03 Consolidated management report

Consolidated Management Report as of December 31, 2015

1.- Entity's position

1.1. Organizational structure

Abengoa, S.A. is a technological parent company of a group of companies, which at the end of the year, 2015, included the following:

- The holding parent company itself.
- 577 subsidiaries.
- 78 associates and 31 joint ventures; as well as certain companies of the Group being involved in 211 temporary joint ventures. Furthermore, the Group's companies have shareholdings of less than 20% in other entities.

Independent to the legal structure, Abengoa is managed as outlined below.

Abengoa is an international company that applies innovative technology solutions for sustainability in the energy and environment sectors, generating electricity from renewable resources, converting biomass into biofuels and producing drinking water from sea water. Abengoa supplies engineering projects under the 'turnkey' contract modality and operates assets that generate renewable energy, produce biofuel, manage water resources, desalinate sea water and treat sewage.

Abengoa's activities are focused on the energy and environmental sectors, and integrate operations throughout the value chain including R&D+i, project development, engineering and construction, and operations and maintenance of its own assets and for third parties.

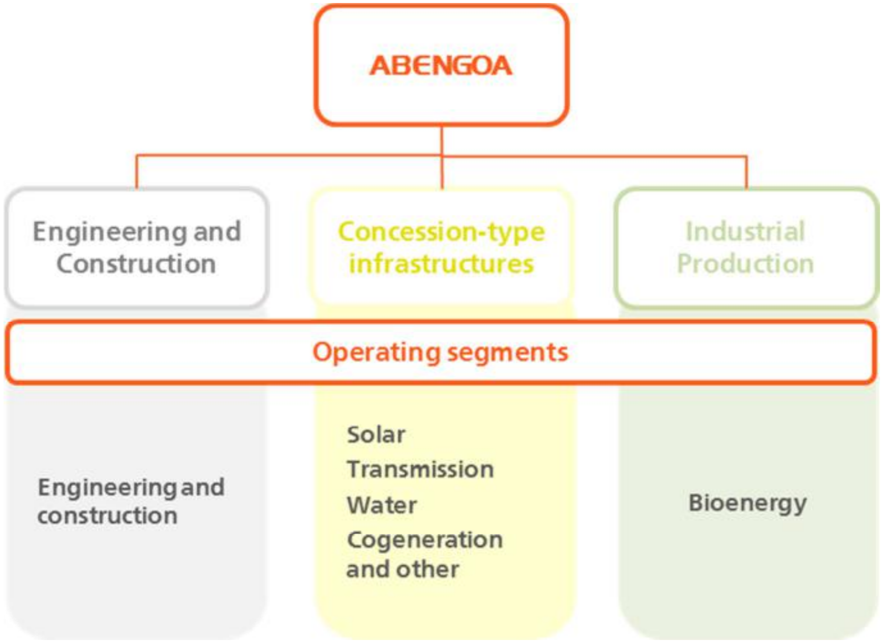
Abengoa's business is organized into the following three activities:

- Engineering and construction: includes our traditional engineering activities in the energy and water sectors, with more than 70 years of experience in the market. Abengoa is specialized in carrying out complex turn-key projects for thermo-solar plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others.
- Concession-type infrastructures: groups together the company's extensive portfolio of proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts, tariff contracts or power purchase agreements. This activity includes the operation of electric (solar, cogeneration or wind) energy generation plants and transmission lines. These assets generate low demand risk and we focus on operating them as efficiently as possible.
- Industrial production: covers Abengoa's businesses with a high technological component, such as development of biofuels technology. The Company holds an important leadership position in these activities in the geographical markets in which it operates.

Abengoa's Chief Operating Decision Maker ('CODM') assesses the performance and assignment of resources according to the above identified segments. The CODM in Abengoa considers the revenues as a measure of the activity and the EBITDA (Earnings before interest, tax, depreciation and amortization) as measure of the performance of each segment. In order to assess performance of the business, the CODM receives reports of each reportable segment using revenues and EBITDA. Net interest expense evolution is assessed on a consolidated basis given that the majority of the corporate financing is incurred at the holding level and that most investments in assets are held at project companies which are financed through project debt. The depreciation, amortization and impairment charges are assessed on a consolidated basis in order to analyze the evolution of net income and to determine the dividend pay-out ratio. These charges are not taken into consideration by CODM for the allocation of resources because they are non-cash charges.

The process to allocate resources by the CODM takes place prior to the award of a new project. Prior to presenting a bid, the company must ensure that the project debt for the new project has been obtained. These efforts are taken on a project by project basis. Once the project has been awarded, its evolution is monitored at a lower level and the CODM receives periodic information (revenues and EBITDA) on each operating segment's performance.

Abengoa structure



1.2. Operation

a) Activities information

Abengoa's activity is grouped under the following three activities which are in turn composed of six operating segments:

- Engineering and construction; includes our traditional engineering business in the energy and water sectors, with more than 70 years of experience in the market. Since the beginning of 2014, this activity comprises one operating segment Engineering and Construction.

  Abengoa specializes in carrying out complex turn-key projects for thermo-solar plants, solar-gas hybrid plants, conventional generation plants, biofuels plants and water infrastructures, as well as large-scale desalination plants and transmission lines, among others. In addition, this segment includes activities related to the development of thermo-solar technology, water management technology and innovative technology businesses such as hydrogen energy or the management of energy crops.

- Concession-type infrastructures; groups together the company's proprietary concession assets that generate revenues governed by long term sales agreements, such as take-or-pay contracts or power purchase agreements. This activity includes the operating segment of Atlantica Yield (ABY), the operation of electric (solar, cogeneration or wind) energy generation plants, desalination plants and transmission lines. These assets generate low demand risk and we focus on operating them as efficiently as possible.

  The Concession-type infrastructures activity again comprises four operating segment:

  - Solar – Operation and maintenance of solar energy plants, mainly using thermo-solar technology.
  - Water – Operation and maintenance of facilities aimed at generating, transporting, treating and managing water, including desalination and water treatment and purification plants.
  - Transmission – Operation and maintenance of high-voltage transmission power line infrastructures.
  - Cogeneration and other – Operation and maintenance of conventional cogeneration electricity plants.

- Industrial production; covers Abengoa's businesses with a high technological component, such as development of biofuels technology. The company holds an important leadership position in these activities in the geographical markets in which it operates.

  This activity is comprised of one operating segment:

  - Biofuels – Production and development of biofuels, mainly bioethanol for transport, which uses cellulosic plant fiber cereals, sugar cane and oil seeds (soya, rape and palm) as raw materials.

b) Competitive position

Over the course of our 70-year history, we have developed a unique and integrated business model that applies our accumulated engineering expertise to promoting sustainable development solutions, including delivering new methods for generating power from the sun, developing biofuels, producing potable water from seawater, efficiently transporting electricity. A cornerstone of our business model has been investment in proprietary technologies, particularly in areas with relatively high barriers to entry. Thanks to it, we have a developed portfolio of businesses focused on EPC and concession project opportunities, many of which are based on customer contracts or long-term concession projects attractive and growing energy and environmental markets.

We have developed a leadership position in the energy sector in recent years, as highlighted by the following:

- In 2015 the Company has been recognized for the ninth consecutive year by the prestigious magazine Engineering News-Record (ENR) as the leading 'International contractor in transmission and distribution' Moreover, the Company has been also recognized for the fifth consecutive year as international contractor leader in solar energy and reached the first position in the category of cogeneration and the third in wind energy.
- In the field of solar power, Abengoa is an international leader for solar-thermal plants, with innovative projects such as Atacama-1, self-managed solar plant will supply clean, renewable energy 24 hours a day, seven days a week and the first solar-thermal plant in Latin America; or Khi Solar One in South Africa, which will be the first plant to use tower technology in Africa.
- Additionally, Abengoa consolidates its position as leader in the operation and maintenance of solar plants with an installed capacity of 1,603 MW in commercial operation, both thermo-solar and photovoltaic plants, which place it as the company with the highest installed thermo-solar capacity.
- Abengoa is a global leader in the biofuels industry, with 16 plants located in five countries of three continents. In Europe It is the leader In production with a capacity of 1,300 ML and is also one of the leading producers In the US (1,440 ML) and Brazil (255 ML).Additionally, the Company enjoy a global leadership position in the development of technology for the production of second-generation bioethanol on a commercial scale, applied to the plant located in Hugoton (US) in operation since 2014. Finally, Abengoa has a biodiesel production plant in Algeciras, with an installed capacity of 255 ML per year.

In the field of water, Abengoa has also been recognized internationally as "Water Company of the Year 2015 at the Global Water Awards presented by Global Water Intelligence (GWI), besides being recognized on other occasions with awards such as "Company of the Year 2013" in the desalination sector, "Honorable mention of Water Company of the Year 2012" and "Company of the Year 2009" in the desalination sector thanks to the desalination plant in Accra (Ghana), in operation since February 2015, the water desalination project in Qingdao (China); and the desalination plant projects in Tenes, Honaine and Skikda in Algeria. These desalination plants have been developed using the latest advances in desalination technology based on reverse osmosis and the BOT model.

The Company also continued during 2015 to enlarge the business in the construction and management of water facilities and sanitation infrastructures for municipal and industrial clients highlighting the new project in India which will allow the drinking water supply in Uttarakand, and It is building a desalination plant in Agadir (Morocco) and a desalination plant in Chile for the generation of energy in Angamos for the industrial sector.

Abengoa continues to expand its presence in the environment sector through these activities, producing, treating and regenerating water for a more sustainable world.

2.- Evolution and business results

2.1. Financial position

a) Going concern

According to International Accounting Standard 1, which states that an entity shall prepare its financial statements on a going concern basis unless management either intends to liquidate the entity or to cease the activity, or has no realistic alternative but to do so, these Consolidated Financial Statements have been prepared in accordance with this basis. However, during the second half of 2015 a series of events have occurred which have negatively impacted the liquidity and financial structure of the Company. The aforementioned events have been duly communicated to the market and are summarized below.

On July 31, 2015, during the first half earnings call with investors, Abengoa announced a downward adjustment to their FY2015 forecast regarding Free Corporate Cash Flow from operations from the €1,300 million target to €600 – 800 million. This adjustment to our forecast was mainly attributable to higher capital expenditures than expected in highly profitable but cash intensive projects in Brazil, Chile and Mexico.

Even though in accordance with the abovementioned forecasts the Company´s liquidity position was not going to be affected, the Board publicly announced on August 3, 2015 their intention to propose an Extraordinary General Shareholders´ Meeting to approve a capital increase of €650 million with preferential subscription rights for shareholders, an additional package of asset disposals and the implementation of a business model with lower investment requirements (capex), aimed at improving the liquidity position of Abengoa and reducing its dependence on leverage.

From August 3, 2015 onward, increasing market uncertainty caused a descent in the market value of Abengoa's listed equity and debt instruments, which both limited our access to debt and capital markets and, at the same time, contributed to a slowdown of the pace of approval or renewal, by financial institutions, of non-recourse factoring and confirming without recourse used by the Group for managing its working capital. All of this contributed to a descent in Abengoa's liquidity position. On that date, Abengoa started a negotiation period with a group of financial entities aimed at reaching an agreement in order to secure the abovementioned capital increase.

On September 24, 2015, Abengoa announced both the agreement reached with the financial institutions and the approval of its Board of Directors of a set of strategic measures, which would be adapted during its execution, aimed at reducing corporate leverage, improving the liquidity position of Abengoa and strengthening its corporate governance, as well as the underwriting by financial entities of the capital increase.

Regarding this agreement, a group of banks and two of the main shareholders committed to underwrite and/or subscribe the capital increase for an aggregate of €650 million, consisting of:

› These banks entered into an agreement with the Company pursuant to which they undertook to underwrite €465 million in Class B shares to be issued in the capital increase, subject to certain conditions being met, including, among others, obtainment of regulatory and shareholder approvals, completion of ongoing financial and other due diligence, entry into a definitive underwriting agreement and satisfaction of the shareholders' subscription commitments;

› Inversión Corporativa IC, S.A. (Controlling shareholder of Abengoa, S.A.), irrevocably committed itself to invest a minimum of €120 million of new money in new Class A and Class B shares to be issued under the rights issue;

› "Waddell & Reed Investment Management" committed themselves, on behalf of certain of its affiliated funds, to subscribe for €65 million of new Class B shares in the rights issue.

The rest of the measures approved by the Board of Directors included the following:

1. Debt reduction as a key objective of Abengoa focusing on maturities aimed to rebalance the maturity profile of its indebtedness;

2. The reinforcement of the current asset disposal program in order to be able to raise, at least, approximately €1.2 billion by the end of 2016;

3. Adoption of capex limitations ;

4. Amendment of the Company's dividend policy;

5. Reinforcement of corporate governance:

   › Inversión Corporativa IC, S.A. committed itself to limit its direct and indirect aggregate voting rights to 40% once the capital increase was completed, regardless of the voting rights it would otherwise be entitled to based on its shareholding.

   › The Board of Directors would reflect this new voting rights structure by way of reducing the number of directors to 13 and the number of directors appointed by Inversión Corporativa IC, S.A. to 5, while there will continue to be 6 independent directors.

   › Creation of an Investment Committee formed by a majority of independent Directors.

6. Several capital transactions were approved.

Additionally, the Extraordinary General Shareholders' meeting held on October 10, 2015, approved a set of measures including the aforementioned capital increase of €650 million aimed at improving the liquidity position of Abengoa and reducing corporate leverage.

On November 8, 2015, Abengoa publicly announced it entered into a framework agreement for the investment in Abengoa with Gonvarri Corporación Financiera, a company of the Gonvarri Steel Industries group. This agreement had the support of Inversión Corporativa IC, S.A., currently the main shareholder of Abengoa. The Investment Agreement set out the terms and conditions for the investment by Gonvarri Corporación Financiera within the framework of the share capital increase approved on October 10, 2015 by the Extraordinary General Shareholders' Meeting of the Company. The Investment Agreement provided that a portion of Gonvarri's investment, in an amount of €250 million, was going to be carried out through a share capital increase without preemptive subscription rights. The Company's capital increase with preemptive subscription rights approved at the abovementioned October 10, 2015 Extraordinary General Shareholders' Meeting was planned to be executed after the first capital increase mentioned above and for an effective amount currently expected to be €400 million, of which Gonvarri Corporación Financiera was expected to subscribe for its relevant portion of the shares.

On November 25, 2015, after the formulation of the Company´s Interim Consolidated Financial Statements as of September 30, 2015, the Company announced by filing a Material Fact that the framework agreement entered into with the potential investor was terminated. The Company also communicated that they will continue negotiations with its creditors with the objective of reaching an agreement that ensured the Company's financial viability in the short and medium term. After assessing the options provided by the situation described above and in order to ensure the most stable status as possible to negotiate with creditors, the Board of Directors considered the most appropriate option was to seek protection under article 5 bis of the Ley Concursal (Ley 22/2003, Ley Concursal). Thus, on December 15, 2015 the Mercantile Court of Seville nº 2 published the Decree by virtue of which it agreed to admit the filing of the communication set forth under the abovementioned article 5 bis of the Ley Concursal.

Included below there is a detailed description of all Spanish Group Companies which had sought judicial protection by means of filing the communication set forth under article 5 bis of the Ley Concursal, which included the Parent Company Abengoa, S.A. and another 48 Group Companies:

Abengoa, S.A.	Abengoa Greenfield, S.A.U.	Centro Tecnológico Palmas Altas, S.A.
Abeinsa Asset Management, S.L.	Abengoa Hidrógeno, S.A.	Ecoagrícola, S.A.
Abeinsa Business Development, S.A.	Abengoa Research, S.L.	Ecocarburantes Españoles, S.A.
Abeinsa Engineering, S.L.U.	Abengoa Solar España, S.A .	Europea de Construcciones Metálicas, S.A.
Abeinsa EPC, S.A.	Abengoa Solar NT, S.A.	Gestión Integral de Recursos Humanos, S.A.
Abeinsa, Ing. Y Constr. Ind., S.A.	Abengoa Solar, S.A.	Instalaciones Inabensa, S.A.
Abeinsa Infraestructuras y Medio Ambiente, S.A.	Abengoa Water, S.L.U.	Micronet Porous Fibers, S.L.
Abeinsa Inversiones Latam, S.L.	Abentel Telecomunicaciones, S.A.	Nicsa, Negocios Industr. y Comer., S.A.
Abencor Suministros, S.A.	Asa Desulfuracion, S.A.	Omega Sudamérica, S.L.
Abener Energía, S.A.	ASA Iberoamérica, S.L.	Siema Technologies, S.L.
Abengoa Bioenergia Inversiones, S.A.	Biocarburantes de Castilla y León, S.A.	Simosa IT
Abengoa Bioenergía Nuevas Tecnologías, S.A.	Bioetanol Galicia, S.A.	Simosa Servicios Integrales de Mant. Y Operación, S.A.
Abengoa Bioenergia, S.A.	Centro Industrial y Logístico, Torrecuellar, S.A.	Sociedad Inversora Línea de Brasil, S.L.
Abengoa Bioenergia San Roque, S.A.	Concesionaria Costa del Sol, S.A.	South Africa Solar Investments, S.L.
Abengoa Concessions, S.L.	Construcciones y Depuraciones, S.A.	Teyma Gestión de Contratos de Construccion e Ingeniería, S.A.
Abengoa Finance, S.A.	Covisa, Cogeneración Villaricos, S.A.	Zeroemissions Technologies, S.A.
Abengoa Greenbridge, S.A.U.		

Additionally, both Inversión Corporativa IC, S.A. and Finarpisa, S.A., currently the main shareholders of Abengoa (see Note 18 to the Consolidated Financial Statements) also filed the communication set forth under article 5 bis of the Ley Concursal.

Further, on January 29, 2016, Abengoa´s subsidiaries´ Abengoa Concessões Brasil Holding S.A, Abengoa Construção Brasil Ltda and Abengoa Greenfield Brasil Holding S.A filed requests for creditors protection (recuperação judicial), which were admitted on February 22, 2016. This protective measure was undertaken provided that the Company incurred in a "Crise econômico scenario", which is contemplated in Brazillian Law 11.101/05. "Recuperação judicial" consists in a proceeding envisaged in the Brazillian Law which allows corporations to restructure their debt in an orderly manner and continue as a going concern once the financial difficulties are overcome.

Further, on February 1, 2016 and February 10, 2016, certain creditors initiated involuntary bankruptcy petitions against both the Group affiliates Abengoa Bioenergy Nebraska, LLC and Abengoa Bioenergy Company, LLC. After responding to the petitions, on February 24, 2016, both companies mentioned above along with Abengoa Bioenergy Outsourcing, LLC, Abengoa Bioenergy Engineering and Construction, LLC, Abengoa Bioenergy Trading US, LLC, and Abengoa Bioenergy Holding US, LLC opted to file for voluntary creditors´ protection under Chapter 11 envisaged in the USA Law. These petitions have been filed in order to allow the Company to continue as a going concern and, consequently, they included an authorization request for the payment of taxes, salaries and insurance premiums and other first day motions. Additionally, a request for the approval of a debtor-in-possession financing arrangement amounting to USD 41 million was also filed. The hearing for these initial motions took place on March 2, 2016 and, during them, such companies were authorized to borrow an initial amount of USD 8 million (which were additionally complemented with USD 1.5 million authorized on March 29, 2016). The final hearing for the approval of the remaining amount is scheduled by April 6, 2016.

Moreover, on March 23, 2016, certain creditors filed an involuntary insolvency proceeding against Abengoa Bioenergy Biomass of Kansas, LLC at the Kansas court.

Also on March 29, the following American companies Abeinsa Holding Inc.; Abencor USA, LLC; Teyma Construction USA, LLC; Abeinsa EPC, LLC; Inabensa USA, LLC; Nicsa Industrial Supplies, LLC; Abener Construction Services, LLC; Abener North America Construction, LP; Abengoa Solar, LLC; Teyma USA & Abener Engineering and Construction Services General Partnership; Abeinsa Abener Teyma General Partnership; Abener Teyma Mojave General Partnership; and Abener Teyma Inabensa JV filed, under the "United States Bankruptcy Code" and the Delaware court, the named Chapter 11 in order to allow the companies to comply with their obligations and minimize the loss of value of their businesses. Such companies have requested authorization for the payment of taxes, salaries and insurances as well as other first day motions. The hearing to resolve these requests is scheduled by March 31, 2016.

On January 25, 2016, the Company announced that the independent consulting firm Alvarez&Marsal presented to the Board of Directors of Abengoa the Industrial Viability Plan that defined the structure of the future activity of Abengoa on an operating basis focusing on the Activity of Engineering and Construction either developing its own technology or using technology developed by others.

In accordance with this plan, which confirms the viability of Abengoa, the Company will negotiate with its creditors a debt restructuring as well as the necessary resources, and then, provided to Abengoa the optimal capital structure and the liquidity enough to continue its activity and operate in a competitive and sustainable manner in the future.

In this sense, and in relation to the negotiations between the Company and a group of its creditors comprised of banks and holders of bonds issued by the Group, as of March 10, 2016, the Company informed that it has agreed with the advisers of such creditors the grounds for an agreement to restructure the financial indebtedness and recapitalize the Group. The Company believes that such agreement contains the essential elements to achieve a future restructuring agreement that, in any event, will be subject to reaching the percentage of accessions required by law.

The fundamental principles of such agreement are the following:

(i) The new money that would be lent to the Company would range between 1,500 and €1,800 million for a maximum term of 5 years. Creditors would be entitled to 55% of the share capital. This financing would rank senior with respect to the old debt and would be guaranteed by certain assets, including free shares of Atlantica Yield.

(ii) The amount of the old debt that would be capitalized would correspond to 30% of its nominal value. Such capitalization grants the right to subscribe 35% of the new share capital

(iii) The financial indebtedness corresponding to the liquidity lines granted to the group on September 23 and December 24, 2015 (material fact number 233503) for a total amount of €231 million (plus accrued financial expenses) will be subject to refinancing by extending the term by two (2) years. This indebtedness would be secured by the shares of Atlantica Yield and would be prepaid in case of sale of the shares of Atlantica Yield or issuance of an exchangeable bond on such shares.

(iv) The amount of the share capital increase that would be reserved to those creditors, who provide €800 million of the bank guarantees requested, would be 5% of the new capital.

(v) At the end of the restructuring process, the current shareholders of the Company would hold around 5 % of the share capital. Eventually, they could increase such stake in a percentage to be agreed that will not exceed an additional 5%, if, within five (5) years, the group has paid in full all outstanding amounts under the new financing to be provided in the framework of the restructuring and under the existing indebtedness (as this indebtedness may have been restructured), including its financial costs. It is expected that the two types of shares now existing will be merged into one sole class of shares.

At the date of formulating the present Consolidated Financial Statements, Abengoa and a group of creditors comprised of banks and holders of bonds issued by Abengoa had reached a standstill agreement with the objective of providing the time necessary to keep working and reaching as soon as possible a full and complete agreement on the terms and conditions to restructure the financial indebtedness and recapitalize the Group.

With respect to the foregoing, as of March 28, 2016, it had filed with the Mercantile Court of Seville nº 2 an application for the judicial approval of the standstill agreement (the “Standstill Agreement”) which has obtained the support of 75.04% of the financial creditors to which it was addressed, being therefore over the legally required majority (60%). However, according to the terms of the Standstill Agreement, new creditors can adhere to the Standstill Agreement until the date in which the Judge resolves, therefore, the percentage could be increased.

In addition, on March 28 was initiated, according to what is stated on clause 5.2 of the standstill agreement, the Chapter 15 of the United States Bankruptcy Code and at the Delaware court, which consist on the proceeding provided for the recognition in United States of the judicial approval of the standstill agreement initiated in Spain on March 28. In a hearing scheduled on March 31, 2016 it will be asked about a compliance to provisional approval awaiting for enforcement actions to be initiated by any creditor.

As stated at the beginning of this Note to the Consolidated Financial Statements, Abengoa´s Directors have deemed it appropriate to prepare these Consolidated Financial Statements as of December 31, 2015 on a going concern. Such determination was made based on management’s assumption that an agreement with financial creditors of the Company will be attained so the Company´s financial stability can be secured, allowing Abengoa to be able to generate cash from operations in accordance with the Industrial Viability Plan developed by Alvarez&Marsal according to paragraphs 25 and 26 of IAS 1 “Presentation of Financial Statements”.

Based on the application of the going concern basis, Abengoa´s Directors have prepared these Consolidated Financial Statements applying the International Accounting Standards consistently with Consolidated Interim Financial Statements and Consolidated Financial Statements filed in prior periods. For that purpose, and according to the aforementioned accounting framework, Abengoa´s Directors have made their best estimates and assumptions (see Note 3 to the Consolidated Financial Statements) in order to record the assets, liabilities, revenues and expenses as of December 31, 2015 in accordance with the existing information by the time of furnishing these Consolidated Financial Statements.

Abengoa´s consolidated net equity as of December 31, 2015 is mainly driven by the current situation in which the Group is involved, which has caused the recording of either provisions or impairment charges in some of the assets. These have been recorded as a result of the best estimates and assumptions made by Abengoa´s Directors according to the measures agreed upon in the abovementioned Industrial Viability Plan which, according to the applicable accounting and reporting framework, must be recorded as of that date.

Thus, the main impacts on the Company´s Profit and loss as of December 31, 2015, which amounts to approximately €878 million refers mainly to the estimation of costs in the last quarter related to the stoppage in the last quarter of the concessional projects under construction and subsequent restart, impairment of some assets pertaining to some projects affected by the company situation, default interests and other additional concepts. Additionally, given the current situation of the Company, determined by article 5 bis of the Ley Concursal and pending to have greater visibility about the realization of the Industrial Viability Plan, Abengoa´s Directors have decided not to recognize the deferred tax assets arising from capitalizing the fiscal effect from those adjustments that might be recovered in the future, according to the aforementioned Viability Plan.

The following table shows the breakdown of such impacts (in million of euros)

Item	Total
Project Construction costs (see Note 5.1 a) to the Consolidated Financial Statements)	(383)
Impairment of assets pertaining to projects (see Note 5.1 d) to the Consolidated Financial Statements)	(301)
Tax credits (see Note 31 to the Consolidated Financial Statements)	(234)
Remuneration plan payment Reversal (see Note 29 to the Consolidated Financial Statements)	43
Default interests and other	(3)
	(878)

In addition to the above mentioned impacts, Abengoa´s Consolidated Equity reflects the effects of the general slowdown, and stoppages in certain cases, of operations in the activities Abengoa is engaged in from the beginning of last August and, especially, in the last quarter of 2015. All this has been generated as a consequence of both its deteriorating liquidity position, from Abengoa´s difficulties in accessing the capital markets, and the cancelling or non - renewal, by financial institutions, of working capital credit lines (amounting to approximately €1,000 million since such date), and which eventually led to the Company´s filing of creditors protection under article 5 bis of the Ley Concursal.

Abengoa´s Directors are confident on reaching a final agreement with creditors and, once signed, the achievement of the Viability Plan associated with the Groups ability to generate cash from operations will allow the Company to restore the confidence of stakeholders, the steadiness of its liquidity position and its ability to keep improving in the future.

b) Application of new accounting standards

- Standards, interpretations and amendments effective from January 1, 2015 under IFRS-EU, applied by the Group:
  - Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. These improvements are mandatory for periods beginning on or after July 1, 2014 and January 1, 2015 under IFRS-EU and IFRS-IASB.

Abengoa's Directors believe that the applications of these amendments have not had any material impact.

- Standards, interpretations and amendments published that will be effective for periods after December 31, 2015:
  - Annual Improvements to IFRSs 2012-2014 cycles. These improvements are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and IFRS-EU.
  - IAS 1 (Amendment) 'Presentation of Financial Statements'. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and IRFS-EU.
  - IFRS 10 (Amendment)' Consolidated Financial Statements' and IAS 28 'Investments in Associates', regarding to sale or contribution of assets between an investor and its associate or joint venture. This amendment do not have a definite date of application.
  - IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-IASB and has not yet been adopted by the EU.
  - IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted, IFRS 15 has not yet been adopted by the EU.
  - IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding to acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB, and IFRS-EU.

› IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option in separate financial statements. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and IFRS-EU.

› IFRS 10 (Amendment) 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities. These amendments are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and have not yet been adopted by the EU.

› IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB and IFRS-EU.

› Introduction of IFRS 16 "Leases" which supersedes IAS 17. Lessees will recognize most leases in the balance sheet as financed purchases. This standard will apply to periods beginning after January 1, 2019 under IFRS-IASB and has not been adopted yet by the European Union.

The Group is currently in the process of evaluating the impact on the Consolidated Financial Statements derived from the application of the new standards and amendments that will be effective for periods beginning after December 31, 2015.

c) Changes in the composition of the Group

In 2015 a total of 44 subsidiaries, 4 associates and 5 joint ventures were added to the consolidation perimeter of the group.

In addition, 17 companies were no longer classified as subsidiaries and 2 companies were no longer classified as joint ventures and are not included in the consolidation group.

During the year 2015, Kaxu Solar One, Ltd. and Helioenergy 1 and 2, which were recorded under the equity method in the Consolidated Financial Statements as of December 31, 2014, started to be consolidated after we gained control over them (see Note 6.4 to the Consolidated Financial Statements). Both Kaxu Solar One, Ltd, Helioenergy 1 and 2 has been incorporated to Atlantica Yield´s consolidation perimeter during the year 2015, which is recorded under the equity method (see Note 7.1.a) and Note 10 of this Consolidated Financial Statements).

As a consequence of the sale of Atacama I project companies to APW-1 (see Note 7.1.b) to the Consolidated Financial Statements), which were consolidated in the Consolidated Financial Statements, several project companies started to be recorded by equity method after we lost control over those companies.

At year-end 2015, the company Atlantica Yield and its subsidiaries, which were consolidated (in full) into the Consolidated Financial Statements for the year 2014 (classified as assets and liabilities held for sale and discontinued operations) started to be recorded by the equity method after we lost control over those companies (see Note 7.1.a) to the Consolidated Financial Statements).

At year-end 2015, the companies Rioglass Solar and its subsidiaries, which were consolidated into the Consolidated Financial Statements for the year 2014, started to be recorded by the equity method after we lost control over those companies (see Note 6.3.b) to the Consolidated Financial Statements).

d) Main figures

Financial data

› Revenues of €5,755 million, a 19% lower to the same period of 2014.

› EBITDA of €515 million, a decrease of 63% compared to the same period the previous year.

Item	2015	2014	Var (%)
Income Statement			
Revenue	5,755	7,151	-19.52%
EBITDA	515	1,408	-63.39%
EBITDA Margin	9.0%	19.70%	-54.54%
Net Income	(1,213)	125	-1,070.78%
Balance Sheet (*)			
Total Assets	16,627	25,246	-34.14%
Equity	453	2,646	-82.88%
Corporate Net Debt	4,480	2,353	90.38%
Share Information			
Last price (€ per B share)	0.19	1.83	-89.62%
Capitalization (A+B share) (€ million)	202	1,563	-87.08%
Daily trading volume (€ million)	35	46	-23.91%

Operating figures

- The international activity represents 86% of the consolidated revenues.
- The main operating figures of the years 2015 and 2014 are the following.

Key operational	2015	2014
Transmission lines (km)	3,532	5,143
Water Desalination (Cap. ML/day)	475	815
Cogeneration (GWh)	393	743
Solar Power Assets (MW)	162	1,503
Biofuels Production (ML/year)	3,270	3,175

e) Consolidated income statement

Item	2015	2014	Var (%)
Revenues	5,755	7,151	-19.52%
Operating income and expenses	(5,240)	(5,743)	-8.76%
Depreciation and amortization	(814)	(475)	71.44%
I. Net Operating Profit	(299)	933	-132.03%
II. Finance Cost, net	(869)	(855)	1.59%
III. Share of (loss)/(profit) of associates	(8)	7	-215.61%
IV. Profit Before Income Tax	(1,176)	85	-1483.00%
V. Income tax expense	(23)	59	-138.79%
VI. Profit for the year from continuing operations	(1,198)	144	-932.25%
Profit (loss) from discontinued operations, net of tax	(144)	(22)	555.70%
Profit for the year	(1,343)	122	-1,200.57%
VII. Non-controlling interests and non-controlling interests discontinued operations	129	3	4,207.07%
Net income attributable to the parent company	**(1,213)**	**125**	**-1070.78%**

Revenues

Revenue decreased by 19.5% to €5,755 million, a decrease of €1,396 from €7,151 million in the year 2014.

The decrease in consolidated revenues was mainly due to the decreased revenue contribution from our Engineering and Construction activity (a decrease of €1,185 million) due to the Company situation, during the last quarter which have prompted lower sales by €1,396 million in comparison with 2014. In addition lower revenues has been recorded relating to the construction of projects in the United States (Mojave and PGE), wind farm in Uruguay (Cadonal), thermo-solar plant in Israel (Ashalim) and combined cycle plants in Poland (Stalowa Wola) and Mexico (A3T and A4T). The decrease was partially offset by higher revenues related to the construction of solar plants in Chile (Atacama Solar Platform) and transmission lines in Brazil.

Our Concession-Type Infrastructure activity decreased (€92 million) mainly due to a decrease in revenues from the plants sold to Atlantica Yield during 2015 and the last quarter of 2014 under the ROFO agreement. The decrease was partially offset by new assets that were brought into operation during the last quarter of 2014 and the first quarter of 2015 (water desalination plants in Algeria and Ghana, the power transmission line Norte Brazil and the Manaus hospital urgencies unit in Brazil).

Revenue from our Industrial Production activity decreased by €118 million during the 2015 compared to the same period of the previous year. This decrease was mainly due to the decrease in volumes of ethanol sold in Europe and Brazil partially offset by the increase in volumes sold of ethanol sold in the United States (lowered by a decrease in prices of ethanol sold in the United States), and higher prices of biofuels sold in Europe.

EBITDA

EBITDA as December 31, 2015 reached €515 million, a decrease of 63.4% compared to the same period of the previous year. The decrease was mainly due both to the decreased revenue contribution from our Engineering and Construction activity on the last quarter already commented and the negative adjustments prompted by the situation of the Company which has resulted in the filing of the communication provided by the article 5 bis of the Ley Concursal, which added to a total amount of €-383 million EBITDA. In addition, the decrease in crush spreads in United States and Brazil from our Bioenergy segment, and the decrease in the solar and water segments related to the sale of plants to Atlantica Yield in 2015 and the fourth quarter of 2014 under the ROFO agreement.

Net Financial Expense

Finance expenses increased by 2.0% to €869 million for the year 2015, from €855 million for the same period of 2014. The increase was mainly due to the lower capitalization of interest on debt related to projects under construction (since interests are capitalized when a project is under construction), the increased interest expense from loans and borrowings due to our new bonds issued in second half of 2014 and the first half of 2015, the interest expenses for the conversion of the 2019 convertible bond to class B shares, the expenses of cancelling the margin loan of BofA, the default interest expenses arisen from the current situation of the company, as well as to the 2017 convertible bond early repayment by an amount of approximately € 17 million, partially offset by the positive impact related to the anticipated conversion of the 2017 Atlantica Yield convertible bond.

Corporate Income Tax

Corporate income tax decreased from a profit of €59 million in 2014 to €-23 million in 2015 due to the expense recognized for the proposed tax regularization notified by the Administración Tributaria based on inspection stated in the previous year as well as the non-recognition of tax revenues resulting from the negative impacts provided by the current situation of the Company provided by the article 5 bis of Ley Concursal awaiting a greater visibility of the Viability Plan submitted by the Company.

Profit for the year from continuing operations

Due to the aforementioned changes, results from continuing operations of Abengoa decreased by €144 million in 2014 to a loss of €1,198 million in the same period of 2015.

Profit/(Loss) from discontinued operations, net of tax

The result from discontinued operations is a loss of €144 million in 2105 from a loss of €22 million in the year 2014.

The decrease was mainly due to the loss recorded of Atlantica Yield as well and due to the impairment recorded on the net assets of this company that were valued at fair value. (see Note 7.1 to the Consolidated Financial Statements).

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests remained relatively stable in 2015 compared to the year ended December 31, 2014.

Losses from discontinued operations attributable to non-controlling interest increased to €126 million in 2015 from a nil gain in the same period of 2014. The decrease in result from discontinued operations attributable to non-controlling interest were mainly due to the portion attributable to minority interest of the results and the impairment recorded in the net assets of Atlantica Yield (see Note 7.1 to the Consolidated Financial Statements).

Profit attributable to the parent company

Profit attributable to the parent company decreased to a loss of €1,213 million for the year 2015, compared to €125 million profit for the same period of 2014 as a consequence of the changes described above.

f) Results by activities

Abengoa Business sales, EBITDA and margin related to different business activities has been as follows:

	Revenue			Ebitda				Margin	
Item	2015	2014	Var (%)	2015		2014	Var (%)	2015	2014
Engineering and construction									
E&C	3,330	4,515	-26.25%	193	(*)	807	-76.08%	5.80%	17.87%
Total	3,330	4,515	-26.25%	193		807	-76.08%	5.80%	17.87%
Concession-type infrastructure									
Solar	167	335	-50.15%	115		236	-51.27%	68.86%	70.45%
Water	53	41	29.27%	42		26	61.54%	79.25%	63.41%
Transmission lines	143	91	57.14%	107		64	67.19%	74.83%	70.33%
Cogeneration and others	44	32	37.50%	18		4	350.00%	40.91%	12.50%
Total	407	499	-18.44%	282		330	-14.55%	69.29%	66.13%
Industrial production									
Bioenergy	2,018	2,137	-5.57%	40		271	-85.24%	1.98%	12.68%
Total	2,018	2,137	-5.57%	40		271	-85.24%	1.98%	12.68%
Total	5,755	7,151	-19.52%	515		1,408	-63.42%	8.95%	19.69%

(*)Includes an expense recognized for the estimation of costs in the last quarter and subsequent restart given the current situation of the Company which has derived to the submission of the communication provided by article 5 bis of the Ley Concursal for an amount of €383 million (see Note 2.1.1 to the Consolidated Financial Statements).

Engineering & Construction

Revenue decreased to €3,330 million in the year 2015 from the same period in 2014. The decrease in revenues is due to the situation provided by the article 5 bis of Ley Concursal in the last quarter of 2015, which has prompted lower sales in €1,185 million in comparison with the same period in 2014. In addition, lower sales have been recorded in the construction of projects in the U.S. (Mojave and PGE), wind farm in Uruguay (Cadonal), thermo-solar plant in Israel (Ashalim) and combined cycle plants in Poland (Stalowa Wola) and Mexico (A3T and A4T). The decrease was partially offset by higher revenues related to the construction of solar plants Chile (Atacama Solar Platform) and transmission lines in Brazil.

Consolidated EBITDA reached in 2015 €193 million for the year 2015 from €807 million in year 2014 which is a decrease of 76.1% from the same period in 2014. This amount is affected by both the already mentioned lower activity of Engineering and Construction in the last quarter and the negative adjustments prompted by the situation provided by the article 5 bis of the Ley concursal, (and have totaled a total of €-383 million of Ebitda).

Concession-type Infrastructures

Revenue decreased by 18.4% to €407 million for the year 2015, from €499 million for the same period in 2014. Our concession business has decreased mainly due to a decrease in revenues from the plants sold to Atlantica Yield during 2015 and the last quarter of 2014 under the ROFO agreement. The decrease was partially offset by new assets that were brought into operation during the last quarter of 2014 and the first quarter of 2015 (water desalination plants in Algeria and Ghana, the power transmission line Norte Brazil and the Manaus hospital urgencies unit in Brazil).

EBITDA decreased by 14.6% to €282 million for the year 2015, from €330 million for the same period in 2014. Consolidated EBITDA margin in these activities increased to 69.3% for the year 2015, compared to 66.1% in the same period of 2014. EBITDA increased because the reasons described above.

Industrial Production

Revenue decreased (€119 million) due to the decrease in volumes of ethanol sold in Europe and Brazil partially offset by the increase in volumes of ethanol sold in the United States (lowered by a decrease in prices of ethanol sold in the United States), and higher prices of biofuels sold in Europe.

EBITDA decreased by 85.2% to €40 million for the year 2015, from €271 million for the same period in 2014. Consolidated EBITDA margin decreased to 2.0% in 2015, compared to 12.7% in 2014, mainly driven by lower margins in the USA and Brazil. The decrease in margins in the U.S was mainly due to the decrease in ethanol prices. The decrease in margins in Brazil was mainly due to lower yields from raw materials used in ethanol production during the year 2015 compared to the 2014. The decrease in margins in the U.S. and Brazil were partially offset by an increase in the crush spread in Europe (including Spain) due to an increase in biofuels prices in the year 2015 compared to 2014.

g) Consolidated statement of financial position

Consolidated balance sheet

A summary of Abengoa's consolidated balance sheet for 2015 and 2014 is given below, with main variations:

Item	Balance as of 12.31.15	Balance as of 12.31.14	Var (%)
Intangible assets & Tangible fixed assets	2,600	2,856	-8.96%
Fixed assets in projects	3,360	6,188	-45.70%
Investments accounted for using the equity method	1,198	311	285.21%
Financial investments	1,114	686	62.39%
Deferred tax assets	1,585	1,504	5.39%
Non-current assets	9,857	11,545	-14.62%
Inventories	311	295	5.42%
Clients and other receivables	2,004	2,157	-7.09%
Financial investments	519	1,049	-50.52%
Cash and cash equivalents	681	1,811	-62.40%
Assets held for sale	3,256	8,390	-61.19%
Current assets	6,771	13,701	-50.58%
Total Assets	16,628	25,247	-34.14%

Decrease in non-current assets of 14.6% to €9,857 million compared to previous year, primarily attributable to the reclassification to the 'Assets held for sale' of the companies include in the new plan of asset rotation, as approved by Abengoa's Board of Directors on September 23, 2015, (which includes the sale of a diverse list of assets including combined-cycle plants, cogeneration, solar plants and other concessional assets) for the assets sold to Atlantica Yield during 2015 and recorded them by the equity method and by the depreciation of the Brazilian Real against the Euro. This decrease was partially offset by the increase of fixed assets in construction related to transmission lines in Brazil, the increase in certain assets as a consequence of the appreciation or the US Dollar against the Euro, by the increase of investments accounted for using the equity method in APW-1 and Atlantica Yield.

› Current Assets decreased by 50.6% compared to the end of the year 2014 to €6,771 million, primarily due to the net decrease in 'Assets held for sale' resulting from recording Atlantica Yield using equity method once control over the company was lost and the decrease in financial investments and cash and cash equivalents as the consequence of the facts occurred since August, 2015 which prompted the current situation provided by the article 5 bis of Ley Concursal.

Item	Balance as of 12.31.15	Balance as of 12.31.14	Var (%)
Capital and reserves	62	1,445	-95.71%
Non-controlling Interest	391	1,201	-67.44%
Total Equity	453	2,646	-82.88%
Long-term non-recourse financing	504	4,159	-87.88%
Corporate financing	371	3,749	-90.10 %
Grants and other liabilities	234	213	9.86%
Provisions and Contingencies	63	75	-16.00%
Derivative financial instruments	38	225	-83.11%
Deferred tax liabilities and Personnel liabilities	322	338	-4.73%
Total non-current liabilities	1,532	8,759	-82.51%
Short-term non-recourse financing	2,567	799	221.28%
Corporate financing	6,197	1,577	292.96%
Trade payables and other current liabilities	4,379	5,555	-21.17%
Current tax liabilities	195	337	-42.14%
Derivative financial instruments	108	80	35.00%
Provisions for other liabilities and expenses	6	13	-53.85%
Liabilities held for sale	1,191	5,481	-78.27%
Total current liabilities	14,643	13,841	5.79%
Total liabilities	16,628	25,247	-34.14%

› Decrease in equity of 82.88% primarily caused by the negative result of the year as a consequence of the negative impacts prompted by the current situation of the Company described above. This decrease is also due to the integration by the equity method of Atlantica Yield once control over the Company was lost and the increase in negative conversion differences due to the depreciation of the Brazilian Real. These decreases have been partially offset by the positive impact of the anticipated conversion of the 2019 convertible bond.

› Decrease of 82.51% in non-current liabilities compared to previous year, mainly due to the reclassification of discontinued liabilities to 'Liabilities held for sale' (related to projects included in the asset rotation plan), the reclassification to short term of Corporate-financing and project financing became that due as a consequence of defaults caused by the article 5 bis of Ley Concursal situation and the conversion to shares of the 2019 convertible bond.

› Net increase of current liabilities of 5.8% compared to previous year, primarily due to the reclassification from long term of discontinued liabilities (affected by the new divestment plan) that the issuance of new bonds maturity in 2020 of Abengoa Finance as a consequence of the disposal of the Tranch A of syndicated loan to the new bridge loan obtained by Abengoa Concessions Investment and the new liquidity lines from G7. In addition an increase due to the reclassification from long-term corporate financing and project finance that became due as a consequence of due contractual breaches resulting from the 5 bis situation. All this has been partially offset by a decrease of suppliers (due to payment at maturity and a decrease in confirming lines) and by a decrease in corporate debt due to the repayment of the convertible bond 2017, 2015 bond and the ECP program.

Net Debt Composition

Item	Balance as of 12.31.15	Balance as of 12.31.14
Total Corporate Net Debt	4,480	2,353
LTM Corporate EBITDA (*)	183	964
Corporate Net Debt / LTM Corporate EBITDA	24.5	2.4

h) Consolidated cash flow statements

A summary of the Consolidated Cash Flow Statements of Abengoa for the periods ended December 31, 2015 and 2014 with the main variations per item are given below:

Item	2015	2014	Var (%)
Profit for the year from continuing operations	(1,198)	144	-932%
Non-monetary adjustments	1,173	1,040	13%
Variations in working capital and discontinued operations	(640)	(524)	22%
Income tax paid & Interest received/paid	(812)	(764)	6%
Discontinued operations	280	123	128%
A. Net Cash Flows from operating activities	(1,197)	19	-6400%
Intangible assets and property, plant & equipment	(2,181)	(2,580)	-15%
Disposals related to the sale of assets to Atlantica Yield (ROFO 2 & 4)	368	-	n/a
Other investments/disposals	109	(204)	-153%
Discontinued operations	102	284	-64%
B. Net Cash Flows from investing activities	(1,602)	(2,500)	-36%
Underwritten Public Offering of subsidiaries	332	611	-46%
Share capital increase with non-controlling interest by Atlantica Yield to fund the sale of assets (ROFO 3)	302	-	n/a
Other disposals and repayments	1,510	1,230	23%
Discontinued operations	(158)	(251)	-37%
C. Net Cash Flows from financing activities	1,986	1,590	25%
Net increase/(decrease) of cash and equivalent	(813)	(891)	-9%
Cash at beginning of year	1,811	2,952	-39%
Translation differences cash or equivalent	(58)	31	-287%
Assets held for sale and discontinued operations	(259)	(281)	-8%
Cash and cash equivalent at end of period	681	1,811	-62%

- As of December 31, 2015, we used €1,197 million of net cash flows from operating activities compared to €19 million in 2014, due to cash outflows from lower profit for the year after non-monetary adjustments; (€25 million in 2015 compared to a cash generation of € 1,184 million in 2014) as well as higher net cash consumption due to working capital (consumption of €640 million in 2015 compared with consumption of €524 million in 2014). The decrease in cash generated by the lower profit for the year was mainly due to the lower activity of the company during the last months of 2015 resulting from the facts and circumstances occurred in August 2015 which led to the current situation of the Company provided by article 5 bis of the Ley concursal. The working capital consumption of €640 million, mainly as a result of the aforementioned the company situation which has induced the cancelation by some financial institutions of the working capital lines which resulted insignificant cash outflows.

- In terms of net cash flows from investment activities, there is a net cash outflow of €1,602 million in the year ended December 31, 2015, compared with net cash outflow of €2,500 million in 2014. The main investments were mainly because of the progress in the construction of thermo and photovoltaic solar projects in Chile, transmission lines in Brazil and power generation in Mexico, partially offset by the cash flow received from EIG as a result of the first asset purchase package (€195 million) and due to the sale of various assets to Atlantica Yield, which formed part of the Right of First Offer agreement (ROFO 2 and 4) signed between Atlantica Yield and Abengoa (€368 million). In relation to such divestments, selling assets to Atlantica Yield, constitute a divestment flow for Abengoa as a result of Atlantica Yield classification as a discontinued operation during year 2015 (at the end of 2015 and, after the loss of control over the company, it was recorded using the equity method).

- Net cash flow from financing activities was €1,986 million in the year 2015 compared to €1,590 million in 2014. The net cash generated from financing activities during 2015 related to the proceeds from loans and borrowings of €4,010 million and from the public sale offer of Atlantica Yield, has been offset by the repayment of loans and debt amounting to €2,456 million, dividends paid to shareholders amounting to €90 million and because the effect of discontinued operations amounting to €158 million. The proceeds from loans and borrowing from new corporate funding (provision of the syndicated loan tranche A in 2014, issue of bonds exchangeable into shares of Atlantica Yield 2017, issue of ordinary bonds maturing in 2020, the loan granted by the European Investment Bank (EIB), loans with various institutions with the support of Export Credit agencies, and new revolving credit agreements and project financing increase in funding bridge construction projects and non-recourse financing, including financing is obtained in capital markets by Solaben 1 and 6). Repayments made mainly refers to €300 million of bonds maturing in 2015, to the convertible bond maturing in 2017 whose 'put' was exercised in 2015, to the reduction in the balance in the "euro Commercial Paper (ECP) " program, as well as to the repayments to non-recourse financing and bridge loans. Regarding the public sale offer of Atlantica Yield, on January 22, 2015, the divestment of a 13% stake in Atlantica Yield was closed by the secondary public offering, generating a cash flow of €291 million before fees and expenses related to the public offer sale (€278 million after fees and expenses) and dated July 14, 2015, Abengoa has sold 2,000,000 shares of Atlantica Yield at a price of USD 31 per share, generating a cash inflow of €56 million before fees and expenses related to the public offering sales (€54 million after fees and expenses). On the other hand, the cash generated by financing activities comes primarily from the contribution of the minority shareholders of Atlantica Yield in the capital increase to finance a third package of assets (ROFO 3) during the month of May 2015 (€302 million), and the placement among qualified investors of all class B shares treasury of Abengoa, SA.

