

## Regulations of the Board of Directors of Abengoa, S.A.

### Chapter One. General Provisions

#### Article 1. Purpose and scope of the regulations

These regulations were approved by the Board of Directors of Abengoa, S.A. (hereinafter referred to as "Abengoa" or the "Company"), following notice to the General Shareholders' Meeting. Their purpose is to establish the internal rules for the functioning of the Board, pursuant to the law and Abengoa's bylaws, as well as the specific measures to ensure optimum administration of the Company.

These regulations will be sent to the Spanish Securities Market Commission and filed with the Company Registry.

The members of the Board of Directors and, when applicable, the Company's senior management team must be familiar with the provisions of these regulations and abide by and enforce their content.

#### Article 2. Interpretation and amendment

These regulations supplement the rules of conduct applicable to the Board of Directors, established in the applicable mercantile legislation and in the Company's bylaws. The Board of Directors shall be responsible for resolving any questions that may arise in the application of these regulations in accordance with the general criteria for interpreting legal regulations and the spirit and intent of the bylaws.

These regulations shall be effective from the date on which they are approved. The Board of Directors may amend their contents, in accordance with the requirements set forth in the following section, adapting them to the interests of the Company at all times.

The Chairman of the Board, or two or more directors, may propose such amendments to the Board as deemed necessary or convenient by the circumstances, accompanied in such circumstances, by a report justifying the grounds and the scope of the proposed amendment. The Board of Directors shall be convened by individual notice sent to each of its members. Amendments to the regulations shall require the favorable vote of an absolute majority of the directors present or represented at the meeting for the resolution to take effect.

## **Chapter Two.** **Organizational Structure, Functions and Standards of Conduct of the Board of Directors**

### Article 3. Composition of the Board of Directors

In accordance with the provisions in Article 39 of the bylaws, the Board of Directors shall be comprised of no fewer than three and no more than sixteen members, elected by the General Shareholders' Meeting, the majority of which must, at least, be external independent directors.

Within that range, the Board of Directors shall propose to the General Shareholders' Meeting the number of directors deemed appropriate at all times in the interests of the Company. The General Shareholders' Meeting shall be responsible for deciding the exact number.

### Article 4. Duties and powers of the Board of Directors

The Board of Directors shall take all necessary actions to further the corporate purpose outlined in the bylaws. Specifically, it is responsible for determining the financial objectives of the Company and agreeing, as proposed by senior management, on the appropriate measures for achieving them; ensuring the future viability of the Company and its competitiveness, as well as the existence of appropriate management and leadership, directly controlling the Company's business activity; approving the codes of conduct established by the Company, as well as exercising the powers set forth in this article.

It shall answer to the General Shareholders' Meeting regarding fulfillment of the Company's management and representation obligations. Delegating powers to one or more members of the Board shall not relieve the latter from the organizational powers recognized in the Capital Companies Act and the Company's bylaws, exercising these powers independently of all other corporate bodies.

The Board of Directors is also responsible for the organizational representation of the Company in the terms set forth by law and the Company's bylaws. Delegation of this power of representation to one or more directors requires the latter to notify the Board of any actions taken in exercising this power that go beyond ordinary administration.

The Board shall exercise its duties with unity of purpose and independence of criteria, and shall treat all of the shareholders that are in the same position equally and shall be guided by the interests of the Company, which shall be understood to mean the achievement of a profitable and sustainable business in the long-term, that shall promote the continuity thereof and the maximization of the economic value of the

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Company. It shall likewise ensure that, in seeking the interests of the Company and in its relations with stakeholders, the Company respects the law and regulations; that the Company acts in good faith, ethically and respects the generally accepted customs and best practices of the sectors and territories where it undertakes its activity; and observes any additional principles of social responsibility that may be accepted voluntarily, and reconciles the interest of the Company with, as applicable, the legitimate interests of its employees, suppliers, clients and the other stakeholders that may be affected as well as the impact of the activities of the Company in relation to society as a whole and in relation to the environment.

To that end, the Company's Board of Directors shall have the power to enter into agreements on all types of matters that are not attributed by law or the Company's bylaws to the General Shareholders' Meeting. In particular, the Company's Board of Directors shall have full decision-making powers including, but not limited to, the matters indicated below:

- (a) The general policies and strategies of the Company and, in particular:
  - (i) The strategic or business plan, as well as the annual management objectives and budget;
  - (ii) The investment and financing policy;
  - (iii) The definition of the corporate group structure;
  - (iv) Determination of the corporate governance policy in the Company and in the group for which it is the parent company; its organization and functions and, in particular, approval and amendment of these regulations;
  - (v) The corporate social responsibility policy;
  - (vi) The remuneration and performance appraisal policy for senior management;
  - (vii) The risk management and control policy, including tax risks, as well as supervision of the internal information and control systems.
  - (viii) The dividend and treasury stock policy and, especially, its limits.
  - (ix) Determination of the Company's tax strategy.
  - (x) The policy related to the Company's shares.

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(b) The following operational decisions:

- (i) The appointment and dismissal of senior management, as proposed by the Company's CEO, as well as establishing the basic conditions of their contracts, including remuneration and, when applicable, their severance clauses.

For the purposes of these regulations, senior Company managers shall be those who report directly to the Board of Directors, to the Chairman or to the CEO of the Company and, in all cases, the manager responsible for the Company's internal audit area, as well as any other executive who the Board of Directors recognizes as such.

- (ii) The appointment and dismissal of the Company's CEO(s), as well as establishing their contractual conditions.
- (iii) The decisions related to directors' remuneration, in accordance with the bylaws and remuneration policy approved by the Company's General Shareholders' Meeting.
- (iv) Annual appraisal of its performance, subject to the prior report of the Appointments and Remuneration Committee and of the different committees thereof, and the Board of Directors must adopt, subject to the prior reports of the foregoing committees, as the case maybe, an action plan that corrects the detected deficiencies in relation to:
- The quality and effectiveness of its functions.
  - The functioning and composition of its committees.
  - The diversity of its composition and powers.
  - The performance of the Chairman of the Board of Directors and of the Company's CEO.
  - The performance and contribution of each director, with special attention being paid to the responsibilities of each of the committees.

Every three years the Board of Directors shall be assisted by an independent external consultant for the assessment thereof.

