

**06.6**  
Connecting  
with the social  
environment



Commitments and goals in 2013	Milestones in 2014	Commitments for 2015	Working areas
Reinforcing and systematizing stakeholder dialog (CSRR 2013, p. 37).	More regular contact established with stakeholders: the new <a href="#">Energy of Change</a> blog set up; profiles created on six social networks; interviews held with five endorsers for the materiality process; a new opinion leader survey included for CSR risk analysis; the work climate survey conducted at Abengoa's main work centers, with total employee participation of 83.3 %.	Updating the company stakeholder map and establishing protocols for dialog with communities and other stakeholders in the areas under the influence of Abengoa projects.	A working team will be set up, comprising the company's heads of CSR (by business and region), with the aim of designing a procedure that will enable the company to systematize dialog with stakeholders in the areas of project influence. This new working group will also carry out the groundwork for updating the company's stakeholder maps.
In 2014, the company intended to implement a supplier registration and approval platform that will enable the systemization of all phases of the responsible procurement system (CSRR 2013, p. 121).	Ongoing development of the supplier registration and approval platform. Implementation over the course of the year as envisaged was unfeasible due to project complexity.	Implementation of the application in Spain as the pilot region for subsequent deployment of the tool to the other regions in which Abengoa operates.	The multidisciplinary team dedicated to the project will continue to design and implement a platform for efficient and secure management of Abengoa supplier-related information.
No explicit commitment was published in the 2013 CSRR	12,391 supplier analyses conducted (100 % of significant providers analyzed).	Use of the supplier registration and approval platform as the basis for analysis in regions where the platform is implemented.	Automated analysis of suppliers entailing risk through the supplier registration and approval platform.
Abengoa's goal is for at least 5 % of its audits of suppliers deemed critical to be carried out in person by visiting suppliers' facilities (CSRR 2013, p. 120).	On-site audits were carried out for 8.37 % of the company's critical providers.	Increasing the percentage of suppliers analyzed to meet the 2020 target of carrying out audits for 25 % of the suppliers flagged as high risk (and 100 % for suppliers deemed critical).	An audit system will be rolled out with greater coordination at central office and company/regional level to ensure a greater number of audits for high-risk suppliers.
Stepping up the number of supplier audits in areas at risk of human rights violations (CSRR 2013, p. 39).	Design and development of a supplier audit guide containing instructions on how to carry out work to ensure standardization and efficiency in the analyses performed.	Drawing up a supplier auditing procedure to be established as a Norm of Obligatory Compliance (NOC) for Abengoa companies.	Materialization of the supplier auditing procedure as a NOC for all group companies. Defining special cases that may arise.

Commitments and goals in 2013	Milestones in 2014	Commitments for 2015	Working areas
No explicit commitment was published in the 2013 CSRR.	The EFQM +500 European Seal of Excellence obtained by the group company dedicated to managing Abengoa's HR policies and procedures.	Attainment of the EFQM +500 Seal of Excellence by Abengoa.	The involvement of senior management and employees is essential if we are to maintain sufficient standards of quality to obtain the seal.
Establishing common policies to improve customer satisfaction (CSRR 2013, p. 34).	Implementation of the Abengoa internal Easy Management application to manage company action plans, report incidents and take corrective action.	Attaining optimum use of the application across all Abengoa companies and regions as a means of monitoring compliance with the highest quality standards.	Continuous training and development of control processes on the proper use of the tool in all regions where Abengoa projects are carried out Involvement of all Abengoa companies and regions.
No explicit commitment was published in the 2013 CSRR.	Creation of the Forum on Energy Transition and Climate Change.	Acknowledging the Forum as the ideal structure through which the company can share its and beliefs on the importance of energy transition in the fight against climate change.	Raising awareness of the Forum's activities through the communication channels of both Abengoa and the Foundation.
No explicit commitment was published in the 2013 CSRR.	Expansion of the PE&C social development program. Incorporation of two new regions: Sri Lanka and South Africa; and new communities in Tabasco (Mexico), the Atacama Desert (Chile) and in western Peru.	Expanding the PE&C social development program to include new regions (Morocco and Uruguay).	Determining needs (diagnosis) in the communities where we operate to assess potential program implementation.