2.2. Financial and non-financial key indicators

The main operational and financial indicators for the years ended December 31, 2015 and 2014 are as follows:

Item	2015	2014	Var (%)
Consolidate EBITDA (millions))	515	1.408	-63%
EBITDA margin (EBITDA/revenues)	8,96%	19,69%	-55%
Operating margin (Operating profit/revenue)	-5,19%	13,05%	-140%
Profit margin	-21,08%	1,75%	-1305%
Basic earnings per share	-1,35	0,15	-1000%
Diluted earnings per share	-1,35	0,15	-1000%
Market capitalization (million)	202	1.563	-87%

The key performance indicators for each activity is detailed below for the years 2015 and 2014:

	2015	2014
Engineering and Construction		
Backlog (€ in millions)	7,700	7,953
<Concession-Type Infrastructure		
Solar		
MW under development	300	-
MW under construction	750	780
MW in operation	162	1,503
Total MW	1,212	2,283
Transmisión		
Km of transmission under development	188	-
Km of transmission under construction	6,253	6,253
Km of transmission in operation	3,532	5,143
Total Km	9,973	11,396
Water		
Capacity of desalination in operation (m3/day)	475	815
Industrial Production		
Capacity Biofuels production (ML/Yr)	3,270	3,175

2.3. Matters relating to the environment and human resources

a) Environment

The principles of the environmental policies of Abengoa are based on compliance with the current legal regulations applicable, preventing or minimizing damaging or negative environmental consequences, reducing the consumption of energy and natural resources, and achieving ongoing improvement in environmental conduct.

In response to this commitment to the sustainable use of energy and natural resources, Abengoa, in its Management Rules and Guidelines for the entire Group, explicitly establishes the obligation to implement and certify environmental management systems in accordance with the ISO 14001 International Standard.

Consequently, by year-end 2015, the percentage of Companies with Environment Management Systems certified according to the ISO 14001 Standard per sales volume is 91.58% (89.56% in 2014).

The table below lists the percentage of distribution of the Companies with Certified Environmental Management Systems, broken down by business unit:

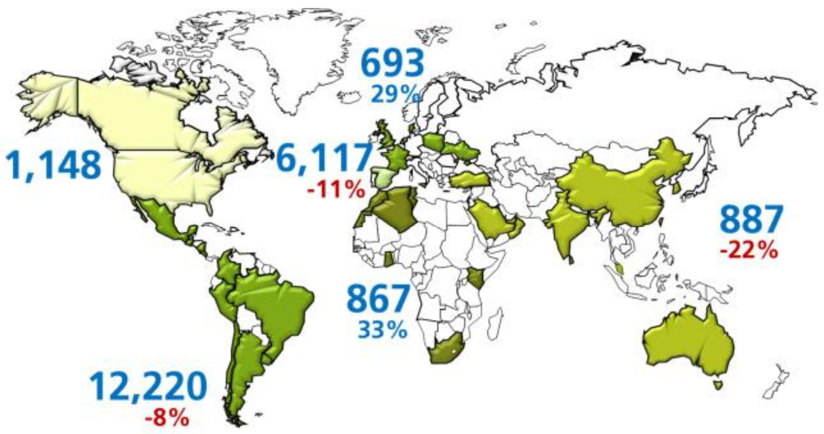
Business unit	ISO 14001-certified companies (% of revenue)
Engineering and Construction	95.24
Industrial Production	92.25
Concession-type Infraestructure	63.97

b) Human resources

During 2015, Abengoa's workforce decreased by 9.8% to 21,932 people as of December 31, compared to the previous year (24,322 people).

Geographical distribution of the workforce

The distribution of the average number of employees was 25 % in Spain and 75 % abroad.



Distribution by professional groups

The average number of employees by categories during 2015 and 2014 was:

	Average number of employees in 2015			Average number of employees in 2014		
Categories	Female	Male	% Total	Female	Male	% Total
Directors	60	488	1.9	65	503	2.1
Management	433	1,592	7.2	435	1,517	7.2
Engineers	1,446	3,291	16.9	1,362	3,375	17.4
Assistants and professionals	1,199	1,758	10.5	1,108	1,480	9.5
Operators	981	16,252	61.3	865	15,893	61.6
Interns	247	373	2.2	242	336	2.2
Total	4,366	23,754	100	4,077	23,104	100

3.- Liquidity and capital resources

a) Liquidity risk

During the last year Abengoa's liquidity and financing policy during the last years has had intended to ensure that the company could have sufficient funds available to meet its financial obligations as they fall due. Abengoa has been using two main sources of financing:

- Project debt (Non-recourse project financing), which is typically used to aimed to finance any investment on project asset (see Notes 2.5 and 19 to the Consolidated Financial Statements.).
- Corporate Financing, used to finance the activities of the remaining companies which are not financed under the aforementioned financing model. This means of financing is managed through Abengoa S.A., which pools cash held by the rest of the companies so as to be able to re-distribute funds in accordance with the needs of the Group (see Notes 2.18 and 20 to the Consolidated Financial Statements) and has carried out the obtention of the resources needed from the bank and capital markets.

To ensure an adequate capacity to repay its debt in relation with the cash flow generation capacity, the Group Financial Management has been elaborating an annual Financial Plan, which is approved by the Board of Directors and includes all financial needs and the manner they will be covered.

To manage the working capital, Abengoa usually uses non-recourse confirming with various financial entities to outsource the trade payables payments, and non-recourse factoring. In addition, Abengoa has short term financing lines including commercial paper.

Due to the facts and circumstances occurred after the formulation of the interim Consolidated Financial Statements of June 30, 2015, mentioned in Note 2.1.1 to the Consolidated Financial Statements, Abengoa had at the end of November 2015 substantial liquidity needs mainly to attend capital expenditure in assets, short and medium term debt maturities related to operations and managing negative working capital. The Company, on November 25, 2015, due to the circumstances explained above, decided to initiate a refinancing process to try to reach an agreement with its main financial creditors that would ensure a suitable framework in which to undertake the mentioned negotiations and the financial stability of the Group in the short and medium term.

In relation to the process, after carefully evaluating the situation described above and in order to ensure the stability necessary to conduct these negotiations with the creditors, the Board of Directors of the Company deemed that the most appropriate approach was to submit the communication provided by the Article 5 bis of Act 22/2003 of July 9, on insolvencies (Ley Concursal). In this regard, on December 15, 2015, Mercantile Court No. 2 of Seville issued a Decree agreeing that the communication provided by the Article 5 bis of the Ley Concursal had been filed.

Additionally, mentioned, on January 25, 2016 the Company reported that on that day, Alvarez&Marsal had submitted to the Board of Directors of Abengoa an industrial Viability Plan which defined the structure of the future activity of Abengoa at operational level, focusing on the engineering and construction business with own or third-party technology. Where additional measures have been determined (among others, the rotation of non-strategic assets, the adjustment of overhead costs to new activity levels, completion of most of projects in the pipeline focusing on those that maximize the liquidity of the Company and the balance in investments to be developed in the future in concessional assets depending on the availability of financial resources and the previous identification of partners).

Based on this Viability Plan, that confirms the industrial viability of Abengoa, the Company has begun negotiations with its creditors to restructure the debt and the necessary resources and thus provide Abengoa sufficient liquidity to continue operating competitively and sustainably in the future (see Note 2.1.1 to the Consolidated Financial Statements). The approval of the above-mentioned restructuring plan will set the guidelines for the new liquidity and financing policy of Abengoa in the future, giving priority to treasury optimization and cost of capital.

An analysis of the Group's financial liabilities classified into relevant maturity groupings based on the remaining period is included in the following Notes to the Consolidated Financial Statements:

Current and non-current	Notes to the Consolidated Financial Statements
Financial debt	Note 19 Project debt and Note 20 Corporate financing
Lease-back	Note 20 Corporate financing
Finance lease	Note 20 Corporate financing
Borrowings and other loans	Note 20 Corporate financing
Trade and other accounts payable	Note 25 Trade payables and other current liabilities
Derivatives and hedging instruments	Note 14 Derivative financial instruments
Other liabilities	Note 21 Grants and other liabilites

b) Capital risk

During the last year the Group has managed capital risk aimed to be able to ensure the continuity of the activities of its subsidiaries from an equity standpoint by maximizing the return for the shareholders and optimizing the structure of equity and debt in the respective companies or projects.

Since the admission of its shares to trade on the stock market, the company has grown in the following ways:

› cash flows generated by conventional businesses;

› financing of new investments through project debt (project finance and bridge loan), which also generates business for conventional businesses;

› corporate financing, either through banks or capital markets;

› issuance of new shares of subsidiaries through organized markets;

› asset rotation;

The leverage objective of the activities of the company has not generally measured based on the level of debt on its own resources, but on the nature of the activities:

› for activities financed through project debt, each project is assigned a leverage objective based on the cash and cash flow generating capacity, generally, of contracts that provide these projects with highly recurrent and predictable levels of cash flow generation;

- for activities financed with Corporate Financing, the objective is to maintain reasonable leverage, depending on their optimal capital structure.

- As mentioned in Note 4 c) to the Consolidated Financial Statements), liquidity needs due to the facts and circumstances occurred following the formulation of the Interim Consolidated Financial Statements of June 30, 2015, mentioned in Note 2.1.1 to the Consolidated Financial Statements, led the Company to start, within the legal frame provided by the article 5 bis of Ley Concursal, a refinancing process with the objective of reaching an agreement with the main creditors to ensure the proper frame to develop the negotiations and the financial stability of the Group in the short and medium term. Additionally, on January 25, 2016 the Company reported that on that day, Alvarez&Marsal had submitted to the Board of Directors of Abengoa an industrial Viability Plan which defined the structure of the future activity of Abengoa at operational level, focusing on the engineering and construction business with own or third-party´s technology.

- Based on this Viability Plan, the Company has begun negotiations with its creditors to restructure the debt and the necessary resources and thus provide Abengoa with the optimal capital structure to continue operating competitively and sustainably in the future (see Note 2.1.1 to the Consolidated Financial Statements).

c) Contractual obligations and off-balance sheet

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2015 and 2014 (in thousands of euros):

2015	Total	Up to one year	Between one and three years	Between three and five years	Subsequent
Loans with credit institutions	5,398,326	4,888,251	84,193	81,352	344,530
Notes and bonds	3,300,825	3,300,825	-	-	-
Liabilities due to financial leases	36,542	17,020	6,874	1,629	11,019
Other loans and borrowings	659,414	557,047	42,393	54,181	5,793
Obligations under operating Leases	10,450	2,487	2,814	2,457	2,692
Purchase commitments	2,836,092	2,498,391	318,156	2,815	16,730
Accrued interest estimate during the useful life of loans	1,644,957	491,474	646,296	271,111	236,076

2014	Total	Up to one year	Between one and three years	Between three and five years	Subsequent
Loans with credit institutions	6,274,113	1,243,596	1,208,884	2,000,368	1,821,265
Notes and bonds	3,852,958	1,096,965	1,029,873	867,288	858,832
Liabilities due to financial leases	34,991	10,927	12,796	3,668	7,600
Other loans and borrowings	121,402	24,373	71,327	21,206	4,496
Obligations under operating Leases	13,826	3,867	5,537	3,035	1,387
Purchase commitments	1,072,848	933,071	123,123	5,517	11,137
Accrued interest estimate during the useful life of loans	2,599,142	589,443	908,675	500,009	601,015

d) Investment plan

The Abengoa´s investment plan during the following years mainly focus on the completion of projects currently under construction which include, among others, the following:

Project	Business unit	Capacity	Country
South Africa 50 MW	Solar	50 MW	S. Africa
Xina	Solar	100 MW	S. Africa
Ashalim	Solar	110 MW	Israel
Atacama 1 (CSP + PV)	Solar	210 MW	Chile
Atacama 2 (CSP + PV)	Solar	210 MW	Chile
Acueducto Zapotillo	Water	3,8 m3/seg	Mexico
Boot Dgen Torrent Power LTD	Transmission lines	115 km	India
Centro Penitenciario	Cogeneration and other	-	Uruguay
A3T4T	Cogeneration and other	840 MW	Mexico
Nicefield	Cogeneration and other	70 MWH	Uruguay
Norte III	Cogeneration and other	924 MW	Mexico
Tenes	Water	200,000 m3/día	Algeria
Ghana	Water	60,000 m3/día	Ghana
Agadir	Water	100,000 m3/día	Marocco
ATN 3	Transmission lines	355 km	Peru

4.- Principal risks and uncertainties

4.1. Operational risks

4.1.1. Regulatory risk

Risks derived from reductions in government budgets, subsidies and adverse changes in the law that could affect the company’s business and development of its current and future projects

The reduction in public spending on infrastructure has an impact on Abengoa’s results, since a large part of the projects developed by Abengoa are promoted by public bodies, which provide the Company with a volume of income that is difficult to match with private investment, especially in the current economic environment as they are very capital-intensive projects that require a large initial investment and whose economic returns begin to be profitable in the very long term.

It should be mentioned that while Abengoa’s business focuses increasingly on Spain and has spread to other countries gradually, a significant part of that activity is still concentrated in Spain. In recent years, Spain has experienced an economic situation that has resulted in a decline in the tax revenues collected by the various government agencies, as well as increased public deficit and a sharp increase in the cost of sovereign debt.

Additionally, in recent years, most income in the water segment from the concession-type infrastructure business was obtained from contracts with public or governmental bodies. Many of these public bodies are local authorities with limited budgets that are subject to annual fluctuations from year to year. The budgets of these local authorities are often dependent on local tax collection or budget items awarded by national governments. As a result, it is possible that the resources available to local authorities for infrastructure projects and services could be limited, without this being notified to Abengoa. In addition, measures aimed at correcting the current economic environment have increased the budget deficit in many national, regional and local governments and the government agencies with which Abengoa enters agreements, and there is no certainty that the investment in infrastructure projects and services will continue to be available at the levels seen in previous years.

Risks of changes in national and international policies supporting renewable energy projects that could affect Abengoa

Recently, some countries have adopted policies of actively supporting renewable energies. Although support for renewable energy sources by governments and authorities in the jurisdictions in which Abengoa operates has historically been strong, some policies currently in force could end, be suspended, terminated or not renewed. Consequently, it is not possible to guarantee that the government support will continue either completely or partially.

If governments and regulatory authorities in the jurisdictions in which Abengoa operates decrease or abandon their support for the development of solar energy, due, for example, to other funding priorities, political considerations or a desire to promote other energy sources, the solar plants that Abengoa plans to develop in the future could be less profitable or no longer economically feasible.

Risks derived from compliance with strict environmental regulations

Abengoa’s business is subject to significant environmental regulation which, among others, requires the Company to carry out environmental impact studies in future projects or project changes, obtain regulatory licenses, permits and other authorizations, and meet the requirements of such licenses, permits and authorizations.

Accordingly, (i) it is possible that the government authorities may not approve environmental impact studies; (ii) public opposition could give rise to delays, changes or cancellations to projects or licenses; (iii) laws and regulations may change or be interpreted in such a way that compliance costs will increase or this will have a significant adverse affect on Abengoa's operations and plants or plans regarding the businesses in which the Company invests or to which the Company provides its services.

A breach of these regulations may lead to significant liability, including fines, damages, fees and expenses and the closure of facilities.

In Brazil, environmental liability applies to private individuals and legal entities that directly or indirectly cause environmental damage via their actions or negligence. A single event may give rise to liability of three types (civil, administrative and criminal), independently or cumulatively. Brazilian courts could request the lifting of the corporate veil in circumstances where it is proved that the Company has evaded an obligation to compensate for environmental damage. When the corporate veil is lifted, the shareholders, rather than Abengoa, could be liable to restore the damage.

Environmental regulation has changed very rapidly in recent years, and it is possible that the Company could be subject to more stringent standards in the future. For example, is likely that Abengoa's activities will be subject to compliance with increasingly more stringent national and international standards on climate change and the costs related to it.

Risk derived from a reliance on favorable regulation of the renewable energy business and bioethanol production

a) Solar power generation

Renewable energy is rapidly maturing but its cost of generating electricity is still significantly higher than conventional energy production (nuclear, coal, gas, hydroelectric). Governments have established support mechanisms to make renewable generation projects economically viable, in the form of subsidized tariffs (mainly in Spain), supplemented in specific cases with direct support for investment (mainly in the USA).

The subsidized tariffs vary depending on the technology (wind, photovoltaic, STE, biomass) since they are at different stages of maturity and the regulator wants to promote the development of each type by giving developers sufficient economic incentive in the form of a reasonable return on their investment. Without this support, any renewable energy project would currently be unfeasible, although as the technology matures, the need for this support will diminish or even completely disappear over the long term.

Subsidy schemes for renewable energy generation have been the subject of legal proceedings in the past in various jurisdictions (including claims that such schemes constitute state aid that is forbidden in the European Union).

If all or part of the subsidy schemes and incentives for renewable energy generation in any jurisdiction in which Abengoa operates are determined to be illegal and, therefore, are eliminated or reduced, Abengoa might not be able to compete effectively with other forms of renewable and conventional energy and could even be unable to complete some projects that are currently underway.

b) Bioenergy consumption

The consumption of biofuel for transport –one of the company's activity areas– is also subject to regulation via specific public support policies both nationally and internationally. Biofuels cost more to produce than gasoline or diesel and therefore requires government support to incentivize their use. Biofuels offer a series of environmental and energy advantages compared to oil-based fuels, making them potentially useful tools for implementing European policies to combat climate change and reduce oil dependency.

Nevertheless, despite major support in the biofuels sector from governments and regulatory authorities in the jurisdictions in which Abengoa operates, and the fact that authorities have reiterated their intention to continue this support, it is still possible that certain existing policies may change over time.

Furthermore, biofuels are not the only alternative to oil-based fuels for use in transport, as shown by the recent development of electric vehicle technology. It is possible for different energy alternatives that have the potential to progressively substitute fossil fuels in transport to coexist. Future demand for all forms of transport could be covered with a combination of electricity (fuel cells) and biofuels as the main options; synthetic fuels (increasingly produced from renewable sources) as an intermediate solution; and methane as an additional fuel supplemented by liquid petroleum gas. Many of these alternative sources receive or will receive government support in the form of different types of incentives, which may reduce the amount of support available to biofuels. Furthermore, the level of public support can be influenced by external factors, such as public criticism in some countries of the alleged effect of biofuels on increasing food prices.

Abengoa’s activities are subject to multiple jurisdictions with varying degrees of regulation, which require significant effort by the company to ensure compliance

Abengoa’s business is subject to strict regulation, especially in Spain, Mexico, USA, Peru and Brazil, and in every other country in which it operates. This regulation requires licenses, permits and other authorizations in relation to the company’s operations. This multi-jurisdictional regulatory framework requires extensive efforts to ensure compliance with all legal requirements. Failure to comply with this regulation may result in the revocation of permits, penalties, fines of significant amounts or even criminal liability. Compliance with the regulatory requirements may result in substantial economic costs for the operations which may not be recovered. In addition, it is not possible to predict either the time or the form of any future regulatory initiative. Changes in the current energy, environmental and administrative regulations could adversely affect the business significantly, its margins and the investments of the Company. The business could also be affected by additional taxes on its activities, a reduction in tariffs, a reduction or the elimination of subsidies or tax incentives or other measures or cuts.

Risks associated with concession-type infrastructure projects that operate under regulated tariffs or very long term concession agreements

Revenues obtained from concession-type infrastructure projects are highly dependent on regulated tariffs or, if applicable, long term price agreements over a period of between 25 and 30 years, depending on the asset. Abengoa has very little flexibility with regards to amending these tariffs or prices (being subject to increases indexed to the CPI and to possible requests for the economic re-balancing of the concession) when faced with adverse operating situations, such as fluctuations in commodity prices, exchange rates, and labor and subcontractor costs, during the construction and operating phases of these projects. Higher than expected operating costs, especially after many years in operation, in most cases cannot be passed on to the rate or price and would therefore diminish the operating margin and, consequently, the profitability of the project would be reduced. These projects are normally calculated with tariffs or prices that are higher than the operating and maintenance cost.

Similarly, government agencies (in some jurisdictions) or customers (where applicable) are entitled to sanction poor provision of the services under the operational activity, with a lowering of the rate structure or by postponing its update. In the area of renewable energies in particular, there is a risk that the government could reduce or eliminate the rates currently in force at any time during the life of the concession.

4.1.2. Operational risk

Risk relating to the possibility that Abengoa could request insolvency proceedings in the event that the company does not reach a refinancing agreement with its main financial creditors as a result of Abengoa’s liquidity needs in the short and medium term.

Energy and the environment are part of the activities in which Abengoa is engaged. This activity is performed in changing surroundings, with regulations, subsidies or tax incentives that can be changed or even legally challenged. Throughout recent financial years and especially that of 2015, various amendments to regulations took place in the jurisdictions where Abengoa operates (mainly in the United States and Brazil), mainly in relation to activity concerning renewable energy generation and biofuel production, which affected the profitability of Abengoa's current and future projects, the conditions to effectively compete with non-conventional renewables and other kinds of energy, and the ability to complete some ongoing projects.

However, investments in fixed assets (capex) which are higher than those anticipated in projects with a high return but which are extremely demanding in terms of capital in Brazil, Chile and Mexico have impacted on Abengoa's liquidity position and have led to a significant drop in the shares and debt instruments pertaining to Abengoa listed on the stock exchange during the 2015 financial year. All of this has limited access to capital markets and, at the same time, led to a deceleration in the rate of approval of working capital renewals (non-recourse factoring and confirming) by some financial entities, which has all led to a reduction in the liquidity position.

All of the aforementioned, along with Abengoa's high levels of debt, led the company to launch an action plan in September 2015, with measures aimed at reducing the leverage and improving the liquidity position, whereby a set of measures were approved in the Abengoa Extraordinary General Shareholders’ Meeting on October 10, 2015, including a capital increase proposal with the aim of increasing the company's own funds by a cash amount of (face value plus premium) of €650,000,000, in order to reinforce the company's liquidity situation and reduce its levels of debt.

The fact that it was not possible to carry out the planned capital increase due to no agreement being reached between the company and the placement financial entities and potential investors led the company to begin a negotiation process with its creditors with the aim of reaching an agreement to guarantee its financial sustainability, pursuant to Article 5 bis of the Ley Concursal. For these purposes, the company submitted the communication set out in Article 5 bis of the Ley Concursal to the Commercial Court of Seville on November 25, 2015. The deadline to reach an agreement with the creditors is March 28, 2016.

Risks arising from the difficult conditions in the global economy and in global capital markets and their impact on reducing the demand for goods and services and difficulties in achieving the funding levels necessary for the development of existing and future projects and debt refinancing

The evolution of Abengoa's business has been traditionally affected not only by factors intrinsic to the company but also by external factors such as economic cycles and their impact on the regions and areas where the company operates. Typically, in situations of economic growth, the demand for the services offered by the Company increases and, conversely, in situations of economic instability or recession, demand suffers.

Since early 2008, the impact of the global financial crisis, which has particularly affected the global capital and credit markets, has been very notable. Concerns over geopolitical issues, inflation, energy costs, lack of credit fluidity, the high cost of debt, the sovereign debt crisis and the instability of the euro, among other factors, have led to a significant drop in expectations for the economy in general and, more strongly, in the capital markets. These factors —combined with the volatility of oil prices, the loss of consumer and business confidence and rising unemployment— have contributed to worsening the economic situation of many regions where Abengoa operates.

The crisis has had a global impact, and has affected both the emerging and developed economies in which Abengoa conducts a significant part of its operations (i.e. Brazil, the United States and Spain). Economic growth and recovery, both globally and in the European Union, have returned since that time but they remain fragile and subject to limitations on financing in the private sector, concerns about future increases in interest rates and continued uncertainty surrounding the resolution of the euro zone crisis, and more specifically, the uncertainty hanging over the Greek economy. Consequently, uncertainty and economic instability may have an adverse material impact on operators' decisions to invest in the products sold by Abengoa.

Abengoa is a Spanish company and its capital is denominated in euros. The effects on the global and European economy of the exit of one or more member states from the euro zone, such as Greece's possible exit from the European Union, the secession movement by Catalonia in Spain, the dissolution of the euro, and the possible redenomination of the share capital, financial instruments and other contractual obligations from the euro into another currency or the perception that any of these events may be imminent, are difficult to predict and may result in operational disruptions or other risks of contagion to the Company's business and may have an adverse material effect on the business, financial position and operating results of the Company. Moreover, despite the Company's low volume of business in Europe, to the extent that the uncertainty surrounding the economic recovery in Europe continues to adversely affect the state or regional budgets or the demand for environmental services, the Company's business and operating results may be adversely affected. In this regard, a large number of the Company's customers are implementing measures aimed at cost savings. These and other factors could, therefore, entail that the Company's customers will reduce their spending budgets for Abengoa's products and services.

As noted earlier, global capital and credit markets have experienced periods of extreme volatility and disruption since the latter half of 2008. Continued uncertainty and volatility in these markets could limit access to this route of funding for the capital required to operate and develop the business, including access to project finance which the Company uses to finance many of its projects.

The products and services of the renewable energy sector are part of a market that is subject to strict competition rules

To ensure continuity in the long term, Abengoa must be able to compete with conventional energy sources and other sources of renewable energy without public aid. Current levels of government support for renewable energy are intended to support the industry while it develops the technology needed to reduce costs and improve processes. Consequently, as the costs of generation or production decrease, this level of government support is likely to be gradually reduced for many critical projects in the future. In the medium and long term, a gradual but significant reduction in tariffs, premiums and incentives for renewable energy cannot be ruled out. If this reduction occurs, market participants, including Abengoa, must reduce prices to remain competitive with other alternatives. If cost reductions and product innovation do not take place or take place more slowly than necessary to achieve a reduction in prices, this may have a significant negative effect on Abengoa's business, financial position and the results of its operations.

The Company also faces significant competition from other suppliers of renewable energy. Regarding the solar energy industry, Abengoa estimates that competition will continue to increase as a result of the entry of new market participants and/or the substitution of renewable energy sources due to the increasing growing demand for the latter. Other factors that may contribute to this are the lower barriers to entry in these markets due to the standardization of the technologies, improved financing opportunities and increased government support. Although Abengoa strives to remain competitive, Abengoa cannot guarantee success over the competition. Should Abengoa fail to compete successfully, this could adversely affect the ability to grow the business and income generation, which could have a significant adverse effect on Abengoa's business, financial position and the results of its operations.

The results of the Engineering and Construction activity significantly depend on the growth of the company's Concession-type Infrastructures and Industrial Production activities.

The Engineering and Construction business is Abengoa's most important activity in terms of revenues. A significant part of this business depends on the construction of new assets for the Concession-type Infrastructures activity, especially power plants, transmission lines and water infrastructures.

If Abengoa is unsuccessful in winning new contracts in its Concession-type Infrastructures activity, the revenues and profitability of the Engineering and Construction activity will suffer.

Risks derived from a shift in public opinion about Abengoa's activities

There are certain individuals, associations or groups that may oppose the projects carried out by Abengoa, such as the installation of renewable energy plants, due to reasons such as the misuse of water resources, landscape degradation, land use, food shortages or price increases thereof and damage to the environment.

Although carrying out these infrastructure, engineering and building projects generally requires an environmental impact study and a public consultation process prior to granting the corresponding administrative authorizations, the company cannot guarantee that a specific project will be accepted by the local population. Moreover, in those areas in which facilities are located next to residential areas, opposition from local residents could lead to the adoption of restrictive rules or measures regarding the facilities.

If part of the population or a particular competing company decides to oppose the construction of a project or takes legal action, this could make it difficult to obtain the corresponding administrative authorizations. In addition, legal action may request the adoption of precautionary measures that force construction to stop, which could cause problems for commissioning the project within the planned time frame causing the non-compliance with Abengoa's business objectives.

Furthermore, hostile public opinion about the use of grain and sugar cane should not be readily dismissed either (albeit to a lesser extent in bioethanol production) since these are basic consumer goods that are significantly associated with shortages in the food market. In response to public pressure, governments may adopt measures to ensure that grain and sugar is diverted into food production instead of bioethanol, causing problems for existing production activities and Abengoa's future expansion plans.

Internationalization and country risk

Abengoa has projects on 5 continents, some of them in emerging countries, including locations as diverse as Africa, Australia, China, India, Middle East, North and South America (including Brazil), and it is expected to expand operations to new locations in the future. Abengoa's various operations and investments may be affected by different types of risk related to the economic, political and social conditions of the various countries in which the Company operates, particularly in countries with a higher degree of instability in the various factors cited and often referred to jointly as "country risk", which include:

• the effects of inflation and/or the possible devaluation of local currencies;

• possible restrictions on capital movements;

• regulation and possible unanticipated changes that could have adverse retroactive effects for Abengoa;

• the exchange/interest rate;

• the possibility that governments could expropriate or nationalize assets or increase their involvement in the economy and management of companies, as well as not granting or revoking previously granted licenses;

• the possible imposition of new and higher taxes or tariffs;

• the possibility of economic crises, political instability or civil disturbances.

For example, some of the contracts of Abengoa in Peru and Mexico are payable in local currency at the exchange rate on the payment date. In the event of a rapid devaluation or the establishment of exchange controls, Abengoa might not be able to convert to the local currency the amount agreed in dollars, which could affect the liquidity position of Abengoa.

In addition, in recent years, we have experienced episodes of political and social instability, with regime changes and armed conflicts in certain countries in the Middle East and Africa, including Egypt, Iraq, Syria, Libya and Tunisia. These events have increased the political instability and economic uncertainty in some of the countries in the Middle East and Africa where Abengoa operates.

Although activities in emerging countries are not concentrated in any specific country (except Brazil), the occurrence of one or more of these risks in a country or region in which Abengoa operates could have a significantly adverse effect on Abengoa's business, financial position and the results of its operations.

Abengoa's policy is to hedge the country risk through country risk insurance policies (covering cases such as political violence, expropriation, nationalization, confiscation, regulatory risk, failure to pay amounts related to the investment, dividends, amortization of credits, contractual breaches by the authorities of the host country regarding the insured investment and revolution or war) and the transfer of risk to financial institutions through the corresponding financing agreements or other mechanisms. However, it is not possible to guarantee that these mechanisms will ensure full coverage of possible contingencies or the full recovery of damages in all cases.

Risks derived from the difficulty of winning new projects or extending existing ones

The ability to maintain the competitive position of Abengoa and meet its growth targets (particularly in projects for the production of biofuels and solar thermal power generation plants within the concession-type infrastructure business) depends on the possibilities of expanding current locations or purchasing or leasing new locations in strategically placed areas that meet the requirements required by the type of project. Government restrictions, including environmental, public health and technical restrictions, limit the places where Abengoa facilities can be located.

Thus, it should be noted that, for example, solar power plants can only be built in locations with adequate, sufficient solar radiation levels, access to water, the possibility of connection to the electricity grid and specific topographical conditions. Consequently, the number of viable locations for installing a solar power plant is limited in most countries in which the Company operates (Spain and the United States), particularly as the number of installed solar plants increases and the number of available locations decreases. The increase in the number of solar energy operators in recent years has increased competition for available locations. In addition, although Abengoa conducts extensive studies before investing in the development of any location, the locations that Abengoa chooses may not achieve the expected result.

The development, construction and operation of new projects may be affected by factors commonly associated with those projects

The development, construction and operation of traditional power plants, renewable energy plants, desalination plants, water treatment plants, power transmission lines, as well as other projects that Abengoa carries out, involve a highly complex process that depends on a large number of variables.

For the proper development and financing of each project, Abengoa must obtain permits, authorizations and, in particular, environmental impact studies and adequate funding, as well as sign contracts for the purchase or rental of land, equipment supply and construction, operations and maintenance, transport and supply of fuel and purchase agreements for all or most of its production. These factors can significantly affect the ability to develop and complete new infrastructure projects. In view of these factors, the most common risks to these types of project are delays in obtaining regulatory approvals, including environmental permits and the inability to obtain financing, whether or not in satisfactory conditions.

In the case of solar plants, the land where the plants are located are usually leased for a period of not less than 25 years of tariff right or as ownership property. Previously, during the development period, a lease option is signed with the owner under which Abengoa retains exclusive occupation of the land for a reasonable time, sufficient to determine whether or not a plant will finally be able to be built at that location. In some tenders it is necessary, among other requirements, to have ownership of the land or a lease option and the building permits.

The materialization of any of these risks could cause delays in the commencement or completion of the projects planned, as well as raising their costs. It could also occur that not all the projects in the portfolio will be carried out.

Risks derived from associations with third parties when executing certain projects

Abengoa undertakes large projects (both in terms of the resources allocated and the income derived therefrom), which are becoming increasingly more technically complex and are characterized by the award of the entire project to a single contractor. Given the complexity of the projects (usually designed *ad hoc*) they require the involvement of third parties specializing in the processes necessary to carry out certain activities related to such projects.

In this regard, it should be noted that Abengoa has made investments in certain projects with third parties where such third parties provide technical expertise to the project. In certain cases, such collaborations are developed through UTEs (a type of temporary joint venture under Spanish law) or joint ventures over which Abengoa has only partial control or joint control.

Projects developed through UTE or joint venture agreements are subject to the risk that the company's partner may block decisions that may be crucial to the success of the project or investment in the project, and it runs the risk that these third parties may in some way implement strategies that are contrary to Abengoa's economic interests, resulting in a lower return. Furthermore, the success of these partnerships depends on the satisfactory compliance by partners with their obligations. If third parties cannot satisfactorily meet their obligations due to financial or other difficulties, the said partnership may fail to perform or comply with its obligations towards a customer. In these circumstances, Abengoa could be required to make additional investments or provide additional services to ensure the provision of services, or take responsibility for breaches vis-à-vis the customer, or assume additional financial or operational obligations that could eventually lead to lower profits or losses.

Operations with third parties expose the company to credit risk

Abengoa is exposed to credit risk involving default by a counterparty (customer, supplier, partner or financial institution), which could have an impact on the business, financial position and results of its operations. The Company actively manages the credit risk of the customer through the use of non-recourse factoring agreements, which entail the involvement of banks and others who assume the credit risk of customers, as well as credit insurance. Abengoa manages the credit and market risks linked to the financial derivative instruments by establishing and controlling the limits on the types and degree of risk that can be taken on and signing operations with counterparties that have an "investment grade" credit rating. However, the risk management strategy of the Company may not be effective in limiting exposure to credit risk, which would have a significant adverse impact on the business, financial position and results of the Company.

The delivery of products and the provision of services to clients, and compliance with the obligations assumed with these clients, can all be affected by problems related to third-parties and suppliers

Some Abengoa contracts require services, equipment or software that are outsourced to third parties, as well as material that is obtained from third party suppliers. The delivery of products or services that do not meet the contractual requirements or the late delivery of products and services may involve a breach in the contracts entered into with customers. Insofar as Abengoa is not able to transfer all the risk or obtain compensation from such third parties, Abengoa will be exposed to customer claims as a result of problems caused by such third party.

The unauthorized use of our products by third parties may reduce their value and prevent the company from competing efficiently

Abengoa protects its property rights based on a combination of trade secrets and intellectual property laws, confidentiality agreements and other technical and contractual measures. These measures may not be enough to protect Abengoa technology against its misuse by third parties which, regardless of the actions that might be taken by Abengoa, could entail greater competition for Abengoa and loss of market share. In addition, these measures may not protect Abengoa against claims by employees and other third parties. Abengoa also takes on risks regarding the protection of its proprietary technology because the markets where the Abengoa products are sold include jurisdictions where there is less protection for intellectual property than in jurisdictions such as the United States or the Member States of the European Union.

Likewise, Abengoa is subject to the risk of claims and legal proceedings for alleged breach by Abengoa of the intellectual property rights of third parties. In the future, third parties could sue, alleging infringement by the present or future services or solutions of Abengoa. These claims could lead to costly and lengthy legal proceedings, could give rise to liability for Abengoa if it is concluded that Abengoa has infringed the intellectual property rights of third parties and, regardless of the ultimate outcome of the latter, could distract the management team's attention from the usual business operations.

Risks derived from the company's inability to effectively defend itself against third-party claims

The Company's projects often involve very complex management in the area of engineering (design, construction and systems) and the procurement of materials. The Company may encounter difficulties in the engineering phase, the delivery of equipment, in the quality of the subcontractors, in changes to schedules or other factors (some of which are beyond its control), affecting its ability to complete the project according to the original plans, or to meet contractual obligations.

Therefore, the Company could be subject to lawsuits and claims that would also include those relating to costs passed on due to alleged defects or incomplete work, breach of warranty and/or delayed completion of the project and claims for suspended projects, damages to third parties or breach of contracts with customers. These claims could request consequential damages, as well as those damages contractually agreed regarding amounts to be settled, or both types of damages, depending on what was determined in the contract in question.

If these claims are not resolved through settlement agreements, they could lead to long and costly court or arbitration proceedings. In addition, insurance coverage tends not to assume the liability of the Company on those occasions on which it has been convicted, or when the coverage under the policies is much lower than the amount payable by the Company in a possible unfavorable court ruling.

Revenues from long term agreements: risks derived from the existence of termination and/or renewal clauses of the concession agreements managed by Abengoa; cancellation of pending projects in Engineering and Construction; and the non-renewal of distribution agreements in bioenergy

› Concessions

  Projects involving the operation of concessions are governed by the provisions of public contracts, where the competent government agency has certain prerogatives, such as monitoring the effective enforcement of contracts through the requirement for submission of technical, administrative or financial reporting, or the unilateral modification (subject to certain limits) of the established commitments. In any case, these contracts are subject to revocation or termination clauses which may be applicable in cases of inadequate compliance with the commitments (on investment, compliance with efficiency and safety standards, etc.) established in those contracts.

  Also, some of the projects are subject to renewals by the competent government agency. In no case does the payback of the concessions depend on the renewal of the concession, without prejudice to the fact that if in the case in question the awarding body issues a lease renewal for an additional period and that extension is awarded to Abengoa, this could result in an additional expected return.

› Bioenergy distribution agreements

  Abengoa sells biofuels through medium and long term agreements, mainly in Europe. If these contracts are not renewed or are renewed on less favorable terms, this may have an adverse effect on Abengoa's business, financial position and the results of its operations.

› Backlog in the Engineering and Construction activity

  It is important to note that the term "backlog" usually refers to projects, operations and services for which the company has commitments, but also includes projects, operations and services for which it does not have firm commitments (i.e. revocable commitments without penalty for the undertaking party). A large part of the projects are conditional upon other factors, usually the process of obtaining third party financing. Similarly, all the projects in the backlog are exposed to unexpected adjustments and cancellations, as well as early termination, variations or non-payment, since the projects may remain in the portfolio for an extended period of time. The Engineering and

Construction contracts that Abengoa signs in the framework of the development of its projects are often executed over a period that may exceed 2 years to complete construction. This circumstance increases the chances that any of such contracts could be terminated early, while respecting the corresponding notice periods. These cancellation processes are legally or contractually regulated, with compensation procedures having been established. However, if any breach or default exists on the part of Abengoa, the Company may not be entitled to receive the compensation stemming from the early termination.

Abengoa cannot guarantee that the expected revenues from its "backlog" will materialize or, even if they do materialize, that they will lead to a profit. Due to the possible termination of projects, suspensions and changes in the schedule and scope of the project, it is not possible to predict with certainty when the backlog may be updated or whether it should be updated. Nor can Abengoa guarantee that additional cancellations will not occur and, even if a project progresses as planned, it is possible that the customer may become insolvent and not pay the amounts due to Abengoa. Material delays, cancellations and payment defaults could significantly affect Abengoa's business, financial position and the results of its operations.

The term "backlog" may not reflect the definition used by other companies with similar activities to those of Abengoa. Therefore, the determination of the backlog may not be comparable to other companies using a different definition.

According to Abengoa's transition towards an "asset light" business model, Abengoa is refocusing its engineering and construction business towards "turnkey" and concessionary projects that require limited capital investment or no investment by Abengoa. In this regard, the backlog of "turnkey" and concessionary projects granted to Abengoa over the past two years has grown significantly.

Risks arising from delays or cost overruns in the Engineering and Construction activity due to the technical difficulty of projects and the long term nature of their implementation

In the Engineering and Construction activity, it is important to note that –with few exceptions– all of the agreements that Abengoa has entered into are 'turnkey' construction agreements (also known as "EPC agreements"). Under the terms of these agreements the client receives a completed facility in exchange for a fixed price. These projects are subject to very long construction periods of between one and three years. This type of agreement involves a certain amount of risk that the costs will be higher than those expected and the profitability of the project will be diminished since the price offered prior to beginning the project is based on cost estimates that can change over the course of the construction period, which can make certain projects unprofitable or even cause significant losses. Delays can result in cost overruns, deadlines being missed or penalty payments to the client, depending on what has been negotiated. Furthermore, in most EPC contracts Abengoa is responsible for every aspect of the project, from the engineering through to the construction, including the commissioning of the project.

In addition to the general responsibilities for each project, Abengoa must also assume the technical risk and the associated guarantee commitments.

Likewise, Abengoa must ensure that at all times it respects the minimum levels of subcontracting permitted by regulations applicable in the construction sector and registers with the Register of Accredited Companies (a register which aims to prove that companies operating in the construction sector meet the requirements of capacity and quality in the prevention of occupational hazard), as well as monitoring that the subcontractors are duly registered. Otherwise, Abengoa could be jointly and severally liable for wages and social security. These circumstances should be taken into account especially in "turnkey" contracts.

Risks derived from lawsuits and other legal proceedings

Abengoa is subject to the risk of claims and lawsuits and disciplinary sanctions in the regulatory environment during the ordinary course of its business. The results of the legal and regulatory proceedings is not predictable with certainty. Abengoa is a party to several lawsuits, proceedings, actions and investigations, including in relation to possible anti-competitive practices.

In particular, Abengoa has been sued in certain disputes brought before the United States District Court for the Southern District of New York and the Commercial Court in Seville, on behalf of certain investors of Abengoa, alleging infringement of the securities regulations in the US and Spain.

The nature of the Engineering and Construction business exposes the company to potential liability claims

The Engineering and Construction business carries out operations in which flaws in the design, construction or systems can involve substantial damages to third parties. Moreover, the nature of the Engineering and Construction business means that customers, subcontractors and suppliers occasionally file claims against Abengoa to recover the costs they have incurred in excess of their provisions, or for those for which they do not consider themselves to be contractually liable. Abengoa has been and will be in the future a respondent in legal proceedings in which the parties claim damages and compensation in connection with Abengoa projects or other matters. These claims and lawsuits arise in the normal activity of the Company. In those cases in which it is concluded that Abengoa is liable, Abengoa may not be covered by its insurance or, should it be covered, the amount of these liabilities could exceed the limits of Abengoa's policy.

Risks derived from variations in the cost of energy

Some of the activities of Abengoa, particularly ethanol production activities, involve significant energy consumption, particularly gas.

The profitability of activities that are highly reliant on these inputs is therefore sensitive to fluctuations in their prices. Despite the fact that agreements to purchase gas and other sources of energy normally include adjustment or hedging mechanisms against a rise in prices, the company cannot guarantee that these mechanisms will cover all of the additional costs that could be incurred from a rise in the price of gas or its other energy inputs (especially in long term agreements signed with clients and in agreements that do not include these adjustment clauses).

The Company, as a rule, contracts financial instruments on the gas in order to control this price risk.

Risks derived from the exposure of power generation revenues to electricity market prices

In addition to the incentives provided, the income of some of the Abengoa projects partially depends on market prices of electricity sales. Market prices of electricity can be volatile and are affected by several factors, including the cost of raw materials, user demand and, if applicable, the price of greenhouse gas emission allowances.

In some of the jurisdictions in which Abengoa operates, the Company is exposed to compensation schemes involving components based on market prices and regulated incentives. In such jurisdictions, the regulated incentives component may not compensate for fluctuations in the market price component and, consequently, the total compensation could be volatile.

There is no assurance that the market prices shall remain at the levels that allow Abengoa to maintain profit margins and the desired rates of return on investment.

Risks derived from a lack of available power transmission capacity, potential increases in transmission network access costs and restrictions in other systems

In order to provide electricity from photovoltaic and CSP plants to Abengoa customers, the projects need to be connected to the power transmission networks. The lack of available capacity on the power transmission networks could have a substantial impact on projects and lead to reductions in the size of projects, delays in the implementation of projects and increased costs of upgrading the power transmission networks. These issues affecting power transmission, as well as issues concerning the availability of high-capacity systems such as transformers, could significantly affect the capacity to build CSP and photovoltaic plants and to generate sales of solar electric power.

Insurance policies taken out by Abengoa may be insufficient to cover the risks arising from projects and the cost of insurance premiums may rise

Abengoa's projects are exposed to various types of risk that require appropriate coverage in order to mitigate their potential effects. Despite Abengoa's attempts to obtain the correct coverage for the main risks associated with each project, it is impossible to guarantee that it is sufficient for every type of potential loss.

Abengoa's projects are insured with policies that comply with sector standards in relation to various types of risk, such as risks caused by nature; incidents during assembly, construction or transport; and loss of earnings associated with such events. All of the insurance policies taken out by Abengoa comply with the requirements demanded by the institutions that finance the company's projects and the coverage is verified by independent experts for each project.

Furthermore the insurance policies taken out are reviewed by the insurance companies. If insurance premiums increase in the future and cannot be passed on to the client, these additional costs could have a negative impact for Abengoa.

The company's activities may be negatively affected by catastrophes, natural disasters, adverse weather conditions, unexpected geological conditions or other environmental circumstances, as well as by acts of terrorism at any of its sites

In the event that an Abengoa site is affected by a fire, flood, adverse weather conditions or any other type of natural disaster, acts of terrorism, power outages and other catastrophes, or in the event of unexpected geological conditions or other unexpected environmental circumstances, the company may be unable or only partially able to continue operating these facilities. This could result in lower revenues from the affected site while the problem exists and lead to higher repair costs.

Abengoa has taken out insurance against natural risks or acts of terrorism and the loss of earnings that may arise from stoppages.

The analysis of whether the IFRIC 12 ruling applies to certain contracts and activities, and determination of the appropriate accounting treatment in the event that it is applicable, involves various complex factors and is influenced by diverse legal and accounting interpretations

Abengoa records certain assets of the concession-type infrastructure business as service concession contracts in accordance with IFRIC 12. The infrastructure that Abengoa records as service concessions according to IFRIC 12 are primarily related to the power transmission lines business, desalination plants and solar thermal power generation plants outside and inside Spain.

The analysis regarding whether or not IFRIC 12 applies to certain contracts and activities includes several complex factors and is significantly affected by legal interpretations of certain contractual arrangements or other terms and conditions with public sector bodies. In particular, the application of IFRIC 12 requires that the party that awards the concession should determine what services the operator using the infrastructure must provide, to whom and at what price, and that it also control any residual interest in the infrastructure at the end of the concession period. When the operator of the infrastructure is also responsible for engineering, procurement and construction of the asset, IFRIC 12 requires separate accounting for revenues and margins associated with the construction activities, which are not eliminated on consolidation even between companies within the same consolidated group, as well as for the consequent operation and maintenance of the infrastructure. In these cases, investment in the infrastructure used in the concession agreement may not be classified as property, plant and equipment of the operator, but rather should be classified as an intangible asset or financial assets, depending on the nature of the receivables established in the contract.

Therefore, the application of IFRIC 12 requires significant judgment in relation to, among other factors, (i) the identification of certain infrastructures and contracts within the scope of application of IFRIC 12; (ii) an understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset; and (iii) the time scale and the recognition of revenues from the construction and concessionary business.

Changes in one or more of the factors described above could significantly affect the conclusions of Abengoa on the application of IFRIC 12 and, therefore, the results of its operations and financial position. Consequently, if it is determined that such assets do not fall within the scope of IFRIC 12, the associated revenues and margins obtained by Abengoa during the construction phase of the affected assets might not be recognized in accordance with IFRIC 12 and eliminated on consolidation, leading to a decrease in revenues and profits in the Consolidated Financial Statements of the period, and a reclassification of intangible assets to property, plant and equipment in the consolidated balance sheet. Therefore, if it is determined that these assets no longer fall within the scope of application of IFRIC 12, this would affect the comparability of the operating results of Abengoa and its financial position in the periods in which such determination was made.

The recovery of tax losses depends on obtaining profits in the future, which in turn depends on uncertain estimates

Abengoa assesses the recovery of deferred tax assets on the basis of future taxable profit estimates. These estimates stem from the projections included in the 5-year and 10-year strategic plan prepared by Abengoa and drafted yearly and reviewed twice a year to ensure the accuracy of the assumptions used in their preparation. Based on current estimates, Abengoa expects to generate sufficient taxable income to recover the tax credits. Nevertheless, income may be affected by adverse circumstances that arise during the ordinary course of its business, as well as due to non-recurring extraordinary circumstances. A modification to estimates and assumptions by Management may result in the non-recognition of the recoverability of deferred tax assets in the balance sheet of the Company, if indeed it is considered unlikely that no taxable profits against which to offset the deductible temporary differences will be recorded, which will result in the recognition of the tax expense in the consolidated income statement, although there would be no impact on cash flows.

In relation to the tax loss carryforwards and deductions pending set-off recorded as deferred tax assets, the Company, based on the assessment made, expects to recover these through the projected taxable profit and the tax planning strategy, taking into account in the said assessment the possible reversions of deferred tax liabilities, as well as any limitation established by the tax regulations in force in each tax jurisdiction.

Risks arising from operations in Brazil

Abengoa has a permanent establishment in Brazil, which contributes significantly to its results. In Brazil Abengoa develops its three business areas, but at present the most notable area is that of construction and operation of electricity transmission lines.

Abengoa currently has certain electricity transmission line projects under construction. The inability to secure funds for some of the projects could have a significant impact on the profitability thereof or cause their delay or possible cancellation, with consequent penalties for Abengoa.