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- (v) Investments or transactions of all types that, due to their large amounts or special characteristics, are considered strategic or entail a special tax risk, except when approval must be given by the General Shareholders' Meeting.
  - (vi) The creation or acquisition of shareholdings in special-purpose entities or those located in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could reduce the transparency of the Company and the group of companies of which it is the parent company.
  - (vii) Supervision of the effective functioning of the committees that it may have created, and of the actions of the delegated bodies and of the managers that it may have appointed.
  - (viii) Authorization or waiving of the obligations derived from the directors' duty of loyalty.
  - (ix) Calling the Company's General Shareholders' Meeting and preparing the agenda and proposed resolutions.
  - (x) Preparation of any type of report that the Board of Directors is required to prepare by law, provided that the report in question cannot be delegated.
  - (xi) The powers that the General Shareholders' Meeting has delegated to the Board of Directors, unless expressly authorized to sub-delegate them.
- (c) Approval, based on a report from the Audit Committee, of the transactions that the Company or companies in its group carry out with directors or with shareholders, individually or in collaboration with others, of a shareholding legally considered as significant, including shareholders represented on the Board of Directors of the Company or of companies in the same group or with people associated with them. The directors that are affected, or that represent or are associated with the affected shareholders, must abstain from taking part in the discussion and voting of the resolution in question. The only transactions that shall be exempt from this approval shall be those that simultaneously fulfill the following three conditions:
- (i) They are carried out by virtue of agreements with standardized conditions that are applied in a general way to a large number of clients.
  - (ii) They are carried out at rates or prices that, in general, are established by the person acting as the supplier of the good or service.

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- (iii) The amount of the transaction does not exceed one percent of the Company's annual revenues.

When urgent situations arise, that are duly justified, decisions corresponding to the aforementioned matters may be taken by the delegated bodies or persons, which must then be ratified in the first meeting of the Board of Directors that is held after these decisions are made.

## Article 5. Position of the Board of Directors in the Company's organizational framework

In its relations with shareholders, the Board of Directors shall apply the principle of equal treatment of all shareholders in the same position; it shall create appropriate mechanisms to receive proposals from shareholders regarding the management of the Company; it shall organize informative meetings on the progress of the Company; and open the channels necessary for regularly sharing information with groups of shareholders.

The Board of Directors shall take all appropriate measures to ensure that the General Shareholders' Meeting carries out all of its attributed duties. Prior to the meeting, shareholders shall therefore be provided with all legally required information or that, even when not required, is of interest to them and may be reasonably provided. Likewise, requests for information and questions posed by shareholders before a Meeting, or during it, shall be diligently responded.

## Article 6. Specific functions related to the financial statements and the management report

The financial statements submitted to the Board of Directors to be formulated must first be certified for integrity and accuracy by the Chairman of the Board and the manager of the Corporate Consolidation and Audit Department.

Once the corresponding reports have been received and the pertinent clarifications have been made, the Board of Directors shall formulate, in clear and precise terms that facilitate adequate comprehension of the content, the financial statements, the management report and the proposed appropriation of earnings of the Company, as well as the consolidated financial statements and annual report, and the financial information that, as a listed entity, the Company must publish periodically, ensuring that said documents faithfully reflect the assets, financial situation and results of the Company, as set forth in the applicable legislation.

Before signing off the preparation of the financial statements required by law, the directors shall record in the minutes any reservations deemed relevant in relation to this

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preparation work. Otherwise, they will be deemed to have received all information necessary to sign off on the formulation of the financial statements.

The directors must sign the declarations of liability regarding the content of the annual financial report and, when appropriate, of the interim financial reports that, as a listed entity, the Company must make public periodically.

## Article 7. Specific functions related to the stock market

The Board of Directors shall adopt and undertake any actions and measures necessary to ensure the transparency of the Company vis-à-vis the financial markets, promote proper formation of the Company's share prices, supervise the periodic public financial information and perform all functions required of the Company as a listed entity.

## Article 8. Specific functions related to corporate governance

The Board of Directors is the body responsible for preparing and updating the internal rules regarding corporate governance, including the Company's bylaws, the Regulations of the General Shareholders' Meeting, the Rules of Conduct for Securities Market Activities, the internal regulations of its committees and its own regulations.

At the same time, the Board of Directors is the body responsible for preparing and approving Abengoa's annual corporate governance report, which is presented during the Ordinary General Shareholders' Meeting, with the advance notice deemed appropriate in each case. This report shall be filed with the Spanish Securities Market Commission and shall be published by the means set forth by law, including on the Company's website.

The Board of Directors, through the corresponding departments, shall ensure proper and comprehensive distribution of the relevant Company information, including, by way of example, the information related to calling the General Shareholders' Meeting, its agenda and the content of the proposed resolutions, significant events, resolutions adopted at the most recent General Shareholders' Meeting, internal rules of corporate governance and the annual report. The means of distribution shall be appropriate to ensure unrestricted and timely dissemination, including on the Company's website.

## Article 9. Notice of meeting and venue

The Board shall meet at least once every two months. In ordinary meeting, the Board will cover general matters related to Company operations, financial results, balance sheets, cash flow situation and their comparison with the approved budgets, matters mentioned in Article 5, if applicable, and, in all cases, the items included in the agenda

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prepared in accordance with the provisions of these regulations. At these periodic meetings, the Board shall receive timely information on the most significant achievements and operational problems, as well as the foreseeable situations that may be critical to corporate matters and the actions that the management proposes to deal with them.

Notices of meetings of the Board of Directors shall be sent in writing to each of the directors at least four days prior to the date indicated for the meeting and shall include the agenda.

Meetings of the Board may be called without prior notice when all directors are present or represented and they unanimously agree to hold a Board meeting.

In urgent cases, the Board of Directors may be convened without the minimum advance notice established, although the urgent grounds for the meeting must be unanimously agreed by all attendees at the start of the meeting.

The meetings of the Board of Directors shall normally take place at the Company's registered address, but they may also be held anywhere else deemed appropriate by the Chairman, as indicated in the notice of meeting.

