

- a) Professional experience and background;**
- b) Other Board of Directors on which the board member sits, whether listed company or not;**
- c) Indicate the category of the board member, pointing out, in the case of dominion members, which shareholder they represent or to whom they are linked.**
- d) The date of their first and subsequent appointments as a members of company's board of directors, and;**
- e) Shares held in the company and any options on the same.**

Compliant.

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

See section: B.1.2

Compliant.

30. Proprietary board members 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 dominion board membership, 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 board members 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 Appointments Committee. In particular, a just cause shall be understood to exist if a board member 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 board members to report of and, as the case may be, to resign in any circumstance that might damage the company's name or reputation and, in particular, obliging them to inform the Board of Directors of all criminal cases in which they may be named as accused and the progress of any subsequent trials.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Spanish Companies Act, 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 board members should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other board members unaffected by the possible conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

In the event that the board takes significant or reiterated decisions about which a board member may have expressed serious reservations, said board member may draw the pertinent conclusions and, should it decide to resign, it should explain the reasons in the letter referred to in the next recommendation. The terms of this recommendation also applies to the Board Secretary although not officially a board member.

Compliant.

34. Board members 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 reason must be explained in the annual corporate governance report.

See section: B.1.5

Compliant.

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

- a) The amount of the fixed components, itemised where necessary, of board and board committee attendance allowance, with an estimate of the fixed annual payment resulting thereof;
- b) Variable components, in particular:
 - i) The types of board members 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, based on the 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 equivalent annual cost.
- d) The conditions to apply to the contracts of executive board members exercising senior management functions, among them:
 - i) Duration;
 - ii) Notice periods; and
 - iii) Any other clauses covering hiring bonuses, as well as compensations or 'golden parachutes' in the event of early termination of the contractual relation between company and executive board member.

See section: B.1.15

Compliant.

36. That executive board members are granted remunerations comprising of the delivery of shares of the company or of other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes.

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

See sections: A.3 and B.1.3

Compliant.

37. The remuneration of external board members should sufficiently compensate 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. As a separate item on the agenda, the Board should submit a report on the board member's remuneration policy to the General Assembly of Shareholders for voting. Said report can be made available to shareholders either separately or in any other manner that each company deems fit.

Said report shall 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 subsequent years. It shall address all the points referred to in recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. Special attention shall be paid to the most significant changes of such policies on what is applied during the past financial year that the General Assembly may refer to. It shall also include an overall summary of the application of the remunerations policy in the last financial year.

The Board of Directors should also report on the role of the Remunerations Committee in preparing the policy and, if external consultancy was employed, the identity of said external consultants.

See section: B.1.16

Compliant.

41. The Notes should list the individual yearly remunerations for board members, including:

- a) A breakdown of remunerations for each company board member, including, where appropriate:
 - i) Participation and attendance allowance and other fixed board member 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) Pension plan contributions paid on behalf of board member, or any increase in the vested rights of board member in the case of contributions to defined-benefit plans;
 - v) Any severance packages agreed upon or paid;

- vi) Any compensation received as board members of other companies in the group;
 - vii) Remunerations of executive board members 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 if it may be accounted as related-party transaction or if its omission would detract from a true and fair view of the total remuneration received by the board member.
- b) An individual breakdown of possible deliveries of shares, share options or other share-based instruments to board members, itemised by:
- i) Number of shares or options awarded in the year, and the terms set for their execution;
 - Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - ii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iii) Any change in the year in the exercise terms of previously awarded options.
 - iv) Information on the relation, in the year, between the remuneration obtained by executive board members and the company's profits, or some other measure of enterprise results.

Compliant.

42. In the event that the company has an Executive Committee, the structure of participation of the different categories of members should be similar to that of the Board itself and its secretary should be the same as that of the Board of Directors.

See sections: B.2.1 and B.2.6

Not Applicable.

43. The board should always be granted first-hand knowledge of issues dealt with and decisions taken by the Executive Committee and each board member should receive a copy of the minutes of the executive committee.

Not Applicable.

44. In addition to the Audits Committee required by the Securities Market Act, the Board of Directors should also create a committee, or two separate committees, for appointments and remunerations.

The rules governing the composition and operation of the audit committee and the appointments and remunerations committee or committees should be set forth in the Board Regulations, and should include:

- a) The Board of Directors should designate the members to these committees, considering the knowledge, talent and experience of board members and the tasks of each Committee;
- b) Deliberate on their proposals and reports; and during the first plenary of the Board of Directors following their meetings, they should give account of their activities and answer for work done;
- c) These committees should have a minimum of three members, exclusively of external board membership. The above notwithstanding, executive board members or senior officers may also attend meetings, for information purposes, at the committees' invitation.

- d) **Committees should be chaired by an independent board member.**
- e) **External consultants may be engaged if deemed necessary for the performance of their duties.**
- f) **Minutes should be recorded of their meetings and copies of such sent to all board members.**

See sections: B.2.1 and B.2.3

Partially compliant.

Except for section b) above, all requirements are duly met. we refer to Recommendation 54 with regards to the presence of an Executive Board member on the Appointments and Remunerations Committee. Regarding such presence on the Audits Committee, in addition to the explanation provided in point B.1.21 above (independent director appointed coordinating director and subsequently appointed vice-chairman, who shall remain coordinating director following the unanimous consent of the remaining independent directors to such effect), we would add that their seat on the Audits Committee is due to (their knowledge and experience in accounting and auditing) 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 supervision of compliance with the internal codes of conduct and corporate governance regulations should be entrusted to the Audits Committee, Appointments Committee or, if separately existing, Compliance or Corporate Governance committees.

Compliant.

46. All members of the audit committee, particularly its chairman, should be appointed bearing in mind their knowledge and background in Accounting, Auditing and Risk Management.

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 plan to the Audits 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:

- a) **The different types of risk (operational, technological, financial, legal, reputation...) to which the company may be exposed, including those of financial or economic, contingent liabilities and other off-balance-sheet risks;**
- b) **The determination of the risk level deemed acceptable to the company;**
- c) **Measures in place to mitigate the impact of risk events should they occur;**
- d) **The internal reporting and control systems to be used to control and manage the aforementioned risks, including contingent liabilities and off-balance-sheet risks.**

See sections: D

Compliant.

50. The audit committee's role should be:**1st 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) Frequently review the systems for the internal monitoring and risks management, so that the main risks are identified, managed and properly disclosed.
- c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular feedbacks on its activities; and verify that senior management is acting on the findings and recommendations of the reports.
- d) Establish and supervise a mechanism whereby staff can confidentially and, if necessary, anonymously report any irregularities detected in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.

2nd With regards to the external auditor:

- a) To submit proposals to the Board for the selection, appointment, re-election and removal of the external auditor, including the terms and conditions of its engagement.
- b) To be regularly informed by the external auditor on the progress and findings of the audit plan and to ensure that senior management act on its recommendations.
- c) To make sure the external auditor remains independent and, for that purpose:
 - i) The company should notify the CNMV of any change of auditor 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 comparable nature which, due to their complexity, might impair the transparency of the group.**
- c) **Associate 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 Assembly of Shareholders without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audits Committee and the auditors should clearly inform the shareholders on the scope and content.

See section: B.1.38

Compliant.

54. The majority of the members of the Appointments –or Appointments and Remunerations Committee if only one exists– should be independent board members.

See section: B.2.1

Compliant.

55. In addition to the functions listed in the preceding recommendations, the Appointments Committee should be responsible for the following:

- a) **Evaluating the necessary abilities, knowledge and experience on the Board, consequently defining the roles and capabilities required of the candidates to fill each vacancy, and deciding on the time and dedication necessary for them to properly perform their duties.**
- b) **Appropriately examining or organizing the succession of the chairman and chief executive and, where necessary, making recommendations to the Board for said succession to proceed in a planned and orderly manner.**
- c) **Reporting on the appointments and removals of senior staff proposed by the chief executive to the board.**
- d) **Reporting to the board on the gender diversity issues discussed in recommendation 14 of this code.**

See section: B.2.3

Compliant.

56. The Appointments Committee should hold consultations with the company's chairman and chief executive, especially on matters relating to executive board members.

Any board member may suggest candidates to the Appointments Committee for it to consider for filling out vacancies on the board of directors.

Compliant.

57. In addition to the functions listed in the preceding recommendations, the Remunerations Committee should be responsible for the following:

- a) Making the following proposals to the Board of Directors:**
 - i) The remuneration policy for board members and senior officers;**
 - ii) The remuneration and other contractual conditions of individuals of the executive board members;**
 - 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 Remunerations Committee should hold consultations with the chairman and chief executive, especially on matters relating to executive board members 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.

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.

First Addition:

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

Remuneration of Board of Directors - 2012

(Amount in thousands of Euros)

Name	Per diem and other remunerations as board member
Felipe Benjumea Llorente	93
Aplidig SL (1)	295
Manuel Sánchez Ortega	93
Carlos Sebastián Gascón (2)	33
Mercedes Gracia Díez	160
Alicia Velarde Valiente	110
Jose Borrell Fontelles	200
Ricardo Martínez Rico	107
Claudi Santiago Ponsa (3)	55
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	70
Total	1,748

Name	Remuneration as Board of Directors Committee members
Carlos Sebastián Gascón (2)	28
Mercedes Gracia Díez	40
Alicia Velarde Valiente	40
Jose Borrell Fontelles	100
Ricardo Martínez Rico	10
José Luis Aya Abaurre	40
José Joaquín Abaurre Llorente	40
Total	298

Name	Remuneration as member of Board of other companies of the group
Ricardo Martínez Rico	13
Maria Teresa Benjumea Llorente	24
Total	37

Remun. for executive senior management duties

	Salaries	Variable remuneration to p/a
Felipe Benjumea Llorente	1,086	3,304
Aplidig, S.L. (1)	-	2,804
Manuel Sánchez Ortega	1,086	3,304
Total	2,172	9,412

Name	Other remuneration
Javier Benjumea Llorente	220

Name	Total Remuneration
Felipe Benjumea Llorente	4,483
Aplidig SL (1)	3,099
Manuel Sánchez Ortega	4,483
Carlos Sebastián Gascón (2)	61
Mercedes Gracia Díez	200
Alicia Velarde Valiente	150
Jose Borrell Fontelles	300
Ricardo Martínez Rico	130
Claudi Santiago Ponsa (3)	55
José Luis Aya Abaurre	150
José Joaquín Abaurre Llorente	150
Maria Teresa Benjumea Llorente	102
Javier Benjumea Llorente	298
Ignacio Solís Guardiola	78
Fernando Solís Martínez-Campos	78
Carlos Sundhein Losada	70
Total	13,887

(1) Represented by José B. Terceiro Lomba

(2) Until 02/23/12

(3) From 02/24/12

Second Addition:

International Advisory Committee

Abengoa created and International Advisory Board (IAB) on May 24, 2010, and the Board of Directors as well as the chairman are responsible for its selection. The secretary of the Board of Directors of Abengoa S.A. acts as its secretary.

The Advisory Board 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.

On February 27, 2012 the Board of Directors accepted the resignation of Mr. Alberto Aza Arias as member of the International Advisory Board, due to the incompatibility triggered by his appointment as Permanent Member of the State Council; Mr. Jerson Kelman and Ms. Pamposh Bhat at the end of two years two years; and Mr. Carlos Sebastián Gascón was admitted to said International Advisory Board based on his professional experience and on the criteria set forth in the Board of Directors' regulations that govern the international advisory board.

