

03. Strategy and sustainable business model

# 03.3

## Corporate governance



100 %

independent external directors



22

Board of Directors meetings



33 %

female members of the Board of Directors



6

Audit Committee meetings



1

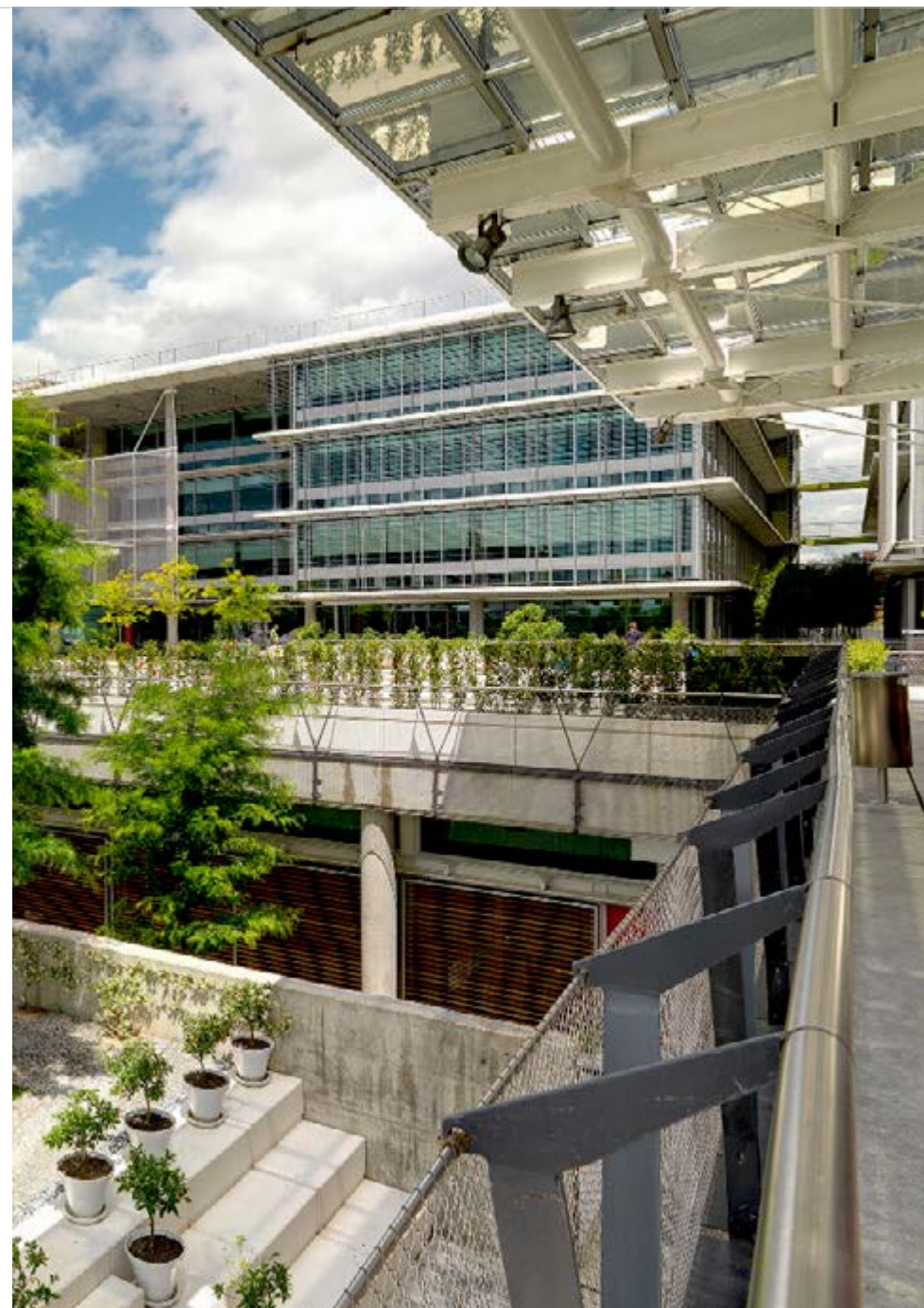
female president of the committee



8

meetings of the Committee of Appointments, Remuneration and Compliance

Data as of December 31, 2020.



