

03. Responsible Business Model

3.5

Regulatory compliance



6

compliance programmes



5





communications made to employees on regulatory compliance in 2019



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Goals set forth in the 2019-2023 SCSRP



<p>Consolidate Abengoa's culture of compliance and integrity by reinforcing the training tools and safeguarding the procedures already in place.</p>	 <p>85 %</p>
<p>Obtain UNE-ISO 19601 certification.</p>	 <p>20 %</p>
<p>Progressively extend Abengoa's compliance culture to suppliers and subcontractors.</p>	 <p>20 %</p>
<p>Coordinate the implementation of legal compliance requirements in areas such as tax, labour and the environment.</p>	 <p>20 %</p>

Abengoa is a company committed to **professional development in an ethical and responsible manner**, in all the activities and countries where it operates, as well as in relations with all stakeholders.

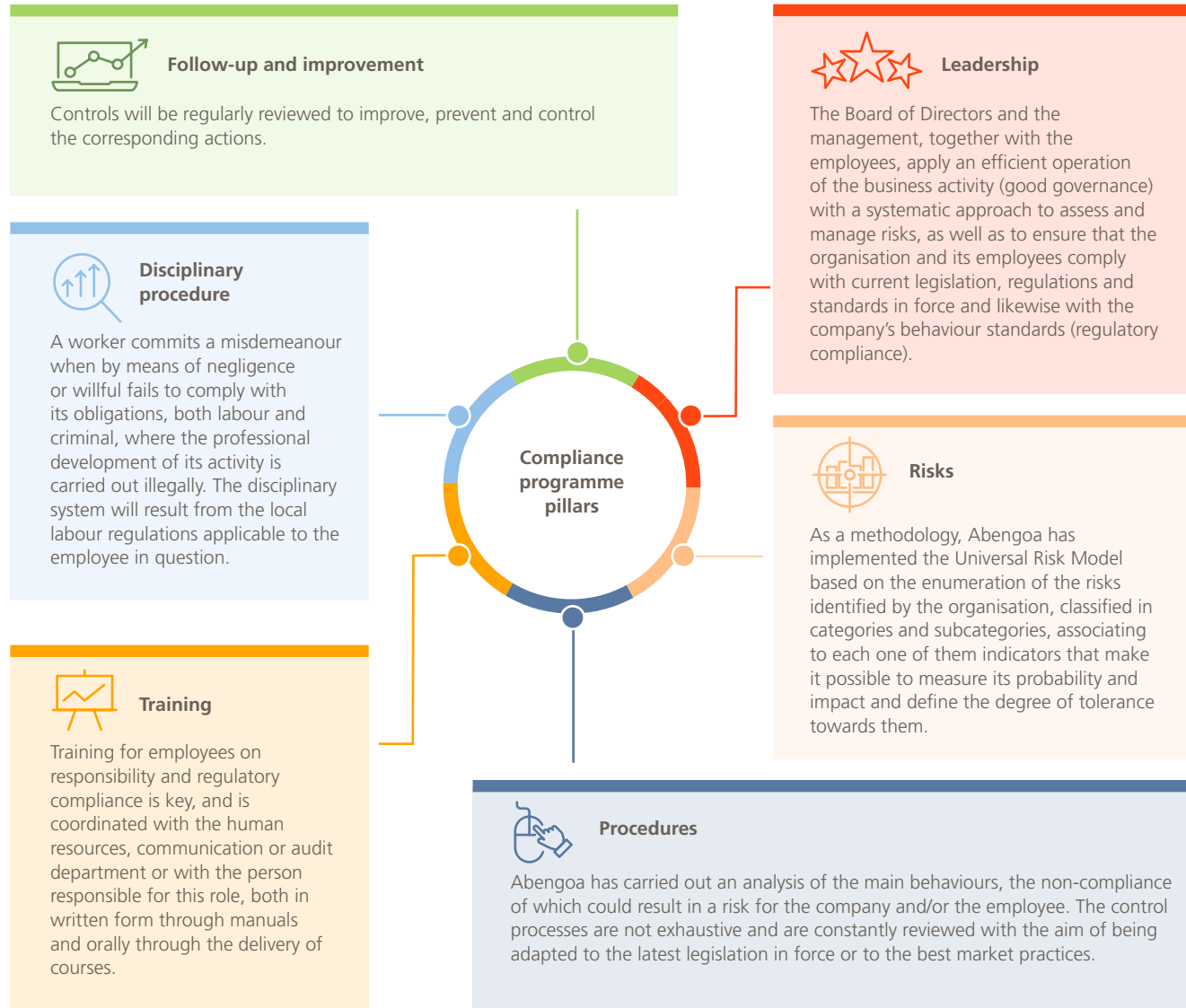
Therefore, it has a **Corporate Compliance Programme (CCP), aimed at preventing, detecting and sanctioning conduct that could result in the liability of the company or its employees**, and which includes **programmes of self-regulation adopted voluntarily** by the company to adapt to legal requirements, showcase its ethical aspects and prevent or detect illegal conduct.

