

Transparency and anti-corruption



Abengoa believes in and is committed to the values of integrity, good judgment and professional rigor among its employees, as keys to achieving the company's long-term success and sustainability. This maxim is necessarily a basic component of every activity the company conducts in carrying out its operations. [G4-56](#)

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 best business opportunities and appropriate risk management.

All company employees regularly receive information and training on the procedures to follow and the channels available for reporting any irregular activities in this area.

Anti-corruption law

Abengoa adheres to local and international laws on anti-corruption, particularly the provisions of the US Foreign Corrupt Practices Act (FCPA). This act prohibits bribes and payments to officials of foreign governments intended to influence any act or decision resulting in undue advantage, not only in the US, but throughout the rest of the world.

Abengoa's Common Management Systems are devised to ensure and watch over compliance by all company employees, executives and directors of the provisions of any legal regulations related to anti-corruption that are applicable to Abengoa, including the FCPA. In addition, the [Social Responsibility Code \(SRC\)](#), which all company suppliers are required to sign, contains a clause that expressly prohibits any type of corrupt practice benefitting Abengoa.

The Internal Audit Department also has **19 people** for **monitoring compliance** with the act through the Fraud Prevention and Detection Unit ¹³.

In 2015, Abengoa began implementing an internal control system within the group's smallest companies, increasing the frequency of visits and providing support to ensure a homogenous control environment throughout the group.

In 2016, development of the internal control system will continue, adapting it to potential changes in organizational structure that may take place within the group.

Code of Conduct *G4-56, G4-SO4*

Abengoa has a [Code of Conduct](#) that defines working relations for employees, senior managers and directors within the company in 16 areas, as well as stakeholder relations.

The aim of the code is to increase transparency and professional rigor by establishing standards of conduct expected from all Abengoa employees.

The code is available through the company intranet and on the [Abengoa website](#). It is therefore accessible to all employees, senior managers, directors and related parties in the company's working languages: English and Spanish.

In 2015, specific training in this area was designed and conducted for all company employees, for a total of 4,157 hours of specific training. *G4-SO4*

Given the complexity of a company like Abengoa and its host of activities and geographic territories, in a year of changing circumstances, this code undergoes **continual updating**, with content adapted on an ongoing basis in order to reflect the actual situation of the company and its surroundings.

The Code of Conduct has been adapted to reflect the separation of duties of the Compliance Unit and the General Secretary's Office. In order to ensure knowledge of and compliance with all aspects of the code, changes are communicated immediately throughout the organization.

Whistleblower channels *G4-58, G4-57*

The [whistleblower channels](#) are an essential part of Abengoa's commitment to **fighting corruption** and represent the mechanism by means of which all company stakeholders may anonymously report any irregular conduct they may detect when carrying out their professional duties.

In effect since 2007, Abengoa's [whistleblower channels](#) were devised pursuant to the specific requirements of the Sarbanes-Oxley Act.

- › **Internal:** available to all employees so they can report any complaints or claims concerning financial statements or other reports, accounting matters, internal controls over the financial information reported, auditing matters or breaches of the Abengoa Code of Conduct.
- › **External:** intended to enable anyone outside the company to report irregularities, fraudulent acts or conduct that contravenes the Code of Conduct. This channel is available on the [Abengoa website](#).

In accordance with the policy on channeling claims and complaints, which defines the parameters and conditions for handling all information received, there is a specific guarantee of the utmost confidentiality when whistleblowers access the application, and the system allows information to be submitted anonymously without any risk of reprisal for any claim made in good faith. The policy dictates that the **response protocol** must be **activated within 48 hours from the time the claim is made**.

Note 13 Further information can be found in the "Audits for preventing and detecting fraudulent activity" section of this chapter.



Claims and complaints submitted are collected and investigated by the Fraud Prevention and Detection Unit, which reports directly to the Audit Committee. At all stages of analysis confidentiality, anonymity and objectivity is preserved.

In addition to the whistleblower channels, any infraction may be reported directly to the compliance officer, and to supervisors, directors and duly-authorized personnel.

The company makes every effort to ensure that the entire company is aware of these channels. This is demonstrated in the distribution of claims throughout the geographic regions in which the company operates.

The geographic distribution of claims submitted is:

Distribution (%)	2015	2014	2013
South America	52	21	33
Africa	19	23	17
Europe	14	24	17
North America	10	20	17
Asia and the Middle East	5	12	17
Total	100	100	100

G4-LA16, G4-SO11

Audits for preventing and detecting fraudulent activity

Tasked with identifying and mitigating the main fraud-related risks to which the company is exposed and investigating any claims received through the available channels, the Fraud Prevention and Detection Unit had **19 members** in 2015. All members have experience and expertise in the area of fraud detection, prevention and investigation.

In 2015, the fraud prevention audit plan included **126 actions**. Where significant corruption-related risks were detected these cases were analyzed accordingly. **G4-SO3**

Prior to commencing the audits, analyses are performed to design and plan the annual audit and review program in every geographic operating location. This program is updated throughout the year, incorporating the results and conclusions obtained from the tasks conducted in response to a claim or complaint that was received.

Additionally, fraud risk analysis continues to be carried out by means of big data.¹⁴

With the aim of bolstering its anti-fraud efforts, Abengoa is also a **member of the ACFE Corporate Alliance (Association of Certified Fraud Examiners)**. This association helps companies by providing them with tools and specific training aimed at eradicating fraud and corruption, as well as resources for obtaining CFE (Certified Fraud Examiner) accreditation for internal auditors involved in the detection of fraud and non-compliance. Worth noting here is that all members of the unit are in the process of obtaining CFE certification.

Furthermore, within the framework of effective **implementation of COSO II (Committee of Sponsoring Organizations of the Treadway Commission)**, efforts continued in documenting the company's general control environment.

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. Among the countries considered to be tax havens by Spain's National Tax Agency (AEAT per its Spanish acronym), Abengoa operates in Oman only, where the company is building a desalination plant.

In 2015, Abengoa executed consolidated sales operations in OECD countries of € 2,431,945 k.

Abengoa also conducts activities in other geographic areas which, though not included on the list of tax havens by Spain's AEAT, are nevertheless considered by international observatories and organizations to be territories whose tax system is more advantageous than the Spanish regime. The company has subsidiaries in Delaware (US), Holland, Luxembourg, Uruguay, Singapore, Hong Kong, Switzerland and Panama. 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.

Regulatory activity and policies of the European Union have a direct impact on our operations, influencing both activities conducted within EU territory, as well as sector activities (conventional and renewable energy—specifically, biofuels—, water, R&D, hydrogen, etc.). They also have an indirect effect through directives in relation to the different aspects of the energy and climate areas. Knowledge of EU activities and policies and the relationship with the various courts and bodies of the European Union are therefore indispensable.

With the aim of preceptively complying with the European rules that regulate this relationship, Abengoa is signed up to the EU Transparency Registry, which was set up pursuant to an Agreement between the European Parliament and the European Commission in accordance with Article 11 of the European Union (EU) Treaty. By means of this framework, dialogue between associations and civil society and European institutions is to be open and transparent in order to facilitate and improve preparation and implementation of European policies.

In addition, in the 2015 financial year, Abengoa implemented activities in the USA intending to provide certain institutions with a better insight on solar energy and to promote regulatory policies that encourage renewable energy projects through renowned advisors in the market. These include financial contributions made available to the public through various websites offering transparency on the matter, such as the US Senate LDA website. **G4-SO6**

Note 14 Big data: large-scale analysis of massive datasets, that can't be manipulated as a conventional way.