12,391  
supplier screening performed

73/100  
customer satisfaction

€9.5 M  
investment in social engagement



We manage our stakeholder relations with a view to generating positive impacts on the environment

In an increasingly more global and interconnected world, the manner in which the company interacts with its surroundings can lead to economic profits or losses, while also triggering positive or negative effects for the players with whom the company interacts. Companies need to maintain **stable and beneficial relationships** with all the economic and social agents with whom they collaborate.

Businesses need to manage the impacts, both positive and negative, on these players as an essential part of maintaining their **“social license to operate”**.<sup>1</sup>

An increased perception of the impact of companies on their environment, coupled with the fact that companies can and do influence their supply chains and customers can and should be involved in corporate decisions, means that it is key to view corporate strategy and performance in terms of how they tie in with the social environment.

It is worth noting that the company’s relationship with the component members of its value chain is structured around the company’s **communication channels**<sup>2</sup>, through which Abengoa is able to determine the main impacts of its operations and address the concerns of each member.

Abengoa is present in the following social networks:



**Note 1** Social license to generate refers to the acceptance of a project (be it commercial 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 impact mitigation efforts carried out by the company.

**Note 2** Appendix C contains a diagram showing the company’s most relevant communication channels by stakeholder.

## Reds go Green Competition

Towards the end of 2014, Abengoa and Manchester United launched a [monthly contest](#) as a product of their joint [collaboration agreement](#). This initiative gives participants the chance to win a trip for two to attend a Manchester United match (including two tickets, transport and accommodation).

Contest winners are selected from among those who correctly answer a series of questions relating to renewable energy sources, climate change and responsible management. Answers to the questions can be found in the [Abengoa blog](#).

Through this initiative, Abengoa and Manchester United seek to advance society’s knowledge of renewable energy sources, innovation, technology and sustainability.





Our suppliers are essential to achieving business success

This chapter describes the main activities carried out by the company in terms of relations with suppliers, customers, the communities where it operates and society at large, the aim being to explain how the company is working to **minimize its negative impacts and boost its positive impacts**.

## Commitment to responsibility along the supply chain

Abengoa treats its suppliers and subcontractors as essential partners that are key to business development and to competing successfully in the market. Each day, the company works toward forging and reinforcing relationships based **on trust and mutual benefit**, not only to ensure the quality of the company's products and services, but also **to promote a culture of responsible management and to foster ethical conduct**.

The company lends particular importance to its own **responsibility** throughout **the supply chain**, due to its international presence in developing countries, the large number of suppliers with which it collaborates and the importance of these providers in carrying out company operations. For this reason, Abengoa pays particular attention to establishing, promoting and maintaining high standards of social responsibility in its lines of activity, promoting observance of ethical, labor, environmental and health and safety standards among its suppliers, while at the same time promoting efficiency in generating products and services with high quality standards, lowering costs and increasing benefits.

To measure this efficiency, the company employs a structured procedure that includes the information and opinions gathered from the suppliers through surveys. This is carried out through five basic guidelines that characterize the supplier relationship and bolster Abengoa's strategy: outsourcing, leadership, globalization, local development and integration.

### Basic guidelines for supplier management

**Outsourcing:** which makes it possible to concentrate on knowledge improvement, increasing core business yield, incorporating highly professional service through the direct involvement of suppliers in day-to-day operations.

**Leadership:** ongoing pursuit and contracting of suppliers who are leaders in their sector ensures innovative and technology-heavy solutions focused on improvement, which enables Abengoa to maintain its high levels of competitiveness and quality.

**Globalization:** contracting common suppliers across the different production centers allows for a more developed and homogenous service with common scopes. These synergies facilitate global solutions that result in cost optimization when managing and developing the company's service and its purchasing process.

**Local development:** the focus on development and involvement of locally-based suppliers ensures that the most essential and basic needs are met, with the resulting flexibility in consumption volume and response time. All of this has a positive impact on commercial and industrial growth in the regions of implementation and ensures close relations with these regions.

