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**Listed Public Limited Companies**

Year close date: 31/12/2009

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

Company name: Abengoa, S.A.

## Annual Corporate Governance Report for Listed Public Limited Companies

### A - Ownership Structure

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

Date of last change	Share capital (€)	N° of shares	N° of voting rights
24/06/2001	22,617,420	90,469,680	90,469,680

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

No

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

Personal or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Inversión Corporativa, I.C, S.A.	45,234,723	5,465,183	56.041
Finarpisa, S.A.	5,465,183	0	6.041

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

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

None

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

Personal or corporate name of the shareholder	N° of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Felipe Benjumea Llorente	0	814,111	0.900
Aplicaciones Digitales, S.L.	925,814	0	1.023
Alicia Velarde Valiente	400	0	0.000
Carlos Sebastián Gascón	13,000	12,000	0.028
Carlos Sundheim Losada	47,027	0	0.052
Daniel Villalba Vila	12,780	0	0.014
Fernando Solís Martínez-Campos	50,832	34,440	0.094
Ignacio Solís Guardiola	25,336	0	0.028
Javier Benjumea Llorente	3,888	0	0.004
José Borrell Fontelles	1,000	0	0.001
José Joaquín Abaurre Llorente	1,900	0	0.002
José Luis Aya Abaurre	55,076	0	0.061
María Teresa Benjumea Llorente	12,390	0	0.014
Mercedes Gracia Díez	500	0	0.001
Miguel Martín Fernández	5,900	0	0.007

In all and each of the cases above, all the shares were acquired by the Board members using their personal funds and in no case whatsoever has there been any handover or delivery by the Company as retribution or consideration.

Personal or corporate name of the indirect holder of the ownership interest	Held through: personal or corporate name of the direct holder of the ownership interest	Number of direct voting rights	% of total voting rights
Felipe Benjumea Llorente	Ardachon, S.L.	814,111	0.900
Fernando Solís Martínez-Campos	Dehesa del Mesto, S.A.	34,440	0.038
Carlos Sebastián Gascón	Bmca Inversiones S.L	12,000	0.14

**% of total voting rights held by the members of the Board of Directors:**  
2.219%

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

The directors do not hold rights over company shares.

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

No record

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

No record

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

There is no record of any shareholders' agreements.

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

No record

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

No record

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

**Personal or corporate name:**

Inversión Corporativa, I.C., S.A.

Comments

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

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

At year end:

Number of direct shares	Number of indirect shares	% of total share capital
145,455	0	0.16

(\*) Held through:

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

Date of communication	Total nº of direct shares acquired	Total nº of indirect shares acquired	% of total share capital
31/12/2009	145,455	0	0.16

Capital gains/(losses) on treasury stock disposed of over the period: €776,378.18

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

A resolution was adopted at the Ordinary General Shareholders' Meeting held on 5 April 2009 to authorize the Board of Directors to buy back the company's own shares, either directly or through subsidiary or associate companies, subject to the maximum limit prescribed by applicable law and regulations and for a purchase price of between three euro cents (€0.03) and one hundred and twenty euros and twenty cents (€120.20) per share. The Board is entitled to exercise this power for the term of eighteen months counted from such date, in strict accordance with the terms of Chapter IV, Section Four of the Consolidated Text of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas).

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

On December 31, 2009, the balance of treasury stock amounted to 145,455.

In relation to transactions performed over the year, the number of treasury shares acquired stood at 14,704,779, while treasury shares disposed of amounted to 16,754,272, with a net operating result of €776,378.18.

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

**Maximum percentage of voting rights that a shareholder may exercise by reason of legal restriction: No restriction**

No restriction

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

No legal restrictions on voting rights. Attendance to the Assembly implies the ownership of at least 1,500 shares without prejudice of the right of proxy, delegation or grouping to which all shareholders are entitled.

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

No restriction

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

No restriction

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

The matter has not arisen

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

## B - Structure of the company's governing bodies

### B.1 Board of Directors

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

Maximum number of directors	Minimum number of directors
15	3

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

Personal or corporate name of the member	Representative	Seat on the board	Date of 1st appt.	Date of last appt.	Election procedure
Felipe Benjumea Llorente	-	Chairman	25/06/1983	05/04/2009	Voting at shareholders' meeting
Aplicaciones Digitales, S.L.	José B. Tercero Lomba	Vice-Chairman	15/04/2007	15/04/2007	Voting at shareholders' meeting
Alicia Velarde Valiente	-	Member	06/04/2008	06/04/2008	Voting at shareholders' meeting
Carlos Sebastián Gascón	-	Member	26/06/2005	05/04/2009	Voting at shareholders' meeting
Carlos Sundheim Losada		Member	15/04/2007	15/04/2007	Voting at shareholders' meeting
Daniel Villalba Vila		Member	28/02/2005	05/04/2009	Voting at shareholders' meeting
Fernando Solís Martínez-Campos		Member	15/04/2007	15/04/2007	Voting at shareholders' meeting
Ignacio Solís Guardiola		Member	15/04/2007	15/04/2007	Voting at shareholders' meeting
Javier Benjumea Llorente		Member	25/06/1983	05/04/2009	Voting at shareholders' meeting
José Borrell Fontelles		Member	27/07/2009		Co-optation
José Joaquín Abaurre Llorente		Member	25/06/1988	05/04/2009	Voting at shareholders' meeting
José Luis Aya Abaurre		Member	25/06/1983	05/04/2009	Voting at shareholders' meeting
María Teresa Benjumea Llorente		Member	15/04/2007	15/04/2007	Voting at shareholders' meeting
Mercedes Gracia Díez		Member	12/12/2005	09/04/2006	Voting at shareholders' meeting
Miguel Martín Fernández		Member	15/04/2007	15/04/2007	Voting at shareholders' meeting

**Total number of Board members: 15**

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

Upon a motion adopted at the Appointments and Remuneration Committee meeting held on July 27, 2009, and following Mr Miguel Ángel Jiménez-Velasco Mazarío's departure as Board member (he will continue to act as Secretary to the Board), the Board adopted a resolution, by co-optation, to appoint Mr José Borrell Fontelles as Board member for a four-year term of office.

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

## Executive directors

Personal or corporate name of the director	Committee that proposed the appointment	Position within the company structure
Felipe Benjumea Llorente	Board of Directors	Chairman
Aplicaciones Digitales, S.L. (*1)	Appointments and Remuneration Committee	Vice-Chairman

Total number of executive directors: 2  
% of total Board of Directors 13,33

## External Proprietary Directors

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

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



Independent external directors

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

**Profile:** Independent

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

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

**Profile:** Independent

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

**Personal or corporate name of the director** Prof. Daniel Villalba Vila

**Profile:** Independent

Mr Villalba is professor of Business Structure at Madrid's Universidad Autónoma, and holds a doctorate in Economic and Business Sciences from the Universidad Autónoma de Madrid and a master's degree in Science in Operations Research from Stanford University. He has served as chairman of Inverban, Sociedad de Valores y Bolsa (securities and stock trading company), director of the Madrid Stock Exchange and chairman and director of various non-listed companies. He has had over 50 of his articles and books published to date.

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

**Profile:** Independent

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

**Personal or corporate name of the director:** Miguel Martín Fernández

**Profile:** Independent

Mr Martín is currently chairman of the Asociación Española de Banca. He previously served as Deputy Governor and General Director of Credit Institution Oversight at the Spanish Central Bank, Deputy Secretary for the Spanish Ministry of Economy and Finance, Chairman of the Instituto de Crédito Oficial (ICO), Deputy Secretary for Budget and Public Spending and General Director of the Treasury for the Spanish Treasury Department. Prior to that, he was a member of the Economic and Financial Committee of the European Union and of the Monetary Committee of the European Union. He has also been awarded the prestigious honorary title "Gran Cruz de la Orden del Mérito Civil".

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

**Profile:** Independent

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

Total number of independent directors	% of total Board of Directors
6	40

#### Other external directors

None

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

Not applicable.

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

There have not been any changes whatsoever to the status of any director. Since 27/07/2009 the number of executive board members has reduced from three to two, following the resignation of Miguel A. Jiménez-Velasco Mazarío as board member on said date

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

Not applicable.

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

Not applicable.

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

Upon a motion adopted at the Appointments and Remuneration Committee meeting held on July 27, 2009, and following Mr Miguel Ángel Jiménez-Velasco Mazarío's departure as Board member (he will continue to act as Secretary to the Board), the Board adopted a resolution, by co-optation, to appoint Mr José Borrell Fontelles as Board member for a four-year term of office. The resignation came about as a consequence of the intensification of his professional occupations for this same company, which made his exclusive dedication became advisable, thus giving rise to his resignation from the organ of administration.

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

There is currently no Chief Executive Officer, in that the Board of Directors has vested all delegable powers in Mr Felipe Benjumea. Mr José Terceiro has been granted a power of attorney to represent the company for general matters.