On the other hand, the operations in Brazil present an exchange rate risk, since movements in the trading price of the Brazilian Reais may introduce volatility in Abengoa’s results. Abengoa has a broad policy of hedging the exchange rate risk. For example, in concessionary projects such as electricity transmission lines, the funds provided by financial institutions are locally obtainable in Brazilian Reais, the same currency in which the income is received, which constitutes a natural hedge to movements in the currency. Regarding the remaining risk, Abengoa contracts hedging instruments whenever economically feasible, thereby minimizing the impact that a potential devaluation of the Brazilian Reais could possibly have on Abengoa’s results.

Risks derived from turnover in the senior management team and among key employees or from an inability to hire highly qualified personnel

Abengoa’s future success heavily relies on the participation of the entire senior management team and key employees, who have valuable experience in every business area. Abengoa’s capacity to retain and motivate senior executives and key employees and to attract highly skilled employees will significantly affect Abengoa’s ability to develop the business successfully and expand operations in the future. If Abengoa loses one or more of its senior executives or valuable local managers with significant experience in the markets in which it operates, Abengoa could find it difficult to appoint replacements.

Construction projects related to the Engineering and Construction activity and the facilities of the Concession-type Infrastructures and Industrial Production activities are hazardous workplaces

Employees and other personnel that work on Abengoa’s construction projects for the Engineering and Construction activity and at the facilities of the concession-type infrastructures and Industrial Production activities are usually surrounded by large scale mechanical equipment, moving vehicles, manufacturing processes or hazardous materials, which are subject to wide-ranging regulations when they are used. Projects may involve the use of hazardous or highly regulated materials that, if not handled correctly or spilt, could expose the company to claims that result in all types of civil, criminal and administrative liabilities (fines or Social Security benefits surcharges).

Despite the fact that the company has functional groups that are exclusively responsible for monitoring the implementation of the necessary health and safety measures, as well as working procedures that are compatible with protecting the environment, throughout the organization (including at construction and maintenance sites), any failure to comply with these regulations could result in liability for the company. In the event of non-compliance Abengoa could be found liable.

Historical safety levels are a critical part of Abengoa's reputation. Many of its clients expressly require the company to comply with specific safety criteria in order to be able to submit bids, and many contracts include automatic termination clauses or withdrawal of all or part of the contractual fees or profits in the event that the company fails to comply with certain criteria. Consequently, Abengoa's inability to maintain adequate safety standards could result in lower profitability or the loss of clients or projects.

As at the date of these Consolidated Financial Statements, no agreements have been terminated, no penalties have been imposed and no material decreases in earnings have occurred due to failures to comply with safety-related obligations.

Abengoa operates with high levels of debt and could take on additional borrowing

Abengoa's operations are capital intensive and the company therefore operates with a really high level of indebtedness.

The consolidated gross financial debt at December 31, 2015 was€ 9,396 million. Of the consolidated gross debt at December 31, 2015, €6,325 million correspond to corporate financing and €3,071 million to "project" financing. This is generally understood to be financing that does not have recourse to the parent company or controlling shareholder or another Abengoa company, but whose repayment is instead guaranteed by the flows and assets of the projects financed under this method, as well as by the shares of the project companies.

Of the €3,071 million in "project" financing at December 31, 2015, approximately €2,049 million correspond to bridge loans, in which Abengoa and/or its subsidiaries (distinct from the "project" subsidiaries) guarantee bonds for the purpose of acting as sponsors during the period prior to the period in which the project companies guarantee the financing of the project in the long term (typically periods of under 2-3 years). In the case of failure to comply with these obligations, the creditors would have recourse against Abengoa and any other subsidiary that might have guaranteed these bonds. If it has not been possible to assign the bridge financing to projects under construction, this financing will be classified in the consolidated statement of financial position as corporate financing, depending on the nature of the loan.

Abengoa has significant short term financing lines and non-recourse confirming in order to finance and manage its working capital requirements. If these lines and the non-recourse confirming were withdrawn, reduced, or became unavailable, Abengoa would have to obtain other sources of finance that might be unavailable or might involve incurring substantial additional future debt, including secured debt, if available. Abengoa also has euro-denominated commercial paper issued to manage working capital demands. If short-term financing, non-recourse confirming for paying suppliers or euro-denominated commercial paper are not available and Abengoa cannot replace these sources of financing with other sources appropriately and in good time, this would have a significant adverse effect on Abengoa's liquidity position and would, consequently, affect its working capital demands.

The payment-management policy at Abengoa establishes as a general rule that all companies within the group must make their payments to providers and suppliers by non-recourse bank confirming payments (also known as non-recourse confirming) without differentiating between any providers from the group that for various reasons might be part of the supply chain for each company. In any case, whether it is an external provider or one from within the group, the underlying document of the non-recourse confirming will always be a commercial invoice deriving from the operational activities of a specific company.

The accounting treatment of this type of operations is not expressly covered in the IFRS regulations. Nonetheless, on October 27, 2015 the European Securities and Markets Authority (ESMA) published a document in which it identifies its priorities for issuing financial statements corresponding to the year 2015, with the aim of promoting consistent application of international accounting standards across all issuers. The document in question indicated that confirming operations (also known as "reverse factoring") should be analyzed depending on the economic substance of the agreements between the parties, with the aim of deciding whether the trade debt should be classified as financial debt within the statement of financial position and whether the flows should be classified as financial or operational in the cash flow statement. In any case, ESMA recommends that the issuer clearly sets out the accounting classification policy that it has applied, indicating the assumptions that have been made and the corresponding quantitative impacts.

In this sense, insofar as there are no substantial changes to the conditions of the trade debt (for example, modifications to the due date, value, or interest rates, where appropriate), the fact that after the confirming operation the new legal creditor is a financial institution in place of the original trade creditor does not change the economic character of the debt that originated from the operational activities of the group company. This interpretation is applicable both in cases where the debt was established with an external provider and with one from within the group. In this way, the accounting policy consistently applied by Abengoa in recent years for provider balances linked to confirming without recourse has been to keep them recorded up to their due date under the "Providers and other accounts payable" heading of the statement of financial position independently of whether the creditor has assigned the collection rights to a financial institution and whether they originate from an external provider or from within the group. In the case of group providers there might be particular factors that could give rise to different interpretations.

Nonetheless, if in the future there is a change in the interpretation of the relevant agencies that does not coincide with the interpretation applied to date, the Management will modify the criteria set out above.

Finally, it is worth noting that, in any case, this change would not have any impact on compliance with the debt ratio given that, in accordance with what is set out in the corresponding financing agreements, provider balances connected to non-recourse confirming are explicitly excluded from the figures to include in determining the debt ratio.

Abengoa's debt could increase in the future for various reasons, including fluctuations in operating results, investment in fixed assets (capex), and possible acquisitions or joint ventures.

Abengoa's high level of debt could, amongst others, have the following consequences:

- Impede the successful refinancing of future maturities;
- Impede compliance with obligations relating to pending debt;
- Make future borrowing more expensive;
- Increase vulnerability to general adverse economic and industrial conditions;
- Inability to fulfill short-term payment obligations;
- The need to dedicate a substantial volume of operational cash flows to payments relating to the debt, thus reducing the availability of the cash flows to finance the working capital, investment in fixed assets (capex), R&D&i investment, and other business aims;
- Restrict the ability to make dividend payments and that the subsidiaries make dividend payments to Abengoa in view of the payment limitations and restrictions set out in the financing agreements;
- Limit flexibility in planning or in reaction to changes in the business and markets in which Abengoa operates;
- Put Abengoa at a competitive disadvantage compared to competitors with lower levels of debt;
- Limit the ability to borrow additional funds; and
- Compromise the viability of the company.

If the operational cash flows and other resources are insufficient to repay the obligations when they mature or to finance liquidity requirements, Abengoa might be obliged to carry out one or more of the following actions:

- Delay or reduce investment in fixed assets (capex);
- Forgo business opportunities, including acquisitions; or
- Restructure or refinance all, or part, of the debt when it matures or before then.

If Abengoa breaches any of the debt servicing obligations or breaches any related financial or operational limitation, the creditors could declare the total value of the debt immediately due and payable and could foreclose on any asset pledged as collateral. Furthermore, some of the financing agreements contain cross default clauses, meaning that breach of one specific financing agreement will automatically count as a breach of other financing agreements. Some of the financing agreements also contain cross default clauses relating to financing agreements of other sponsors that are not related with Abengoa. These cross default clauses could accentuate the effect of an individual breach. Consequently, a breach relating to debt could entail a substantial loss for Abengoa and could have a significant adverse effect on the ability of Abengoa and its subsidiaries to meet their respective obligations regarding said debt.

Despite the significant current leverage, the terms of the agreements relating to debt allow Abengoa and its subsidiaries, joint ventures, and associates to incur substantial extra debt in the future, including secured debt. Furthermore, the terms of the debt do not limit the value of the “project” financing that can be incurred, including “project” financing in the form of bridge loans secured by Abengoa and/or its subsidiaries. If Abengoa incurs additional debt, the current risks might intensify.

On the other hand, on the date of presentation of these Consolidated Annual Accounts, Abengoa is complying with all of the financial covenants of the agreements entered into and in force.

Under the terms of certain finance agreements, in which Abengoa normally acts as borrower, lenders have the right to request the early maturity of the debt, with interest, fees, and expenses accrued, if a natural or legal person other than the controlling shareholder (Inversión Corporativa IC, S.A.), acquires control of Abengoa.

Finally, under the terms of the debt issuances, the Company is obliged to offer the repurchase of the bonds if there is a change in control of the Company.

In the case of a change of control, Abengoa might be unable to obtain sufficient funds to be able to repay all of the outstanding debt under the finance agreements or to repurchase the bonds.

<u>Risks derived from the need to make significant levels of investment in fixed assets (CAPEX)</u>

In order to carry out its operations the Company requires a high level of investment in fixed assets (capex), principally in the area of concession-type infrastructure activity, as well as engineering and construction, investment that is expected to increase significantly over the next few years.

The Company has significant fixed asset (capex) investment needs relating to the construction of power transmission lines, solar energy plants and installations, power cogeneration plants, ethanol-production infrastructure, and desalination plants. The capex needs depend on the number and type of projects to be carried out in future.

The Company is in a phase of expansion of its own assets and plants for concession-type infrastructure activity. Return on investment, especially that made in concessions, will occur in the long term (more than 10 years) and there is a risk that some of the Company's projects will not deliver a return on investment because of operational problems attributable to the company or for reasons external to it. In this regard, as has happened in the past (e.g. projects in Brazil, Chile, and Mexico), it is possible that Abengoa's investments in fixed assets (capex) will be greater than initially envisaged.

Furthermore, there is the risk that new financial conditions will be imposed, as the Brazilian government did in the first half of 2015 by reducing the permitted leverage in relation to power transmission line projects in that country and increasing the a value of the capital that must be invested.

In addition, Abengoa's Extraordinary General Meeting held on October 10, 2015 agreed to instruct the Board of Directors of the Company to abide by the following limitations when exercising its powers for approving the policy for commitments to investment in fixed assets (capex):

(i) It must heed the fixed asset (capex) investment commitments in projects assumed through October 10, 2015.

(ii) For fiscal year 2015, it shall not assume new capital investment (capex) commitments in new projects.

(iii) As regards new fixed asset (capex) investment commitments in new projects from January 1, 2016, the maximum investment amount for each fiscal year shall be €50 million (€50,000,000). Notwithstanding the foregoing, the above limit shall cease to apply if: (i) the ratio of corporate gross debt (which includes non-recourse debt in process and bridge financing, as such concepts are defined in the Company's consolidated audited annual financial statements) to corporate EBITDA is less than 3.5x, or (ii) the Company achieves a rating of at least BB-, by Standard and Poors or Ba3 by Moody's.

The high investment needs imply a reliance on access to capital markets and bank financing both to finance new projects and to meet the general corporate finance requirements. The problems accessing financing, motivated amongst other reasons by the existing high level of debt, might increase the cost of obtaining financing, or it might even not be possible to obtain it, with a subsequent reduction in the internal rate of profit of the projects that partially depend on the Company's degree of leverage.

If these difficulties in accessing financing persist, it might not be feasible to close on the financing, something that might require additional investment by Abengoa or might result in not accomplishing the projects.

The cost of this financing, and ultimately its very availability, might mean that the Company cannot invest in these projects and must abandon them, with the subsequent loss of the development costs incurred and the expected future profitability.

The perception of the market in relation to the instability of the euro, a potential return to national currencies in the Eurozone or the complete disappearance of the euro could affect the company's business

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal, and Spain, the European Commission created the European Financial Stability Fund ("EFSF") and the European Financial Stability Mechanism ("EFSM") to provide finance to Eurozone countries in financial difficulties that requested this help. Throughout 2012 certain Eurozone countries announced austerity programs and other cost reduction initiatives, and the EFSF was permitted to expand its powers to provide direct finance to certain financial bodies in the Eurozone, including certain Spanish bodies. Furthermore, the European Central Bank ("ECB") has indicated its willingness to take additional measures to support the euro if necessary. In January 2015, the ECB revealed quantitative easing measures to be performed until September 2016, aimed at boosting the economy of the Eurozone and at avoiding deflationary situations. These measures and guidelines have helped, or it is hoped that they will help, to stabilize the euro between 2012 and 2015. There is no certainty that recent disruptions in Europe regarding sovereign debt will not reoccur or that the aid packages will be available again or, even if they were, that they would be sufficient to stabilize the countries and markets affected in Europe or in other areas.

This uncertainty persists in relation to the debt of certain Eurozone countries and regional governments and the solvency of particular European financial entities and their ability to face up to their future financial obligations. The prolonged adverse market conditions have created doubts about the overall stability of the euro and about the suitability of the euro as a single currency given the diverse political and economic circumstances of the member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states or, in more extreme circumstances, the dissolution of the euro. If the euro were to be dissolved, the legal and contractual consequences for the bearers of obligations denominated in euros would be decided by the laws in place at that time. The transformation of these potential events or the market's perceptions of these questions and others related ones could have a significant adverse effect on the Company's business and financial situation, as a significant amount of the Company's debt is denominated in euros.

Risks derived from a cut in the company's credit rating

The credit ratings affect the cost and other terms under which Abengoa can obtain financing (or refinancing). Rating agencies evaluate Abengoa regularly and their credit ratings are based on a number of factors, some of which are outside Abengoa's control.

Any future reduction in Abengoa's rating (or also in the general rating of Spain), could adversely affect Abengoa's ability to obtain financing under commercially acceptable terms or in any other way, with the outcome of the cost of financing increasing significantly and this reduction interfering in Abengoa's ability to implement its strategy of reducing corporate debt and improving the Company's liquidity position. Abengoa cannot guarantee that falls in the rating of Spain or of Abengoa will not occur in future.

The evolution of interest rates and exchange rates and the company's hedging could affect its results

In the normal course of its business, the company is exposed to various types of market risk, including the impact of interest rate movements. Part of its borrowing accrues interest at variable interest rates, normally linked to benchmarks such as EURIBOR and LIBOR. Any increase in interest rates would increase the financial costs associated with the variable interest rate, and would increase the cost of refinancing existing borrowing and issuing new debt.

In project financing, as a general rule, hedges are carried out to the value of 80 % of the amount and term of the respective financing, through hedging arrangements and/or swaps.

In corporate financing, as general rule, 80 % of the debt is covered throughout the term of the debt; in addition, in 2009, 2010, 2013 and 2014 Abengoa issued notes on the capital market at a fixed interest rate.

Abengoa is exposed to exchange rate risk in operations denominated in a currency that is not the functional currency of each of the companies in its group. As the group's international activities grow, a significant part of its operations may be carried out in currencies other than the functional currency of each company.

Abengoa actively manages this exposure by using options and interest rate swaps to cover exposure to interest rates and futures contracts and exchange rate swaps to cover the exposure to foreign exchange rates.

As a general rule foreign exchange hedging instruments over any position in a currency other than the Company's reference currency are carried out by exchange rate insurance principally, analyzing case by case the existing foreign currency exposure.

Risks relating to the impossibility of completing the enhanced plan for disinvestment in assets throughout the 2016 financial year

A key element of the Company's comprehensive action plan launched on September 24, 2015 to reduce the corporate debt, improve the liquidity position, and stabilize operations and relationships with Abengoa commercial partners are the implementation of the Company's enhanced plan for disinvestment in assets. In accordance with this program, it is expected that approximately €1,200 million will be obtained by the end of the 2016 financial year (including €500 million from the disinvestments plan announced on August 3, 2015) through the sale of assets and monetization of all or part of the economic rights (realization of the economic rights by issuing some type of financial instrument, for example, convertible bond or equity preference) of Abengoa's stake in Atlantica Yield or the sale in a private process of all or part of Abengoa's stake in Atlantica Yield.

Abengoa's ability to obtain at least approximately €1,200 million through the implementation of the enhanced plan for disinvestment in assets before the end of the 2016 financial year is subject to a number of risks and uncertainties, including, amongst others, the following:

- Adverse market and macroeconomic conditions that might have a negative effect on investors' interest in purchasing these assets;
- The non-existence of purchasers who wish to acquire the assets at the prices and under the terms that Abengoa considers appropriate to obtain the desired profitability and meet the liquidity requirements;
- Interested buyers might not have financing under terms that are favorable for them or might not have any financing to buy Abengoa's assets;
- The government authorities that granted the concessions or others partner organizations in the relevant contracts might not give their consent to the transfer of the concession or of the long-term power purchase agreement in time or under terms that are acceptable to Abengoa or the buyer of the asset;
- The lenders of the project financing associated with the assets for sale might not give their consent to the sale of the assets in question in time or under terms that are acceptable for Abengoa; and
- Abengoa's equity partners in the project companies associated with the assets for sale might not give their consent to the sale of the assets in question in time or under terms that are acceptable for Abengoa; and

If Abengoa does not manage to implement the enhanced plan for disinvestment in assets at the end of the 2016 financial year, Abengoa might not be able to repay the corporate financing and project financing, that is due during the rest of the 2015 financial year and up to September 30, 2016, and might have to restructure or refinance these obligations. Abengoa could also be unable to stabilize its operations and its relationships with commercial partners and might have to delay or reduce its investments in fixed assets (capex) or reject business opportunities. Furthermore, Abengoa’s inability to carry out the enhanced plan for disinvestment in assets could lead to a reduction in Abengoa’s credit rating, something that could impede its ability to obtain financing under commercially acceptable terms or in any other form, increase the cost of financing or interfere in its ability to develop the corporate strategy. Furthermore, Abengoa’s inability to complete the sales during 2016 of the assets that are identified as assets available for sale, the sale of which it considers to be highly probable. This would prevent Abengoa from continuing to classify any asset and related liability that has not been sold as available for sale and would entail the reclassification of the asset and related liability, including the debt, in the Consolidated Financial Statements, which would have the effect of increasing the levels of corporate financing and project financing.

Risks arising from the need to generate positive cash flows.

As a result of the investments made in Abengoa's different activities in 2015, 2014, 2013 and 2012 in fixed assets (capex), Abengoa has generated a significant volume of negative cash flows in these periods, and liabilities at the end of each of these periods have exceeded tangible assets.

The high level of debt requires the dedication of a substantial part of the operational cash flow to debt payment, thus reducing Abengoa's ability to make payments, refinance the debt and finance investments in fixed assets (capex) and in R&D&i initiatives. Furthermore, a substantial part of the “project” financing of the project companies is fully amortized during the term of this financing and Abengoa is confident in the generation of cash flows by these project companies to meet these payment obligations. Abengoa's cash flows are, to a great degree, subject to economic, financial, competition, legislative, regulatory and other factors that are outside the Company's control. However, Abengoa cannot guarantee that the business will generate sufficient cash flows from operations; that the ongoing cost savings and operational improvements will be made in the anticipated timescale; that Abengoa will be able to maintain the same terms regarding receipts and payments and therefore maintain the negative working capital balance; or that future provisions of financing agreements will be sufficient to cover the debt, finance other liquidity requirements or make it possible to continue with the plan for investment in fixed assets (capex). Abengoa may have to refinance all or part of the debt on the debt it matures or before then. Abengoa cannot guarantee that it will be able to refinance this debt under commercially reasonable terms.

Risks derived from reduced financial and operational flexibility because of the limitations and obligations established in financing agreements

The agreements relating to the indebtedness and other financial obligations of Abengoa and some of its subsidiaries contain affirmative and negative limitations and obligations, including the requirement to maintain certain financial ratios. Depending on the agreement, these obligations and limitations reduce operational flexibility by limiting the capacity of Abengoa and of certain subsidiaries to, amongst other matters: incur additional debt, make distributions, loans and other types of restricted payments; liquidate or dissolve companies; enter into spin-off, transformation, merger or acquisition agreements, subject to certain exceptions provided for in the agreement itself; and change the nature or scope of the business lines. The restrictions on the ability of Abengoa's subsidiaries to transmit assets to Abengoa through loans, advances, or dividends without the consent of third parties is significant. Project financing agreements generally prohibit distributions to Abengoa, unless certain specific conditions are met, including compliance with financial ratios. If Abengoa or one of its subsidiaries does not fulfill some of these obligations and limitations, a breach could be declared that, if it is not remedied or waived, could lead to the early cancellation of the debt and could limit the ability of the subsidiaries to make distributions to Abengoa.

Risks deriving from “project” financing

Abengoa tries to finance certain significant projects and investments, including investments in fixed assets (capex) relating to concessions or to regulated tariff agreements primarily through financing agreements that, with certain exceptions, require the financing to be repaid exclusively with the income from the project that is being financed, so that repayment of the financing (and the interest on it) is exclusively guaranteed by the shares, fixed assets, contracts and cash flows of the project company.

Even when the creditors under the “project” financing do not have a direct claim against Abengoa or its subsidiaries, except against the borrowing project companies, a breach by the borrowing project companies might have significant consequences for Abengoa and its subsidiaries, including, without limitations:

- A reduction in receipts of dividends, charges, interest payments, loans and other sources of cash, as the project company is prohibited from distributing cash to Abengoa and its subsidiaries for as long as this breach remains in place;
- Recording a loss in the event that the lender forecloses on any of the assets of the project company; and
- The loss or reduction of investor and creditor confidence in Abengoa.

Risks arising from Company's dividend policy

Under the framework of the action plan announced by the Company on September 24, 2015, Abengoa's Board of Directors agreed at its meeting on September 23, 2015 to suspend payment of cash dividends for as long as the Company does not have a rating of, at least, BB- from Standard & Poors or Ba3 from Moody's or a leverage ratio of gross corporate debt (including bridge financing or non-recourse debt in process) according to the last balance sheet approved, to corporate EBITDA corresponding to the twelve months immediately previous to the date of this balance, less than 3.5 times.

If the Company does not obtain the rating described above or a gross corporate debt ratio lower than the previously indicated figure, the Company will not distribute cash dividends to its shareholders.

Risks derived from the correlation between the prices of sugar, oil and sugar cane.

In general, the price of ethanol correlates with the price of sugar and, up to a certain point, with the price of oil. A significant part of the ethanol produced in Brazil is produced in sugar-cane mills that produce both ethanol and sugar, so the prices of both products are correlated and the correlation between ethanol and sugar increases over time. Moreover, sugar prices in Brazil are determined by prices in the global market so there is a strong correlation between ethanol prices in Brazil and global sugar prices.

Given that flex-fuel vehicles allow consumers to choose between gasoline and ethanol in gas stations, the prices of ethanol are ever-more correlated positively with the prices of gasoline and, consequently, with the prices of oil. Abengoa believes that this positive correlation between products will increase over time. In the same way, a reduction in sugar prices will have a negative effect on the financial development of the ethanol and sugar businesses, and the current reduction in the price of oil could have a significant adverse effect on Abengoa's business, financial situation and operating results. Nonetheless, biofuels are not the only alternative fuel for the transport sector currently being developed in the market. Future demand for fuel will depend on the relative attractiveness of other technologies, such as electrical vehicles, synthetic fuels, and other fossil fuels such as methane or liquid gas. Some of these technological initiatives receive public support from governments. If biofuels do not continue to be an attractive and competitive alternative fuel for gasoline and other emerging technologies, this could have an adverse effect on the business, financial situation and operational results of Abengoa.

Risks derived from sensitivity in the demand for raw materials for bioenergy production and volatility in the price of the end product

The profitability of the biofuels sector within Abengoa's Industrial Production activity is affected by the prices of the commodities, including Abengoa's capacity to manage the price differentials (spreads) between the raw materials that must be acquired (maize, sugarcane, natural gas, etc.) and the product obtained that is sold (bioethanol, sugar, distilled grain and solubles, etc.). These prices are subject to a high degree of volatility and uncertainty.

The prices and supply of maize, the main raw material for production of ethanol, are decided by various market factors that are outside Abengoa's control that are typical of commodities (balance of supply and demand – national or global – speculative flows) or are external to the market, such as the climate, scarcity, export prices, and certain protectionist government policies in the United States, Europe, Brazil and the rest of the world.

During the years 2011, 2012, and 2013, Abengoa's bioethanol business faced adverse market conditions, principally the large increase in the price of the raw materials (maize and sugar) because of the poor crops in those years and the fall in the price of ethanol as a consequence of low demand for gasoline, especially in the United States market. These market conditions improved significantly during 2014, the recovery of the price of ethanol also being favored by the normalization of the price of the raw material that improved the profitability of the business. In 2015, there is again a difficult market environment, fundamentally in the United States, owing to the reduction in the price of ethanol determined, in part, by the price of gasoline.

As a consequence of the volatility of the prices of these commodities, the operating results of the biofuels sector of the Industrial Production activity might fluctuate considerably. The increase in the prices of the raw materials (maize and gas mainly) or the fall in the prices of the products obtained (ethanol) could mean that Abengoa's operation of the production plants ceases to be profitable.

Abengoa is aware of the impact that prices of raw materials have on the activity of biofuel production, and to mitigate the risk associated with these prices, insofar as it is possible, it has a policy of not committing to the production and sale of biofuels until it has ensured the supply of the necessary raw materials, something that considerably diminishes uncertainty regarding the margins obtained. In the USA and Europe maize is insured on the international markets, while in Brazil, owing to the particular characteristics of sugar cane there are supply agreements with farmers from areas close to the plants.

Likewise, Abengoa uses risk coverage strategies, including futures sales contracts and options that are listed on organized markets, as well as other over the counter contracts to mitigate the risk deriving from an increase in the purchase price of raw materials, as well as of the sale price of the final product. While they do not eliminate them completely, these strategies considerably reduce Abengoa's exposure to the price of commodities and to procurement risks.

Risks relating to changes in technology, prices, industry standards, and other factors

The markets in which Abengoa's activities operate change quickly owing to technological innovations and to changes in the prices, industry standards, client requirements, and the economic environment. New technology or changes in the industry and in clients' requirements might mean that existing products and services become obsolete, excessively expensive, or not easily marketable. Consequently, Abengoa must improve the efficiency and reliability of existing technologies and pursue the development of new technologies to remain at the forefront of industry standards and the requirements of clients. Abengoa must continue to incur significant R&D&i expenses to maintain and improve its competitive position. Some of Abengoa's competitors might have substantially greater financial resources than Abengoa. If the Company is unable to introduce and integrate new technologies into its products and services in a timely and cost effective manner or does not obtain the necessary financing to carry out appropriate R&D&i activities, Abengoa’s competitive position and growth prospects will deteriorate, something that might in turn have an adverse material impact on Abengoa’s business, financial situation, and operating results.

The company has a controlling shareholder

As at the reference date of the Consolidated Financial Statements, Inversión Corporativa I.C., S.A. is direct and indirect holder of 51.78% of the voting rights in Abengoa.

Consequently, this company controls Abengoa under the terms of Article 42 of the Code of Commerce and can therefore exert a controlling influence over certain issues that require the shareholders’ approval, notwithstanding the protective measures and the separate voting rights corresponding to Class B shares in certain cases, pursuant to the company’s bylaws.

Conflicts could arise from differences between the interests of Inversión Corporativa I.C., S.A. and the remaining shareholders, which may be resolved by the controlling shareholder in a way that does not suit the interests of the other shareholders.

Nevertheless, Inversión Corporativa IC, S.A. has signed a shareholder agreement with the company, in which it agrees to the following, among other issues, (i) only exercise its voting rights up to a maximum of 55.93% (the percentage of votes that it had at the date of signing the shareholder agreement) in cases in which, as a result of exercising the right to convert Class A shares into Class B shares, as stated in the company’s bylaws, the total voting rights that it holds as a percentage of the total voting rights of the company increases; and (ii) that the percentage represented at any given time by the number of shares that it holds with the right to vote (whether these are Class A shares or Class B shares) of the total number of company shares, will not be less than one quarter of the percentage represented by the voting rights that these shares attribute to Inversión Corporativa IC, S.A. at any given time, in relation to the company’s total voting rights (in other words, that its voting rights will not be greater than four times its financial rights); and that, should this situation arise, it will sell the necessary amount of Class A shares or will convert them into Class B shares in order to maintain this ratio.

Similarly, through the shareholder agreement with First Reserve Corporation (another shareholder in the company), Inversión Corporativa IC, S.A. has agreed that while FRC or any of its related companies owns Abengoa Class B shares or any other instrument that is convertible or exchangeable for Abengoa Class B shares, they will not propose or request the Board of Directors to recommend to shareholders any modification to the company’s bylaws that adversely affects the equal rights between Class B and Class A shares in relation to the distribution of dividends or similar distributions as established in the bylaws and that if this proposal were to be submitted by another shareholder, or by the Board of Directors, they will vote against it.

The existence of two share classes, Class A and Class B, with different voting rights, could deter third parties from carrying out transactions to take control of the company

Abengoa has two types of share with different voting rights. Class A shares have the right to 100 votes per share while the Class B shares have the right to 1 vote per share.

Owing to the different voting rights that derive from the Class A Shares and the Class B Shares, shareholders with Class A Shares will have significant voting rights regarding matters that require the approval of the shareholders, including naming directors and significant company operations, such as the merger or sale of the Company or its assets. Given that this concentrated control is a disincentive for the other shareholders to promote a possible merger, takeover offer, or any other operations involving change of control that shareholders with Class B Shares might regard as beneficial, the market price of the Class B Shares might be adversely affected.

In addition, shareholders with Class B shares might not have the same protections as shareholders with Class A Shares in the event that a takeover offer is made by a third bidder for all of the shares in the Company with voting rights. In accordance with Spanish legislation regarding takeover bids, it is unclear whether in this case the bidder would be obliged to offer shareholders with Class B Shares the same price per share than to the shareholders with Class A Shares. Abengoa’s Bylaws establish a right of redemption for shareholders with Class B Shares at a price that is equal to that offered by the bidder to shareholders with Class A Shares in those cases in which a takeover bid is made for all of the shares with a vote in the Company that does not offer the same treatment to shareholders with Class A Shares and to the shareholders with Class B Shares. Given that the inclusion of this right of redemption in the Bylaws might be a disincentive to launching a voluntary takeover bid that shareholders with Class B Shares could see as beneficial, the market price of the Class B Shares could be adversely affected.

Risks of conflicts between the bylaw provisions and the constraints included in the debt

Abengoa's Bylaws establish a right of redemption for shareholders with Class B Shares in those cases in which a takeover bid is made for all of the voting shares with voting rights in the Company through which the bidder attains a percentage of voting rights equal to or greater than 30 % (or a smaller percentage, if the bidder attains a stake that enables it to appoint more than half of the directors) at the price of the takeover bid, unless these shareholders had the right to participate in the offer in the same way and under the same conditions and, in any case, they will be offered the same price as was offered to shareholders with Class A Shares.

The financing agreements and other debt instruments that establish the terms and conditions for Abengoa's existing indebtedness contain restrictions on Abengoa's ability to repurchase or redeem the shares. Abengoa could be obliged by its Bylaws to redeem the Class B Shares (including any Class A Shares converted into Class B Shares in accordance with their terms) including in circumstances in which this payment would entail contravening the constraints and obligations under the financing agreements, something that could lead to early cancellation of the corresponding debt. Under these circumstances, Abengoa might not be able to meet or refinance its payment obligations under satisfactory conditions for Abengoa or in any other way, in which case, the business, the results of operations, the financial situation and there could be a significant negative impact on the market price of the Class B Shares.

Risk of significant sales of shares

Future sales of substantial numbers of Class A Shares, Class B Shares and/or financial instruments linked to them in the market, or the perception that these sales could take place, could negatively affect the prices of the Class A Shares and Class B Shares and could impede Abengoa's ability to obtain capital through future offers of shares or of instruments linked to the shares. No prediction can be made about the effect, where applicable, that future sales of Class A Shares and/or Class B Shares or their availability and/or the availability of financial instruments linked to them for future sales will have on the price of the Class A Shares or Class B Shares.

Possibility of differences in the listed prices of Class A shares and Class B shares despite the fact that both share classes have similar financial rights

While the Class B Shares have different voting rights than Class A Shares, both types of share are identical with regards to their economic rights. In particular, each Class B Share gives its bearer, amongst other matters, the rights to receive the same dividend, the same payment on liquidation, the same reimbursement of contributions in the case of a capital decrease, the same distribution of reserve of any type or of the issuance bonus and any other assignment as the Class A Shares. Furthermore, in the event of a capital increase, the bearers of Class A Shares and Class B Shares have the same preferential subscription rights, that allow them, after exercising them, to maintain their respective entitlement of Abengoa's share capital.

Although they have identical economic rights, the Class A and Class B shares have in the past sold at different prices. Abengoa cannot guarantee that the sale price of the Class B Shares will be correlated with the sale price of Class A Shares in the future.

Shareholders in countries with non-euro currencies may incur additional risk associated with variations in the exchange rate in relation to holding the company's shares

The company's Class B shares have been admitted to trading on the US stock market through ADSs denominated in US dollars. With regards to holding US dollar-denominated ADSs , shareholders in countries with non-euro currencies incur additional risk due to variations in the exchange rate. Therefore, the price of the ADSs and the dividends paid may be unfavorably affected by fluctuations in the Euro-US Dollar exchange rate.

4.1.3. Client concentration

During the years 2014 and 2013 there is no client that contributes more than 10% of revenue

4.2. Financial risk management

4.2.1. Market risk

Market risk arises when group activities are exposed fundamentally to financial risk derived from changes in foreign exchange rates, interest rates and changes in the fair values of certain raw materials.

To hedge such exposure, Abengoa uses currency forward contracts, options and interest rate swaps as well as future contracts for commodities. The Group does not generally use derivatives for speculative purposes.

- Foreign exchange rate risk: the international activity of the Group generates exposure to foreign exchange rate risk. Foreign exchange rate risk arises when future commercial transactions and assets and liabilities recognized are not denominated in the functional currency of the group company that undertakes the transaction or records the asset or liability. The main exchange rate exposure for the Group relates to the US Dollar against the Euro.

  To control foreign exchange risk, the Group purchases forward exchange contracts. Such contracts are designated as fair-value or cash-flow hedges, as appropriate.

In the event that the exchange rate of the US Dollar had risen by 10% against the euroas of December 31, 2015, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a loss of €27,185 thousand (loss of €1,103 thousand on 2014) mainly due to the US Dollar net asset position of the Group in companies with eurofunctional currency and a decrease of €1,649 thousand (increase of € 36,615 thousand in 2014) in other reserves as a result of the cash flow hedging effects on highly probable future transactions.

Details of the financial hedging instruments and foreign currency payments as of December 31, 2015 and 2014 are included in Note 14 to the Consolidated Financial Statements.

› Interest rate risk: arises mainly from financial liabilities at variable interest rates.

Abengoa actively manages its risks exposure to variations in interest rates associated with its variable interest debt.

In project debt (see Note 19 to the Consolidated Financial Statements), as a general rule, the Company enters into hedging arrangements for at least 80% of the amount and the timeframe of the relevant financing.

In corporate financing (see Note 20 to the Consolidated Financial Statements), as a general rule, 80% of the debt is covered throughout the term of the debt; in addition, in 2009, 2010, 2013, 2014 and 2015, Abengoa issued notes at a fixed interest rate.

The main interest rate exposure for the Group relates to the variable interest rate with reference to the Euribor.

To control the interest rate risk, the Group primarily uses interest rate swaps and interest rate options (caps and collars), which, in exchange for a fee, offer protection against an increase in interest rates.

In the event that Euribor had risen by 25 basic points as of December 31, 2015, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been a profit of €7,316 thousand (€9,182 thousand in 2014) mainly due to the increase in time value of hedge interest rate options (caps and collars) and an increase of €28,379 (€35,591 thousand in 2014) in other reserves mainly due to the increase in value of hedging interest derivatives (swaps, caps and collars).

A breakdown of the interest rate derivatives as of December 31, 2015 and 2014 is provided in Note 14 to the Consolidated Financial Statements.

› Risk of change in commodities prices: arises both through the sale of the Group's products and the purchase of commodities for production processes. The main risk of change in commodities prices for the Group is related to the price of grain, ethanol, sugar, gas, and steel.

In general, the Group uses futures and options listed on organized markets, as well as OTC (over-the-counter) contracts with financial institutions, to mitigate the risk of market price fluctuations.

In the event that the grain price had risen by 10% as of December 31, 2015, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been null (null in 2014 and a decrease of €1,349 thousand (increase of € 49,086 thousand in 2014) in other reserves as a result of the cash flow hedging effects on highly probable future transactions.

In the event that the ethanol price had risen by 10% as of December 31, 2015, with the rest of the variables remaining constant, the effect in the Consolidated Income Statement would have been null in 2015 (null in 2014) and an increase of €8,673 thousand in 2014 in other reserves

A breakdown of the commodity derivative instruments as of December 31, 2015 ad 2014 is included in Note 14 to the Consolidated Financial Statements.

In addition, certain Bioenergy Business Group companies engage in purchase and sale transactions in the grain and ethanol markets, in accordance with a management policy for trading transactions.

Management has approved and supplemented trading strategies to control the purchase and sale of forward and swap contracts, mainly for sugar, grain and ethanol, which are reported on a daily basis, following the internal procedures established in the Transactions Policy. As a risk-mitigation element, the company sets daily limits or 'stop losses' for each strategy, depending on the markets in which it operates, the financial instruments purchased and the risks defined in the transaction.

These transactions are measured monthly at fair value through the Consolidated Income Statement. In 2015 no transactions of this nature have been made, whereas in 2014, Abengoa recorded a profit of €3,992 thousand corresponding to settled transactions in both years.

4.2.2. Credit risk

The main financial assets exposed to credit risk derived from the failure of the counterparty to meet its obligations are trade and other receivables, current financial investments and cash.

a) Clients and other receivables (see Note 15 to the Consolidated Financial Statements).

b) Current financial investments and cash (see Notes 13, 14, 15 and 17 to the Consolidated Financial Statements).

› Clients and other receivables: Most receivables relate to clients operating in a range of industries and countries with contracts that require ongoing payments as the project advances; the service is rendered or upon delivery of the product. It is a common practice for the company to reserve the right to cancel the work in the event of a material breach, especially non-payment.

  In general, and to mitigate the credit risk, prior to any commercial contract or business agreement, the company generally holds a firm commitment from a leading financial institution to purchase the receivables through a non-recourse factoring arrangement. Under these agreements, the company pays the bank for assuming the credit risk and also pays interest for the discounted amounts. The company always assumes the responsibility that the receivables are valid.

  Abengoa derecognizes the factored receivables from the Consolidated Statement of Financial Position when all the conditions of IAS 39 for derecognition of assets are met. In other words, an analysis is made to determine whether all risks and rewards of the financial assets have been transferred, comparing the company's exposure, before and after the transfer, to the variability in the amounts and the calendar of net cash flows from the transferred asset. Once the company's exposure to this variability has been eliminated or substantially reduced, the financial asset is transferred.

  In general, Abengoa considers that the most significant risk related to Clients and other receivables is the risk of non-collection, since: a) trade receivables may be quantitatively significant during the progress of work performed for a project or service rendered; b) it is not under the company's control. However, the risk of delays in payment typically relates to technical problems, i.e., associated with the technical risk of the service provided and, therefore, within the company's control.

  If the company concludes that the risk associated to the contract has been transferred to the financial institution, the receivable is derecognized in the Consolidated Statement of Financial Position at the time it is transferred, in accordance with IAS 39.20.

  An aging of trade receivables as of December 31, 2015 and 2014 is included in Note 15 'Clients and other receivable accounts' of the Consolidated Financial Statements. The same note also discloses the credit quality of the clients as well as the movement on provisions for receivables for the years ended December 31, 2015 and 2014.

› Financial investments: to control credit risk in financial investments, the Group has established corporate criteria which require that counterparties are always highly rated financial entities and government debt, as well as establishing investing limits with periodic reviews.

Given the above and considering the aging of the main financial assets with exposure to such risk, it is considered that, at the end of the year 2015, no significant amounts in arrears are susceptible to be disclosed in addition to the information required by IFRS 7.

4.2.3. Liquidity and central risk

See Section 3. Liquidity and capital resources.

4.3. Risk management and internal control

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

The process of risk management in Abengoa is a continuous cycle based on five key phases:

› Identify

› Evaluate

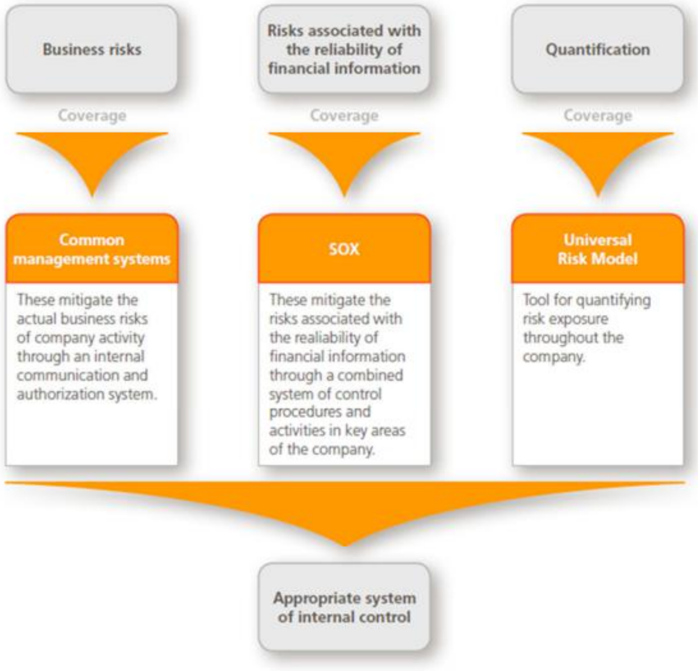
› Respond

› Monitor

› Report

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

Abengoa's risk management model comprises three core elements:



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

a) Common management systems

The common management systems are the internal rules for Abengoa and its business groups and are used to assess and control risk. They represent a common culture for managing Abengoa's businesses, sharing the accumulated knowledge while defining specific criteria and guidelines.

The common management systems include specific procedures for any type of action that could give rise to a risk for the organization, whether financial or non-financial. Furthermore, they are available to all employees in electronic format regardless of their geographical location or role.

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

The systems cover the whole organization at three levels:

› All the business groups and areas of activity.

› All levels of responsibility.

› All kinds of operations.

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

Over recent years, the common management systems have evolved to adapt to the new situations and environments in which Abengoa operates, with the overriding aim of reinforcing risk identification, covering risks and establishing control activities.

b) Compulsory procedures (SOX)

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

SOX is a compulsory law for all listed companies operating in the United States and is intended to ensure the reliability of the financial reporting of these companies and protect the interests of their shareholders and investors by establishing an appropriate internal control system. Thus, although none of the business groups is required to meet SOX requirements, Abengoa deems it necessary to comply with these requirements throughout all of its component companies, since these requirements complement the risk control model used by the company.

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

- A description of the company’s relevant processes that could impact the financial information to be prepared. In this regard, 55 management processes have been defined and grouped into corporate cycles and common cycles used throughout all the business groups.
- A series of flow charts that provide a visual description of the processes.
- An inventory of the control activities in each process to ensure attainment of the control objectives.

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

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

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

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

c) The universal risk model

The universal risk model is the company's chosen methodology for quantifying the risks that compose the risk management system. The objective is to obtain a comprehensive view of them designing an efficient response system aligned with the business objective of the Company.

Abengoa’s universal risk model is made up of 20 categories and a total of 56 principal risks for the business. Each category is agrupated in four big areas (financial risks, strategic risks, compliance risks and operations risks).

All model risks are aserred according with two criteria:

- Probability of occurrence: Degree of frequency which is possible to ensure that a particular cause will result an event with negative impact on Abengoa.
- Impact on the Company: Set of negative effects on Abengoa´s strategic objectives.

5.- Anticipated future trends of the group

To estimate the outlook for the Group, it is important to take into account the current temporary situation of the Company during the months following the approval of the Interim Consolidated Financial Statements of June 30, 2015, during the presentation of results for the first half of 2015, on July 31, 2015 Abengoa lowered its forecast on corporate cash flows from operations in 2015 from the previous estimate of €1,300 million to €600-800 million. This reduction in forecasts was mainly attributable to capital expenditures (capex) higher than expected in high-return projects but very demanding in terms of capital in Brazil, Chile and Mexico.

Although this change meant a variation in the long-term investments without affecting the liquidity position, nor therefore the formulation of the financial statements for that quarter, the Board of Directors meeting of August 3, 2015 informed the market of its decision to submit to an Extraordinary General Shareholders' Meeting the approval of a capital increase with preferential subscription rights for an amount of €650 million, an additional plan of asset divestment and the adaptation of its current business model towards lower investment requirements (capex) in order to strengthen the financial position of Abengoa and reduce its level of dependence in its indebtedness.

From the said date of August 3, 2015, there was uncertainty in the market prompting a fall in the value of the debt instruments and equity of Abengoa, which limited access to capital markets; while at the same time, there was a slowdown in the pace of approval by some financial institutions of renewals of working capital lines (non-recourse factoring and reverse factoring), all of which led to a reduced liquidity position. On the same date, the Company initiated a period of negotiation with a number of financial institutions to reach an agreement that would make it possible to underwrite the announced capital increase.

On September 24, 2015, the Company announced the agreement reached and the approval by the Board of Directors of a plan of strategic measures that would continue to be adapted during the implementation thereof, in order to reduce the corporate debt, improve the liquidity position of Abengoa and strengthen its corporate governance, as well as the underwriting of the capital increase by certain financial institutions.

Accordingly, the Extraordinary General Shareholders' meeting held on October 10, 2015, approved a package of measures, among which includes a capital increase of €650 million aimed to improving the liquidity position of Abengoa and reducing corporate leverage.

Later, on November 8, Abengoa announced to the market the signing of a basic agreement for investment in Abengoa with the company Gonvarri Corporación Financiera, belonging to the group Gonvarri Steel Industries, which was supported by of Inversión Corporativa IC, S.A., the current reference shareholder of Abengoa. The Investment Agreement governed the investment by Gonvarri Corporación Financiera in the context of the capital increase approved by the General Shareholders' Meeting of the Company last October 10, 2015 (see Note 2.1 to the Consolidated Financial Statements). It was anticipated that a portion of its investment, amounting to €250 million, would be implemented in a capital increase excluding the preferential subscription rights. The capital increase with preferential subscription rights approved by the aforementioned General Meeting of the Company last October 10, 2015 would be implemented after the first aforementioned increase and for an effective amount of €400 million, with the expectation that Gonvarri Corporación Financiera would subscribe it´s corresponding portion.

Subsequent to the date of preparation of the Interim Consolidated Financial Statements at September 30, 2015, the Company, due to the circumstances explained in the Reportable Event of November 25, 2015, decided to initiate a refinancing process to try to reach an agreement with its main financial creditors that would ensure a suitable framework in which to undertake the said negotiations and the financial stability of the Group in the short and medium term. In relation to the process, after carefully evaluating the situation described above and in order to ensure the stability necessary to conduct these negotiations with the creditors, the Board of Directors of the Company deemed that the most appropriate approach was to submit the communication provided under Article 5 bis of Act 22/2003 of July 9, on insolvencies (the "Insolvency Act"). In this regard, on December 15, 2015, Commercial Court No. 2 of Seville issued a Decree agreeing that the communication provided for under Article 5 bis of the Insolvency Act had been filed.

Regarding the refinancing process previously mentioned, on January 25, 2016 the Company reported that on that day, the independent advisory firm specialized in restructuring processes Alvarez&Marsal had submitted to the Board of Directors of Abengoa a Viability Plan which defined the structure of the future activity of Abengoa at operational level, focusing on the engineering and construction business with proprietary or third-party technology.

Based on this Viability Plan, the Company has started negotiations with its creditors to restructure the debt and the necessary resources and thus provide Abengoa with the optimal capital structure and sufficient liquidity to continue operating competitively and sustainably in the future.

6.- Information on research and development (R&D) activities

6.1. Abengoa has continued to increase its efforts in R&D+I during 2015 in the belief that these efforts require continuity which should not be compromised by crisis or economic cycles to achieve results.

Furthermore, the Group has strengthened its presence and in some cases its leadership, in various institutions and public and private forums which encourage cooperation between large technology companies, in which the short and long term future of the R&D+i activity is decided.

6.2. The established program for these types of activities has been largely achieved. Abengoa, thanks to those responsible for this strategy in each business area, has strived every day to innovate its technology as demanded by its activities, primarily focusing on the following objectives:

- Continuously and closely following the technologies which could affect each area of the business.

- Selection of a portfolio of technologies that will maximize the competitive advantages of the Group.
- The assimilation and implementation of technology available through transfer agreements.
- Selecting the optimum path for the development of technologies.
- Determining the marketing programs for the technology developed.
- Support for innovation and technology from institutions/governments

During 2015, Abengoa made significant Research, Development and Innovation (R&D&i) investment efforts, and innovation enabling the development of new technologies in different areas of business (solar technology, biotechnology, desalination, water treatment and reuse, hydrogen, energy storage and new renewable energies).