Its current composition is as follows:

José Borell Fontelles	Chairperson
Kemal Dervis	Member
Mario Molina	Member
Nicholas Stern	Member
Ricardo Hausmann	Member
Bill Richardson	Member
Lord Douro	Member
Álvaro Fernández - Villaverde y Silva	Member
Carlos Sebastian Gascón	Member

Third Addition

The Internal code of conduct in Stock Markets was instituted in August 1997 and it is applicable to all administrators, to the Strategy Committee members and to some employees depending on what they do 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 prior to decision and publication, thus establishing the procedure for maintaining internal and external confidentiality, the ownership registration of shares, stock operations and conflicts of interests.

The Professional code of conduct was introduced in 2003, as a request from the Human Resources Management, and was modified in 2005 in order to add various elements that are common to the different companies that form Abengoa, bearing in mind their geographic, cultural and legal diversity. Said code gathers the fundamental values that must govern the actions of all the Company's employees, regardless of their position or responsibility. The integrity of its behaviour, the strict observance of current legislation, its professional rigor, confidentiality and quality are part of Abengoa's historical culture since it was set up in 1941 and still remain part of its corporate identity today.

The general secretary is responsible for follow-up and supervision. Available at www.abengoa.es and www.abengoa.com

Fourth Addition

Abengoa and its Business Units have been operating a whistleblower channel since 2007 pursuant to the requirements of the Sarbanes-Oxley Act, whereby interested parties may report to the Audits Committee possible irregularities 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 highly technical cases, 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.

Fifth Addition

Article 8 of the Bylaws of Abengoa regulates the different rights of its classes A and B shares. The Extraordinary General Assembly of Shareholders Meeting held after the second call on September 30, 2012, agreed to change Article 8 of the Bylaws of Abengoa in order to include a mechanism of voluntary conversion of Class A shares into Class B. Below is a reproduction of the sub-section of the aforementioned of Article 8 that refers to the right of voluntary conversion:

" [...] A.3) Rights of conversion of shares into class B

Form now on until December 31, 2017, the holder of each class A share is and shall be entitled to the right to convert it into a class B share.

Each holder may exercise such right of conversion by remitting a notice to the company or better still, as the case may be, the agency appointed for that purpose, through the relevant participant company of the Spanish Central Depository For Registration, Clearance and Settlement of Securities (Iberclear S.A.U), using any means by which a receipt shall be issued upon delivery. Said notice, which shall be understood as firmly issued, irrevocable and unconditional, shall state the total number of Class A shares held and the exact number of Class A shares for which the exercise of the right of conversion is intended, in order for the Company to process the necessary agreements for effecting the aforementioned conversion and to issue the subsequent report of the corresponding relevant fact to the CNMV (Spanish Stock Exchange Board).

The aforementioned notice shall be accompanied by the corresponding certificate of legitimacy of the ownership of the Class A shares issued by a company that is a participant of and in the systems managed by Iberclear, or by an intermediary or financial entity depository or manager of the shares under the terms of the provisions of the rules and regulations governing the representation of securities by book entries or by any other means of equivalent accreditation that the Company may deem sufficiently valid for that purpose.

The exercise of the right of conversion by the Class A shares holder shall be deemed a reduction of the Company's stock capital in the amount of the difference between the nominal value of the Class A shares over those for which the right is exercised and the nominal value of the same number of Class B shares, the amount by which the non-distributable reserve shall accrue and, which, for the purpose of and in accordance with the provisions of Article 335.c) of the Corporations Act, would already have been in the possession of the Company.

It shall remain the responsibility of the Board of Directors, with the specific power of substitution of the Executive Chairman or the Chief Executive Officer, to determine the period, frequency and procedure for exercising the rights of conversion, including, as the case may be, the judgement of adequacy over the means of aforementioned equivalent accreditation, as well as any other aspects deemed necessary for the correct exercise of such right, all of which shall be reported by issuing the corresponding relevant fact. [...]"

Sixth Addition

Reinforcement to guarantee the rights of the minority

In its efforts to reinforce the rights of the minority, Abengoa has submitted a series of bylaw modifications to the Extraordinary General Assembly of Shareholders aimed at guaranteeing that the so-called "Rights of Defence of the Minority" are not trampled upon simply because there are two different classes of shares with different nominal values and because the lesser nominal value of the Class B shares makes it rather difficult to obtain the percentage of the stock capital required for the exercise of some political rights. It is for this reason that the Assembly approved the modification of the Bylaws of Abengoa in the manner set forth below so as to ensure that all of such rights are exercised using the number of shares, not the stock capital, as the basis of the percentage. These rights, for example, the right to convene a general assembly or to request the exercise of corporate liability action, requires the holding of a specific percentage (in the cases referred to, of 5%) of the stock capital, at the nominal value.

Particularly, the Extraordinary General Assembly of shareholders agreed to modify the Bylaws in order to reflect the following: that a shareholder should only require three hundred and seventy-five (375) shares or more, whether class A or class B, to be permitted to attend the meeting of the general assembly of shareholders of the company; that shareholders should be able to request the publication of supplement to the call for an ordinary general assembly of shareholders, include one or more points on the Agenda and to present decision proposals on issues already or that should be included on the agenda of the convened assembly base on the number of shares held by the shareholder; that (i) shareholders who own one percent of the shares with voting rights may request the presence of a Notary Public to take the minutes of the general assembly based on the number of shares held by the shareholders, (ii) shareholders who own five percent of the shares with voting rights may request the convening of a general assembly to decide on the corporate liability action against the administrators or to exercise the corporate liability action without or against the agreement of the general assembly; that the Board of Directors of the company may convene a general assembly of shareholders if so requested by shareholders representing five percent of the shares of the company with voting rights; that the Board of Director of the company may decide on the postponement of the general assembly of shareholders if so requested by shareholders of five percent of the shares of the company with voting rights and that the Executive Chairman of the Board of Directors of the company may suspend the right to information as envisaged in Article 197 of the Corporations Act if so requested by shareholders with less than twenty-five percent of the shares of the company with voting rights.

Seventh Addition

The meeting of the Extraordinary General assembly of Shareholders of Abengoa held following the second call on September 30, 2012, approved an increase of the equity capital, charging it to the reserves, by issuing a single class B shares, for the nominal amount of €4,304,501.52 through the issuance of 430,450,152 class B shares charged to the voluntary reserves at a proportion of four (4) newly issued class B shares for each share in circulation, class A or class B. For the purpose of increasing the aforementioned capital, four class B shares were assigned gratis to Abengoa shareholders holding at least one of the company's class A share or class B share in circulation. At the same time, the company applied for admission to trade all the newly issued class B shares on the stock market, was listed and admitted to officially trade on the stock markets of Madrid and Barcelona and on the Continuous Market of the Spanish Stock Exchange Interconnection System (SIBE) on October 25, 2012. This operation guaranteed a specific minimum level of cash flow in the class A and, on the other hand, it ensured a sufficient volume of liquidity of the class B shares as a means for optimizing the capture of capital resources at the least possible cost, which is the ultimate goal intended. Thus, the Extraordinary General Assembly of Shareholders approved the right to voluntarily convert class A shares into class B shares. Said right shall expire on December 31, 2017.

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.

List any Independent Board Members who maintain or have previously maintained a relationship with the company, its significant shareholders or managers, in the event that significance or importance thereof would dictate that the board members 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:

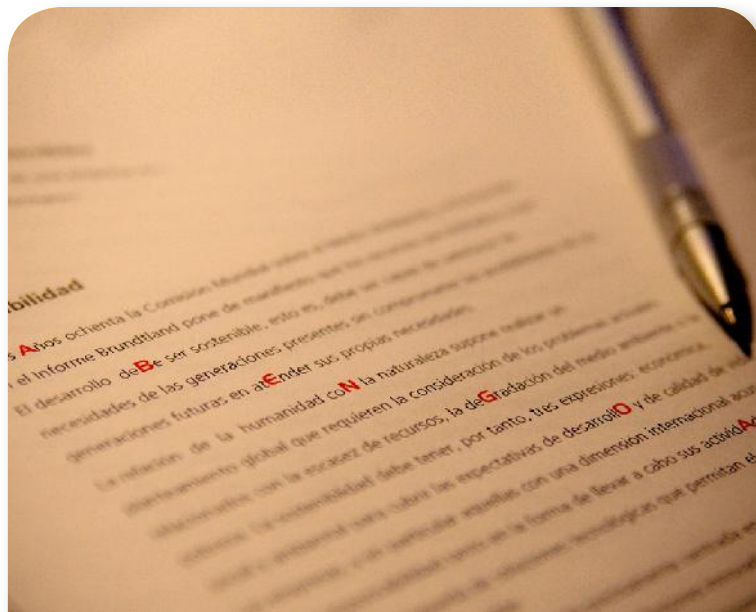
02/21/2012

Indicate whether Board Members voted against or abstained from voting for or against the approval of this Report.

No.

04

Additional information in the CGAR



Additional information that must be included in the Corporate Governance Annual Report pursuant to Law 2/2011 of 4th March, of the Sustainable Economy Act

1st Provide a list of securities not traded on the Community Stock Exchange, indicating, as the case may be, the various classes of shares and the rights and obligations inherent in each class of shares.

Not applicable. Abengoa has not issued securities that may not be traded on the community stock exchange.

2nd Outline all the rules and regulations applicable to the modification of the company's bylaws.

In compliance with the stipulations of Articles 285 and following of the Corporations Act, hereinafter, L.S.C, it remains the prerogative of the General Assembly of Abengoa to decide on any changes in the bylaws, except on the aspects over which competence is solely and legally reserved for the Board of Directors.

The internal rules and regulations of Abengoa include detailed regulations that govern the competence of the Assembly on the aspect of changes in the bylaws. Articles 8 and 30 of the bylaws of Abengoa address the competence of the General Assembly on matters regarding changes in the bylaws. Like Article 11 of the General Assembly Regulations, Article 30 of the bylaws establishes a special quorum:

"In order for the Ordinary or the Extraordinary General Assembly to decide, in general, on implementing any changes in the Corporate Bylaws, the attendance of shareholders in person or by proxy of at least fifty percent of the subscribe capital with voting rights shall be necessary in the first call. The second call shall only require the attendance of twenty-five percent said capital. In the event of the attendance of holders of less than twenty-five percent of the subscribed capital with voting rights, decisions may only be taken with the favourable votes of two thirds of the capital present or represented in the Assembly".

Article 8 of the Bylaws establish separate voting possibilities in cases of changes in the bylaws deemed detrimental to Class B or C shares; thus this would require, in addition to approval by a special quorum, approval by a majority of Class B shares if the intended changes may be detrimental to them or by the majority of Class C, then in circulation, if the intended changes may be detrimental to such kinds of shares.

3rd Explain all the restrictions on the transferability of securities and any restrictions whatsoever on voting rights.