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

Personal or corporate name of the member	Company name of the group entity	Post
José Joaquín Abaurre Llorente	Telvent Tráfico y Transporte, S.A.	Board member
María Teresa Benjumea Llorente	Telvent Tráfico y Transporte, S.A.	Board member
Carlos Sebastián Gascón	Abengoa Bioenergía S.A.	Board member
Daniel Villalba Vila	Abengoa Bioenergía S.A.	Board member
José B. Terceiro	Telvent Git, S.A.	Board member
José B. Terceiro	Bioetanol Galicia, 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 that do not belong to the same business group and are listed on official securities markets in Spain, insofar as these are known by the company:

Personal or corporate name of the member	Corporate name of the listed entity	Post
Felipe Benjumea Llorente	Iberia Líneas Aéreas de España, S.A.	Board member
Aplicaciones Digitales, S.L.	Promotora de Informaciones, S.A.	Board member
Aplicaciones Digitales, S.L.	Iberia Líneas Aéreas de España, S.A.	Board member
Daniel Villalba Vila	Vueling S.A.	Board member

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

No

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

Investment and financing policy

Yes

Definition of the structure of the business group

Yes

Corporate governance policy

Yes

Corporate social responsibility policy

Yes

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

Yes

The remuneration and performance assessment policy for senior executives

Yes

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

Yes

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

Yes

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

a) For the company covered by this report:

Type of remuneration	Figures in thousands of euros
Fixed remuneration	675
Variable remuneration	5,632
Allowances	2,296
Benefits as per Bylaws	0
Share options and/or other financial instruments	0
Others	0
<b>Total</b>	<b>8,603</b>

Other benefits	Figures in thousands of euros
Advance payments	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Acquired obligations	0
Life insurance premiums	0
Guarantees created by the company in favour of Board members	0

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

Type of remuneration	Figures in thousands of euros
Fixed remuneration	113
Variable remuneration	0
Allowances	0
Benefits as per Bylaws	0
Share options and/or other financial instruments	0
Others	0
<b>Total</b>	<b>113</b>

Other benefits	Figures in thousands of euros
Advance payments	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Acquired obligations	0
Life insurance premiums	0
Guarantees created by the company in favour of Board members	0

c) Total remuneration by type of director:

Type of director	For the company	For the group
Executive	6,589	0
External, proprietary	755	24
External independent	1,259	89
Other external	0	0
<b>Total</b>	<b>8,603</b>	<b>113</b>

d) Total remuneration by type of director:

Total remuneration to directors (in thousand euros)	Total remuneration to directors/profit attributed to the parent company (expressed as %)
8,716	5.12%

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

Personal or corporate name	Position
José Domínguez Abascal	Technical Secretary
Manuel Sánchez Ortega	Director of Information Technologies Business Group
José Marcos Romero	Director of Appointments and Remuneration
Alfonso González Domínguez	Director of Ind. Engineering and Construction Business Group
Juan Carlos Jiménez Lora	Director of Investor Relations
Alvaro Polo Guerrero	Director of Human Resources
Javier Molina Montes	Director of the Environment Business Group
Javier Salgado Leirado	Director of the Bioenergy Business Group

Luis Fernández Mateo	Director of Organization and Budgets
Santiago Seage Medela	Director of Solar Business Group
Amando Sánchez Falcón	Financial Director
Germán Bejarano García	Director of International Institutional Relations
Fernando Martínez Salcedo	General Secretary of Sustainability
Javier Camacho Donezar	Corporate Strategy Director
Luis Enrique Pizarro Maqueda	Internal Audit Director
Enrique Borrajo Lovera	Director of Consolidation and Reporting
Miguel Ángel Jiménez-Velasco Mazarío	General Secretary (*)

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(\*) 27/07/2009 – 31/12/2009

Total remuneration paid to the senior management (in thousand euros): 6,883

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

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

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

#### **Process for establishing the remuneration of Board members and relevant Bylaws**

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

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

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

Yes

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

Yes

(Regarding the last section and it being the competence of the Board, there was no report of any contract of that nature during the exercise, or during previous exercises, such that there are no special conditions to report)

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

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

Yes

Variable remuneration items.

Yes

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

Yes

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

Yes

(Regarding the last section, and it being the competence of the Board, there was no report of any contract of that nature during the exercise, or during previous exercises, such that there are no precedents).

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

Yes. The Appointment and Remunerations Committee reported on the following during the 2009 exercise:

Follow-up and progress on remunerations of members of the Board of Administration and of the company's upper management;

Proposal on remunerations for members of the Board of Administration and for the company's upper management;

Preparing the relevant information that should be included in the yearly financial statements;

Making a proposal to the Board of Administration for the appointment of board member Mr. José Borrell Fontelles by co-optation, following the resignation of Mr. Miguel Ángel Jiménez-Velasco Mazarío;

Proposal to the Board of Administration to subject the ratification of Mr. José Borrell Fontelles as Board member, previously appointed by co-optation as independent board member, to the next General Assembly of Shareholders to be held;



Proposal to the Board of Administration for the approval of the Annual Report on the Policy of Remuneration of Administrators;

The Report on the verification of the maintenance of the conditions on which board members were appointed and on their character or typology;

Proposal to the Board of Administration on the report on the remuneration of the members of the Board of Administration and the Top Executive;

The Reports on the market studies and comparatives of remunerations carried out by independent experts.

#### **Issues covered in the remuneration policy report**

Amount of fixed remuneration and variable remuneration items.

#### **Role played by the Remuneration Committee**

Preparation of the proposal to the Board, stating grounds.

#### **Did the company seek external consultancy?**

Yes

#### **Identity of external consultants**

Three independent external consultancy firms.

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

<b>Personal or corporate name of the director</b>	<b>Corporate name of the significant shareholder</b>	<b>Position</b>
Felipe Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Chairman
Fernando Solís Martínez -Campos	Inversión Corporativa, I.C, S.A.	Member
Ignacio Solís Guardiola	Inversión Corporativa, I.C, S.A.	Member
Javier Benjumea Llorente	Inversión Corporativa, I.C, S.A.	Member
José Joaquín Abaurre Llorente	Inversión Corporativa, I.C, S.A.	Member
José Luis Aya Abaurre	Inversión Corporativa, I.C, S.A.	Member

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

#### **Personal or corporate name of the Board member**

Felipe Benjumea Llorente

#### **Personal or corporate name of the significant shareholder**

Finarpisa, S.A.

**Description of the relationship**

Chairman of the Board

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

No

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

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

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

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

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

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

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

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

1. Board Members shall be dismissed from their posts after the period for which they were appointed and under all the other assumptions pursuant to the Law, the Bylaws and this Regulation.

2. Board Members are bound to place their posts at the disposal of the Board of Administration and to sign, should the Board deem it convenient, the relevant resignation in the following cases:

- a) If they are involved in any of the legally envisaged assumptions of prohibition, incompatibility or conflicts of interest;

- b) If they are severely punished by any public authority for infringing upon their obligations as Board Members;
- c) Should the Board itself request it so for having infringed upon their obligations as Board Members;

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

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

#### **Measures to limit risks**

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

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

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

On December 10, 2007, the Board of Directors adopted a resolution to appoint Mr José B. Terceiro Lomba (on behalf of Aplicaciones Digitales, S.L.), the current coordinating director, as the executive Vice-Chairman of the Board of Directors, with the express approval of the other company directors, and particularly the independent directors.

The existence of only two executive directors, pursuant to the foregoing, in contrast to the large majority of independent or external directors, ensures that the decisions of the senior executive officer are effectively controlled.

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

#### **Explanation of the rules**

The Board of Directors is currently composed of fifteen members. The Regulations of the Board of Directors govern its composition, functions and internal organization. In addition, there is an Internal Code of Conduct in Stock Markets, the scope of which extends to members of the Board of Directors, senior management and all those employees who, on account of their posts or assigned duties, may be affected by its content. The Regulations of the General Shareholders' Meeting govern the formal and internal aspects of such meetings. Lastly, the Board of Directors is assisted

by the Audit Committee and the Appointments and Remuneration Committee, which both have their own Internal Regulations. All these regulations, brought together in a consolidated text of the Internal Corporate Governance Regulations, are available at the company's website, [www.abengoa.com](http://www.abengoa.com). Since its inception, the Appointments and Remuneration Committee has been analyzing the structure of the company's governing bodies and has been working to adapt it to incorporate corporate governance recommendations, paying particular attention to the historic and special configuration of these bodies within Abengoa. In accordance with this analysis, in February 2007 the Committee recommended the creation of the post of coordinating director, coupled with the elimination of the Advisory Committee to the Board of Directors. The first measure was in order to incorporate the most recent corporate governance recommendations, as created in Spain in 2006, whereas the second was proposed because the Committee considered that the Advisory Committee had already fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could lead to conflicts of power. Both proposals were approved at a meeting of the Board of Directors held in February 2007 and at the General Shareholders' Meeting held on April 15 of the same year, and José B. Terceiro was appointed (on behalf of Aplicaciones digitales, S.L.) as coordinating board member, in his capacity as independent member. On a final note, in October 2007 the Committee proposed to the Board that it accept the resignation of Mr. Javier Benjumea Llorente from his position as Vice-Chairman, with the consequent revocation of his delegated powers, and likewise accept the appointment of a new natural person to represent Abengoa and the Focus-Abengoa Foundation in those entities or companies in which they have an appointed position.

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

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

In view of the above, on December 10, 2007, the Board of Directors agreed to appoint Aplicaciones Digitales, S.L. (represented by Mr José B. Terceiro Lomba), the

current coordinating director, as executive Vice-Chairman of the Board of Directors, with the unanimous consent of the independent directors for the company to continue acting as coordinating director in spite of its new appointment as executive Vice-Chairman. In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the Vice-Chairman, jointly with the Chairman of the Board of Directors, has been put forward as the physical representative of Abengoa, in its capacity as the Chair of the Board of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

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

No

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

Description of the resolution:

All, save ones for which legally reinforced majorities are required.

Quorum	%
Half plus one	51.00

  

Type of majority	%
Simple	51

Description of the resolution:

Delegation of powers

Quorum	%
Half plus one	51.00

  

Type of majority	%
Two thirds	67

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

No

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

Yes

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

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

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

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

No

**Maximum term of office:** None

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

#### Explanation of the reasons and the initiatives

As at 31st December 2009 there were 3 females in a total of 15 board members (20%)

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

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

#### Specify the main procedures

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

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

Not applicable

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

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

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

Number of Board meetings 15 (including 3 written meetings)  
Number of Board meetings without the attendance of the Chairman 0

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

Number of meetings of the Executive or Delegate Committee: Not applicable  
Number of meetings of the Audit Committee: 6  
Number of meetings of the Appointments and Remuneration Committee: 4  
Number of meetings of the Appointments Committee: Not applicable  
Number of meetings of the Remuneration Committee: Not applicable

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

Number of non-attendances of directors during the year: 11

% of non-attendances of the total votes cast during the year: 4.8%

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

Yes

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

Amando Sánchez Falcón  
Financial Director

Enrique Borrajo Lovera  
Director of Consolidation and Reporting

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

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

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

No

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

**Appointment and Removal Procedure**

Proposal from the Appointments and Remuneration Committee, stating grounds

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

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

Yes

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

The Audit Committee is composed of a majority of non-executive directors, thus meeting the requirements set forth in the good governance regulations and, especially, in the Spanish Financial System Reform Act (Ley de Reforma del Sistema Financiero). Likewise, and in accordance with the provisions of article 2 of the Internal Regulations, the office of Chairman to the Committee must be held by a non-executive director.

Functions

The Audit Committee has the following functions and responsibilities:

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

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

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

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

To oversee the internal audit services. The Committee will have full access to the internal audit and will report during the process of selecting, appointing, renewing



and removing the director thereof. It will likewise control the remuneration of the latter, and must provide information on the budget of the internal audit department.