6.3. In 2014 Abengoa continued its strategy of developing proprietary technology to give it a competitive advantage and as a vector for growing its business. Thanks to this commitment to R&D and innovation, the Abengoa Research laboratories at Campus Palmas Altas become fully operational during the year with facilities for the different technology areas of Abengoa's business segments:

- Electrical laboratory
- Materials laboratory
- Thermal fluids laboratory
- Chemistry laboratory
- Biomolecular and biochemistry laboratory

The main development assets are based on technologies that enable Abengoa's strategic R&D areas to continue progressing, such as technologies for solar-thermal plants, energy storage systems, bio-refining, treating municipal solid waste for energy production, and plants for treating and reusing water.

In the field of thermo-solar technology, should be highlighted the development of two considerable projects in South Africa, the start-up operation of the first thermo-solar plant in South Africa which uses a storage system utilizing salts developed by Abengoa and the completion of Khi Solar One at the end of 2015, the first commercial plant with tower technology and superheated steam in South Africa with a capacity of 50MW.

Additionally, in the field of solar-thermal power, in January 2015 it is worth noting the construction of the plant which is part of the largest solar thermal project in South America in the Atacama Desert, Chile, which combines tower technology based on molten salts (110 MW) and photovoltaics (100 MW) with energy storage systems that use molten salts and batteries. This plant will enable renewable power to be continually produced 24 hours a day, supplying demand from the network at any given time.

The R&D and innovation carried out by Abengoa also resulted in the enzymatic cocktail that converts non-food organic material into biofuels, which led to the opening of Abengoa's first 2G bioethanol plant located in Hugoton (US) in October 2014, where up to 95 million liters of bioethanol are produced annually from almost 350,000 tons of biomass, specifically agricultural waste. In Brazil the company is developing second-generation ethanol production from sugar cane straw and bagasse.

Abengoa work also continues on developing the Waste to Biofuels (W2B) project in Salamanca, to produce biofuels from municipal solid waste (MSW), solving the issue of how to manage this waste while generating a high value added product.

In the field of R&D+i for integral water management, nanotechnology is being developed for water treatment processes; and it turns half of 2015 began with the commercial operation of the desalination plant using reverse osmosis technology to desalinate 200,000 m3 of water per day in Tenes (Algeria).

As a technology company, Abengoa is committed to using R&D to develop new businesses that enable it to grow, during 2015 the main focus has been on developing the company's emerging businesses related to hydrogen and energy.

7.- Adquisition and disposal of treasury shares

7.1. Abengoa, S.A. and its subsidiaries have complied with all legal requirements regarding companies and treasury stock (see Note 8 to these Consolidated Management Report).

7.2. The parent company has not pledged its shares in any type of mercantile transaction or legal business, nor are any Abengoa, S.A. shares held by third parties which could act on its behalf or on behalf of group companies.

7.3. Finally, it should be noted that potential reciprocal shareholdings established with Group companies are temporary and comply with the requirements of the consolidated text of the Spanish Capital Companies Act.

7.4. As of December 31, 2015 treasury stock amounted to 5,662,480 shares (41,624,265 shares in 2015), of which 5,662,480 are class A shares and any are class B shares.

Regarding the operations carried out during the year, the number of treasury stock purchased amounted to 9,997,508 class A shares and 76,673,931 class B shares and treasury stock transferred amounted to 9,885,560 class A shares and 112,747,664 class B shares, with a net result of €6,362 thousand recognized in equity (€2,217 thousand in 2014).

8.- Corporate governance

8.1. Shareholding structure of the company

Significant shareholdings

The share capital of Abengoa, S.A. is represented by book entries, managed by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S. A.) and totals €1,840,954.98 represented by 941,533,858 shares fully subscribed and paid up, with two separate classes:

- 83,467,081 class A shares with a nominal value of €0.02 each, all in the same class and series, each of which grants the holder a total of 100 voting rights ('Class A Shares').
- 858,066,777 class B shares with a nominal value of €0.0002 each, all in the same class and series, each of which grants One (1) voting right and which afford its holder economic rights identical to the economic rights of Class A shares set out in article 8 of Abengoa's bylows ('Class B Shares' and, together with class A shares, 'Shares with Voting Rights').

The shares are represented by book entries and governed by the Stock Market Act and other applicable provisions.

Abengoa's Class A and B shares are officially listed for trading on the Madrid and Barcelona Stock Exchanges and on the Spanish Stock Exchange Interconnection System (Continuous Market). Class A shares have been listed since November 29, 1996 and Class B shares since October 25, 2012. The company files mandatory financial information on a quarterly and half-yearly basis.

As of May 4, 2015, in connection with the 6.25% €400 million convertible bonds issued on January 2013 and maturing in 2019 conversion, the share capital has been increased for a total amount of €810,544.08 thousand with the issue of 81,054,408 Class B shares at its respective par values.

Consequently, on October 1, 2015 the share capital has been subscribed for a total amount of €207,097 with the issue of 20,709,730 Class B shares with a nominal value of €0.01 each, duly subscribed and fully paid-up by the holder of the warrants, First Reserve Corporation.

Finally, on October 10, 2015 the company carried out a reduction of its share capital by the amount of €90,336,437.74, by means of a reduction in the par value of each Class A share of the Company of €0.98 per share, and a reduction in the par value of each Class B share of the Company of €0.0098 per share.

In accordance with notifications received by the company and in compliance with reporting requirements to communicate shareholding percentages (voting rights) and the information received from relevant parties, shareholders with a significant holding as of December 31, 2015 are as follows:

Shareholders	Share %
Inversión Corporativa IC, S.A. (*)	45.602
Finarpisa, S.A. (*)	6.175

(*) Inversión Corporativa Group.

On September 30, 2015 the General Shareholders' Meeting approved a capital increase of 430,450,152 Class B shares with a nominal value of €0.01 each reducing its unrestricted reserves, which would be delivered to all shareholders on a proportion of four Class B shares for each owned Class A or B share. Such General Shareholders' Meeting approved a voluntary conversion right to change Class A shares of one euro nominal value (€0.002 nominal value as of December 31, 2015) to Class B shares of €0.01 nominal value (€0.0002 nominal value as of December 31, 2015) during certain pre-established periods until December 31, 2017. After exercising this right, a capital reduction by means of the nominal value of the converted shares at the value of the present day of €0.0198 per share, with unrestricted reserves credit.

During, 2015 four capital reductions have taken place by reducing 776,559 Class A shares into Class B shares, which led to a capital reduction of €639,149.47 thousand.

After the end of the period ended December 31, 2015, on January 4, 2016 a capital increase has taken place, without preferential subscription right, with the issue of 34,013 Class B shares with a nominal value of €6.80 for the purpose of meeting the conversion requests related to the Convertible Bond €400,000,000 6.25% maturing in 2019, issued on January, 2013.

On the other hand, after closing the 16th liquidity window dated January 15, 2016, the Company carried out on January 22, 2016, a reduction of capital share by the amount of €898.74 by means of the conversion of 45,391 Class A shares into new Class b shares.

Consequently, as of January 22, 2016 the share capital amounts to € 1,840,063.04 corresponding to 941,567,871 shares completely subscribed and disbursed, divided into 83,421,690 Class A shares and 858,146,181 Class B shares.

The General Shareholders' Meeting approved on March 29, 2015 the distribution of 2014 profits sharing out of a dividend of € 0.113 per share, which represents a total dividend of €94,894 thousands (€91,637 thousands in 2014).

The number of registered shareholders according to the latest list provided by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.) on October 2, 2015 is 10,831 shareholders in class A shares and 50,510 shareholders in class B shares.

With regard to shareholder agreements, Inversión Corporativa IC and Finarpisa, as shareholders of Abengoa, signed an agreement on October 10, 2011, which governs the exercising of their respective rights to vote in Abengoa's general meetings in relation with the proposal, appointment, ratification, reelection or substitution of a director to represent First Reserve Corporation.

Under the terms of this agreement, Inversión Corporativa I.C., S.A. and Finarpisa, S.A. jointly and severally agree to:

(i) vote in favor of the following, through their respective shareholder directors on Abengoa's Board of Directors:

  (a) to appoint as a member of the Board, the candidate proposed to be the investor's nominee pursuant to the co-optation procedure established under the Spanish Capital Companies Act; and

  (b) the proposal to recommend to Abengoa's shareholders the election of any replacement director as the investor's nominee on the Board of Directors, at Abengoa's next general shareholders' meeting;

(ii) vote, at the corresponding general shareholders' meeting of Abengoa, in favor of the appointment of the candidate proposed by the investor to be its nominee on the Board of Directors; and

(iii) while the investor or any of its related companies owns Abengoa Class B shares or any other instrument that is convertible or exchangeable into Abengoa Class B shares issued in accordance with the investment agreement or any other document of the transaction, they may not propose nor request the Board of Directors to recommend to shareholders any modification to the company's bylaws that adversely affects the equality of rights of Class B shares and Class A shares in relation to the distribution of dividends or similar distributions as established in bylaws.

On August 27, 2012, Inversión Corporativa, I.C., S.A. and its subsidiary Finarpisa, S.A. modified the shareholder agreement with the Abengoa shareholder, First Reserve Corporation (which was subject to disclosure to the CNMV by means of the significant event filed on November 9, 2011).

The modification consisted of including a commitment while FRC or any of its related companies own Abengoa Class B shares or any other instrument that is convertible or exchangeable for Abengoa Class B shares issued in accordance with the investment agreement or any other document of the transaction, they may not propose nor request the Board of Directors to recommend to shareholders any modification to the company's bylaws that adversely affects the equal rights of Class B and Class A shares in relation to the distribution of dividends or similar distributions as established in the bylaws'. If this proposal were to be presented by another shareholder, or by the Board of Directors, they will vote against it.

On that date, August 27, 2012, Abengoa, S.A. signed a shareholder agreement with its significant shareholder, Inversión Corporativa, I.C., S.A., through which the latter agreed to the following, directly or indirectly through its subsidiary Finarpisa S.A.:

(i) To vote in favor of the resolutions relating to points 2, 3, 4, 5, 6 and 7 of the agenda of the General Shareholders' Meeting held on September 30, 2012, provided that it had previously verified that these resolutions were approved by the majority of Class A shareholders, excluding Inversión Corporativa;

(ii) Not to exercise its voting rights, except up to a maximum of 55.93% in cases in which, as a result of the exercising of the conversion right of Class A shares into Class B shares that is expected to be included in the company's bylaws, the total percentage of voting rights that it holds of the total voting rights of the company is increased;

(iii) That the percentage represented at any given time by the number of shares with the right to vote that it owns (whether Class A or Class B shares) of the total shares of the company, will not at any time be less than one quarter of the percentage represented by the voting rights that these shares attribute to Inversión Corporativa, in relation to the total voting rights of the company (in other words, that its voting rights cannot exceed four times its financial rights); and that, should this occur, it shall dispose of sufficient Class A shares or shall convert them into Class B shares in order to maintain this ratio.

In accordance with Article 30 and following articles of the company's bylaws, there are no limits on the voting rights of shareholders in relation to the number of shares which they hold. The right to attend the shareholders' meeting is limited however to those shareholders that hold 375 Class A or Class B shares.

Meeting quorum: 25% of the share capital at first call. Any percentage at second call. These are the same percentages as the Capital Companies Act. In those cases stated in Article 194 of the Act (hereinafter the 'LSC'), the quorum is as stated in the Act.

Resolution quorum: by a simple majority vote by those present or represented at the meeting. In those cases stated in Article 194 of the LSC, the quorum is as stated in the Act.

Shareholders' rights: Shareholders have the right to information, in accordance with the applicable legislation; the right to receive the documentation related to the shareholders' meeting, free of charge; the right to vote in proportion to their shareholding, with no maximum limit; the right to attend shareholders' meetings if they hold a minimum of 375 shares; financial rights (to dividends, as and when paid, and their share of company's reserves); the right to representation and delegation, grouping and the right to undertake legal actions attributable to shareholders. The Extraordinary General Shareholders' Meeting approved a series of amendments to the bylaws in order to ensure that the 'rights of minority interests' are not infringed by the existence of two different share classes with different par values in which the lower nominal value of the Class B shares would make it more difficult to achieve the percentages of share capital required to exercise some of the voting and other non-financial rights. The General Meeting therefore agreed to amend Abengoa's bylaws as explained below in order to ensure that all these rights can be exercised based on the number of shares and not the amount of share capital. These rights, such as the right to call a general meeting or to request a shareholder derivative action, require a certain percentage of the share capital to be held in nominal terms (in these cases, 3%).

Measures to promote shareholder participation: making the documentation related to the Shareholders' Meeting available to shareholders free of charge, as well as publishing announcements of Shareholders' Meetings on the company's website. The option to grant a proxy vote or to vote on an absentee basis is possible by completing accredited attendance cards. In accordance with Article 539.2 of the Capital Companies Act, Abengoa has approved the Regulation on the Shareholders' Electronic Forum in order to facilitate communication between shareholders regarding the calling and holding of each General Shareholders' Meeting. Prior to each general meeting, shareholders:

- Representing at least 5 percent of the share capital or 5 percent of the voting shares, may send proposals that they intend to submit as supplementary points to the agenda published in the notice of the general meeting.
- May send initiatives to achieve the required percentage to exercise a minority right.
- May send requests for voluntary representation

The bylaws do not limit the maximum number of votes of an individual shareholder or include restrictions to make it more difficult to gain control of the company through the acquisition of shares.

Proposals of resolutions to be submitted to the Shareholders' Meeting are published along with notice of the meeting on the websites of the company and the CNMV.

Points on the agenda that are significantly independent are voted upon separately by the Shareholders' Meeting, so that voters may exercise their voting preferences separately especially when it concerns the appointment or ratification of directors or amendments to the bylaws.

The company allows votes cast by shareholders' appointed financial representatives that are acting on behalf of more than one shareholder, to be split, so that they may vote in accordance with the instructions of each individual shareholder whom they represent.

There are currently no agreements in effect between the company and its directors, managers or employees that entitle them to severance pay or benefits if they resign or are wrongfully dismissed, or if the employment relationship comes to an end due to a public tender offer.

Treasury stock

At the Ordinary General Shareholders' Meeting on March 29, 2015, it was agreed to authorize the Board of Directors to acquire the company's treasury stock in the secondary market, directly or through subsidiaries or investee companies, up to the limit stipulated in the current provisions, at a price of between one euro cent (€0.01) and twenty euros (€20) per share, and with express authority to appoint any of its members, being able to do so during a period of 18 months as of the above date and subject to Article 144 and subsequent articles of the Capital Companies Act.

The authorization granted to the Board of Directors for these purposes by the resolution adopted by the General Shareholders' Meeting of April 6, 2014 is hereby expressly annulled.

On November 19, 2007, the company entered into a liquidity agreement for Class A shares with Santander Investment Bolsa, S.V. On January 8, 2013, the company entered into a liquidity agreement for Class A shares with Santander Investment Bolsa, S.V., replacing the initial agreement, in compliance with the conditions established in CNMV Circular 3/2007 of 19 December. This liquidity contract was effective suspended on September 28, 2015. On November 8, 2012, the company entered into a liquidity agreement for Class B shares with Santander Investment Bolsa, S.V. in compliance with the conditions established in CNMV Circular 3/2007 of 19 December. This liquidity contract was effective suspended on April 21, 2015.

All the purchases and sales of the company's treasury stock were carried out under the aforementioned liquidity agreements

Details of the latest Shareholders' Meetings

Abengoa's Ordinary General Shareholders' Meeting was held at second call on March 29, 2015, with a total of 1,220 shareholders present or represented, representing 5,995,649,505 votes and 65.371% of the company's share capital (71.74% including treasury shares). The following resolutions were passed by the meeting:

Resolution One.- Annual accounts and management of the Board of Directors:

Examination and approval, if given, of the Annual Financial Statements and the Directors' Report corresponding to the 2014 fiscal year for the Company and its Consolidated Group.

1.1. Approval of the Proposed Application of Results for the 2014 fiscal year.

1.2. Examination and approval as appropriate, of the Management of the Company by the Board of Directors during the aforementioned 2014

Resolution Two. - Ratification, appointment and re-election of directors, as appropriate.

2.1. Re-election of Mr. Manuel Sánchez Ortega

2.2. Re-election of Mr. Carlos Sundheim Losada

2.3. Re-election of Mrs. María Teresa Benjumea Llorente

2.4. Re-election of Mr. Ignacio Solís Guardiola

2.5. Re-election of Mr. Fernando Solís Martínez-Campos

2.6. Ratification and appointment of Mr. Antonio Fornieles Melero

Resolution Three. - Re-election or appointment, if any, the auditor of the Company and its consolidated group for the year 2015

Resolution Four.- Resolution four: Amendment of the Company's bylaws for their adaptation to the latest amendments to the Companies' Act and, in particular, to Law 31/2014, of December 3, amending the Companies Act to improve corporate governance, as well as incorporation of other provisions of corporate governance, and approval of an amended and restated text.

4.1 Amendment of Title I (Name, Domicile, Purpose and Duration): Articles 2 and 4.

4.2 Amendment of Title II (Share Capital, Shares and Rights and Obligations of the Shareholders): Articles 6, 10, 11, 12, 13, 15, 16 and 17.

4.3. Amendment of the First Section (General Shareholders' Meetings) of Title IV (Management of the Company): Articles 20, 21 (hereinafter article 30), 22 (hereinafter article 31), 23 (hereinafter article 21), 24, 25 (hereinafter article 22), 26 (hereinafter article 23), 27, 28, 29 (hereinafter article 25), 30 (hereinafter article 29), 31 (hereinafter article 32), 32 (hereinafter article 33) and 33 (hereafter article 26).

4.4 Amendment of the Second Section (Board of Directors) of Title IV (Management of the Company): Articles 39, 40, 41, 42, 43, 44 and 44 bis.

4.5 Elimination of the Third Section (Direction) of Title IV (Management of the Company): Article 46.

4.6 Amendment of Title V (Economic year, Balance and Application of Results): Articles 47 (hereinafter article 46), 48 (hereinafter article 47), 50 (hereinafter article 48) and 51 (hereinafter article 49).

4.7 Amendment of Title VI (Winding-up and Liquidation): Articles 52 (hereinafter article 50) y 53 (hereinafter article 51).

4.8 Approval of an amended and restated text of the bylaws incorporating the amendments approved and renumbering titles, chapters, sections and articles.

Resolution five - Amendment of the rules of the General Shareholders' Meetings of Abengoa for their adaptation to the latest amendments to the Companies' Act and, in particular, to Law 31/2014, of December 3, amending the Companies Act to improve corporate governance, as well as incorporation of other provisions of corporate governance and approval of an amended and restated text

Resolution Six - Submission of the Annual Report on the Remuneration of Abengoa's Directors for approval, on a consultation basis.

Resolution Seven - Remuneration of the Board of Directors

7.1 Determination of the maximum annual remuneration of the directors in their condition as such.

7.2. Remuneration of executive directors

Resolution Eight - Approval of the fifteen days period for the call to the Extraordinary Shareholders' Meetings in accordance with article 515 of the Corporations Act

Resolution Nine.- Delegation of powers on the Board of Directors to increase the capital stock by issuing new shares of any of share classes A and/or B and/or C, pursuant to the terms of Article 297.1(b), within the limits laid down in the Act, with express empowerment to delegate exclusion of preferential subscription rights pursuant to the terms of Article 506 of the Capital Companies Act, revoking and rescinding the sum pending resulting from previous powers delegated by the General Meeting. Delegation of powers on the Board of Directors and each of its members to establish the conditions for the capital increase, to perform all actions required for execution thereof, to adapt the text of the corresponding articles of the Company Bylaws in accordance with the new figure of the capital stock and to execute any public and private instruments required for execution of the capital increase. Application before the competent national and foreign bodies for the new shares to be listed for trading on any securities market.

Resolution Ten.- Delegation of powers on the Board of Directors to issue debentures or other similar fixed or variable income securities, simple or guaranteed, convertible into shares or otherwise, with express delegation of the power to exclude preferential subscription rights pursuant to the terms of Article 511 of the Capital Companies Act, either directly or through Group Companies, in accordance with the regulations in force, rescinding the sum pending resulting from previous powers delegated by the General Meeting. Determination of the Bases and methods of the conversion. Delegation of powers. Guarantee of issuances of subsidiaries.

Resolution Eleven.- Delegation of powers on the Board Directors for the derivative acquisition of treasury stock either directly or through group companies, in accordance with the regulations in force, rescinding all previous authorizations granted for the same purpose by the General Meeting.

Resolution twelve - Informing the General Shareholders' Meeting of the amendments approved by the Board of Directors to the Rules of the Board of Directors

Resolution thirteen - Delegation to the Board of Directors of the authority to interpret, correct, execute, formalize and register the adopted resolutions.

In relation to the votes of the aforementioned resolutions:

- In the Resolution 1.1, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 47,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,786,125,563 votes in favor, 707,180 against and 197,315 abstaining.
- In the Resolution 1.2, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,785,567,289 votes in favor, 1,280,469 against and 182,300 abstaining.
- In the Resolution 1.3, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,785,861,103 votes in favor, 986,655 against and 182,300 abstaining.
- In the Resolution 2.1, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,739,759,949 votes in favor, 93,893,960 against and 161,995,596 abstaining.
- In the Resolution 2.2, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,696,810,409 votes in favor, 136,850,673 against and 161,988,423 abstaining.
- In the Resolution 2.3, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,696,876 votes in favor, 136,783,092 against and 161,989,868 abstaining.
- In the Resolution 2.4, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,680,217,853 votes in favor, 137,443,343 against and 177,988,309 abstaining.
- In the Resolution 2.5, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of de 5,696,663,227 votes in favor, 136,992,350 against and 161,993,928 abstaining.
- In the Resolution 2.6, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,831,984,295 votes in favor, 1,673,282 against and 161,991,928 abstaining.
- In the Resolution 3, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,829,561,468 votes in favor, 3,931,039 against and 162,156,998 abstaining.
- In the Resolution 4.1, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,833,019,668 votes in favor, 706,680 against and 161,923,157 abstaining.
- In the Resolution 4.2, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,832,552,436 votes in favor, 1,173,912 against and 161,923,157 abstaining.
- In the Resolution 4.3, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,577,374,475 votes in favor, 255,181,466 against and 163,093,564 abstaining.
- In the Resolution 4.4, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,805,457,984 votes in favor, 28,268,364 against and 161,923,157 abstaining.
- In the Resolution 4.5, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,805,767,174 votes in favor, 27,959,174 against and 161,923,157 abstaining.
- In the Resolution 4.6, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,832,768,978 votes in favor, 957,370 against and 161,923,157 abstaining.

- In the Resolution 4.7, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,833,019,093 votes in favor, 709,255 against and 161,921,157 abstaining.
- In the Resolution 4.8, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,581,393,579 votes in favor, 251,193,647 against and 163,062,279 abstaining.
- In the Resolution 5, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,605,476,677 votes in favor, 226,889,007 against and 163,283,821 abstaining.
- In the Resolution 6, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,577,536,637 votes in favor, 221,913,281 against and 196,199,587 abstaining.
- In the Resolution 7.1, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,574,281,064 votes in favor, 212,221,425 against and 209,147,016 abstaining.
- In the Resolution 7.2, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,594,122,500 votes in favor, 208,372,480 against and 193,154,525 abstaining.
- In the Resolution 8, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,772,975,120 votes in favor, 60,702,513 against and 161,971,872 abstaining.
- In the Resolution 9, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,541,630,384 votes in favor, 292,126,253 against and 161,892,868 abstaining.
- In the Resolution 10, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,552,999,953 votes in favor, 280,666,684 against and 161,982,868 abstaining.
- In the Resolution 11, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,831,680,261 votes in favor, 2,081,722 against and 161,887,522 abstaining.
- The Resolution 12 was an informative point and it's did not come up for vote
- In the Resolution 13, a total of 5,995,649,505 valid votes were cast, corresponding to 55,237,125 Class A shares and 471,937,005 Class B shares, which represent 65.371% of the share capital, with a total of 5,817,940,347 votes in favor, 722,570 against and 176,986,588 abstaining.

Abengoa's Extraordinary General Shareholders' Meeting was held at first call on October 10, 2015, with a total of 698 shareholders present or represented, representing 5,576,493,804 (after excluding the votes attached to own shares in accordance with the provisions of Article 148 of the Capital Companies Act) votes and 60.496% of the company's share capital (88.13% including treasury shares). The following resolutions were passed by the meeting:

One.- Capital reduction in the amount of €90,133,482.3858 by means of a reduction in the par value of the Class A and Class B shares of the Company in the amount of €0.98 for each Class A share and in the amount of €0.0098 for each Class B share, by means of the creation of a restricted reserve in accordance with the provisions of Section 335 c) of the Capital Companies Act, and amendment of article 6 of the Bylaws. Approval of the individual balance sheet of Abengoa, S.A. at June 30, 2015 that is to serve as the basis for the capital reduction.

Two.- Capital increase in order to increase the equity of the Company in the effective amount (par value plus share premium) of €650,000,000 through the issuance and placement into circulation of new Class A shares having a par value of€ 0.02 each, and new Class B shares having a par value of €0.0002 each, which shall be fully subscribed and paid-up at the time of subscription with a charge to cash contributions, with the recognition of pre-emptive rights and with a provision for incomplete subscription. The Board of Directors shall be responsible for determining (i) the nominal amount of the increase and the number of Class A and Class B shares to be issued, which shall be a maximum of €650,000,000 without prejudice to the adjustments that apply to respect proportionality between the classes of shares, and of a number of Class A shares and Class B shares, respectively, equal to the result of multiplying such amount by the proportion of 2 existing Class A and Class B shares, and dividing it by the issue price thereof, and (ii) the issue price of the new Class A and Class B shares, and particularly the amount of the share premium for each new Class A and Class B share issued. Specific approval of the transaction for purposes of NASDAQ Market Rule number 5635. Delegation to the Board of Directors, with powers of substitution, of the powers required to carry out the resolution and to set the conditions thereof to the extent not provided for by the shareholders at the General Shareholders' Meeting, pursuant to the provisions of Section 297.1 of the Capital Companies Act, as well as to amend article 6 of the Bylaws.

Three.- Acceptance of the resignation of directors. Setting of the number of members of the Board of Directors. Ratification and appointment of directors:

3.1. Acceptance of the resignation of directors.

3.2 Setting of the number of members of the Board of Directors.

3.3 Ratification and appointment of Mr. Santiago Seage Medela.

3.4. Ratification and appointment of Mr. José Domínguez Abascal

Four.-Amendment of the Company's Bylaws:

4.1 Amendment of article 20 of the Bylaws in order to remove the bylawmandated prohibition against intervention in management issues by shareholders at a General Shareholders' Meeting.

4.2 Amendment of article 44 bis of the Bylaws in order to support the creation and govern the composition and operation of a new investment committee of the Company's Board of Directors.

Five.- Amendment of article 2 of the Regulations of the General Shareholders' Meeting in order to conform it to the amendments of the Bylaws proposed under item four above.

Six.- Information to the shareholders at the General Shareholders' Meeting of the amendments approved by the Board of Directors to the Regulations thereof.

Seven.- Approval by the shareholders acting at the General Shareholders' Meeting of the instruction to the Board of Directors to observe a maximum limit on capex commitments.

Eight.- Delegation of powers to the Board of Directors for the interpretation, correction, implementation, formalization and registration of the resolutions adopted

In relation to the votes of the aforementioned resolutions:

- In the Resolution 1, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,072,357 votes in favor, 341,240 against and 80,207 abstaining.
- In the Resolution 2, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,533,612,175 votes in favor, 42,793,772 against and 87,857 abstaining.
- In the Resolution 3.1, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,369,503,373 votes in favor, 206,291,589 against and 698,842 abstaining.
- In the Resolution 3.2, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,378,018 votes in favor, 6,001 against and 109,785 abstaining.
- In the Resolution 3.3, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,573,007,711 votes in favor, 3,360,788 against and 125,305 abstaining.
- In the Resolution 3.4, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,495,134,343 votes in favor, 234,156 against and 125,305 abstaining.
- In the Resolution 4.1, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,201,682 votes in favor, 43,530 against and 248,592 abstaining.
- In the Resolution 4.2, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,311,614 votes in favor, 51,955 against and 130,235 abstaining.
- In the Resolution 5, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,302,492 votes in favor, 49,830 against and 141,482 abstaining.
- The Resolution 6 was an informative point and it did not come up for vote
- In the Resolution 7, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,136,062 votes in favor, 6,051 against and 351,691 abstaining.
- In the Resolution 8, a total of 5,576,493,804 valid votes were cast, corresponding to 258,831,762 shares, which represent 60.496% of the share capital, with a total of 5,576,307,242 votes in favor, 17,201 against and 169,361 abstaining.

As of December 31, 2015, the only Director who was a member of the board of directors of another listed company was Mr.. Antonio Formieles Melero, who was Director of Oryzon Genomics, S.A., a listed company on the Madrid Stock Exchanges since December 2015.

In accordance with the register of significant shareholdings that the company maintains, pursuant to the internal code of conduct in relation to the stock market, the percentage shareholdings of the directors in the capital of the company as at December 31, 2015 were as follows:

	No. of direct class A shares	No. of indirect class A shares	No. of direct class B shares	No. of indirect class B shares	% Total
José Domínguez Abascal	6,000	-	36,000	-	0.0070
Antonio Fornieles Melero	-	-	16,400	-	-
Joaquín Fernández de Piérola Marín	-	-	-	-	-
José Joaquín Abaurre Llorente	9,870	-	-	-	-
José Luis Aya Abaurre	1,210	-	344,301	-	0.0050
Javier Benjumea Llorente	3,888	-	15,552	-	0.0040
José Borrell Fontelles	-	-	71,695	-	0.0010
Mercedes Gracia Díez	-	-	2,500	-	-
Ricardo Hausmann	-	-	-	-	-
Ricardo Martínez Rico	-	-	2,565	-	-
Claudi Santiago Ponsa	200	-	800	-	-
Ignacio Solís Guardiola	1,700	-	68,000	-	0.0200
Alicia Velarde Valiente	400	-	1,600	-	-

8.2. Company management structure

The Board of Directors

› Composition: number and identity

Following changes to Article 39 the company's bylaws, as agreed by the Ordinary Shareholders' Meeting held on April 15, 2007, the maximum number of members of the Board of Directors was set at fifteen, compared to nine established until that time. The Ordinary General Shareholders' Meeting of April 6, 2014, also agreed to once again amend Article 39 of the bylaws, setting the maximum number of members of the board of directors at 16. These modifications reinforced the structure of the Board with a number of directors that allows a more diversified composition as well as facilitating the delegation and adoption of resolutions with minimal attendance, thereby ensuring a multiple and plural presence in the Board of Directors.

Maximum number of Board Members	16
Minimum number of Board Members	3

In accordance with the recommendations established in the Unified Code of Good Governance of Listed Companies, which have been already subject to regulation by Law 31/2014, December 3, the composition of the Board reflects the capital structure. This enables the Board to represent the highest possible percentage of the capital in a stable way and ensures protection of the general interests of the company and its shareholders. The Board is provided, moreover, with a degree of independence in accordance with the practices and professional needs of any company. Its current composition as of December 31, 2015 was the following:

José Domínguez Abascal	-Executive President - Member of the Investment Committee
Antonio Fornieles Melero	- Independent (Vice-President) -Coordinating Director - Chairman of the Audit Committee and Investment Member of the Appointments and Remuneration Committee
Joaquín Fernández de Piérola Marín	- Executive
José Joaquín Abaurre Llorente	- External, weekly assistant - Member of the Strategy and Technology Committee
José Luis Aya Abaurre	- External, weekly assistant -Member of the Strategy and Technology Committee
Javier Benjumea Llorente	- Executive
José Borrell Fontelles	- Independent -Member of the Appointments and Remuneration Committee - Member of the Audit Committee -Member of the Strategy and Technology Committee
Mercedes Gracia Díez	- Independent - Chairman and Member of the Appointments and Remuneration Committee - Member of the Audit Committee - Member of the Investment Committee
Claudio Santiago Ponsa	- External, weekly assistant
Ignacio Solís Guardiola	- External, weekly assistant
Ricardo Martínez Rico	- Independent -Member of the Strategy and Technology Committee
Ricardo Hausmann	- Independent
Alicia Velarde Valiente	- Independent -Member of the Appointments and Remuneration Committee - Member of the Audit Committee

(1) Mr.José Dominguez Abascal was ceased as executive chairman of the Board of Directors and its delegated commissions on March 1, 2016.
(2) Mr. Antonio Fornieles Melero, To date Vice-Chairman and Coordinating Director was appointed executive chairman on March 1, 2016. Consequently with this appointment such Director became Executive Director and resigned from the Company's Audit Committee and Appointments and Remunerations Committee.
(3) Mr.. Joaquín Fernandez de Piérola was appointed CEO on March 1, 2016 and first Vice-chairman and member of the Investment Committee on March 8, 2016.
4) Ms. Alicia Velarde Valiente was appointed Second Vice-chairman, Coordinating Director, President of the Company's Audit Committee and President of the Investment Committee on March 8, 2016.
(5) On February 12, 2016 Mr. José Luis Aya Abaurre died. On March 8, 2016 it was appointed Ms. Ana Abaurre Aya in representation of Inayaba,S.L. as member of the Strategy and Technology Committee.

The total number of directors is considered to be appropriate to ensure the necessary representation and the effective functioning of the Board of Directors.

Notwithstanding the fact that independence is a condition that must be common to any director, irrespective of the director's origin or appointment, based on the reliability, integrity and professionalism of his or her role, in accordance with the guidelines included under Law 26/2003, in Ministerial Order 3722/2003 and in the Unified Code of Good Governance of Listed Companies and more recently in Law 31/2014, the classification of current directors as stated on the previous table.As may be seen in the table above, the Board is made up of a majority of external, non-executive directors.

› Organizational and functional rules

The Board of Directors is governed by the Regulations of the Board, the company's bylaws and by the Internal Code of Conduct on Stock Exchange Matters. The Regulations of the Board were initially approved by the Board at a meeting on January 18, 1998, clearly in anticipation of the current rules of good governance and efficient internal control. The most recent update of note took place October 10, 2015.

› Structure:

The Board of Directors is currently made up of 13 members. The Regulations of the Board cover the composition of the Board, the functions and its internal organization; additionally, there is the Internal Code of Conduct on Stock Exchange Matters, the scope of which covers the Board of Directors, senior management and all those employees who, due to their skills or roles, are also impacted by its content. The Regulations of the Functioning of Shareholders' Meetings cover the formal aspects and other aspects of Shareholders' Meetings. Finally, the Board is supported by the Audit Committee and the Appointments and Remuneration Committee, which in turn are subject to their own respective internal regulations, as well as the Strategy and Technology Commission. All these regulations, included within the revised Internal Regulations on Corporate Governance are available on the company's website, www.abengoa.es/com.

Since its inception, the Appointments and Remuneration Committee has been analyzing the structure of the company's governing bodies and has worked to align such bodies with regulations in force regarding governance, focusing in particular on the historical and current configuration of such ruling bodies within Abengoa. Consequently, in February 2007 the committee recommended the creation of a Coordination Director, as well as the dissolution of the Advisory Committee to the Board of Directors. The first recommendation was to align the company with the latest corporate governance recommendations in Spain in 2006; the second recommendation reflected that the advisory board had completed the role for which it was established in the first place, and that its coexistence with the remaining company bodies could create a potential conflict of roles. Both proposals were approved by the Board of Directors in February 2007 as well as by the shareholders at the Ordinary General Meeting on April 15, of the same year.

Finally, in October 2007 the Committee proposed to the Board to accept the resignation of Mr. Javier Benjumea Llorente as Vice-chairman, along with the revoking of any powers which had been granted in those entities or companies in which he held a position of responsibility, and the naming of a new representative of Abengoa and the Focus-Abengoa Foundation.

On the basis of the foregoing, the committee decided that it would be opportune to repeat the study on numbers and conditions of the Vice-chairman to the Board of Directors within the current structure of the company's governing bodies.

As a result, the Committee considered it necessary that the Vice-chairman of Abengoa hold the powers as per the Spanish Public Limited Companies Act so that, on the one hand, he or she is granted full representation of the company and to counter-balance the functions of the chairman of the board. On this basis it was considered that the Coordination Director – in accordance with the responsibilities as assigned to the role by the Board of Directors (February 2007) and at the Shareholders' Meeting (April 2007) – was ideal for the role, in addressing the corporate governance recommendations and the structure of the company, as well as the composition and diversity of the directors. The Coordination Director already has the duty to take into account the concerns and goals of the board members and, to achieve this, has the power to call Board meetings and to add items to the agenda. As this role was more in substance than in title, considering the interests of the directors, and conveyed a certain representation of the Board, it was considered appropriate to expand and recognize this representation making it institutional and organic.

For the reasons mentioned, the Committee deemed it appropriate to propose Aplidig, S.L. (represented by Mr. José B. Terceiro Lomba), the current Coordination Director, as the new Vice-Chairman of the Board. Additionally, within the representative duties, it was proposed that the Vice-chairman, in conjunction with the chairman, would represent Abengoa as chairman of the Focus-Abengoa Foundation, as well as for other foundations and institutions in which the company is or should be represented.

In light of the above, on 10 December 2007 the Board of Directors approved the appointment of Aplidig, S. L. (represented by Mr. José B. Terceiro Lomba), the current Coordination Director, as the new Vice-Chairman of the Board, with the unanimous agreement of the independent directors regarding the retention of his role as Coordination Director despite being promoted to an executive board member role. Additionally, within the representative duties, on 23 July 2007 the Board approved that the Vice-chairman, in conjunction with the Chairman, would also represent Abengoa as Chairman of the Focus-Abengoa Foundation Board, as well as for other foundations and institutions in which the company is or should be represented.

As of December 31, 2015 the Coordinating Director and second Vice-chairman of the Board of Director was Mr. Antonio Fornieles Melero. Notwithstanding the above, on March 1, 2016 Mr. Antonio Fornieles Melero was appointed executive President of the Board of Directors, appointing Ms. Alicia Velarde Valiente as Coordinating Director and second Vice-chairman of the Board of Directors.

The Chairman of the Board, as the leading executive of the company is granted full powers excluding those which by law cannot be assigned by the Board of Directors, notwithstanding the powers and competences of the Board itself. With regards to the Vice-chairman, also an executive role, he or she is granted the same powers as above.

At the proposal of the Appointments and Remunerations Committee of November 27, 2015, and previously to the resignation in his position as Director of Mr. Santiago Seage Melero, It was agreed the delegation of all his powers except those that cannot be statutory and legally delegated, in favor of the former president Mr.José Dominguez Abascal. Notwithstanding the above, on March 1, 2016 Mr. José Dominguez Abascal was ceased as executive chairman of the Board of Directors, and appointing executive chairman to Mr. Antonio Fornieles Melero, who became Executive Director, and agreed the delegation of all his powers except those that cannot be statutory and legally delegated to Mr. Joaquin Fernández de Piérola. Mr. Antonio Fornieles Melero and Mr. Joaquín Fernández de Piérola share their executive duties of the Company.

› Functions:

The role of the Board of Directors is to undertake the necessary actions so as to achieve the corporate objectives of the company. It is empowered to determine the financial goals of the company, agree upon the strategies necessary as proposed by senior management so as to achieve such goals, assure the future viability of the company and its competitiveness, as well as adequate leadership and management, supervising the development of the company's business.

› Appointments:

The Shareholders' Meeting, or when applicable the Board of Directors, within the established rules and regulations, is the competent body for appointing members of the Board a proposal, if any, of the Appointments and Remuneration Committee. Only those people that fulfill the legally established requirements may be appointed, as well as being trustworthy and holding the knowledge, prestige and sufficient professional references to undertake the functions of director.

Directors are appointed for a maximum of 4 years, although they may be re-elected.

› Dismissals:

Directors will be removed from their position at the end of their tenure or under any other circumstances in accordance with the appropriate laws. Furthermore, they should relinquish their role as directors in the event of any incompatibility, prohibition, serious sanctions or failure to fulfill their obligations as directors.

› Meeting:

In accordance with Article 42 of the company bylaws, the Board of Directors will meet as deemed necessary given the demands of the company or, at least once a quarter and the cases determined by regulations of the Board of Directors. During 2015, the Board met a total of 42 times

› Duties of the Directors:

The function of the director is to participate in the direction and control of management of the company for the purposes of and with the aim of maximizing its value for shareholders. Each director operates with the diligence and care of a loyal and dedicated professional, guided by the company's interests, as a representative with complete independence to defend and protect the interests of the shareholders.

By virtue of their appointment, the directors are required to:

- Be informed and appropriately prepare for each working session.
- Attend and actively participate in meetings and decision making.
- Carry out any specific task entrusted by the board of directors.
- Encourage people with the authority to call meetings, to call extraordinary meetings of the board or include the issues that they deem relevant on the agenda of the next meeting to be held.

- Avoid conflicts of interest from arising and, if appropriate, report their existence to the board via its secretary.
- Do not hold positions in competing companies.
- Do not use company information for personal ends.
- Do not use company assets inappropriately.
- Do not use company business opportunities for personal ends.
- Keep all information that results from your position confidential.
- Abstain from voting on budget issues that affect them.
- Disclose any direct or indirect interests in the company's securities or derivatives.
- Actively participate and be committed to the issues being discussed by the board, as well as following up these issues and obtaining the necessary information.
- Do not support resolutions that break the law, the company's bylaws or go against the company's interests. Request the corresponding legal and technical reports, as appropriate.
- Notify the company of any significant changes in your professional circumstances which could affect the characteristics or conditions under which you were appointed as a director, or which may give rise to a conflict of interest.
- Notify the company of all legal or administrative claims, or any other type of claim, which could seriously impact the company's reputation due to their significance.

› The Chairman:

The Chairman, in addition to the company bylaws and legal requirements, is the senior-most executive of the company, and as such is effectively responsible for the management of the company, always in accordance with the criteria and decisions of the Board of Directors and the General Shareholders' Meeting. The Chairman is responsible for implementing the decisions made by the company's management bodies, through application of the powers as permanently granted to him by the Board of Directors, which he represents in all aspects. The Chairman also casts the deciding vote in the Board of Directors.

The Chairman is also the Chief Executive Officer. The following measures are in place to prevent an accumulation of power.

Under Article 44 bis of the company bylaws, on December 2, 2002 and 24 February 2003 the Board of Directors agreed to appoint the Audit Committee and the Appointments and Remuneration Committee.

These committees have the powers, which may not be delegated, as per the Law, the company bylaws and internal regulations, acting as regulatory body and supervisory body associate with the matters over which they chair.

Both are chaired by a non-executive independent director and are comprised exclusively of non-executive directors.

› The Secretary:

The Secretary to the Board of Directors undertakes those responsibilities as required by law. Currently the role of Secretary and that of Legal Counsel to the Board is not undertaken by the same person, being responsible for the correct calling of meetings and that resolutions are properly implemented by the Board. In particular, he will advise the Board as to the legality of proposed deliberations and decisions and upon compliance with the company's internal corporate governance regulations, making him responsible as guarantor of the legality, both in law and in substance, of the actions of the Board.

The Secretary, as a specialized role, guarantees the legality in law and in substance of the actions of the Board, with the full support of the board to perform their duties with independent judgment and substance. He or she is also responsible for safeguarding the internal rules of corporate governance.

› Resolutions:

Decisions are made by a simple majority of those directors present at the meeting (present of represented) in each meeting, with the exception of legal matters as previously set out.

› Remuneration and other benefits

› Remuneration:

Directors are remunerated as established in article 39 of the Bylaws. The remuneration of Directors is made up of a fixed amount as agreed upon at the General Shareholders' Meeting, and is not necessarily equal for all directors. Additionally, they may participate in profit sharing programs, for a percentage between 5% and 10% (maximum) of the net income of the Company after the declaration of the dividends for the year. Travel expenses related to work undertaken by the board are reimbursed to Directors.

Salary (both fixed and variable) and allowances paid to the members of the Board of Abengoa S.A. in 2015 were €32,193 thousand (€15,833 thousand in 2014).

Detail of individual remuneration and benefits in 2015 paid to the Board of Directors (in thousands of euros):

	Salary	Fixed remuneration	Daily allowance	Short term variable remuneration	Compensation as member of Board Committee	Compensation as officer of other Group companies	Other concepts	Total 2015
Felipe Benjumea Llorente	814	-	68	3,304	-	-	11,484	15,671
Aplidig, S.L. (1)	-	-	-	2,804	-	-	-	2,804
Manuel Sánchez Ortega	543	-	57	3,304	-	-	4,484	8,388
Javier Benjumea Llorente	1,200	-	93	1,307	-	52	-	2,652
José Borrell Fontelles	-	-	160	-	140	-	-	300
Mercedes Gracia Díez	-	-	160	-	40	-	-	200
Ricardo Martínez Rico	-	-	110	-	20	-	-	130
Alicia Velarde Valiente	-	-	110	-	40	-	-	150
Ricardo Hausmann	-	-	280	-	-	-	-	280
José Joaquín Abaurre Llorente	-	-	110	-	40	-	-	150
José Luis Aya Abaurre	-	-	110	-	40	-	-	150
María Teresa Benjumea Llorente	-	-	43	-	-	18	-	61
Claudi Santiago Ponsa	-	-	78	-	-	-	-	78
Ignacio Solís Guardiola	-	-	78	-	-	-	-	78
Fernando Solís Martínez Campos	-	-	57	-	-	-	-	57
Carlos Sundheim Losada	-	-	57	-	-	-	-	57
Antonio Fornieles Melero	-	-	160	-	35	-	-	195
Santiago Seage Medela	543	-	51	-	-	-	-	594
José Domínguez Abascal	175	-	-	-	-	-	-	175
Joaquín Fernández de Piérola	23	-	-	-	-	-	-	23
Total	3,298	-	1,782	10,719	355	70	15,968	32,193

Note (1): Represented by Mr. José B. Terceiro Lomba

Additionally, in 2015 overall remuneration for key management of the company (Senior Management which are not executive directors), including both fixed and variable components, amounted to €7,163 thousand (€11,351 thousand in 2013).

For more information on the Corporate Governance Report, the appendix of this Management Report contains the complete version.

9.- Appointments and remuneration committee

The Appointments and Remuneration Committee was created by the board of directors of Abengoa, S.A. (hereinafter, the 'Company') on February 24, 2003, under Article 28 of the board of directors regulations, in order to incorporate the recommendations relating to appointments and remuneration committees in Law 44/2002 of November 22 on financial system reform measures. This meeting of the board of directors also approved the Committee's internal regulations.

At present the Appointments and Remuneration Committee is governed by the consolidated text of the Capital Companies Act, approved by Legislative Royal Decree 1/2010 of July 2 (hereinafter, the 'Capital Companies Act'), which are reflected in Abengoa's bylaws, the board of directors regulations and the internal regulations of the Appointments and Remuneration Committee.

Composition

The Committee currently has the following composition:

- Mercedes Gracia Diez	Chairman. Independent director.
- José Borrell Fontelles	Member. Independent director.
- Alicia Velarde Valiente	Member. Independent director.
- Juan Carlos Jiménez Lora	Non-director Secretary

Ms. Gracia Diez was appointed as a member of the Committee by the meeting of the board of directors of Abengoa, S.A. held on December 12, 2005 and elected as its chairman at the meeting of the Appointments and Remuneration Committee held on March 17, 2015. The secretary of the Committee was appointed by the meeting of the Appointments and Remuneration Committee held on June 23, 2014.

Mr. Antonio Fornieles Melero resigned as chairperson of the committee on March 1, 2016, given his appointment as Executive President of the Board of Directors of the Company, replacing Mr. José Dominguez Abascal.

As a result, the Appointments and Remuneration Committee comprises three independent directors with the chairman of the Committee appointed from among them, in accordance with the requirements of the Capital Companies Act. Article 2 of the Committee's internal regulations also requires the chairman to be an independent director.

Duties and responsibilities

The Appointments and Remuneration Committee is responsible for the following:

1. Evaluate the skills, knowledge and experience required to be a member of Abengoa's board of directors. The Committee will define the functions and skills required by candidates for each vacancy and assess the time and dedication required for the role to be performed correctly.
2. Establish a representation target for the under-represented gender on the board of directors and prepare guidelines on how to achieve this goal.
3. Submit proposals to the board of directors to appoint independent directors so that they may be appointed by co-optation or for the decision to be submitted to the General Shareholders' Meeting, as well as proposals for re-elections or departures also to be submitted to the General Shareholders' Meeting.
4. Propose appointments of the remaining directors so that they may be appointed by co-optation or for the decision to be submitted to the General Shareholders' Meeting, as well as proposals for re-elections or departures also to be submitted to the General Shareholders' Meeting.
5. Annually verify that the original conditions underlying the appointment of directors continue to apply, including the characteristics and type of directorship applicable to each board member, all of which should be included in the annual report.
6. Report any proposals to appoint or dismiss senior management members and the basic conditions of their contracts.
7. Analyze and organize the succession of the chairman of the board of directors and the Company's CEO, and make proposals to the board of directors so that this succession occurs in an organized and planned way, as appropriate.
8. Propose to the board of directors the remuneration policy for directors and general managers or those people that perform the senior management functions reporting directly to the Board; members of executive committees; and CEOs, as well as the individual remuneration and other contractual conditions of executive directors, ensuring that these conditions are fulfilled.
9. Organize and supervise the annual performance appraisal of the board of directors and its committees, and propose an action plan to correct any deficiencies identified depending on the results obtained.
10. Prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the management report.

Meetings and calling of meetings

To fulfill the aforementioned duties, the Appointments and Remuneration Committee will meet when necessary and at least once every six months. It will also meet whenever the chairman calls a meeting, although a valid meeting may also be called when all of its members are present and they agree to hold a meeting.

During 2015 the Committee met twelve times. Important issues discussed at these meetings included proposals to appoint or re-appoint members of the board of directors, as well as checking that the original conditions underlying the appointment of directors continue to apply, including the characteristics and type of directorship applicable to each member.

Quorum

Meetings of the Committee shall be considered as valid when the majority of its members are present. Attendance may only be delegated to other non-executive directors.

