





5

Introduction

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

Composition

The current composition of the Committee is as follows:

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

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

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

Duties and competencies

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

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

Sessions and convening

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

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

Quorum

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

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

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

Committee analyses and proposals

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