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

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

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

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

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

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

No

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

No

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

	Company	Group	Total
Fees for non-audit work (thousand euros)	822	631	1,453
Fees for non-audit work/total amount invoiced by the audit firm (%)	80.44	21.83	37.14

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

Not applicable

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

	Company	Group
<b>Number of consecutive years</b>	19	19
Nº of years audited by current firm / nº of years over which the company has been audited (%)	100	100

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

None

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

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

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

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

In practice, the mere request for consultancy by a board member, whether in the Board and more so in the Audit Committee or in the Appointment and Remunerations Committee, amounts to the use of such request, in spite of the literal interpretation of the aforementioned Article 19.

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

Yes

**Details of the procedure:**

Documents are sent out, and/or made available at the venue for the Board meeting, before the meeting is held. Nevertheless, in the interest of greater transparency and for information purposes, information shall be articulated in blocks, which may be made available to the board members at the soonest possible time.

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

Yes

**Explain the rules**

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

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

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

No

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

No

## B.2 Committees attached to the Board of Directors

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

#### Audit Committee

Name	Position	Type
Carlos Sebastián Gascón	Chairman	Independent
Daniel Villalba Vila	Member	Independent
Aplicaciones Digitales, S.L.	Member	Executive
José Joaquín Abaurre Llorente	Member	Proprietary
Mercedes Gracia Díez	Member	Independent
Miguel Martín Fernández	Member	Independent

#### Appointments and Remuneration Committee

Name	Position	Type
Daniel Villalba Vila	Chairman	Independent
Alicia Velarde Valiente	Member	Independent
Aplicaciones Digitales, S.L.	Member	Executive
Carlos Sebastián Gascón	Member	Independent
José Luis Aya Abaurre	Member	Proprietary

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

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

Yes

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

Yes

**Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service;**

**receiving periodic information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account.**

Yes

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

Yes

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

Yes

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

Yes

**Ensuring the independence of the external auditor**

Yes

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

Yes

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

**(I) Name of the Committee**

Appointments and Remuneration Committee

**Brief description**

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

**Functions**

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

1. To report to the Board of Directors on appointments, reappointments, removals and the remuneration of the Board and its component posts, as well as on the

general policy of remunerations and incentives for positions on the Board and within the senior management.

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

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

#### Organization and functioning

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

A quorum is deemed to exist when the majority of its members are present. Proxies may only be granted to non-executive directors. The resolutions adopted shall be valid when the majority of the members of the Committee, present or represented by proxy, vote in favor. In case of a tie, the Chairman will cast the deciding vote.

The Committee shall meet on the occasions necessary to fulfil its functions and, at least, once a quarter. In 2009 it met on four occasions.

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

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

**(II) Name of the Committee**

Audit Committee

**Brief description**

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

**Functions**

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

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

**Organization and functioning**

The Audit Committee will meet as often as necessary in order to discharge its functions, and at least once every quarter. The Committee met 6 times over 2009.

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

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

**(I) Name of the Committee**

Appointments and Remuneration Committee

**Brief description**

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

**(II) Name of Committee**

Audit Committee

**Brief description**

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

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

**(I) Name of the Committee**

Appointments and Remuneration Committee

**Brief description**

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



**(II) Name of Committee**

Audit Committee

**Brief description**

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

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

Not applicable – there is no Executive Committee.

**If not, explain the composition of the executive committee**

There is no Executive Committee

**C - Related-party transactions**

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

Yes

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

Personal or corporate name of the significant shareholder	Name of the group company or entity	Nature of the relation	Type of operation	Amount (thousand euros)
Inversión Corporativa, I.C, S.A.	Solar Processes, S.A.	Surface right for solar plant	Lease	62
Inversión Corporativa, I.C, S.A.	Sanlúcar Solar, S.A.	Surface right for solar plant	Lease	(43)

On April 16, 2009, the company Sanlúcar Solar, S.A. (the owner of the PS10 solar power plant) waived part of its surface right previously executed on January 15, 2003 for an initial term of 30 years. The waiver in question extended to 3.04 hectares of a plot spanning 69 hectares on a property owned by the company Explotaciones Casaquemada, S.A. (subsidiary of the company Inversión Corporativa, I.C., S.A., the latter being the reference shareholder of Abengoa, S.A.) and located within the municipal district of Sanlúcar La Mayor (Sevilla – Spain), with the rest of the surface right remaining unaffected.

By reason of the waiver, Explotaciones Casaquemada, S.A. returned to Sanlúcar Solar, S.A. the sum of €43,384, a proportional amount calculated on the initially paid price, the days remaining of the term of the surface right and the surface area subject to the waiver.

Furthermore, on April 16, 2009, the company Solar Processes, S.A. (owner of the PS20 solar power plant) entered into a surface right agreement over the above-referenced 3.04 hectares owned by Explotaciones Casaquemada, S.A. (subsidiary of the company Inversión Corporativa, I.C., S.A., the latter being the reference shareholder of Abengoa, S.A.).

Pursuant to the terms of the agreement, the duration of the surface right coincides with the remaining term of the surface right that the company Solar Processes, S.A. (owner of the PS20 solar power plant) created on February 7, 2007, such term amounting to 30 years, extendable to 50. The consideration for the right amounted to €61,999.

### **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:**

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

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

There are currently no intra-group operations other than those stemming from the company's normal course of business.

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

No (outside the situations regarding their appointment as Board members or appointments to associated committees).

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

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

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

Yes

**Identify any subsidiaries that are listed:**

**Listed Subsidiary**

Befesa Medio Ambiente, S.A.

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

Yes

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

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

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

**Mechanisms to resolve possible conflicts of interest**

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

## D - Control Systems

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

Abengoa manages its risks through a model aimed at identifying the potential risks of a business. This model considers 4 important areas that are subdivided into 20 categories of risks, which contemplate more than 130 potential risks of a business.

Our model contemplates the following areas and categories of risks:

- Strategic Risks: Corporate governance, strategic and R+D+i projects, mergers, acquisitions and divestments, planning and assignment of resources, market dynamics, communication and relation with investors
- Operational risks: Human resources, information technologies, physical assets, sales, supply chain, threats or catastrophes.
- Financial Risks: Cash flow and credit, markets, taxation, capital structure, accounting and reporting.
- Legal Risks: Regulations, laws and codes of ethics and of conduct.

Risk Management at Abengoa is based on two significant bases:

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

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

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

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

#### **Business risks**

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

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

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

There are 11 internal policies with 28 subsections that define how to manage each of

the potential risks included in the Abengoa risks model.

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

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

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

The following are also achieved through Common Management Systems:

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

The Systems cover the whole organization at three levels:

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

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

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

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

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

### **Risks in relation to the reliability of financial information**

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

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

Following the instructions of the Securities and Exchange Commission (SEC), compliance with said Act is compulsory for companies and groups listed on North American markets. Thus, and although only one of the Business Units – Information Technologies (Telvent) – is obliged to comply with the SOX Act, Abengoa deems it necessary to comply with these requirements in both the subsidiary listed on NASDAQ as well as in the rest of the companies, because the risks control model used by the company is completed with it.

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

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

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

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

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

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

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

These processes and their over 450 activities of control catalogued as relevant are subjected to verification by internal and external auditors.

### **Other existing tools**

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

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

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

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

No

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

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

If so, provide details of its functions.

**Name of the committee or body**

Audit Committee

**Description of functions**

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

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

• **Internal Control System Design:**

In Abengoa, we believe that an appropriate internal control system must ensure that all relevant financial information is reliable and known by the Management. Thus it is considered that the model created and adjusted to the SOX (Sarbanes Oxley Act) completes and complements the Common Management Systems created for the main purpose of controlling and mitigating business risks.

The COSO model is taken as conceptual framework of reference, because it is that which draws nearest to the approach required by SOX, which has also been presented to the Audit Committee. In this model, internal control is defined as the process followed for the purpose of providing a degree of reasonable security for the achievement of some objectives such as the compliance with the laws and regulations, the reliability of the financial information and the efficacy and efficiency of the operations.

• **Supervision and control of the Risk Management model:**

The supervision and control of the risk management model of Abengoa is structured around the Joint Auditing Services. These bring together the auditing teams of the companies, Business Units and corporate services, who act in a coordinated manner and depend from the Audit Committee of the Board of Administration

**General Objectives**

- To prevent the audit risks of the group's companies, projects and activities, such as fraud, capital losses, operating inefficiencies and, in general, any risks that could affect the healthy running of the businesses.



- To control the application and promote the development of adequate and efficient management regulations and procedures, in accordance with the corporate Common Management Systems.
- To create value for Abengoa by fostering the generation of synergies and the use of optimal management practices.
- To coordinate working criteria and approaches with external auditors to achieve optimum efficiency and returns from both services.

#### **Specific Objectives**

- To evaluate the audit risk of Abengoa's companies and projects, in accordance with an objective procedure.
- To define standard types of internal control and audit work with the aim of developing the corresponding work plans, with the appropriate scope for each situation. This typology ties in with the evaluation of audit risks, determines the work plans and involves appropriate standards of recommendations and reports. It must, therefore, be used explicitly in such documents.
- To guide and coordinate the process of planning the internal control and audit work of the companies and business groups; to create a procedure for notifying and communicating such work to the affected parties, and to establish a coding system for the work to ensure adequate control and monitoring thereof.
- To define the process for communicating the results of each audit work, the affected parties and the format of the documents in which the results are published.
- To review the application of the plans, the adequate performance and supervision of the work, the prompt distribution of the results and observance of the recommendations and their corresponding implementation.

Abengoa's internal audit function is structured around the Joint Audit Services. These bring together the audit teams of the companies, business groups and corporate services, which act in a coordinated manner and report to the Audit Committee of the Board of Directors.

#### **1.- Financial Reporting**

The Group's financial information essentially comprises the consolidated financial statements, drawn up quarterly, and the full consolidated annual accounts, drawn up annually.

This information is prepared on the basis of the account reporting that all group companies are required to submit for such purpose.

The information reported by each of the individual companies is verified by both the group's internal auditors and its external auditors, the aim being to ensure that the information is true and provides an accurate picture of the company.

Although in recent years Abengoa has striven to reduce the timeframes for reporting the group's financial information, we still believe that there is space for further improvement. To make this a reality, we are continuing to develop new tools and information systems.

One of the most important activities entrusted to the Audit Committee is the

continual need to verify the economic and financial information prepared by the group before it is passed on to Abengoa's Board of Directors and the Spanish Securities and Exchange Commission (CNMV).