**Integration** of proposed improvements from suppliers allows for continuous progress in productivity and yield. Pricing according to results is a fundamental principle of commitment to the business, in conjunction with integration, environmental safety policy, respect for human rights and business ethics.

G4- DMA, G4-12, G4-EN33, G4-LA15, G4-HR11, G4-SO10

In 2014, Abengoa worked with approximately 15,000 suppliers in 81 countries from all over the world. The countries with the highest number of suppliers are Brazil, Chile, the U.S., Spain, France, Mexico, Peru (comprising 90 % of the total number of suppliers) and Uruguay. With respect to the approximate monetary value of payments made to suppliers, this chapter provides details of the amounts invoiced.

As a result of **Abengoa's commitment to its supply chain**, and with the aim of better defining the impacts on all processes carried out by Abengoa, the company sought to delve deeper into the information reported in the materiality analysis<sup>3</sup> in relation to the company's **suppliers and customers**. The process has thereby enabled the company to identify and define the main potential negative impacts of supplier and customer actions on Abengoa or society at large, so as to assess how the company is working to minimize these impacts.

### Plastic caps for a new life

Abengoa, committed to helping those who are most vulnerable, made the decision in February 2014 to take part in the SEUR Foundation "[Plastic caps for a new life](#)" campaign by assisting through the collection of plastic caps at the company's office facilities in Seville and Madrid (Spain). The caps are later recycled to help cover the expenses of families with sick children.

The first anniversary of the company's participation in the initiative attests to the success of Abengoa employee engagement. Over the course of the year, more than **100,350 plastic caps** were collected to help a total of **31 sick children**, who received the orthopedic device or surgery they needed.

In addition, the collection of **200.7 kg of plastic** helped prevent the emission of **301 kg of CO<sub>2eq</sub>** into the atmosphere, an amount that would require **50 trees** in order to be absorbed.



Note 3 More information in the chapter titled "About this report".

**Main risks involving Abengoa suppliers**

Risks	Economic impact	Social impact	Environmental impact	How Abengoa is working to minimize these risks
Corruption, bribes, fraudulent practices and money laundering.	Failure by suppliers to collaborate with the Public Administration (tax evasion).	Loss of confidence in the sector.	Not applicable	<ul style="list-style-type: none"> <li>› All suppliers must endorse the Social Responsibility Code (SRC).</li> <li>› Supplier assessments.</li> <li>› Audits performed for suppliers flagged as critical.</li> </ul>
Financing.	Market paralysis due to lowered production and supply scarcity.	Job losses.	Not applicable	In cases in which it is not possible to use regular suppliers, supply chain scope should be expanded globally. The supplier registration and endorsement platform will generate a supplier database available to the entire company that will mitigate the borrowing-related risks.
Human Rights.	Lack of salary parity with competitors.	<ul style="list-style-type: none"> <li>› Obstacle for development of emerging countries.</li> <li>› Rise in poverty.</li> <li>› Violation of basic fundamental rights.</li> </ul>	Not applicable	<ul style="list-style-type: none"> <li>› All suppliers must endorse the Social Responsibility Code (SRC).</li> <li>› Supplier assessments.</li> <li>› Audits performed for suppliers flagged as critical.</li> <li>› Subcontractor training in HR.</li> </ul>
Identification and control of the source of raw materials.	Higher indirect costs due to materialization of potential risks.	<ul style="list-style-type: none"> <li>› Potential infringement of HR.</li> <li>› Loss of confidence in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>› Risks involving excessive use of resources.</li> <li>› Failure to comply with legal requirements pertaining to raw materials.</li> </ul>	Traceability of agricultural raw materials in bioethanol production (RBSA) <sup>(1)</sup> . HR traceability is in the process of being included under the RBSA. A compliance program was created in 2014 on the use of conflict minerals in accordance with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
Product and service quality.	Loss of competitiveness.	Loss of trust and credibility.	Loss of trust and credibility.	<ul style="list-style-type: none"> <li>› Process management systems.</li> <li>› Rating of Abengoa suppliers.</li> </ul>
Health and safety of company employees and contractors.	<ul style="list-style-type: none"> <li>› Accident rate-related costs.</li> <li>› Loss of credibility among investors.</li> </ul>	Higher likelihood of work-related accidents.	Not applicable	<ul style="list-style-type: none"> <li>› Digital identification for access to projects by employees and subcontractors. <sup>(2)</sup></li> <li>› Occupational risk prevention training for employees and subcontractors.</li> <li>› Daily talks before work starts.</li> </ul>
Reliability in upholding commitments.	Costs associated with loss of credibility resulting from failure to uphold commitments.	Loss of trust and credibility.	Loss of trust and credibility.	<ul style="list-style-type: none"> <li>› Supplier assessments.</li> <li>› Auditing of suppliers flagged as critical.</li> <li>› Establishing oversight committees.</li> </ul>

