

Community



Abengoa's relationship with society

As a result of company activities conducted in 55 countries and an employee headcount totaling nearly 22,000, Abengoa undoubtedly has a high impact on society, and vice versa.

G4-6, G4-10

In relation to the positive impacts Abengoa generates for society, as well as the communities in which it operates, noteworthy are the following:

- › Facilitating **access to drinking water**, thanks to desalination, reutilization and construction of water pipelines in regions where water supply previously proved infeasible.
- › **Generating electricity** from renewable sources.
- › Ensuring **access to electricity** in isolated regions as a product of local power transmission lines.
- › Promoting **sustainable transportation** through bioethanol production.

Abengoa's projects must be in keeping with the company's mission and vision and, accordingly, with its sustainability-based business model as well. This requires having a methodology in place that enables the company to manage (prevent and mitigate) any potential negative impacts deriving from its projects, drawing up prevention and remediation measures appropriate to each specific situation.⁵

Note 5 The appendix B includes some examples of potential and actual impacts and mitigation measures applied to a number of Abengoa projects.

Main risks of the society on Abengoa

Risks	Economic impact	Social impact	Environmental impact	How Abengoa works to minimize them
Transparency between communications to the market	<ul style="list-style-type: none"> › Reduction of the customer portfolio. › Economic losses. 	<ul style="list-style-type: none"> › Rejection of the project by the local community. 	<ul style="list-style-type: none"> › Increase in claims and sanctions. 	<ul style="list-style-type: none"> › Reliable information report audited by an independent external party. › Existence of appropriate communication channels, used with the necessary frequency. › CSR and communication plans adapted to local communities.
The capacity to adapt to change	<ul style="list-style-type: none"> › Difficulty of access to funding in certain regions. › Lack of access to raw materials in changing environments (due to scarcity or due to the increase in the prices). 	<ul style="list-style-type: none"> › Cultural clashes. › Social rejection to certain projects. 	<ul style="list-style-type: none"> › Regions with scarcity of resources. 	Abengoa has a global risk management system that enables you to monitor and identify risks and gives you the ability to act with regards to the global risks, as well as to adapt to a changing environment.
Business ethics and the fight against corruption	<ul style="list-style-type: none"> › Bad relations with the local public administrations. › Loss of subsidies. 	<ul style="list-style-type: none"> › Relationship problems with the local community. 	<ul style="list-style-type: none"> › Increase in claims and sanctions. 	<ul style="list-style-type: none"> › Reliable information report audited by an independent external party. › Existence of appropriate communication channels, used with the necessary frequency.

In terms of the impact society may have on Abengoa⁶, there are a number of issues that prove critical for the company and which have to do with the way in which its operations are affected by different social agents.

Note 6 As defined in the chapter titled "About this report" in the section on materiality analysis.

Mechanisms for protecting human rights

Abengoa seeks sustainable growth based on respect for human rights, both within and outside the company, and throughout its value chain and sphere of influence.

To this end, the company embraces and integrates into its activities the principles governing the [Universal Declaration of Human Rights of the United Nations](#), the SA8000 Standard⁷, the [principles included under the Global Compact](#) and the directives of the OECD. **G4-15**

Abengoa likewise categorically condemns all forms of child labor in accordance with the provisions of Convention 138 of the International Labor Organization (ILO)⁸ concerning minimum working age.

Additionally, the characteristically multinational nature of the company demands the development of control systems and prevention of potential human rights violations. Along these lines, the so-called **Common Management Systems**, applicable to 100% of the company, were developed to ensure that the company upholds these commitments. The systems, ultimately approved by the company chairman, establish norms of obligatory compliance for all company employees with no exceptions and regardless of where activities are conducted.

Note 7 SA8000: international certification that establishes minimum conditions for engagement in socially responsible labor practices that bring benefits to the entire supply chain.

Note 8 Convention 138 of the International Labor Organization: convention concerning minimum age for admission to employment ([+ info](#)).

