D - Control Systems

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

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

Our model contemplates the following areas and categories of risks:

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

Risk Management at Abengoa is based on two significant bases:

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

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

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

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

Business risks

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

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

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

There are 11 internal policies with 28 subsections that define how to manage each of the potential risks included in the Abengoa risks model.

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

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

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

The following are also achieved through Common Management Systems:

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

The Systems cover the whole organization at three levels:

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

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

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

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

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

Risks in relation to the reliability of financial information

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

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

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

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

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

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

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

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

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

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

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

Other existing tools

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

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

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

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

No

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

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

If so, provide details of its functions.

Name of the committee or body

Audit Committee

Description of functions

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

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

- **Internal Control System Design:**

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

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

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

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

General Objectives

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

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

Specific Objectives

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

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

1.- Financial Reporting

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

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

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

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

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

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

2.- Risk, Internal Control and Internal Audit

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

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

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

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

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

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

A factor that had a decisive impact on the number of recommendations issued was the performance of internal control-compliance audits under PCAOB (Public Company Accounting Oversight Board) standards, pursuant to the requirements set forth in Section 404 of the Sarbanes-Oxley (SOX) Act.

3.- External Auditing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

companies and the issuance of an audit opinion thereon.

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

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

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

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

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

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

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

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

In 2008, the external auditors performed an integrated audit following PCAOB standards and adapting their methodology to AS5 (Audit Standard Nº 5). As a result of this work, the external auditors also proceeded to issue a report detailing the conclusions of their appraisal of the internal control system. This opinion supplements the one issued in the audit report on the annual accounts, although the PCAOB allows both opinions to be included in one single document.

* Matters of special interest

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

* External Audit Reports

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

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

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

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

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

4.-Governace and Compliance

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

- With regards to Control Environment:
  - Code of conduct.
  - "Whistleblower" complaint channels.
  - Internal auditors training programs.
  - Training conferences for the Audit Committee

- With regards to identifying and valuing risks:
  - Risk identification and management systems (Risks map).

- With regards to information and communication systems:
  - Financial policies handbook, update and training.
  - Financial policies department.
  - Internal norms and procedures handbook.
  - Integrated information systems.
  - Reporting systems

- With regards to control activities:
  - Processes and controls in every area.
  - Closure procedures.
  - Procedures related to Information Systems (IT).
  - Independent experts' collaboration.
  - Validation mechanisms for judgments, estimations and prospects

- With regards to supervision:
  - Independent internal audit unit.
  - Global scope: All the areas / procedures / geographies.
  - Weakness treatment / recommendations

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

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

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

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

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

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

E - General Shareholders’ Meeting

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

No

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

No

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

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

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

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

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

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