(1) RBSA (RED BioenergySustainability Assurance Scheme): sustainability certification standard developed by Abengoa which establishes binding requirements for compliance with Renewable Energy Directive 2009/28/ EC (RED) throughout the supply chain, from agricultural production to end user in every member state of the European Union.

(2) More information in the chapter titled "Talent for business success"

G4-HR1

## Managing the supply chain

Abengoa is conscious of its **responsibility in the supply chain** and therefore finds it necessary to implement and promote high standards of social responsibility across all of the company's lines of activity. Abengoa promotes the principles undertaken with the Global Compact, those included in the Declaration on Human Rights, the Global Reporting Initiative (GRI) and in the company's own Code of Conduct and ensures compliance with all these, while engaging company suppliers in a relationship based on trust and mutual benefit.



We understand the trickle-down effect of responsible management on supplier and contractor activities and therefore one of our main objectives is to extend our principles and values to the supply chain

In other words, the company works to ensure the existence of suitable conditions of health and safety, respect for HR in all regions, ensuring non-corrupt practices and sound use of natural resources (effective environmental management), while upholding quality standards applied to products and services.

To this end, Abengoa provides its suppliers and contractors with the means needed for them to comply accordingly with these principles through training and mandatory adherence to the following initiatives, among others:

### Supplier emissions reporting for the greenhouse gas (GHG) management system

Abengoa **requires** that all of its suppliers **sign an agreement to implement a GHG emissions reporting system**, meaning all providers are required to provide information on the CO<sub>2</sub> emissions linked to each order that the company places with them. In cases where this information is not available to a supplier, the company grants a six-month period for implementing an emissions reporting system for the goods or services it provides.

### Signing of the Abengoa Social Responsibility Code

With the aim of gearing its business toward deeper integrity and respect toward those who may be affected by company activities, Abengoa **requires all providers** the company works with to **adhere to the Social Responsibility Code for Suppliers and Subcontractors**. Comprising **11 clauses**, this code is based on the principles of the United Nations Global Compact and inspired by the international **SA8000** standard.

In addition to governing supplier activity through the code, by signing this agreement suppliers also agree to being fully available to undergo an Abengoa audit or other type of inspection for verifying compliance with the principles.

During 2014, **2,018** agreements with suppliers were undertaken.

### Labor Social Responsibility (LSR) Policy and management system implementation

Abengoa's LSR management system was designed on the basis of the SA8000 standard, meaning that 100 % of Abengoa's companies have a certifiable system in accordance with this norm in place. Optionally, companies may be certified individually. All companies that belong to the Industrial Production area of activity and the company tasked with managing HR policies and procedures are SA8000 standard-certified through IQNet.

The system ensures that the company has the necessary tools to move forward with implementation of the [ten principles of the United Nations Global Compact](#), endorsed by the company in 2002 and which involves not only Abengoa, but also its supply chain.

Among the objectives of this management system is to engage suppliers and contractors in compliance with Abengoa's LSR directives, establishing supplier selection and evaluation procedures based on the concept of social responsibility, in addition to developing control mechanisms for ensuring observance of this policy.