On August 27, 2012, Abengoa S.A. entered a shareholder agreement with its top shareholder, Inversión Corporativa, I.C., S.A by virtue of which the latter warrants and undertakes, the following, directly or indirectly, through its subsidiary, Finarpisa S.A.:

- (i) To vote in favour of the agreements regarding points 2nd, 3rd, 4th, 5th, 6th, and 7th on the Agenda of the Shareholders' General assembly held on September 30, 2012, as long as it is first verified that the aforementioned agreements bear the approval of the majority of the shareholders of another class A other than those of Inversión Corporativa;
- (ii) not to exercise its voting rights except up to a maximum of 55.93% in cases in which, as a result of the exercise of the rights of conversion of Class A shares into Class B shares expected to be included in the Corporate Bylaws, the total percentage of the voting rights it holds increases over the company's entire voting rights;

(iii) that the percentage of the number of shares with voting rights held at all times (whether Class A or Class B shares) over the company's total number of shares not be at any time lower than one fourth of the percentage of the voting rights that said shares may allocate to Inversión Corporativa in relation to the company's total number of voting rights (that is, that its voting rights not be higher by more than four times its financial rights); and that, if that happens to be the case, then Class A shares should be transferred or converted into Class B shares, in the amount deemed necessary to sustain such proportion.

Regarding the restrictions on the transferability of securities, see point A.10 of the IAGC.

4 th Give an explanation on the powers of the members of the Board of Directors and, in particular, in relation to the possibility of issuing or repurchasing shares.

See point B.1.6; B.1.21, E.8 of the IAGC.

5th Provide detailed information on significant agreements undersigned by the company becoming valid, whether modified or terminated if the control of the company changes through a hostile takeover bid, and its effects, except if revealing such information may be damaging to the company. This exception shall not be applicable if the company is under legal obligations to reveal such information.

The eventuality has not arisen.

6th Give detailed information on the agreements signed between the company and its administrators and managers or employees with compensation rights in the event of resignation or unlawful dismissal or if work relationship is abruptly halted as a result of a hostile takeover bid.

Abengoa is not party to specific agreements of this nature.

7th Risks control systems in relation with the process of issuing financial information.

See point B.1.32 and letter D of the IAGC.

05

**Audit committee
activity report**



Introduction

The Audit Committee was created by the Board of Directors of Abengoa, S.A. on December 2, 2002 in accordance with art. 44 of the Bylaws with a view to incorporating the provisions of Act 44/2002 on Reform Measures of the Financial System (Ley 44/2002) relating to Audit Committees. Abengoa also has a corporate governance system in place that remains compliant at all times with applicable law and best practices.

According to good governance practices, the Board of Directors must have a number of specialized committees in place so as to ensure that it performs its duties effectively. This structure helps to diversify the workload, while allowing motions and resolutions on certain material issues to be heard first by a specialized and independent body with specific professional expertise, which can therefore filter accordingly and report on its decisions, the aim being to guarantee the required objectivity and ensure that motions are discussed thoroughly before being passed by the Board of Directors.

As an independent body, the Audit Committee is able to oversee the affairs of Abengoa companies, thus ensuring that they conduct their business ethically and responsibly. This duty is undoubtedly its main role at present and will continue to be so in the future.

The Audit Committee is essentially the nucleus of this drive towards responsibility, and leads by example by publishing its Audit Committee Activity Report every year. Its duties, structure and rules of internal functioning are set forth in the Regulations of the Board of Directors and in its own internal regulations. Generally speaking, the committee has been heavily involved since its inception in those areas that fall within its remit, as has been explained in the company's published annual reports and disclosures on corporate governance.

The 2011 Audit Committee Activity Report details the activities and initiatives of the committee in furtherance of the duties entrusted to it under its different fields of activity: review of economic and financial information subject to regulation, control of material risks, oversight of the management model, monitoring the independence of the financial auditor and appraising the business of the Internal Audit Division.

The Audit Committee Activity Report for the year 2012 has been approved at the meeting held by the Audit Committee on February 20, 2013, and presented to the Board of Directors on February 21, 2013. It will then be made available to the company's shareholders on occasion of the publication of Abengoa's annual report and, at the latest, by the time the General Shareholders Meeting is announced.

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 contain the following provisions:

Composition and appointment of members

The Audit Committee will have a permanent and minimum membership of three directors. At least two of these must be non-executive directors, thus maintaining the majority of non-executive members envisaged under the aforementioned Act 44/2002.

Members will be appointed to office for a maximum term of four years, which may be renewed for further four-year maximum terms.

Chairman and Secretary

The Audit Committee shall initially elect one of its non-executive directors as Chairman.

The Secretary to the Board of Directors shall act as Secretary to the Audit Committee.

The powers and duties of the Audit Committee are as follows:

- To report on the annual accounts and half-yearly and quarterly financial statements that must be submitted to regulatory bodies and market watchdogs, with mention made of the internal control systems, the control mechanisms to monitor implementation and compliance through internal audit procedures and, where appropriate, the accounting principles applied.
- To report to the Board of Directors on any changes in accounting principles, balance sheet risk and off-balance sheet risk.
- To report to the General Shareholders Meeting on those matters raised 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 internal audit services. The Committee will enjoy full access to internal auditing and shall report on the process of selection, appointment, reappointment, removal and remuneration of the internal audit director and on the department's budget.
- To be fully aware of the company's financial information reporting process and internal control systems.
- To liaise with the external audit firm so as to receive information on any matters that could jeopardize the latter's independence and any other matters relating to the financial auditing process.
- To summon directors to committee meetings, at its discretion, in order to report on any such matters the Audit Committee deems fit.
- To draw up an annual report on the activities of the Audit Committee, which must be published along with the annual accounts for the fiscal year.

Meetings and announcement

The Audit Committee shall meet as often as required and, in any event, at least once a quarter in order to exercise and discharge its duties, as detailed in the previous section. As a general rule, meetings will be held at the company's headquarters, although members may decide to hold a particular meeting elsewhere.

The Audit Committee will also meet when a meeting is convened by the Chairman acting on his or her own initiative or at the request of any committee members. Members may also ask the Chairman to include certain items on the agenda for the next meeting. Notice of the meeting must be given in writing, including the agenda, no less than three days prior to the scheduled date. However, business can also be transacted at a meeting of the Audit Committee when all the members are present and agree to hold a meeting.

Quorum

There will be a quorum present at meetings of the Audit Committee when the majority of its members are present. Members may only appoint a non-executive director as their proxy.

Resolutions will be carried by the majority vote of Committee members in attendance. 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	Ms. Mercedes Gracia Díez	Independent, non-executive	December 12, 2005
Vocal	Mr. José Joaquín Abaurre Llorente	Shareholder representative, non-executive	February 24, 2003
Vocal	Mr. José B. Terceiro Lomba (*)	Executive	February 24, 2003
Vocal	Ms. Alicia Velarde Valiente	Independent, non-executive	February 23, 2003
Vocal	Mr. Ricardo Martínez Rico	Independent, non-executive	February 23, 2012
Secretary	Mr. Miguel Ángel Jiménez-Velasco Mazarío	Non-member secretary	February 28, 2003

(*) on behalf of Aplicaciones Digitales, S.L.

On February 23, 2012, and due to the intensification of their other professional duties, Professor Carlos Sebastián Gascón resigned as chairman and member of the Audit Committee, assuming the chairmanship of Professor Mercedes Gracia Díez. The Audit Committee wishes to express its appreciation for the work done during the past three years.

Prof. Mercedes Gracia Díez

Full Professor in Econometrics at CUNEF (University College for Financial Studies). BA in Economics at Universidad Autónoma de Madrid (1978) and Ph.D in Economics at New York University (1986). She has developed her academic carrier at Universidad Complutense de Madrid (on leave since 2011) and has scientific publications in international journals. She has been Chairperson of the Department of Balance Management in CajaMadrid (1996-1999) and Manager of the area of Economics and Law in the Spanish Commission of Science and Technology (1993-1996).

José Joaquín Abaurre Llorente

Audiovisual technician.

Prof. José B. Terceiro Lomba

Professor of Applied Economics at the Universidad Complutense de Madrid. He was the Undersecretary to the Presidency of the Government and has been awarded the CEOE Prize for Economics (Premio CEOE a las Ciencias Económicas) and the Rey Jaime I Prize for Economics.

Alicia Velarde Valiente:

Earned her honors degree in law from the San Pablo Center for University Studies attached to Universidad Complutense. She has been a member of the Spanish notary association since April of 1991. Since then, Alicia has worked at various notary's office and has been at her current post in Tarancón (Madrid) since 2001. During the 1994-1995 academic year, she started to give classes in civil law at Universidad Francisco de Vitoria and continued to do so until 1999. She maintains close ties with the university today, and has been a lecturer in canon law under the doctorate program since 1999.

Ricardo Martínez Rico

Commercial Expert and State Economist. Degree in Business Administration from the University of Zaragoza, with honors. Has extended studies at the London School of Economics, Kennedy School of Harvard University and Wharton Business School. Founding partner and CEO of the Economic Team since 2008. Besides, member of the European Advisory Board created by President of American Employers (U.S. Chamber of Commerce of the United States) in Washington. In 2005-2006, he directed the Economic and Commercial Office of Spain in Washington and previously, in 2003, was appointed Secretary of State for Budget and Expenditure.

Miguel Ángel Jiménez-Velasco Mazarío

Miguel Angel holds a degree in law from the Universidad Autónoma de Barcelona (1989) and earned his master in company management and finance from the International Company Institute of Deusto University (Instituto Internacional de Empresas de la Universidad de Deusto) (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.

Activities performed

Meetings of the Audit Committee during 2012

The Audit Committee met on seven occasions over the course of 2012, two of them written without session, all members in attendance at each meeting. These meetings, and the main issues discussed at them, are described below:

Madrid, February 14, 2012

- Presentation of PricewaterhouseCoopers Auditores, S.L. of their proposal of audit services for 2012
- Presentation of Deloitte, S.L. of their proposal of audit services for 2012

Madrid, February 22, 2012

- Economic information referred FY2011
- Presentation of the external auditor on the findings and conclusions of 2011 financial statements audit
- Overall assessment of internal control (SOX) made by the company
- Compliance of the internal audit plan during 2011
- Introductions of the internal audit plan for 2012
- Summary of external audit and consulting fees during 2011
- Information regarding the whistleblower channel

Madrid, February 27, 2012

- Resolution regarding the designation of the new external auditor.

