

Appointments and Remuneration Committee

Introduction

The Appointments and Remuneration Committee was formed by the Board of the Directors of Abengoa on February 24, 2003, under Art. 29 of the Regulations of the Board of Directors, in order to include the recommendations on the Appointments and Remuneration Committee contained in Law 44/2002 (the Financial System Reform Act). At said meeting of the Board of Directors, the Committee's Internal Regime Regulations were likewise approved.

Composition

The current composition of the Committee is as follows:

- Carlos Sebastián Gascón Chairman. Independent Non-executive independent Director
- José B. Terceiro Lomba Member. Independent non-executive Director
- José Luis Aya Abaurre Member. Shareholder representative
- Ignacio de Polanco Moreno Member. Independent non-executive Director
- José Marcos Romero Non-director Secretary

The Secretary was appointed by the Appointments and Remuneration Committee on January 28th, 2004, using the written procedure without a formal meeting and the current Chair was appointed at the Appointments and Remuneration Committee meeting held on October 19th last in place of Mr. Ignacio de Polanco Moreno who has become an ordinary member.

Consequently, the Appointments and Remuneration Committee is fully formed by non-executive Directors, thus exceeding the requirements established in the Financial System Reform Act. In addition, Chairmanship of the Committee is held by a non-executive Director, which is compulsory under the provisions of Article 2 of the Committee's Internal Regulations.

Functions and Competences

The functions and competencies of the Appointments and Remuneration Committee are:

1. To inform the Board of Directors on appointments, renewals, resignations and remuneration of members and Board of Directors and the Advisory Board and the holders of specific posts thereon and on the general remuneration and incentive policy for these bodies and for senior management.
2. To report in advance on all of the proposals submitted by the Board of Directors to the General Meetings of Shareholders for the appointment or removal of Directors, including those co-opted by the Board of Directors itself; to verify annually the continued applicability of the conditions required for the appointment of directors and their respective nature or category, for inclusion of this information in the Annual Report. The Appointments and Remuneration Committee will ensure that the selection procedures for appointments to cover new vacancies are not impaired by any implicit bias hindering the selection of female directors and that women meeting the profile sought are included as far as possible among the potential candidates.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Directors' Report.

Meetings and notice thereof

The Appointments and Remuneration Committee shall meet on the occasions required to meet the functions described above, at least once every six months. It shall also meet whenever a meeting is called by the Chairman. A meeting will be valid when all the members are present and they agree to hold it.

During the 2006 financial year, the Committee has held nine sessions, particularly on the occasion of the issue of a report on the legal situation of the Directors in the light of the proceedings brought in the Audiencia Nacional, the proposed appointment of a member of the Board of Directors' Advisory Committee, the appointment to the position of Chair of the Appointments and Remuneration Committee, the study and implementation of a Long-Term Extraordinary Gratification for Management personnel as well as the report on the remuneration of members of the Board of Directors and the Chief Executive.

Quorum

The Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

The Company's Remuneration Manager attends the meetings of the Committee as the Secretary.

Information presented to the Committee

- Monitoring and evolution of remuneration of the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Proposal for remuneration to the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Preparation of the pertinent information to be included in the Annual Accounts.
- Issue of a report on the legal situation of the Directors in the light of the proceedings brought in the Audiencia Nacional, as well as the acknowledgement of the Writ from the Audiencia Nacional regarding the court hearing.
- Proposal to the Board of Directors for the appointment of Mr. Luis Solana Madariaga as a member of the Advisory Committee to the Board of Directors of Abengoa for a term of four years. He sits on the committee as an independent in view of his particular technical qualifications and marked professional independence.
- Proposal to the Board of Directors on the development of a possible Long-Term Extraordinary Gratification Plan for Management personnel as well as a report on the remuneration of the members of the Board of Directors and the Chief Executive.
- Reports on market studies conducted by independent experts and comparative remuneration studies.