G4-DMA, G4-HR2

## Training

Abengoa works with both large and small suppliers. As the company is aware of the difficulty that emissions accounting may pose for some providers, and in pursuit of good practices, the company conducts training sessions to provide suppliers with guidance along these lines.

In addition, the company provides training relating to occupational risk prevention and other aspects such as effluents, spills and waste.

**235,457 hours of training** were dedicated to **suppliers** in 2014

## Responsible Procurement System

In order to fulfill the commitments established with regard to its supply chain, Abengoa continues to develop **a system for responsible management of the purchases** made by the company. This process was designed to be approached in different stages depending on the level of criticality. It was initially necessary to design system methodology, considering the manner of conducting supplier evaluation and rating, as well as the types of audits to be conducted. The company is presently working on process automation through a supplier registration and approval platform which will enable supplier assessment to be carried out with a global scope.

The system includes sustainability criteria applied to the evaluations carried out among suppliers and is made up of tools and procedures that enable Abengoa to analyze the level of risk of its suppliers. By conducting internal audits, Abengoa seeks to forestall any conduct which may run contrary to the performance principles established by the company.

Implementation of the system is being carried out in **three phases: supplier assessment**, critical supplier **audits** and supplier **rating**.

## 1. Supplier assessment: risk identification and management

Abengoa treats supply chain sustainability as a management framework that enables the company **to mitigate risks and identify opportunities**. It is therefore a key element for the company's reputation.

**Risk suppliers** therefore undergo **a yearly analysis** to evaluate the supply chain in Abengoa operations, monitoring involvement in and acceptance by suppliers of corporate policies, determining risk level and establishing mitigation measures.

This analysis takes into account different variables, including the supplier's country, the nature of the product or service supplied or the type of activity conducted, as well as more subjective aspects deriving from the company's knowledge of its suppliers. To determine the level of risk of the country of supplier operation, Abengoa employs recognized international indices related to human rights (child labor, discrimination and freedom of association, among others), corruption and observance of political and civil rights.

In 2014, supplier analysis was updated to ensure a more exhaustive assessment of the supply chain. To this end, further social and environmental aspects were included, raising the number of criteria to be taken into account when performing assessments from 7 to 19.

### Analysis of the risk level

Human rights and labor practices	<ul style="list-style-type: none"> <li>&gt; Human rights</li> <li>&gt; Child labor</li> <li>&gt; Discrimination</li> <li>&gt; Freedom of association</li> <li>&gt; Occupational vulnerability</li> </ul>
Corruption	<ul style="list-style-type: none"> <li>&gt; Corruption perception index</li> <li>&gt; Bribe payers index</li> </ul>
Civil and political rights	<ul style="list-style-type: none"> <li>&gt; Freedom status</li> <li>&gt; Observations</li> </ul>

G4-DMA, G4-EN32, G4-HR9, G4-HR10, G4-LA14, G4-SO9

**Analysis of the risk level**

Political risks	<ul style="list-style-type: none"> <li>› Exchange rate risk</li> <li>› Government non-payment</li> <li>› Political interference</li> <li>› Supply chain disruption</li> <li>› Legal and regulatory risks</li> <li>› Political violence</li> <li>› Business risk</li> <li>› Banking vulnerability</li> </ul>
Environmental risks	<ul style="list-style-type: none"> <li>› Energy-derived CO<sub>2</sub> emissions rate</li> <li>› Access to improved water source</li> <li>› Particulate matter concentration</li> </ul>

19 issues analyzed.

**2. Supplier audits**

The aim of this phase is to determine the degree to which Abengoa suppliers are ensuring compliance with the principles set out in the Social Responsibility Code (SRC). For this purpose an auditing procedure was created to define the aspects to be reviewed and to base the scope of the work on the degree of supplier criticality, allowing analyses to be carried out via self-assessment questionnaires, remote audits or in-person audits that include visits to supplier facilities.

All Abengoa companies are responsible for analyzing and evaluating the risks inherent to the activities carried out by their suppliers. A **target** was set for 2014 to conduct audits for at least **5 % of the suppliers** flagged as critical or otherwise high-risk<sup>4</sup>.