Notwithstanding the paragraph above, the Board of Directors may meet at several locations connected by remote computer systems that enable the recognition and identification of those in attendance, permanent communication amongst the directors regardless of their location, as well as participation and voting, all in real time. Directors attending from any of the remote locations shall be deemed to be in attendance at the same meeting, which shall be considered to have taken place at the location with the attendance of the largest number of directors and, in the case of an equal number of attendees, at the place at which the Chairman of the Board, or the person substituting him in his duties, is attending.

The Chairman may also convene the Board as often as necessary. It must always be convened whenever so requested by at least one-third of the members of the Board of Directors. If fifteen calendar days have passed from receipt of the request and the Chairman has not yet convened the Board, the meeting must be called by the vice-Chairman. If there is more than one vice-Chairman of the Board of Directors, it must be convened by the first vice-Chairman or, if unavailable, by the next in line hierarchically.

The power to set the agenda at the meetings is held by the Chairman, although any of the directors may request inclusion of the items they deem should be covered by the Board on the agenda, prior to the notice of meeting.

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The meeting may also be convened by one-third of the directors, indicating the agenda, to be held in the city in which the Company has its registered address, if following a request made to the Chairman of the Board, the meeting is not convened within a period of one month, without justification.

Likewise, the lead director may request that the Chairman convene the Board of Directors when deemed appropriate.

Resolutions may also be adopted without holding a meeting. Votes in writing, without a meeting, will only be accepted when no director opposes the procedure and the requirements established in the regulations of the Company Registry are met.

## Article 10. Constitution, representation and adoption of resolutions

It is the duty of the directors to attend the meetings of the Board of Directors in person.

A meeting of the Board of Directors shall be validly constituted when half of the number of directors plus one are present or represented at the meeting, except in cases when there has been no notice of meeting, which will require the attendance of all members.

Meetings of the Board of Directors shall be called by the Chairman, or in the event of his death, absence, incapacity or inability to do so, meetings may be called by the vice-Chairman whenever deemed necessary or appropriate.

The 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 any written means addressed to the Chairman's office, appropriately accrediting the representation granted and the identity of the represented director.

Unless otherwise established by law, the Company's bylaws or these regulations, resolutions must be adopted with the favorable vote of the absolute majority of the directors attending the meeting, whether present or represented. In the case of a tie, the Chairman of the Board will have the casting vote.

When, exceptionally, and for reasons of urgency, the Chairman intends to submit for the approval of the Board of Directors any decisions or resolutions that are not included in the agenda to the meeting, the prior and express consent of the majority of the directors present at the meeting shall be required, which must accordingly be recorded in the Minutes thereof.

## **Chapter Three.** **Legal Status of Director**

### Article 11. Appointment of Directors

The General Shareholders' Meeting –or the Board of Directors using the powers of co-optation granted by law, when appropriate– shall have the power to appoint the members of the Board of Directors in accordance with the Capital Companies Act and the Company's bylaws.

The appointees must be individuals who, in addition to fulfilling the legal and statutory requirements of the office, are recognized as being solvent, are in possession of the knowledge, reputation and professional experience necessary to carry out their duties and that comply with the rest of the conditions included in the director selection policy in force at the Company from time to time.

### Article 12. Term of office and co-optation

Directors shall hold their office for a maximum of four years, and may be re-elected one or more times for terms of equal length. Directors designated by co-optation shall hold their office until the date of the first General Shareholders' Meeting.

### Article 13. Termination of Directors

Directors shall be relieved of office following the term for which they were appointed and in all other cases established by law, the Company's bylaws and these regulations.

When, whether by reason of resignation or for any other reason whatsoever, a director ceases to hold office prior to the conclusion of his or her mandate, the reasons for said removal from office must be explained in a letter that shall be sent to all of the members of the Board of Directors.

Directors shall offer their resignation to the Board of Directors and, if deemed appropriate by the latter, formalize their resignation in the following cases:

- (a) When they are involved in any of the cases of incompatibility or prohibition established by law.
- (b) When they are severely sanctioned by any public authority for having contravened their obligations as directors.

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- (c) When so requested by the Board for having contravened their obligations as directors.

In the case of independent directors, the Board may not request their resignation from office prior to the expiry of the term for which they have been appointed, pursuant to the bylaws of the Company, unless (i) a public take-over, a merger or any other type of similar corporate operation has taken place that represents a change in the capital structure of the Company, and as a result thereof, that requires changes to the structure of the Board of Directors in order to maintain the proportionality between proprietary directors and non-executive directors; or (ii) just grounds exist, in the judgment of the Board, subject to the prior report of the Appointments and Remuneration Committee.

For the foregoing purposes, just grounds shall be deemed to exist when, among other situations that may be determined by the Board (i) the director is appointed to new positions or assumes new obligations that prevent said director from dedicating the necessary time to the performance of his or her functions as a director of the Company; (ii) the director breaches the duties inherent to his or her appointment; (iii) is subject to any situation that means that he or she is no longer an independent director in accordance with the terms of applicable legislation.

- (d) When, in relation to proprietary directors, the shareholder that is represented thereby fully transfers its shareholding or reduces its shareholding to a level that requires a reduction in the number of proprietary directors, in this latter case, in the corresponding proportion.
- (e) In those cases in which the actions thereof may prejudice the prestige or reputation of the Company.

For the foregoing purposes, the directors must inform the Board of Directors of any criminal actions for which they are being investigated as well as of any other legal proceedings in relation thereto. If the director was to be finally accused of or if a Court hearing was set down in relation thereto for any offence set out under commercial legislation, the Board of Directors shall examine the specific case and shall determine whether or not it is appropriate to request the director in question to resign from office.

At the end of this period or upon removal from office for any other reason, directors may not provide services in any competing entity for a period of two years, unless the Board of Directors exempts them from this obligation or shortens the period.

## Article 14. Duties of Directors: General rules

The role of the director is to participate in the management and administrative control of the Company to maximize its value in favor of the shareholders. In the performance of their duties, directors shall practice the diligence of an orderly businessperson and a loyal representative. Their actions must be guided solely by corporate interests, interpreted with complete independence, striving to better defend and protect the interests of all shareholders from whom they receive their mandate and to whom they report.