Madrid, May 3, 2012

- Economic information referred Q1 2012
- Compliance of the internal audit plan during Q1 2012
- Summary of external audit and consulting fees during Q1 2012
- Information regarding the whistleblower channel

Madrid, July 30, 2012

- Economic information referred S1 2012
- Presentation of the external auditor on the findings and conclusions of S1 2012 review of interim financial information
- Compliance of the internal audit plan during S1 2012
- Summary of external audit and consulting fees during S1 2012
- Information regarding the whistleblower channel

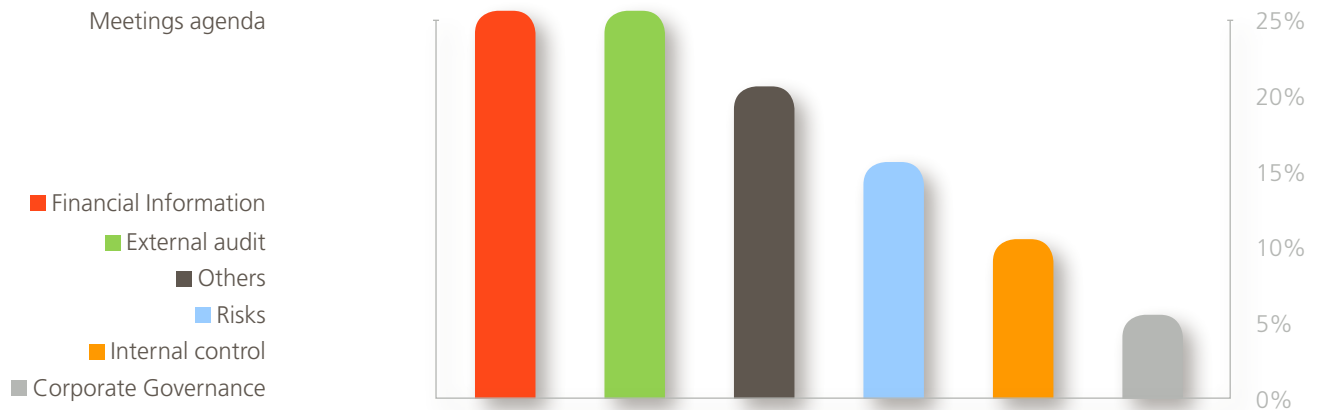
Madrid, October 6, 2012

- Formulation and approval of required documentation for confidential filing with the SEC in the U.S. to apply for listing of ADR shares B

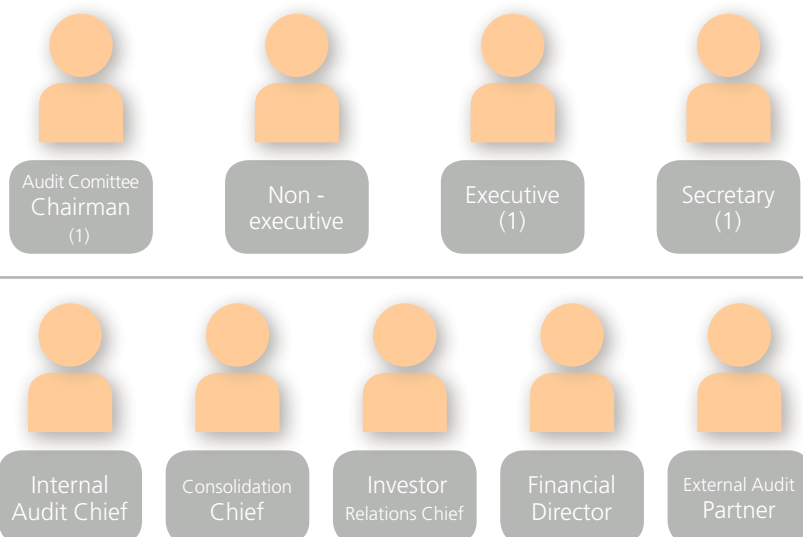
Madrid, November 6, 2012

- Economic information referred Q3 2012
- Presentation of the external auditor on the findings and conclusions of Q3 2012 review of interim financial information
- Compliance of the internal audit plan during Q3 2012
- Summary of external audit and consulting fees during Q3 2012
- Information regarding the whistleblower channel

Meetings agenda



Attendance to Audit Committees



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

Financial reportin

- Periodic reporting to CNMV
- Suitable accounting policies
- Other requirements

Risks and internal control

- Analysis of main risk areas
- Efficiency of implanted controls
- Risk of fraud

Internal Audit

- Appointment and compensation
- Scope of the engagement
- Independence requirements
- Significant audit points
- Assessment of the performance of external auditors

External Audit

- Bylaws, responsibility and resources
- Scope of the work
- Implementation of recommendations
- Efficiency of internal audit function

Corporate Governance

- Maintenance and gauging the effectiveness of control bodies
- Communication and financial reporting
- CSR activities
- Compliance with ethical rules and concerns
- Conflicts of interest
- Related party transactions
- Monitoring whistleblower channel

a) Internal audit

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

In order to oversee the sufficiency, suitability and efficient working of the internal control and risk management systems, the committee received regular information in 2012 from the head of internal audit in relation to:

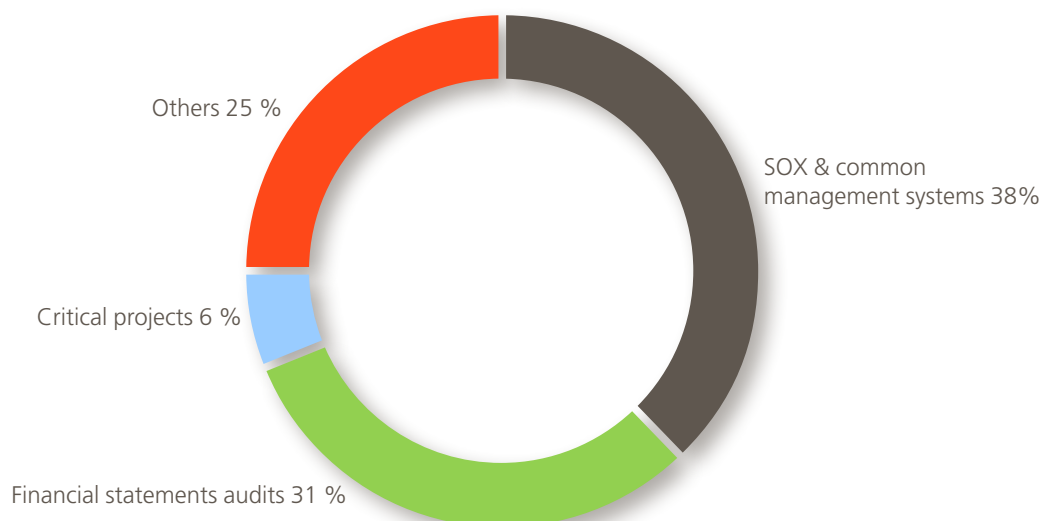
- The annual internal audit plan and the degree to which it had been met: progress and conclusions on the internal audit work performed, which essentially comprises the tasks of auditing financial statements, internal control SOX audits, common management systems audits, reviews of critical projects and construction work, and reviews of special areas, among others.
- The degree of implementation of issued recommendations.
- A description of the main areas reviewed and the most significant conclusions, which include audited and sufficiently mitigated risks.
- Other more detailed explanations requested by the Audit Committee.

During 2012, the Audit Committee recorded and supervised the performance of 572 tasks by the internal audit department. The tasks not included under the Plan related principally to general reviews of companies and projects that had not been envisaged in the initial planning.

As a result of the work performed, 388 recommendations were issued, most of which had been implemented by year end.

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

The following graph shows the different types of internal audit work conducted over the course of 2012:



Internal audit function at Abengoa

Internal audit function 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 material risk management systems.

Structure and team

Abengoa's internal audit function is structured around the joint audit services, which act in coordination. To discharge its functions and carry on its activities, the service has a structure based on multidisciplinary teams, formally organized by geographical area, which work under a common annual work plan and share out the workload on the basis of their respective areas of expertise, all in accordance with best international practices.

Internal audit team is formed by 41 auditors, distributed among the different business groups.

- The average age of Abengoa's internal audit team is currently around 31.
- The gender distribution was 60% (men) and 40% (women) respectively.
- Average length of professional experience is seven years.
- Approximately 65 % of the auditors have prior experience in one of the "Big Four" external audit firms.

The profile of Abengoa's internal auditors reflects the company's commitment to employing personnel fully qualified to carry out the audit functions. Abengoa's internal auditors seek at all times to provide excellent service when performing their work and become heavily involved in the business projects they are carrying out, with the overriding objective of creating value for the organization.

General objectives of the internal audit function are the following:

- 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.
- Maintaining the supporting role of rules and suitable and efficient management procedures in accordance with the corporate common management systems
- Creating value for Abengoa and its business groups, fostering the creation of synergies and monitoring optimal management practices.
- Coordinating working criteria and approaches with the external auditors, seeking the greatest efficiency and profitability between the two functions.
- Analyzing and processing complaints received and notifying the conclusions of the work to the Audit Committee.
- Evaluating the companies' audit risk through an objective procedure.
- Developing annual work plans with the suitable scopes for each situation.

Evaluation of the internal audit function

During 2011, Abengoa finished a process of independent evaluation of the internal audit activity in accordance with the standards of the Institute of Internal Auditors.

The aim of evaluating the internal audit function was to assess the organization, processes and performance in the internal audit field, in order to fix parameters to improve internal audit effectiveness and efficiency and thus deal with an increasingly demanding competitive and regulatory environment. The task of assessing the internal audit function centers on three key elements:

- Mission of the internal audit function in order to comply with the company's requirements and expectations.
- Professionals of the internal audit function.
- Infrastructures and operations used by the internal audit function in furtherance of its work.

Following the work conducted by an independent expert, the report concluded that Abengoa's internal audit function is compliant with the international standards for the professional practice of Internal Auditing of the Institute of Internal Auditors (IIA).



b) External audit

The auditor of the consolidated and non-consolidated annual accounts of Abengoa, S.A. is Deloitte, S.L. which is also the group's main auditor.

In late 2011, the Audit Committee of Abengoa agreed, in accordance with the provisions of its rules, opening a selection process for the appointment of auditor of annual accounts and consolidated Abengoa and its subsidiaries for 2012.

This process involved the four audit firms with greater visibility and recognition in the sector (Big4). However, two of them were unable to submit proposal for failing to meet the requirements of independence required by current regulations since some of their works performed are incompatible with the role of auditor. As a result, the Audit Committee proposed to the Board of Directors for submission to the General Meeting of Shareholders the appointment of Deloitte, S.L., in consideration of the financial offer very competitive and his career, which has been highly appreciated by the committee itself.

During 2012, the Board of Directors and the General Meeting of shareholders approved the permanent appointment of Deloitte as auditor of the financial statements of Abengoa and the consolidated financial statements of Abengoa and its subsidiaries for the year ended December 31, 2012 and the two following years. This appointment was also endorsed by the audit committees, boards of directors and general meetings or assemblies shareholders of the relevant group companies.

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

Monitoring of services

- Reviewing services received by the external auditor, audit team, along with services rendered and fees
- Looking into audit offers, focusing on services, strategies, terms of engagement and fees
- Reviewing the independence of the auditor and its experience, including dealing with the auditor and a performance assessment.

Planning of the external audit

- Getting familiar to the external audit itself.
- Understanding what the company expects from the auditor, type of services, time frames and information requirements.
- Examining the track records and experience of the audit team
- Appreciating that main area of risk will be tackled during the audit.

Good governance
practices

- Being aware of any difficulties found in performing the audit, restrictions on access to information.
- Being informed of internal control deficiencies, fraud, and illegal acts
- Updates on issues that affect the independence of external auditors, including plans to rotate the principal audit partner

Financial
reporting

- Reviewing audited financial statements
- Being informed and even discussing key findings of the audit and significant accounting policies, audit opinions, and quality of financial information.
- Discussing any incidents detected with the management
- Separated meetings with external auditor

SOX (Sarbanes-Oxley Act) internal control audit work has been assigned to these same audit firms following the same criteria. This is because, 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 internal control processes over the preparation of the these same statements, given that this internal control is a key factor in "integrated audits".