**Note 4** High-risk suppliers: suppliers operating in high-risk countries or those engaged in an activity classified through analyses as being of high risk. Critical suppliers: high-risk suppliers who, when taking other criteria related to image and the media into consideration, entail higher reputational risk.

A supplier audit guide was devised in 2014. This document contains general guidelines to be taken into account when conducting supplier audits. The medium-term objective was set to define all aspects and procedures involving supplier audits as a NOC.



**3. Supplier rating**

The last phase of this process consists of rating suppliers in terms of the assessment performed. This enables Abengoa to reward best practices and exclude providers that fail to comply with the requirements established in the SRC.

The results of the process are as follows:

Suppliers	2014	2013	2012
Supplier analyses conducted <sup>(1)</sup>	12,391	14,389	14,920
High-risk suppliers detected	765	950	564
High-risk suppliers detected (%)	6.17	6.60	3.78
Critical suppliers audited (%)	8.37	9.58	16.84
Number of audits conducted	64	91	95

(1) The supplier analysis performed factors in concerns relating to the environment, human rights, labor practices and the social environment.

In 2014, 64 audits were performed, including 38 conducted on-site through visits to supplier facilities, and 26 carried out remotely.

Abengoa's may end its relationship with any supplier that demonstrates "non-compliance", unless the incidents detected are rectified. There were no cases of Abengoa severing commercial ties with any suppliers in 2014.



### Supplier audits

Over the course of the supplier audits conducted in 2014, some cases of “non-compliance” were detected, mainly in relation to compliance with legal requirements associated with health and safety: lack of worksite physician, failure to conduct a first-aid course, lack of an evacuation plan, lack of an occupational risk prevention program, etc.

One of the cases detected involved training of the operators in charge of the firefighting department at the facilities of a supplier to the bioenergy business in Brazil. Once this case of non-compliance was identified, consisting here of a lack of courses and drills, Abengoa contacted the supplier and monitored resolution of the problem based on the observations made.

When a case of non-compliance is detected, Abengoa establishes a **plan of action** that results in collaborative work with the supplier in order for them to be able to adapt to the established requirements. The goal is to work together with suppliers in order to resolve non-compliance, while seeking to convey **responsible performance** to the supply chain.

### Supplier registration and approval platform

Abengoa has been working since 2013 on creating a supplier registration and approval platform to enable the company to systematize all phases of the existing Responsible Procurement System described in the previous section. The primary objectives of this project are as follows:

- › To establish a **standardized authorization process** for all Abengoa suppliers, including sustainability criteria and taking into account the geographical and operational diversity in the operations conducted by the company.
- › **To lower the risk involved in procuring** goods and services, maintaining or improving agility by setting up efficient administrative processes.
- › To carry out **more exhaustive evaluation** of the supply chain, generating an assessment and rating for every supplier in order to reward excellence and penalize a lack thereof (severing commercial ties). The purpose of this model is to quantify the relative position of suppliers according to the way they manage social responsibility affairs so that this can be taken into account when tendering or contracting with them. Some of the auditing processes will likewise be automated to make the process of selecting suppliers to be audited more efficient.
- › To facilitate **more effective communication** thanks to a single database containing information on suppliers, which can be consulted by anyone looking to place orders with these suppliers. The suppliers will in turn be assigned a single contact person to whom they should send their information.

Platform launch and implementation will take place gradually, with a pilot phase in Spain (2015) and progressive deployment according to region.

The supplier platform will feature an audit module that allows audit information and results to be shared across group companies. This will provide the company with information on incidents detected and observations stemming from the auditing process, as well as the action taken, including the ability to block suppliers that fail to meet the requirements in place.

These audits will enable Abengoa to carry out more exhaustive assessment of supplier activities.