03. Strategy and sustainable business model / 03.3. Corporate governance

Goals set forth in the SSP 2019-2023



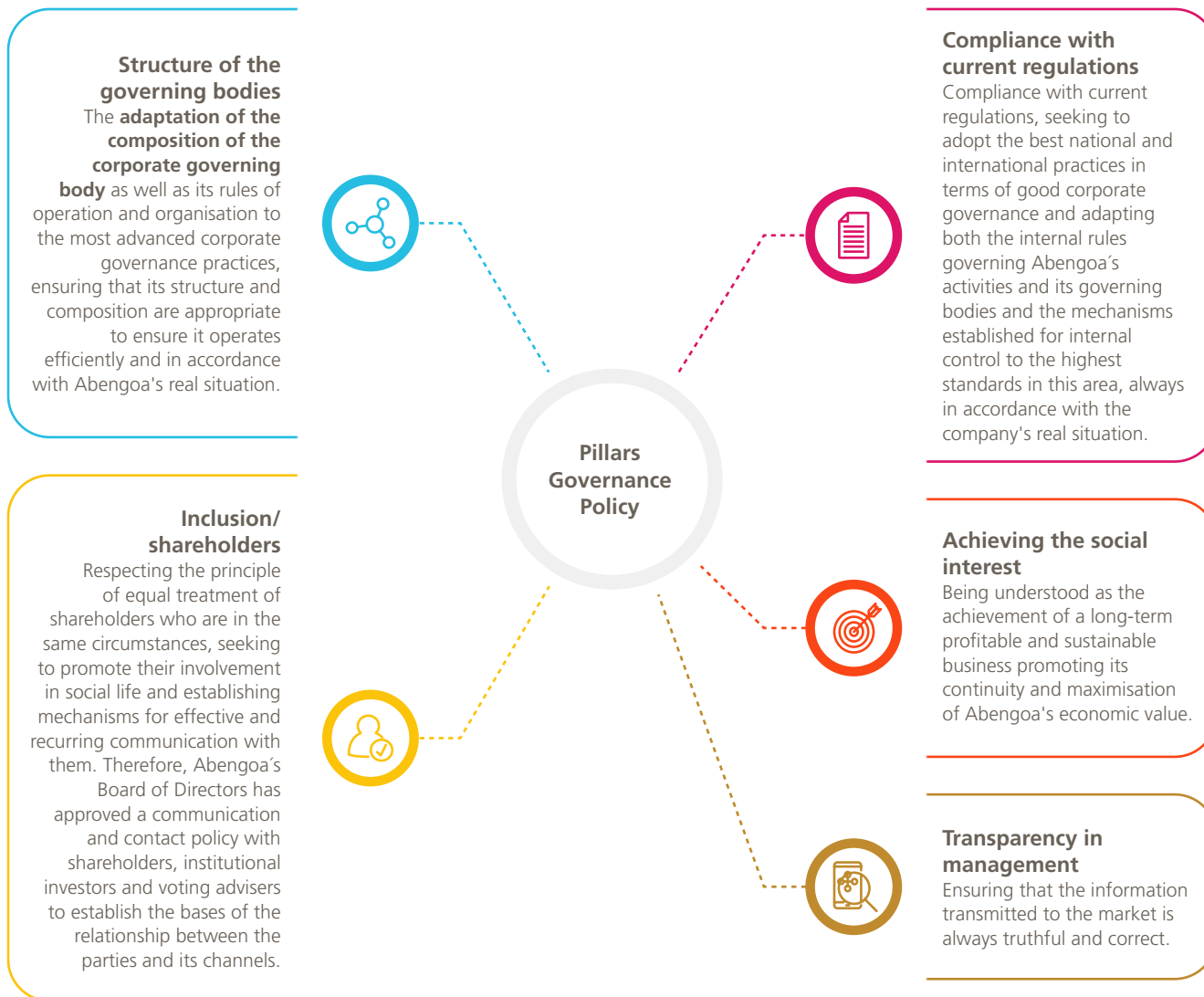
Ensuring that at least 30 % of the members of the Board of Directors are women by 2020. **100 %**

Having governing bodies that **guarantee an appropriate strategy**, which **generate trust in stakeholders** and which **disseminate a culture of integrity** is vital for a company such as Abengoa, especially after the financial restructuring processes that the company has undergone in recent years.

Therefore, its corporate governance is regulated by the **principles of efficiency and transparency** established according to the main existing recommendations and standards, such as the International Corporate Governance Network (ICGN) or the Unified Code of Good Governance of companies listed on the CNMV<sup>1</sup>. These mechanisms will enable Abengoa to once again position itself as **one of the main players in the markets in which it operates**.

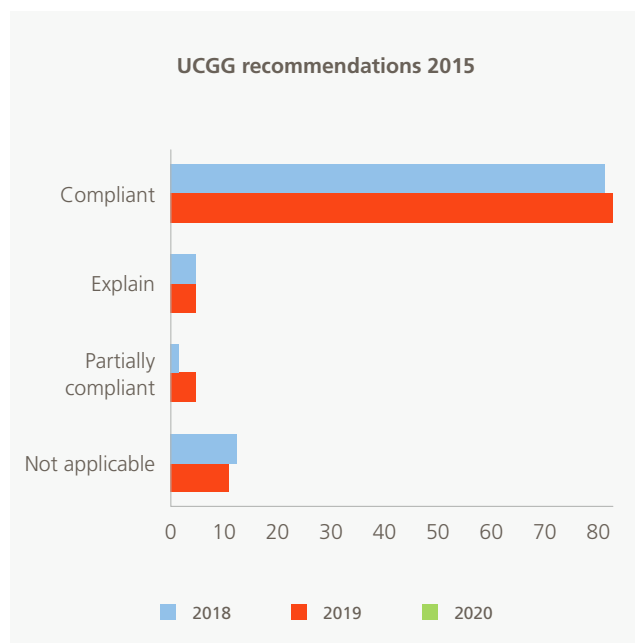
In this regard, in March 2016 the Abengoa Board of Directors approved a **corporate governance policy** based on five fundamental pillars:

<sup>1</sup> Unified Code for Good Governance of the Companies Listed in the National Securities Market Commission (CNMV): document that formulates the requirements for all listed companies, with the purpose of ensuring such companies abide by the obligation to provide information about the "degree to which the corporate governance recommendations are monitored or, if applicable, an explanation regarding the reasons for not observing these recommendations" in its Annual Corporate Governance Report.



03. Strategy and sustainable business model / 03.3. Corporate governance

Despite the difficult economic circumstances that the company has gone through in recent years, the Board of Directors has always sought to be at the forefront of corporate governance, as evidenced by the fact that in 2020 Abengoa reported **compliance with 53 of the 57 applicable recommendations of the Unified Code of Good Governance (UCGG)** of companies listed on the CNMV (53 recommendations complied with in 2019).



Therefore, guiding decision-making with these guidelines not only promotes proper management of Abengoa's operations, but also **improves its profitability and contributes to sustainable development** where the company carries out its activity.

## Government bodies 405-1, 102-18

For the purpose of disclosing<sup>2</sup> its corporate governance performance to its stakeholders, Abengoa has published a Corporate Governance Report every year since 2009.

The highest governing body of the company is the **Board of Directors** which, due to the events of recent months, as well as the actions taken during the restructuring process currently in progress, has varied its composition on several occasions in accordance with the following evolution:

1. From the beginning of financial year 2020 until November 17, 2020, the Board of Directors, as in previous years, was made up of seven directors (six men and one woman), six were independent members and one, the Chairman of the Board, was an executive director. All of them were removed from their positions by resolution of the Extraordinary General Meeting held by the company on November 17, 2020, in response to the request of a group of shareholders holding 3.31 % of the corporate capital stock, in compliance with the provisions set forth in Articles 168 and 495 of the Capital Companies Act and 24 of the Articles of Association.

Board member	Category	Position	AC	ARC	Age	Seniority	Gender	Other board members in listed companies
Gonzalo Urquijo Fernández de Araoz	Executive	Executive chairman	NA	NA	58	4	M	Ferrovial, S.A. Gestamp Automoción, S.A.
Manuel Castro Aladro	Independent	Coordinating Board Member	Member of the Board	NA	52	4	M	NA
José Wahnon Levy	Independent	Member of the Board	Chairman	NA	67	4	M	Distribuidora Internacional de Alimentación S.A.
Pilar Cavero Mestre	Independent	Member of the Board	NA	Chairwoman	60	4	F	Merlin Properties S.A.
José Luis del Valle	Independent	Member of the Board	Member of the Board	NA	66	4	M	Lar España real estate Socimi S.A.
Ramón Sotomayor Jauregui	Independent	Member of the Board	NA	Member of the Board	55	4	M	NA
Josep Piqué Camps	Independent	Member of the Board	NA	Member of the Board	65	3	M	Atrys health, S.A. Alantra partners S.A. Amadeus Group IT S.A.

<sup>2</sup> For more information, see the 2020 Corporate Governance Report.

03. Strategy and sustainable business model / 03.3. Corporate governance

2. From that same date, the Board of Directors remained without a leader until December 22, 2020, the date on which, agreed upon by a new Extraordinary General Meeting, new members of the Board of Directors were appointed, these being three directors, (two men and one woman), all of them of an independent nature.

Director	Category	Position	AC	ARC	Gender	Other board members in listed companies
Juan Pablo López-Bravo Velasco	Independent	Chairman	Member of the Board	Member of the Board	M	NA
Margarida Aleida Santos de la Riva Smith	Independent	Member of the Board	Chairman	Member of the Board	F	NA
Jordi Sarriá Prats	Independent	Member of the Board	Member of the Board	Chairman	M	NA

3. On January 4, 2021, the director Jordi Sarria Prats resigned from his position alleging a conflict of interest between the corporate activity and one of the companies in which he is a director, leaving from that moment the Board of Directors with two directors , one man and one woman, both of an independent nature.