The CCP was created to **promote the consolidation in Abengoa of an ethical culture** that marks **the behaviour of all employees, as well as those agents with whom the company establishes contractual relationships**. In this regard, the programme has **efficient instruments** that oversee conduct in the performance of the activity, as well as disciplinary measures, in accordance with applicable local legislation, which punish those conducts contrary to the company's standards or self-regulatory policies.



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The six pillars on which the programme is articulated are:



The CCP along with the specific programmes **are directly integrated into the company's management model through the code of conduct**, the rules of good corporate governance and a specific risk analysis, in addition to their implementation through training and supervision in a process of continuous improvement

Led by Abengoa's **Corporate Compliance Officer (CCO)**, the CCP is articulated on the recommendations and model covered by the Open Compliance and Ethics Group, (OCEG) as a concept of excellence in the management of key corporate governance processes, risk management and compliance, integrated into the Governance, Risk and Compliance (GRC) model.

Code of professional conduct



Abengoa is fully committed to conducting its activities with honesty, integrity and pursuant to the laws, whether in the relationship with its employees or with other stakeholders. These behaviour guidelines are reflected in the **Code of Conduct**, a fundamental and mandatory standard for directors, managers and employees, integrated into the Management Common Systems under the premise of zero tolerance. It includes the principles and **values which should guide the behaviour** of employees, as well as suppliers, customers, distributors, external professionals and representatives of public administrations.

No action contrary to it shall be tolerated and it formally expresses its condemnation of any form of corruption and its firm commitment to compliance with the law.

Abengoa Code of Conduct

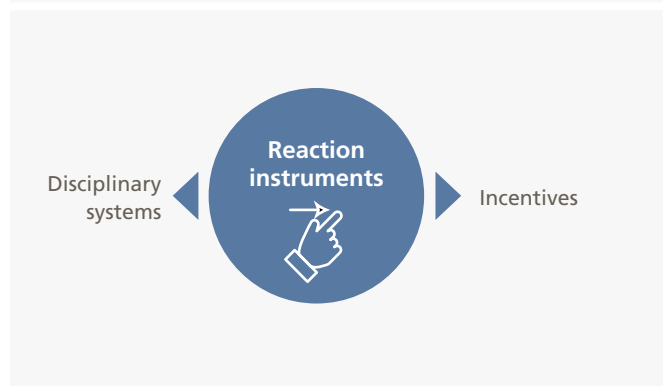
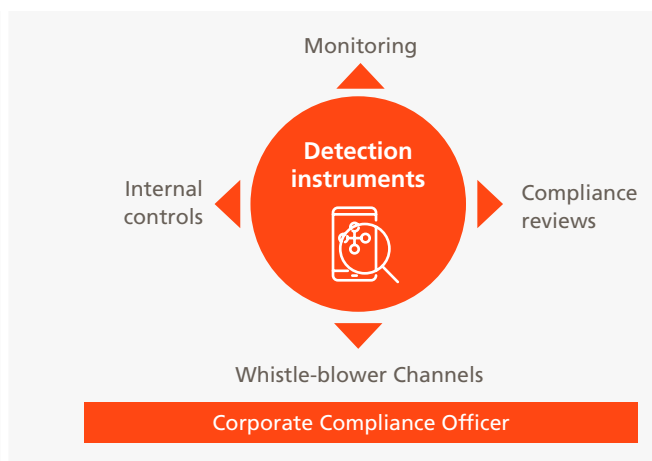
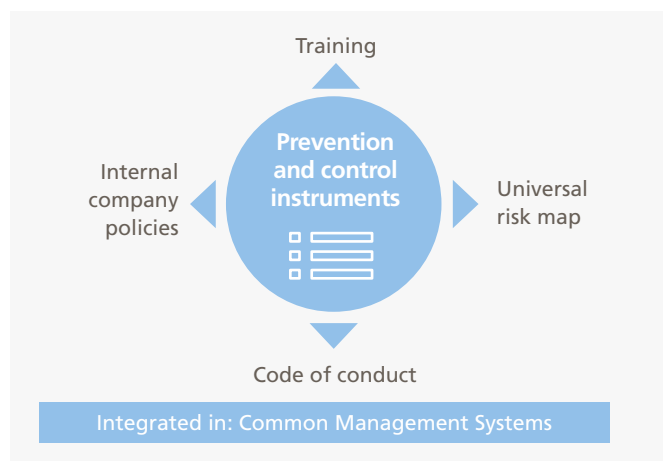
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Key instruments of the regulatory compliance programme