G4-DMA, G4-EC9

## Locally-based suppliers

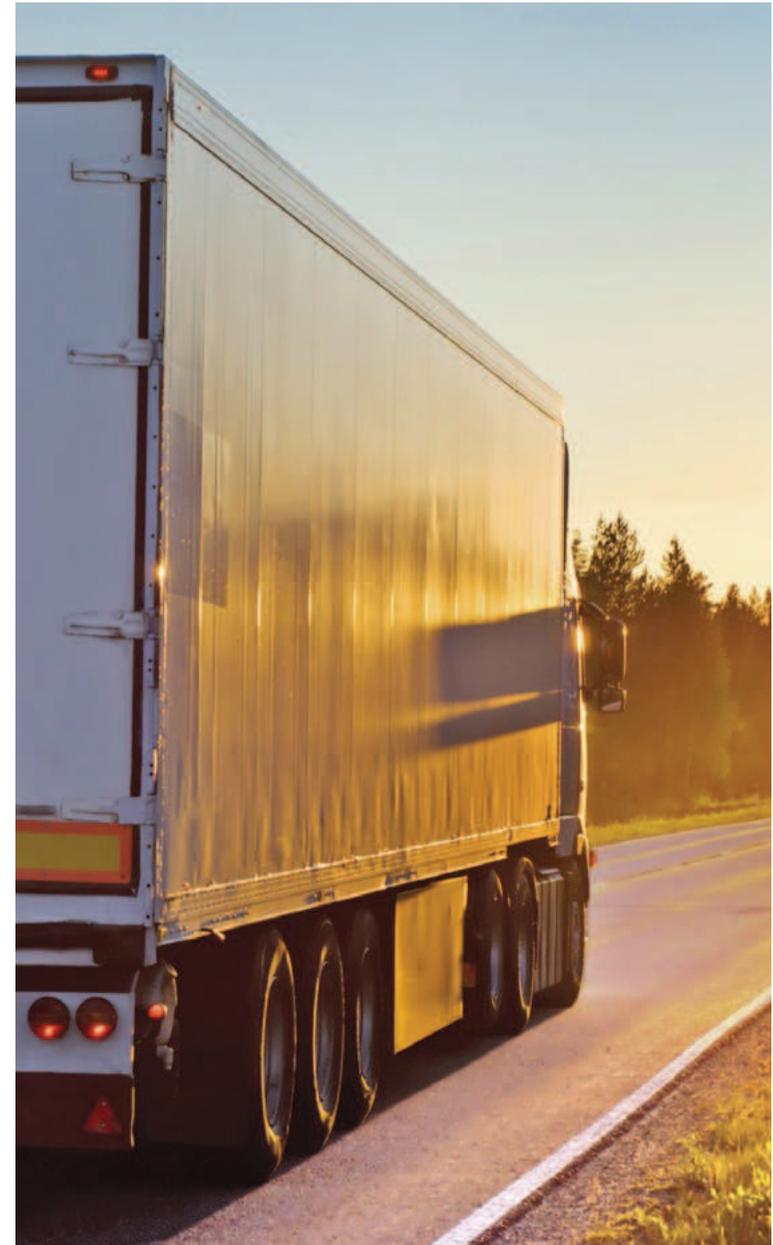
2020  
**Objective**  
associate  
\*\*\*\*\*

Abengoa is heavily committed to the **economic and social progress of the communities** where it operates and therefore seeks to drive wealth generation in the countries where the company is present by implementing and developing economic relations with local suppliers.

Working with **locally-based partners** enables the company to strengthen and support a stable local economy, helping improve living conditions in the areas where it carries out its activities through direct and indirect job creation and by indirectly attracting investment.

The percentage of purchases made from locally-based suppliers totaled 76 % in 2014 (78 % in 2013 and 82 % in 2012).

Country	2014		2013		2012	
	% purchasing with local suppliers	% purchasing country / Abengoa purchasing	% purchasing with local suppliers	% purchasing country / Abengoa purchasing	% purchasing with local suppliers	% purchasing country / Abengoa purchasing
Brazil	95	5	97	6	72	6
Holland	82	6	74	7	70	7
Spain	81	28	78	34	82	33
U.S.	78	32	86	30	91	36
South Africa	67	5	30	4	87	2
Mexico	59	9	85	4	73	4



G4-DMA, G4-EN27

## A complete range of products and services to meet customer needs

Abengoa works to fulfill the needs of its customers by maintaining **fluid, transparent communication** to achieve **more effective management and minimize impacts**.