Director	Category	Position	AC	ARC	Gender	Other board members in listed companies
Juan Pablo López-Bravo Velasco	Independent	Chairman	Member of the Board	Member of the Board	M	NA
Margarida Aleida Santos de la Riva Smith	Independent	Member of the Board	Chairman	Member of the Board	F	NA

4. Subsequently, at the meeting of the Board of Directors held on May 19, 2021, a third independent director was appointed by co-opting to fill the vacancy mentioned in the previous paragraph,

leaving the Board with three directors: two female directors and one male director (who in turn is the Chairman), all of an independent nature. However, immediately afterwards, one of the female directors resigned, alleging incompatibility to perform her duties with due diligence due to her current professional development, leaving the Board of Directors once again comprising two independent directors, one man and one woman.

Director	Category	Position	AC	ARC	Gender	Other board members in listed companies
Juan Pablo López-Bravo Velasco	Independent	Chairman	Member of the Board	Member of the Board	M	NA
Cristina Vidal Otero	Independent	Member of the Board	Chairman	Member of the Board	F	NA

5. On October 1, 2021, the company's Board of Directors agreed to appoint Mr. Clemente Fernández González by co-opting, to cover the vacancy created by the resignation of Ms. Margarida Aleida S. de la Riva Smith. Subsequently, Mr. Juan Pablo López-Bravo resigned as Chairman and member of the Board of Directors, as well as to the rest of his positions in the Committees and, in order to fill said vacancy, the Board of Directors appointed Mr. José Alfonso Murat Moreno by co-opting.

On the same day, October 1, 2021, the Company held an Ordinary General Shareholders' Meeting after which the Board of Directors held another meeting to appoint, by co-opting, Ms. Cristina Vidal Otero as director, and Mr. Clemente Fernández González, as Chairman of the Board of Directors.

On November 16, 2021, the Ordinary General Shareholders' Meeting was held and the appointment of Ms. Cristina Vidal as Director was not ratified, leaving a vacancy in the board, which was filled by Mr. Jose Joaquín Martínez Sieso, who was appointed by co-opting on December 22, 2021, therefore leaving, from that moment and as of today, the Board of Directors with three male members.

Director	Category	Position	AC	ARC	Gender	Other board members in listed companies
Clemente Fernández González	Dominical	Chairman	Member of the Board	Member of the Board	M	NA

03. Strategy and sustainable business model / 03.3. Corporate governance

Director	Category	Position	AC	ARC	Gender	Other board members in listed companies
José Alfonso Murat Moreno	Independent	Member of the Board	Member of the Board	Chairman	M	NA
Cristina Vidal Otero	Independent	Member of the Board	Chairman	Member of the Board	F	NA

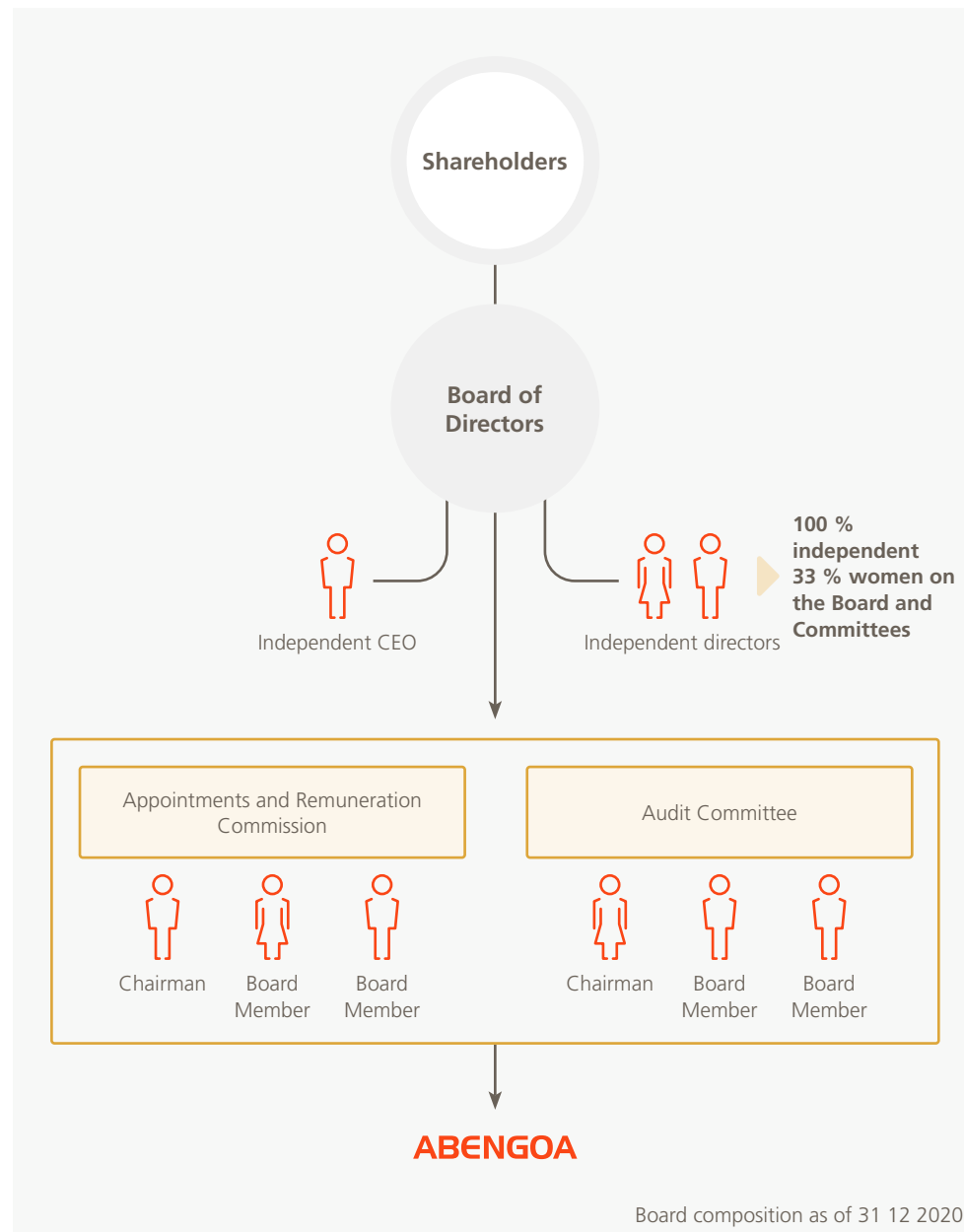
**Insolvency Proceedings of the Company**