Directors are obliged by virtue of their office, in particular, to:

- (a) Be informed and adequately prepare themselves for meetings of the Board and of the delegated bodies to which they belong;
- (b) Personally attend the meetings and actively participate in deliberations in order to effectively contribute with their criteria to the decision-making process. If unable to attend the sessions to which they are called, for any justified reason, they must instruct another director to represent them, as appropriate.
- (c) Carry out any specific task given to them by the Board of Directors and that is reasonably included within their commitment;
- (d) Call on those with convening power to call an extraordinary meeting of the Board or include any issues deemed to be important on the agenda at the first available meeting.
- (e) Avoid situations of conflict of interest and, in all cases, report the possible existence of such conflicts to the Board of Directors through the secretary of the Board.
- (f) Not accept posts in businesses that compete with the Company or its group, as established in Article 16 below.
- (g) Not undertake activities personally or for third parties that effectively compete, whether actually or potentially, with the Company or that in any other way places them in permanent conflict with the interests of the Company.
- (h) Not use the Company's confidential information for private purposes.
- (i) Not make undue use of Company assets, nor, using their position in the Company, obtain tangible benefits without adequate compensation.

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- (j) Not use business opportunities that they are aware of due to their position as directors, for their own interests.
- (k) Keep all data and information received in the performance of their office a secret, as established in Article 15 below.
- (l) Abstain from votes on appointment, termination and remuneration proposals when they are affected by them.
- (m) Report any direct or indirect interests in Company securities or derivatives.
- (n) Participate actively and with dedication in the matters covered by the Board of Directors, and follow them up, gathering the necessary information. For the foregoing purposes, in order to ensure the adequate time allocation of the directors for the correct performance of their functions and without prejudice to the terms of Article 16 hereinbelow, which shall, in any event, be applicable, the directors may not simultaneously hold more positions in listed companies than those which are set out in one of the following combinations:
  - i. An executive position together with three non-executive positions.
  - ii. Five non-executive positions.

The term executive position shall be understood to mean a position for which management functions are performed, irrespective of the legal nature of the functions carried out.

The foregoing restrictions relate only to positions on the boards of directors of other listed companies, although if a director were to participate in the board of directors of other unlisted companies and such participation were to involve a high degree of dedication, such director must immediately inform of its intention and the Appointments and Remuneration Committee shall evaluate the authorization to join such board of directors.

The executive positions or non-executive positions which are held within a single corporate group or in commercial companies in which the Company holds a shareholding of at least 10% of the share capital or of the voting rights shall be considered to constitute a single position.

- (o) Not enter into agreements that are against the law, the Company's bylaws or the Company's interests, requesting, as necessary, the appropriate legal or technical reports.

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- (p) Notify the Company of any significant changes in their professional circumstances which could affect the characteristics or conditions under which they are appointed as a director, or which may give rise to a conflict of interest.
- (q) Notify the Company of all legal, administrative or any other claims that are significant enough to have a serious impact on the Company's reputation. Accordingly, the directors must notify the Board of Directors of any criminal proceedings for which they are being investigated as well as any other legal proceedings in relation thereto.
- (r) Perform their duties under the principle of personal liability with freedom of criteria or judgment and independence from third-party instructions and associations.
- (s) In general, avoid any situation of conflict of interest with the Company and, in particular, those set forth in Article 229 of the Capital Companies Act.

In fulfillment of the duty of loyalty, to which they are subject, directors shall not authorize and, when relevant, shall disclose transactions carried out by members of their families or by companies in which they hold an executive position or hold a significant shareholding, not subject to the conditions and controls outlined in these regulations.

As loyal representatives of the Company, they must disclose any shares in the Company, stock options or derivatives linked to the value of the share, which they own, directly or through companies in which they have a significant interest, in accordance with the Rules of Conduct for Securities Market Activities.

Directors affected by appointment, re-election or termination proposals shall not participate in the deliberations and votes that deal with such matters. Voting shall be secret.

#### Article 15. Directors' duty of confidentiality

Directors must keep secret all confidential information that they have access to in exercising their office, even after they have been relieved of their office. Furthermore, they may not use this information until it is available to the general public.

#### Article 16. Non-competition requirement

Directors may not hold any office, directly or through an intermediary, in any company or business in competition with Abengoa and its group of Companies, nor shall they

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provide representation or advisory services to them. Directors must consult the Board of Directors prior to accepting any position as a director or joining the administrative body of another Company or entity.

The requirement not to compete with the Company shall only be waived if no damage to the Company is expected or that any expected damages will be outweighed by the expected benefits from obtaining the exemption. The exemption shall be granted by an express and separate resolution of the General Shareholders' Meeting.

## Article 17. Use of Company information and assets

The use of non-public Company information by directors for private purposes shall only be allowed when such use does not damage the Company or its Group in any way and the Company has no exclusive right –or similar legal position– to the information to be used, and when the information is irrelevant to the buying and selling of Company securities. In all cases, the standards of conduct established in securities market legislation and in the Abengoa's Rules of Conduct for Securities Market Activities shall be observed.

Except in the case of exemption, directors may not use Company assets nor use their position in the Company for their own financial gain. Authorization or exemption must be agreed by the General Shareholders' Meeting when seeking exemption from the prohibition on obtaining benefits or remuneration from third parties or in the case of transactions with a value greater than ten percent of the Company's assets.

## Article 18. Business opportunities

Directors may not benefit from any opportunity to make investments or conduct commercial transactions that have arisen or been discovered in the exercise of their office, using the information resources of the Company or in circumstances that make it reasonable to assume that the third-party offer was actually being made to the Company, except when the Company declines business opportunities offered by directors, and when the director is authorized by the complete Board of Directors (or by the General Shareholders' Meeting, when legally required) to take advantage of such opportunities, provided that the independence of the members who grant the authorization is guaranteed with respect to the authorized director, and there is assurance of the innocuousness of the authorized transaction for the Company's assets or, as appropriate, that it is carried out under market conditions and process transparency.

## Article 19. Right to advice and information

Directors may be granted access, via the Chairman of the Board, to all Company services and may obtain, with the broadest of powers, any information and advice they require on any aspect of the Company, whenever so required in the performance of their duties.

Likewise through the Chairman of the Board, directors shall have the power to propose, by a majority, that the Board of Directors engages legal, accounting, technical, financial, commercial or any other type of advisor, at the Company's expense, that may be necessary in the interests of the Company to assist them in their duties for specific problems of a certain magnitude or complexity related to their post.