Furthermore, and in relation to this task of reviewing the financial statements and the processes followed to prepare them, the Committee is informed of all the relevant changes concerning international accounting and financial reporting standards.

## **2.- Risk, Internal Control and Internal Audit**

The duties and functions of the Audit Committee include "supervision of internal auditing services" and "awareness and understanding of the company's financial information reporting process and internal control systems".

In order to supervise the adequacy, adaptation and efficient functioning of the internal control systems, the Head of Corporate Internal Auditing systematically kept the Committee informed over 2008 of the following aspects in relation to its activities:

- The Annual Internal Audit Plan and the extent to which it has been met;
- The extent to which the issued recommendations have been implemented;
- A description of the main areas reviewed and the most significant conclusions;
- Other more detailed explanations requested by the Audit Committee.

In 2009, the Audit Committee recorded and supervised a total of 590 missions performed by the Internal Auditing Department (the Annual Audit Plan established a total of 570 for the year). The tasks not provided for in the plan mainly involved general audits of companies and projects that had not been included in the initial planning.

Throughout the year, the Audit Committee was regularly informed of the progress and conclusions regarding the completed internal auditing tasks. These essentially consist of financial statement auditing tasks, SOX internal audit controls, Common Management System audits, audits of critical projects and works and audits of specific areas, among others.

As a consequence of these audit missions, 305 recommendations were issued, most of which were implemented at fiscal year-end.

A 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, pursuant to the requirements set forth in Section 404 of the Sarbanes-Oxley (SOX) Act.

## **3.- External Auditing**

Among the duties of the Audit Committee is that of safeguarding the independence of the external auditor, proposing the appointment or renewal thereof to the Board of Directors, as well as approving fees.

The auditor of Abengoa, S.A.'s individual and consolidated annual accounts is the firm PricewaterhouseCoopers, which is also the consolidated group's main auditor.

Nevertheless, a significant part of the group, basically that which corresponds to the Business Unit of Information Technologies (Telvent), is audited by Deloitte.

At the end of the 2008 exercise the Audit Committee of Abengoa agreed, in accordance with the stipulations of its Regulations, to open a selection process for the appointment of an accounts auditor for Abengoa S.A. and its consolidated group for the 2009 exercise. The four most popular auditing companies known as "the Big Four" participated in said process.

As a result of said process, the Auditing Committee proposed the appointment of PricewaterhouseCoopers (because of its extensive knowledge of the group and its career, which had been very positively assessed by the committee itself and because it had presented a very competitive financial offer) to the Board of Administration so that it may consult the Shareholders' General Assembly.

The final awarding was approved in 2009 by the Board of Administration and by the General Assembly of Shareholders of Abengoa, S.A. and, in each case, by the Audit Committee, Administrative Organs and the General Assemblies or Shareholders Assemblies of the corresponding companies of the group

In addition, other firms have a role to play in the auditing process, especially in small companies both in Spain and abroad, although the scope of their work is not considered significant.

The task of auditing SOX internal control mechanisms was also assigned to these same firms following the same criteria, as, in compliance with PCAOB regulations, the firm that issues an opinion on the financial statements must be the same one that assesses the internal control involved in their preparation, given that they are a key factor in "integrated audits".

The policy of Abengoa is that all group companies be audited by external auditors, even when this is not required by law.

The total amount of fees agreed upon with the external auditors for the 2009 audit, including the auditing of periodic information and the audit of the U.S. corporation under US GAAP criteria, can be broken down as follows:

	Firm	Fees	Companies
Spain	PwC	1,352,674	69
Spain	Deloitte (*)	545,620	10
Spain	Other Firms	52,908	13
Foreign	PwC	1,108,323	90
Foreign	Deloitte	515,537	19
Foreign	Other Firms	95,200	21
Total		3,670,262	222

(\*) Includes, among other items, the fees charged for the quarterly audit of the North American listed subsidiary's financial statements pursuant to US GAAP.

As a result of the process convened for the appointment of an accounts auditor, referred to above, we were able to reduce the fees by 27% in comparison with the 2008 exercise.

When it comes to entrusting works different from the financial auditing to any of the auditing companies that make up "the Big Four", the company has a prior verification procedure, with the aim of detecting possible incompatibilities for their execution in conformity with the regulations set forth in SEC (Securities Exchange Commission) or ICAC (Institute of Accounting and Auditing).

The fees for engaging the services of "the Big Four" in the performance of works different from the financial auditing in the 2009 exercise are shown below:

Firm	Fees
PwC	1,453,442
Deloitte	501,501
Kpmg	1,187,195
Ernst & Young	512,660
Total	3,654,798

The Audit Committee is also responsible for monitoring the results of the work of the external auditors. Therefore, the committee is promptly informed of their conclusions and any incidents detected in the course of their work.

When required to do so, the external auditor has attended Audit Committee meetings in order to report on the scope of its competencies, which basically encompass the following:

\* Audit of the financial statements of the consolidated group and its individual

companies and the issuance of an audit opinion thereon.

Although auditors must issue their opinion on the financial statements ending December 31 of each year, the work they carry out in each one of the companies includes a revision of a previous accounting period close date, which usually corresponds to the third quarter of the year in question (September), the aim being to anticipate any significant transactions or matters that may have arisen before such date.

Since the 2008 exercise, the biannual Financial Statements of Abengoa and its listed subsidiaries have voluntarily included a limited revision report issued by the corresponding auditor.

Furthermore, the quarterly financial statements are audited to enable the company to submit the information required by official bodies.

The consolidated financial statements for each of the five Business Units are likewise audited: Abeinsa, Befesa, Telvent GIT, Abengoa Bioenergy and Abengoa Solar.

\* Appraisal of the internal control system and issuance of an audit opinion in accordance with PCAOB (SOX-compliance audit).

An advanced approach to auditing practice involves a prior analysis of the company's internal controls in order to reduce the subsequent need to perform substantive testing procedures in areas in which controls are already appropriate.

Although external auditors have already been using this approach, it has been further reinforced since 2007 following the implementation of SOX and the requirement for an internal control audit pursuant to PCAOB (Public Company Accounting Oversight Board) audit standards, which apply to listed companies in the United States (SEC registrants).

Specific PCAOB regulations require a series of additional auditing procedures. The SEC (Securities and Exchange Commission) delegates upon the PCAOB the task of creating and issuing the standards that external auditors must comply with when evaluating internal controls as part of an integrated audit.

In 2008, the external auditors performed an integrated audit following PCAOB standards and adapting their methodology to AS5 (Audit Standard N° 5). As a result of this work, the external auditors also proceeded to issue a report detailing the conclusions of their appraisal of the internal control system. This opinion supplements the one issued in the audit report on the annual accounts, although the PCAOB allows both opinions to be included in one single document.

\* Matters of special interest

For certain specific or significant matters or transactions, the auditor must issue an opinion on the criteria adopted by the company so that a consensus can be reached.

\* External Audit Reports

One of the company's axes relies on its commitment to transparency and rigor. In order to reinforce said commitment, some years ago the company set an objective; that all the information contained in the Annual Report had its external verification report.

Thus, during 2007 financial year, the company underwent for the first time the verification of the corporate social responsibility policy; during 2008 the Greenhouse Effects Emission Report was subject to verification and during 2009 the Corporate Governance Report has been subject to external verification.

However, the company is not satisfied with a limited assurance verification report according to regulations set by ISAE 3000. On the contrary, its objective is to keep on progressing in order to achieve a reasonable assurance verification report, which is the most demanding verification type to which a company can aspire

Therefore, during 2009 financial year, 6 reports have been issued by External Auditors, which are part of the Annual Report:

- Audit report of the Group's consolidated accounts, as demanded by legislation in force.
- Voluntary audit report, related to internal control compliance, following PCAOB standards (Public Company Accounting Oversight Board), according to section 404 requests of the Sarbanes-Oxley law (SOX).
- Voluntary reasonable assurance verification report on the Corporate Governance Report, being the first Spanish listed company to obtain a report of this type.
- Voluntary reasonable assurance verification report on the Corporate Social Responsibility Report.
- Voluntary verification report on the Greenhouse Gases Effect Inventory (GEI).
- Voluntary verification report on the design of the Risks Management System, following the provisions of ISO 31000.

#### **4.-Governance and Compliance**

In order to meet up with its responsibilities, the Audit Committee has the following supervising tools at its disposal at the different levels of the organization:

- With regards to Control Environment:
  - Code of conduct.
  - "Whistleblower" complaint channels.
  - Internal auditors training programs.
  - Training conferences for the Audit Committee
- With regards to identifying and valuing risks:
  - Risk identification and management systems (Risks map).

- With regards to information and communication systems:
  - Financial policies handbook, update and training.
  - Financial policies department.
  - Internal norms and procedures handbook.
  - Integrated information systems.
  - Reporting systems
  
- With regards to control activities:
  - Processes and controls in every area.
  - Closure procedures.
  - Procedures related to Information Systems (IT).
  - Independent experts' collaboration.
  - Validation mechanisms for judgments, estimations and prospects
  
- With regards to supervision:
  - Independent internal audit unit.
  - Global scope: All the areas / procedures / geographies.
  - Weakness treatment / recommendations

The company's Board has introduced a Professional Code of Conduct which has a philosophy based on the sincerity, integrity and good judgment of its employees, managers and directors, as it is stated in Abengoa's Annual Corporate Governance Report. In said report the following information can be found: Company's Administrative Structure, Risk Control Systems, Monitoring the degree to which the governance recommendations are being followed, and Information Tools. The abovementioned report shows the Board's commitment to maintaining an adequate risk management and an internal control system, a good corporate governance and an ethical conduct both by the organization and its employees.

The Code of Conduct (fourth appendix at the end of this document) is at the disposal of all employees through Abengoa's intranet and it is periodically updated.

Abengoa's reception handbook as well as other Business Groups' handbooks specifically mention the Professional Code of Conduct.

All management departments (mainly Human Resources and Internal Audit) ensure that the Code of Conduct is observed, and inform the Board about any inappropriate conduct that may be observed; upon which the necessary measures are taken.

Abengoa and its different Business Groups manage a mechanism, formally established since financial year 2007, following the provisions of Law Sarbanes-Oxley, that reports to the Audit Committee irregular practices related to accountancy, audit, and internal controls about financial complaints, always keeping a registry that guarantees information confidentiality, integrity and availability. In that registry all received communications related to the "whistleblower" are filed. For each report received, an investigation work is carried out by the internal audit team.