6. Regardless of the changes in the composition of the Company's Board of Directors, on February 22, 2021, Abengoa, S.A., requested the corresponding Court of Seville to order the voluntary insolvency of the Company, based on the fact that the scenarios provided for in the bankruptcy legislation were met and considering that this measure was the most appropriate to safeguard the interests of the Company and all creditors. Thus, on February 26, 2021, the Commercial Court of Seville (3rd Section) ordered the administration proceedings, with the bankrupt company retaining the powers of administration and disposition of its assets, subject to the intervention of the insolvency administration, appointing, on March 26, 2021, Ernst & Young Abogados, SLP as the receivers in the insolvency proceedings of the company.

Subsequently, on June 22, 2021, the Receiver in the Insolvency Proceedings requested the suspension of the powers of administration and disposition of the assets of the insolvent company, pursuant to the provisions set forth in Articles 107 and 108 TRLC, a regime change that was agreed upon by the Court on July 6, 2021.

The CV of the current members of Abengoa's governing bodies is available on the company's website. [102-22](#), [102-23](#)

Although to date the powers of administration and disposition of the administration body over the assets are suspended in the framework of the current bankruptcy proceedings, the Board of Directors has the broadest powers to manage the corporate business pursuant to the regulations set forth by law and in the bylaws, likewise reviewing the work assigned to the different committees and commissions whose functions depend thereupon. Thus, it is the Board of Directors' responsibility to approve, among other matters, the **general policies and strategies** of the company and, in particular, the **strategic or business plan**, as well as the management objectives, **the investment and financing policy**, **the corporate social responsibility policy** and **the risk control and management policy**, the supervision of which, however, is the responsibility of the Audit Committee. [102-19](#), [102-26](#), [102-27](#), [102-31](#)



Board composition as of 31 12 2020

**03. Strategy and sustainable business model / 03.3. Corporate governance**

**Social, economic and environmental matters** are **periodically reviewed** by the Executive Committee, reporting such matters thereafter to the Board of Directors on a regular basis.

During financial year 2020, **the board held 22 meetings** to address a wide range of matters, both operational and strategic, including the following:

- **Monitoring** of the **financial restructuring process 9**.
- **Monitoring** and, if applicable, **approval of divestments**.
- **Monitoring** of **liquidity and guarantees**.
- **Review and**, if applicable, **approval of bids**.
- **Monitoring** of the different **business units**.
- **Health and Safety**.
- **Compliance**.

Likewise, the Board of Directors has followed up the **Strategic Sustainability Plan (SSP) 2019-2023**, approved by this body in **February 2019**.

The Sustainability management is responsible for presenting the Non-Financial Information Statement (EINF, for its acronym in Spanish) and the Integrated Report to the Executive Committee and the Board of Directors, showing the company's main activities and impacts, describing its strategy, its business model, objectives and challenges, and performance indicators, together with a Responsible Management Balance Sheet with the key indicators of non-financial results..

Likewise, senior management members responsible for non-financial information will hold regular meetings with the chairman and the Executive Committee to review and analyse all aspects associated with social, economic and environmental matters, which will be regularly reported to the Board of Directors. *102-20*

## Composition of the corporate governance *102-18*

Notwithstanding the foregoing, the strengthening and efficiency in performing the board's functions require specialised committees, in accordance with good governance practices.

