

Abengoa builds its strategy based on the values that govern its corporate culture: **honesty, integrity, good judgment and professional rigor.** *G4-56*

The application of these values is the individual responsibility of all employees of the organisation and the commitment to ensuring these values implies the introduction of mechanisms and processes that guarantee transparency, a cornerstone that governs Abengoa's relationship with its stakeholders.

Through a system of continuous improvement, management tools are regularly assessed to maximise coverage of risks related to unethical practices by employees, suppliers or partners.

The company's chairman, as the spearhead figure and responsible for promoting the values of the organisation, is actively involved in the preparation, dissemination and compliance with internal ethical standards.

In 2016, the organisation has made changes in matters related to its Corporate Governance, as well as in the design and implementation of new policies and procedures aimed at reinforcing corporate values, commitment to stakeholders, and strengthening the control environment, thus mitigating the risk of fraud throughout the company.



Transparency
and anti-corruption

Practices for preventing corruption

Abengoa has **mechanisms and procedures** in place **to prevent and detect fraudulent and corrupt practices**. These mechanisms have been **incorporated** into the **common management systems** and are updated continuously to ensure a balance between business opportunities, appropriate risk management and the execution of processes.

In addition to the internal procedures and standards, every year the organisation targets major resources at the prevention and detection of corrupt practices through the prevention and detection of fraud plan, and the compliance area. Furthermore, the regulatory compliance department, in conjunction with the non-financial audit department, the risk management unit and the Corporate Social Responsibility area (CSR), extends its framework of action, in a crosscutting way, to all of the company's activity lines.

Anti-corruption law

Abengoa adheres to local and international laws on anti-corruption, particularly the provisions of the US Foreign Corrupt Practices Act (FCPA). The FCPA regulates the actions of all companies that, independently of their country of origin, perform activity in the United States.

Abengoa's common management systems are designed to ensure and watch over compliance by company employees, executives and directors.

The fraud prevention and detection plan and compliance developed within the Internal Audit area aims to watch over compliance with this standard in the performance of the activity. In 2016 a total of 18 forensic audit reports were drawn up¹ which include, among other aspects, reviews and analyses of the risks related to corruption in those companies that have been considered material.

The internal audit work on fraud prevention and detection determined that in 2016 no incidents of corruption were detected. **G4-SO5**

Code of conduct

G4-56, G4-SO4

Abengoa has a **Code of Professional Conduct** that defines working relations for employees, senior managers and directors within the company as well as relations with stakeholders. Likewise, it establishes the guidelines of conduct that must govern the company's activity and the prohibitions based on the values that define the organisation's corporate philosophy.

The company's geographic diversification means developing our activity in very diverse legal settings, whose cultural particularities must likewise be addressed. However, there are principles and methods of conduct that must be heeded by all members of the organisation, because they represent the cornerstone on which our business culture is based, and are included in compliance programmes that are part of our management system.

The ultimate goal of the Code of Professional Conduct is to **promote open and transparent professional rigor**, setting a standard of conduct applicable to the entire workforce, without exception. It therefore represents an express statement of values, principles and guidelines of conduct that should guide the behaviour and consolidate the culture of everyone in the group in the performance of their professional activity.

Knowledge of the Code of Conduct by persons linked to the organisation is key to the practical application of its principles. The document is available on the **Abengoa intranet** where it can be consulted by employees, and also on the **company's website** (www.abengoa.com), to facilitate its dissemination to the value chain and to its stakeholders.

Currently, and due to the transformation that the organisation is undertaking to redesign the business model, we wish to take this opportunity to reiterate, even more so if possible, our **commitment to compliance, ethics and transparency** both in products as well as processes undertaken at Abengoa, promoting trust as the core value of our company. Accordingly, in 2016, the company carried out a comprehensive review of the Code of Conduct, resulting in a new code that came into force on 27 April 2017 after its approval by the Executive Committee of the Board of Directors.

The updating of the Code will be guaranteed by the Commission, answering to the Board of Directors and comprising the Compliance Director, the Director of Internal Audit and the Director of Corporate Social Responsibility.