The Board of Directors may veto their approval either when considered unnecessary in the performance of the assigned duties or too costly –disproportionate with regard to the importance of the problem and the assets or revenue of the Company– or, lastly, when it is deemed that the technical assistance can be provided adequately by in-house experts and technicians.

On the other hand, when the Board of Directors deems necessary and where applicable, subject to the prior agreement and review thereof by the Chairman, the Company shall provide directors with the corresponding programs to update the knowledge and skills thereof.

## Article 20. Directors' remuneration

The directors shall have the right to receive remuneration for the performance of their duties as members of the Board of Directors, which must be the necessary remuneration in order to contract and retain directors of the required profile and in order to remunerate their activities as well as for the qualifications and responsibilities of the position, but which must not be so high as to compromise the independence of the non-executive directors.

The remuneration indicated in the section above shall consist of all or some of the following concepts, for a total combined amount that shall be agreed by the General Shareholders' Meeting, pursuant to the directors' remuneration policy and conditional, when required by law, on the prior approval of the General Shareholders' Meeting:

- (a) A fixed fee
- (b) Expenses for attendance

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- (c) Variable remuneration based on general benchmark indicators or parameters
- (d) Remuneration via the provision of shares or share options or amounts that are linked to the Company's share price
- (e) Severance payments, provided that the director is not relieved of office on grounds if failing to fulfill the responsibilities attributable to him/her, and
- (f) Savings or pension systems considered to be appropriate.

When the applicable remuneration amounts are related to the results of the Company, the qualifications that, as the case may be, have been included by the external auditor in his or her report on the annual accounts, shall be taken into account.

Notwithstanding the obligations applicable to directors' remuneration policies under current legislation at any given time, this amount shall remain fixed until the General Shareholders' Meeting agrees to change it.

The specific amount to be paid for the above concepts for each director, including the payment method, shall be determined by the Board of Directors. This calculation shall take into account the role performed by each director on the main Board, as well as membership and attendance of its various sub-committees.

Expenses incurred by directors in performing the activities entrusted to them by the Board of Directors shall be reimbursed and the Company may take out public liability insurance policies on the directors, under market conditions, and taking into account the circumstances of the Company itself.

The rights and responsibilities resulting from being a member of the Board of Directors shall be compatible with any other rights, obligations and compensation that may apply to the director for any other duties, including executive functions, which the director may perform in the Company, as applicable. Directors' remuneration for performing executive functions, which is set by the Company's Board of Directors and conditional upon the prior approval of the General Shareholders' Meeting, if applicable, may include but is not limited to any of the concepts indicated in the above points (a) to (f), although the concepts set out in paragraphs (d) and (f) hereinabove relate exclusively to executive directors, and a relevant percentage of their remuneration must be related to the provision of shares or option rights over shares or must be related to the value of the shares of the Company or the accrual thereof must be conditional upon the value of the shares, except in the case of any situation that, in the judgment of the Board of Directors, would discourage the application of the foregoing provisions. Notwithstanding the foregoing, the payment of said remuneration may be agreed to by means of the provision of shares to non-executive directors provided that said payment

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is conditional upon the director retaining said shares (with the exception of the shares that may need to be exchanged in order to cover the costs of the acquisition thereof) until the date on which they cease to be directors of the Company.

Directors' remuneration for performing executive functions shall be included in the contracts that they must sign with the Company in accordance with the paragraph below.

When a member of the Board of Directors is appointed as the CEO or when executive functions are attributed to a director by virtue of another title, a contract must be signed between this person and the Company, which must be previously approved by the Board of Directors with a favorable vote from two thirds of its members, and which must comply with the remuneration policy approved by the General Shareholders' Meeting. The director in question must abstain from participating in the corresponding discussions and vote. The contract must describe all the concepts used to remunerate the performance of the director's executive functions, and it must provide that the Company may claim the reimbursement of the variable components of the remuneration of the director when the payment has not been adjusted to the performance thereof or when the remuneration has been paid out against information which is substantiated to be inaccurate information. The payments for the termination of the contract shall not exceed the amount equivalent to two years of total annual remuneration and no obligation to pay said severance sums shall exist until it has been verified that the director in question has fulfilled the previously established objectives. The director may not receive any remuneration for performing executive functions unless the amounts payable and the corresponding concepts are detailed in this contract.

Directors' remuneration must be transparent and the annual report, as an integral part of the financial statements, shall report this information.

The Board shall submit an annual report on the directors' remuneration to a consultative vote by the General Shareholders' Meeting, as a separate item in the agenda.

Likewise, the Board of Directors shall submit a directors' remuneration policy to the General Shareholders' Meeting, to be voted on as a separate item on the agenda, at least every three years, which shall be accompanied by a specific report from the Appointments and Remuneration Committee and shall reflect the remuneration system set forth in the Company's bylaws and these regulations.

The periodic review of the remuneration policy shall incorporate the necessary qualifications and safeguards in order to ensure, to the extent possible, that the variable remuneration established is related to the professional performance of the directors and

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is not exclusively based upon the general trends of markets and of the sector of activity of the Company; that the remuneration is related to predetermined and measurable performance criteria, also taking into consideration non-financial criteria; that the remuneration takes into consideration the risk assumed to achieve the results; that promote the sustainability of the Company and that take into account the fulfillment of objectives in the short-, medium- and long-term; and that provide for the verification of the effective contribution thereof to the creation of value for the Company over time.

The Board must also inform the General Shareholders' Meeting of the role played by the Appointments and Remuneration Committee in drawing up the directors' remuneration policy and of the participation, as the case may be, of advisors that have provided external advisory services.

## **Chapter Four.** **Legal Status of Company Officers and Legal Advisors**

### Article 21. Chairman of the Board of Directors

The Chairman of the Board of Directors shall be appointed from among its members, following a report from the Appointments and Remuneration Committee, and shall have the status of President of the Company, with the duties and powers conferred upon him by law, the Company's bylaws and these regulations.

The Chairman of the Board shall assume the Chairmanship of the Company's Board of Directors and shall be responsible for executing the resolutions of the Board, representing this body at all times with the broadest of powers. In urgent cases, the Chairman may also apply any measures deemed appropriate in the interests of the Company.

The Chairman of the Board may delegate powers, in whole or in part, to other members of the Board or other executive staff in the Company, except when this is expressly prohibited by law. The Board of Directors must be informed of this at the next meeting held and it must be recorded in the minutes.