The resolutions adopted shall be valid when the majority of the Committee's members, present or represented, vote in favor. In the case of a tie, the chairman shall have the casting vote.

The Company's remuneration manager shall act as Secretary of the Committee at its meetings.

Analysis, reports and proposals made by the Committee

During 2015 the main resolutions of the Appointment and Remuneration Comitee has been the following:

- Proposal to the Board of Directors to appoint, by co-optation, Mr. Antonio Fornieles Melero, as independent Director, to fill the vacancy due to the resignation of the Director of the Company Aplidig, S.L.
- Report to the Board of Directors on the appointment of Mr. Antonio Fornieles Melero, as second Vice-chairman, Coordinating Director and Member of the Company´s Audit Committee, and of the Appointments and Remuneration Committee of the Board of Directors.
- Report to the Board of Directors about the new regulations in the remuneration system of listed companies Directors.
- Report to the Board of Directors about the appointments of Mr. Manuel Sánchez Ortega, CEO of the Company, as first Vice-chairman of the Board of Directors.

- Report to the Board of Directors about the appointment of Mr. Ignacio García Alvear as new Investors Relations Director, replacing Ms. Bárbara Sofía Zubiría Furest.
- Proposal to the Board of Directors, for its approval, of the individual remunerations and other contractual conditions of the executive directors.
- Proposal to the Board of Directors, for its approval, of the annual report of remunerations of Directors, included in the Directors and Senior management remuneration policy.
- Submission of the results of the annual performance appraisal of the Board of Directors and its committees to the Board of Directors, for its approval.
- Proposal to the Board of Directors to appoint Mr. Antonio Fornieles Melero as lead Director of the Company's Audit Committee.
- Proposal to the Board of Directors to appoint Ms. Mercedes Gracia Díez as lead Director of the Appointments and Remuneration Committee replacing Mr. José Borrell Fontelles.
- Report to the Board of Directors on the appointment of Mr. Santiago Seage Medela as the Company's CEO, replacing Mr. Manuel Sanchez Ortega.
- Report to the Board of Directors of the remuneration settlement in favor of Mr. Manuel Sánchez Ortega, given his resignation as CEO.
- Proposal to the Board of Directors to appoint Mr. Santiago Seage Medela as first Vice-chairman of the Board of Directors and the incorporation of Ms. María Teresa Benjumea Llorente to the Board of Directors, both replacing Mr. Manuel Sánchez Ortega.
- Report to de Board of Directors of the remuneration settlement in favor of D. Felipe Benjumea Llorente, given his resignation as Executive Chairman of the Company.
- Report to the Board of Directors about the proposal of appointment of Mr. José Domínguez Abascal as Proprietary Director and Non-executive Chairman of the Board of Directors.
- Favorable report to Board of Directors about the following changes on the management structure. Appointment of Mr. José Domínguez Abascal as Executive Chairman of the Board of Directors, appointment, by co-optation, of Mr. Joaquín Fernández de Piérola Marín replacing the vacancy by resignation of Mr. Santiago Seage Medela, and appointment as General Director of Mr. Joaquín Fernández de Piérola Marín.
- Favorable report to the Board of Directors about the new contracts with the Executive Chairman with Mr. José Dominguez Abascal and Mr. Joaquín Fernández de Piérola Marín.

10.- Other relevant information

10.1. Stock exchange information

According to data provided by Bolsas y Mercados Españoles (BME), in 2015 a total of 201,440,452 Class A shares and 5,392,798,418 Class B shares in the company were traded, equivalent to an average daily trading volume of 786,876 Class A shares and 21,065,618 Class B shares, The average daily traded cash volume was €1.5 million for Class A shares and €33.8 million for Class B shares.

	A-Shares		B-Shares	
Share evolution	Total	Daily	Total	Daily
Volume (thousands of shares)	201,440	787	5,392,798	21,066
Volume (M€)	382	1.5	8,642.90	33.8

Quotes	Data		Data	
Last	0.41	31-dec	0.19	31-dec
Maximum	3.74	30-mar	3.51	30-mar
Average	1.89		1.6	
Minimum	0.33	25-nov	0.18	31-dec

The last price of Abengoa's shares in 2015 was€ 0.41 for Class A shares, some 81% lower than at the end of 2014; and €0.19 per Class B share, 89% lower than the close of 2014.

Since its IPO in the Spanish stock exchange in November 29, 1996, the value of the company has decreased by 2%. The selective IBEX-35 index has risen by 104% during the same period.

Evolution of Share Value of Abengoa
(compared with Ibex-35)

10.2 Dividend policy

The General Shareholders' meeting held on March 29, 2015 approved a dividend of €0.113 per share, which amounted to €94,894 thousand, compared to €91,637 thousand in the previous year. On April 17, 2015 the dividend was distributed in one single payment.

Abengoa's Board of Directors held on September 23, 2015 approved the suspension of our dividend until Abengoa achieve a credit rating of "BB-"from Standard & Poors or "Ba3" from Moody's or our leverage ratio of Gross Corporate Debt (including bridge loan), as of the most recent balance sheet date which is approved, to Corporate EBITDA for the twelve months immediately preceding such balance sheet date, falls below 3.5x. As long as Abengoa do not reach the aforementioned credit rating or leverage ratio, Abengoa will not distribute dividends to their shareholders.

10.3 Management of credit quality

Credit ratings affect the cost and other terms upon which we are able to obtain financing (or refinancing). Rating agencies regularly evaluate us and their ratings of our default rate and existing capital markets debt are based on a number of factors.

As of March 19, 2015 Fitch Ratings, Inc ("Fitch") reduced the rating from B+ to B with stable Outlook. On November 26, after the announcement of the company´s situation reduced the rating to CC and at December 14, to RD (restricted default). Afterwards on January 16, 2016, Fitch announced that leaves the coverage of Abengoa.

On August 7, 2015, Moody´s Investors Service, Inc. ("Moody´s) confirmed the rating of B2 changing its Outlook from stable to on review. On November 19, 2015 reduced the rating to B3 (on review) and on November 26 to Caa2 with negative outlook. On December 11, 2015 announced the reduction of its rating to Caa3 with negative outlook.

Lastly, the investment services of Standard & Poor´s ("S&P") announced on June 9, 2015 an Outlook upgrade to credit watch from positive, confirming the rating upgrade to B+ from B in June 30, 20415. On November 26 reduced its rating to CCC- with negative Outlook and on December 16 to SD (Selective default).

10.4 Average supplier payment time

In compliance with the duty to report the average period of payment to suppliers stated in article 539 and the eighth additional provision of `Ley de Sociedades de Capital` according to the new composition given by the second final provision of` Ley 31/2014 de reforma de la ley de Sociedades de Capital` the company informs that the average period of payment to suppliers related to all the companies in the Group in Spain has been 95 days.

The following detail required by the article 6 of the January 29, 2016 resolution of the Instituto de Contabilidad y Auditoría de Cuentas, related to the information to be provided about the average period of payment during the year

	Days
Average period of payment	95
Paid transactions ratio	60
Unpaidtransactions ratio	133

	Amount
Total payments	1256739
Total outstanding payments	1163119

There is not comparative information in compliance with the additional provision of the mentioned resolution.

10.5 Furher information

To correctly measure and value the business and the results obtained by Abengoa, it is necessary to draw out the business trends from the consolidated figures.

In addition to the accounting information, as provided within the financial accounts and within this management report, Abengoa also publishes an 'Annual Report' which sets out the key events of 2015. This report is available in Spanish, and English. The Annual Report, which is published prior to the Shareholders' Meeting at which the financial statements of 2015 will be approved, includes not only the consolidated accounts of Abengoa, as well as the strategic objectives of the business and the key events of the three Business Units into which Abengoa is structured as of December 31, 2015.

The annual report is available on the company's website at www.abengoa.com.

The requirement to provide the market with information which is useful, truthful, complete, comparable and up-to-date would not be of such value to the user if the means of communicating such information were insufficient, as it would result in such information not being as effective, timely and useful. As such. The requirement to provide the market with information which is useful, truthful, complete, comparable and up-to-date would not be of such value to the user if the means of communicating such information were insufficient, as it would result in such information not being as effective, timely and useful. As such, the Aldama Report, the Financial System Reform Law and the Transparency Law recommend and enforce, in the light of recent technologies, the use of a website by listed companies as an information tool (including historical, qualitative and quantitative data on the company) and a means of disseminating information (on a timely or real-time basis, making such information available to investors).

Abengoa has a website, which was recently renewed and updated, that features far-reaching and comprehensive content, including information and documentation made available to the public and, in particular to shareholders. This website offers periodic information (quarterly and half-yearly) as well as other relevant information and facts upon which it is mandatory that Abengoa report to the CNMV to comply with the rules of the stock exchange. Through this website, it is also possible to request a copy of the Annual Report.

11.- Subsequent events

During the month of February 2016, the investment that Abengoa owned in Shams, which is the owner of a thermo-solar plant of 100 MW developed by the Company in Abu Dhabi (United Arab Emirates) has been sold for a total amount of USD €30 million. No impact in the results for the year is expected from this transaction.

As of March 1, 2016, the Company ceased Mr. José Dominguez Abascal, formerly appointed by Inversión Corporativa IC, S.A. as Chairman and revoked the powers he may have delegated. Since that date, he will continue as Director (external Director). Replacing him, the Board of Directors of Abengoa previously agreed by the Appointment and Remuneration Committee, appointed as Executive Chairman to Mr. Antonio Fornieles Melero, former Vice-chairman and Coordinator Director, delegating him all powers except those that cannot be legally delegated. As a consequence of this appointment this mentioned Director begun to have the executive Director consideration and left the Audit Committee and the Appointments and Remuneration Committee.

Also, and with prior approval of the Appointment and Remuneration Committee, the Board of Directors of Abengoa delegated on Mr. Joaquín Fernández de Piérola Marín all powers except those that cannot be legally delegated. As a consequence of this appointment, Mr. Joaquín Fernández de Piérola Marín was appointed CEO and maintained the executive Director consideration.

Additionally, in the framework of the negotiations, it is maintaining, with a group of its creditors comprised of banks and holders of bonds issued by the Abengoa group, for the restructuring of its indebtedness and its recapitalization in line with the grounds of an agreement that was announced on March 10, 2016 (relevant fact number 236094), on March 21, 2016, Abengoa Concessions Investments Limited ("ACI"), a subsidiary of the Company, entered into a Secured Term Facility Agreement (the "Facility Agreement") among, inter alia, the lenders as describe below (the "Lenders") and the agent appointed thereunder (the "Agent"), pursuant to which it is entitled to borrow up to €137,094,751.30 (the "Loan Amount") and is required to enter into related security documents (collectively, the "Loan Documents").The Facility Agreement will be used for the general corporate and working capital purposes of the Company and its subsidiaries (the "Group").

Upon the occurrence of certain events that are customary for this type of loan, the Lenders may exercise their right to require ACI to repay all or part of the Loan Amount, post additional collateral or foreclose on, and dispose of, the Pledged Shares (as described below under "Security") in accordance with the Loan Documents.

The loan will mature on 23 September 2016 or (if maturity for the September Facility and the December Facility is extended to at least the same date) 12 months after the utilization date. Loans will initially bear interest at a rate per annum equal to the aggregate of EURIBOR plus 14.5% (on a payment in kind basis). Default interest will be payable at a rate of 5% above the interest rate.

In certain circumstances, a make-whole amount, a restructuring fee and/or a rollover fee may become payable under the Facility Agreement.

Abengoa and the following subsidiaries will each provide a guarantee of all amounts payable to the finance parties under the Facility Agreement. Under the terms of the Loan Documents, ACI will pledge and grant a security interest in 14,327,124 ordinary shares of Atlantica Yield (formerly Abengoa Yield Plc.) held by it (the "Pledged Shares"), in favour of the Lenders as security for the Loan Amount and its obligations under the Loan Documents.

The Facility Agreement will require compliance with certain financial covenants consisting of (i) an initial loan to value ratio of 60% and (ii) maintaining a loan to value ratio of not more than 80%.

In relation to the Pledged Shares that were previously the subject of security interests in favour of the lenders under either (i) the loan agreement granted to the Company in 23 September 2015 or (ii) the loan agreement entered into in 24 December 2015 (see Note 20 to the Consolidated Financial Statements):

› the lenders under (i) the September Facility will release all of the Pledged Shares that are pledged as security for such financing and (ii) the December Facility will release a certain number of the Pledged Shares that are pledged as security for such financing. ACI will pledge and grant a second ranking pledge in respect of the Pledged Shares and the remaining shares securing the December Facility in favour of the lenders under the September Facility; and

› in connection with the granting of such releases, the September Facility and the December Facility will be amended to align certain provisions relating to the interest, the restructuring and rollover fees, the loan to value financial covenants, the maturity and the disposal covenants with those in the Loan Documents.

The Facility Agreement is governed by English law and the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection therewith.

Since December 31, 2015, no other events have occurred that might significantly influence the information reflected in the Consolidated Financial Statements, nor has there been any event of significance to the Group as a whole.

Appendix to consolidated management report

03.1 Annual corporate governance report

A. Ownership structure

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

Date of Last Modification	Share capital (€)	Number of shares	Number of voting rights
26-10-2015	1,840,954.98	941,533,858	9,204,774,877

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

Yes

Class	Number of shares	Nominal unit	Unit number of voting rights	Different rights
A	83,467,081	0.02	100	Without different rights
B	858,066,777	0.0002	1	See section H "Other Information of Interest" at the end of the report.

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 the Shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of shares	Number of voting rights	
Inversión Corporativa, I.C, S.A.	4.197.517.040	Finarpisa, S.A.	568,379,032	45.60 %
Finarpisa, S.A.	568,379,032	-	-	6.17 %

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

Not applicable

Personal or Corporate name of the Shareholder	Date of transaction	Description of transaction

A.3 Complete the following tables on company board members with voting rights through company shares:

Personal or Corporate name of the Director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of shares	Number of voting rights	
José Domínguez Abascal	636,000	0	0	0.007
Antonio Fornieles Melero	16,400	0	0	0.000
Joaquín Fernández de Piérola Marín	0	0	0	0.000
Jose Joaquín Abaurre Llorente	9,870	0	0	0.000
José Luis Aya Abaurre (passed away on 12 February 2016)	465,301	0	0	0.005
Javier Benjumea Llorente	404,352	0	0	0.004
José Borrell Fontelles	71,695	0	0	0.001
Mercedes Gracia Díez	2,500	0	0	0.000
Ricardo Hausmann	7,250	0	0	0.000
Ricardo Martínez Rico	2,565	0	0	0.000
Claudi Santiago Ponsa	20,800	0	0	0.000
Ignacio Solís Guardiola	1,768,000	0	0	0.020
Alicia Velarde Valiente	41,600	0	0	0.000

See section H "Other Information of Interest" at the end of the report.

% total of voting rights held by the Board of Directors	0,037

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

Personal or Corporate name of the Director	Number of direct rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct owner	Number of voting rights		

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

Personal or related Corporate Name	Type of relationship	Brief description
Inversión Corporativa, I.C, S.A Finarpisa, S.A.	Societal	Inversión Corporativa, I.C, S.A holds 99,99 % shares in Finarpisa, S.A.

A.5 Indicate, where 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:

Not applicable

Personal or related Corporate Name	Type of relationship	Brief description

A.6 Indicate whether any shareholders' agreements affecting the company have been communicated to the company pursuant to Art. 530 and 531 of Spanish Corporate Law. If so, provide a brief description and list the shareholders bound by the agreement:

Yes

Participants of the agreement	% of equity capital affected	Brief description of pact
Finarpisa, S.A. Inversión Corporativa, I.C., S.A.	56.369 %	On November 9, 2011, Inversión Corporativa IC, SA and Finarpisa SA signed an agreement to regulate the exercise of their respective voting rights in the general meetings of Abengoa in relation to the proposal, appointment, ratification, re-selection or substitution of the Director to represent First Reserve Corporation. This agreement was communicated to the CNMV as a relevant fact on 9 November 2011, under record no. 153062. By virtue of said agreement, Inversión Corporativa IC, SA and Finarpisa SA jointly agreed to vote in favor of: (a) the appointment of the candidate proposed to said Board to serve as Director designated by investor based on the co-optation procedure; and (b) the proposal to recommend the shareholders of Abengoa, during the next general meeting, to appoint, if need be, a replacement for the Director designated by investor on the Board of Directors. (ii) to vote in the corresponding general meeting of shareholders of Abengoa for the appointment of the candidate proposed by the Investor (iii) FRC or any of its subsidiaries holding Abengoa class B shares or any other instrument convertible in, or exchangeable for, Abengoa Class B shares may not propose or ask the Board of Directors to recommend that the shareholders make any kind of changes to the Company Bylaws which may adversely affect the equality rights of Class B shares and Class A shares as envisaged in the Bylaws.

Participants of the agreement	% of equity capital affected	Brief description of pact
Finarpisa, S.A. Inversión Corporativa, I.C., S.A.	56.369 %	On August 27, 2012, Inversión Corporativa IC, SA and its subsidiary, Finarpisa SA, amended the shareholders' agreement with the Abengoa shareholder, First Reserve Corporation. The amendment to this agreement was communicated to the CNMV as a relevant fact on 27 August 2012, under record no. 172757. The amendment was that FRC or any of its subsidiaries holding Abengoa class B shares or any other instrument convertible in, or exchangeable for, Abengoa Class B shares, issued in accordance with the Investment Agreement stipulations or with any other transaction document, may not propose or ask the Board of Directors to recommend that the shareholders make any kind of changes to the Company Bylaws which may adversely affect the equality rights of Class B shares and Class A shares as regards the distribution of dividends or analogous such as envisaged in the Bylaws. That they shall vote against such a proposal if submitted by any other shareholder or by the Board of Directors".

Participants of the agreement	% of equity capital affected	Brief description of pact
Abengoa, S.A. Inversión Corporativa, I.C., S.A.	56.369 %	On August 27, 2012, Abengoa S.A. entered into a shareholder agreement with its top shareholder, Inversión Corporativa, I.C., S.A by virtue of which the latter warrants and undertakes the following, directly or indirectly, through its subsidiary, Finarpisa S.A. This agreement was communicated to the CNMV as a relevant fact on 27 August 2012, under record no. 172756. By virtue of said agreement, Inversión Corporativa, I.C., S.A., either directly or indirectly through its subsidiary Finarpisa S.A., agrees: (i) To vote in favor of the agreements regarding points 2nd, 3rd, 4th, 5th, 6th and 7th on the Agenda of the Shareholders' General assembly held on September 30, 2012, as long as it is first verified that the aforementioned agreements are approved by the majority of the shareholders of another class other than those of Inversión Corporativa; (ii) to not exercise its voting rights except up to a maximum of 55.93 % in cases in which, as a result of the exercise of the rights of conversion of Class A shares into Class B shares expected to be included in the Corporate Bylaws, the total percentage of the voting rights it holds are increased over the company's entire voting rights (iii) that the percentage of the number of shares with voting rights held at all times (whether such shares are Class A or Class B) over the company's total number of shares not be at any time lower than one fourth of the percentage of the voting rights that said shares may allocate to Inversión Corporativa in relation to the company's total number of voting rights; and that, should such be the case, Class A share should be transferred or converted into Class B, in the amount deemed necessary to sustain such proportion

See section H "Other Information of Interest" at the end of the report.

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

Not applicable

Participants of concerted action	% of equity capital affected	Brief description of agreement

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

No

A.7 Indicate whether any individual or corporate body currently exercises, or could exercise control over the company pursuant to Article 5 of the Spanish Securities Market Act. If so, please identify:

Yes

Personal or Corporate Name
Inversión Corporativa, I.C, S.A.

Comments
Inversión Corporativa, I.C, S.A. is the direct holder of 45.68 % of the equity capital of Abengoa, S.A. and an indirect holder of 6.17 % through its subsidiary, Finarpisa S.A. Inversión Corporativa, I.C, S.A. is bona fide owner of the 99.99 % shares of Finarpisa S.A.

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

At year end:

Number of direct shares	Number of indirect shares (*)	% Total on Capital Stock
5,662,480 (Class A shares)	5,662,480	6.152 %
0 (Class B shares)	0	0 %
5,662,480 (Total shares)	0	6.152 %

(*) Held through:

Name or corporate name of indirect holder of shares	Number of direct shares
Total:	

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

Explain significant changes			
Communication Date	Total of direct shares acquired	Total of indirect shares acquired	% total on capital stock
08-01-2015	92,489,200	0	1.008
28-01-2015	91,948,018	0	1.002
24-02-2015	93,839,020	0	1.023
31-03-2015	95,088,362	0	1.037
08-04-2015	93,662,601	0	1.021
30-04-2015	94,168,947	0	1.027
14-05-2015	115,969,777	0	1.260
17-06-2015	95,142,700	0	1.033
23-07-2015	92,442,800	0	1.070
17-08-2015	98,408,800	0	1.088
27-08-2015	93,450,000	0	1.016
15-09-2015	92,210,100	0	1.003

A.9 Provide details of the conditions and current timeframes that shareholders confer upon the Board of Directors to issue, repurchase or transfer treasury stock.

The Ordinary General Meeting of Shareholders held on March 29 2015 authorized the Board of Directors to buy back the Company's shares, of any of the classes of shares stipulated in the company Bylaws, either directly or through its subsidiary or investor companies up to the maximum permitted by current laws at a rate set between one hundredth part of a euro (€ 0.01) as a minimum and twenty euros (€ 20) as maximum, with the specific power of substitution in any of its members. Said power shall remain in force for five (5) years from this very date, subject to article 144 and following of the Spanish Corporate Law. This authorization expressly includes the acquisition of shares that must be delivered directly to the company's employees or the option rights to which they are entitled. Thus, the authorization conferred upon the Board of Directors for the same purposes, by virtue of the decision taken at the Shareholders' Ordinary General Meeting held on Sunday, April 06, 2014, was specifically revoked.

On November 19 2007, the company signed a Liquidity Agreement regarding Class A shares with Santander Investment Bolsa, S.V. In replacement of said Liquidity Agreement, on January 10 2013, the company signed a Liquidity Agreement regarding class A shares, pursuant to the conditions set forth in Circular 3/2007, of December 19, of the CNMV. This Liquidity Agreement has been suspended since September 28 2015.

On November 8 2012, the company signed a Liquidity Agreement regarding Class B shares, with Santander Investment Bolsa, S.V., pursuant to the conditions set forth in Circular 3/2007, of December 19, of the CNMV. This Liquidity Agreement was terminated on April 21 2015.

As of December 31 2015, treasury stock amounted to 5,662,480 shares, all of which were Class A.

Regarding transactions performed during the financial year, the acquired treasury stock amounted to 86,671,439, out of which 9,997,508 were Class A and 76,673,931 Class B, and treasury stock sold amounted to 122,633,224, out of which 9,885,560 were Class A while 112,747,664 were Class B, The net result of the transactions amounted to 35,961,785 shares.

A.9 bis Estimated Floating Capital:

	%
Estimated Floating Capital	67.5 %

A.10 Indicate whether there are any restrictions on the transferability of stocks and/or any restrictions on the voting rights. In particular, issue report on the existence of any kind of restrictions that could impede complete takeover of the company through the acquisition of its shares on the market.

No

Description of the Restrictions

A.11 Indicate whether the General Shareholders' Meeting agreed to implement any neutralization measures to prevent public takeovers pursuant to the provisions of Law 6/2007.

No

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

A.12 Indicate whether the company has issued securities not negotiated on the community regulated market.

Yes

If so, indicate the various classes of shares and, for each class of shares, the rights and obligations entailed therein.

Class B shares are also listed in NASDAQ Global Select Market through "American Depositary Shares" represented by "American Depositary Receipts" (with five class B shares interchangeable by one American Depositary Share).

The ADS (American Depositary Shares) on Class B Shares of Abengoa, S.A. have been officially admitted for trade on the Nasdaq, American electronic stock market, since 17 October 2013.

B General meeting

B.1 Indicate and list the differences, if any, between the quorum required and what is set forth in the Spanish Corporate Law (LSC) for convening the General Shareholders' Meeting.

No

	% of quorum different to that set forth in art. 193 of the Spanish Corporate Law for general cases	% of quorum different to that set forth in art. 194 of the Spanish Corporate Law for special cases of art. 194 LSC
Quorum required in 1st call		
Quorum required in 2nd call		

Description of the differences

B.2. Indicate and list the differences, if any, with regards to the system contemplated in Spanish Corporate Law (LSC) for signing corporate agreements

No

Describe how it is different from the system set forth in the LSC.

	Reinforced majority different to that set forth in article 201.2 of the Spanish Corporate Law for cases outlined in art 194.1 LSC	Other reinforced majority cases
% established by the company for signing agreements		

Describe the differences

B.3 Indicate the rules applicable to the amendment of the company's bylaws. In particular, the majority required to amend the bylaws and, where applicable, the legal provisions for the protection of partner rights regarding the amendment of the bylaws shall be communicated.

Article 13 of the rules and regulations of the General Meeting establishes a special quorum that may enable the ordinary or extraordinary general assembly to validly agree on bond issuance, on capital increase or decrease, on changing, merging or splitting of the company and, in general, on any amendments whatsoever to the Bylaws, thus requiring, on the first call, the attendance of shareholders present or represented with at least fifty percent of the subscribed equity with voting rights. On the second call, only requiring the attendance of twenty-five percent of said capital. In the event of the attendance of shareholders with less than twenty-five percent of the subscribed capital with voting rights, decisions may only be taken with the favorable votes of two thirds of the capital present or represented in the Meeting".

Article 8 of the bylaws establishes certain rules and regulations for the purpose of protecting minority shareholders in bylaw amendment matters:

"1st Separate voting in matters regarding the amendment of bylaws or agreements and other operations that may negatively affect class B shares.

Bylaw or agreement amendments that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class B shares (including any amendments to the precautionary bylaws regarding class B shares or any agreements that may damage or negatively affect class B shares in comparison with class A shares, or that may benefit or favorably affect class A shares in comparison with class B shares) shall require, in addition to being approved pursuant to the stipulations of these bylaws, the approval of a majority of class B shares in circulation at the time. For explanatory but by no means limiting purposes, said precaution shall entail as follows: the elimination or amendment of the precautions set forth herein on the principles of proportionality between the number of shares representing class A shares, those of class B and those of class C (if previously issued) over the total of the company's shares in the issuance of new shares or securities or instruments that may give rise to conversion, exchange or acquisition, or in any other manner, that may suppose a right to receive the company's shares; the partial or total exclusion, of a non-egalitarian nature for shares of class A, class B and class C (as the case may be), of the pre-emptive and other analogous rights that may be applicable by Law and by these bylaws; the repurchase or acquisition of the company's own shares that may affect class A shares, class B shares and class C shares (as the case may be), in non-identical manner, in terms and conditions, in price or otherwise therein, and which may exceed what is produced under the framework of ordinary operation of treasury stock or which may cause amortization of shares or the reduction of capital in non-identical manner for class A, class B or class C shares (as the case may be); the approval of the company's structural modification that does not amount to treatment identity in all of its aspects for class A and class B shares; the exclusion of the shares of the company from trading on any secondary stock exchange or securities market except through the presentation of an offer of acquisitions for the exclusion from trading as envisaged in the considerations for the class A, class B and class C shares (as the case may be); the issuance of class C or of any other class of preferred or privileged shares that may be created in future.

For that purpose, separate voting rights shall not be required for the various existing classes of shares to decide on whether to totally or partially exclude, as the case may be, the pre-emptive and other analogous rights that may be applicable pursuant to the Law and to these bylaws, simultaneously and identically for class A, class B and, as the case may be, class C shares. "

[…]

"2nd Separate voting in matters regarding the amendment of bylaws or agreements and other operations that may negatively affect class C shares

Notwithstanding Article 103 of the Spanish Corporate Law, amendments of bylaws or agreements that may directly or indirectly damage or negatively affect the pre-emptive rights or privileges of class C shares (including any amendments to the precautionary bylaws relating to class C shares or to any agreement that may damage or negatively affect class C shares in comparison with class A and/or class B shares, or that may benefit or favorably affect class A and/or class B shares in comparison with class C shares) shall require, in addition to approval pursuant to the stipulations of these bylaws, approval by a majority of class C shares in circulation at the time. For explanatory but by no means limiting purposes, said precaution shall entail as follows: the elimination or amendment of the precaution set forth herein on the principles of proportionality between the number of shares representing class A shares, those of class B (if previously issued) and those of class C over the total of the company's shares in the issuance of new shares or securities or instruments that may give rise to conversion, exchange or acquisition, or otherwise, that may suppose a right to receive the company's shares; the partial or total exclusion, of a non-egalitarian nature for shares of class A and/or class B and class C of the pre-emptive and other analogous rights that may be applicable by Law and these bylaws; the repurchase or acquisition of the company's own shares that may affect class A and/or class B shares with regards to class C shares, in non-identical manner, in terms and conditions, in price or in any other manner, and which may exceed what is produced under the framework of ordinary operation of treasury stock or which may cause amortization of shares or reduction of capital in non-identical manner for class A, class B (as the case may be) and class C shares; the approval of the company's structural modification that does not amount to treatment identity in all of its aspects for class A, class B shares (as the case may be) with regards to class C; the exclusion of the shares of the company from trading on any secondary stock exchange or securities market except through the presentation of an offer of acquisitions for the exclusion from the trading as envisaged in the considerations for class A, (class B as the case may be) and class C shares; the issuance of any other class of preferred or privileged shares that may be created in future.

Notwithstanding the provisions of Article 293 of the Spanish Corporate Law, whatever the case may be, the Company's agreements on capital increase under whichever modality and under any formula that may give rise to the first issuance of class C shares shall, in addition to its approval in accordance with the legal provisions and with Article 29 of these Bylaws, require the approval of the majority of class B shares that may be in circulation."

See section H "Other Information of Interest"

B.4 Give details of attendance at general shareholder meetings held in the financial year to which this report refers and also in the previous financial year:

Attendance Data

Date of General Shareholders' Meeting	% of physical presence	% of proxy	% of absentee voting: Electronic voting	% of absentee voting: Other	Total
10-10-2015	64.399	3.328	0.0012	0.400	68.130
29-3-2015	64.651	6.784	0.00	0.305	71.74
6-4-2014	7.172	65.014	0.00	0.00	72.186

B.5 Indicate whether there are any restrictions in the Bylaws establishing a minimum number of shares needed to attend the General Shareholders' Meeting:

Yes

Number of shares required for attendance at the General Shareholders' Meeting	375

See section H "Other Information of Interest"

B.6 Section repealed.

B.7 Indicate the address and how to access the company's website to obtain corporate governance and General Shareholders' Meeting information that should be made available to the shareholders through the company's website.

The address of the Abengoa SA website is www.abengoa.com/.es and all the necessary and updated information relating to shareholders meetings can be found under the section of Shareholders and Corporate Governance.

The complete link to be followed:

http://www.abengoa.es/web/es/accionistas_e inversores/juntas_generales/

In compliance with the provisions of article 539.2 of the Spanish Corporate Law, Abengoa approved the regulations for the electronic forum for shareholders in order to facilitate communication between shareholders regarding convening and holding all of the general shareholders' meetings. Shareholders may send the following prior to each general meeting:

- Proposals intended for inclusion as part of the agenda outlined in the call for the general shareholders' meeting.
- Requests for the inclusion of said proposals.
- Initiatives to reach the required percentage to exercise minority voting rights
- Requests for voluntary representation.

C Structure of the company's governing body

C.1 Board of Directors

C.1.1 Indicate the maximum and minimum number of Directors stipulated in the company bylaws:

Maximum number of Directors	16
Minimum number of Directors	3

C.1.2 Complete the following table with the Directors of the board:

Personal or Corporate Name of Director	Representative	Category of the Director	Seat on the Board	Date of 1st appt.	Date of last appt.	Election procedure
Mr. José Domínguez Abascal		Executive	Chairman	23/09/2015	10/10/2015	Appointed by co-optation and subsequently ratified and appointed in Shareholders' Meeting
Mr. Antonio Fornieles Melero		Independent	Vice-chairman Coordinating Director	19/01/2015	29/03/2015	Appointed by co-optation and subsequently ratified and appointed in Shareholders' Meeting
Mr. Joaquín Fernández de Piérola Marín		Executive	Director and General Director	27/11/2015	27/11/2015	Appointed by co-optation
Mr. José Joaquín Abaurre Llorente		Proprietary	Director	25/06/1988	7/04/2013	Voting Rights in Shareholders' Meetings
Mr. José Luis Aya Abaurre (passed away on 12 February 2016)		Proprietary	Director	25/06/1983	7/04/2013	Voting Rights in Shareholders' Meetings
Mr. Javier Benjumea Llorente		Executive	Director	25/06/2013	7/04/2013	Voting Rights in Shareholders' Meetings
Prof. Mr. José Borrell Fontelles		Independent	Director	27/07/2009	7/04/2013	Voting Rights in Shareholders' Meetings
Prof. Ms. Mercedes Gracia Diez		Independent	Director	12/12/2005	6/04/2014	Voting Rights in Shareholders' Meetings
Mr. Ricardo Martínez Rico		Independent	Director	24/10/2011	1/04/2012	Voting Rights in Shareholders' Meetings
Mr. Ricardo Hausmann		Independent	Director	6/04/2014	6/04/2014	Voting Rights in Shareholders' Meetings
Mr. Claudi Santiago Ponsa		Proprietary	Director	23/02/2012	1/04/2012	Voting Rights in Shareholders' Meetings
Mr. Ignacio Solís Guardiola		Proprietary	Director	15/04/2007	29/03/2015	Voting Rights in Shareholders' Meetings
Ms. Alicia Velarde Valiente		Independent	Director	6/04/2008	1/04/2012	Voting Rights in Shareholders' Meetings

Total number of Directors	13

Indicate the terminations that occurred on the Board of Directors during the period being reported:

Personal or Corporate name of the Director	Category of the Director at the time of removal	Leaving date
Aplidig, S.L. (Mr. José B. Terceiro)	Executive	29/01/2015
Mr. Manuel Sánchez Ortega	Executive	27/07/2015
Mr. Felipe Benjumea Llorente	Executive Chairman	23/09/2015
Ms. María Teresa Benjumea Llorente	Proprietary	10/10/2015
Mr. Fernando Solís Martínez-Campos	Proprietary	10/10/2015
Mr. Carlos Sundheim Losada	Proprietary	10/10/2015
Mr. Santiago Seage Medela	Executive	27/11/2015

See section H “Other Information of Interest”

C.1.3 Complete the following tables on the Directors and their different categories:

Executive directors

Personal or corporate name of the Director	Position within the company structure
Mr. José Domínguez Abascal	Chairman
Mr. Joaquín Fernández de Piérola Marín	Director and General Director
Mr. Javier Benjumea Llorente	Director

Total number of Executive Directors	3
Total % of Directors	23.08 %

Independent directors

Personal or corporate name of the Director	Profile
Mr. Ignacio Solís Guardiola.	Inversión Corporativa, I.C., S.A.
Mr. José Joaquín Abaurre Llorente	Inversión Corporativa, I.C., S.A.
Mr. José Luis Aya Abaurre (passed away on 12 February 2016)	Inversión Corporativa, I.C., S.A.
Mr. Claudi Santiago Ponsa	First Reserve Corporation

Total number of proprietary Directors	4
% Total of Board of Directors	30.77 %

External independent directors

Personal or corporate name of the Director	Profile
Mr. Antonio Fornieles Melero	Antonio Fornieles Melero has focused almost his entire professional career on auditing. He joined the Spanish Institute of Chartered Accountants in 1987 and was appointed associate in KPMG in 1994. He was subsequently appointed as member of the firm's Partners Board, auditing manager for KPMG Spain and Chief Operations Officer for global auditing. Until he joined Abengoa, Antonio Fornieles Melero was responsible for the middle market program for all KPMG Spain offices. In January 2015, he was appointed Second Vice-Chairman and Coordinating Director of Abengoa; a position which he currently holds. He graduated with a Bachelor's Degree in Economics and Business Studies from the Complutense University of Madrid and a Diploma in Senior Leadership in Business Management from San Telmo International Institute. He has been a professor in the Faculty of Economics and Business Studies at the University of Cadiz, regularly lectures and gives talks in different universities and professional corporations on issues related to financial information, business management and corporate governance and ethics.
Prof. Mr. José Borrell Fontelles	Professor of Introduction of Economic Analysis at the Complutense University of Madrid. Aeronautical Engineering at the Polytechnic University of Madrid, Doctorate in Economics, Master's Degree in Operational Research from Stanford University, Master's Degree from the French Institute of Petroleum in Paris. He worked as an engineer for the Spanish Petroleum Company (1972-1981). Between 1982 and 1996 he was successively appointed Secretary-General for Budgetary Affairs, Secretary of State for Finance and Minister for Public Works, Telecommunications, Transport and the Environment. In the first half of his term in office between 2004 and 2009 he was elected President of the European Parliament and in the second half Chairman of the Development Assistance Committee.
Ms. Alicia Velarde Valiente	He studied in the ICE Pablo VI School where she finished with Honors. She completed a Bachelor's Degree in Law (1983-1987) in the San Pablo Center of University Studies (Complutense University) and obtained 21 Honors, 3 Distinctions and 1 Excellent for the 25 modules. In October 1987 she began preparing for the competitive exams to join the Spanish Association of Notaries under the guidance of Mr. Juan Bolás Alfonso. She sat the exam in 1990 and gained a place as notary after the first round of exams in April 1991. Since then she has worked in several notary offices and as of 2001 in Tarancón (Madrid). Meanwhile, since passing the competitive exams, she was delegated responsibility by Mr. Juan Bolás (appointed Dean of the School) to prepare Group No. I of candidates competing to become Notary Publics from the Madrid Academy of Preparation for Notaries, and has been carrying out this role since 2006. In the 1994-1995 academic year she began to teach classes on Civil Law in the Francisco de Vitoria University and continued doing so until 1999 (when her third child was born). Since 1999 she has continued to work closely with the university, giving guest lectures on the Master's Degree on Canon Law under the guidance of Mr. José Mª Iglesias Altuna.
Prof. Ms. Mercedes Gracia Diez	Professor of Econometrics at the University Center of Financial Studies (CUNEF). She graduated from the Autonomous University of Madrid in 1978 with a Bachelor's Degree in Economics and completed a PhD in Economics at New York University in 1986. She has carried out her academic work in the Complutense University of Madrid (on leave since 2011) and has had several scientific papers published in international journals. She served as the Director of Balance Sheet Management at Caja Madrid from 1996 to 1999 and Head of the Economics and Law Division of the Interministerial Commission for Science and Technology from 1993 to 1996.
Mr. Ricardo Martínez Rico	Ricardo Martínez Rico is a founding member of Equipo Económico (2006) and has been serving as its Executive Chairman since 2008. Under his leadership the company offers strategic consultancy services to clients thanks to professional and personalized advice based on extensive knowledge of the economic, financial, tax and legal-regulatory spheres. Formerly, between 2005 and 2006, he directed the Economic and Commercial Office of Spain in Washington, with hands-on participation in commercial negotiations, analysis of American economy and support for Spanish companies in their incorporation to the American market, particularly through investments. He is also responsible for relations with multinational financial institutions: International Monetary Fund, World Bank and Inter-American Development Bank. After successfully executing public duties associated with various significant roles within the Ministries of Economy and Finance, at the start of 2003 he was appointed Secretary of State for Budgetary Affairs and Expenses. In this position, he managed and oversaw one of the largest portfolios of the Spanish Government, with a budget in excess of € 250 billion and a team of more than 3,000 people. He promoted four fundamental laws for Budgetary Consolidation in Spain. Alongside these efforts, he propelled liberalization policies, privatizations, private funding of infrastructure and structural reforms of the Spanish economy, all of which had extremely positive impacts on Spanish economic growth. He was also the Spanish representative in the European Committee on Budgets and in the European Commission on Regional Policy. He actively takes part in debates on international economy and economic policy in the media, specialist journals and seminars, and Spanish and North American business schools. He is one of the main drivers behind the RCC at Harvard Executive Program. This program focuses on the analysis of building a competitive advantage in the global market It is held every year at Harvard Business School and is now up to its thirteenth edition. He also sits on the Board of Directors of several Spanish companies. He is a Commercial Expert and State Economist (currently on voluntary leave). After studying in the German Institutes of Bilbao and Valencia (Colegio Alemán), he graduated in Business from the University of Zaragoza, both times obtaining the outstanding end-of-course award. He furthered his training in the London School of Economics, Harvard Kennedy School of Government and Wharton Business School.
Mr. Ricardo Hausmann	Professor Ricardo Hausmann, Venezuelan economist and academic, is the current Director of the Center for International Development and Professor at Harvard University. He formerly served as the first Chief Economist of the Inter-American Development Bank, where he created the Research Department. He also served in the capacity as Minister of Planning of Venezuela and as a member of the Board of the Central Bank of Venezuela. He was Professor of Economics at the IESA [Institute for Advanced Administration Studies] in Caracas, where he founded the Center for Public Policy.

Total number of independent external Directors	6
% Total of Board of Directors	46.15 %

Indicate whether any director classified as independent receives any amount or benefit from the company or from his/her own group, in any concept other than in remuneration as Director, or whether he/she maintains or has maintained a business relation with the company or with any company within its group during the last financial year, in his/her own name or as significant shareholder, Director or top executive of a company that maintains or has maintained such relationship.

As the case may be, the board shall include a statement outlining the reasons why it deems that said Director can perform his/her duties in the capacity as independent Director.

Personal or Corporate name of the Director	Description of relationship	Reasoned statement
Mr. Ricardo Martínez Rico	Service agreement signed between Abengoa S.A. and Equipo Económico S.L. by virtue of which said company is obliged to provide integral and strategic consultancy services for Abengoa and other companies within its group. Mr. Ricardo Martínez Rico is Chairman of Equipo Económico S.L.	In accordance with the definition of Independent Director, Mr. Ricardo Martínez Rico fulfils the independence requirements necessary for him to perform his duties in his capacity of independent director, since the money received is not significant in comparison with the yearly turnover of Equipo Económico.

Other external directors

Other external Directors will be identified and reasons will be explained as to why they cannot be considered independent or proprietary, and their connections with the company, its executives or shareholders will be outlined:

Not applicable

Personal or Corporate name of the Director	Reasons	Company, executive or shareholder with which the connection is held
Total number of other external Directors		
% Total of Board of Directors		

Indicate the variations, as the case may be, that occurred during the period in the category of each Director:

Personal or Corporate name of the Director	Date of Change	Previous category	Category
José Domínguez Abascal	27/11/2015	proprietary	Executive

See section H "Other Information of Interest"

C.1.4 Complete the following table with the information on the number of female Directors for the last four financial years, including the nature of such Directors:

	Number of Female Directors				% of total of Directors in each category			
	Financial Year t	Financial Year t-1	Financial Year t-2	Financial Year t-3	Financial Year t	Financial Year t-1	Financial Year t-2	Financial Year t-3
Executive	0	0	0	0	0	0	0	0
Proprietary	0	1	1	1	0	14.28	14.28	12.5
Independent	2	2	2	2	33.33	40	50	50
Other External	0	0	0	0	0	0	0	0
Total:	2	3	3	3	15.38	18.75	20	20

C.1.5 Explain, where applicable, the measures taken by the company to ensure that females are included on the Board of Directors in a number that allows for a balanced representation of men and women.

Explanation of the measures

Six of the members that comprised the Board of Directors at the closing of the financial year were independent and two of those are female. The Appointments and Remunerations Commission promotes the inclusion of females on to the Board of Directors, specifically focusing on the posts of independent Directors since the rest of the other member-posts that make up the Board are proprietary Director posts whose selections do not directly depend on the Commission. Thus, Abengoa ensured that the number of women is representative based on the number of independent members by applying the policy established in Article 1 of the regulations of the Appointments and Remunerations Commission which specifically outlines the quest for equal opportunities: "Article 1 - Composition and Structure". [...] [ ] "The Appointments and Remunerations Commission shall establish procedures and, in the event of new vacancies, shall ensure that:

- a) The selection process for board vacancies has no implicit bias against female candidates;

› b) The company makes a conscious effort to include female candidates that meet the professional profile sought."

It is the responsibility of the Appointments and Remunerations Commission to notify the Board about any issues of gender diversity. It is also obliged to establish a representation target for the less represented sex in the Company's Board of Directors and draft guidelines on how to achieve this target.

Moreover, through the company's Equality Framework Plan, Abengoa has defined a corporate strategy in the field of equal rights between male and female. Thus, all Abengoa companies and work centers take and use this Plan as a reference for developing and approving their own. In 2009, to ensure the practice of these values, Abengoa created the Equal Opportunity and Treatment Office (OITO) under the Equality Framework Plan. The mission of this office is to advocate gender equality with the whole organization, promoting, developing and managing the Equality Framework Plan and all plans associated with it.

In addition, the company created the Equal Opportunity and Treatment Commission, chaired by the Human Resources Director and integrated by the HR heads from the various areas and geographical locations of the business, as well as by the CSR director as permanent members, for the purpose of worldwide follow-up, and subsequent development of the issues relating to equal opportunity among male and female employees of Abengoa

C.1.6 Explain any measures that the Appointments Commission may have agreed upon to ensure that selection procedures refrain from implicit bias that would otherwise impede the selection of female directors, and that the company purposefully seeks to include and includes female candidates that meet the professional profile sought:

Explanation of the measures

The Appointments and Remunerations Commission objectively and transparently assesses the potential candidates based on merit criteria, promoting male and female equality and rejecting all kinds of direct or indirect discrimination based on sex.

The Commission, which includes women in its rank and file, assesses the competencies, knowledge and experience that the Board requires, and defines the aptitude and functions sought in the candidates to occupy the vacancy in question, evaluating the time and dedication such candidates may require to be able to diligently perform their duties, and then decide by majority vote.

If in spite of implementing the measures, as the case may be, the number of female Directors is still scarce or non-existent, explain the reasons to justify such circumstance:

Explanation of Reasons

Not applicable

C.1.6.bis Explain the conclusions reached by the Appointments Commission with regard to the verification of compliance with the director selection policy. And specifically, with regard to how this policy is pursuing the goal of having at least 30 % of total board places occupied by women directors before the year 2020.

Not applicable, as the company did not have a director selection policy for the financial year 2015.

C.1.7 Explain the manner in which shareholders with significant shares are represented on the board.

Shareholders with significant shares are represented by proprietary (dominion) Directors who exercise their functions based on the company's code of conduct and on the other regulations deemed applicable to all members of the board.

C.1.8 Explain, where applicable, the reasons why proprietary directors were appointed at the request of shareholders with stakes amounting to less than 3 % of the share capital:

Personal or Corporate name of the Shareholder	Reason
First Reserve Corporation (Mr. Claudi Santiago Ponsa)	On 9 November, 2011, Inversión Corporativa IC S.A. and Finarpisa SA, in the capacity of shareholders of Abengoa, signed an agreement to regulate the exercise of their respective voting rights in the Abengoa general shareholders' meetings regarding the proposal, appointment, ratification, re-selection or substitution of the Director to represent First Reserve Corporation. By virtue of said commitment, among other things, Inversión Corporativa I.C., S.A. and Finarpisa, S.A., jointly agreed on the following: (i) to vote on the following through their representatives on the Board of Directors of Abengoa: (a) the appointment of the candidate proposed to said board to serve as Director designated by investor based on the co-optation procedure envisaged in the Spanish Corporate Law; and (b) the proposal to recommend that during the next meeting of the general Meeting the Shareholders of Abengoa appoint, as the case may be, a replacement for the Director designated by investor on the Board of Directors. (ii) to vote in the corresponding general assembly of shareholders of Abengoa in favor of the appointment of the candidate proposed by Investor to serve as investor's representative on the Board of Directors.

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

Not applicable

Personal or Corporate name of the Shareholder	Reason

C.1.9 Indicate whether any Director resigned from his/her post before the end of term of office, if reasons were given to the Board and if so, how, and, if reasons were given in writing, explain the reasons given, at least, by the Director him/herself:

Name of Board Member	Reason for resignation
Aplidig, S.L. (Mr. José B. Terceiro)	Submitted his resignation in writing dated 19/01/2015 without stating his reasons
Mr. Manuel Sánchez Ortega	Submitted his resignation in writing to the Secretary of the Board of Directors dated 27/07/2015 as a result of undertaking a new professional position
Mr. Felipe Benjumea Llorente	Submitted his resignation in writing to the Board of Directors dated 23/09/2015 as a result of his resignation as Executive Chairman and partly due to certain commitments made by the Company with certain financial bodies
Ms. María Teresa Benjumea Llórente	Submitted her resignation in writing to the Chairman of the Board of Directors dated 10/10/2015 partly due to certain commitments made by the Company with financial bodies
Mr. Fernando Solís Martínez-Campos	Submitted his resignation in writing to the Chairman of the Board of Directors dated 10/10/2015 partly due to certain commitments made by the Company with financial bodies
Mr. Carlos Sundheim Losada	Submitted his resignation in writing to the Chairman of the Board of Directors dated 10/10/2015 partly due to certain commitments made by the Company with financial bodies
Mr. Santiago Seage Medela	Submitted his resignation in writing to the Board of Directors dated 27/11//2015 as a result of starting work for Abengoa Yield plc as Managing Director

C.1.10 Indicate, where applicable, the powers delegated by any Chief Executive Officers:

Personal or Corporate name of the Director	Brief description
Mr. José Domínguez Abascal (Executive Chairman)	All powers of the Board except those of a legal and statutorily non-delegable nature

See section H "Other Information of Interest"

C.1.11 Identify, where applicable, the Directors holding administrator or management posts in other companies forming part of the company group listed on the stock market:

Personal or Corporate name of the Director	Corporate name of entity of group	Post	Does he/she hold executive responsibilities?
Mr. José Domínguez Abascal	Abengoa Solar, S.A.	Physical representative of Abengoa S.A.	No
	Sociedad Inversora en Energía y Medioambiente, S.A.	Physical representative of Abengoa S.A.	No
	Europea de Construcciones Metálicas, S.A.	Physical representative of Abengoa S.A.	No
	Abeinsa Ingeniería y Construcción Industrial, S.A.	Director	No
	Abengoa Energy Crops, S.A.	Director	No
	Fotovoltaica Solar Sevilla, S.A.	Director	No
	Abengoa Biotechnology Research S.A.	Director	No
	Abengoa Solar Research S.A.	Director	No

Personal or Corporate name of the Director	Corporate name of entity of group	Post	Does he/she hold executive responsibilities?
Mr. Joaquín Fernández de Piérola Marín	Abengoa Servicios, S.A. de C.V.	Chairman	No
	Gestión Integral de Recursos Humanos, S.A.	Chairman	No
	Abengoa Concessions, S.L.	Chairman	Yes
	Abengoa Concessions Investments, Ltd.	Director	Yes
	Abengoa México O&M, S.A. de C.V.	Chairman	No
	Abeinsa Monterrey VI, S.A. de C.V.	Chairman	No
	Servicios Auxiliares de Administrativos Tabasco, S.A. de C.V.	Chairman	No
	Consultora de Servicios y Proyectos Centronorte, S.A. de C.V.	Chairman	No
	Concesionaria del Acueducto El Zapotillo, S.A. de C.V.	Alternate Executive Chairman	No
	Construcciones Metálicas Mexicanas Comemsa, S.A. de C.V.	Chairman	No
	Abengoa Servicios Industriales, S.A. de C.V.	Chairman	No
	Abeinsa Juárez N-III, S.A. de C.V.	Chairman	No
Mr. Javier Benjumea Llorente	Abengoa Bioenergía, S.A.	Chairman	No

C.1.12 Provide details, where applicable, of company Directors who also sit on the boards of other entities listed on different official stock markets to their group, of which the company is aware:

Mr. Antonio Fornieles Melero is a member of the Board of Directors of the company Oryzon Genomycs, S.A.