Abengoa follows a policy of having an external annual 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 51 new companies have been audited this year round, more than 85% of which are being audited by one of the four main international audit firms or "Big Four". The following table provides a breakdown of the global fees agreed upon with the external auditors for the 2012 audit, including reviews of periodic reporting and the SOX audit:

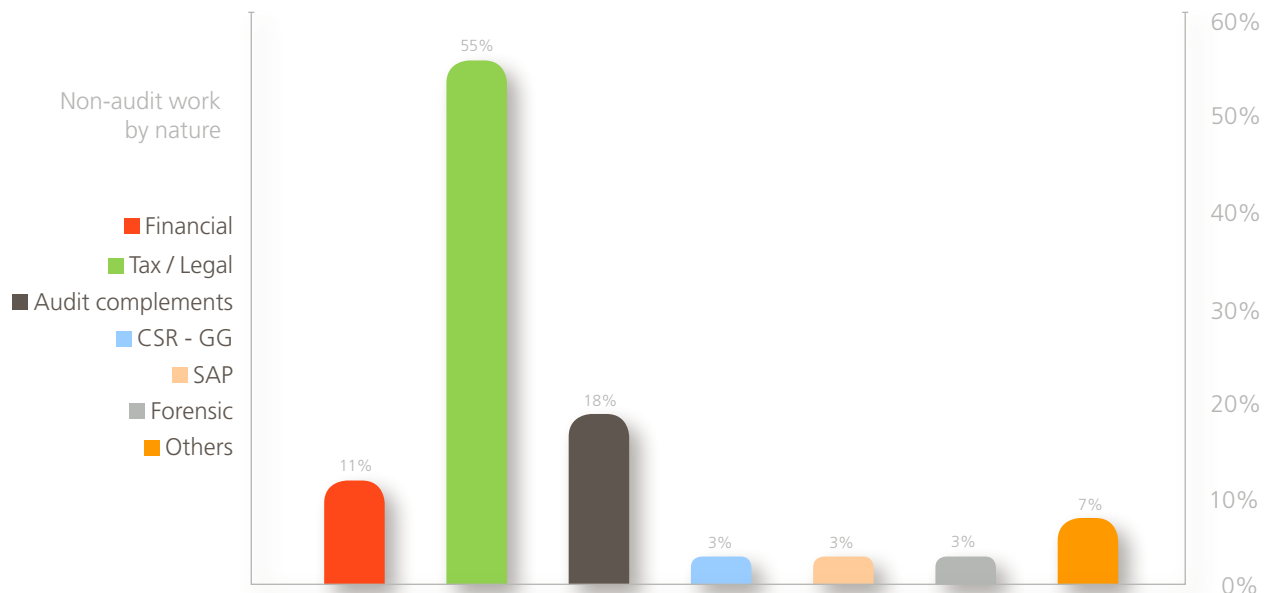
Geography	Firm	Fees	Companies
Spain	Deloitte	2,142,800	93
	PwC	-	-
	Other firms	50,819	10
Out of Spain	Deloitte	1,784,303	173
	PwC	365,111	7
	Other firms	133,872	26
Total		4,476,905	309

When assigning non-audit work to any of the "Big Four" audit firms, the company has a prior verification procedure in place so as to detect any possible incompatibilities that would prevent the firm from performing the work under the rules of the U.S. SEC (Securities Exchange Commission) or Spanish ICAC (Instituto de Contabilidad y Auditoría de Cuentas).

The following table reveals the fees payable to the Big Four audit firms for non-audit work performed in 2012:

Firm	Fees
Deloitte	2,250,666
PwC	1,671,186
KPMG	3,407,648
Ernst & Young	707,771
Total	8,037,271

The following table reveals the fees payable to the Big Four audit firms for non-audit work performed in 2012:



In 2012, a survey was conducted on the satisfaction with the service received from the main auditor during the 2011 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 work of the external auditors. Therefore, it is promptly informed of their conclusions and of any incidents noted in their audits.

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

- Reviewing the financial statements of the consolidated group and its component 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 within each of the companies includes a review up to an earlier date, which is typically 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 2008, Abengoa has been voluntarily submitting its half-yearly statements to a limited review issued by the corresponding auditor.

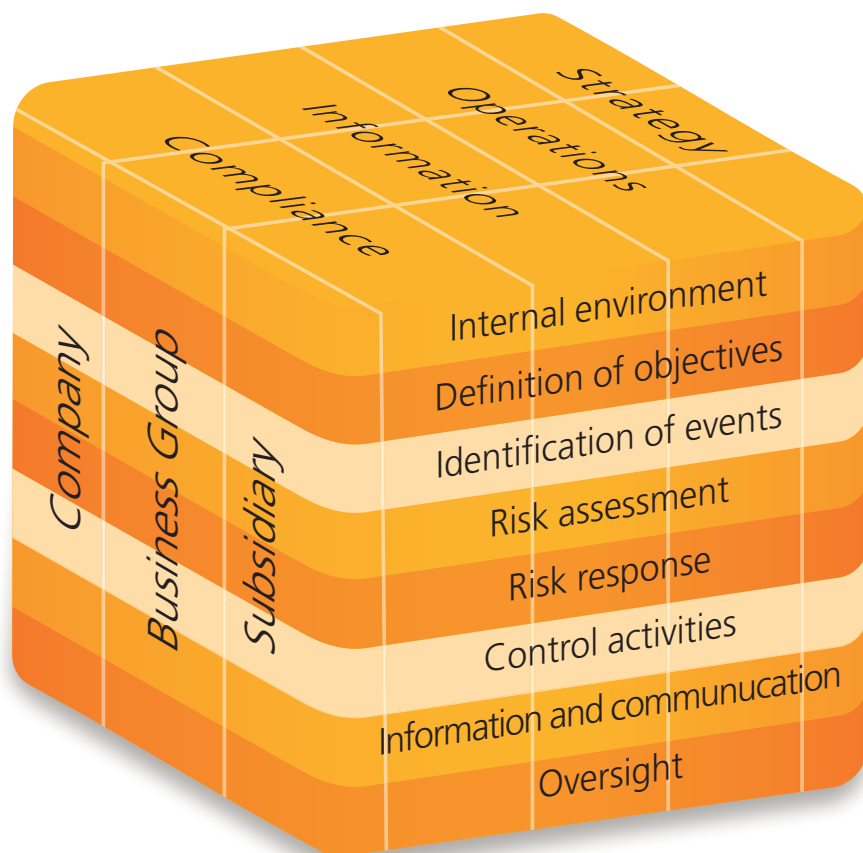
The quarterly financial statements also undergo a review process so that the information required by official bodies can be duly disclosed.

Likewise, the consolidated financial statements of each the five business groups are audited: Abeinsa, Befesa, Abengoa Bioenergy, Abengoa Water and Abengoa Solar.

- 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 require a number of additional audit procedures to be conducted. The Security Exchange Commission (SEC) delegates to the PCAOB the preparation and issuance of the standards to be met by external auditors when evaluating internal control processes as part of an integrated audit.

In 2012, the external auditors carried out an integrated audit under PCAOB standards. As a result of this work, the external auditors likewise issued a report containing the conclusions of their internal control assessment. This opinion is additional to the one 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 so as to reach a consensus.

- Independent verification reports prepared by external auditors.
One of the cornerstones of the company's strategy is its commitment to transparency and rigor. To reinforce this commitment, some years ago the company fixed the objective that all information appearing in the Annual Report should be verified externally.

Therefore, 2007 witnessed the first audit on the company's Corporate Social Responsibility Report. In 2008, this was extended to the Greenhouse Gas Emissions Report and in 2009, the Corporate Governance Report underwent an external audit process.

The company is not satisfied with a limited assurance verification report pursuant to ISAE 3000 standards, 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, external auditors issued five reports in 2012, all forming an integral part of the annual report:

- Audit report on the consolidated accounts of the group, in accordance with applicable law.
- Voluntary audit report on internal control compliance under PCAOB (Public Company Accounting Oversight Board) standards, pursuant to the requirements imposed by section 404 of the Sarbanes-Oxley Act (SOX).
- Voluntary reasonable assurance audit report on the Corporate Governance Report, with Abengoa being the first listed company in Spain to obtain a report of this nature.
- Voluntary reasonable assurance audit report on the Corporate Social Responsibility Report.
- Voluntary audit report on the design and application of the Risk Management System pursuant to ISO 31000 standards.

c) Internal control

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

- Determining the risks of a possible material error in the financial reporting caused by fraud or possible fraud risk factors.
- Analyzing the procedures for assessing the efficiency of internal control in relation to financial reporting.
- Capacity of internal controls over the processes that affect Abengoa and its business groups.
- Identifying material internal control deficiencies and weaknesses in relation to financial reporting and response capacity.
- Supervising and coordinating any significant changes made to the internal controls related to the quarterly financial reporting.
- Performing the quarterly processes of closing the financial statements and differences identified in relation to the processes performed at year end.
- Rolling out plans and monitoring 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.
- Analyzing procedures, activities and controls that seek to guarantee the reliability of financial reporting and prevent fraud.

Internal Control Model

In February 2010, the Spanish National Stock Market Commission (CNMV) published a document titled "Internal Control over Financial Reporting in Listed Companies" (ICFR), which contains two new legal obligations that listed companies must meet from 2011 onwards:

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

CNMV document is based on COSO and incorporates 30 recommended practices divided into five components areas:

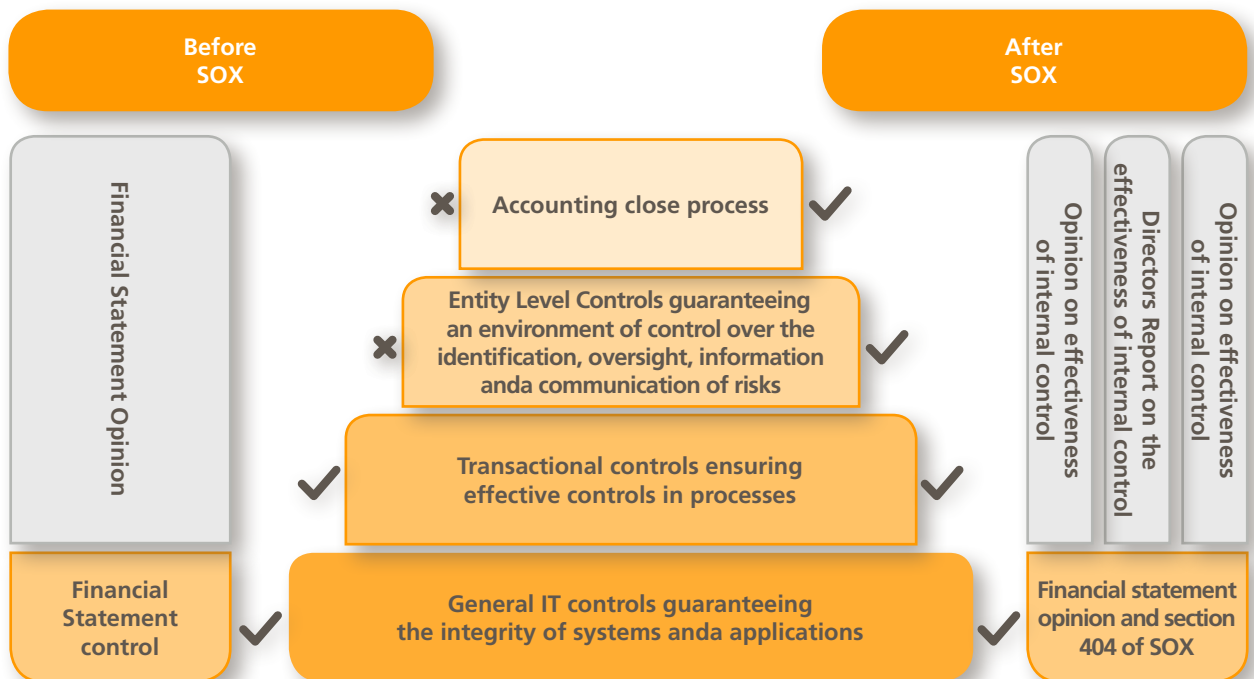
- Internal control environment
- Financial reporting risk assessment
- Control activities
- Information and communication, and
- Supervision of system operation

Since 2007, Abengoa has been voluntarily submitting 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 means that Abengoa has been complying strictly with the reference indicators included in the Spanish CNMV's ISFR document for four straight years now.