The company also has a **Universal Risk Model (URM)**⁹ to ensure proper management of the risks associated with human rights violations in company activities or supplier operations. Other mechanisms devised to protect human rights include the [whistleblower channel](#); adherence of company providers to the [Social Responsibility Code \(SRC\)](#); control visits to verify proper system implementation; monitoring of Abengoa companies deemed material; committees on human resources, compliance, internal auditing and corporate social responsibility; specific training, and internal non-financial audits. **G4-58**

The Norm of Obligatory Compliance (NOC) pertaining to Human Resources covers all aspects relating to policies, principles and commitments in connection with labor practices, human rights, diversity, equality, personnel recruitment and training, industrial relations, professional development and compensation, occupational risk prevention, the Labor-Related Social Responsibility (LSR) management system, the Code of Conduct and the Whistleblower Channel, among others.

Additionally, Abengoa’s compliance program was implemented in 2014 in the form of a NOC, mandatory throughout the company and subject to control procedures. The NOC ensures compliance with all norms undertaken obligatorily or voluntarily by the company for the purpose of preventing, controlling and rectifying situations involving potential non-compliance and their associated risks.

The [Abengoa Code of Conduct](#) contains guidelines and measures for preventing the occurrence of incidents in relation to infringements of human rights or other company values. The company also demands the highest standards of honesty and ethical conduct, including procedures for dealing with professional and personal conflicts of interest. **G4-56**

The entire organization is called upon to take the initiative in improving business processes and working conditions, and in resolving problems. To this end, the company promotes the use of a range of instruments and computer applications, including Abengoa Easy Management (AEM)¹⁰, suggestions via the employee portal and satisfaction surveys.

Note 9 More information can be found in the following chapter: “Governance, transparency, risk management and compliance”.

Note 10 Further information is included in the section titled “Customers”.

Positive impact on local communities

Abengoa believes that working alongside the local communities in which it operates and investing in community development and growth reap benefits that transcend economic return; and the company considers this to be an indispensable component of its “license to operate”¹¹. This intangible is something that companies should protect above everything else because it is extremely difficult to obtain, and more importantly, to maintain.

Abengoa’s social engagement is channeled through the [Focus-Abengoa Foundation](#), which has been working for over 25 years in furtherance of the social and cultural development of the communities where Abengoa operates.

Since 2014, the company has been reporting on its social performance in line with the criteria proposed by the methodology of the **London Benchmarking Group (LBG)**. This model defines a method employed to measure, manage, assess and disclose contributions, achievements and impacts of the company’s social action on the community, which affords enhanced information transparency and comparability.

In accordance with the guidelines of this method, social engagement investment in **2015 totaled € 9 M**, representing a decrease of 5 % with respect to the previous year and amounting to a figure of 0.16 % of the company’s sales over the year. **G4-EC1 partial**



PE&C India



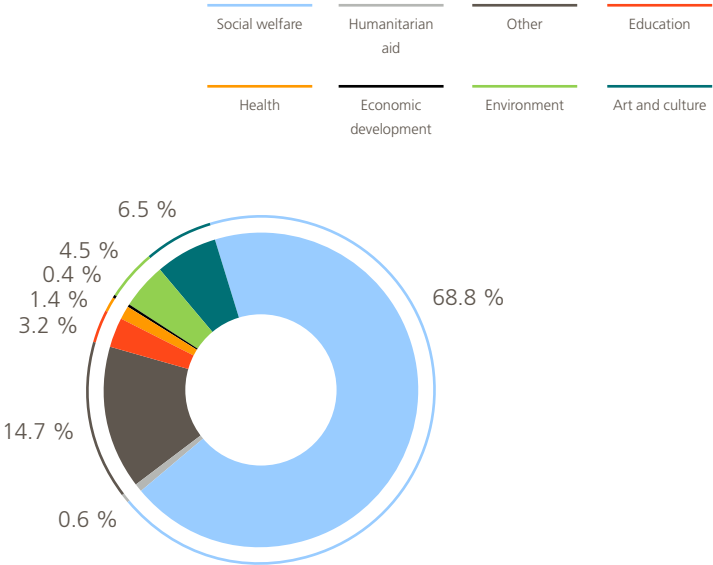
Note 11 “Social license to operate” refers to the acceptance of a project (whether business-related or non-profit) by a community. This license is linked to local perceptions with respect to the organization and therefore involves transparency, honesty, respect, ethics and mitigation by the company of its potential negative impacts.