Therefore, Abengoa's Board of Directors is assisted by two committees: the **Audit Committee and the Appointments and Remuneration Committee**, which, taking into account the current structure of the Board of Directors and the current needs

of the company after the restructuring processes are considered sufficient.

However, in its efforts to adapt to the best practices in corporate governance, the company could assess in the future the need to create additional committees to facilitate the work of the Board of Directors, for example, in sustainability matters.



03. Strategy and sustainable business model / 03.3. Corporate governance

**Audit Committee**

The Audit Committee was created in 2002 and during financial year 2020 comprised the following members: a Chairman, José Wahnon Levy and two Board Members, José Luis del Valle Doblado and Manuel Castro Aladro, all of them of an independent nature. As they ceased to be directors on November 17, they consequently ceased to be members of said committee.

At the end of 2020, the committee was integrated by Ms. Margarida Aleida S. de la Riva Smith, who was Chairman; Jordi Sarrá Prats and Juan Pablo López-Bravo Velasco.

Since December 22, 2021, the commission has been integrated by three male members. The Chairman of the committee is Mr. José Joaquín Martínez Sieso, the other two members are directors. Mr. Clemente Fernández González (member of the Board) and Mr. José Alfonso Murat Moreno (secretary).

As an independent body, the commission **ensures that companies are responsible in their actions**, thus ensuring their **ethical behaviour**.

The [Regulations of the Audit Committee](#) describe the **functions and powers** of its members, including:

- Preparing and submitting **the corporate financial and non-financial information** to the Board of Directors..
- Reporting any **change in accounting criteria** and in **the on-balance sheet** and off- balance sheet risks.
- Supervising the internal **audit services**.
- Supervising the internal **risk control and management function**.
- Engaging with **external auditors** in order to receive information on matters that may jeopardize their independence and any other matter related to the accounts audit development process.
- Preparing an annual report regarding **the operations with related party operations**.

- To analyse and report in advance the operations of **structural and corporate** modifications to be carried out by the company.
- **To supervise compliance with the rules of corporate governance**, the internal regulations of conduct regarding the securities market and other internal codes of conduct and the **sustainability policy** including the following functions, among others:
  - > Supervision of the communication strategy and **shareholders and investors relations**.
  - > Periodic evaluation of the suitability of the company's corporate governance system, ensuring that it **promotes the social interest** and addresses the legitimate **interests of the other stakeholders**.
  - > **Supervision of the corporate social responsibility policy** established by the Board of Directors, ensuring that it is value-creation oriented.
  - > Monitoring of the **corporate social responsibility strategy and practices** and assessing the degree of compliance.

- > The supervision and evaluation of the **relationship processes with** the different **stakeholders**.
- > The evaluation of all matters related to the **company's non-financial** risks.
- > The coordination of the **reporting processes of non-financial and diversity information** in accordance with applicable regulations and international reference standards.

*102-25, 102-26, 102-29, 102-30, 102-31*

During 2020, the Audit Committee held six meetings to address a wide variety of matters, including:

- Analysis of **independence of the external auditor** of financial year 2019.
- **Review of non-audit-related work** carried out by the group auditor to assess its potential incompatibility in its role as accounts auditor.
- Information regarding the enforcement of the **new accounting standards implemented**.



## 03. Strategy and sustainable business model / 03.3. Corporate governance

- Submission by PwC, as external auditor, of the **results of the limited review** carried out on the **2020 interim financial statements**.
- **Supervision** of relations and **communications with regulatory bodies** (CNMV, etc.).
- Positive report to the Board regarding the **financial information for the first, second and third quarters** of 2020.
- Review of the **evaluation of the company's significant assets**.
- **Analysis of impacts due to significant changes in accounting regulations**.
- **Valuation and accounting impacts** of strategic operations.
- Submission and **approval of the Internal Audit Plan** 2020.

- **Monitoring of the 2020 Internal Audit Plan** and its degree of compliance.
- Submission and **monitoring of detected incidents of fraud**.
- Submission and approval of the 2020 Internal Audit Plan regarding **significant risks** on the Financial Statements (**EEFF**) identified.
- **Monitoring of the main risks of the projects** in execution.
- Monitoring and **approval of divestments of assets and businesses with a significant impact** on financial statements.
- Monitoring of **legal procedures which may potentially impact Financial Statements**.
- **Evaluation of the recoverability of assets** through the results obtained from the impairment tests.
- Information on **complaint channelling policy**.
- Monitoring and **evaluation of complaints received and the corresponding investigations** carried out, as well as the adoption of measures subject to the outcome of the investigations.
- **Monitoring of the Sustainability Policy and Strategic Plan** to ensure that they are value creation-oriented.
- Review and **approval of the non-financial information** published by the company to ensure its integrity and reliability.