Abengoa believes that a proper internal control system would ensure that all relevant financial information is reliable and known to the management. It therefore believes that the model developed and tailored to SOX provides the ideal partner for the common management systems, the main aim of which is to control and mitigate business risks.

- The COSO model has been used as the conceptual framework, since this model most closely mirrors 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 and implementation	Rest of the company: performance
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 assessment	<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) ▪ Colaboration 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 implemented a code of professional conduct, the guiding 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's governing structure, risk control systems, the degree to which recommendations on governance are followed and the reporting instruments; and in which the 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.

This code of conduct is available to all employees through the Abengoa intranet and is regularly updated. Besides, welcome manual of Abengoa and the different business groups make express reference to the code of professional conduct.

All departments, mainly human resources and internal audit, strive to ensure compliance with the code and notify management of any irregular conduct they may detect so that the appropriate measures can be adopted.

Whistleblowing channel

Following the guidelines set out in section 301 of the Sarbanes-Oxley Act ("The Act"), the audit committee of the board of directors of Abengoa S.A. ("the company") has agreed to establish procedures to:

- The receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- The submission by employees of the company, on a confidential and anonymous basis, of good faith concerns regarding questionable accounting or auditing matters.

Therefore, Abengoa has two whistleblowing channels:

- An internal channel, which is available to all employees, so that they can report any alleged accounting or audit irregularity or breaches of the code of conduct. Issues are reported by e-mail or post.
- An external channel, available to anyone outside the company, so that they can report any alleged irregularities, fraudulent actions or breaches of Abengoa's code of conduct through the company's website (www.abengoa.es and www.abengoa.com).

ABENGOA
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Accionistas y Gobierno Corporativo

Inicio > Accionistas y Gobierno Corporativo > Canal de denuncias

Canal de denuncias

Abengoa, S.A. quiere proporcionar un canal de comunicación específico con la dirección y los órganos de gobierno, que sirva de instrumento para elevar cualquier posible irregularidad, incumplimiento o comportamiento contrario a la ética, la legalidad y las normas que rigen este grupo.

Este canal cumple con los requisitos de la ley Sarbanes Oxley.

La titularidad de este fichero corresponde a Abengoa, S.A. con domicilio social en Sevilla, (Campus Palmas Altas, Parcela ZE-3 (Palmas Altas), 41.014) o de aquellas sociedades controladas que aparezcan enumeradas en la memoria de las Cuentas Anuales Consolidadas publicadas en la página web: www.abengoa.com y con las que usted mantiene una relación laboral o contractual (en adelante "Abengoa").

Igualmente, le informamos que, en todo caso, usted podrá en cualquier momento ejercitar los derechos de acceso, modificación, cancelación y oposición, que legalmente le corresponden, mediante el envío de una comunicación escrita a la atención del comité de seguimiento de denuncias y dirigido a la sede social de Abengoa, en la dirección anteriormente mencionada.

Acepto las condiciones de uso.

[Continuar](#)

Noticias

23/03/12
Energías renovables, cambio y desarrollo

El reto del desarrollo sostenible

18/01/13
La Fundación Focus-Abengoa asegura la exposición "Muñillo y Justino"

Whistleblowing policy guarantees no reprisals for whistleblowers, who may submit complaints on a confidential basis. However, both the channel internal and external complaints may be sent on the basis of confidentiality for the complainant or anonymously.

The aim of Abengoa in creating these channels has been to provide a specific means of communicating 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.

For each complaint received, a specific work is performed by the internal audit team. Within the internal audit department, Abengoa has a specific unit dedicated to the investigation of complaints received through the various channels and the implementation of preventive nature works on fraud. Besides, 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.

Phase I: Assessment of suspicions

- Examination of initial evidence
- Definition of type of problem

Phase III: Execution of field work

- Analysis of information
- Use of IT tools
- Monitoring of source of irregularities
- Preservation of the integrity of the evidence

Phase II: Planning

- Definition of scope and working plan
- Assignment of working team

Phase IV: Report and conclusions

- Confidential in nature
- Presentation of conclusions

Foreign Corrupt Practices Act (FCPA)

The honesty, integrity and sound judgment of employees, executives and directors is essential to the company's reputation and success.

In pursuit of these principles, Abengoa adhered to the United Nations Global Compact in 2002. It upholds each of the ten principles enshrined in the initiative and works to integrate them fully into the strategy and policies governing the day-to-day running of the company. In relation to principle nº 10: "Businesses should work against corruption in all its forms, including extortion and bribery", Abengoa has various procedures in place to prevent any kind of corruption within the company.

In the fight against extortion, fraud and bribery, Abengoa upholds the provisions of the US Foreign Corrupt Practices Act (FCPA).

In particular, the FCPA criminalizes acts by companies and their executives, directors, employees and representatives to pay, promise, offer or authorize payment of anything of value to any foreign civil servant, foreign political party, heads of foreign political parties with the aim of achieving or maintaining business operations, or of obtaining any kind of improper gain.

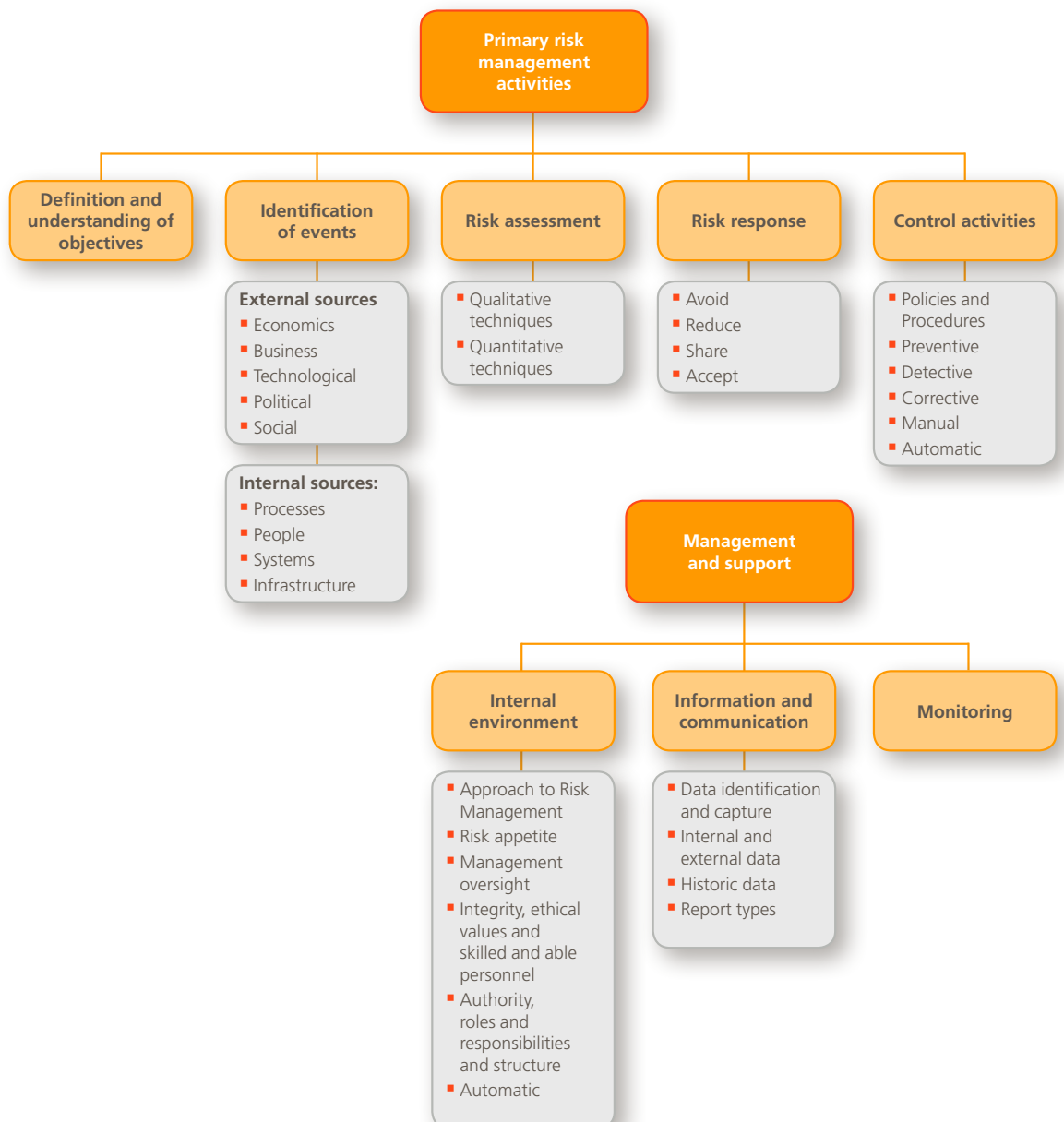
The FCPA complements the requirements imposed by section 404 of the US Sarbanes Oxley Act (SOX).

Supervision and control of the risk management model

During 2012, Abengoa continued to grow, carrying on activities in more than 70 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 characterized by greater regulatory requirements. In order to deal with this scenario, Abengoa considers risk management an indispensable activity and function for strategic decision making.

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.



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 of Directors 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.

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.