Note 1 **Forensic audit is the audit task that focuses on prevention, detection and investigation of financial fraud.**

Whistleblowing channels

G4-57, G4-58

The **whistleblowing channels** are an **essential** part of Abengoa's **commitment to fighting corruption** in all those practices that contravene the voluntarily assumed laws or standards, as they represent a mechanism through which all stakeholders of the company can **confidentiality and anonymously** report any irregular conduct they detect during the performance of their professional tasks.

Abengoa's two whistleblowing channels -the internal one and the external one-, which have been operational since 2007, have been set up in accordance with the specific requirements of the Sarbanes-Oxley Act.

- › **Internal:** available to all employees so they can report any complaints or claims.
- › **External:** intended to enable anyone outside the company to report irregularities, fraudulent acts or conduct that contravenes Abengoa's Code of Conduct. [The channel is available on the Abengoa website.](#)

The policy for channelling complaints defines the parameters and conditions in which all the information received is treated. There is a specific guarantee of the **utmost confidentiality** for whistleblowers, also enabling information to be submitted anonymously **without any** risk of **reprisals** for any claim made in good faith.

The whistleblowing channels are therefore **available to all employees and stakeholders of the company** and enable complaints and concerns about Abengoa's management to be submitted, as well as any information on breaches of the Code of Conduct or any conduct contrary to ethics, legality and the company's governing standards. In addition, the whistleblowing channel is also employed by users to enquire about the company's conduct guidelines or internal rules.

In 2016, the whistleblowing channels recorded allegations of breach of the Code of Conduct and irregular actions by some employees. All communications and information received were processed in accordance with the internal procedures established for this purpose.

The breakdown by geographical area of the complaints received is as follows:

G4-LA16, G4-SO11

	2016 (%)	2015 (%)
Latin America	22	52
Africa	17	19
Europe	44	14
North America	6	10
Asia and Middle East	11	5
Total	100	100

Claims and complaints submitted are investigated by members of the Internal Audit team. Their conclusions are reported to the Audit Committee, delegated by the Board of Directors and, in turn, to the Chairman of the Board.

The confidentiality or, where appropriate, anonymity and objectivity are preserved at all stages of the analysis. The company's internal protocol sets out that the response time should not exceed 48 hours from when the claim or complaint is received.

In addition to the whistleblowing channels, any infraction may be reported directly to the Chief Compliance Officer, and to supervisors, directors and duly-authorized personnel.

Audits for preventing and detecting fraudulent activity

Since 2012 Abengoa has had a Fraud Prevention and Detection Work Plan, whose objectives are to identify and mitigate the main fraud risks to which the company is exposed and to investigate the complaints received through the available channels. In this regard, the tasks associated with fraud prevention audits are carried out on the basis of an action plan that includes those geographic areas or more sensitive business segments, as well as the review of areas with greater risk in the financial statements.

During 2016, **the fraud prevention audit plan included 18 actions**, adapting the level of investigation to the materiality of the risks identified in corruption matters.

G4-SO3

During a stage prior to conducting the audits, the Fraud Prevention and Detection Work Plan contains an analysis for the purpose of designing an annual audit and review plan that covers all geographic regions where Abengoa performs its activity. In addition, the permanent updating system to which the audit plan is submitted turns it into a living tool, incorporating the results and conclusions of the work carried out in response to each of the completed works.

In relation to the prevention of financial risks, fraudulent activities and money-laundering, Abengoa's policy on investments made in tax havens is based strictly on justified business and economic criteria that are completely separate from other motivations, such as obtaining tax benefits or tax exemption.

Abengoa also conducts activities in other geographic areas which, though not included on the list of tax havens by Spanish National Tax Agency (AEAT), are nevertheless considered by international observatories and organisations to be territories whose tax system is more advantageous than the Spanish regime. The company has subsidiaries in Delaware (USA), Holland, Luxembourg, Uruguay, Singapore and Switzerland. All of them are fully based on strictly economic or business rationale, or simplification of commercial and administrative processes, and under no circumstances are motivated by tax evasion, money-laundering or the financing of illicit activities.