Personal or Corporate name of the Director	Corporate name of the listed entity	Post

C.1.13 Indicate, and if so, explain whether the company has established rules regarding the maximum number of Boards on which its own Directors may sit:

No

Explanation of the rules

See section H "Other Information of Interest"

C.1.14 Section repealed.

C.1.15 Indicate the overall remuneration of the Board of Directors:

Comprehensive remuneration of the Board of Directors (in thousands of euros)	32,213
Amount of the comprehensive remuneration for the concept of accumulated pension entitlements for current directors (in thousands of euros)	0
Amount of the comprehensive remuneration for the concept of accumulated pension entitlements for former directors (in thousands of euros)	0

C.1.16 Identify any senior management staff member who is not also an executive Director and indicate the total remuneration they received during the financial year:

Personal or Corporate name	Post
Alfonso González Domínguez	Director of Ingeniería y Construcción Industrial and Iberoamérica
Antonio José Vallespir de Gregorio	Director of Abengoa Bioenergía
Carlos Cosin Fernández	Director of Abengoa Water
Manuel Doblaré Castellano	Director of Abengoa Research
Armando Zuluaga Zilbermann	Director of Abengoa Solar
Enrique Aroca Moreno	General Director of Simosa IT
Daniel Alaminos Echarri	Secretary General
Miguel Angel Jiménez-Velasco Mazarío	Director of Compliance
Álvaro Polo Guerrero	Director of Human Resources
Luis Fernández Mateo	Director of Organizations and Budget
Jesús Angel García-Quílez Gómez	Co-CFO Financial Markets
Juan Carlos Jiménez Lora	Director Planning and Control and Remunerations
Luis Enrique Pizarro Maqueda	Director of Internal Audits
Enrique Borrajo Lovera	Director of Consolidation
Ignacio García Alvear	Co-CFO Capital Markets & IR
German Bejarano García	Director of International Institutions Relations

Total remuneration for senior management (in thousands of euros)	€ 7,163 thousand euros

C.1.17 Identify, where applicable, the Directors of the Board who are also Directors of the Board for significant shareholding companies and/or entities of their group:

Personal or Corporate name of the Director	Corporate name of significant shareholder	Post
Mr. José Domínguez Abascal	Inversión Corporativa, IC, S.A.	Director
Mr. Javier Benjumea Llorente	Inversión Corporativa, IC, S.A.	Director
Mr. José Luis Aya Abaurre (passed away on 12 February 2016)	Inversión Corporativa, IC, S.A.	Director
Mr. José Joaquín Abaurre Llorente	Inversión Corporativa, IC, S.A.	Director
Mr. Ignacio Solís Guardiola	Inversión Corporativa, IC, S.A.	Director

See section H "Other Information of Interest"

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

Not applicable

Personal or Corporate name of associate Director	Personal or Corporate name of significant associate Director	Description of relationship

C.1.18 Indicate whether any of the rules and regulations of the board were amended during the financial year:

Yes

Description of amendments

By virtue of the Board of Directors' decision taken on January 19 2015, Article 22 of the Board of Directors Regulations was amended to add the following paragraph:

"The Board of Directors will be entitled to designate the lead independent director referred to in article 529 septies of the Spanish Corporate Law as second vice-chairman of the Board of Directors".

Likewise, by virtue of the Board of Directors' decision taken on February 23 2015, the Board of Directors Regulations were amended to fully adapt the content thereof to the most recent reforms of the Spanish Corporate Law and, in particular, to add the latest improvements in terms of corporate governance introduced by Law 31/2014 dated December 3, whereby the Spanish Corporate Law is amended to improve corporate governance; to update references made in the regulations to repealed law or that to which the Company as of today's date is not subject; and in general terms, to standardize the terminology used throughout the Articles of the Regulations.

In particular, it was agreed upon to remove the preamble and amend articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28 and 29 of the Board of Directors' Regulations as well as to draft the Revised Text thereof.

Lastly, by virtue of the Board of Directors' decision made on 23 September 2015, article 30 was added to the Board of Directors' Regulations in order to regulate the creation of the Investment Commission:

"Article 30. Investment Commission

The Board of Directors shall establish and sustain an Investment Commission to be governed by the following provisions:

- (a) The Investment Commission shall comprise a minimum of three directors appointed by the Board of Directors, at the proposal of the Executive Chairman of the Board and following a report from the Appointments and Remunerations Commission. The majority of the appointed directors should be external independent Directors. The Board of Directors shall also appoint a Chairman from among the independent directors that make up the Commission. The post of Secretary of the Investment Commission shall be undertaken by whoever carries out the post of Technical Secretary-General of the Company or by the person who, as the case may be, appoints the Board of Directors for such purpose.
- (b) The members of the Investment Commission shall exercise their posts while their appointment as directors of the Company remains in force, unless otherwise agreed by the Board of Directors. The renewal, reelection and designation of the directors of the Investment Commission shall be governed by the terms of agreement reached by the Board of Directors.
- (c) Notwithstanding any other obligations that may be assigned at any time by the Board of Directors, the Investment Commission shall be responsible for:
  - (i) Controlling and monitoring commitments for capex. Capex is defined as the investment in capital or equivalent instruments in projects which require cash outflow of the Company. To this end, the Investment Commission must propose, prior to approval by the Board of Directors, any investment commitment for capex in new projects. The Commission shall have sole authorization to propose new capex investments in new projects to the Board of Directors. The Board of Directors shall abstain from approving any capex investment projects that have not been proposed by the Commission.
  - (ii) Follow-up of the budget and external capex objectives that the Company has established at each moment.
  - (iii) Reporting on the commitments to increase and reduce financial debt and follow-up the Company's financial deleveraging policy.
  - (iv) Reporting on the dividend distribution policy and the amendments thereof.
- (d) The Investment Commission may operate according to the rules that, where applicable, are defined by the Board of Directors in a specific regulation."

See section H "Other Information of Interest"

C.1.19 Indicate the procedures for the selection, appointment, reappointment, appraisal and removal of Directors. Provide details of the authorized bodies, the procedures to follow and criteria to use in each of the procedures.

The Appointments and Remunerations Commission is the competent body for drafting, insofar as independent directors are concerned, and reporting on, in the case of all other directors, the proposal to be presented to the Board of Directors for appointment by co-optation or for subsequent submission before the General Shareholders' Meeting, as well as proposals for their re-election or discharge by the General Shareholders' Meeting, applying criteria of independence and professionalism set forth in the Board of Directors' Regulations and the Commission's Regulations, and ensuring that they hold the recognized creditworthiness and suitable knowledge, prestige and professional experience to perform their duties.

The performance appraisal of the Board of Directors and its Commissions is overseen and organized by the Appointments Commission through substantiated reports filed to the Board during the meeting held in the following first quarter, after the previous financial year-end and after obtaining or at least knowing the accounting estimate for the financial year closing and upon receipt of the auditor's report since both are essential as assessment criteria, proposing, based on the result of the appraisal, a plan of action to correct the identified shortcomings.

With regards to the procedures for selecting and appointing independent Directors, the Appointments and Remunerations Commission is the body in charge of selecting profiles that best represent the needs of the different interest groups among professionals of different fields and of renowned national and international prestige. The procedure for selecting them is based on merits and on the intention to cover any vacancy with professional profiles that are not linked to any specific interests.

Thus, the Appointments and Remunerations Commission performs annual inspections to verify the sustenance of the conditions met for the appointment of the Director and the nature and typology assigned to said member, and then includes the information in the annual report on corporate governance. The Appointments Commission likewise strives to ensure that the selection procedures for filling vacancies refrain from implicit biases that may hinder the inclusion of females that fit the required profile among the potential candidates. Its functions also include reporting to the Board of Directors on appointments, re-elections, terminations and remuneration for senior management, as well as proposing to the Board the general remuneration policy and incentives for Directors and senior management, individual remuneration of Directors, the other contractual terms and conditions of each Executive Director and the basic contractual conditions for senior management, as well as informing the Board of Directors beforehand on all proposals to be submitted to the General Shareholders' Meeting for the appointment or dismissal of Directors, even in cases of co-optation by the Board of Directors itself.

C.1.20 Explain to what extent the annual evaluation of the Board has led to important changes being made to its internal structure and the procedures applicable to its activity:

There were no significant amendments made as a result of the annual evaluation of the Board.

Description of amendments

C.1.20.bis Describe the evaluation process and the areas assessed by the Board of Directors with support, where applicable, from an external consultant, with regards to its diversity and competencies, the operation and composition of its commissions, the performance of the Executive Chairman of the Board of Directors and the Chief Executive Officer of the company, as well as the performance and contribution of each director.

The evaluation was carried out from two clearly defined and different perspectives: that of the Board of Directors and its commissions, and the individual performance of directors.

- Performance of the Board of Directors and its commissions

With the intention of gathering the opinions and concerns of directors with regard to certain significant issues in terms of the performance of the Board of Directors and its commissions, the Secretaries of the Board of Directors and the Appointments and Remuneration Commission have sent all Abengoa directors (acting in that capacity and, where applicable, as members of commissions to which they have been appointed) a questionnaire.

The main assessment indicators of the questionnaires distributed to directors of the company are as follows:

- (a) The members of the governing body are aware of the changes in the business environment and are kept abreast of all developments with regard thereto.
- (b) The members of the governing body are aware of the strategic direction of the business.
- (c) The members of the governing body are regularly informed by senior management of any progress made regarding the Company's strategic plan.
- (d) The members of the governing body are informed of and participate in the resolution of Company problems.

- (e) The profiles of members making up the governing body are adequate to address the needs of the Company, providing added value and representing the interests of different stakeholders.
- (f) The members of the governing body are aware of the Company's primary risks.
- (g) The members of the governing body receive the necessary documentation regarding business development and participate therein.
- (h) The members of the governing body have access to reports on the work carried out by the commissions.

In addition, as part of the performance assessment of the Board of Directors and its commissions, the Chairwoman of the Appointments and Remuneration Commission held individual meetings with Abengoa directors (acting in that capacity and, where applicable, as members of commissions to which they have been appointed).

Furthermore, the Secretary of the Appointments and Remuneration Commission collected the information deemed necessary from the Secretary of the Board of Directors and the respective secretaries of the Board of Directors' commissions, having provided them with attendance forms for the respective meetings held.

In the performance assessment of the Board of Directors and its commissions, the Appointments and Remuneration Commission also took account of the first-hand knowledge acquired by the members of the aforementioned commission through serving in the capacity as members of the Company's Board of Directors and of the commissions to which each one is appointed.

- Individual performance assessment of directors

With the aim of assessing the individual performance of the Abengoa directors, the Chairman of the Appointments and Remuneration Commission held various working sessions with the Chairman of the Board of Directors and the Chairmen of the commissions. During these working meetings, they conducted detailed analyses of the participation and individual performance of each Company director in light of their roles and responsibilities which, depending on the different categories to which they belong, are assigned to them by law and the Company's internal corporate governance regulations.

C.1.20.ter Give details of, where applicable, any business dealings that the consultant or any members of its corporate group maintain with the company or members of its corporate group.

Not applicable

C.1.21. Indicate the cases where Directors are obliged to resign.

In accordance with the provisions in article 13 of the Board of Directors' Regulations, Directors are removed from office when the term for which they were appointed comes to an end, and in all other cases deemed appropriate by Law, the Bylaws or the Board of Directors' Regulations.

Directors are obliged to surrender their posts to the Board of Directors and to formalize their resignation, if the board deems it convenient, in the following cases:

- (a) If they fall within any of the grounds for incompatibility or prohibition as prescribed by the law.
- (b) If deemed severely liable by any public authority for infringing upon their obligations as Directors.
- (c) If the Board itself requests so due to a Director having infringed upon his/her obligations

See section H "Other Information of Interest"

C.1.22. Section repealed.

C.1.23 Does the company require reinforced majorities other than the legal majorities for any type of decision?:

No

If so, provide a description of the differences.

C.1.24 Explain whether or not there are specific requirements other than those relating to Directors to be appointed Chairman of the Board of Directors.

No

Description of the differences

C.1.25 Indicate whether or not the Chairman has the deciding vote:

Yes

Matters in which there is a deciding vote
In the event of draws.

C.1.26 Indicate whether or not the bylaws or board regulations establish any age limit for Directors:

No

Age limit for Chairperson	Age limit for Chief Executive	Age limit for Director

C.1.27 Indicate whether or not the bylaws or board regulations establish a limited mandate for independent Directors, other than that established by the law:

No

Maximum number of years of mandate	

C.1.28 Indicate whether or not the Bylaws or the Board of Directors' Regulations establish specific regulations for delegating voting rights on the Board of Directors, how it is done and, in particular, the maximum number of delegations that may be conferred upon a Director, as well as whether or not any restriction has been established with regard to the categories in which it is possible to delegate, beyond the constraints imposed by the legislation. Where applicable, give a brief outline of these regulations.

Article 10 of the Board of Directors' Regulations governs the delegation of voting rights in the following way:

"Members of the Board of Directors may only delegate their representation to another member of the Board. Non-executive Directors may only be represented by other non-executive members of the Board of Directors. Representation of absent Directors may be granted by means of written communication of any nature addressed to the Chairmanship, which is sufficiently competent to accredit the representation granted and the identity of the represented Director.

C.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. Proxies granted specific instructions for meetings shall be counted as attendances.

Number of board meetings	42
Number of board meetings without the attendance of the Chairman	0

If the Chairman is an executive director, indicate the number of meetings held, without the attendance or representation of any executive director and under the chairmanship of the Coordinating Director.

Number of meetings	0

Indicate the number of meetings held by the different board commissions during the financial year:

Number of meetings of the Executive Commission	Not applicable
Number of meetings of the Audit Commission	12
Number of meetings of the Appointments and Remunerations Commission	12
Number of meetings of the Appointments Commission	Not applicable
Number of meetings of the Remunerations Commission	Not applicable
Number of meetings of the Strategy and Technology Commission	4
Number of meetings of the Investment Commission	1

C.1.30 Indicate the number of Board meetings held during the financial year with all members in attendance. Proxies granted specific instructions for meetings shall be counted as attendances:

Number of meetings with all members in attendance	31
% of attendance of the total amount of votes throughout the financial year	76.19

C.1.31 Indicate whether or not the individual and consolidated financial statements submitted for approval to the Board of Directors have been previously certified:

Yes

Identify, where applicable, the person(s) who has/have certified the individual and consolidated financial statements to be prepared by the Board:

Name	Post
Enrique Borrajo Lovera	Director of Consolidation

C.1.32 Explain the mechanisms, if any, put in place by the board of directors to prevent the board-prepared individual and consolidated financial statements from being presented at the general shareholders' meeting with reservations in the audit report.

The risk control system, the internal auditing services and the audits commission, to which the others report, are set up as frequent and regular monitoring and supervision mechanisms that prevent and, if appropriate, resolve potential situations which, if not addressed, could lead to incorrect accounting treatment. Thus, the Audit Commission receives regular information from the external auditor on the Audit Plan and on the results of its execution, and ensures that senior management acts on its recommendations.

See section H "Other Information of Interest"

C.1.33 Does the Secretary of the Board hold the status of the Director?

No

If the Secretary does not hold the status of the Director, complete the following table:

Personal or Corporate name of the Secretary	Representative
Mr. Daniel Alaminos Echarri	NA

C.1.34 Section repealed.

C.1.35 Indicate, where applicable, the specific mechanisms established by the company to preserve the independence of the external auditors, financial analysts, investment banks and rating agencies.

Article 27 of the Board of Directors' Regulations establishes that the role of the Audit Commission is to ensure the independence of the external auditor, which includes, among other matters, ensuring that the Company and the auditor respect the regulations in force with regard to the provision of services other than those concerning auditing, the limits on the focus of the auditor's services, and in general, other regulations in place to ensure independence of auditors.

In any case, the Audit Commission should annually receive from external auditors the declaration of their independence from the company or companies related directly or indirectly.

See section H "Other Information of Interest"

Insofar as financial analysts and investment banks are concerned, the company has an internal application procedure in place with three tenders for the procurement thereof; in turn the company draws up a mandate letter where the exact terms and conditions of the procured work are outlined.

Insofar as rating agencies are concerned, the Company has the rating from the three current agencies with their corresponding mandate letters.

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

No

Outgoing auditor	Incoming auditor

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

No

Explanation of the disagreements

C.1.37 Indicate whether or not the auditing firm carries out other tasks for the company and/or its corporate group other than those of an auditing nature. If this is the case, state the amount of fees received for these tasks and the percentage of the fees invoiced to the company and/or its corporate group:

Yes

	Company	Group	Total
Fees for non-audit work (in thousands of euros)	376	2.063	2.439
Fees for non-audit work/total amount invoiced by the audit firm (in %)	72 %	36 %	63 %

C.1.38 Indicate whether or not the audit report of the annual financial statements for the previous financial year contain reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Commission to explain the content and scope of these reservations or qualifications.

No

Explanation of the reasons

C.1.39 Indicate the number of financial years that the current auditing firm has completed continuously carrying out the audits of the annual financial statements of the Company and/or its corporate group. In addition, indicate the percentage represented by the number of financial years audited by the current auditing firm over the total number of financial years in which the annual financial statements have been audited:

	Company	Group
Number of continuous financial years subject to audit	4	4
Number of financial years audited by the current auditing firm / Number of financial years that the Company has been audited (in %)	0.16	0.16

C.1.40 Indicate and, where applicable, provide detail of the procedure whereby Directors can avail of external expertise:

Yes

Explanation of the reasons

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

"Through the Chairperson of the Board of Directors, Board Members shall be empowered to submit a proposal by majority to the Board of Directors to engage the services of a legal, accounting, technical, financial, commercial or any other kind of consultants deemed necessary in the interests of the Company to provide assistance in the exercise of their duties in dealing with specific problems of certain magnitude and complexity linked with the exercise of such duties".

C.1.41 Indicate and, as the case may be, provide detail of the procedure by which Directors can obtain the necessary information in advance to prepare for meetings of the governing bodies:

Yes

Explanation of the reasons

Availability of the information before each Board meeting via an online platform that can be accessed by all of the Directors. In addition, via this platform Directors have access at all times to consult the internal regulations and basic legislation applicable to the role and responsibility of the Director, which offers them sufficient knowledge of the Company and its internal rules.

C.1.42 Indicate and, where applicable, provide detail of whether the company established rules that oblige directors to report and, where appropriate, resign in cases where the image and reputation of the company may be at stake:

Yes

Explain the rules

Article 13 of the Board of Directors' Regulations sets forth the following: "Directors are obliged to surrender their posts to the Board of Directors and to formalize their resignation, if the board deems it convenient, in the following cases: (a) If they fall within any of the grounds for incompatibility or prohibition as prescribed by law; (b) If deemed severely liable by any public authority for infringing upon their obligations as Directors; and (c) If the Board itself requests so due to a Board member having infringed upon his/her obligations as Director."

Section (q) of Article 14.2 of the same Regulation also establishes the obligation of the directors to inform the company of all legal and administrative claims and of any other claims that, given the magnitude, may severely affect the reputation of the company.

See section H "Other Information of Interest"

C.1.43 Indicate whether any member of the Board of Directors has informed the company that they have been tried or formally accused of any of the offences stipulated in Article 213 of the Spanish Corporate Law:

No

Name of Board Member	Criminal Case	Comments

Indicate whether the Board of Directors analyzed the case. If answered yes, explain with reasons the decision taken on whether or not the Director should continue in his/her post or, where applicable, state the actions taken or plan to be taken by the Board of Directors until the date of this report.

Not applicable

Decision taken/action carried out	Reasoned explanation

C.1.44 Provide details of the significant agreements implemented by the company which enter into force, whether amended or expired as a result of a change of control in the company deriving from a takeover bid, and their effects.

The Company has not implemented any significant agreements that enter into force, whether amended or expired as a result of a change of control in the Company deriving from a takeover bid.

While it is true that the Company has signed agreements in which change of control clauses are set forth, these clauses are not necessarily triggered as a result of a takeover bid but rather in the event that "control" of the Company is obtained. Control is understood as the ability or power (whether it be by share ownership, power of attorney, contract, agency or any other way) to (i) vote for or control the vote of more than 50 % of voting rights that may be exercised in the Company's General Meeting; (ii) appoint or dismiss more than 50 % or all members of the Company's Administrative Body; or (iii) establish guidelines on the Company's operating and financial policies that must be complied with by administrators or equivalent staff; or ownership of more than 50 % of capital in the form of common shares or any other type that, where applicable, hold voting rights. These agreements may be terminated in the event of a change of majority control, not necessarily triggered by a takeover bid.

C.1.45 Identify in aggregate terms and provide details of the agreements reached between the company and its directors and management or employees which contain guarantee or protection clauses or provide for compensation in the event of resignation or unfair dismissal or if the contractual relationship terminates due to a takeover bid or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	**Description of the agreement**
Chief Executive (Mr. Joaquín Fernández de Piérola Marín)	The business contract of the Chief Executive entitles him to compensation of an amount equivalent to 100% of the remuneration received by the aforementioned in the previous financial year, both in the event of early termination of his contractual relationship with the company (where not due to incompliance of any obligations corresponding to the Chief Executive or exclusively due to his will) and compensation due to a post-contractual non-competition agreement. Both types of compensation are incompatible. As a result, if the Chief Executive receives severance pay due to early termination, he/she would not be entitled to receive compensation due to a non-competition agreement. Any breach of this non-competition obligation shall, at all times, lead to the compensation sum received by the Chief Executive being given back, regardless of the reason why it was received.

Number of beneficiaries	2
Type of beneficiary	**Description of the agreement**
Executive Chairman (Mr. José Domínguez Abascal)	The Executive Chairman's business contract entitled him, in the event that the company were to dismiss him, to choose between (i) severance pay due to early termination/post-contractual non-competition agreement, which in the case of the Executive Chairman amounted to a sum equivalent to 100% of the remuneration accrued in the previous financial year, or reinstatement in his previous position.Additionally, the Executive Chairman's business contract entitled him to receive, as a one-off compensation payment corresponding to the 2016 financial year, a sum equal to the gross amount of his fixed annual remuneration which is 700,000 euros, subject to the following during the 2016 financial year:-An agreement being reached with the financial and/or commercial creditors in the process of restructuring the company's balance sheet; and/or -An agreement being reached with investors, where applicable, for them to become Abengoa shareholders or which, in some way, strengthens the structure of the company capital and/or provides a solution for the current financial situation the company is faced with,in one or both of these cases, preventing the company from having to declare insolvency proceedings during the 2016 financial year or, if not prevented, enabling the company to regain solvency and halt the proceedings, also during the 2016 financial year.

See section H "Other Information of Interest"

Indicate whether or not these agreements must be communicated to and/or approved by the bodies of the Company or its corporate group:

	Board of Directors	General Meeting
Body that authorizes the clauses	X	

	YES	NO
Is the General Meeting informed about the clauses?	Yes, through the Annual Remuneration Report.	

Number of beneficiaries	
Type of beneficiary	Description of the agreement

C.2 Commissions of the Board of Directors

C.2.1 Give details of all Commissions of the Board of Directors, their members and the proportion of executive, proprietary, independent or other external directors comprising them:

Not applicable

Executive commission

Name	Post	Category

% of executive Directors	
% of proprietary Directors	
% of independent Directors	
% of external Directors	

Explain the functions that are assigned to this Commission, describe the procedures and rules for organization and operation thereof and summarize its most important actions during the financial year.

Not applicable

Indicate whether or not the composition of the executive commission reflects the participation of the different categories based on their category on the board:

Not applicable

If not, explain the composition of the executive commission.

Audit commission

Name	Post	Category
Mr. Antonio Fornieles Melero	Chairman	Independent
Prof. Mr. José Borrell Fontelles	Member	Independent
Ms. Alicia Velarde Valiente	Member	Independent
Prof. Ms. Mercedes Gracia Díez	Member	Independent

% of proprietary Directors	0
% of independent Directors	100
% of external Directors	0

Explain the functions that are assigned to this Commission, describe the procedures and rules for organization and operation thereof and summarize its most important actions during the financial year.

The Audit Commission shall be exclusively made up of non-executive Directors appointed by the Board of Directors; two of which, at least, should be independent Directors and one of them will be appointed in light of his/her knowledge and experience in accounting, auditing or both.

They will meet whenever necessary to carry out their duties or once every quarter, at least. The Commission shall also meet whenever convened by the Chairman, on his own initiative or at the request of any of the members, who may also suggest that the Chairman include a certain issue in the agenda of the following meeting.

The agreements established by the Audit Commission will be adopted in a fair fashion when the majority of the members present or represented in the meeting vote in favor thereof. In the event of draws, the Executive Chairman shall cast the deciding vote.

The following duties, among others, are assigned to the Audit Commission:

› 1. To report on the Annual Accounts, as well as on the quarterly and half-yearly financial statements that must be issued 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, on the accounting criteria applied.

› 2. To inform the Board of Directors of any change in the accounting criteria, and any risks either on or off the balance sheet.

› 3. To inform the General Shareholders' Meeting about any matters or questions which arise on issues within its power.

› 4. To propose the appointment of external financial auditors to the Board of Directors for subsequent submission before the General Shareholders' Meeting.

› 5. To oversee internal auditing services. The Commission will have full access to internal auditing and will report on the selection, dismissal, renewal and removal process of its director, on the setting of his/her salary scale, as well as the budget for this department.

› 6. To know the process of the Company's financial reporting and internal monitoring systems.

› 7. To liaise with the external auditors in order to obtain information on any matters that could jeopardize their independence and on any other matters that may be in relation to the financial auditing process.

› 8. To summon the Directors it deems appropriate to the meetings of the Commission to report on issues to the extent the Audit Commission deems fit.

› 9. To prepare annual reports on the activities of the Audit Commission itself and to include it in the Management Report.

› 10. With respect to internal control and reporting systems:

- (a) To monitor the preparation process and the integrity of the financial report with regard to the Company and, where applicable, the group of which Abengoa is parent company (hereinafter, the "Group"), verifying compliance with legal requirements and the correct application of accounting criteria, and appropriately specifying the scope of consolidation.
- (b) To periodically revise the internal control and risk management systems so that the main risks, including those of a tax nature, are identified, managed, and properly disclosed, as well as to discuss significant shortcomings of the internal control system identified in the audit with the financial auditor.
- (c) To supervise and ensure the independence and effectiveness of the duties of internal audits, with full access thereto; to propose the selection, appointment, re-selection and dismissal of heads of internal audits; to propose the budget for said unit, and set the salary scale of its Director; to obtain regular information on the activities and the budget of the unit; and to ensure that the senior management considers the conclusions and recommendations in its reports.

- (d) To establish and supervise a mechanism by which the staff may confidentially and, if necessary, anonymously report any irregularities, especially those of a financial or accounting nature, detected in the course of their duties, with potentially serious implications for the company.
- (e) To summon any Company employee or manager, and even order them to appear before the Commission without the presence of any other senior officer.
- (f) The Audit Commission shall inform the Board, prior to the latter adopting the corresponding decisions, about the following matters:
  - (i) The financial information that all listed companies must periodically disclose. The Commission must 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.
  - (ii) The creation or acquisition of shares in special purpose entities or entities resident in countries or territories considered tax havens, and any other similar transactions or operations which, due to their complexity, might impair the transparency of the Group.
  - (iii) Related party transactions.
- (g) To supervise compliance with the Internal Code of Conduct in relation to the Securities Market and the Policy on the Use of Relevant Information and the Rules of Corporate Governance.

› 11. With regard to the external auditor:

- (a) To propose the selection, appointment, re-selection and replacement of external auditors, including the conditions of their hiring, to the Board of Directors to submit said proposal to the General Shareholders' Meeting for approval.
- (b) To be regularly informed by the external auditor on the progress and findings of the audit plan and to ensure that senior management follow up on its recommendations.
- (c) To make sure the external auditor remains independent and, for that purpose:
  - (i) The Company should notify the National Securities Market Commission of any change of auditor as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for them.
  - (ii) The Commission must ensure that both Company and auditor respect the current regulations on providing services other than auditing, the limits on the focus on the auditor's services and, in general, other standards and regulations set forth to ensure the independence of auditors.

    In any case, the Commission should annually receive from external auditors the declaration of their independence from the Company or companies with a direct or indirect connection thereto, as well as information on additional services of any kind provided and the corresponding fees received from these companies by the external auditor or by the individuals or companies with a connection thereto in accordance with the provisions set forth in the legislation on financial auditing.
  - (iii) If an external auditor resigns, the Commission must investigate the circumstances leading to the resignation.
- (d) To annually issue, prior to the issuance of the financial auditing report, a report stating the judgment on the independence of the financial auditor. This report should always state the value of the additional services provided and referred to in the previous(c).(ii) section, individually and all together, different to the legal audit and with regard to the independent status or to the governing auditing regulations.
- (e) To ensure that the Group auditor is entrusted with conducting the audits for the individual group companies.

During the 2015 financial year, the main interventions of the Audit Commission were as follows:

- Follow-up of the work carried out in the framework of the process of phasing out situation 5 bis.
- Follow-up of development of the feasibility study carried out by Alvarez & Marsal as part of the restructuring process initiated and caused by situation 5 bis.

Identify the Director of the Audit Commission who has been appointed in light of his/her knowledge and experience in accounting, auditing or both, and state the number of years that the Chairman of this commission has been carrying out the role.

Name of the Director with experience	Mr. Antonio Fornieles Melero
Number of years in Chairman role	1

See section H “Other Information of Interest”

Appointments and remuneration commission

Name	Post	Category
Prof. Ms. Mercedes Gracia Díez	Chairwoman	Independent
Ms. Alicia Velarde Valiente	Member	Independent
Prof. Mr. José Borrell Fontelles	Member	Independent
Mr. Antonio Fornieles Melero	Member	Independent

% of proprietary Directors	0
% of independent Directors	100
% of external Directors	0

Ms. Gracia Díez was appointed member of the Commission in a meeting of the Board of Directors of Abengoa, S.A. held on 12 December 2005, and elected as Chairwoman in a meeting of the Appointments and Remuneration Commission held on 17 March 2015; the Secretary was appointed in the meeting of the Appointments and Remuneration Commission held on 23 June 2014.

Mr. Antonio Fornieles Melero ceased to be a member of the Commission on 1 March 2016 due to his appointment as the new Executive Chairman of the company’s Board of Directors, replacing Mr. José Domínguez Abascal, leaving the Commission with three members at present.

Explain the functions that are assigned to this Commission, describe the procedures and rules for organization and operation thereof and summarize its most important actions during the financial year.

The Appointments and Remuneration Commission has four independent directors and its Chairwoman was appointed from among the independent directors. Therefore, the requirements established in Spanish Corporate Law are met. In addition, in accordance with the provisions of article 2 of the Internal Regulations, the position of Chairperson of the Commission must go to an independent director.

The functions and competencies of the Appointments and Remuneration Commission are as follows:

› 1. To assess the competencies, knowledge and experience required in order to carry out the role of member of the Board of Directors of Abengoa. Therefore, it defines the roles and capabilities required of the candidates to fill each vacancy and assesses the time and dedication required for them to properly perform their duties.

› 2. To establish a representation target for the least represented sex in the Board of Directors and to draft guidelines on how to achieve this target.

› 3. To present proposals before the Board of Directors to appoint independent directors by co-optation or for submission for approval before the General Shareholders’ Meeting, as well as proposals for their re-election or discharge by the General Shareholders’ Meeting.

› 4. To present proposals to appoint all other directors by co-optation or for submission for approval before the General Shareholders’ Meeting, as well as proposals for their re-election or discharge by the General Shareholders’ Meeting.

› 5. To verify on an annual basis that the conditions are met for the appointment of a director and for the nature and typology assigned to him/her. This information is to be included in the annual report.

› 6. To report on the appointment and discharge proposals of top executives and the basic terms and conditions of their contracts.

› 7. To examine and organize the succession of the Chairman of the Board of Directors and the Chief Executive of the company and, where necessary, make recommendation proposals to the Board of Directors to ensure the planned and orderly fashion of said succession.

- 8. To propose to the Board of Directors a remuneration policy for directors, general directors or those with executive responsibilities reporting directly to the Board, and for Executive Commissions or Chief Executives, as well as the individual remuneration and other contractual terms and conditions of executive directors, ensuring it is adhered to.
- 9. To organize and oversee the annual performance appraisal of the Board of Directors and its commissions and propose, based on the result of the appraisal, a plan of action to correct the identified shortcomings.
- 10. To prepare an annual report on the activities of the Appointments and Remuneration Commission, to be included in the management report.

The Appointments and Remuneration Commission shall meet when necessary to carry out the above functions and, at least, once every quarter. It shall also meet whenever convened by the Chairman. Lastly, the meeting shall be valid when all members are present and agree to hold the session.

During the 2015 financial year, the Commission held twelve meetings. Among the important issues dealt with were the proposals for the appointment and renewal of members of the Board of Directors, as well as ensuring that the conditions required for the appointment of Directors and the nature and typology assigned to them were met.

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

The agreements adopted shall be valid when the majority of the members of the Commission, present or represented, vote in favor thereof. In the event of a tie, the Chairman of the Commission shall cast the deciding vote.

The director of remuneration in the company shall attend the meetings held by the Commission in the capacity of secretary.

During the 2015 financial year, the main interventions of the Appointments and Remuneration Commission were as follows:

- Proposal to the Board of Directors for the appointment by co-optation of Mr. Antonio Fornieles Melero, with the status of independent Director, to fill the vacancy resulting from the resignation of the until then director of the company Aplidig, S.L.
- Report to the Board of Directors on the appointment of Mr. Antonio Fornieles Melero as Second Vice-Chairman, Coordinating Director and member of both the Audit and Appointments and Remuneration Commissions of the company’s Board of Directors.
- Report to the Board of Directors on the new regulation of remuneration systems for administrators of listed companies.
- Report to the Board of Directors on the appointment of Mr. Manuel Sánchez Ortega, Chief Executive of the company, as First Vice-Chairman of the company’s Board of Directors.
- Report to the Board of Directors on the appointment of Mr. Ignacio García Alvear as new Director of Investor Relations of the company, replacing Ms. Bárbara Sofía Zubiria Furest.
- Proposal to the Board of Directors, for approval, on the individual remuneration and other contractual terms and conditions of executive directors.
- Proposal to the Board of Directors, for approval, regarding the annual report on director remuneration (IAR), including the remuneration policy for directors and top executives of the company.
- Submit to the Board of Directors, for approval, the results of the annual performance appraisal of the Board of Directors and its commissions.
- Proposal to the Board of Directors for the appointment of Mr. Antonio Fornieles Melero as Chairman of the Audit Commission.
- Proposal to the Board of Directors for the appointment of Ms. Mercedes Gracia Díez as Chairwoman of the Appointments and Remuneration Commission, replacing Mr. José Borrell Fontelles.
- Report to the Board of Directors on the appointment of Mr. Santiago Seage Medela as new Chief Executive of the company, replacing Mr. Manuel Sánchez Ortega.
- Report to the Board of Directors on the settlement of paid items to Mr. Manuel Sánchez Ortega, as a result of the end of his tenure as Chief Executive of the company.
- Proposal to the Board of Directors for the appointment of Mr. Santiago Seage Medela as First Vice-Chairman of the Board of Directors and the incorporation of Ms. María Teresa Benjumea Llorente onto the Board of Directors, both replacing Mr. Manuel Sánchez Ortega.

- Report to the Board of Directors on the settlement of paid items to Mr. Felipe Benjumea Llorente, as a result of the end of his tenure as Executive Chairman of the company.
- Favorable report to the Board of Directors regarding the proposal to appoint Mr. José Domínguez Abascal as proprietary director and non-executive Chairman of the Board of Directors.
- Favorable report to the Board of Directors regarding the following changes to the structure of the company's management: appoint Mr. José Domínguez Abascal as executive Chairman of the Board of Directors, appoint by co-optation Mr. Joaquín Fernández de Piérola Marín as director to fill the vacancy created by the resignation of Mr. Santiago Seage Medela, and appoint Mr. Joaquín Fernández de Piérola Marín as General Director of the company.
- Favorable report to the Board of Directors regarding the new executive director business contracts for Mr. José Domínguez Abascal and Mr. Joaquín Fernández de Piérola Marín.

See section H "Other Information of Interest".

Strategy and technology commission

Name	Post	Category
Mr. José Borrell Fontelles	Chairman	Independent
Mr. José Luis Aya Abaurre (passed away on 12 February 2016)	Member	External proprietary
Mr. José Joaquín Abaurre Llorente	Member	External proprietary
Mr. Ricardo Martínez Rico	Member	Independent

% of executive Directors	0
% of proprietary Directors	50
% of independent Directors	50
% of external Directors	0

On 7 March 2016, the Board of Directors of Abengoa appointed the company Inayaba S.L., represented by Ms. Ana María Abaurrea Aya, as member of this Commission, replacing Mr. José Luis Aya Abaurre.

Explain the functions that are assigned to this Commission, describe the procedures and rules for organization and operation thereof and summarize its most important actions during the financial year.

The Strategy and Technology Commission shall comprise at least three Directors appointed by the Board of Directors. More than half of the members shall be non-executive. The head of the General Technical Secretariat in the company shall attend the meetings held by the Commission in the capacity of coordinator.

The functions and competencies of the Strategy and Technology Commission are as follows:

- (i) To jointly analyze any basic matters relating to technology and strategy that can affect Abengoa, including the preparation or assignment of studies on products or services that constitute or may constitute Abengoa's portfolio.
- (ii) To perform prospective analysis on the possible evolution of Abengoa's businesses based on either personal or third party technological developments.
- (iii) To supervise the R+D policy and investments and Abengoa's strategic lines of technology development.
- (iv) To analyze and supervise the main activities related to Abengoa's technology, such as patent portfolios, their management, innovation introduction, etc.
- (v) To gather information on the organization and personnel of the Company through the Executive Chairman of Abengoa.
- (vi) To inform the Board of Directors, or its Executive Chairman, on as many matters as required in relation to Abengoa's strategic and technology development.
- (vii) All other matters relating to aspects of its authority that may be requested by the Board of Directors or its Executive Chairman.

During the 2015 financial year, the main interventions of the Strategy and Technology Commission were as follows:

- Statement regarding the main challenges Abengoa's businesses face for 2015.
- Statement regarding Abengoa's main technological challenges for 2015.
- Strategic Management in Abengoa.

See section H "Other Information of Interest"

Investment commission

Name	Post	Category
Mr. Antonio Fornieles Melero	Chairman	Independent
Mr. José Domínguez Abascal	Member	Executive
Ms. Mercedes Gracia Díez	Member	Independent

% of executive Directors	33.33
% of proprietary Directors	0
% of independent Directors	66.66
% of external Directors	0

On 7 March 2016, the Board of Directors of Abengoa appointed Ms. Alicia Velarde Valiente as Chairwoman of this Commission, replacing Mr. Antonio Fornieles Melero. Furthermore, in the same session of the Board of Directors, Mr. Joaquín Fernández de Piérola Marín was appointed member of this Commission, replacing Mr. José Domínguez Abascal.

Explain the functions that are assigned to this Commission, describe the procedures and rules for organization and operation thereof and summarize its most important actions during the financial year.

The Investment Commission shall comprise a minimum of three directors appointed by the Board of Directors, at the proposal of the Executive Chairman of the Board and following a report from the Appointments and Remunerations Commission. The majority of the appointed directors should be external independent Directors.

The Investment Commission is responsible for:

- (i) Controlling and Monitoring commitments for capex. Capex is defined as the investment in capital or equivalent instruments in projects which require cash outflow of the Company. To this end, the Investment Commission must propose, prior to approval by the Board of Directors, any investment commitment for capex in new projects. The Commission shall have sole authorization to propose new capex investments in new projects to the Board of Directors. The Board of Directors shall abstain from approving any capex investment projects that have not been proposed by the Commission.
- (ii) Follow-up of the budget and external capex objectives that the Company has established at each moment.
- (iii) Reporting on the commitments to increase and reduce financial debt and follow-up the Company's financial deleveraging policy.
- (iv) Reporting on the dividend distribution policy and the amendments thereof.

During the 2015 financial year, the main interventions of the Investment Commission were as follows:

- Analysis and approval of different investments, which include projects in South Africa, Chile, Mexico and the USA.

See section H "Other Information of Interest"

C.2.2 Complete the following table using the information relating to the number of female Directors who have served on the Board of Directors' Commissions over the past four financial years:

	Number of Female Directors			
	Financial Year t Number %	Financial Year t-1 Number %	Financial Year t-2 Number %	Financial Year t-3 Number %
Executive Commission	N/A	N/A	N/A	N/A
Audit Commission	2 (50)	2 (66.66)	2(40)	2 (40)
Appointments and Remunerations Commission	2 (50)	2 (66.66)	2(40)	2(40)
Appointments Commission	N/A	N/A	N/A	N/A
Remunerations Commission	N/A	N/A	N/A	N/A
Strategy and Technology Commission	0	0	N/A	N/A
Investment Commission	1 (33.33)	N/A	N/A	N/A

C.2.3 Section repealed.

C.2.4 Section repealed.

C.2.5 Indicate, where applicable, the existence of regulations of Commissions of the Board, where they can be reached for consultations and any amendments that may have been made during the financial year. Also state whether annual reports were voluntarily prepared on the activities of each commission.

Both the Audit Commission and Appointments and Remunerations Commission have their own internal operating regulations available on the Company's website.

The last amendment to both texts during the financial year took place on 18 May 2015 for the purpose of including the same amendments that were already approved for the Bylaws in accordance with recent amendments to the Spanish Corporate Law and, in particular, to add the latest improvements in terms of corporate governance introduced by Law 31/2014 dated 3 December, whereby the Spanish Corporate Law is amended to improve corporate governance.

See section H "Other Information of Interest"

These Commissions prepare their own annual report on activities, having published the Audit Commission's activity report in the 2015 financial year as part of the annual report corresponding to the 2014 financial year

C.2.6 Section repealed.

D Connected transactions and intra-group transactions

D.1 Explain, where applicable, the approval procedure for connected and intra-group transactions.

Reporting procedure for the approval of connected transactions.

Before the Board of Directors takes the relevant decisions, the Audit Commission must have informed said Board of the transactions with connected parties.

Upon prior receipt of the Audit Commission report, the Board of Directors is required to approve the transactions carried out between the Company or companies in its group with Directors, or with shareholders, individually or in partnership with others, involving a share legally considered as majority, including shareholders represented in the Company's Board of Directors or the Board of Directors of other companies belonging to the same group or with connected individuals.

The affected Directors or those representing or connected to affected shareholders should abstain from the deliberation and voting process of the agreement in question. Only transactions that simultaneously meet the following three characteristics shall be exempt from this approval:

- (i) They are governed by standardized agreements that are applied on across-the-board bases to a high number of clients;
- (ii) They go through at market rates, generally set by the person supplying the goods or services; and
- (iii) their amount does not exceed one percent of the Company's annual revenues.

Only in duly justified circumstances of urgency may decisions corresponding the previous matters be adopted by the delegated bodies or individuals. In this case, they should be ratified in the first Board meeting that is held following the adoption of the decision.

D.2 Give details of transactions deemed significant due to their amount or relevant due to their type that are made between the company or companies in its group and the significant shareholders in the company:

Personal or Corporate name of significant shareholder	Personal or Corporate name of the company or entity of its group.	Nature of the relationship	Type of transaction	Amount (thousands of euros)
Inversión Corporativa IC, S.A.	Abengoa S.A.	Significant shareholder	Securities loan	95.259.077 class B shares (thousand of euros)

D.3 Specify the transactions that are significant by amount or those which are relevant due to their type that are made between the company or companies in its Group and the company's Directors or Executives:

Personal or Corporate name of Directors or Executives	Personal or Corporate name of connected party	Connection	Nature of transaction	Amount (thousands of euros)
Felipe Benjumea Llorente	Blanca de Porres Guardiola	Spouse of Felipe Benjumea Llorente	Technical consultancy contract for the optimization of CPA catering services between the company of the Simosa Group and Blanca de Porres Guardiola.	95
Ricardo Martínez Rico	Equipo Económico, S.L.	Chairman of Equipo Económico S.L.	Integral and strategic consultancy service agreement signed between Equipo Económico, S.L., Abengoa S.A., Abengoa Concessions, S.L. and Abeinsa Ingeniería y Construcción Industrial, S.A.	319

Personal or Corporate name of Directors or Executives	Personal or Corporate name of connected party	Connection	Nature of transaction	Amount (thousands of euros)
Felipe Benjumea Llorente	Felipe Benjumea Llorente	Former Executive Chairman and brother of an Executive Director	Consultancy agreement signed on 23 September 2015 between Felipe Benjumea Llorente and Abengoa, S.A. valid until 31 December 2016	1,086 During the 2015 financial year, there were no amounts invoiced pursuant to this agreement.

See section H "Other Information of Interest"

D.4 Report on the significant transactions between the company and other entities belonging to the same group provided they are not eliminated during the preparation of the consolidated financial statements and are not part of the normal company transactions with regards to its purpose and conditions.

At any rate, a report shall be issued on any intra-group transaction with entities in countries or territories classified as tax havens:

Not applicable

Corporate name of entity of group	Short description of transaction	Amount (thousands of euros)

D.5 Indicate the amount of the transactions carried out with other connected parties

Not applicable

D.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 Directors, executives or significant shareholders

In accordance with the provisions of the Board of Directors' Regulations, Directors are obliged to inform the Board of any situation of potential conflict in advance, and to abstain until the conflict is resolved.

D.7 Is more than one company of the Group listed in Spain?

No. However, Abengoa Yield, plc., a company pertaining to the Group, is listed in the US, in Nasdaq.

Identify the subsidiary companies that are listed in Spain:

Listed subsidiary companies

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 companies in the group;

Yes

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

Abengoa Yield, Plc. is a company belonging to the Abengoa, S.A. Group in which the latter holds 41.86 %.

Abengoa Yield, Plc has entered into the following agreements:

- A ROFO agreement entered into between Abengoa, S.A. and Abengoa Yield regarding any proposed sale, transfer or other disposition of any of Abengoa's contracted renewable energy, conventional power, electric transmission or water assets in operation located mainly in the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union.
- Executive services agreement (resolved on 15 January 2016) between Abengoa Concessions SL and Abengoa Yield.

- Financial support services agreement between Abengoa Yield and Abengoa Concessions SL.
- Trademark license agreement between Abengoa, S.A. and Abengoa Yield.
- Call agreement for Abengoa Yield of up to 100 million euros in assets at 12 % profitability in 2015 between Abengoa, S.A. and Abengoa Yield.
- Non-binding MOU between Abengoa and Abengoa Yield on corporate governance.

State the mechanisms envisaged to resolve any conflicts of interests between the listed subsidiary and the other companies in the group:

Mechanisms to resolve possible conflicts of interests

Protocol for authorizing and supervising connected Transactions between Abengoa, S.A. and Abengoa Yield plc. approved by the Board of Directors of Abengoa, S.A. based on the proposal by its Audit Commission on 26 May 2014.

See section H “Other Information of Interest”

E Risk management and monitoring systems

E.1 Explain the scope of the Company's Risk Management System, including those of a fiscal nature.

Abengoa's risk management system is a global and dynamic system. The scope of action of this system covers the entire organization and its whereabouts on a more permanent basis, and compliance with it is compulsory for all the company's employees, managers and Directors. It works comprehensively and continuously, consolidating this management according to the area, business unit or activity, subsidiaries, geographical areas and support areas at corporate level.

Abengoa's risk management system is designed to mitigate all the risks to which the company may be exposed as a result of its activities. The structure of Abengoa's Risk Management is based on three pillars:

- The Common Management Systems specifically designed to mitigate business risks.
- Internal control procedures aimed at mitigating risks derived from the elaboration of the financial report and at improving the reliability of such report, designed in accordance with the SOX Act (Sarbanes-Oxley Act)
- The universal risk model which is the methodology that Abengoa uses to identify, compress and assess the risks that affect the company. The purpose is to obtain an integral vision of them, designing an efficient system of response that is in line with the business objectives.

These two elements form an integrated system that allows for appropriate management of the risks and their mitigating controls at all the levels of the organization.

In addition, the internal auditing unit is in charge of ensuring compliance with and the good functioning of these systems.

E.2 Indicate the Company's bodies which are in charge of devising and executing the Risk Management System, including that of a fiscal nature.