### Appointments and Remuneration Committee

The Appointments and Remuneration Committee was created in 2003 and, since as of December 22, 2021, the Committee is integrated by Mr. José Joaquín Martínez Sieso, Chairman, the other two members are Mr. Clemente Fernández González (Board member) and Mr. José Alfonso Murat Moreno (secretary).

The main duties of this committee are to **advise the Board of Directors** on matters of **regulatory compliance, appointments, re-elections and terminations, diversity and remuneration**, among others. This committee has been assisted by independent experts on several occasions, such as in 2016, when assisted by Spencer Stuart, who was responsible for

submitting the corresponding proposals and/or reports regarding the appointment of directors and senior managers to the Board of Directors, as well as regarding the remuneration policy that was subsequently proposed to the General Shareholders' Meeting for approval, for which it was likewise assisted by independent experts. [102-34](#), [102-35](#), [102-36](#)

Likewise, this committee verifies on an annual basis the conditions required to appoint a director and the nature or the type assigned thereto. It is the body responsible for selecting the profiles that best represent the needs of the different stakeholders from among professionals in different fields and of recognised national and international prestige. These professionals will be selected according to their merits and to cover open positions with professional profiles that are not associated with specific interests. All this in accordance with the provisions of the **director selection policy** approved by the Board on 30 March 2016.

In addition, as established in the director selection policy, the committee ensures that, when filling new vacancies, who are the most suitable candidates depending on the characteristics of Abengoa and the circumstances at all times is not the only aspect taken into account; in addition, the above mentioned selection procedures should not be biased by sex, religion, race, etc.

Another of the responsibilities of this Committee is to assess the performance of the Board of Directors and its executive directors, examining and organising the Chairman and CEO replacement process, reporting appointments and resignations of senior executives and on gender diversity matters. [102-24](#), [102-28](#)





03. Strategy and sustainable business model / 03.3. Corporate governance

The company takes a series of measures to include in the Board of Directors a number of women necessary to achieve a balanced presence between both sexes. The regulations of the Appointments and Remuneration Committee provide for that procedures should be created and ensure that, when new vacancies are filled, they comply with the following conditions:

- Selection procedures should not involve implicit biases which may hinder the selection of female directors.
- The company should deliberately seek and include, among potential candidates, women who meet the professional profile required.

Therefore, it is the duty of the Appointments and Remuneration Committee to report gender diversity issues to the Board of Directors, and to establish a representation goal for the underrepresented gender on the company's Board of Directors and develop guidelines on how to achieve this goal.

The Appointments and Remuneration Committee is likewise responsible for verifying compliance with the director selection policy. This policy provides for that, when making the selection, it shall be based on an analysis of the needs of the company and its group of companies and shall likewise take into account that the appointments shall promote diversity of knowledge, experiences and gender within the Board of Directors and that the number of female directors shall represent at least 30 % of the total number of members of the Board of Directors.

During 2020, the Appointments, Remuneration and Compliance Committee met eight times. The main duties were as follows:

- **Evaluation of the Board of Directors.**
- **Remuneration policy** for the period 2021-2023.
- Analysis of the **best practices for the performance of** the Board of Directors and its Committees.
- **Work Environment Report** at Abengoa.



- **Approval of the Annual Remuneration Report (ARR)** of the financial year 2019.
- Report on the **modification of the remuneration policy** for the period 2018-2020.
- **Remuneration policy for directors** of Abengoa **2018-2020**.
- Report on the remuneration policy for the period 2021-2023.
- **Remuneration policy for directors** of Abengoa **2021-2023**.
- Proposed cancellation of incentive plans.
- **Reporting** periodically on matters of **compliance**.
- Approval of the **Committee Activity Report** for the financial year 2019.
- Approval of the **proposal for the appointment of the candidates** to directors of Abengoa SA, Mr. Francisco Prada Gayoso, Mr. Joaquín García-Romanillos Valverde and Mr. Alejandro Sánchez-Pedreño Kennaird.

In 2020, the ratio between the annual salary of the highest paid person in the organisation and the average salary of the rest of the employees, including all geographies and types of contracts, was 26.82. [102-38](#), [102-39](#)

As there is no difference in the annual total compensation of the highest paid person in the organization between 2019 and 2020; the percentage increase ratio between that person and the median annual total compensation of all employees is 0. [102-39](#)

In the **Remuneration Report**<sup>3</sup> details of the average remuneration of the directors can be found and including variable remuneration, expenses, fixed remuneration, short and long-term variable remuneration, remuneration for members of the Committee and Board of Directors, severance pay "other" items. Please refer to the Corporate Governance Report and Annual Remuneration Report for more information.

The average remuneration of senior management is described below:

Average salary 2020	Thousands of euros	
Management	225	
	Men	Women
Executive Committee	227	207

<sup>3</sup> Included in Note 33.3 Remuneration and other benefits..