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:

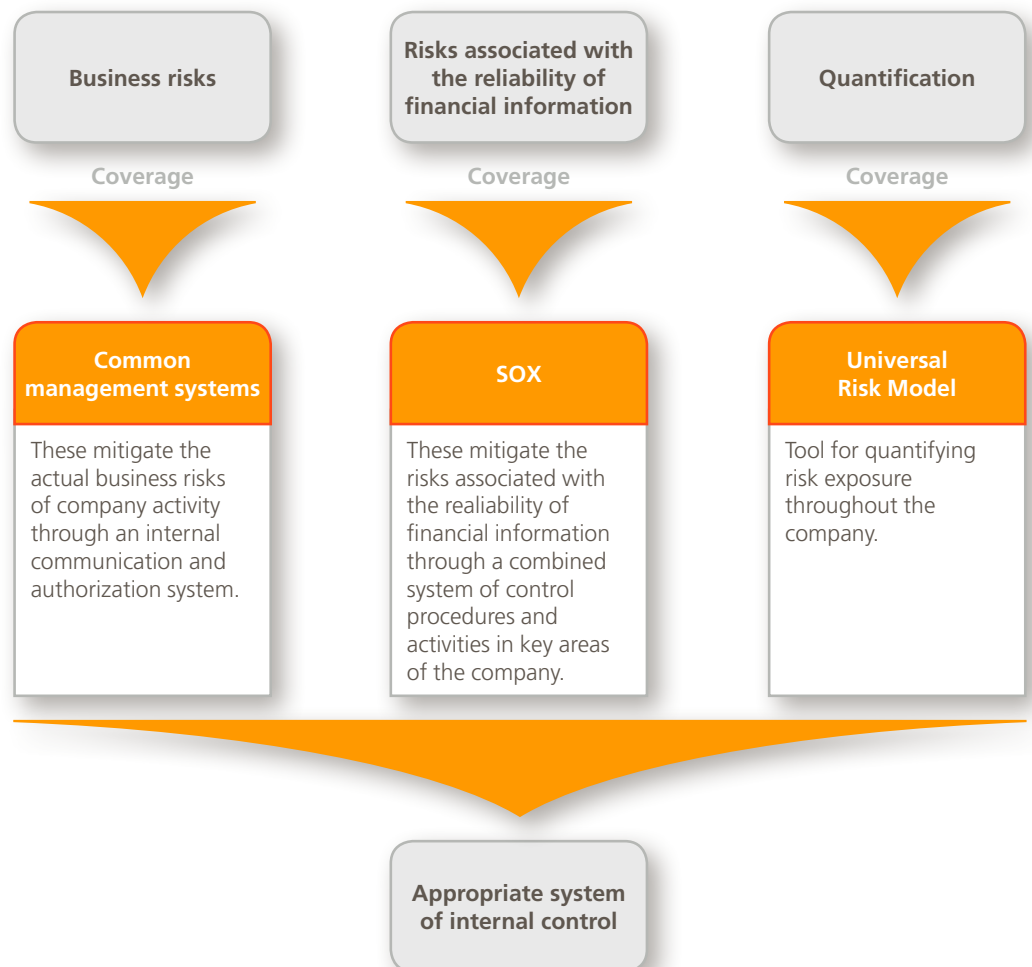
Strategic risks		
Governance	Strategic R&D projects	Mergers, acquisitions & disinvestments
Resource planning and assignment	Market dynamics	Communication & investor relations
Operational risks		
Sales	Human resources	Thereats or disasters
Supply chain	Tangible assets	Information technologies
Financial risks		
Markets	Accounting & reporting	Capital structure
Liquidity & credit	Taxation	
Regulatory risks		
Codes of ethics and conduct	Legislation	Regulator

Risk treatment and response criteria are contained within the common management systems and must be observed by all employees.

The responses designed and included within the different elements that make up the Abengoa's risk management system pursue one of the following risk management scenarios:

- Elimination: the risk is completely eliminated.
- Reduction and control: the aim here is 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, whether 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 eventually accepted.

Abengoa's risk management model comprises three core elements:



Those elements combine to form an integrated system that enables the company to manage risks and controls suitably throughout all levels of the organization.

a) Common management systems

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

Objectives

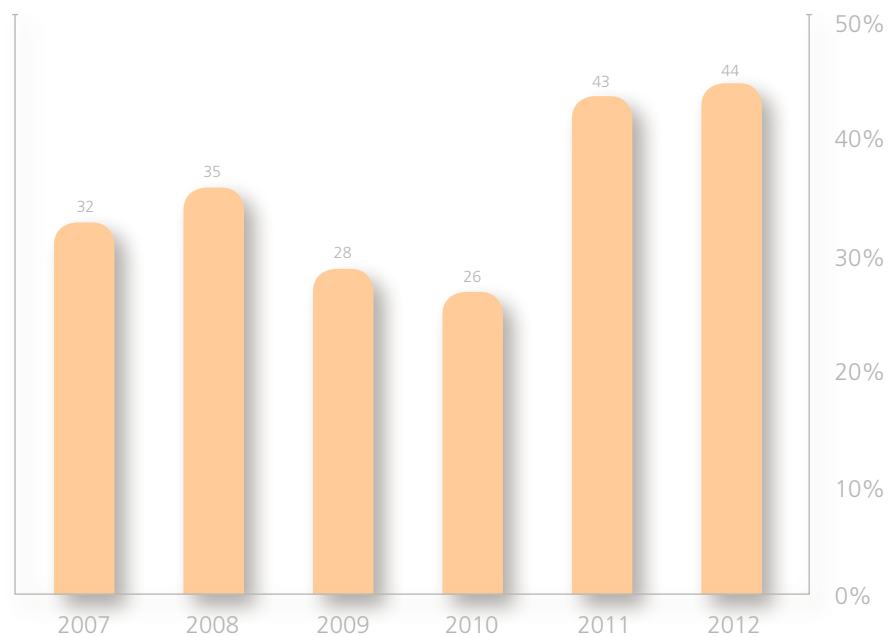
- To identify possible risks which, although they are inherent to any business, must be identified, mitigated and monitored.
- To optimize the day-to-day management by applying procedures leading to financial efficiency, expense reduction and the homogenization and compatibility of information and management systems.
- To promote synergies and value creation throughout Abengoa's different business groups.
- To reinforce 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:

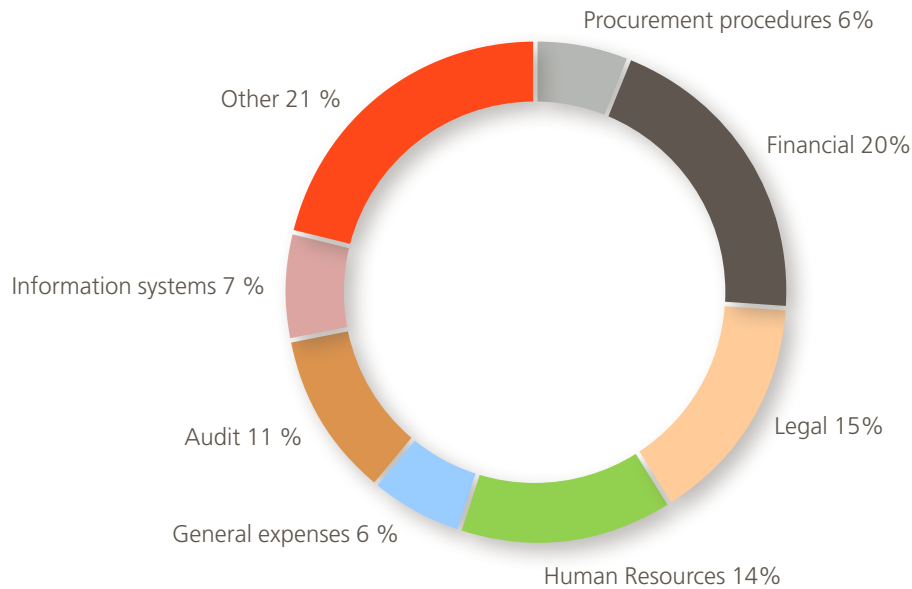
- All the business groups and areas of activity.
- All levels of responsibility.
- All kinds of operations.

Common management systems represent a common culture for Abengoa's different businesses and are composed of eleven rules defining how each of the potential risks included in Abengoa's risk model should be managed. Through these systems, the risks and the appropriate way of hedging against them are identified and the control mechanisms defined.

Over recent years, the common management systems have evolved to adapt to the new situations and environments in which Abengoa operates, with the overriding aim of reinforcing risk identification, covering risks and establishing control activities. The summary of annual updates is shown in the graph below:



Besides, the summary of updates split by category of rule is the following:



b) Compulsory procedures (SOX)

The compulsory procedures are used to mitigate risks relating to the reliability of the financial information, employing a combined system of procedures and control activities in key areas of the company, which are intended to ensure the reliability of the financial information and prevent fraud.

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

SOX is a compulsory law for all listed companies operating 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 establishing an appropriate internal control system. Thus, although none of the business groups is required to meet SOX requirements, Abengoa deems it necessary to comply with these requirements throughout all of its component companies, since these requirements complement the risk control model used by the company.

The company has implemented an appropriate internal control system that relies on three tools:

- A description of the company's relevant processes that could impact the financial information to be prepared. In this regard, 41 management processes have been defined and grouped into corporate cycles and common cycles used throughout all 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 to ensure attainment of the control objectives.

Our work comprises the following aspects:



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

This initiative arose in response to the swift expansion experienced by the group in recent years and projected future growth, the aim for us to continue preparing accurate, timely and complete financial reports for 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.

This risk analysis encompasses a preliminary identification of significant risk areas and an assessment of the company's controls over them, starting with top-level executives - corporate and supervisory controls - then dropping to the operational controls present in each process.

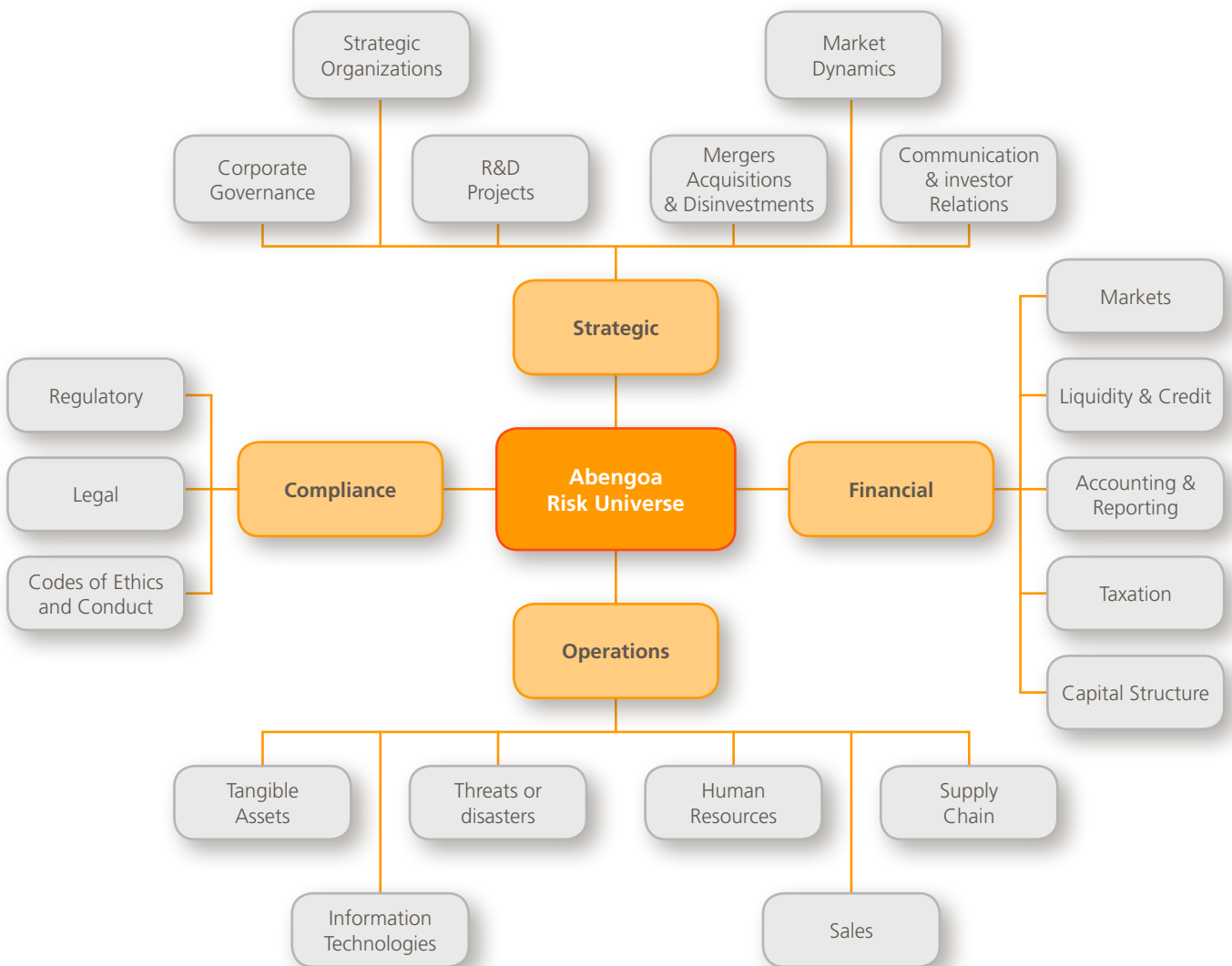
Our approach is as follows:

- A top-down approach to risk assessment, helping us to identify the areas of greater risk.
- Integrating financial statement audits and internal control reviews, paying special attention to the company's general control environment.
- A focus that combines section 404 of the SOX with existing internal audit work.
- 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.