The position of Chairman of the Board of Directors may be held by an executive director, in which case its appointment shall require the favourable vote of at least two thirds of the members of the Board of Directors. Notwithstanding the foregoing, the director holding the position of Chairman of the Board of Directors may not simultaneously hold the position of Chief Executive Officer.

If the Chairman of the Board of Directors has the status of executive director, the Board of Directors, with the abstention of executive directors, must appoint a lead director from among the independent directors, who shall be specially empowered to call

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meetings of the Board of Directors or to include new items in the agenda for a Board meeting that has already been convened; to coordinate and meet with non-executive directors; and manage, when appropriate, the periodic appraisal of the Chairman of the Board. Furthermore, the Coordinator Director, in addition to the functions provided for at law, shall also exercise the following powers:

- (i) Chair the meetings of the Board of Directors in the absence of the Chairman and of the Vice-Chairmen.
- (ii) Present and second the concerns of the non-executive directors.
- (iii) Maintain contact with investors and shareholders in order to understand their points of view and concerns, in particular, in relation to the corporate governance aspects of the Company.
- (iv) Coordinate the plan for the replacement of the Chairman.

The Chairman is the highest authority responsible for the effective functioning of the Board of Directors. In addition to the powers granted by law and the Company's bylaws or these regulations, the Chairman shall have the power to:

- (i) Convene and chair meetings of the Board of Directors, setting the agenda of the meetings and moderating the discussions and deliberations, and shall be responsible for the effective functioning thereof.
- (ii) Chair the General Shareholders' Meeting.
- (iii) Ensure that directors receive sufficient information in advance, in order to deliberate on the items in the agenda.
- (iv) Encourage discussion and active participation by directors during the sessions, ensuring that their decisions are freely made.
- (v) Submit to the Board of Directors a program of dates and aspects to be discussed.
- (vi) Organize and coordinate the periodic assessment of the Board of Directors, and, as the case may be, of the Company's CEO.
- (vii) Agree and review the programs to update the knowledge and skills of the directors, when deemed necessary.

## Article 22. Vice-Chairman

The Board of Directors shall choose one or more vice-chairmen from among the directors, who shall substitute the Chairman of the Board temporarily in the event of vacancy, absence, illness or incapacity and, in general, in all cases, fulfill the duties or functions considered appropriate by the Board or by the Chairman. In the event that there is more than one vice-Chairman of the Board of Directors, the vice-chairmen will be appointed as first vice-Chairman, second vice-Chairman, and so on, and shall substitute the Chairman of the Board in this order.

The Board of Directors may appoint the independent lead director referred to in Article 21 above as second vice-Chairman of the Board.

## Article 23. Secretary of the Board of Directors. Duties and Appointment

The Board of Directors shall appoint a secretary upon receipt of a report from the Appointments and Remuneration Committee and, when appropriate, one or more vice-secretaries, who, if appointed, shall assist the secretary of the Board in his or her duties, temporarily substituting the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to determine the termination of the secretary and, when applicable, each vice-secretary.

In the event that more than one vice-secretary exists, they will be appointed as first vice-secretary, second vice-secretary, and so on, and shall substitute the secretary of the Board in this order.

The positions of secretary and vice-secretary of the Board of Directors may be held by non-directors.

The secretary of the Board, in addition to the duties assigned by law, the Company's bylaws or these regulations, shall, in all cases, undertake the following duties:

- (i) Maintain the documentation of the Board of Directors, keep the minutes of the meetings and certify their content and the resolutions adopted.
- (ii) Ensure that the actions and decisions of the Board of Directors are in keeping with applicable legislation and in accordance with the Company's bylaws and other internal regulations and comply with the recommendations regarding good corporate governance contained in the Code of Good Governance that are applicable to the Company.

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- (iii) Assist the Chairman of the Board in ensuring that the directors receive the relevant information necessary to exercise their duties, sufficiently in advance and in the appropriate format.

## Article 24. Vice-secretary

The Board of Directors may appoint a vice-secretary, who is not required to be a director, to assist the secretary of the Board or substitute the secretary in the event of absence in the performance of such duties. Unless otherwise decided by the Board of Directors, the vice-secretary may attend the Board meetings to assist the secretary in drafting the minutes.

## Article 25. Legal Advisor

The Legal Advisor is responsible for ensuring that the established requirements are observed regarding convening, constituting and decision-making on the Board. In particular, the Legal Advisor is responsible for providing advice on the legality of the deliberations of those in attendance and on the appropriateness of these and the resolutions adopted in relation to the internal regulations on corporate governance. The duties legally attributed to the Legal Advisor as the guarantor of the principle of legality of the resolutions, decisions and deliberation of the administrative body may be undertaken by the secretary of the Board or by the General Secretary.

## **Chapter Five. Committees of the Board of Directors**

### Article 26. General provisions

The Board of Directors may create committees with delegated powers, or other kinds of committees, and appoint the people that will sit on these committees from among the Board's members, according to its own forecasts or legally established requirements. It may therefore define the regulations or internal rules that govern their functions and scope of application, composition, functioning, etc.

The Committees are comprised of at least three members, with one of them assuming Chairmanship.

### Article 27. Audit Committee

The Board of Directors is required to create and maintain a permanent Audit Committee, which shall be governed by the following provisions:

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The Audit Committee shall always consist of a minimum of three directors, appointed by the Board, all of which must be external directors. The majority of the members of the Audit Committee must be independent directors and all of them and, in particular, the Chairman thereof, must be appointed by reason of their knowledge and experience in relation to accountancy, audit and risk management. The Board of Directors shall also appoint the Chairman of the committee from among the independent directors that form part of it. The position of secretary of the Audit Committee shall be held by the secretary of the Board of Directors or by the person that is appointed to this role by the Board, as appropriate.

The directors that form part of the Audit Committee shall only perform this role while they remain directors of the Company's Board, unless the Board of Directors agrees otherwise. The renewal, re-election and dismissal of directors that sit on the Audit Committee shall be decided by the Board of Directors. The position of Chairman of the Audit Committee shall be held for a maximum period of four years. Previous chairmen of the committee may not be re-elected until a period of one year has passed from the end of their previous mandate, notwithstanding their continuity or re-election as an ordinary member of the Committee.