In case technical complexities are found, independent experts are counted on, in order to make sure that there is enough capacity, at all times, to carry out an adequate investigation and to guarantee enough objectivity levels to execute the task.

## E - General Shareholders' Meeting

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

No

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

No

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

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

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

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

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

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



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

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

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

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

**Outline of the measures**

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

The Regulations of the General Shareholders' Meeting, as approved at the General Meeting held on June 29, 2003, contain procedures regulating the convening, functioning, exercise of rights and adoption of resolutions at general meetings, thereby establishing an accurate and binding framework for the staging of such meetings.

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

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

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

No changes occurred.

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

Attendance Details					
Date of General Meeting	% attendance in person	% as proxy	% remote voting		% Total
			Electronic vote	Other	
05/04/2009	52.69	18.94	0	0,000	71.638
27/07/2009	58.36	11.67	0	0,000	70.04
19/10/2009	58.41	13.38	0	0,000	72.20

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

(1) Abengoa's Ordinary General Shareholders' Meeting of April 5, 2009 was attended by the holders of a total of 62,638,115 shares, representing 69.23% of total share capital and corresponding to 329 shareholders (69 present and 260 represented), out of a total of 10,720 registered shareholders.

The resolutions adopted, all with the affirmative vote of all the capital in attendance or represented, were as follows:

**Resolution One – Approval of:**

1.º The annual accounts (comprising the Balance Sheet, Income Statement and Annual Report) and the Management Report of Abengoa, S.A., all corresponding to the 2008 financial year.

2.º The annual accounts for the consolidated group (comprising the Consolidated Balance Sheet, Profit and Loss Account and Annual Report) and the Consolidated Management Report, all corresponding to the 2008 financial year.

3.º The management of the Board of Directors over 2008 and the remuneration of its members, as reflected in the annual accounts.

**Resolution Two:**

1° To approve the following appropriation of earnings for financial year 2008, the dividend for which was distributed on July 1, 2009:

	Euros
Balance as per Income Statement.	55,699,919.61
Application:	
To voluntary reserves	39,415,377.21
To dividend	16,284,542.40
Total	55,699,919.61

2° To authorize Mr Felipe Benjumea Llorente, Mr José B. Terceiro and the Secretary to the Board of Directors, Mr Miguel Ángel Jiménez-Velasco Mazarío, so that any of them may, indistinctly, deposit both the company's and the consolidated group's annual accounts and management reports at the Companies House, in accordance with the terms envisaged by law, thereby identifying themselves with their signature and indicating the intended purpose.

**Resolution Three:**

To approve the Special Report on the Remuneration Policy of Directors, which is submitted to the General Shareholders' Meeting for the purpose of consultation. The report was formulated by the Appointments and Remuneration Committee and duly approved by such committee and by the Board of Directors on February 23, 2009.

To report on the scope of the report concerning Article 116 bis of the Spanish Securities Market Act (Ley de Mercado de Valores), relating to certain aspects of corporate governance.

**Resolution Four:**

To appoint the financial auditors of the company and its business group for the term of one year, or, where applicable, for the 2009-2011 three year period, in accordance with the motion put forward by the Board of Directors upon a proposal received from the Appointment and Remuneration Committee at the meeting held on March 10, 2009.

**Resolution Five:**

In light of the expiry of the four-year term of office previously conferred by the General Shareholders' Meeting of 2005, and following a proposal from the Appointments and Remuneration Committee at its meeting held on February 23, 2009, to reappoint, as Board members, Mr Felipe Benjumea Llorente, Mr Javier Benjumea Llorente, Mr. José Luis Aya Abaurre, Mr. José Joaquín Abaurre Llorente and Mr. Miguel Ángel Jiménez-Velasco Mazarío, and also Mr. Daniel Villalba Vila and Mr. Carlos Sebastián Gascón, the latter two as independent directors for a four-year term of office pursuant to the Bylaws.

(2) An Extraordinary General Shareholders' Meeting of Abengoa was held on July 27, 2009 with the attendance of 63,361,828 shares, representing 70.037% of total share capital and pertaining to 239 shareholders (24 in attendance and 215 represented by proxy) of a total of 10,795 registered shareholders.

The following resolutions were adopted, all through the affirmative vote of all the capital present or represented by proxy:

**One:**

A) To agree to novate by amendment the applicable Bond Terms and Conditions for issued convertible bonds, in accordance with the resolution of the General Shareholders' Meeting held on June 27, 2004, and by virtue of the resolutions of the Board of Directors dated June 22 and 24, 2009, authorizing the company to convert such bonds into new-issue shares with a view to meeting its obligations should the bondholders decide to exercise their right to convert their securities. In this manner, and from the time this resolution is duly filed with the pertinent Commercial Registry, the condition stipulated in the Bond Terms and Conditions will be deemed met, enabling the Issuer to honor its obligations by furnishing new-issue common stock in the company.

The aforesaid novation by amendment of the bonds, which will enable them to be converted into new-issue shares in the company, necessarily requires the removal of the pre-emptive subscription right held by company shareholders pursuant to Article 293 of the LSA.

- B) In the event that the Extraordinary General Shareholders' Meeting does not approve the proposed novation by amendment to allow the bonds to be converted, thus enabling the company to meet exchange requests from investors by delivering new-issue shares, the issue of the bonds will nevertheless remain in full effect pursuant to the terms agreed upon at the Board meetings held on June 22 and 24, 2009.
- C) The terms and conditions of the conversion will be those established for the conversion in the resolutions adopted at the Board meetings held on June 22 and 24, 2009, as previously transcribed, and in the Terms and Conditions attached hereto.
- D) In accordance with the terms of Article 292 of the LSA, the General Meeting resolves to increase share capital by [the required amount to cover any conversions of Bonds that bondholders may request pursuant to the Terms and Conditions of the issue] / [a maximum of [•] €, corresponding to the maximum number of shares to be issued by the company, taking into account the Exchange/ Conversion Price, but subject to any possible adjustments stipulated in the Terms and Conditions]. The Board of Directors shall effect this capital increase fully or in part, as often as required in order to ensure the conversion of the Bonds, and by issuing new common shares bearing the same nominal value and associated rights as the common shares in circulation on the date or dates when the corresponding capital increase is carried out. Each time the Board of Directors executes this resolution in the manner described above, it shall amend the corresponding article of the Bylaws governing share capital.

**Two**

Without prejudice to the powers conferred by the General Shareholders' Meeting under the preceding resolutions, the Board of Directors is hereby conferred powers to the fullest extent required by law in order to define, conclude, execute and modify the resolutions adopted by this General Shareholders' Meeting, thereby acting accordingly before any body or public or private entity, and to comply with any requirements prescribed by law for the purpose of executing such resolutions, including powers to remedy omissions or defects in all the resolutions adopted at the General Shareholders' Meeting, execute any public or private documents as deemed necessary or advisable in order to bring the adopted resolutions in line with the verbal or written qualifications of the Registrar to the Commercial Registry or any other authorities, government officials or relevant institutions, and to act accordingly in order to ensure that the resolutions are fully implemented, particularly the need to register resolutions with the pertinent Commercial Registry, insofar as registration is required.

(3) – An Extraordinary General Shareholders' Meeting of Abengoa was held on October 19, 2009, with the attendance of 65,306,263 shares, representing 72.186% of the share capital and corresponding to 402 shareholders (31 in attendance and 371 represented by proxy) of a total of 10,982 registered shareholders.

The following resolutions were adopted, all with the affirmative vote of all the capital in attendance or represented by proxy:

One – To amend Article 18 "Obligations" of the Bylaws, which will hereinafter read as follows in order to bring it in line with existing legal requirements, eliminating the maximum limit removed by Article 111 bis of the Spanish Securities Market Act (Ley del Mercado de Valores):

**"Article 18 – Issue of bonds, including convertible and/or exchangeable bonds and other tradable securities**

The company may issue bonds under the terms and subject to the limits prescribed by law.

The convertible and/or exchangeable bonds that the company issues may be issued with a fixed (determined or to be determined) or variable exchange ratio.

The company may issue promissory notes, warrants, preferential shares or other tradable securities other than those provided for in the above sections.

The General Shareholders' Meeting, in the legally established terms, may delegate to the Board of Directors the power to issue simple or convertible and/or exchangeable bonds, warrants or other tradable securities provided for in the above sections, including, as the case may be, the power to exclude the pre-emptive subscription right. The Board of Directors may use said delegation of power on one or a number of occasions and for a maximum period of five (5) years.

Similarly, the General Shareholders' Meeting may authorize the Board of Directors to determine the moment at which the agreed issue may be effected and establish the remaining conditions not provided for in the resolution of the General Shareholders' Meeting.

The Company may also provide a guarantee for those bonds issued by its subsidiaries."

Two – In accordance with Article 319 of the Companies House Regulations (Reglamento del Registro Mercantil) and the general system governing bond issues, to authorize the company's Board of Directors, for the term of five (5) years, and with express entitlement to delegate such powers to any of its members, to issue, on one or more occasions, any fixed income securities or analogous debt instruments (including, but not limited to, debentures, promissory notes or warrants), as well as fixed income or other types of security (including warrants) convertible into company shares and/or exchangeable for shares in the company or other companies belonging to or outside the company's business group, all the foregoing subject to a maximum ceiling of five thousand million euros (5,000 M€). Delegation of powers, with express power to sub-delegate such powers on any of its members, to define the relevant criteria for establishing the terms and conditions of the conversion, exchange or exercise of the power to increase share capital by the amount required to meet the corresponding requests for conversion or exercise, and the power to remove the pre-emptive subscription right held by shareholders, pursuant to the terms of Article 293.3 of the Spanish Public Limited Companies Act (Ley de Sociedades Anónimas, hereinafter LSA) and other applicable law.

The aforementioned delegation of powers upon the company's Board of Directors will be effected in accordance with the following conditions:

- 1) Securities covered by the issue: The securities covered by this delegation of powers may be debentures, bonds or other fixed income securities or analogous debt instruments under any legally admissible form, including, but not limited to, debentures, promissory notes or warrants, or other analogous securities that may directly or indirectly entitle holders thereof to subscribe or acquire new-issue company shares or those already in circulation, with settlement taking the form of physical delivery or by offsetting. This delegation of powers also encompasses fixed income securities and warrants convertible into company shares and/or exchangeable for shares in the company or in other companies belonging to or outside the company's business group.
- 2) Term: The securities may be issued on one or more occasions and at any time, within the maximum term of five (5) years from the date on which this resolution is adopted.