03. Strategy and sustainable business model / 03.3. Corporate governance

Abengoa's is governed by two governing bodies: the Executive Committee -COEJ- (senior management) and the Management Committee -CODIR- (managers of the main corporate and operating units.)

The average management remuneration received in the financial year 2020, including fixed salary, variable salary<sup>4</sup> and in kind remuneration, amounts to €225 K, representing a 16 % reduction compared to 2019.

Broken down by gender, the average remuneration received by the management in 2020 amounts to €227 K for managers and €207 K for female managers, which represents a difference of 8.8 % in favor of the former<sup>5</sup>.

**Shareholder relations. General Meetings**

The **Regulations of the Board of Directors** set forth that the **principle of equal treatment** should be applied in its relations with shareholders with the same position and following the interests of the company and, consequently, the appropriate mechanisms should be created to know the proposals of the latter in terms of corporate management, the organization of informative meetings on the progress of the company and the opening of the necessary channels for a regular exchange of information with groups of shareholders<sup>6</sup>.

The company has an **Investor Relations Department**, whose main responsibility is to **lead and supervise communications with shareholders and investors**, and with a **shareholder service portal**, which can be accessed from the web and by telephone and through which shareholders can send their queries. [102-21](#), [102-33](#), [102-34](#)

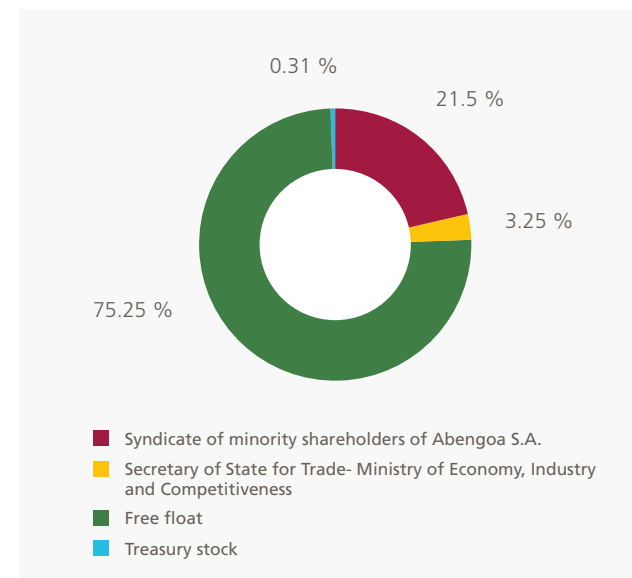
Likewise, the regulations also determine that in case the Chairman of the Board of Directors is an Executive Director, the Board of Directors, with the abstention of the executive directors, shall necessarily appoint a coordinating director from among the independent directors who, among other matters,

will be specially entitled to contact investors and shareholders, with the aim of learning about their points of view and concerns regarding corporate governance. During the financial year 2020 and up to the date of termination, this role was performed at Abengoa by the coordinating director, Mr. Castro Aladro, and is not currently being necessary given that the Chairman's status is not executive.

During last financial year **two extraordinary general shareholders' meetings** were held, on November 17, 2020 and December 22, 2020, with a **quorum of 28.363 % and 26.683 %** respectively, which is significant considering the company's fragmented shareholders structure, with no controlling shareholders.

At the General Meeting held on November 17, 2020, all the items on the agenda that were submitted to a vote were approved by the legally required majority, since the fifth item on the agenda could not be submitted to a vote due to a defect that could not be remedied.

In turn, at the General Shareholders' Meeting held on December 22, 2020, the agenda included five items, the first item was divided into four proposals, of which the last three included alternative proposals regarding the appointment of members of the Board of Directors. The five items were submitted to a vote and the first agreement proposals 1.1, 1.2 alternative, 1.3 alternative, 1.4 alternative for the appointment of new members of the Board of Directors were approved by the legally required majority and agreement five to delegate to the Board of Directors the interpretation and rectification of the agreements reached, the rest were rejected as the legally required majority was not reached.



When the General Meetings were called, all the documents and the legally required information are made available to the shareholders and the **Electronic Shareholders' Forum**, is activated, with the aim of facilitating communication between shareholders and allowing them to send:

- Additional proposals to the agenda published in the notice calling the general meeting.
- Requests to endorse said proposals.
- Initiatives to reach a sufficient percentage to exercise a minority right.
- Requests for voluntary representation.

Furthermore, since 2015, the company's bylaws provide that shareholders may exercise their **proxy and voting rights** through **remote** communication means including electronic means.

<sup>4</sup> The outstanding 2018 variable received in 2020 is computed. No variable was established in 2019 or in 2020.

<sup>5</sup> The difference is due to the variables of the year corresponding to 2018.

<sup>6</sup> More information in the [Financial Contribution chapter](#).