Breakdown of investment in social engagement (€k)

Categories	2015	2014 ⁽¹⁾	Prominent action 2015
Charitable donations	784	980	Humanitarian aid campaign to help victims of the earthquake in Nepal. The company matched the amount taken in thanks to employee donations.
Community investment	7,744	6,217	PE&C Education and Communities program.
Initiatives aligned with the business	176	1,946	Educational and research visits to Abengoa plants.
Management costs	300	317	Costs incurred by the company for organizing and planning the initiatives reported.
Total	9,004	9,460	

(1) Given that 2014 was the first year of reporting in line with the LBG method, comparisons cannot be established with previous years.

Distribution of social engagement investment by activity area



Abengoa, in conjunction with the Focus-Abengoa Foundation, has established the following courses of action upon which to base its social engagement: supporting culture and the arts, social development, and education and research.



Girls from Santa Rita de Cassia Orphanage, PE&C Brazil.

Lines of action in social engagement

1. Social development

Objective	<p>Abengoa is committed to the socioeconomic development of the communities and geographies where the company conducts its business through its facilities, offices and projects.</p>
Key initiatives and programs	<p>A flagship initiative of the Focus-Abengoa Foundation is the PE&C People, Education and Communities: Committed to Development social development program. The program embraces the mission of social development of the most vulnerable social groups through education.</p> <p>The program was launched in 2005 in Argentina and is currently being implemented in nine countries: Argentina, Peru, Brazil, India, Mexico, Chile, Spain, Sri Lanka and Morocco.</p> <p>In these geographical regions of implementation, the program promotes integration through education of the most vulnerable social groups: children, women, senior citizens, disabled persons or families in situations of poverty or social exclusion. In 2015 the program had 24,007 direct beneficiaries.</p> <p>The PE&C is a program with its sights set on the long term, working at all times alongside local organizations to ensure that it adapts to the specific characteristics and needs of each community.</p> <p>The company's social development programs must respond effectively to the needs of the communities where they are implemented. It is essential to conduct exhaustive monitoring and follow-up periodically to be able to detect areas for improvement and ensure that programs are fulfilling anticipated objectives.</p> <p>Abengoa has various tools in place for this purpose:</p> <ul style="list-style-type: none"> › The aforementioned LBG methodology, applicable to all projects and initiatives. › Annual community engagement plans and approval procedure. Each year Abengoa subsidiaries must draw up social engagement plans which have to be approved by the company's chairman following analysis performed by the CSR director. Furthermore, in order to control the variations that may occur from the plan approval to its execution, an additional approval procedure have to be initiated for each of the initiatives included in the plan. <p>In order to engage employees and their families and friends and the community at large in Abengoa's social initiatives, a program was created to promote volunteering in the range of educational and cultural activities organized. In 2015 Abengoa employees conducted 11,772 hours of volunteering. The volunteer network is structured into two major categories:</p> <ul style="list-style-type: none"> › Cultural volunteering: geared towards young men and women who are either pursuing or have completed their university degrees in disciplines linked to the theme and/or activity in which they wish to participate. This initiative also features a special volunteer program for citizens over the age of 65 who wish to devote some of their spare time to promoting and disseminating the heritage of the city of Seville. To coordinate the program, the Focus-Abengoa Foundation participates in the Senior Cultural Volunteer Program promoted and coordinated by the Spanish Association for Senior Citizen Classrooms. › Social volunteering: social volunteer work is supported directly by the PE&C social development program and targets people who wish to collaborate on program activities. <p>Up until now a variety of collaboration options were in place, including remote and onsite (solidarity vacations) volunteering. However, due to the company's present situation, active collaboration is limited exclusively to monetary donation through direct contributions from employee paychecks. Employees can make donations to the PE&C projects of their choice through a computer application that deducts the designated amount directly from payroll.</p>

Lines of action in social engagement

2. Education and research

Objective

Promoting education and scientific research around renewable energies and climate change.

