



Regulatory compliance

Targets for 2018

- › **Adapt the organisation to the General Data Protection Regulation** (Regulation 2016/679) of 27 April 2016, together with the Draft Organic Law on the Protection of Personal Data (Spain), reviewing the internal procedures for the collection and processing of personal data, security in the processing and storage of information and communication (exercise of personal rights) with the data subjects.
- › Coordination with the Internal Audit Department in the **review of all in-house policies to adapt them to the new structure, activity level and geographical areas** of Abengoa and in the simplification of the internal approval and decision-making processes.
- › **Review of the risk map**, adapting it to the size and operational level of the company.

Since 2013, Abengoa has had its own **Corporate Compliance Programme (CCP)** for the purpose of promoting ethical culture, targeted at preventing, detecting and sanctioning any conduct that might result in company or employee liability.

The Abengoa Regulatory Compliance Programme and the subject-specific programmes are **directly integrated into the company's management model** through the Code of Conduct; rules of good corporate governance; a specific risk analysis; its implementation through training and supervision in a process of continuous improvement.

Abengoa has voluntarily adopted the following self-regulatory programmes to adapt to legal requirements, to underscore its commitment to ethical practices and to prevent and detect unlawful conduct.

- › Compliance Programme in **Matters of Competition**.
- › Compliance Programme in **Matters of Data Protection**.
- › Compliance Programme in **Matters of Corruption**.
- › Compliance Programme in **Criminal Matters**.
- › Compliance Program on **Conflict Minerals Reporting**.
- › Compliance Programme in matters of prevention of **Money Laundering and Terrorist Financing**.

Anti-corruption programme

Abengoa voluntarily complies with the principles established by the US Foreign Corrupt Practices Act - FCPA - and implements these principles through its own Code of Conduct, as well as through the internal manuals for employees when performing contracts for third parties.

The company also shares and subscribes to each point of the document of the United Nations Convention against Corruption, and which aims, inter alia, to:

- › Promote and strengthen measures to prevent and combat corruption efficiently;
- › Promote, facilitate and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery; and
- › Promote integrity, accountability and proper management of public affairs and public property.

The company requires all employees to act in full compliance with the anticorruption laws or standards applicable to ensure that Abengoa maintains the trust of customers and authorities, and therefore to protect its businesses from any breach and the responsibility that entails and in turn safeguard its reputation.

Money-laundering

Abengoa voluntarily accepts the principles and obligations set out in the regulations applicable in issues of prevention of money laundering and terrorist financing*. This programme is mandatory for all employees, as well as supervision and control by directors, without exception.

*Directive 2005/60/EC from the European Parliament and Council; Commission Directive 2006/70/EC; EEC Regulation No. 1781/2006 from the European Parliament and the Council; Law 10/2010 of 28 April and Royal Decree 304/2014 of 5 May of the Implementing Provisions of the previous law, both from the Kingdom of Spain, and others such as Law 27693 of 2002 of Peru; the 1986 US Money Laundering Control Act; the United Nations Convention against Illicit Traffic in Narcotic Drugs and Controlled Substances, among others.

Money laundering and Terrorist Financing

Abengoa voluntarily accepts the principles and obligations set out in the regulations applicable in issues of prevention of money laundering and terrorist financing. This also includes the obligations in each geographical region that affect the economic transactions carried out with foreign countries and/or persons not resident in that country.

It is aimed at developing procedures and controls to verify, prevent and impede collaboration with persons engaged in laundering activities or being used by them for those purposes.

Antitrust

Abengoa operates in a free-competition market and with clear and transparent conditions in each of the jurisdictions in which it operates.

All staff, without exception, are responsible for compliance with the rules applicable to the same. Employees are not entitled to carry out, authorise or tolerate conduct that would violate the antitrust rules or Abengoa's policy on the matter.

Employees must take reasonable steps to ensure that other employees under their authority and/or responsibility are aware of and comply with this policy.

Criminal compliance

Both the company and the individual may be responsible for the offences perpetrated. This regulation is mandatory for the entire workforce, and the management and directors are responsible for supervision and control of its proper application, without exception.

All actions of employees must therefore be governed by rigour, order and responsibility.