Notwithstanding any other roles that may be assigned to the Committee by the Board of Directors or its Chairman at any given time, and by virtue of the current regulations, the Audit Committee shall perform the following functions in all cases:

- (a) Report the annual financial statements, as well as the twice-yearly and quarterly financial statements, which must be sent to the market regulator or supervisor, mentioning the internal control systems, control of the monitoring and compliance of these systems by the internal audit function, as well as the accounting criteria applied, when appropriate.
- (b) Ensure that the Board of Directors presents the annual accounts to the General Shareholders' Meeting without limitations or qualifications in the external audit report, and the Chairman of the Audit Committee, together with the external auditor, must clearly explain to the shareholders the nature and scope of said limitations or qualifications, if applicable.
- (c) Inform the Board of any changes in accounting criteria and the risks on and off the balance sheet.
- (d) Inform the Board of Directors on the monitoring of the budget, the commitments to increase and reduce financial debt, the monitoring the Company's financial deleveraging policy and the Company's dividend distribution policy and changes thereto.

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- (e) Report on the investment and divestment significant proposals prior to their analysis by the Board of Directors.
- (f) Inform the General Shareholders' Meeting about matters raised during the Meeting regarding its area of competence.
- (g) Propose the appointment of the external auditors to the Board of Directors for submission to the General Shareholders' Meetings.
- (h) Supervise the internal audit services which shall be reported to the Chairman of the Committee. The Committee shall have full access to the internal audit function, and shall report during the process to select, appoint, renew and remove the manager of this function and when establishing the remuneration for this manager, providing information about the budget for this department.
- (i) Supervise the internal risk control and management functions carried out by an internal department of the Company that is expressly authorized to perform the following functions:
  - (i) Ensure the proper functioning of the risk control and management functions and, in particular, ensure that all of the significant risks that affect the Company are adequately identified, managed and quantified.
  - (ii) Actively participate in the drafting of the risk strategies and in the important decisions regarding the management of the Company.
  - (iii) Ensure that the risk control and management systems adequately mitigate the risks within the framework of the policies defined by the Board of Directors
- (j) Understand the financial reporting process and the Company's internal control systems.
- (k) Build and maintain relations with the external auditors in order to receive information about matters that may put their independence at risk and anything else related to the process of auditing the accounts.
- (l) Call the directors it deems appropriate to meetings of the Committee to provide any information agreed by the Audit Committee.
- (m) Draft an annual report on the activities of the Audit Committee, which must be included in the management report.

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- (n) Draft an annual report on all related-party operations, which must be made public through the web page of the Company prior to the date of the General Shareholders' Meeting.
- (o) Previously analyze and inform on the operations for the structural and corporate modifications that are intended to be carried out by the Company, and in particular inform the Board of Directors regarding the economic conditions and the accounting impacts thereof and, in particular, as the case may be, regarding the proposed exchange ratio.
- (p) Supervise compliance with the corporate governance rules, the internal code of conduct in relation to the securities market and all other internal codes of conduct and the corporate social responsibility policy, including, among other functions:
  - (i) The supervision of the communication strategy and relationships with shareholders and investors.
  - (ii) The periodic assessment of the suitability of the corporate governance system of the Company, and ensure that the corporate governance system promotes the interests of the Company and takes into account the legitimate interests of the rest of the stakeholders.
  - (iii) The supervision of the corporate social responsibility established by the Board of Directors, which must be focused on the creation of value.
  - (iv) The supervision and monitoring of the strategy and practices of corporate social responsibility and the assessment of the degree of compliance therewith.
  - (v) The supervision and assessment of the relationship processes with the different stakeholders.
  - (vi) The assessment of all of the aspects of the non-financial risks of the Company.
  - (vii) The coordination of the reporting procedures for non-financial information and regarding diversity in accordance with applicable regulations and with accepted international standards.
- (q) With regards the internal information and control systems:

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- (i) Supervise the preparation process and the integrity of the financial information related to the Company and, where applicable, the group for which Abengoa is the parent Company (hereinafter, the "Group"), reviewing compliance with regulatory requirements, the appropriate definition of the scope of consolidation and proper application of the accounting criteria.
- (ii) Periodically review the internal control and risk management systems so that the primary risks, including tax risks, are duly identified, managed and raised, and discuss with the accounts auditor the significant weaknesses of the internal control system detected during the audit.
- (iii) Supervise and ensure the independence and effective operation of the internal audit, with full access to the audit; propose the selection, appointment, re-election and termination with the head of the internal audit service; propose the budget for the service and establish the manager's remuneration; receive the annual work plan together with the incidents that have been presented during the drafting thereof; approve the approach and the work plans thereof, ensuring that the activities thereof are essentially focused upon the relevant risks of the Company, receive periodic information about the activities thereof, including a report at the conclusion of each year and the service budget; and verify that senior management takes into account the conclusions and recommendations of its reports.
- (iv) Establish and supervise a mechanism that enables employees to confidentially and if appropriate, anonymously, report any significant potential irregularity, especially financial and accounting-related, that they notice within the Company.
- (v) Meet with any Company employee or executive, including without the presence of any other executive.
- (vi) The Audit Committee shall inform the Board about the following matters, prior to the latter adopting the corresponding decisions:
  - The financial information that, as a listed entity, the Company is required to publish periodically. The Committee must ensure that interim financial statements are formulated with the same accounting criteria as the annual statements and, to that end, consider the suitability of a limited review by the external auditor.
  - The creation or acquisition of shareholdings in special-purpose entities or those located in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar

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nature that, due to their complexity, could damage the transparency of the Group.