The CCP is articulated through the **control processes implemented** by the organisation to avoid any unlawful conduct that may occur. In this regard, the CCP constitutes an **element integrated and compatible with the rest of the internal policies and controls** and is coordinated, among others, with the universal risk map, the SAP controls and the internal authorisation management.

Taking into account the set of internal rules and the diversity of activities carried out by the company, **the non-compliance risks** which may be incurred are analysed, weighing the importance with the probability of its occurrence, **thus obtaining a risk map.**

This process of continuous improvement, which periodically receives feedback through supervision, audit and review, is shared with the organisation's employees through training, which serves to inculcate and consolidate the corporate culture of legality.



Geographic and functional scope

The compliance programme is applicable in, **all the companies controlled by Abengoa, regardless of the countries or the activities carried out**, including employees, middle managers, senior management and third parties acting on behalf of or on direct and express account of the organisation or its managers. All the above mentioned should comply with the regulations adopted by the company and non-compliance with them may result in economic or administrative sanction, civil or criminal liability or damages to its reputation.

This **programme** is the result of Abengoa's commitment to applying trustworthy conduct in its businesses and professional in the three CSR areas: economic, social and environmental. It is **inspired by the ethical and responsible criteria set out in the professional Code of Conduct**, has been updated and complemented throughout these years with new regulatory developments regarding good governance and good practices in each of the CSR dimensions.

Currently, the scope of the programme is gradually being extended to suppliers, collaborators and other stakeholders.



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Self-regulatory programmes adopted

Abengoa has the following self-regulation programmes voluntarily adopted to showcase its ethical aspects and prevent and detect any illegal conduct.



- 🔗 Compliance Guide on antitrust
- 🔗 Compliance Guide on data protection
- 🔗 Compliance Guide on anti-corruption
- 🔗 Compliance Guide on criminal matters
- 🔗 Guide to the Compliance Programme on prevention of money laundering and terrorist financing
- 🔗 Whistleblowing channel and compliance officer data
- 🔗 Guide to the Compliance programme on conflict minerals

Geographic and functional scope

Abengoa implements the principles established by the U.S. Foreign Corrupt Practices Act, (FCPA) by means of the Code of Conduct and internal manuals for employees when entering into agreements with third parties.

Likewise, the company subscribes to each of the points of the **United Nations document against corruption**, approved by the UN General Assembly on 31 October 2003. Its objectives are as follows:

- Promotion and strengthening of measures to prevent and fight corruption efficiently.
- Promotion and support of international cooperation and technical assistance in the prevention and fight against corruption, including asset recovery.
- Promotion of integrity, accountability, and proper management of public affairs and property.

Taking into account all of the above mentioned and with the aim of ensuring the trust of customers and authorities, Abengoa requires all its employees to **comply with applicable anti-corruption regulations, thus protecting their businesses from any breach and liability it may incur, thus safeguarding its reputation.**



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Programme for the regulation of competition, consumers and markets

Abengoa is a company which operates in a freely competitive market with transparent conditions in each of the jurisdictions in which it operates.