The duty of elaborating and executing the risks management system is basically exercised by the Audit Commission specifically through the internal auditor and the risks manager.

The risks manager is in charge of analyzing projects and businesses in the efforts and in aspects regarding the identification and quantification of risks of any nature.

On the other hand, the internal audits department is in charge of supervising and ensuring the correct functioning of the risks management system.

E.3 Specify the main risks, including those of a fiscal nature, which could affect the attainment of business objectives.

In the process of identifying, understanding and assessing the risks affecting the company, the following risks factors, some of which are outlined in Form 20-F, filed with the SEC on 23 February 2015, have been taken into account:

General Risks

- Abengoa operates in a sector of activity particularly linked with the economic cycle.
- Risks derived from depending on regulations in support of activities relating to renewable energy, bioethanol production and also research- and development-related activities.
- Solar power generation.
- Biofuel consumption.
- Risks derived from the sensitivity entailed in the supply of raw materials for biofuel production and the volatility of the price of the final product.
- Risks derived from delays and cost overruns in activities of an Engineering and construction nature due to the technical difficulties of the projects and the lengthy duration of their execution.
- Risks linked to the activities of concession-type infrastructural projects operating under regulated tariffs or extremely long-term license agreements.
- Incomes derived from long-term agreements: risks derived from the existence of clauses and/or renewal of license agreements processed by Abengoa, termination of pending engineering and construction projects and non-renewals of biofuel distribution agreements.
- The variations in the cost of energy may bear negative impact on the company results.
- Risks derived from the development, construction and exploitation of new projects.

- Abengoa's activities may be negatively affected in the event that public support for such activities diminishes.
- Construction projects regarding the engineering and construction activities and the facilities of concession-type infrastructural and industrial production activities are dangerous places of work.
- Risks derived from joining hands with third parties for the execution of certain projects

Risks that are specific to Abengoa

- Risk relating to the possibility that Abengoa could request insolvency proceedings in the event that the company does not reach a refinancing agreement with its main financial creditors before 28 october 2016.
- Risks related to Abengoa's short and medium-term liquidity needs.
- Risks related to selling the shareholding or the loss of control of Abengoa Yield.
- Abengoa operates with enormous levels of indebtedness.
- Risks arising from the need to generate positive cash flows.
- Risks derived from the demand for capital intensive investments in fixed assets (CAPEX), which increase the need for external finance for the execution of pending projects.
- Risk entailed in obtaining reduced net profit derived from assets rotation
- Risks arising from Abengoa's credit rating downgrade.
- Risks arising from Abengoa's dividend policy.
- The company has a controlling shareholder.
- The renewable energy sector products and services are part of a market subject to intensive conditions of competition.
- The results of the engineering and construction activity depend significantly on the growth of the company in the concession-type infrastructural and industrial production activities.
- Fluctuations in interest rates and their hedging may affect the results of the company.
- Fluctuations in the currency exchange rates and their hedging may affect the results of the company.
- Risk of litigation and other legal processes.

Risks derived from internationalization and from country risks

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

E.4 Indicate whether or not the company has a risk tolerance level, including for risks of a fiscal nature.

Abengoa has a risk tolerance level established at corporate level.

The universal risks model is a tool used for identifying and evaluating all risks affecting Abengoa. All the risks contemplated therein are evaluated considering probability and impact indicators.

Based on such parameters, the risks are classified as follows:

- Minor risks: risks that occur frequently but bear little economic impact. These risks are managed to reduce their frequency only if managing them is economically viable.
- Tolerable risks: risks that occur infrequently and bear little economic impact. These risks are monitored to ensure that they remain tolerable.
- Severe risks: frequent risks that bear extremely high impact. These risks are managed immediately although, due to the risk management processes implemented by Abengoa, it is unlikely that Abengoa needs to tackle these types of risks.
- Critical risks: risks that occur infrequently but bear extremely high economic impact. These risks have a contingency plan since, when they arise, their impact is extremely high.

E.5 Identify the risks, including those of a fiscal nature, that have materialized during the financial year.

Abengoa endured certain risks during the 2015 financial year, the most significant of which are described below.

Energy and the environment are part of the activities in which Abengoa is engaged. This activity is performed in changing surroundings, with regulations, subsidies or tax incentives that can be changed or even legally challenged. Throughout recent financial years and especially that of 2015, various amendments to regulations took place in the jurisdictions where Abengoa operates (mainly in the United States and Brazil), mainly in relation to activity concerning renewable energy generation and biofuel production, which affected the profitability of Abengoa's current and future projects, the conditions to effectively compete with non-conventional renewables and other kinds of energy, and the ability to complete some ongoing projects.

However, investments in fixed assets (capex) which are higher than those anticipated in projects with a high return but which are extremely demanding in terms of capital in Brazil, Chile and Mexico have impacted on Abengoa's liquidity position and have led to a significant drop in the shares and debt instruments pertaining to Abengoa listed on the stock exchange during the 2015 financial year. All of this has limited access to capital markets and, at the same time, led to a deceleration in the rate of approval of working capital renewals (non-recourse factoring and confirming) by some financial entities, which has all led to a reduction in the liquidity position.

All of the aforementioned, along with Abengoa's high levels of debt, led the company to launch an action plan in September 2015, with measures aimed at reducing the leverage and improving the liquidity position, whereby a set of measures were approved in the Abengoa Extraordinary General Shareholders' Meeting on 10 October 2015, including a capital increase proposal with the aim of increasing the company's own funds by a cash amount of (face value plus premium) of 650,000,000 euros, in order to reinforce the company's liquidity situation and reduce its levels of debt.

The fact that it was not possible to carry out the planned capital increase due to no agreement being reached between the company and the placement financial entities and potential investors led the company to begin a negotiation process with its creditors with the aim of reaching an agreement to guarantee its financial sustainability, pursuant to Article 5 bis of the Spanish Insolvency Law. For these purposes, the company submitted the communication set out in Article 5 bis of the Spanish Insolvency Law to the Commercial Court of Seville on 25 November 2015.

On 28 March 2016 Abengoa submitted before the Commercial Court of Seville a request for approval of the Standstill Agreement which had been supported by the 75.04% of financial creditors that had been addressed.

E.6 Explain the response and supervision plan for the main risks the Company faces, including those of a fiscal nature.

There is a specific action plan in place for each of the risks identified, which could encompass various departments of the company.

The following committees are in charge of the executive supervision of the company's main risks:

- Risks Management Committees by Business Units.
- Critical Projects Committees.
- Risks Management Committees with the Executive.
- Projects Committee.
- Special Situations Committees

F Internal risk monitoring and management systems in relation to the process of financial reporting (system of internal control over financial reporting) (SCIIF)

Describe the mechanisms entailed in the risks monitoring and management system in relation to the company's financial reporting (System of Internal Control over Financial Reporting) process.

F.1 The control environment of the company

Report on, pointing out the main characteristics of, at least:

F.1.1. The bodies and/or functions in charge of: (i) the existence and maintenance of an appropriate and effective SICFR; (ii) its introduction; and (iii) its supervision.

The System of Internal Control over Financial Reporting, (hereinafter, SICFR), is part of Abengoa's general system of internal control and is set up as a system prepared to provide reasonable assurance of the reliability of the published financial report. The body in charge of it, pursuant to the Regulations of Abengoa's Board of Directors, is the Board of Directors and, within it, the duty of supervision is conferred to the Audit Commission in accordance with its own regulations.

Thus, the Board of Directors is in charge of setting up and maintaining a compulsory Audit Commission as inferred from Article 27 of the Bylaws of the Board of Directors.

According to the foregoing Article, the functions entrusted by the Board of Directors to the Audit Commission, with regard to the SICFR, entail: "Monitoring the preparation process and the integrity of the financial report concerning the Company and, where applicable, the group of which Abengoa is parent company (hereinafter, the "Group"), verifying compliance with legal requirements and the correct application of accounting criteria, and appropriately specifying the scope of consolidation".

Additionally, and in accordance with the same Article, included among the functions of the Board and, by delegation, the Audit Commission, is that which entails "Periodically revising the internal control and risk management system so that the main risks, including those a fiscal nature, are identified, managed, and properly disclosed, as well as discussing significant shortcomings of the internal control system identified in the audit with the financial auditor".

F.1.2. Provide details of the following elements, if any, especially in relation to the process of elaborating the financial report:

Departments and/or mechanisms in charge of: (i) designing and revising the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of duties and tasks; and (iii) ensuring the existence of sufficient procedures for its correct announcement throughout the entity.

As stipulated by the Board of Directors' Regulations, it is in charge of

- Defining the structure of the Group of companies;
- On the proposal of the company's Chief Executive, the appointment and possible dismissal of senior executives, as well as establishing the basic conditions of its contracts, including their remuneration and, where applicable, their compensation clauses.
- The core components of its mission should be to approve the Company's strategy and the organization required for its execution, and to ensure that management attains the objectives while pursuing the Company's interests and corporate purpose.
- Through the relevant departments, strive for the correct and integral announcement of the relevant information regarding the Company including but not limited to that related to the call for the General Shareholders' Meeting, its agenda and contents of the proposed agreements, relevant facts, agreements signed by the last General Shareholders' Meeting held, the internal regulations of corporate governance and the Annual Report. The means of communication will be the most adequate for ensuring that unrestricted announcements are made and in a timely manner, including the Company's webpage.

› Code of conduct, body of approval, degree of publication and instruction, principles and values including (indicating whether there is specific mention of the recording of transactions and the elaboration of the financial report), body in charge of analyzing breaches and of proposing the correct actions and sanctions.

At Abengoa there is a code of ethics and professional conduct approved by the Board of Directors and available on the Intranet in both Spanish and English, which outlines the ethical and responsible behavior that must be assumed in the execution of Company activities and in managing the businesses, by the management team and all the professionals of Abengoa and its subsidiaries. Abengoa runs a continuous on-the-job training program in which Code of Conduct courses are given. It is compulsory for all employees to attend these courses and to show proof by signing attendance sheets, meanwhile the Company ensures that all Abengoa employees have received and understood said information.

Abengoa's Code of Conduct:

- The highest standards of honesty and ethical behavior, including appropriate and ethical procedures for dealing with actual or possible conflicts of interests between professional and personal relationships.
- The most complete, just, precise, timely and intelligible communication in all periodic reports that Abengoa must submit to the organs of Administration or in all reports that may be made.
- Compliance with the applicable laws, standards, rules and regulations.
- The tackling of actual or possible conflicts of interests and providing guidance to ensure that employees, managers and Directors report such conflicts to Abengoa.
- The interruption of the poor use or poor application of Abengoa's properties and business opportunities.
- The maximum level of confidentiality and fair trade in and outside Abengoa.
- The immediate internal reporting of any breach of said Code of Conduct and the appropriate reporting of all illegal behaviors.

All information made public and all media releases deemed to be affecting Abengoa must first be approved by the Board of Directors or by the manager who may have been previously entrusted with performing such duty.

Its appropriate follow-up is a source of profitability and security in the execution of the activities of Abengoa. These regulations ensure the veracity and reliability of the financial report.

The Board of Directors is in charge of, and, by virtue thereof, its Chairman, established Commissions, delegated commissions or, in turn, Managers entrusted therewith, the classification of the breaches of the Common Management Systems.

Whistle blowing channel, which enables reporting of irregularities of financial and accounting nature to the Audit Commission, in addition to possible breaches of the code of conduct and irregular activities in the organization. The reports may be filed confidentially.

An important aspect of responsibility and transparency is to provide a mechanism by which any interested party may safely and confidentially report irregularities, unethical or illegal conducts that, in his/her opinion, occur in the execution of the Company's activities.

In this manner and following the guidelines provided in section 301 of the Sarbanes-Oxley Act, the Audit Commission decided to establish specific procedures for:

- The reception, safeguard and treatment of complaints or reports that the company may receive in relation to the accounting, internal monitoring of the accounting or auditing matters.
- Employees of the company to be able to confidentially or anonymously send information in good faith on the dubious or arguable policies of accounting and auditing.

In this sense, Abengoa has a double mechanism for receiving complaints or reports:

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

Abengoa and its various business groups have been operating a whistleblower channel since 2007. Pursuant to the requirements of the Sarbanes-Oxley Act, whereby interested parties may report possible irregularities on accounting, auditing or internal controls over financial reporting, to the Audit Commission. 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.

Training programs and regular updates for the personnel involved in the preparation and revision of the financial report, as well as in the evaluation of the System of Internal Control over Financial Reporting, which should at least cover accounting regulations, auditing, internal risks monitoring and management.

The Human Resources Management works together with the Economic-Financial Management to impart regular training, both internally and externally, to the personnel involved in the preparation of the Financial Statements of the Group.

The training programs are fundamentally focused on the correct knowledge and update on the International Financial Reporting Standards (IFRS) and on the laws and other rules and regulations on the Internal Control over Financial Reporting (Common Management Systems).

Both the Internal Audits Management and the Global Risks Management keep themselves informed and up-to-date on the latest on Risks management and Internal Control, especially on Financial Reporting.

During the 2015 financial year, the Departments related to the preparation, revision and reporting of financial information received various publications of updates to the accounting and financial standards, internal control and tax, including courses by internal experts in relation to the update of accounting standards.

F.2 Financial reporting risk assessment

At least reporting the following:

F.2.1. Describe the main characteristics of the risks identification process, including those of error or fraud, with regards to:

If the process exists and is documented.

Abengoa has introduced a process for identifying and evaluating risks: the Universal Risks Model (URM) which is updated on a regular basis. This model numbers the risks identified by the organization, classified into categories and sub-categories, assigns indicators to each to enable them to measure their probability and impact and to define the degree to which they may be tolerated.

And finally, the types of risks related to the accounting and submission of the financial report, the management of debt and equity financing, planning and budgeting and the tax strategy of transactions:

Indicate whether the process covers all of the objectives of financial reporting, (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), and whether it is updated and at what frequency.

The URM is designed to cover all risks that are identified. Among them there is a group that refer to the preparation and submission of the financial report, accounting records, the management of debt and equity financing, planning and budgeting and the tax strategy of transactions:

Identified risks are covered and mitigated by Abengoa's internal monitoring system. All risks previously linked with the process by which the financial information is prepared are under control in such a way that it may be guaranteed that the financial information appropriately adheres to the requirements of existence, occurrence, integrity, evaluation, presentation, breakdown and comparability.

Indicate whether there is a process for identifying the consolidation perimeter, considering, amongst other things, the possible existence of complex corporate structures, instrumental or special purpose entities.

The consolidation perimeter of Abengoa is subject to revisions during each quarterly closing. The Consolidation department is in charge of analyzing companies that enter and those that exit said perimeter. Both the creation and acquisition of companies, as well as their sale or dissolution, are subject to internal authorization processes that permit the clear identification of all entries and exits to and from the consolidation perimeter.

Indicate whether or not the process considers the effects of other types of risks (operational, technological, financial, legal, fiscal, reputation, environmental, etc.) in the manner in which they affect the financial statements.

As already mentioned, the URM is the methodology to identify, understand and assess the risks that may affect Abengoa. The purpose is to obtain an integral vision of them, designing an efficient system of response that is in line with the Company's business objectives.

It s made up of 56 risks belonging to 20 categories. These are grouped into 4 large areas (financial risks, strategic risks, regulatory risks and operational risks).

All the risks of the model are evaluated based on two criteria:

- Occurrence Probability: Degree of frequency at which to be sure that a specific cause will expose Abengoa to an event with negative impact.
- Impact on Entity: Set of negative effects on the strategic goals and objectives of Abengoa.

Which corporate governance body supervises the process?

The financial information preparation process is the ultimate responsibility of the Board of Directors. In accordance with the Board of Directors' Regulations, the integrity and exactitude of the financial reports presented to the Board of Directors for approval must first be certified by the Chairman of the company's Board of Directors and by the Director of the Department of Corporate Consolidation and Audits.

Likewise, as set forth in section F.5 of this document, the Board of Directors entrusts the Audit Commission with the duties of supervising the system of internal control and monitoring which ensures that the preparation of the financial information strictly follows the required standards.

F.3 Control Activities

Give a report on, pointing out the main characteristics, whether or not the following is at least included:

F.3.1. Procedures for reviewing and authorizing the financial reporting and the description of the System of Internal Control over Financial Reporting to be published in the stock markets, indicating those in charge, as well as the documents describing the cash flows of activities and controls (even in connection with fraud risks) of the various types of transactions that could substantially affect the financial statements, including the accounting closure proceedings and the specific revision of the judgments, estimates, assessments and relevant projections.

In accordance with the Board of Directors' Regulations, the integrity and exactitude of the Annual Accounts presented to the Board of Directors for approval must first be certified by the Chairman of the company's Board of Directors and by the Director of the Department of Corporate Consolidation and Audits.

Once the Board of Directors receives the corresponding reports and after the necessary clarifications, it shall clearly and precisely, in terms that aid comprehension of its content, prepare the annual accounts, the management report and the resolution on the application of the company's profit/loss outcome, as well as the consolidated annual accounts and management report, and the financial reports which the company must regularly publish, due to being a listed company, ensuring that these documents depict the true state of the asset, the financial situation and the profit and loss outcome of the company, in accordance with the stipulations of the applicable Law.

Before signing the annual accounts required by Law, the Directors shall keep a record of all the reservations they deem relevant. Otherwise, it will be understood that they had all the necessary information available to approve this preparation of the annual accounts.

Directors must sign statements of responsibility on the content of the annual financial report and, in turn, on any intermediate financial reports which the company must regularly publish due to being listed.

Thus, the Board of Directors will decide on and take as many actions and measures deemed necessary to ensure the Company's transparency on financial markets, promoting correct information on the prices of the Company's shares, supervising financial-related information regularly made public and performing as many duties as may be required due to the company's status as a listed company.

The process or structure effectively followed in certifying the financial report, done on a quarterly basis, reflects the manner in which the financial report is generated at Abengoa.

In this structure, the information to be reported is prepared by company heads, then revised by heads of the respective Business Units and by the respective Corporate area heads who certify both the reliability of the financial report on the area under their charge - which is what they submit for consolidation at group level- as well as the effectiveness of the internal control system set up to reasonably ensure this reliability. Finally, the Company's Chief Executive and the Directors of Internal Audits and Corporate Consolidation certify the reliability of the consolidated accounts to the Board of Directors in the quarterly Audit Commission. With the support of the management team in Internal Audits, this Commission supervises the entire certification process, and then submits its conclusions from said analysis to the Board of Directors in the sessions when the accounts will be officially prepared. The information will then be published in the National Securities Market Commission (CNMV) once submitted to the Commission.

The legal consultants department of Abengoa SA meet regularly in committee with the different legal consultants of the various subsidiaries of Abengoa to be informed of the legal situations of ongoing litigations and later report to the Chairman's office where subsequent discussions are held during the Board of Directors meetings on the situations posing the most significant conflicts.

F.3.2. Policies and procedures of internal control of information systems (especially on safety and security of access, monitoring of changes, operating them, operational continuity and separation of functions) that back the entity's relevant processes with regards to the drafting and publication of the financial report.

Among the controls studied for mitigating or managing the risks of error in financial reporting are those related to the most relevant computer applications, like controls relating to user access permissions or to the integrity of information transfer between applications.

In addition, Abengoa follows guidelines or standards and procedures of internal control over information systems in relation to acquiring and developing software, acquiring systems infrastructure, installing and testing software, managing changes, managing service levels, managing services performed by third parties, systems security and access to them, managing incidents, managing operations, the continuity of operations and the segregation of functions. Said guidelines and procedures -which in some cases are different based on geographical scope and which are in the process of gradual homogenization- are applied to all information systems including those that house the relevant processes of the generation of financial report, and to the infrastructure necessary for its functioning.

In geographical areas where Abengoa operates, the entire internal network of computer infrastructure is controlled by a Department of internal professionals who are responsible for defining and executing the group's IT and telecommunications strategy, as well as user support, systems operation and IT security. Abengoa has an Internet Technology (IT) security system in place that envisages the recovery of relevant information in the event of a system crash. This security system is managed through the aforementioned internal IT Department.

F.3.3. Policies and procedures of internal control aimed at supervising the management of activities sourced out to third parties, including the aspects of evaluation, calculation or assessment entrusted to independent experts, which could materially affect the financial statements.

In general terms, Abengoa does not retain third party subcontractors to perform significant tasks that directly affect financial reporting. Third-party assigned assessments, evaluations or calculations that could materially affect the financial statements are considered activities deemed relevant for generating a financial report that may lead, as the case may be, to the identification of risks of priority errors, thus requiring the design of associated internal controls.

Abengoa has a method of approval through an authorization that grants Executive support which, among other things, must be acquired by the Department that needs to outsource a service. Such contracts are subject to reviews before being signed, including their analysis and internal approval of the fundamental hypothesis to be used.

F.4 Information and communication

Give a report on, pointing out the main characteristics, whether or not the following is at least included:

F.4.1. A specific function entrusted with defining, continuously updating accounting policies (area or department of accounting policies) and resolving doubts and conflicts derived from their interpretation, maintaining constant communication with those in charge of the transactions in the organization, continuously updating the accounting policies manual and reporting to the units through which the entity operates.

Abengoa operates with an Accounting Policies Manual. This manual establishes the accounting policies criteria that must be observed when the company is preparing the financial report using the financial reporting framework established by the International Financial Reporting Standards adopted by the European Union.

The manual is available to all employees of Abengoa.

The manual is also subject to regular updates for the purpose of including all new applicable rules and regulations. The department of Consolidations and Accounting Policies is responsible for updating the manual which was last updated during the 2015 financial year.

F.4.2. Mechanisms of collecting the information and preparing the financial report with standard formats to be applied to and used by all units of the Company or Group, which support the main financial statements and notes, as well as the information given on the SICFR.

All the entities that make up Abengoa's consolidated group use the same financial information reporting tools and applications, regardless of the information system being used for the maintenance of the accounting records. Said tools, which are regularly supervised by the Consolidation Department, ensure that the financial information reported by companies is complete, reliable and consistent. Thus, the information reported during the closing of financial years includes all breakdowns deemed necessary for the preparation of consolidated financial statements and their explanatory notes.

F.5 Supervision of system operation

Give a report pointing out the main characteristics of at least:

F.5.1. The activities of supervising the System of Internal Control over Financial Reporting performed by the Audit Commission, and on whether the entity has an internal audit system that is able to support the commission in supervising the internal control system, including the SICFR. Also provide information on the scope of the assessment of the SICFR during the financial year and on the process by which the head of the assessment reports the results, whether the entity has an action plan that outlines the possible corrective measures, and whether its impact on the financial reporting has been considered.

The Board of Directors is in charge of ensuring the appropriate registration of the operations in the accounting records, of maintaining a structure of internal control and accounting for the purpose of preventing and detecting errors and irregularities. In accordance with the Board of Directors' Regulations, the Audit Commission is entrusted with the following duties, amongst others:

- To report on the Annual Accounts, as well as on the quarterly and half-yearly financial statements that must be issued 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, where applicable, on the accounting criteria applied.
- Monitoring the preparation process and the integrity of the financial report with regards to the company and, where applicable, the group, verifying compliance with legal requirements and the correct application of accounting criteria, and appropriately specifying the scope of consolidation.
- To periodically revise the internal control and risk management systems so that the main risks are identified, managed, and properly disclosed, as well as to discuss significant shortcomings of the internal control system identified in the audit with the financial auditor.
- To supervise and ensure the independence and effectiveness of the duties of internal audits, with full access thereto; to propose the selection, appointment, re-selection and dismissal of heads of internal audits; to propose the budget for said unit, and set the salary scale of its Director; to obtain regular information on the activities and the budget of the unit; and to ensure that the senior management considers the conclusions and recommendations in its reports.

The Audit Commission's functions also entail supervising the internal audit service and obtaining information on the financial reporting process, the internal control systems and the risks for the Company.

On the other hand, with regards to supervising the internal controls system, the aims of the internal audit duties are as follows:

- To prevent the group companies, projects and activities from exposure to audits risks such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the smooth operation of the business.
- To ensure the continuous application of the standards, appropriate procedures and efficient management in accordance with the Common Management Systems.

Abengoa's internal audit department originated as an independent global function, reporting to the Board of Directors' Audit Commission, with the main aim of supervising Abengoa's internal monitoring and significant risk management systems.

Abengoa's internal audit service is structured around seven functional areas:

- Internal control
- Financial Auditing
- Project Auditing
- Monitoring Auditing of specific risks

- Fraud Prevention Auditing
- Non-Financial Auditing
- Systems Auditing

The general goals of internal auditing are as follows:

- To prevent the group companies, projects and activities from exposure to audits risks such as fraud, capital losses, operational inefficiencies and, in general, any risks that may affect the smooth operation of the business.
- To ensure the continuous application of the standards, appropriate procedures and efficient management in accordance with the Common Management Systems.
- To create value for Abengoa and its business units, promoting the construction and maintenance of synergies and the monitoring of optimal management practices.
- To coordinate working criteria and approaches with external auditors to achieve optimum efficiency and profitability of both functions.
- Analysis and processing of the complaints received through whistleblowing and reporting the conclusions of the work performed to the Audit Commission.
- To evaluate the Companies' audit risk in accordance with an objective procedure.
- To develop Work Plans using appropriate scopes for each situation.

Abengoa's internal auditor services are in line with the international standards for the professional practice of internal auditing of the Institute of Internal Audit (IIA).

Likewise, Abengoa has been a member of ACFE Corporate Alliance as of financial year 2014. This association helps companies with tools and specific training focused on the fight against fraud and corruption, as well as resources to obtain the CFE (Certified Fraud Examiner) certification for internal auditors assigned to this area.

F.5.2. Indicate whether or not there is a discussion procedure by which, (in accordance with the stipulations of the NTA), the accounts auditor, the internal audits' office and all the other experts, may inform the Company's senior management, its Audit Commission and its directors, on the significant weaknesses identified in the internal control during the revision of the financial statements or of all other documents to which they were assigned. Also report on whether or not there is an action plan for correcting or mitigating the weaknesses uncovered.

The internal audit office regularly informs senior management and the Audit Commission about the weaknesses identified regarding internal control in revisions performed on the processes during the financial year, and on the implementation of the action plans put in place to ensure the mitigation of said weaknesses.

On the other hand, the accounts auditor of the group retains direct access to the group's senior management, holding regular meetings both to obtain the information necessary for the execution of its duties as well as to report on the weaknesses detected in (internal) control during the auditing. External auditors will submit an annual report to the economic-financial director and the Audit Commission detailing the weaknesses they detected regarding internal control while carrying out their work.

F.6 Other relevant information

During the 2015 financial year, the external auditors issued the following reports which are an integral part of the Annual Report:

- Audit report on the consolidated accounts of the Group, as required by regulations.
- Audit report on internal audit compliance under PCAOB (Public Company Accounting Oversight Board) standards, as required under section 404 of the Sarbanes-Oxley Act (SOX)

F.7 Report from the External Auditor

Issue report on:

F.7.1. whether the external auditor revised the SICFR information issued to the markets and, if so, the entity must include the corresponding report as annex but, if not, it must provide the reasons.

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

Voluntarily since 2007 and mandatorily as of 2014, Abengoa has submitted its internal control systems to an independent external evaluation which issues an audit opinion under the PCAOB (Public Company Accounting Oversight Board) standards, and also to audits to ascertain compliance with section 404 of the Sarbanes-Oxley Act (SOX). This standard is a compulsory law for all companies listed in the United States and is aimed at ensuring the reliability of the financial reporting of these companies and at protecting the interests of their shareholders and investors, by setting up an appropriate internal control system.

The auditor of the individual and consolidated annual financial statements of Abengoa, for the financial year ending Thursday, December 31, 2015, is Deloitte S.L. which is also the Group’s main auditor.

G Degree of compliance with corporate governance recommendations

Indicate the company's degree of compliance with the recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not or is only partially followed, the Company should include a detailed explanation of its reasons in such a way that the shareholders, investors and the market in general, are provided with sufficient information to assess the performance of the company. Explanations of a general nature shall not be acceptable

1. The Bylaws of listed companies should not limit the votes that can be cast by a single shareholder, nor impose other obstacles to impede the takeover of the company by means of share purchases on the market.

Compliant

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

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

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

Compliant

See sections: D.1, D.4 and D.7

3. During the annual general meeting the Chairman of the Board should verbally inform shareholders in sufficient detail of the most relevant aspects of the Company's corporate governance, supplementing the written information circulated in the annual corporate governance report, in particular:

- **a) Changes taking place since the previous Annual General Meeting.**
- **b) The specific reasons why the company does not follow any Good Governance Code recommendations and, if applicable, any alternative procedures followed in its stead.**

Explain

Since a recommendation was included in the new Code of Good Governance of February 2015, published on a date when the Company's Annual General Meeting for the 2015 financial year had already taken place, the Company will comply with this recommendation in the next General Shareholders' Meeting to be held in the 2016 financial year.

4. The Company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the Company's website, complete with details of how it has been put into practice and the identities of the relevant players or those responsible for its implementation.

Partially compliant

The Company strictly complies with the market abuse regulations and assures that it treats all shareholders equally who are in the same situation, even though there was no communication policy or contact with shareholders, institutional investors and proxy advisors during the 2015 financial year.

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the company approved a communication policy and contact with shareholders, institutional investors and proxy advisors. This policy is published on the company's corporate website.

5. The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20 % of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its

website explaining the exclusion as envisaged in company legislation.

Partially compliant

The proposal for the delegation of powers to issue shares or convertible securities presented by the Board of Directors before the 2015 financial year General Meeting does not comply with this recommendation given that the financial structure of the Company and the need to maintain sufficient levels of own funds compared to its volume of activity and its market position, which requires flexibility to undertake this kind of issuance at any time, the Company has deemed it necessary for the delegation to be for the maximum amount permitted by law.

Notwithstanding the foregoing, the mandatory reports on the exclusion of pre-emptive subscription rights which the commercial law makes reference to concerning the delegations currently in force were published immediately and are available on the Company's website.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the Annual General Meeting, even if their distribution is not obligatory:

- **a) Report on auditor independence.**
- **b) Reviews of the operation of the Audit Commission and the Appointment and Remuneration Commission.**
- **c) Audit Commission report on third-party transactions.**
- **d) Report on Corporate Social Responsibility Policy.**

Partially compliant

The Company draws up a report on auditor independence (included in the Audit Commission Report that is published as part of the Annual Report), annual reports on the operation of the commissions, as well as an annual report on Corporate Social Responsibility.

Insofar as the report on connected transactions is concerned, the Audit Commission is obliged to report on related-party transactions and, as a matter of fact, this is the case in practice as all of the relevant information is outlined in the minutes of the Commission's minutes. In addition, the Company reports on the connected transactions made during the period set forth in the Annual Report on Corporate Governance.

However, in the 2015 financial year, only the following reports, forming part of the 2014 Annual Report, were published on their website with enough notice before the Annual General Meeting: (i) the Audit Commission Report; and (ii) the Report on Corporate Social Responsibility.

The reports mentioned in this recommendation are expected to be published on the website with sufficient notice for the 2016 Annual General Meeting.

7. The company should broadcast its general meetings live on the corporate website.

Explain

The company did not broadcast the General Shareholders' Meetings held in 2015 live through the website, nor does it plan to broadcast those held in 2016. Nevertheless, the company sufficiently publicizes the General Shareholders' Meetings on the BORME [Official Gazette of the Commercial Registry], the CNMV website and its own corporate website. Likewise, the Company, in line with the legislation in force and its own internal regulations, facilitates participation of all shareholders at the General Meeting having recently included in its internal regulations the possibility to attend general meetings via remote online communication

8. The Audit Commission should strive to ensure that the Board of Directors can present the Company's accounts to the General Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the Audit Commission and the auditors should give a clear account to shareholders of their scope and content.

Partially compliant

Among other duties, the Audit Commission is obliged to liaise with the external auditor, regularly receive information from him/her regarding the auditing plan and results of its implementation, and verify that senior management adheres to the recommendations and therefore the Company partially complies with this recommendation. However, in order to guarantee that the Audit Commission wholly complies with this obligation, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Board of Directors' Regulations and the Audit Commission's Regulations were amended to expressly include this function within the framework of their competencies.

9. The Company should publish its conditions and procedures for admitting share ownership, the right to attend General Meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the General Meeting, the Company should:

- **a) Immediately circulate the supplementary items and new proposals.**
- **b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.**
- **c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, particularly regarding presumptions or deductions about the direction of votes.**
- **d) After the General Shareholders' Meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.**

Not applicable.

In the General Meetings held during the financial year 2015 no shareholder exercised such right.

11. In the event that a company plans to pay for attendance at the General Meeting, it should first establish a general, long-term policy in this respect.

Not applicable.

In the General Meetings held during 2015 no pay for attendance were processed.

12. The Board of Directors should perform its duties with unity of purpose and independent judgment, treating all shareholders equally who are in the same position. It should be guided at all times by the Company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximizing its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant

The Board of Directors should perform its duties with unity of purpose and independent judgment, according the same treatment to all shareholders in the same position. It should be guided at all times by the Company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximizing its economic value. Likewise, it should ensure that the Company abides by the laws and regulations in its dealings with stakeholders; performing its obligations and contracts in good faith; respecting the customs and good practices of the sectors and territories in which it operates; and upholding any additional social responsibility principles to which it may have voluntarily subscribed.

13. The Board of Directors should have an optimal size to operate efficiently and maximize participation. The recommended range is between five and fifteen members.

Compliant

See section: C.1.2.

14. The Board of Directors should approve a director selection policy that:

- **a) Is concrete and verifiable;**
- **b) Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs.**
- **c) Favors a diversity of knowledge, experience and gender.**

The results of the prior analysis of board needs should be written up in the Appointment Commission's explanatory report, to be published when the General Meeting that will ratify the appointment and re-election of each director is convened.

The director selection policy should pursue the goal of having at least 30 % of total board places occupied by women directors before the year 2020.

The Appointment Commission should run an annual check on compliance with the director selection policy and set out its findings in the Annual Report on Corporate Governance.

Partially compliant

Although the company did not have a director selection policy approved in the 2015 financial year, in practice, the Company's selection policy considers both the needs of the Board of Directors as well as the diversity of knowledge, experience and gender, making sure that the selection procedure refrains from implicit biases that may hinder the inclusion of female directors. In addition, the Board of Directors issues a report upon every appointment and based on a previous report from the Appointments and Remunerations Commission with regard to the candidate in question.

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved a director selection policy which complies with the criteria of the recommendation in the Code of Good Governance.

15. Proprietary and independent Directors should occupy an ample majority of board places, while the number of executive Directors should be the required minimum bearing in mind the complexity of the corporate group and the percentage of ownership the executive Directors hold in the equity.

Compliant.

See section C.1.2 and C.1.3

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- **a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.**
- **b) In companies with a plurality of shareholders represented on the board but not otherwise related.**

Compliant

See section C.1.2 and C.1.3

17. Independent directors should be at least half of all Directors.

However, when the company does not have a large market capitalization, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Compliant.

See section C.1.2 and C.1.3

18. Companies should disclose the following details of directors on their websites and keep them regularly updated:

- **a) Background and professional experience.**
- **b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.**
- **c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or with whom they have links.**
- **d) Dates of their first appointment as a Director and subsequent re-elections.**
- **e) Shares held in the company, and any options thereon.**

Compliant

19. Following verification by the Appointments Commission, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent 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.

Partially compliant

Although the Annual Corporate Governance Report explains the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent of capital, as well as the reasons for rejection of formal requests for a board place from shareholders whose equity stake is equal to or greater than that of others who applied and were successfully appointed as proprietary directors, the Appointments and Remuneration Commission did not explicitly include the function of verifying the annual corporate governance report in its regulations.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 28 of the Board of Directors' Regulations and article 3 of the Appointments and Remuneration Commission's Regulations to expressly reflect this function of the Appointments and Remuneration Commission.

20. 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 category's number should be reduced accordingly.

Compliant.

The Company effectively complies with this recommendation. Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 13 of the Board of Directors' Regulations to expressly include this case of dismissal of proprietary Directors.

21. 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 they find just cause, based on a proposal from the Appointment Commission In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a Director, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in Directorship ensue from the proportionality criterion set out in recommendation 16.

Compliant

The Company effectively complies with this recommendation. Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 13 of the Board of Directors' Regulations to expressly include this recommendation regarding independent Directors.

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organization's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board 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 offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant

The Board of Directors' Regulations establish that, as part of the duty of loyalty amongst other obligations therein, Directors must inform the company of all legal and administrative claims as well as any others that, given their magnitude, may severely affect the reputation of the Company. Therefore, it is established that whenever any Director is severely penalized by any public authority for having breached their obligations as Directors, they are obliged to surrender their post to the Board.

As a result, the Company has established the appropriate channels in order to ensure their image and reputation are safeguarded at all times.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to articles 13 and 14 of the Board of Directors' Regulations to expressly include these obligations concerning Directors.

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm 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 also apply to the secretary of the board, even if he or she is not a director.

Compliant

24. Directors who give up their position before their tenure expires, by resignation or otherwise, should state the reasons in a letter remitted to all Directors. Regardless of whether such resignation is filed as a significant event, the reason must be explained in the annual corporate governance report.

Compliant

25. The Appointment Commission should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company boards on which directors can serve.

Partially compliant

Abengoa ensures that Directors dedicate the necessary time and effort to their role. In addition, all Abengoa Directors carry out their Director roles exclusively for the Company, and are not Directors of any other listed companies that do not belong to the Group

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 14 of the Board of Directors' Regulations to expressly include the maximum number of company boards (excluding companies belonging to the Group) on which directors can serve.

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant

See section: C.1.29.

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant

See sections C.1.29 and C.1.30

28. 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, they should be recorded in the minute book if the person expressing them so requests.

Compliant

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programs when circumstances so advise.

Compliant

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly recorded in the minutes, of the majority of directors present.

Compliant.

The Board of Directors sessions are announced with sufficient notice, whereby all items on the agenda are clearly indicated and all information required to enable the Directors to prepare for the sessions is provided through the "Director portal". In terms of the decisions or agreements that are not included on the agenda but which are effectively subject to majority consent, this recommendation was not included in the Company's internal rules on governance in the 2015 financial year.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 10 of the Board of Directors' Regulations to expressly include that when, for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the meeting agenda, this will require the express prior consent, duly recorded in the minutes, of the majority of directors present.

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant

33. The chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Partially compliant

The Company effectively complies with this recommendation.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 21 of the Board of Directors' Regulations to expressly include these functions within the powers of the Chairman of the Board of Directors.

34. When a lead independent director has been appointed, the bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the chairman or vice chairman give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Partially compliant

The Company effectively complies with this recommendation.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 21 of the Board of Directors' Regulations to expressly include these functions within the powers of the Coordinating Director.

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Partially compliant

The Company effectively complies with this recommendation.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 23 of the Board of Directors' Regulations to expressly include these functions within those performed by the Secretary of the Board.

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- **a) The quality and efficiency of the Board's operation.**
- **b) How its commissions operate and who is in them.**
- **c) The diversity of Directorship and competences making up the Board.**
- **d) The performance of the Chairman of the Board of Directors and the Company's Chief Executive.**
- **e) The performance and contribution of individual Directors, paying close attention to the heads of the various Board Commissions.**

The evaluation of board commissions should start from the reports they send the Board of Directors, while that of the board itself should start from the report of the Appointment Commission.

Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointment Commission.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Partially compliant

The Board of Directors undergoes an annual performance evaluation procedure, establishing a plan of action to correct the shortcomings detected.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to articles 4 and 28 of the Board of Directors' Regulations to expressly include the requirement for assistance from an external consultant at least once every three years to carry out the evaluation.

37. When an executive commission exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive commission.

Not applicable.

38. The Board should be kept fully informed of the business transacted and decisions made by the executive commission. To this end, all Directors should receive a copy of the commission's minutes.

Not applicable.

39. All members of the Audit Commission, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of Commission places should be held by independent directors.

Compliant

See section: C.2.1.

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the Audit Commission, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the Audit Commission.

Partially compliant

The Company has an internal audit unit which ensures that the internal reporting and control systems work properly although it does not functionally report to the chairman of the Audit Commission, rather to the Commission itself as a whole. Nonetheless, this effectively does not affect compliance of its duties with the required independence of judgment since, among other issues, the Audit Commission is made up entirely of independent directors.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 27 of the Board of Directors' Regulations and article 3 of the Audit Commission's Regulations to reflect that the internal audit unit reports to the Chairman of the Audit Commission.

41. The head of the unit handling the internal audit function should present an annual work program to the Audit Commission, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant

42. The Audit Commission should have the following functions over and above those legally assigned:

- **1. With respect to internal control and reporting systems:**
  - **a) Monitor the preparation process and the integrity of the financial information relating to the company and, where appropriate, the group, checking for compliance with legal provisions, accurate demarcation of the consolidation perimeter, and correct application of accounting principles.**
  - **b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programs, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular information on its activity; and verify that senior management are acting on the findings and recommendations of the reports.**
  - **c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.**
- **2. With regard to the external auditor:**
  - **a) Investigate the issues leading to the resignation of the external auditor, should this come about.**
  - **b) Ensure that the remuneration of the external auditor does not compromise their quality or independence.**
  - **c) Ensure that the company notifies any change of external auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.**
  - **d) Ensure that the external auditor has a yearly meeting with the board in full to inform them of the work undertaken and developments in the company's risk and accounting positions.**
  - **e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence.**

Partially compliant

As is stated in the Board of Directors' Regulations, as well as in the Audit Commission's Regulations, the latter has been entrusted with the vast majority of the duties set out in this recommendation. Effectively, this commission, whether directly or with the help of the internal audit unit, is responsible for supervising and monitoring the internal reporting and control systems, as well as relations with the external auditor.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 27 of the Board of Directors' Regulations and article 3 of the Audit Commission's Regulations to expressly reflect the functions of the Audit Commission included in this recommendation.

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

Compliant

44. The Audit Commission should be informed of any fundamental changes or corporate transactions the company is planning, so the commission can analyze the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant

45. **Risk control and management policy should identify at least:**

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

Compliant

See section E.

46. **Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:**

- **a) Ensure that risk control and management systems are functioning correctly and, more specifically, that any major risks the company is exposed to are correctly identified, managed and quantified.**
- **b) Participate actively in the preparation of risk strategies and in key decisions about their management.**
- **c) Ensure that risk control and management systems are mitigating risks effectively in the framework of the policy drawn up by the Board of Directors.**

Partially compliant

Although Abengoa has a department that deals with the function of risk control and management, said function was not under the direct supervision of the Audit Commission.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 27 of the Board of Directors' Regulations and article 3 of the Audit Commission's Regulations to expressly reflect that the function of risk control and management is now under the direct supervision of the Audit Commission.

47. **Appointees to the Appointment and Remuneration Commission – or of the Appointment Commission and Remuneration Commission, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.**

Compliant

See section: C.2.1.

48. **Large cap companies should have separate Appointments and Remunerations Commissions.**

Explain

The Company has not yet included this recommendation given that the members of the commissions would be the same and the issues to be dealt with would be very closely linked.

49. **The Appointments Commissions should consult the Chairman of the Board and the company's Chief Executive, especially on matters relating to Executive Directors.**

When there are vacancies on the board, any director may approach the Appointment Commission to propose candidates that it might consider suitable.

Compliant

50. **The remuneration commission should operate independently and have the following functions in addition to those assigned by law:**

- **a) Propose the basic conditions for senior officer contracts to the board.**

- **b) Monitor compliance with the remuneration policy set by the company.**
- **c) Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the company.**
- **d) Ensure that any potential conflicts of interest do not undermine the independence of any external advice given to the commission.**
- **e) Verify the information on Director and senior officers' pay contained in various corporate documents, including the annual report on Directors' remuneration.**

Partially compliant

As is stated in the Board of Directors' Regulations and in the Appointments and Remunerations Commission's Regulations, the latter has been entrusted with the vast majority of the duties set out in this recommendation and effectively performs all of them.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Company approved an amendment to article 28 of the Board of Directors' Regulations and article 3 of the Appointments and Remunerations Commission's Regulations to expressly reflect the functions of the Appointments and Remunerations Commission included in this recommendation.

51. The remuneration commission should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant

52. The terms of reference of supervision and control commissions should be set out in the Board of Directors regulations and aligned with those governing legally mandatory board commissions as specified in the preceding sets of recommendations. They should include at least the following terms:

- **a) Commissions should be formed exclusively by non-executive Directors, with independent Directors in the majority.**
- **b) They should be chaired by independent directors.**
- **c) The board should appoint the members of such commissions with regard to the knowledge, skills and experience of its Directors and each commission's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each commission meeting.**
- **d) They may seek external advice whenever they consider necessary in order to carry out their duties.**
- **e) Minutes of all meetings should be taken and a copy made available to all Directors.**

Partially compliant

The company effectively complies with all of these recommendations with the exception of the recommendation stating that the commissions should be made up of non-executive Directors, since one of the members of the Investment Commission is an executive Director.

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board commission or split between several, which could be the audit commission, the Appointment Commission, the corporate social responsibility commission, where one exists, or a dedicated commission established ad hoc by the board under its powers of self-organization, with at the least the following functions:

- **a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.**
- **b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.**
- **c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.**
- **d) Review the company's corporate social responsibility policy, ensuring that it is geared towards value creation.**
- **e) Monitor corporate social responsibility strategy and practices and assess the extent of their compliance.**
- **f) Monitor and evaluate the company's interaction with the various groups of stakeholders.**

- **g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.**
- **h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.**

Partially compliant

The company effectively complies with this recommendation as the Board of Directors, whose duties include establishing general company policies and strategies, is supported by the Audit Commission regarding performing their duties.

Notwithstanding the foregoing, after the close of the financial year, by virtue of a decision made by the Board of Directors dated [X] March 2016, the Company approved an amendment to article 27 of the Board of Directors' Regulations and article 3 of the Audit Commission's Regulations to expressly reflect the functions included in this recommendation as pertaining to the Audit Commission.

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- **a) The goals of its corporate social responsibility policy and the support instruments to be used.**
- **b) The corporate strategy with regards to sustainability, the environment and social issues.**
- **c) Specific practices in matters relating to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of unlawful conduct.**
- **d) The methods or systems for monitoring the results of the specific practices referred to above, and identifying and managing related risks.**
- **e) The mechanisms for monitoring non-financial risk, ethics and business conduct.**
- **f) Channels for stakeholder communication, participation and dialogue.**
- **g) Responsible communication practices that prevent the manipulation of information and protect the company's honor and integrity.**

Compliant

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Compliant

56. Director remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the commitment, skills and responsibility that the post demands, but not so high as to compromise the independent judgment of non-executive directors.

Compliant

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant

58. In the case of variable awards, remuneration policies should include limits and 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, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- **a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.**
- **b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.**

- **c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.**

Compliant

59. A large part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Non-compliant

The variable compensation policy does not provide for a large part of the variable remuneration components being deferred for a long enough period to ensure that predetermined performance criteria have effectively been met, notwithstanding the fact that it can be provided for once the Company has overcome its present circumstances.

60. Remuneration linked to company earnings should consider the possible deductions reflected in the external auditor's report and should reduce said results.

Compliant.

61. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Non-compliant

As of 31 December 2015, the variable remuneration of Abengoa's executive directors does not specifically include the award of shares or share-based financial instruments. Accrual of compensation corresponding to multi-annual extraordinary variable compensation schemes that the Chief Executive is a beneficiary of and, therefore, his right to receive it (but not the compensation amount in itself) depends on the market value of Abengoa's class B shares not falling below certain values in the last quarter that each scheme is in force. Consequently, Abengoa considers that the characteristics of the variable compensation linked to these schemes do not comply with Recommendation 61 of the Code.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Not applicable

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Compliant

H Other information of interest

1. Provide a brief detail of any other relevant aspects in the matter of the corporate governance of the company or entities of the group that have not been included in the other sections of this report, but that the inclusion of which is necessary for the compiling of a more complete and reasonable information on the structure and practices of governance in the entity or group.

2. In this section, you may also 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.

3. The company may also indicate whether it voluntarily adhered to other codes of the principles of ethics or other good practices, international, sector or otherwise. As the case may be, the company shall identify the code in question and the date of adherence. In particular, it shall mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010.

A.1 - Rights inherent in Class A and B shares

Article 8 of Abengoa's Bylaws regulates the different rights inherent in its Class A and B shares. The extraordinary general shareholders' meeting held on the second call on September 30, 2012, agreed to amend Article 8 of Abengoa's Bylaws to include a mechanism for voluntarily converting class A shares into class B shares. Below is the aforementioned sub-section of the aforementioned Article 8 which includes the right of voluntary conversion:

" […] A.3) The Right of conversion into Class B Shares

Each Class A Share entitles its owner the right to convert it into a Class B Share until December 31, 2017.

Owner may exercise its right of conversion by notifying the company or, better still, as the case may be, the agency designated for such, through the corresponding participating entity of the Securities Registration, Compensation and Liquidation Management Company (Iberclear), by any media that permits the issuance of remittance and reception receipts, of notification, deemed irrevocably and unconditionally submitted, reflecting the total number of class A shares owned by said owner and the exact number of class A shares over which said owner wishes to exercise the inherent rights of conversion, in order for the Company to execute the agreements necessary for effecting the aforementioned conversion and to subsequently inform the CNMV by issuing the corresponding Notice of Significant Event.

The aforementioned notice shall include the corresponding Certificate of Ownership and Legitimacy for the Class A Shares issued by an entity that must be participant in the Iberclear Management Systems, or through an intermediary or depository or financial entity managing the shares under the terms set forth in the regulations governing securities representation by means of book-entry or through any other equivalent means of accreditation to which the Company grants sufficient validity for that purpose.

The exercise of the inherent conversion rights of a class A shares shall be understood as the company's stock capital being reduced in the amount of the difference between the face value of the class A shares for which the inherent rights are exercised and the face value of the same number of class B shares, an amount that will increase the restricted reserve which the company would already have set aside for that purpose and in accordance with Article 335.c) of the Corporate Law.