- 3) Maximum ceiling of the delegation: The combined maximum ceiling of the issue or issues of securities agreed upon hereunder stands at five thousand million euros (5,000 €M), or the equivalent value in other currencies.

For the purpose of calculating the above-referenced limit and in the case of warrants, the calculation will include the total premiums and strike prices of the warrants for each issue that is approved under this delegation of powers. In the case of fixed income securities, the outstanding balance of those securities issued under this delegation will be calculated for the purpose of determining the limit.

Pursuant to Article 111 bis of the Spanish Securities Market Act (Ley 24/1988), the company is not subject to the limitation prescribed by Article 282.1 of the LSA, concerning the issue of bonds or other securities that recognize or create debt.

- 4) Scope of the delegation: The delegation referred to herein is granted to the fullest extent required by law for the purpose of defining the various aspects and terms governing each issue. In particular, and purely as way of example, the company's Board of Directors will be responsible for determining, for each issue: the amount thereof, provided these fall within the aforesaid overall quantitative limits; the place of issue (whether in Spain or abroad); the applicable currency and, if foreign, its equivalent value in euros; the name of the issue, whether bonds or debentures or any other legally admissible form (including subordinated instruments); the date or dates of issue; when the securities are not convertible, the possibility that they may be converted fully or in part for pre-existing shares in the company or in other companies belonging to or outside the company's business group, and whether they may be subject to compulsory conversion or exchange, or otherwise voluntarily converted or exchanged and, in this latter case, at the discretion of the holder of the securities or the company; or the existence of an option to purchase or subscribe the shares in question; the applicable interest rate, dates and procedure for coupon payments; whether the instruments are perpetual or redeemable and, in this latter case, the term for redemption and the maturity date; the redemption rate, premiums and installments, the security, including mortgage charges; the form of representation, whether certificates or book entries; the number of securities and their nominal value, which, in the case of convertible and/or exchangeable securities, may not be less than the nominal value of the shares; pre-emptive subscription right, where applicable, and the system for subscription; applicable law, whether domestic or foreign. The Board is likewise authorized to file the pertinent application, as and when necessary, so that the issued securities may be listed and traded on official, over-the-counter, organized or non-organized secondary markets, whether domestic or foreign, and pursuant to the requirements prescribed by law in each case; and, in general, any other condition governing the issue and, where applicable, the power to designate the trustee of the corresponding syndicate of holders of the securities that are issued, and to approve the basic rules regulating legal relations between the company and such syndicate, where applicable.

The delegation to the Board of Directors likewise includes the power to decide on the terms and conditions governing redemption of the securities issued under this authorization, with the Board being entitled for such purposes to employ any such terms as provided for in the LSA. Likewise, the Board of Directors is authorized to modify the terms and conditions of such securities, when it deems appropriate and insofar as any necessary official authorizations have been duly obtained and, where applicable, insofar as the assemblies of the corresponding syndicates of holders of the securities issued under this delegation have granted their consent to the change in question.

- 5) Terms and conditions of the conversion: In the case of issuances of fixed income securities convertible into shares (whether into company shares or into shares in other companies belonging to or outside the company's business group) and for the purposes of determining the terms and conditions of the conversion, the following criteria will apply:

The securities issued under this resolution may be converted into new-issue shares in the company or into shares in companies belonging to our outside the company's business group in accordance with a fixed (determined or to be determined) or variable conversion ratio, with the Board of Directors authorized to decide whether they are to be convertible, to determine whether they are voluntarily convertible or subject to compulsory conversion and, in the case of voluntary conversion, whether this will occur at the discretion of the holders thereof or the company, subject to the timeframes and term set forth in the resolution to issue the instruments, which may not exceed fifteen (15) years from the corresponding date of issue.

For the purposes of the conversion, the fixed income securities will be measured at their nominal value and the shares at the fixed exchange rate stipulated in the resolution of the Board of Directors issued in furtherance of this power, or at the exchange rate to be determined on the date or dates indicated in the resolution of the Board of Directors, which will be pegged to the listed price of company shares on the Spanish stock markets on the date/s or period/s chosen as reference points in the same resolution, either with or without discount.

The Board may also agree to issue fixed income securities convertible through a variable conversion ratio. In such case, the price of the shares for the purposes of the conversion will be the arithmetic mean of the closing prices of the company shares on the continuous market over a period to be determined by the Board of Directors. The premium or discount may be different for the conversion date of each separate issue (or, where applicable, each tranche of a given issue).

The Board of Directors may dictate that if the securities covered by the corresponding issue are convertible, the company reserves the right to opt at any time between converting them into new shares in the company, thereby defining the characteristics of the shares to be delivered at the time the conversion or exchange is effected, or even furnishing a combination of new shares and pre-existing shares in the company.

At the time of the conversion, fractions of shares to be delivered to the holders of the securities will, by default, be rounded down to the next whole number, although each holder may receive, if agreed by the Board of Directors, the cash difference resulting from the rounding down.

Under no circumstances may the value of the share be less than its nominal value when utilizing the conversion ratio to convert the securities into shares. Furthermore, and in accordance with Article 292.3 of the LSA, convertible fixed income securities may not be issued at a price below their nominal value, nor may such securities be converted into shares when the nominal value of the securities is less than that of the shares.

When approving an issue of convertible securities under the authorization hereby conferred by the General Shareholders' Meeting, the Board of Directors shall issue a report detailing, based on the criteria described above, the terms and conditions



of the conversion that are to apply specifically to the issue being approved, such report to be accompanied by the corresponding report of the financial auditors, both reports as stipulated in Article 292.2 of the LSA.

- 6) Rights of holders of convertible and/or exchangeable securities: Insofar as the issued securities can be converted into and/or exchanged for shares, the holders will enjoy all the rights conferred by applicable law.
- 7) Capital increase, removal of the pre-emptive subscription right for convertible securities: The authorization conferred upon the Board of Directors as envisaged herein likewise includes, but is not limited to, the following powers:

The power for the Board of Directors, pursuant to Article 293.3 of the LSA, to remove, fully or in part, the pre-emptive subscription right of shareholders, when such removal is required in order to secure financial resources on the international markets, to employ techniques for prospecting demand, or when corporate interests dictate. In any case, should the Board of Directors resolve to remove the pre-emptive subscription right in relation to a specific bundle of convertible securities issued under this authorization, it shall issue, at the time it approves the issue and in accordance with the provisions of Article 293.3 of the LSA, a report detailing the specific reasons of corporate interest that justify such a move, which must likewise be accompanied by the corresponding audit report as stipulated in the aforementioned article. Such reports will be made available to shareholders and disclosed at the first General Shareholders' Meeting to be held after the corresponding resolution to issue the securities.

The power to increase share capital to the extent necessary to meet the requests for conversion of convertible securities issued under this delegation of powers, pursuant to Article 153.1 b) of the LSA: Such power may only be exercised insofar as the Board of Directors does not exceed via such increases, when combined with any other capital increases it may make by virtue of other delegations conferred upon it to increase share capital, the maximum ceiling of half the share capital prescribed by Article 153.1.b) of the LSA, as counted at the time of this authorization. This authorization to increase share capital includes the power to issue and circulate, on any number of occasions, as many shares representing such capital as may be required for the purpose of effecting the conversion, as well as, pursuant to Article 153.2 of the LSA, the power to redraft the relevant article of the Bylaws governing share capital and, where applicable, to annul the part of the capital increase that eventually proves unnecessary for the purpose of the conversion into shares. In accordance with Article 159.4 of the LSA, company shareholders may not avail themselves of the pre-emptive subscription right during the capital increase effected by the Board of Directors in order to meet the requests for conversion.

The power to define and shape the terms and conditions of the conversion and/or exchange, with due regard to the criteria established in section 5 above and, in general and in the broadest possible sense, the power to determine as many such aspects and conditions of the issue as prove necessary or advisable: The Board of Directors shall, at successive General Shareholders' Meetings of the company, report to the shareholders on any use it may have made up to the date in question of its delegated powers to issue convertible and/or exchangeable fixed income securities.

- 8) Warrants: The rules set forth in sections 5 to 7 above will likewise apply, *mutatis mutandis*, should the Board decide to issue warrants, or any other analogous securities that may directly or indirectly entitle holders to subscribe new-issue shares in the company or pre-existing company shares already in circulation. The power is likewise conferred to the fullest extent required by law, and enjoys the same scope as that described in the preceding sections, with the Board being entitled to resolve as it deems fit in relation to such securities.
- 9) Official listing: The company shall file an application, where applicable, for the securities issued in furtherance of this power to be listed and traded on official or over-the-counter, organized or non-organized secondary markets, whether domestic or foreign, hereby authorizing the Board of Directors to act accordingly for the purpose of listing such securities with the competent bodies of the various domestic or foreign securities markets.
- 10) Security for issues of fixed income securities made by group companies: The company's Board of Directors is likewise authorized to guarantee, on behalf of the company and within the above-referenced limits, any new issues of securities (including convertible or exchangeable securities) that companies belonging to its group may effect over the term of this resolution.
- 11) Powers of delegation and sub-delegation and to confer powers: The Board of Directors is hereby authorized to delegate the powers conferred under this resolution in favor of any of its members and/or its Secretary, insofar as the powers in question may be delegated. It may likewise confer the pertinent powers upon any company employees it deems appropriate for the purpose of exercising such delegated powers.

### Three

To authorize the Board of Directors to delegate the powers and to interpret, remedy, complement, execute and adapt the resolutions adopted at the General Shareholders' Meeting.

Without prejudice to the powers conferred by the General Shareholders' Meeting in the preceding resolutions, the Board of Directors is hereby granted the fullest powers required by law to define, complete, expand upon or modify the resolutions adopted at this General Shareholders' Meeting, with express powers to sub-delegate such powers on any of its members and/or its Secretary. The Board shall act accordingly vis-à-vis any body or public or private entity for such purpose and in order to satisfy all applicable legal requirements for execution of such resolutions, with powers to complete and remedy omissions or defects in any of the resolutions adopted by the General Shareholders' Meeting, sign as many public or private documents as deemed necessary or advisable for the purpose of ensuring that the adopted resolutions are compliant with the verbal or written qualification of the Registrar to the Commercial Registry or any other authorities, government officials or competent institutions, thereby acting as deemed necessary or advisable in order to ensure that such resolutions are successfully executed and, in particular, to ensure they are duly filed with the pertinent Commercial Registry, insofar as such filing is required.