The whole workforce, without exception, is responsible for compliance with applicable standards in this area and **may in no case carry out, authorise or tolerate any conduct which violates antitrust rules** or Abengoa's policy in these regards.

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

Money laundering and terrorist financing programme

Abengoa voluntarily assumes the principles and obligations established by the **applicable regulations on the prevention of money laundering and terrorist financing**¹.

Likewise, it takes into account the obligations in force in each country for economic transactions carried out abroad and or with non-residents.

This mandatory programme for all employees, as well as its supervision and control by managers, without exception, is **aimed at developing procedures and controls that verify, prevent and deter collaboration with people who carry out money laundering activities** or are used by them for such purposes.

Criminal enforcement programme

At Abengoa, all employee actions should be governed by rigour, order and responsibility. Under this internal standard, both the company and the natural person may be liable for crimes that are perpetrated.

This programme was developed with the aim of **identifying, preventing and punishing those forbidden conducts that violate the law** that could lead to any type of liability for Abengoa and it includes the self-regulation programmes to which the company voluntarily adheres in order to adapt to legal requirements and showcase the ethical aspects that characterise it, as well as to prevent and detect any unlawful conduct that may occur.

This standard is mandatory for all employees. In the same way, ensuring its implementation is the responsibility of management and directors, without exception.



¹ Directive 2005/60/EC of the European Parliament and of the Council; Commission Directive 2006/70/EC; EEC Regulation No 1781/2006 of the European Parliament and of the Council; Law 10/2010 of 28 April, and Royal Decree 304/2014 of 5 May of the Regulations of the previous law, both of the Kingdom of Spain, and other similar laws such as Law 27693 of 2002 of Peru; the Money Laundering Control Act of 1986 of the United States of America; the United Nations Convention against Illicit Traffic in Narcotic Drugs and Controlled Substances, among others.

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Data protection programme

Abengoa adopted its internal regulations in 2018 in compliance with the European regulation on personal data protection.

The data protection programme was created in order to inform all its employees and the environment of its business compliance policy in this regard, **promoting lawful behaviours and avoiding and investigating any actions or omissions** that may imply non-compliance and the resulting liability.

All employees are required to act in **full compliance with data protection laws** to ensure that Abengoa maintains the **trust of customers and authorities**, to protect their businesses from any breach and the resulting liability and, thus, increase its reputation.

Due to this programme, the appointment of a Data Control Officer or person responsible for data protection control was included.

Conflict minerals prevention programme

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. In case of originating from there, or in case the origin cannot be established, in order to market these products in compliance with current legislation, the origin and the chain of custody should conform to due diligence, in order to guarantee that the purchase or sale of said minerals did not benefit any armed group.

The scope of application is all the partnerships of the company with manufacturing capacity which incorporate these minerals into their chain, either directly or indirectly in products that are subsequently distributed to third parties.

Internal organisation and resources

The ethics management and the criminal prevention model are entrusted to the Chief Compliance Officer through the Appointments and Remuneration Committee of the Board of Directors.