This programme is targeted at identifying, preventing and sanctioning conduct that is prohibited through violating the law that could lead to any kind of liability for the company. Thus, it comprises self-regulatory programmes that the company voluntarily adopts to comply with legal requirements and to showcase the ethical aspects that characterise the company, as well as to prevent and detect any unlawful conduct that may occur.

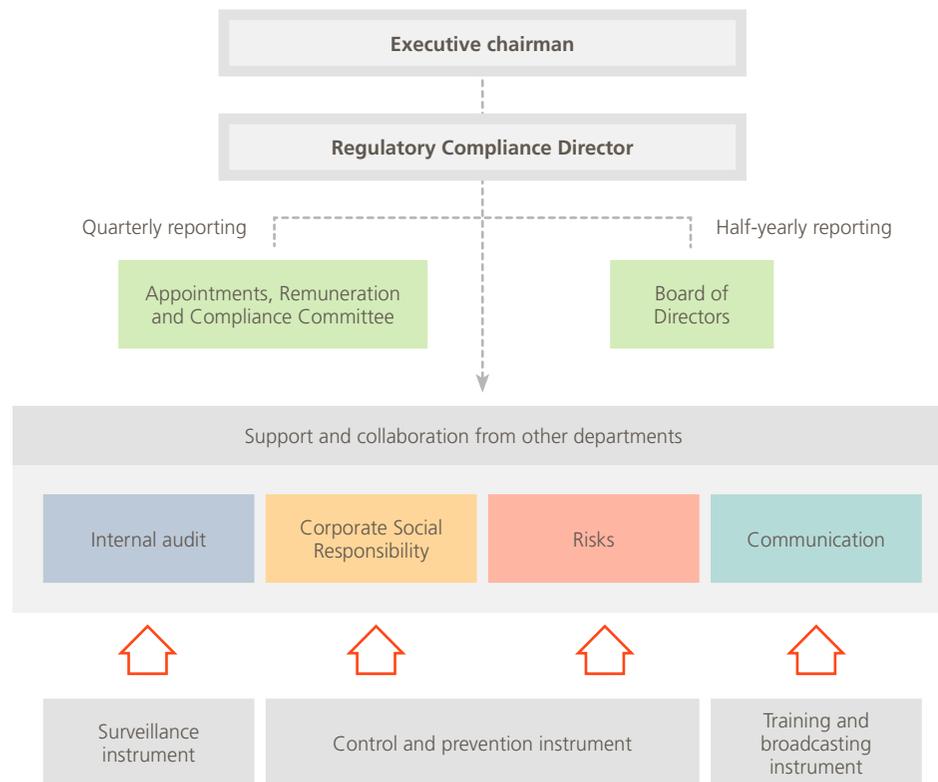
Prevention of Minerals in Conflict

The purpose of the Prevention of Minerals in Conflict Programme is to control their origin and application in Abengoa's facilities, as well as to explain the obligations to which all companies are subject through Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This Act prohibits any commercialised product from containing a "war mineral", viz., minerals and metals originating in the Democratic Republic of the Congo or bordering countries. If they have this origin, or the source cannot be established, in order to market these products in compliance with prevailing legislation, the source and chain of custody must be subject to due diligence, to guarantee that the purchase or sale of said minerals did not benefit any armed group. It applies to all of the company's businesses with manufacturing capacity that incorporate these minerals into their chain, either directly or indirectly into products that are subsequently distributed to third parties.

Geographical and functional scope

The department is spearheaded by **the Regulatory Compliance director**, who **reports quarterly to the Appointments and Remuneration and Compliance Commission, and every six months to the Board of Directors** and answers directly to the CEO.

The regulatory compliance area is supported by and collaborates with other departments that serve as control, prevention, detection, monitoring and dissemination or training tools.



The CCP is instrumented through the company's Common Management Systems, and is therefore an integrated element that is compatible with the remaining internal policies and controls. It is coordinated with the Universal Risks Map (URM), the SAP controls and with the internal authorisation management system.

The CCP defines the main actions involving identification, detection, prevention, surveillance and risk control to avoid any unlawful conduct that could take place through the compliance mechanisms that the organisation has.

The Compliance Programme **applies to all companies controlled by Abengoa**, regardless of the countries or the activities performed, including all employees, whether own employees or those that act directly and expressly on behalf of the organisation or its directors. All of them must comply with the regulations and any breach could result in economic or administrative sanctions, leading to civil or criminal liability or otherwise tarnish the company's reputation.