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

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

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

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

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

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

No

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

The company keeps its website permanently updated, in Spanish and English, at the following address: [www.abengoa.com](http://www.abengoa.com).

Said page contains the agreements approved at the last General Assembly Meeting held on 5th April 2009. The complete texts of the agreements approved at the Assembly as well as those of the last meeting held were also included

When future meetings are convened, the company will keep the information updated to allow shareholders to exercise their right to information and, therefore, to vote with equal status.

Finally, electronic voting rights and proxies will be permitted, subject to subsequent regulatory and technical developments and in strict accordance with the need to maintain the required legal security.

## F - Degree to which corporate governance recommendations are followed

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

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

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

Compliant

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

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

**See sections: C.4 and C.7**

Partially compliant

Intra-group operations that may pose a conflict of interest and the transfer price policy are all analyzed by the Audit Committee. Besides, there is a specific external report on transfer price application. However, a single document does not exist where all the different procedures applied in each case are gathered. Thus, as it has been previously explained, it shall be created and spread during 2010.

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

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

Partially compliant

No decisions of the abovementioned kind have been approved by other organisms other than the shareholders' meeting. However, the company has not incorporated this regulation, on a non-mandatory basis, to its internal rules (Social Bylaws), which does not prevent from complying in practice with said Recommendation.

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

Compliant

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

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

**See section: E.8**

Compliant

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

**See section: E.4**

Compliant

7. The board of directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

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

- a) The company's general policies and strategies, and in particular:
  - i) The strategic or business plan, management targets and annual budgets;
  - ii) Investment and financing policy;
  - iii) Design of the structure of the corporate group;
  - iv) Corporate governance policy;
  - v) Corporate social responsibility policy;
  - vi) Remuneration and evaluation of senior officers;

vii) Risk control and management, and the periodic monitoring of internal information and control systems.

viii) Dividend policy, as well as the policy and limits applying to treasury stock.

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

b) The following decisions:

i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

**See section: B.1.14**

ii) La retribución de los consejeros, así como, en el caso de los ejecutivos, la retribución adicional por sus funciones ejecutivas y demás condiciones que deban respetar sus contratos.

**See section: B.1.14**

iii) The financial information that all listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the general shareholders' meeting;

v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

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

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

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

2<sup>nd</sup>. They go through at market rates, generally set by the person supplying the goods or services;

3<sup>rd</sup>. Their amount is no more than 1% of the company's annual revenues.

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

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

**See sections: C.1 and C.6**

Compliant

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

**See section: B.1.1**

Compliant

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

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

Compliant

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

**See section: B.1.3**

Not aplicable

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

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

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

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

Compliant

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

**See section: B.1.3**

Compliant

14. The condition of each director should be explained to the shareholders at general meeting of shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's annual corporate governance report, after verification by the nomination committee. The said report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

**See sections: B.1.3 and B.1.4**

Compliant

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

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

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

Compliant

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

**See section: B.1.42**

Compliant

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

**See section: B.1.21**

Explanation

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



the second was proposed because the Committee considered that the Advisory Committee had already fulfilled the function for which it was originally created and that its coexistence with the corporate bodies could lead to conflicts of power. Both proposals were approved at a meeting of the Board of Directors held in February 2007 and at the General Shareholders' Meeting held on April 15 of the same year appointing Mr. José B. Terceiro in representation of Aplicaciones Digitales S.L., as coordinating director, acting as independent, up to date.

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

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

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

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

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

In addition, and within the functions of organic representation (conferred by means of a power of attorney granted by the Board of Directors on July 23, 2007), the Vice-Chairman, jointly with the Chairman of the Board of Directors, has been put forward

as the physical representative of Abengoa, in its capacity as the Chair of the Board of the Focus-Abengoa Foundation, as well as in any other foundations and institutions in which the company is or must be represented.

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

In order to safeguard the independence, impartiality and professionalism of the secretary, his or her appointment and removal should be proposed by the nomination committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulation.

**See section: B.1.34**

Compliant

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

**See section: B.1.29**

Compliant

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

**Ver epígrafes: B.1.28 y B.1.30**

Compliant

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

Compliant

22. The board in full should evaluate the following points on a yearly basis:
- The quality and efficiency of the board's operation;
  - Starting from a report submitted by the nomination committee, how well the chairman and chief executive have carried out their duties;
  - The performance of its committees on the basis of the reports furnished by the same.

**See section: B.1.19**

Compliant

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

**See section: B.1.42**

Compliant

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

**See section: B.1.41**

Compliant

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Partially compliant

Although the Company carries out training activities related to internal procedures, organization, membership, functions, audit, risk control, etc., and specifically holds a meeting that lasts a whole working day between the Board of Directors and the senior management, there is not a single written document that is submitted to the directors who join in, although all those regulations are available for them at the Company's web page and intranet.

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:
- Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;
  - Companies should lay down rules about the number of directorships their board members can hold.

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

Partially compliant

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

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

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

**See section: B.1.2**

Compliant

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

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

Compliant

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

**See section: B.1.2**

Compliant

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

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

Compliant

31. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

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

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

Compliant

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Spanish Companies Act (Ley de Sociedades Anónimas), the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the annual corporate governance report.

**See sections: B.1.43 and B.1.44**

Compliant

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

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

Compliant

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

**See section: B.1.5**

Compliant

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

- a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;

- b) Variable components, in particular:
  - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
  - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
  - iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
  - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount of annual equivalent cost.
- d) The conditions to apply to the contracts of executive directors exercising senior management functions, among them:
  - i) Duration;
  - ii) Notice periods; and
  - iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

**See section: B.1.15**

Compliant

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

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

**See sections: A.3 and B.1.3**

Compliant

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

Compliant

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

Compliant

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Compliant

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

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

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

**See section: B.1.16**

Compliant

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

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

- date and other exercise conditions;
- iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Compliant

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

**See sections: B.2.1 and B.2.6**

Not applicable

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

Not applicable

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

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

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

**See sections: B.2.1 and B.2.3**

Partially compliant

Barring section b) above, all requirements are duly met. We would refer you to Recommendation 54 as regards the presence of an executive director on the Appointments Committee. In relation to an executive director's presence on the Audit Committee, and in addition to the explanation provided under point B.1.21 above (independent director designated as coordinating director and subsequently



appointed vice-chairman, who will remain as coordinating director following the unanimous consent of the remaining independent directors to such effect), we would add that their seat on the Audit Committee is due (leaving aside their knowledge and experience in matters of accounting and auditing) to the wishes of the independent directors, given that the executive director acts as a nexus between such independent directors (irrespective of whether they sit on such committees and particularly insofar as they don't) and the committee (and also the Appointments Committee).

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

Compliant

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

Compliant

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

Compliant

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

Compliant

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

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- 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 above risks, including contingent liabilities and off-balance-sheet risks.

**See section: D**

Compliant

50. The audit committee's role should be:

1° With respect to internal control and reporting systems:

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

2° With respect to the external auditor:

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

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

Compliant

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

Compliant

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

- a) The financial information that all listed companies must periodically disclose. The committee should ensure that interim statements are drawn up under the

same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

**See sections: B.2.2 and B.2.3**

Compliant

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

**See section: B.1.38**

Compliant

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

**See section: B.2.3**

Compliant

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

a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.

c) Report on the senior officer appointments and removals which the chief executive proposes to the board.

d) Report to the board on the gender diversity issues discussed in recommendation 14 of this code.

**See section: B.2.3**

Compliant

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

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

Compliant

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

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

**See sections: B.1.14 and B.2.3**

Compliant

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

Compliant

**G - Other information of interest**

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

**First annex:**

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

**Remuneration of directors  
2009 (in thousand euros)**

Name	Allowances for board attendance and other remuneration
Felipe Benjumea Llorente:	102
Javier Benjumea Llorente:	78
Miguel A. Jiménez-Velasco Mazarlo:	0
José Luis Aya Abaurre:	121
José Joaquín Abaurre Llorente:	121
Aplidig, S.L. (1):	180
José Borrell Fontelles (3)	150
Carlos Sebastián Gascón:	183
Daniel Villalba Vila:	183
Mercedes Gracia Díez:	121
Miguel Martín Fernández:	110
Alicia Velarde Valiente:	121
Maria Teresa Benjumea Llorente:	78
Ignacio Solís Guardiola:	86
Fernando Solís Martínez-Campos:	86
Carlos Sundhein Losada:	86
<b>Total:</b>	<b>1,806</b>

Name	Remuneration for membership of board committees
José Luis Aya Abaurre:	44
José Joaquín Abaurre Llorente:	55
Carlos Sebastián Gascón:	116
Daniel Villalba Vila:	121
Mercedes Gracia Díez:	55
Miguel Martín Fernández:	55
Alicia Velarde Valiente:	44
<b>Total:</b>	<b>490</b>

Name	Remuneration for directorships within other group
José B. Terceiro Lomba (1) :	25
Carlos Sebastián Gascón:	32
Daniel Villalba Vila:	32
María Teresa Benjumea Llorente:	24
<b>Total:</b>	<b>113</b>

Name	Remun. for senior management functions – executive
Felipe Benjumea Llorente:	3,390
Miguel A. Jiménez-Velasco Mazarío (2):	113
Aplidig, S.L. (1):	2,804
<b>Total:</b>	<b>6,307</b>

Name	Total remuneration
Felipe Benjumea Llorente:	3,492
Javier Benjumea Llorente:	78
Miguel A. Jiménez-Velasco Mazarío:	113
José Luis Aya Abaurre:	165
José Joaquín Abaurre Llorente:	176
José B. Terceiro Lomba (1):	25
Aplidig, S.L. (1):	2,984
José Borrell Fontelles (3)	150
Carlos Sebastián Gascón:	331
Daniel Villalba Vila:	336
Mercedes Gracia Díez:	176
Miguel Martín Fernández:	165
Alicia Velarde Valiente:	165
Maria Teresa Benjumea Llorente:	102
Ignacio Solís Guardiola:	86
Fernando Solís Martínez-Campos:	86
Carlos Sundhein Losada:	86
<b>Total:</b>	<b>8,716</b>

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

(2) Up until 26/07/2009

(3) From 27/07/2009

Comparing directors' salary in 2008 and 2009 (9.1 M € in 2008 and 8.7 M € in 2009), it is concluded that a 5% reduction has been applied in its total value.