Key initiatives and programs

The initiative of the **Forum on Energy Transition and Climate Change** was conceived with the aim of raising social awareness of the importance of energy transition in changing from a fossil-based model to renewable energy sources. The forum is aimed at university students, professors and sector practitioners, and more generally to any citizens interested in these matters.

Forum activity highlights in 2015 were the following:

- › The **World Bioenergy Leadership Forum** was held at the church of the Hospital de los Venerables. Bioenergy specialists from around the world came together here in this exclusive gathering of sector practitioners to analyze challenges and opportunities in today's renewable energy industry.
- › Led by Dimitri Zenghelis, in charge of delivering the opening lecture for the new edition of the **Energy Transition and Climate Change School**, who talked about countries' positions with respect to the Conference of the Parties to the UN Framework Convention on Climate Change (COP 21 Paris), barriers to decarbonization, the need for change and ways to achieve it. Climate change was also examined from an ethical, legal justice and social standpoint.
- › **Debate seminars** took place in February and July in Madrid under the respective titles of Climate Change and the New Global Energy Scenario: From Lima to Paris via Saudi Arabia and The Role of Business and Society in Energy Transition and Halting Climate Change. Aspects analyzed here included the results of COP20 Lima, the impact of business decisions on the future of the environment, and roadmaps to achieving energy transition.

Currently, the Forum is on-hold until the company situation is more defined.

3. Supporting arts and culture

Objective

The **Focus-Abengoa Foundation** is dedicated to preserving, sharing and disseminating art through initiatives and heritage revolving around the Baroque.

Key initiatives and programs

Noteworthy highlights in 2015 were the following:

- › Restoration and temporary exhibition of the painting titled **The Penitent St. Peter of Los Venerables** at the Prado Museum.
- › Return of the Santa Rufina and Immaculate Conception works to the Velázquez Center after being on exhibit in Vienna and Paris.
- › A new edition of the Baroque School was held, bringing together national and international experts to address the interrelation among scientific developments from a multidisciplinary standpoint, the way of comprehending nature and the artistic expressions of the 17th century.

In 2015, the Focus-Abengoa Foundation also awarded the following **prizes related to art and culture**:

- › **Award for the best doctoral thesis on a topic related to Seville.** Established more than 30 years ago in collaboration with the University of Seville, the award recognizes outstanding research work and includes publication of the winning entry. This raises the exposure and prestige of the chosen researcher and therefore augments his or her future professional options.
- › **International Painting Award.** The aim of this accolade is to raise public awareness of emerging painters, help develop their professional careers and foster an exchange of artistic and cultural experiences. Once the contest has ended, a temporary exhibition is held featuring the works selected by the panel of judges, which are displayed at the Hospital de los Venerables in Seville. The award is international and multidisciplinary (welcoming the use of any painting technique and subject matter).
- › **The Javier Benjumea Puigcerver Research Award.** The Javier Benjumea Puigcerver Research Award dates back to 2003 and is aimed at doctors, graduates and degree holders from the University of Seville and anyone who is or has been associated with the university. The 12th implementation of the award program was held in 2015.
- › **Alfonso E Pérez Sánchez award.** The 2015 edition of the award was unanimously declared null and void by the judging panel. The Alfonso E. Pérez Sánchez International Award was unveiled in 2009 with the aim of promoting study and research of Spanish Baroque art and its influence in Europe and America. The competition is aimed at the entire scientific community and is held every two years.