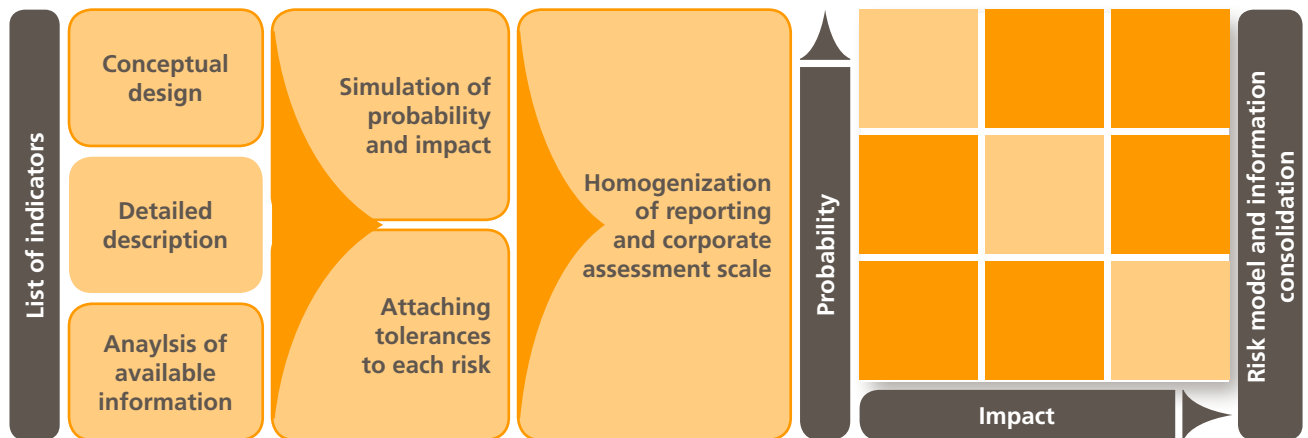
c) The universal risk model

In 2011, Abengoa finished integrating its universal risk model, the company's chosen methodology for quantifying the risks that compose the risk management system.

Abengoa's universal risk model is made up of four categories, 20 sub-categories and a total of 56 principal risks for the business. Each these risks has an associated series of indicators that allow its probability and impact to be measured and the degree of tolerance to the risk to be defined, thus allowing for subsequent risk assessment and monitoring.



The following diagram illustrates how Abengoa's universal risk model works. The model is periodically reviewed and updated jointly by the internal audit departments, the heads of each area involved and the heads of risk management at corporate-level and for the different business groups.



After applying both probability and impact indicators to all the risks that make up Abengoa's universal risk model, risks are grouped accordingly into four types, each with its own pre-determined risk management strategy:

- **Minor risk:** risks that occur frequently but have little economic impact. These are managed accordingly to reduce the likelihood of them arising, but only if managing them proves economically viable.
- **Tolerable risk:** risks that occur infrequently and have little economic impact. These risks are monitored to ensure that they remain at tolerable levels.
- **Severe risk:** frequent risk with a heavy impact. These risks are managed immediately, although due to the risk management processes implemented by Abengoa, it is unlikely that Abengoa will have to tackle this type of risk.
- **Critical risk:** risks that occur infrequently but have a very high economic impact. These risks have their own contingency plan, given the severity of their impact should they arise.

Abengoa completed implementation in 2011 of Archer eGRC, a technological solution enabling the company to automate the process of identifying, assessing, responding to, monitoring and reporting the risks that make up its universal risk model, thus helping to protect all the activities and sectors in which Abengoa is currently engaged.



During 2012, this application has been consolidated as a tool for calculation and reporting of identified risks. Since its introduction, Abengoa has been working on the application synchronization with other tools within the group with the aim of increasing process automation.

Outlook for 2013

2013 presents new challenges and opportunities for Abengoa and the Audit Committee in the performance of their duties and responsibilities.

The internal audit team will continue to exercise their functions to prevent, detect and propose control mechanisms to ensure the reliability of financial information prepared by the company with the aim of providing an Abengoa adequate internal control system.

Moreover, the approach will remain focused on maintaining the three pillars that make up the risk management model in Abengoa:

- Common management systems
- Compulsory procedures
- Universal risk model

The role of the internal audit team in meeting international standards on auditor independence in the provision of non-audit services, the limits on the concentration of business and other situations of incompatibility, will be enhanced.

In conclusion, the Audit Committee intends to continue maintaining the same level of demand suggests that allows improving security guarantee for the shareholders to the reliability of financial reporting and other responsibilities entrusted.

06

**Appointments
and remunerations
committee annual
report**



Appointments and remunerations committee annual report

Introduction

Pursuant to Article 28 of the regulations governing the board of directors, the appointments and remunerations committee was created by the board of directors of Abengoa, S. A. on 24th February 2003, for the purpose of incorporating the recommendations regarding the appointments and remunerations committee into the Financial Systems Reform Law 44/2002. Said board of directors also approved its Internal Systems Regulations.

Composition

The current composition of the committee is as follows:

- | | |
|---|--|
| ▪ José Borrell Fontelles
(From 07.23.12) | Chairperson. Non-executive independent |
| ▪ Mercedes Gracia Diez
(Until 07.23.12) | Chairperson. Non-executive independent |
| ▪ Mercedes Gracia Diez
(From 07.23.12) | Member. Non-executive independent |
| ▪ Aplicaciones Digitales, S. L.
(Rep: José B. Terceiro Lomba) | Member. Executive |
| ▪ José Luis Aya Abaurre | Member. Non-executive Proprietary |
| ▪ Alicia Velarde Valiente | Member. Non-executive independent |
| ▪ Carlos Sebastián Gascón
(Until 02.14.12) | Member. Non-executive independent |
| ▪ José Marcos Romero | Secretary. Non-Board Member |

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 July 2012.

Consequently, the appointments and remunerations committee is presently comprised of one executive and four non-executive board members, in compliance with the requirements set forth in the Financial System Reforms Law. 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:

1. 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.
2. To inform the board of directors beforehand on all proposals it may submit to the general shareholders meeting 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.
3. 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 two meetings during the 2012 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, as well as the verification that the conditions that were basis for the appointment of the board members and the nature or type thereof continued to be upheld.

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. Claudi Santiago Ponsa, following the resignation of Mr. Carlos Sebastián Gascón.
- Proposal to the board of directors to re-elect Ms. Alicia Velarde Valiente as board member following the expiration of her previous tenure.

- Proposal to the board of directors for the approval of the annual report on the remuneration of board members (RAR: remunerations annual report).
- 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 top executives to the board of directors.
- Reports on comparative salaries and market researches by independent experts.

Annual report on the remuneration of board members (RAR)

2012 Financial year

Company background

This 2012 financial year board members' remuneration policy report 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.

Absolutely subject to the principles of transparency and information, this report entails Abengoa SA's remuneration policy for the members of its board of directors, clearly distinguishing between the salaries of the company's top management executive board members and the salaries of its 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 duties.
- Remuneration for holding executive board member posts and for performing executive duties is aimed at ensuring:
 - (i) The competitive nature of the overall remuneration package and its structure in comparison with the international sector; and at ensuring compatibility with the standard of our leadership vocation;
 - (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 remuneration of board members, adjusted to comply with the legal provisions (specifically, articles 217 and following) of the Corporations Act, the Bylaws (article 39) and the Regulations governing 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 shareholders meeting, 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 the EAT (Earnings After Tax) scheme; it may also include rewards for memberships 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 the statutory benefits and per diems (allowances) 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 and commensurate with the leadership position that Abengoa holds. 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)

The 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 board of directors for the 2012 financial year

The table below shows a detail of the total remuneration of the board members, for the 2012 financial year:

Name	Type	Salaries	Variable remuneration at p/a	Per diem (allowance)	Remuneration for serving on committees	Remuneration of board of directors of other company group	Other Items	2012 Total	2011 Total
Felipe Benjumea Llorente	Executive	1,086	3,304	93	-	-	-	4,483	4,483
Aplidig, S.L. (1)	Executive	-	2,804	295	-	-	-	3,099	2,984
Manuel Sánchez Ortega	Executive	1,086	3,304	93	-	-	-	4,483	3,703
Carlos Sebastián Gascón (2)	Independent	-	-	33	28	-	-	61	283
Daniel Villalba Vilá	Independent	-	-	-	-	-	-	-	181
Mercedes Gracia Díez	Independent	-	-	160	40	-	-	200	188
Alicia Velarde Valiente	Independent	-	-	110	40	-	-	150	176
Jose Borrell Fontelles	Independent	-	-	200	100	-	-	300	300
Ricardo Martínez Rico	Independent	-	-	107	10	13	-	130	40
Claudi Santiago Ponsa (3)	Proprietary	-	-	55	-	-	-	55	-
José Luis Aya Abaurre	Proprietary	-	-	110	40	-	-	150	154
José Joaquín Abaurre Llorente	Proprietary	-	-	110	40	-	-	150	154
Maria Teresa Benjumea Llorente	Dominical	-	-	78	-	24	-	102	102
Javier Benjumea Llorente	Dominical	-	-	78	-	-	220	298	255
Ignacio Solís Guardiola	Dominical	-	-	78	-	-	-	78	78
Fernando Solís Martínez-Campos	Dominical	-	-	78	-	-	-	78	78
Carlos Sundhein Losada	Dominical	-	-	70	-	-	-	70	78
		2,172	9,412	1,748	298	37	220	13,887	13,237

Note:

(1) Represented by José B. Terceiro Lomba

(2) Until 02/23/2012

(3) From 02/24/2012

In the exercise of the duties conferred thereupon, the appointments and remunerations committee periodically reviews the policy of remuneration of the board of directors, updating it with proposals 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 variable portion of the remuneration for executive board members shall be determined 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.

The company's remuneration policy approved for the board of directors

The board of directors of Abengoa, S.A. have agreed to maintain the 2013 financial year remuneration policy in line with that of the preceding financial year.

The remuneration policies for future financial years, which will still contain fixed and variable components, shall consider market studies done by first rate consultancies specialized in compensation.

Approval of this Report

This Report was approved by the board of directors of Abengoa SA in its session held on 21st February 2013, on the proposal of the appointments and remunerations committee.