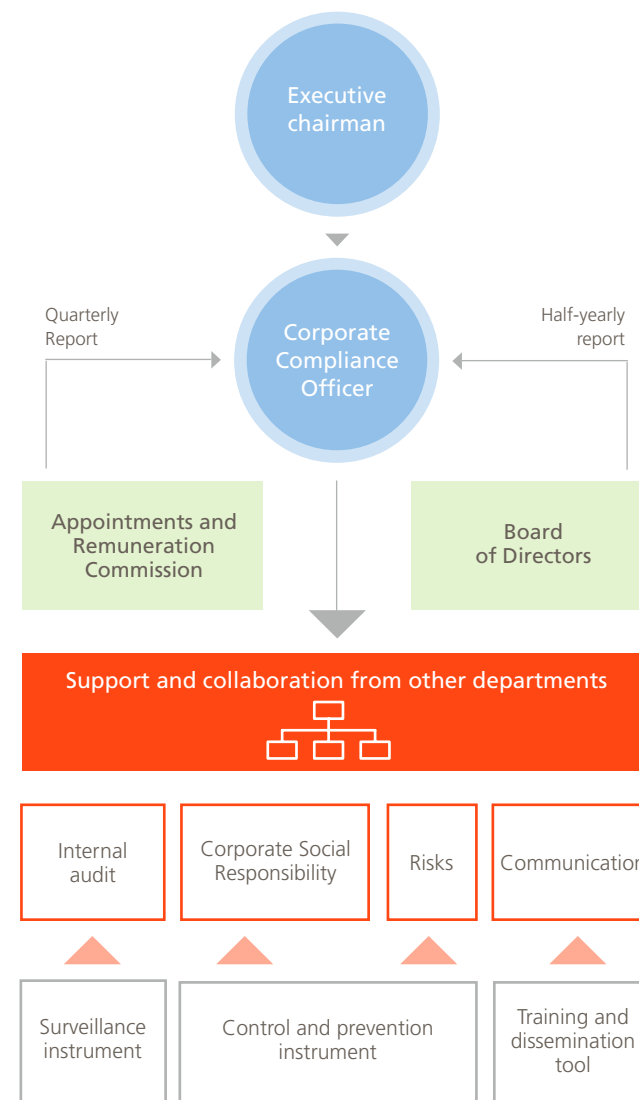
The duty of the above mentioned officer is to develop, implement and supervise regulatory compliance and the execution of the criminal prevention model. Likewise, the officer should **have full knowledge of the applicable legal regulations** at Abengoa, in addition to **promoting upright conduct** of all company employees, disseminating the necessary knowledge in legal matters 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, QA, etc.).

The CCO **reports directly to the Chief Executive Officer, Directors** and reports quarterly to the Appointments and Remuneration Committee, and half-yearly to the Board of Directors.

The **Board of Directors** is the body that guarantees the actions of all employees, through each level of command or management. To control this, it expressly approves the CCP, **intervening in the definition of the scope and content of each area and the control of the common management systems**. It is also responsible for setting an example and transmitting the same values to its subordinates, supervising their application in the development of the activity.

The cross-cutting nature of the subject matter and its repercussion on the company’s activity requires support and collaboration with other departments that serve as tools for control, prevention, detection, monitoring and dissemination or training.



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Evolution of the corporate governance system in 2019

Development of the compliance procedure in tax matters

As set forth in the objectives of the CSR Strategic Plan regarding coordinating the implementation of legal compliance requirements in areas such as tax, Abengoa is establishing a **tax programme** adapting the internal rule of mandatory compliance **to the validity requirements as criminal evidence**, based on the content of UNE 19602 on the management of tax compliance systems.

The **internal tax management and consolidation standard** has been revised under various premises, among which the identification of tax obligations, risks associated with non-compliance, methods of preparing tax returns and their controls or reviews, and reporting to the council on tax policy should be noted.

The process is being carried out in several phases:

- Identification of **applicable laws**.
- Identification of the **decision-making process** in tax matters in Abengoa.
- Identification of **conducts of assigned personnel** who could violate the regulations (aggressive tax policy, improper application of standards, etc.); risk analysis and weighting.
- Identification and updating of **existing controls**.
- **Traceability of the entire process**, including the preparation of information to the Board, for its subsequent approval.
- Preparation of **internal training newsletters** in the form of precise instructions (accounting, offer treatment proposals, country risk, related operations, etc.).
- Inclusion of **tax misconduct** in the **whistleblowing channel**.

Improvement of the anti-corruption system

Update of anti-corruption procedures, especially in geographies with high activity, with the aim of **implementing a zero tolerance criterion for corruption**. The main improvements are described as follows:

- Optimisation of internal controls and authorisations regarding business collaborations.
- Identification and financial, commercial and legal analysis of third parties in collaboration agreements.
- Creation of a specific questionnaire (KYC - Know Your Client) for the analysis of potential partners (consortia, UTEs, etc.).

In Argentina and Peru, an analysis was carried out with a local office regarding those elements of local law not included in Abengoa's compliance system, with a view to implementing it.

Objectives and Action Plan Action 2020

In 2019, Abengoa carried out a **detailed review of its compliance system** to adapt its tools to the requirements of the standard and the recommendations of the international standards regarding compliance, **with the aim that in 2020 the system be certified under the UNE 19601 standard**, for criminal compliance management systems.

In parallel, an IT **management tool called CMS (Compliance Management System) has been implemented** to facilitate the monitoring and reporting of the actions associated with compliance.