- Transactions with related parties.
- (vii) Supervise compliance with the Rules of Conduct for Securities Market Activities and the Policy on the Use of Relevant Information and the rules of corporate governance.
- (r) In relation to the external auditor:
- (i) Submit to the Board of Directors for submission to the General Shareholders' Meeting all proposals to select, appoint, re-elect and substitute the external auditor, as well as the corresponding contractual conditions.
  - (ii) Regularly receive information from the external auditor on the audit plan and its results, and verify that senior management takes the recommendations into account.
  - (iii) Ensure the independence of the external auditor and, to that end:
    - That the Company reports the change of auditors as a significant event to the Spanish Securities Market Commission, accompanying the filing with a statement on the existence of any disagreement with the outgoing auditor and, if any, the content of such disagreement.
    - That the Company and the auditor respect the rules in effect for providing services other than auditing, the limits on the concentration of the auditor's business and, in general, any other rules established to ensure the independence of the auditors.
- The Committee must always receive the external auditor's annual declaration of independence in relation to the entity(s) directly or indirectly associated with it, as well as information about any type of additional services provided and the corresponding fees received by the external auditor from these entities or by the persons or entities associated with it, in accordance with accounts auditing legislation.
- Should the external auditor resign, investigate the circumstances surrounding the resignation.

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- The Audit Committee shall ensure that the remuneration of the external auditor, for the activities thereof, does not compromise either the quality or the independence thereof.
  
- (iv) Annually issue, prior to issuance of the audit report of the financial statements, a report expressing an opinion about the independence of the accounts auditor. This report must contain, in all cases, an assessment of the provision of the additional services referred to in the second item of paragraph (r).(iii) above, considered both individually and collectively, other than the statutory audit services, and in relation to the system of independence or the regulating audit legislation.
  
- (v) Encourage the Group's auditor to take responsibility for the audits of the companies that comprise it.
  
- (vi) Ensure that the external auditor annually holds a meeting with the plenary session of the Board of Directors in order to inform the Board about the activities thereof and in relation to the accounting situation and the risks of the Company.

The functioning of the Audit Committee shall be governed by the rules determined by the Board of Directors in its corresponding internal regulations.

## Article 28. Appointments and Remuneration Committee

The Board of Directors shall create and maintain an obligatory and permanent Appointments and Remuneration Committee.

The Appointments and Remuneration Committee shall consist of a minimum of three directors, proposed by the Chairman of the Board based on a prior report from the Committee and appointed by the Board of Directors, all of whom must be external directors, and the Board must take into account the knowledge, skills and experience thereof in relation to the functions to be carried out thereby. The majority of the members of the Appointments and Remuneration Committee must be independent directors. The Board of Directors shall also appoint the Chairman of the Committee from the independent directors that form part of it. The position of secretary of the Appointments and Remuneration Committee shall be held by the secretary of the Board of Directors or by the person that is appointed to this role by the Board, if applicable.

The directors that form part of the Appointments and Remuneration Committee shall only perform their role while they remain directors of the Company's Board, unless the Board of Directors agrees otherwise. The renewal, re-election and dismissal of directors

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that sit on the Appointments and Remuneration Committee shall be governed by the Board of Directors.

Notwithstanding any other roles that may be assigned to the Committee by the Board of Directors or its Chairman at any given time, and by virtue of the current regulations, the Appointments and Remuneration Committee shall perform the following functions in all cases:

- (a) 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 dismissals of these directors, also to be submitted to the General Shareholders' Meeting, taking into account the provisions of the director selection policy in force at the Company from time to time.
- (b) Submit proposals to appoint 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 dismissals also to be submitted to the General Shareholders' Meeting, taking into account the provisions of the director selection policy in force at the Company from time to time.
- (c) Draft an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the management report.
- (d) Evaluate the competences, knowledge and experience required on the Board; define the skills and functions necessary in the candidates to fill vacancies; and assess specific the time and dedication required to enable them to fulfill their duties effectively, taking into account the provisions of the director selection policy in force at the Company from time to time.
- (e) Examine and organize the succession of the Chairman of the Board and the Company's CEO and, when necessary, make proposals to the Board so that this succession occurs in an orderly and well planned manner.
- (f) Make proposals to appoint or dismiss members of the senior management team, which the CEO shall propose to the Board of Directors, and the basic conditions of their contracts.
- (g) Inform the Board of matters related to gender diversity. Specifically, the Committee must establish a representation target goal for the under-represented gender on the Company's Board of Directors and draft guidelines for achieving that goal.

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- (h) Propose to the Board of Directors:
  - (i) The remuneration policy for directors and general managers or for those who perform senior management duties reporting directly to the Board, executive committees or CEO(s), for approval by the Company's General Shareholders' Meeting, as well as to periodically review said policy and ensure that the individual remuneration of each one of them is proportional to the sums that are paid to the rest of the directors and general managers of the Company.
  - (ii) The individual remuneration of directors and other contractual conditions of each executive director.
  - (iii) The basic conditions of senior managers' contracts.
- (i) Ensure that the directors' remuneration policy approved by the Company's General Shareholders' Meeting is observed.
- (j) Consult the Chairman or CEO, especially on matters related to executive directors and senior management.
- (k) Organize, supervise and report on the annual performance appraisal of the Board of Directors and of its committees, and propose an action plan to correct any deficiencies detected based on the results.
- (l) Analyze the requests made by any director to take into consideration potential candidates to fill vacancies on the Board.
- (m) Supervise and ensure the independence of the external consultant that, every three years, shall help the Board of Directors in its annual performance assessment tasks.
- (n) In the cases in which this Committee receives external advice, to ensure that any conflicts of interest do not prejudice the independence thereof.
- (o) Verify compliance with the director selection policy to report the conclusions thereof to the Board of Directors.
- (p) Verify the information regarding remuneration of the directors and senior managers contained in the different corporate documents, including the annual report regarding the remuneration of directors.
- (q) Verify that in the annual corporate governance report (i) the reasons are explained for which proprietary directors have been appointed at the request of shareholders that represent less than 3% of the share capital of the Company and (ii) the reasons are explained for which, as the case may be, the formal requests have not

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been complied with for the appointment of directors to the Board, which have been presented by shareholders that represent an equal or higher percentage of the share capital of the Company than other shareholders at the request of which proprietary directors have been appointed.

- (r) Supervise compliance matters led by the Compliance Officer. The Committee will have full access to the Compliance Officer who will regularly assist to the meetings of the Committee to report compliance matter.
- (s) Review, through the Compliance Department, the policies, compliance programs and internal proceedings aimed at preventing inappropriate conducts and identify eventual proceedings that could more effective in the implementing the highest standards.
- (t) Review and validate the activities of the Compliance Department ensuring that such department has enough resources to comply with its functions.

The functioning of the Appointments and Remuneration Committee shall be governed by the rules determined by the Board of Directors in its corresponding Regulations.