The Board of Directors, with the specific faculty of substitution by the Chairman or the Chief Executive, shall be empowered to determine the period, frequency and procedure for exercising the inherent conversion rights, including, if applicable, the decision of adequacy of the aforementioned equivalent means of accreditation, as well as all other aspects that may be deemed necessary for the proper and correct exercise of said right, which shall all be appropriately communicated through the corresponding notice of significant event. […]"

A.3

It is hereby stated that, after the close of the financial year, the director Mr. José Luis Aya Abaurre passed away on 12 February 2016. Furthermore, on 8 March 2016 the Company's Board of Directors agreed to cover the vacancy left on the Board due to the death of Mr. José Luis Aya Abaurre by co-optation, thereby appointing the company Inayaba, S.L. as Director and Ms. Ana Abaurrea Aya as individual representative.

B.3 / B.5 Reinforcement to guarantee minority rights

In the interest of reinforcing minority rights, Abengoa submitted a series of bylaw amendments to the extraordinary general shareholders' meeting for approval for the purpose of ensuring that the so-called "defense of minority rights" does not suffer infringements for the mere fact that two different classes of shares exist with different face values simply because the lesser face value of the class B shares would entail that it is more difficult to obtain the percentages of the stock capital required for the exercise of some policy rights. Thus, the general shareholders' meeting approved the amendments of Abengoa's bylaws in the manner set forth below to envisage that all rights are exercised considering the number of shares as basis for the percentage, and not the stock capital. These rights, such as, for example, the right to convene a general shareholders' meeting or request the exercise of a corporate liability action, requires ownership of a specific percentage of stock capital in the nominal sense (3 % in the aforementioned cases).

In particular, the extraordinary general shareholders' meeting approved the amendment of the bylaws with the aim of reflecting that shareholders be required to own three hundred and seventy-five (375) shares, regardless of whether they are class A or B, to attend the general meeting of the company's shareholders; that shareholders be allowed to request publication of a supplement to the call for an ordinary general meeting of shareholders including one or more points on the agenda and to submit proposals for decisions on issues already included or that should be included in the agenda of the convened meeting based on the number of shares owned by the shareholders; that (i) shareholders who own 1 % of the share capital or 1 % of the voting shares be able to request the presence of a Notary Public to endorse the minutes of the general shareholders' meeting; (ii) shareholders who own 3 % of the share capital or 3 % of the voting shares be able to request the convening of the general shareholders' meeting that is to decide upon the corporate liability action against directors or exercise the corporate liability action without or against the decision made by the board in the general meeting; that the company's Board of Directors convene the general shareholders' meeting when requested by shareholders representing 3 % of the share capital or 3 % of the voting shares; that the company's Board of Directors extend the general shareholders' meeting if requested by the shareholders representing 25 % of the capital present or represented in the board meeting or 25 % of the voting shares and that the company's chairman of the board may cancel the right to information as established in Article 197 of the Spanish Corporate Law if requested so by shareholders representing less than 25 % of the paid-in capital or 25 % of the company's voting shares if this percentage is lower than the voting shares, and, in his opinion, publishing this information is unnecessary to protect partner rights, or there are objective reasons to be considered that could be used for purposes outside the company, or publishing it is detrimental to the company or the connected companies.

C.1.2

It is hereby stated that, after the close of the financial year, the director Mr. José Luis Aya Abaurre passed away on 12 February 2016. Furthermore, on 8 March 2016 the Company's Board of Directors agreed to cover the vacancy left on the Board due to the death of Mr. José Luis Aya Abaurre by co-optation, thereby appointing the company Inayaba, S.L. as Director and Ms. Ana Abaurrea Aya as individual representative.

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors adopted the following agreements:

- Appoint Mr. Antonio Fornieles Melero, who until present held the positions of Vice-Chairman and Coordinating Director, as Executive Chairman, delegating all powers to him except those which cannot be delegated by Law, until attaining the status of Executive Director.
- Delegate all powers, except those which cannot be delegated by Law, to the Managing Director, Mr. Joaquín Fernández de Piérola Marín, thereby becoming Chief Executive.
- Remove Mr. José Domínguez Abascal as Chairman, whereby he remains as director with the category of other external director.

Furthermore, on 8 March 2016 Abengoa's Board of Directors adopted the following agreements:

- Appoint Mr. Joaquín Fernández de Piérola Marín as First Vice-Chairman of the Board of Directors, thereby merging this position with that of Managing Director (CEO).
- Appoint Ms. Alicia Velarde Valiente as Second Vice-Chairwoman and Coordinating Director.

C.1.3

It is hereby stated that, after the close of the financial year, the director Mr. José Luis Aya Abaurre passed away on 12 February 2016. Furthermore, on 8 March 2016 the Company's Board of Directors agreed to cover the vacancy left on the Board due to the death of Mr. José Luis Aya Abaurre by co-optation, thereby appointing the company Inayaba, S.L. as Director and Ms. Ana Abaurrea Aya as individual representative.

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors adopted the following agreements:

- Appoint Mr. Antonio Fornieles Melero, who until present held the positions of Vice-Chairman and Coordinating Director, as Executive Chairman, delegating all powers to him except those which cannot be delegated by Law, until attaining the status of Executive Director.
- Delegate all powers, except those which cannot be delegated by Law, to the Managing Director, Mr. Joaquín Fernández de Piérola Marín, thereby becoming Chief Executive.
- Remove Mr. José Domínguez Abascal as Chairman, whereby he remains as director with the category of other external director.

Furthermore, on 8 March 2016 Abengoa's Board of Directors adopted the following agreements:

- Appoint Mr. Joaquín Fernández de Piérola Marín as First Vice-Chairman of the Board of Directors, thereby merging this position with that of Managing Director (CEO).
- Appoint Ms. Alicia Velarde Valiente as Second Vice-Chairwoman and Coordinating Director.

As a result, as of the date of approval of this report, the Company has a total of 3 Executive Directors, 4 external Proprietary Directors, 5 external Independent Directors and 1 external Director (others).

C.1.10

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors adopted the following agreements:

- Appoint Mr. Antonio Fornieles Melero, who until present held the positions of Vice-Chairman and Coordinating Director, as Executive Chairman, delegating all powers to him except those which cannot be delegated by Law, until attaining the status of Executive Director.
- Delegate all powers, except those which cannot be delegated by Law, to the Managing Director, Mr. Joaquín Fernández de Piérola Marín, thereby becoming Chief Executive.
- Remove Mr. José Domínguez Abascal as Chairman, whereby he remains as director with the category of other external director.

Furthermore, on 8 March 2016 Abengoa's Board of Directors adopted the following agreement:

- Appoint Mr. Joaquín Fernández de Piérola Marín as First Vice-Chairman of the Board of Directors, thereby merging this position with that of Managing Director (CEO).

C.1.13

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, article 14 of the Board of Directors' Regulations was amended to expressly include the maximum number of company boards (excluding companies belonging to the Group) on which its directors can serve.

C.1.17

It is hereby stated that, after the close of the financial year, the director Mr. José Luis Aya Abaurre passed away on 12 February 2016.

Furthermore, on 26 February 2016 Mr. José Domínguez Abascal stood down as Director of Inversión Corporativa IC, S.A.

C.1.18

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, certain articles of the Board of Directors' Regulations were amended to adapt its content to the new corporate governance recommendations included in the Code of Good Governance for Listed Companies approved by virtue of a decision made by the CNMV Board on 18 February 2015.

C.1.21

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, article 13 of the Boards' Regulations was amended to include additional cases where Directors are obliged to surrender their posts to the Board of Directors.

C.1.32

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Boards' Regulations and the Audit Commission's Regulations were amended to explicitly include the following within the Audit Commission's functions: "Strive to ensure that the Board of Directors can present the Company's accounts at the General Shareholders' Meeting without limitations or qualifications in the external auditor's report, whereby the Chairman of the Audit Commission, along with the external auditor, must explain the scope of any such limitations or qualifications to the shareholders".

C.1.35

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Boards' Regulations and the Audit Commission's Regulations were amended to explicitly include the following within the Audit Commission's functions: "Ensure that the remuneration of the external auditor does not compromise their quality or independence".

C.1.42

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, articles 13 and 14 of the Boards' Regulations was amended to include (i) an additional case where Directors are obliged to surrender their posts to the Board of Directors "in cases where the image and reputation of the company may be at stake" and (ii) the Directors' obligation to inform the Board of any criminal charges brought against them, as well as any other related legal proceedings.

C.1.45.

After the close of the financial year, on 1 March 2016, Abengoa's Board of Directors removed Mr. José Domínguez Abascal as Executive Chairman, whereby he remains as director with the category of other external director.

On 2 March 2016, Mr. José Domínguez Abascal chose to be reinstated in his previous position, thereby not receiving any amount set out in his business contract as severance pay due to early termination/post-contractual non-competition agreement.

On 7 March 2016, the company's Board of Directors determined, on the motion of its Appointments and Remuneration Commission, that on the date of his removal as Executive Chairman of Abengoa, the conditions required for payment of said one-off compensation had not been met, and consequently, there are no grounds for payment thereof.

C.2.1

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors appointed Mr. Antonio Fornieles Melero, who until present had held the positions of Vice-Chairman and Coordinating Director, as Executive Chairman, thereby attaining the status of Executive Director and no longer forming part of the Audit Commission. Furthermore, on 8 March 2016 Abengoa's Board of Directors appointed Ms. Alicia Velarde Valiente as Second Vice-Chairwoman and Coordinating Director, also appointing her as Chairwoman of the Audit Commission.

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Board of Directors' Regulations and the Audit Commission's Regulations were amended to adapt the content to the new corporate governance recommendations included in the Code of Good Governance for Listed Companies approved by virtue of a decision made by the CNMV Board on 18 February 2015. More specifically, the Audit Commission's functions were expanded and it is stated that the majority of Audit Commission members must be independent Directors, bearing in mind, while appointing members, their knowledge and experience regarding accounting, auditing and risk management.

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors appointed Mr. Antonio Fornieles Melero, who until present had held the positions of Vice-Chairman and Coordinating Director, as Executive Chairman, thereby attaining the status of Executive Director and no longer forming part of the Appointment and Remuneration Commission.

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Board of Directors' Regulations and the Appointment and Remuneration Commission's Regulations were amended to adapt the content to the new corporate governance recommendations included in the Code of Good Governance for Listed Companies approved by virtue of a decision made by the CNMV Board on 18 February 2015. More specifically, the Appointment and Remuneration Commission's functions were expanded and it is stated that the majority of Appointment and Remuneration Commission members must be independent Directors, bearing in mind, while appointing members, any knowledge, skills and experience they hold specific to the roles they will carry out.

It is hereby stated that, after the close of the financial year, the director Mr. José Luis Aya Abaurre passed away on 12 February 2016. Furthermore, on 8 March 2016 the Company's Board of Directors agreed to cover the vacancy left on the Board due to the death of Mr. José Luis Aya Abaurre by co-optation, thereby appointing the company Inayaba, S.L. as Director and Ms. Ana Abaurrea Aya as individual representative. She was also appointed as a member of the Strategy and Technology Commission.

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors adopted the following agreements, which affect certain Investment Commission members:

- Appoint Mr. Antonio Fornieles Melero, who until present held the positions of Vice-Chairman and Coordinating Director, as Executive Chairman, delegating all powers to him except those which cannot be delegated by Law, until attaining the status of Executive Director, thereby no longer forming part of the Investment Commission.
- Remove Mr. José Domínguez Abascal as Chairman, whereby he remains as director with the category of other external director, thereby no longer forming part of the Investment Commission.

Furthermore, on 8 March 2016 Abengoa's Board of Directors adopted the following agreements which affect certain members of the Investment Commission:

- Appoint Mr. Joaquín Fernández de Piérola Marín as First Vice-Chairman of the Board of Directors, thereby merging this position with that of Managing Director (CEO). He was also appointed as a member of the Investment Commission in replacement of Mr. José Domínguez Abascal.
- Appoint Ms. Alicia Velarde Valiente as Second Vice-Chairwoman and Coordinating Director, also appointing her as member and Chairwoman of the Investment Commission.

C.2.5

After the close of the financial year, by virtue of a decision made by the Board of Directors dated 30 March 2016, the Audit Commission's Regulations and the Appointment and Remuneration Commission's Regulations were amended to adapt the content to the new corporate governance recommendations included in the Code of Good Governance for Listed Companies approved by virtue of a decision made by the CNMV Board on 18 February 2015.

D.3

It is hereby stated that, after the close of the financial year, on 1 March 2016, Abengoa's Board of Directors agreed to terminate the service provision agreement entered into between Abengoa and Mr. Felipe Benjumea Llorente on 23 September 2015.

D.7

It is hereby stated that, after the close of the financial year, on 7 January 2016, Abengoa Yield, plc informed the Securities and Exchange Commission of the United States that it was changing its corporate name to Atlantica Yield.

Other information

In 2013, Abengoa started to draw up a "corporate compliance" program which it continued to develop in 2014 and 2015.

The concept of "corporate compliance" was introduced in adherence to international practices and to specific compulsory legal rules and regulations, especially practiced in Anglo-Saxon Law and, from December 2014 onwards, in Spain. Up until the Transparency Law and, most recently, Law 31/2014, of December 3, which amends the Corporate Law to improve corporate governance, became effective and enforceable in Spain, good governance recommendations were only as such, recommendations. They were not binding even though, on the international markets, companies were legally obliged to comply with certain codes of conduct to prevent fraud, among other bad practices. Notwithstanding the above, due to the increase in getting closer to the international markets as well as to the recent promulgation of Law 31/2014, it is now necessary, on the one hand, to harmonize the international practice with the Spanish laws, thus introducing the concept of criminal liability for legal entities and, on the other, to adapt the various company standards to the new amendments introduced in the Corporate Law.

The goal and objective that Abengoa hopes to attain by creating this program and by adapting its standards to the recent amendments in the Corporate Law on the aspect of corporate governance is for the Board of Directors and the management to apply and practice ethics, legality and efficacy in business transactions (good governance), with the organization's systematic focus on evaluating and managing risks, and to ensure that the organization and its employees comply with the existing laws, regulations and standards, including the company's behavioral standards (regulatory compliance), with Abengoa exercising the due control and providing a strategic vision to tackle the legal needs of the organization. The creation of a regulatory compliance monitoring program by introducing an effective system of good governance and crime prevention is an inevitable resource for the reputation of Abengoa.

Abengoa's corporate compliance program establishes standards and procedures for detecting and preventing bad corporate practices, with the Board of Directors acting as the authority in supervising the implementation and improvement of the compliance program and creating the internal post of compliance officer. An appropriate "corporate compliance program" requires an evaluation of the criminal, social and corporate good governance risks, a monitoring authority, a follow-up, action and surveillance program, as well as an important ongoing training program for employees.

This Annual Corporate Governance Report was approved by the company's Board of Directors at its meeting held on _________.

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

No

Personal or corporate name of director who did not vote in favor of approving this report	Reasons (against, abstention, absence)	Explain the reasons

03.2

Annual report from the appointments and remunerations committee

A. The company's remuneration policy for the ongoing year

A.1. Abengoa's remuneration policy for the ongoing financial year (2016)

In Abengoa, S.A. (hereinafter, "Abengoa" or the "Company" or "Corporation") it is considered important to maintain policies geared towards proposing long-term professional careers in the Group of which Abengoa is the parent company (hereinafter, the "Group") and, at the same time, promoting the Company and its Group's long-term profitability and sustainability, maintaining a reasonable proportion with the importance of the Company, its economic situation at all times and the market standards of companies with similar magnitude. Abengoa's business transactions and operations are conducted in extremely competitive fields in which the achievement of goals and objectives greatly depend on the quality, work capacity, dedication, and the business knowledge of the persons holding the key posts and leading the organization.

These premises determine the Group's remuneration policy in general, that of the directors, in particular, and especially that of the executives, which should make it possible to attract and retain the most distinguished professionals.

Consequently, the aim of the remuneration policy for members of the Board is as follows:

- Remuneration for the supervisory and decision-making duties performed as members of the Board of Directors should be appropriate to reward the dedication, qualification, and the responsibility required for the performance of the duties of member of the Board, bearing in mind the duties performed on the Board of Directors and the Commissions on which they serve.
- Regarding the remuneration of executive directors for performing their executive duties:
  - (i) Ensure that the overall remuneration package and its structure are competitive in comparison with the international sector and compatible with our vocation of leadership.
  - (ii) Maintain an annual variable component linked to the achievement of specific and quantifiable objectives that are in line with the interests of shareholders.

The criteria for establishing a director remuneration policy are in conformity with the provisions of the Spanish Corporate Law (Articles 217 to 219, 249 and 529o to 529r), those of the Bylaws (Article 39) and those of the Regulations of the Board of Directors (Article 20), establishing various criteria depending on whether or not the director performs executive duties:

- Remuneration of members of the Board for their condition as such

The position of director is remunerated following the stipulations of article 39 of the Bylaws. The remuneration may consist of a fixed amount agreed by the General Assembly, which is not necessarily equal for all members. They could also receive an allotment of a share in the Company's profits, of between 5 and 10 percent maximum of the annual profit after subtracting the dividend for the financial year at hand, which shall not be under 4 percent of the paid-in capital in accordance with article 48 of the Bylaws, plus reimbursement of expenses from trips undertaken in the performance of duties entrusted by the Board, and remuneration for Board Commission memberships and, where applicable, for holding the office of Chairperson of the Board.

The maximum annual amount of remuneration payable to the entire Board of Directors for their condition as such shall therefore not exceed the amount of the result of adding, as the case may be, the amount of shares in the company profits, travel expenses and allowance for Commission membership or for holding the office of Chairperson, to the fixed amount agreed upon by the General Assembly. The preceding, understood notwithstanding the remuneration payable to executive members of the Board for the performance of executive duties attributed to such office, different from supervisory and decision-making duties performed by mere members of the Board of Directors.

Determining the remuneration of each Board director for his/her condition as such shall remain the duty of the Board of Directors who, for the purpose thereof, shall consider the duties and responsibilities attributed to each director, their membership of Board Commissions and all other objective circumstances deemed relevant.

- Remuneration for the performance of duties other than those attributed to directorship.

This includes director remuneration for performing executive duties or those of another nature, other than those of supervision and decision-making exercised on the Board or its Commissions.

This remuneration is compatible with receiving payment as set forth in the bylaws and any allowances which they may be due given their condition as members of the Board of Directors.

Remuneration packages for the performance of executive duties include the following basic elements:

› (a) Fixed remuneration

This amount must be in line with that received by executive directors of companies comparable to Abengoa on the market according to the leadership position Abengoa strives to achieve. In order to determine this, market studies conducted by external consultants are taken into account.

Fixed remuneration consists of a fixed gross amount paid annually, divided into twelve equal monthly payments.

› (b) Variable annual remuneration (bonus)

Variable annual remuneration (or bonus) for executive directors is essentially linked to achieving targets. **Said targets are linked to the Earnings Before Interest, Taxes, Depreciation and Amortization** (*EBITDA*). Based on these criteria, a range of total variation of the variable remuneration of executive directors is estimated at the start of financial year.

Variable remuneration corresponds to the annual bonus and is paid in one single payment (accrued for all purposes in the financial year it is settled, where applicable).

The relative weight and the criteria for determining the variable remuneration for executive directors are based on the following:

› Market references based on information provided regarding remuneration by renowned market consultants.

› The main criteria for accrual of variable annual remuneration is achieving the EBITDA target, whether for Abengoa in general or, for executive directors holding non-general responsibilities, commensurate with that of their area of responsibility.

› At the end of the financial year, this basic quantitative element will be considered together with other qualitative non-financial elements aimed at creating long-term value, which may vary from year to year, such as, for example, compliance with the company's internal corporate governance regulations and its policies on risk control and management, which then allows for adjustment of the decision on the actual amount of variable remuneration.

The Chief Executive, Mr. Joaquín Fernández de Piérola Marín, is a beneficiary of the extraordinary variable compensation schemes for executives described in section A.4 and following herein, remuneration that is not tied to the company's share value under the terms and conditions envisaged in article 219 of Spanish Corporate Law, even though the right to receive, rather than the amount to be received in itself, initially depends on whether the company's Class B shares attain specific price quotations goals, a prerequisite, nevertheless, that the Appointments and Remuneration Commission of the Company can decide to overlook if exceptional circumstances occur on the stock market that may be deemed justifiable by the aforementioned. Therefore, there are no significant changes in the remuneration policy of the Board of Directors for this ongoing financial year in comparison to the remuneration policy applied in past financial years, insofar as directors' compensation still does not include share packages or share options.

A.2. Process to determine the remuneration policy

By virtue of the directive issued by the Board of Directors, the remuneration policy for Abengoa's Board of Directors, stated in this report, shall be prepared, discussed and formulated by the Appointments and Remuneration Commission, with the resulting proposal then being submitted to the Board of Directors at the start of each financial year for subsequent submission for approval to the Company's Ordinary General Shareholders' Meeting, at least once every three years.

Below are the current members of the Appointments and Remuneration Commission, and, as such, the main participants in defining the remuneration policy:

Mercedes Gracia Díez	Chairwoman	Independent Director
José Borrell Fontelles	Member	Independent Director
Alicia Velarde Valiente	Member	Independent Director
Juan Carlos Jiménez Lora	Secretary	Non-board member

Ms. Gracia Díez was appointed member of the Commission in a meeting of the Board of Directors of Abengoa, S.A. held on 12 December 2005, and elected as Chairwoman in a meeting of the Appointments and Remuneration Commission held on 17 March 2015; the Secretary was appointed in the meeting of the Appointments and Remuneration Commission held on 23 June 2014.

Mr. Antonio Fornieles Melero is no longer a member of the Commission as of 1 March 2016 due to his appointment as the new Executive Chairman of the company's Board of Directors, replacing Mr. José Domínguez Abascal.

Consequently, the Appointments and Remuneration Commission has three independent directors and its Chairwoman was appointed from among the independent directors. Therefore, the requirements established in Spanish Corporate Law are met. In addition, in accordance with the provisions of article 2 of the Internal Regulations, the position of Chairperson of the Commission must go to an independent director.

No external consultants were involved in determining the remuneration policy, notwithstanding the fact that the previous section A.1.(b) stated that in order to determine the variable remuneration of executive directors, market references are taken into account based on information regarding remuneration provided by renowned market consultants.

A.3. Fixed components of remuneration

In Abengoa, only the executive directors have fixed remuneration as compensation for the performance of their executive duties. In 2015, the amount accrued as salaries for executive directors amounted to €3.298 million euros.

Both the allowance of the Board of Directors as well as the amounts payable for commission membership or chairmanship, are payable solely for attendance. Below are the amounts accrued in 2015 for said items:

- Allowances of the Board of Directors: €1.782 million euros.
- Membership or chairmanship of commissions: €355,000 euros.

Likewise, certain executive directors are offered life and accident insurance coverage for which the Company paid premiums to the value of €2,100 euros in 2015.

A.4. Variable components of the remuneration systems

To date, the variable annual remuneration (or bonus) for executive directors has been essentially linked to achieving EBITDA-related targets, as well as other qualitative non-financial elements aimed at creating long-term value. Based on these criteria, a range of total variation of the variable remuneration of executive directors is estimated at the start of financial year. The variable remuneration corresponds to the annual bonus payable in one single payment.

The total amount of bonuses accrued by executive directors during the 2015 financial year amounted to €10.719 million euros.

Regarding the 2016 financial year, bearing in mind the company's present circumstances, there is no variable compensation system specified for any of its executive directors, although the contract of Mr. Fernández de Piérola (who was appointed Chief Executive on 1 March 2016) establishes that the Board of Directors, on the motion of its Appointments and Remuneration Commission, may establish variable annual compensation for him in the event that his assigned annual targets are met.

In the same way, the Appointments and Remuneration Commission is analyzing whether or not it is convenient to begin a study on possible variable compensation linked to achieving targets related to the restructuring process the company is currently immersed in, in order to, in turn, propose to the Board of Directors that any applicable agreements be adopted, including considering the Chief Executive as a potential beneficiary of this compensation.

Extraordinary Variable Compensation Plans for Executives

There are currently two extraordinary long-term variable compensation plans for Executives.

1. Extraordinary Variable Compensation Plan for Executives, January 2014

This plan, which replaces and leaves invalid the Extraordinary Plan previously approved in February 2011, was itself approved by the Board of Directors of the Company in January 2014 as proposed by the Appointments and Remuneration Commission.

The plan includes the Chief Executive, Mr. Joaquín Fernández de Piérola Marín, among other executives, as a beneficiary, and is due to expire on 31 December 2017.

The following conditions are established for payment thereof:

- a) that the beneficiary remain in employment with the company until the plan ends.
- b) that the beneficiary be entitled to receive the annual bonus for each financial year of the period in question.
- c) the degree of compliance (in terms of objectives) shall be 20% annually, notwithstanding the requirement to remain as an employee of the Company until 31 December 2017.

- d) that the 2017 Business Group's and/or Abengoa's consolidated budget be complied with based on the Strategic Plan in force at the time.
- e) that the average trading price of Abengoa's Class B shares not be lower than a specified value for the last three months of 2017.

In the event that a beneficiary of said plan ceases to be such before the maturity deadline (whether voluntarily or as consequence of a legal dismissal), said beneficiary shall not be entitled to any payments whatsoever pursuant to the plan.

In the event of the passing of a beneficiary, the plan shall be halted with the heirs entitled to the total or consolidated amount owed to said beneficiary for the financial year prior to his/her passing, calculated based on the category of the executive.

In the event of a beneficiary's retirement as a result of reaching the age established by law or due to complete permanent disability (preventing him/her from doing any other kind of work) before the Plan's scheduled maturity date, said beneficiary shall be entitled to the amount consolidated during the completed financial years preceding such retirement, as long as the other established conditions are met.

At the end of the 2015 financial year, the recognized accumulated expense regarding the plan was reversed due to considering compliance with all of the requirements established unlikely as a result of the current situation the Company is facing, which has brought along the communication set out in article 5 bis of the Spanish Insolvency Law 22/2003, of 9 July (hereinafter, "Insolvency Law "). Notwithstanding the foregoing, in the event that the plan is executed, the Chief Executive, Mr. Joaquín Fernández de Piérola Marín, as a beneficiary of the plan, would receive the sum that corresponds to him from the Company, up to a maximum of 520,000 euros. The amount that actually corresponds to him shall be determined by the Company's Appointments and Remuneration Commission upon maturity of the plan, after having checked fulfillment of the objectives and the rest of the parameters that accrual of the compensation pertaining to the plan is subject to.

2. Extraordinary Variable Compensation Plan for Executives, July 2014

This plan was approved by the Board of Directors of the Company in July 2014 as proposed by the Appointments and Remuneration Commission.

The plan includes the Chief Executive, Mr. Joaquín Fernández de Piérola Marín, as a beneficiary, among other executives. The duration of the plan is five years (2014-2018) and it is scheduled to mature on 31 December 2018.

The following conditions are established for payment thereof:

- a) that the beneficiary remain in employment with the company until the plan ends.
- b) for those executives whose total or partial remuneration is linked to the fulfillment of individual objectives, the beneficiary must have been entitled to the annual bonus.
- c) the degree of compliance (in terms of objectives) shall be 20% annually, notwithstanding the requirement to remain as an employee of the Company until 31 December 2018.
- d) that the average trading price of Abengoa's Class B shares not be lower than a specified value for the last three months of 2018.

In the event of resignation (voluntary or by dismissal) the plan shall be halted without any payment whatsoever being made.

In the event of the passing of a beneficiary, the plan shall be halted with the heirs entitled to the total or consolidated amount owed to said beneficiary for the financial year prior to his/her passing, calculated based on the category of the executive.

In the event of a beneficiary's retirement as a result of reaching the age established by law or due to complete permanent disability (preventing him/her from doing any other kind of work) before the Plan's scheduled maturity date, said beneficiary shall be entitled to the amount consolidated during the completed financial years preceding such retirement, as long as the other established conditions are met.

At the end of the 2015 financial year, the recognized accumulated expense regarding the plan was reversed due to considering compliance with all of the requirements established unlikely as a result of the current situation the Company is facing, which has brought along the communication set out in article 5 bis of the Spanish Insolvency Law. Notwithstanding the foregoing, in the event that the plan is executed, the Chief Executive, Mr. Joaquín Fernández de Piérola Marín, as a beneficiary of the plan, would receive the sum that corresponds to him from the Company, up to a maximum of 180,000 euros. The amount that actually corresponds to him shall be determined by the Company's Appointments and Remuneration Commission upon maturity of the plan, after having checked fulfillment of the objectives and the rest of the parameters that accrual of the compensation pertaining to the plan is subject to.

A.5. Long-term savings systems

The compensation package for Abengoa directors does not include any long-term savings system.

A.6. Compensation

There is no provision for the payment of any compensation whatsoever to directors in the event of termination of their duties as such, and no compensation was paid for these purposes during the 2015 financial year. Compensation shall only be paid in the event of termination of executive duties, which can, in turn, be performed, as detailed in section A.7 below.

A.7. Conditions of contracts signed with executive directors

Based on proposals by the Appointments and Remuneration Commission, the Board of Directors fixes the remuneration of executive directors for the performance of their executive duties and other basic conditions that must be respected in their contracts, duly approved by the Board of Directors under the terms and conditions set out in article 249 of the Spanish Corporate Law. Said conditions are as follows:

› a) Permanent

Contracts of executive directors of the Company are permanent and envisage financial compensation for cases of termination of the contractual relationship with the Company, as long as such termination is not exclusively due to the free will of the executive director or as a consequence of failing to fulfill their obligations (notwithstanding the amounts corresponding to them due to their non-competition obligation in accordance with the provisions of the subsequent section c). Therefore, the only executive director who, upon the date of issue of this report, is contractually entitled to receive this type of compensation is the Chief Executive, Mr. Joaquín Fernández de Piérola Marín.

› b) Applicable regulations

The regulations applicable to executive director contracts is stipulated by the legal system in each case.

› c) Non-competition

In all cases, the contracts of executive directors establish a non-competition obligation in relation to companies and activities of a similar nature while their relationship with the Company is still ongoing.

Additionally, the business contract of the Chief Executive, Mr. Joaquín Fernández de Piérola Marín, includes a post-contractual non-competition agreement for a period of time after his relationship with the Company has come to an end, which shall last for twelve or twenty-four months depending on whether the relationship ends due to the Company's will or the director's and which shall be compensated in the terms set out in the following section (e). If the director fails to comply with the aforementioned post-contractual non-competition agreement, he must pay the Company a penalty equal to 100% of the remuneration received during the financial year immediately before his relationship with the Company came to an end.

› d) Non-disclosure and return of documents

A strict non-disclosure duty is imposed, both during the validity of the contracts as well as upon termination of the relationship. In addition, once the relationship with the Company has ended, executive directors must return to the Company all documents and objects in their possession relating to their activity.

› e) Indemnity clauses

The business contract of the Chief Executive, Mr. Joaquín Fernández de Piérola Marín, entitles him to compensation of an amount equivalent to 100% of the remuneration received by Mr. Fernández de Piérola Marín in the previous financial year, both in the event of early termination of his contractual relationship with the company where not due to incompliance of any obligations corresponding to the Chief Executive or exclusively due to his will , and compensation due to the non-competition agreement described in the previous section (c) (hereinafter, "severance pay due to early termination/post-contractual non-competition agreement").

Both types of compensation are incompatible. As a result, if the director receives severance pay due to early termination, he/she would not be entitled to receive compensation due to a non-competition agreement. Any breach of this non-competition obligation shall, at all times, lead to the compensation sum received by the Executive Director being given back, regardless of the reason why it was received.

During the 2015 financial year, the company paid both the former Executive Chairman of the company, Mr. Felipe Benjumea Llorente, and the former Chief Executive of Abengoa, Mr. Manuel Sánchez Ortega, the sum of 4,484 thousand of euros each, as severance pay due to early termination/post-contractual non-competition agreement.

In addition, during the 2015 financial year, the company paid the former Executive Chairman of the company, Mr. Felipe Benjumea Llorente, the sum of 7,000 thousand of euros pursuant to a length of service bonus which was stated in the business contract signed with the company.

Furthermore, it is hereby stated that in accordance with the service provision business contract signed with the former Executive Chairman, Mr. José Domínguez Abascal was entitled, in the event that the company dismissed him, to choose between the severance pay due to early termination/post-contractual non-competition agreement described above, which in the case of Mr. Domínguez Abascal amounted to a sum equivalent to 100% of the remuneration accrued in the previous financial year, or reinstatement in his previous position. After his removal as Executive Chairman, Mr. Domínguez Abascal chose to be reinstated in his previous position.

› f) One-off compensation for the former Executive Chairman

Additionally, the contract of the former Executive Chairman, Mr. José Domínguez Abascal, entitled him to receive, as a one-off compensation payment corresponding to the 2016 financial year, a sum equal to the gross amount of his fixed annual remuneration which is 700,000 thousand of euros, subject to the following during the 2016 financial year:

› An agreement being reached with the financial and/or commercial creditors in the process of restructuring the company’s balance sheet; and/or

› an agreement being reached with investors, where applicable, for them to become Abengoa shareholders or which, in some way, strengthens the structure of the company capital and/or provides a solution for the current financial situation the company is faced with,

thereby, in one or both of these cases, preventing the company from having to declare insolvency proceedings during the 2016 financial year or, if not prevented, enabling the company to regain solvency and halt the proceedings, also during the 2016 financial year.

On 7 March 2016, the company’s Board of Directors determined, on the motion of its Appointments and Remuneration Commission, that on the date of his dismissal as Executive Chairman of Abengoa, the conditions required for payment of said compensation had not been met, and consequently, there are no grounds for payment thereof.

A.8. Additional Remuneration

As of 31 December 2015, there was no additional remuneration accrued by the directors of Abengoa.

A.9. Advances, credits and guarantees granted

As of the date of this report, there were no advances, credits or guarantees granted to members of the Board of Directors of Abengoa.

A.10. Remuneration in kind

The concept of remuneration in kind is reduced to the premiums paid by the Company for life and accident insurance for specific executive directors.

A.11. Remuneration accrued by directors by virtue of payments made to a third party entity

No payments were made to any company for the purpose of remunerating the services rendered to Abengoa by external directors.

A.12. Other payable items

There are no other items payable other than those outlined in previous sections.

A.13. Actions put in place to reduce risks

To ensure the effective running of the organization and to guarantee the Company’s long-term future, in addition to good strategic planning, it is essential that there is accurate and rigorous management that considers the risks associated with the company’s activity itself and anticipates how to mitigate them.

Thus, Abengoa has its own global system for managing risks, included within the common management systems, which means risks can be controlled and identified. It is regularly updated for the purpose of creating a culture of common management, achieving the objectives set in the area and having the capacity to adapt in order to mitigate any threats that may surface in an environment as competitive as the present.

The introduction of this system enforces the following:

- Risk management at all levels of the organization, without any exceptions.
- Its full integration into the strategy and the systems in order to achieve the objectives set.
- The full support of management to evaluate, follow-up and comply with guidelines relating to the management of threats.

This risk management system is based on three tools:

- The mandatory rules (NOC in Spanish).
- The mandatory processes (POC in Spanish).
- The Universal Risk Model (URM).

Compliance with the aforementioned is guaranteed through the checks carried out by the Internal Audit Department and at committee meetings regularly held with senior staff and the Chairman.

These tools and common management systems are designed from quality standards aimed at complying with international rules and regulations such as the ISO 31000 and the Sarbanes-Oxley Act, and have been certified by companies of international repute.

The Universal Risk Model (URM) is the methodology that Abengoa uses to identify, understand and evaluate the risks that may affect the Company. Its main purpose is to obtain a comprehensive view of them, thereby designing an efficient system that is in line with the business goals and objectives of Abengoa.

The URM consists of over 55 risks that belong to 20 different categories grouped into 4 large areas: financial, strategic, regulations and transactions.

The URM is subject to annual revisions to ensure that the calculations designed for each risk are the most appropriate for the day-to-day operations of the Company.

C. Overall summary of how the remuneration policy was applied during the last financial year.

C.1. Remuneration policy applied during the financial year: structure and payable items

The structure and remuneration components of Abengoa directors vary based on whether or not the director is an executive, and is approved by the Board of Directors, as part of the director remuneration policy that this report deals with:

- Remuneration for non-executive director post

The position of director is remunerated following the stipulations of article 39 of the Bylaws. The remuneration may consist of a fixed amount agreed by the General Assembly, which is not necessarily equal for all members. They could also receive an allotment of a share in the Company's profits, of between 5 and 10 percent maximum of the annual profit after subtracting the dividend for the financial year at hand, which shall not be under 4 percent of the paid-in capital in accordance with article 48 of the Bylaws, plus reimbursement of expenses from trips undertaken in the performance of duties entrusted by the Board, and remuneration for Board Commission memberships and, where applicable, for holding the office of Chairperson of the Board.

- Remuneration for the performance of other non-board member duties in the Company

This includes director remuneration for performing executive duties or those of another nature, other than those of supervision and decision-making exercised on the Board or its Commissions.

This remuneration is compatible with receiving payment as set forth in the bylaws and any allowances which they may be due given their condition as members of the Board of Directors.

Remuneration packages for the performance of executive duties include the following basic elements:

- (a) Fixed remuneration

This amount must be competitive in comparison to the market standard in line with the leadership position Abengoa strives to achieve. In order to determine this, market studies conducted by external consultants are taken into account.

- (b) Variable annual remuneration (bonus)

The variable annual remuneration (or bonus) for executive directors is essentially linked to achieving EBITDA-related targets, as well as other qualitative non-financial elements aimed at creating long-term value. Based on these criteria, a range of total variation of the variable remuneration of executive directors is estimated at the start of financial year.

Variable remuneration corresponds to the annual bonus and is paid in one single payment.

D. Breakdown of individual remuneration accrued by each director

D.1 Breakdown of individual remuneration accrued by directors

a) Remuneration accrued in Abengoa, S.A. (in thousands of euros):

Name	Type	Period	Salary	Fixed remuneration	Allowances	Short-term variable remuneration [14]	Long-term variable remuneration	Remuneration for Board Commission memberships	Severance compensation	Other items	Total Financial year 2015	Total Financial year 2014
Felipe Benjumea Llorente [1]	Executive	01/01-23/09	814		68	3,304			4,484 [11]	7,000 [12]	15,671	4,484
Aplidig, S.L. [2]	Executive	01/01-19/01				2,804					2,804	3,099
Manuel Sánchez Ortega [3]	Executive	01/01-27/07	543		57	3,304			4,484 [11]		8,388	4,484
Javier Benjumea Llorente	Executive	01/01-31/12	1,200		93	1,307					2,600	2,050
José Borrell Fontelles	Independent	01/01-31/12			160			140			300	300
Mercedes Gracia Díez	Independent	01/01-31/12			160			40			200	200
Ricardo Martínez Rico	Independent	01/01-31/12			110			20			130	130
Alicia Velarde Valiente	Independent	01/01-31/12			110			40			150	150
Ricardo Hausmann	Independent	01/01-31/12			280						280	178
José Joaquín Abaurre Llorente	Proprietary	01/01-31/12			110			40			150	150
José Luis Aya Abaurre	Proprietary	01/01-31/12			110			40			150	150
María Teresa Benjumea Llorente [4]	Proprietary	01/01-10/10			43						43	78
Claudi Santiago Ponsa	Proprietary	01/01-31/12			78						78	70
Ignacio Solís Guardiola	Proprietary	01/01-31/12			78						78	78
Fernando Solís Martínez Campos [5]	Proprietary	01/01-10/10			57						57	78
Carlos Sundheim Losada [6]	Proprietary	01/01-10/10			57						57	78
Antonio Fornieles Melero [7]	Independent	19/01-31/12			160			35			195	0
Santiago Seage Medela [8]	Executive	18/05-27/11	543		51						594	0
José Domínguez Abascal [9]	Executive	23/09-31/12	175								175	0
Joaquín Fernández de Piérola Marín [10]	Executive	27/11-31/12	23								23	0
Total			3,298	0	1,782 [13]	10,719	0	355 [13]	8,968	7,000	32,123	15,757

Note (1): Mr. Felipe Benjumea Llorente submitted his resignation from his position as director of Abengoa in writing to the Board of Directors on 23 September 2015 as a result of having been removed as Executive Chairman and as part of certain commitments undertaken by the Company with certain financial entities. The removal of Mr. Felipe Benjumea came about due to a non-negotiable requirement by the underwriting and financing banks within the framework of a capital increase that the Company needed to address. Subsequently, during the third quarter of 2015 until 1 March 2016, he worked as consultant to the Board of Directors, pursuant to the consultancy agreement signed with Abengoa and which was terminated on that same date. Mr. Benjumea Llorente has renounced any sum that he may have been entitled to pursuant to this agreement.

Note (2): Represented by Mr. José B. Terceiro Lomba. Aplidig, S.L. submitted its resignation as director of Abengoa on 19 January 2015.

Note (3): Mr. Sánchez Ortega submitted his resignation from his position as Chief Executive of Abengoa on 18 May 2015, being replaced by Mr. Santiago Seage Medela, and subsequently, on 27 July 2015, also from his position as Company director. Until resigning from his position as Abengoa director on 27 July 2015, Mr. Sánchez Ortega performed certain duties aimed at facilitating the transition and integration of the new Chief Executive of the Company in terms of the service provision business contract.

Note (4): Ms. Benjumea Llorente submitted her resignation as Abengoa director on 18 May 2015, subsequently returning to the Board of Directors on 27 July 2015. Finally, on 10 October 2015, within the framework of the Company's Extraordinary General Shareholders' Meeting held on that same date, she again submits her resignation as director of Abengoa.

Note (5): Mr. Solís Martínez-Campos submitted his resignation as Abengoa director on 10 October 2015, within the framework of the Company's Extraordinary General Shareholders' Meeting held on that same date.

Note (6): Mr. Sundheim Losada submitted his resignation as Abengoa director on 10 October 2015, within the framework of the Company's Extraordinary General Shareholders' Meeting held on that same date.

Note (7): Mr. Fornieles Melero was appointed independent director of Abengoa on 19 January 2015, replacing Aplidig, S.L. Subsequently, on 1 March 2016, Mr. Fornieles Melero was appointed Executive Chairman of Abengoa's Board of Directors, replacing Mr. José Domínguez Abascal.

Note (8): Mr. Seage Medela was appointed director of the Board and Chief Executive of Abengoa on 18 May 2015, replacing Mr. Sánchez Ortega. He subsequently submitted his resignation as Chief Executive of Abengoa and director of the Board on 27 November 2015.

Note (9): Mr. Domínguez Abascal was appointed proprietary director and non-executive Chairman of Abengoa's Board of Directors on 23 September 2015, replacing Mr. Felipe Benjumea Llorente. Subsequently, on 27 November 2015, Abengoa's Board of Directors approved that Mr. Domínguez Abascal was to be delegated all powers that may be delegated legally and pursuant to the bylaws. Subsequently, on 1 March 2016, Mr. Domínguez Abascal was removed as Executive Chairman of Abengoa's Board of Directors, being replaced by Mr. Fornieles Melero, and from that date on held the position of other external director.
Note (10): Mr. Fernández de Piérola Marín was appointed Managing Director of Abengoa, replacing Mr. Seage Medela, on 27 November 2015. Until being appointed Managing Director, Mr. Fernández de Piérola Marín carried out the role of Chairman of the Board of Directors of Abengoa México, S.A. de C.V. Subsequently, on 1 March 2016, Mr. Fernández de Piérola Marín was appointed Chief Executive of Abengoa.
Note (11): As severance pay due to early termination/post-contractual non-competition agreement.
Note (12): As a length of service bonus.
Note (13): The total amount accrued is shown, although at the time this report was issued the allowances amount was still pending payment for those relating to the Board of Directors meeting held in December in the 2015 financial year (132,000 euros) and to the Strategy and Technology Commission meetings held in November and December in the 2015 financial year (60,000 euros).
Note (14): This corresponds to fulfillment of the objectives set for the 2014 financial year.

As has been described in previous sections, the Company has no share-based remuneration system or any long-term savings system. In the same way, at the time of this report, there were no advances, credits or guarantees granted to members of Abengoa's Board of Directors.

In the 2015 financial year, the Company paid €2,100 euros for life and accident insurance premiums for the following executive directors:

Name / Type	Financial year 2015	Financial year 2014
Felipe Benjumea Llorente / Executive	0.4	1
Manuel Sánchez Ortega / Executive	0.3	1
Javier Benjumea Llorente / Executive	0.5	_
Santiago Seage Medela / Executive	0.2	_
José Domínguez Abascal / Executive	0.5	_
Joaquín Fernández de Piérola Marín / Executive	0.1	_
Total	2.1	2

b) Remuneration accrued by the directors of Abengoa, S.A. for membership of Boards in other Group companies (in thousands of euros):

Name	Type	Accrual period Financial year 2015	Salary	Fixed remuneration	Allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for Board Commission memberships	Severance compensation	Other items	Total Financial year 2015	Total Financial year 2014
Javier Benjumea Llorente (1)	Executive	01/01-31/12			52 (3)						52 (3)	52
María Teresa Benjumea Llorente (2)	Proprietary	01/01-23/12			18						18	24
Total			-	-	70	-	-	-	-	-	70	76

Note (1): Shown as the total remuneration accrued by Mr. Benjumea Llorente in the 2015 financial year due to his membership of the Board of Directors of Abengoa Bioenergía, S.A.
Note (2): Shown as the total remuneration accrued by Ms. Benjumea Llorente in the 2015 financial year due to her membership of the Board of Directors of SIEMA, Sociedad Inversora en Energía y Medioambiente, S.A.
Note (3): The total amount accrued is shown; although at the time this report was issued a sum of 13,000 euros was still pending payment for the allowances of the Abengoa Bioenergía, S.A. Board of Directors meetings.

c) Summary of the remuneration (in thousands of euros):

		Remuneration accrued in the Company				Remuneration accrued in Group companies				Total		
Name	Type	Total remuneration in cash	Amount of shares issued	Gross profit of share options exercised	Total Financial year 2015 company	Total remuneration in cash	Amount of shares issued	Gross profit of share options exercised	Total Financial year 2015 Group	Total Financial year 2015	Total Financial year 2014	Contribution to the savings system during the financial year
Felipe Benjumea Llorente	Executive	15,671	_	_	15,671	_	_	_	_	15,671	4,484	_
Aplidig, S.L. (1)	Executive	2,804	_	_	2,804	_	_	_	_	2,804	3,099	_
Manuel Sánchez Ortega	Executive	8,388	_	_	8,388	_	_	_	_	8,388	4,484	_
Javier Benjumea Llorente	Executive	2,600	_	_	2,600	52	_	_	52	2,652	2,102	_
José Borrell Fontelles	Independent	300	_	_	300	_	_	_	_	300	300	_
Mercedes Gracia Díez	Independent	200	_	_	200	_	_	_	_	200	200	_
Ricardo Martínez Rico	Independent	130	_	_	130	_	_	_	_	130	130	_
Alicia Velarde Valiente	Independent	150	_	_	150	_	_	_	_	150	150	_
Ricardo Hausmann	Independent	280	_	_	280	_	_	_	_	280	178	_
José Joaquín Abaurre Llorente	Proprietary	150	_	_	150	_	_	_	_	150	150	_
José Luis Aya Abaurre	Proprietary	150	_	_	150	_	_	_	_	150	150	_
María Teresa Benjumea Llorente	Proprietary	43	_	_	43	18	_	_	18	61	102	_
Claudi Santiago Ponsa	Proprietary	78	_	_	78	_	_	_	_	78	70	_
Ignacio Solís Guardiola	Proprietary	78	_	_	78	_	_	_	_	78	78	_
Fernando Solís Martínez Campos	Proprietary	57	_	_	57	_	_	_	_	57	78	_
Carlos Sundheim Losada	Proprietary	57	_	_	57	_	_	_	_	57	78	_

		Remuneration accrued in the Company				Remuneration accrued in Group companies				Total		
Name	**Type**	**Total remuneration in cash**	**Amount of shares issued**	**Gross profit of share options exercised**	**Total Financial year 2015 company**	**Total remuneration in cash**	**Amount of shares issued**	**Gross profit of share options exercised**	**Total Financial year 2015 Group**	**Total Financial year 2015**	**Total Financial year 2014**	**Contribution to the savings system during the financial year**
Antonio Fornieles Melero	Independent	195	_	_	195	_	_	_	_	195	_	_
Santiago Seage Medela	Executive	594	_	_	594	_	_	_	_	594	_	_
José Domínguez Abascal	Executive	175	_	_	175	_	_	_	_	175	_	_
Joaquín Fernández de Piérola Marín	Executive	23	_	_	23	_	_	_	_	23	_	_
Total		32,123	_	_	32,123	70	_	_	70	32,193	15,833	_

Note (1): Represented by Mr. José B. Terceiro Lomba.

D.2 Relationship between remuneration and profit/loss of the Company

- The essential reference for the variable annual remuneration is the evolution of the EBITDA, whether for Abengoa in general or, for executive directors holding non-general responsibilities, commensurate with the degree of responsibility.
- At the end of the financial year, this basic quantitative element will be considered together with other qualitative non-financial elements aimed at creating long-term value, which may vary from year to year, such as, for example, compliance with the company's internal corporate governance regulations and its policies on risk control and management, which then allows for adjustment of the decision on the actual amount of variable remuneration.
- Based on the criteria established for determining the annual bonus, it is paid in proportion to the degree of compliance with them.

D.3 Result of advisory voting of the General Shareholders' Meeting regarding the annual report on remuneration of the previous financial year

	Number	% of total
Votes cast	5,995,649,505	65.371%

	Number	% of votes cast
Votes in favor	5,577,536,637	93.027%
Votes against	221,913,281	3.701%
Abstentions	196,199,587	3.272%

E. Other information of interest

Regarding the remuneration policy applied at Abengoa, there are no other relevant elements than those already outlined in previous sections of this report.

This annual remuneration report was unanimously approved by a meeting of the Company's Board of Directors held on 30 March 2016.