### **Second annex**

There is a Strategy Committee that functions as an internal organism formed by senior management personnel such as business groups directors; the Organization, Quality and Budgets director; the technical secretary; the sustainability secretary general; the director of Institutional Relations; the director of Investors Relations; the director of Human Resources; the financial director; the assistant secretary; the secretary general; the vice-president and the president of the Board of Directors. This committee does not have executive or decision-making tasks, as its objective is to act as a vehicle for monitoring, on a permanent basis, some matters included in the company's Strategic Plan. This Committee holds meetings on a monthly basis.

### **Third annex**

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

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

The secretary general is in charge of monitoring and supervision.

### **Fourth annex**

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 all the Company's employees actions, regardless of their position or responsibility. The integrity of its behavior, 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 today form its corporate identity.

## **Code of Conduct**

### **A. I.- General Philosophy**

The honesty, integrity and sound judgment of Abengoa employees, officers and directors is essential to Abengoa's reputation and success.

This Code of Conduct governs the actions and working relationships of Abengoa's employees, officers and directors with current and potential customers, fellow employees, competitors, government and self-regulatory agencies, the media, and anyone else with whom Abengoa has contact. These relationships are essential to the continued success of Abengoa. All references herein to "Abengoa" are deemed to refer to Abengoa, S.A. and to each of its subsidiaries.

This Code of Conduct:

- Requires the highest standards of honest and ethical conduct, including proper and ethical procedures for dealing with actual or apparent conflicts of interest between personal and professional relationships;
- Requires full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed or submitted by Abengoa with governmental agencies, or in other public communications made by Abengoa;
- Requires compliance with applicable laws, rules and regulations;
- Addresses potential or apparent conflicts of interest and provides guidance for employees, officers and directors to communicate those conflicts to Abengoa;
- Addresses misuse or misapplication of Abengoa's property and business opportunities;
- Requires the highest level of confidentiality and fair dealing within Abengoa and outside Abengoa; and;
- Requires prompt internal reporting of violations of this Code of Conduct and proper reporting of any illegal behavior.

#### **A. II.- Corporate Culture and Common Management Systems**

- Abengoa values its corporate culture and Common Management Systems as key assets. These define Abengoa's approach to business by establishing a series of Required Compliance Norms (RCN). Compliance therewith ensures that Abengoa's activities are both profitable and secure.
- Non-compliance with the Common Management Systems is classified by the Board of Directors and, through delegation, by its Chairman, the delegated committees or, as appropriate, the delegated management.
- Non-compliance in any area that directly affects business results or leads to the assumption of uncontrolled risks is invariably considered a very serious offence.

#### **Professionalism**

- The concept of professionalism at Abengoa is intrinsically linked to the levels of service we provide when conducting any activity and to our involvement in the business project in question.
- All actions carried out in furtherance of the entrusted functions must be governed by professional responsibility and guided by the principles established in this Code.

#### **Quality**

- Abengoa is wholly committed to quality in all of its activities, both internal and external. This task is not assigned to a specific group of people, or to the senior management, but rather affects all members of the organization in their daily work.
- Abengoa has specific quality standards in place, reflecting its ability to conduct business with knowledge, common sense, rigor, order and responsibility.



## B. Conflicts of interest

A "conflict of interest" occurs when private interests in any way interfere, or appear to interfere, with the interests of Abengoa. All persons subject to this Code are expected to avoid any situations that may lead to a real or apparent material conflict between their own personal interests and their duties and responsibilities as an employee, officer or director of Abengoa. Employees, officers or directors that have questions or concerns about a potential conflict of interest should contact the Secretary to the Board of Directors. Abengoa's Internal Code of Conduct in Stock Markets specifically addresses these matters.

## C. Confidentiality

Non-public information regarding Abengoa or its business, employees, customers and suppliers is confidential and is supplied to employees, officers or directors on trust, meaning that such confidential information may only be employed for the purpose of meeting Abengoa's business objectives and may not be disclosed to anyone outside of Abengoa, including family and friends, or to other employees of Abengoa who do not require the information in order to discharge their duties. This duty to keep all such information confidential will remain binding even after the employment relationship with Abengoa comes to an end.

The following is a non-exhaustive list of confidential information:

- Material, non-public financial information regarding Abengoa or any of its subsidiaries or affiliates;
- Trade secrets, which include any business or technical information, such as programs, methods, techniques, compilations or information, that is valuable because it is not generally known;
- All rights to any invention or process developed by an employee using Abengoa's facilities or trade secrets, resulting from any work for Abengoa, or relating to Abengoa's business, that belongs or is assigned by law to Abengoa; and;
- Proprietary information, such as customer lists.

All public and media communications involving Abengoa must have prior clearance by the Board of Directors, the Chairman of the Board of Directors, or by the relevant department granted powers for such purpose.

## D. Gifts and Entertainment

In many industries and countries, gifts and entertainment are common practices used to strengthen business relationships. Throughout the world, Abengoa's position is clear. No gifts, favor, or entertainment should be accepted or provided if it will obligate or appear to obligate the person who receives it. Receiving or giving cash gifts, or cash equivalents, is never allowed.

Abengoa employees may only accept or give gifts, favors, or entertainment if they meet all of the following criteria:

- They are not against the law or the policy of the other party;
- They are consistent with customary business practices in the country or industry in question;
- They are reasonably related to the business relationship;

- They are consistent with any existing business guidelines;
- They cannot be construed as a bribe, payoff, or improper influence; and;
- They do not violate Abengoa's business values or ethics in any other manner.

#### **E. Financial Reporting**

The Secretary to Abengoa's Board of Directors is required to report any information that he or she may have in his or her possession and that may prove necessary for the purpose of ensuring the thoroughness, fairness and accuracy of all of Abengoa's financial reports and disclosures, as filed with, or to be submitted to the Spanish Securities and Exchange Commission (CNMV) or other stock market regulatory bodies – including the U.S. Securities and Exchange Commission (SEC) – and of any information included in other public disclosures.

#### **F. Insider Trading**

Buying, selling, trading or participating in any other way in operations that affect Abengoa's assets is not only illegal but runs contrary to this Code of Conduct when the offending party does so in possession of material information concerning Abengoa that has not been released to the general public, but which when released may have an impact on the market price of Abengoa's securities. It is likewise illegal and a violation of this Code of Conduct to buy, sell, trade or otherwise participate in transactions involving the securities of any other company while in possession of similar non-public material information concerning such company. Any questions concerning the propriety of effecting a transaction in Abengoa's (or other company's) securities should be directed to the Secretary to the Board of Directors of Abengoa or, failing that, to the company's legal manager.

#### **G. Outside Business Relations**

Before agreeing to act as a director, officer, consultant or advisor for any other business, the interested party should notify their immediate superior. Directors should disclose all new directorships or potential directorships to the Chairman of the Appointments and Remuneration Committee.

#### **H. Fair Dealing**

Each employee, officer and director must undertake to deal fairly with Abengoa's customers, suppliers, competitors and employees.

#### **I. Legality**

Compliance with the law is not merely an external requirement and, therefore, an obligation of the organization and its personnel. The law provides security to our activities and reduces the risks to our business. All illegal acts are expressly and categorically prohibited. When in doubt concerning the lawfulness of any action, it is essential to raise the issue with the Legal Consultancy Department beforehand.

#### **J. Reporting of Illegal or Unethical Behavior**

Abengoa requires its employees, officers and directors to approach supervisors, managers or other appropriate personnel to report and discuss any known or suspected criminal activity involving Abengoa or its employees. If, during the course of employment,

personnel become aware of any suspicious activity or behavior, including concerns regarding questionable accounting or auditing matters, they must report any such perceived violations of laws, rules, regulations or this Code of Conduct to Abengoa's Secretary to the Board of Directors. Such disclosure will not subject the employee to any disciplinary proceedings, unless they provide a knowingly false report. All reports will be treated confidentially and will receive a full inquiry.

#### **K. United States Foreign Corrupt Practices Act / Political Contributions**

In addition to the provisions of this Code of Conduct and other policies of Abengoa, employees working with any government entity, in any country, must familiarize themselves with, understand and abide by the laws and regulations governing business with such government bodies. If a government agency, whether national, state or local, has adopted a more stringent policy than Abengoa's policy regarding gifts and gratuities, Abengoa's employees and representatives must comply with that more stringent policy.

Specifically, the U.S. Foreign Corrupt Practices Act ("FCPA") makes it a crime for companies, as well as their officers, directors, employees and agents, to pay, promise, offer or authorize the payment of anything of value to a foreign official, foreign political party, officials of foreign political parties, candidates for foreign political office or officials of public international organizations for the purpose of obtaining or retaining business. Similar laws have been, or are being adopted by other countries. Payments of this nature are strictly against Abengoa's policy even if failure to make them may cause Abengoa to lose business.

The FCPA also requires companies to maintain accurate books, records and accounts and to devise a system of internal accounting controls sufficient to provide reasonable assurance that, among other things, Abengoa's books and records fairly reflect, in reasonable detail, transactions and dispositions of its assets.

Abengoa will not give, or encourage anyone else to give, inducements of any kind to any government employee, or to any supplier under government or non-governmental contracts or subcontracts, in order to gain any business advantage or contract.

#### **L. Administration, Enforcement and Waivers of the Code of Conduct**

This Code of Conduct shall be administered and monitored by Abengoa's Board of Directors. Any questions or requests for further information on this Code of Conduct should be directed to Abengoa's Secretary to the Board of Directors.

Employees, officers and directors of Abengoa are expected to follow this Code of Conduct at all times. In rare circumstances, situations may arise in which a waiver or exemption may be granted. Waivers or exemptions will be determined on a case-by-case basis by Abengoa's Board of Directors for directors and officers. Any waiver or exemption for directors or officers must be communicated to the General Shareholders' Meeting in accordance with applicable laws and regulations.

Failure to comply with this Code of Conduct may result in disciplinary action up to and including termination of employment, depending on the nature and severity of the violation. In addition, any supervisor, manager, officer or director who directs, approves or condones violations, or has knowledge of them but nevertheless fails to report them promptly and correct them, will be subject to disciplinary action up to and including termination of employment.

**Additional Provision Five**

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

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

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

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

Binding definition of independent director:

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

No

Date and signature:

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

24/02/2010

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

No