The implementation and scope of the Compliance programme is gradually being extended to include suppliers, subcontractors and other stakeholders.

The Regulatory Compliance Programme operates around the model proposed by the "Open Compliance and Ethics Group" (OCEG), as a concept of excellence in managing key processes involved in corporate governance, risk management and compliance.

The six pillars of the programme are:

- > Leadership
- > Risks
- > Procedures
- > Training
- > Disciplinary procedure
- > Follow-up and improvement

As a consequence of publication of the **UNE-ISO 19600 on Compliance Management Systems** of April 2015 and the International Standard Anti-Bribery Management Systems ISO 37101 of October 2015, as well as the publication of UNE 19601 on Criminal Compliance Management Systems, the company is **undertaking a thorough review of its compliance systems to adapt its tools to the requirements of the standard and the recommendations of the International standards on compliance.**

Internal organisation and resources

The aim of the CCP is to spearhead the **consolidation of an ethical** culture in the organisation that marks the conduct of all employees, as well as those agents with whom Abengoa establishes contractual relations. Accordingly, the CCP has efficient **instruments of prevention and control that safeguard the conduct in the performance of the activity**, and **disciplinary measures**, pursuant to applicable local legislation, that punish any conduct contrary to the standard or the self-regulatory policies of the company.

The key instruments of prevention that the company employs are the **Universal Risks Map (URM), Code of Conduct, internal policies, Mandatory Rules and training**, all of which are integrated into the **Common Management Systems** and the whistleblower channels.

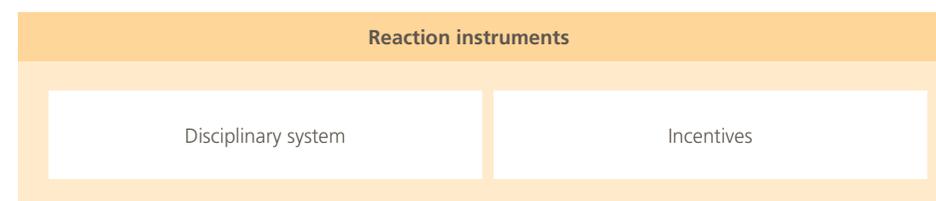
From the various branches of Abengoa, and cross-referencing these with the set of standards, both mandatory ones and those voluntarily assumed, we analyse the risks of breach that the organisation could incur, weighing up the importance with the probability of occurrence, thus obtaining a risk map.

This continuous improvement process (which regularly **receives feedback through monitoring, audit and review**) is shared with employees of the organisation through training, which is responsible for instilling and strengthening the corporate culture of legality.

The Unit and the Regulatory Compliance Programme focus their activity through the Regulatory Compliance director, who has access to all the information required for the performance of his duties.

The director also is responsible for having full knowledge of the legal rules of application at Abengoa, and to **encourage the upright conduct of all company employees**, disseminating the necessary legal knowledge among those to whom it applies. However, each area is directly responsible for compliance with the rules applicable to them in their activity (tax, labour, quality etc).

The Board of Directors is responsible for ensuring the actions of all employees through every management level. To control this, it expressly approves the Compliance Program, and intervenes in the definition of the scope and content of each area as well as control of the common management systems. Senior management is responsible for leading by example and for transmitting the same values to its subordinates, monitoring the implementation thereof in the performance of the activity.



Main activities carried out in 2017

During 2017, the Compliance Unit has **intensified supervision** of **those activities** that, within the restructuring stage, have had a **higher risk** rating with regard to **potential effects on the company**, while other controls have been reduced through ceasing the activity for which they were designed to protect.

Furthermore, in April there was a **review of the Abengoa Code of Conduct**, adapting it to the new organisation and structure of the company, and to the commitment shown by the new administration and supported by senior management in issues of compliance and transparency. This review led to the creation of a **Committee to Monitor the Code of Conduct** to report regularly to the board of directors or executive committee with regard to the issues concerning supervision of compliance with the code by employees and, in particular, by senior management.

This committee meets every two weeks and comprises the directors of Human Resources, Legal Advice, Internal Auditing and Compliance.