In a way that parallels the case describing suppliers, customers underwent further scrutiny in 2014 through a materiality study to identify the most relevant issues at each point of the value chain. The process yielded a set of risks and impacts which the company strives to mitigate through the initiatives described below:



Abengoa, we provide innovative technology-based solutions for sustainability that help lower the impact of our customer's activities

### Main risks involving Abengoa customers

Risk	Economic impact	Social impact	Environmental impact	How Abengoa manages these risks
Corruption, bribes, fraudulent practices and money laundering.	Unfair competition.	Loss of confidence in the sector.	Not applicable	<ul style="list-style-type: none"> <li>› Code of conduct.</li> <li>› Compliance program.</li> <li>› Audits conducted by the unit dedicated to prevention and detection of corruption and fraud.</li> </ul>
Product and service quality.	Loss of competitiveness.	Loss of trust and credibility.	Failure to meet environmental requirements.	Product and service quality management systems.
Reliability in upholding commitments.	<ul style="list-style-type: none"> <li>› Costs associated with loss of credibility due to failure to uphold commitments.</li> <li>› Loss of future projects.</li> </ul>	Loss of credibility and trust.	Loss of credibility and trust.	Direct and regular dialog with customers.

G4-DMA, G4-PR5, G4-PR7, G4-PR8, G4-PR9

Respect for clients and quality of the products and services provided by the company are company hallmarks and underpin the daily efforts of the team of people who make up the company. Over the course of the year, through the formal communication mechanisms in place at Abengoa, there were no reports of either fines or sanctions in relation to customer privacy or non-compliance with regulations involving product and service provision and use. Likewise, there were no reports of any incidents involving communication or marketing.

## Client satisfaction, our priority

For Abengoa, **fulfillment of its commitments and a focus on full client satisfaction** drive all company endeavors and embody all Abengoa projects, products and services.

This approach to business is verified by accredited entities to assure that the company’s management systems are compliant with international standards such as ISO9001<sup>5</sup>, which ensures that company processes are aimed at improving client satisfaction year after year.

Each group company has a management system in place to gauge and evaluate client satisfaction by addressing any suggestion or complaint as quickly as possible. All complaints are rigorously reported, with an individual in charge of the matter assigned to resolve each one and identify the underlying causes, implementing the corrective measures need to prevent reoccurrence.

In addition, after client satisfaction and the effectiveness of the corrective steps taken have all been analyzed, action plans are implemented to maintain the highest degree of satisfaction among all Abengoa clients.

The score for overall Abengoa client satisfaction in 2014 was 73 points on a scale of 1 to 100, and the percentage of responses received totaled 73 %.

ISO 9001	2014	2013	2012
Certified companies according to sales volume (%)	89.88	96.39	99.00

The fluctuation in percentages is due to the creation of new companies. A period of time is needed between their creation and implementation and certification of quality management systems.

Note 5 ISO 9001: international certification of quality management systems.

G4-DMA, G4-EC7, G4-EC8

### Tools for managing customer satisfaction

Abengoa has tools in place for effective monitoring of commercial matters through real-time communication across the organization to facilitate decision-making.

**Commercial Action 3.0:** application which provides daily updates on client management and commercial processes in progress. In 2013, a complete revision of the application was performed so as to streamline the management process and facilitate use of the application via mobile devices.

**Salesforce:** a computer application was created in 2014 for managing future businesses. It allows the commercial network to optimize processes by reporting opportunities detected anywhere in the world (all application users have access to information on such opportunities to monitor their evolution). This enables coordination between the different regions so as to have up-to-date, global information available for setting and monitoring commercial targets.

**Abengoa Easy Management:** this corporate application was implemented over the course of the year to manage any company action plan and to report incidents and the corresponding corrective measures taken. The instrument was designed to reflect Abengoa's reality, which has led to improvements in managing tasks and teams with a significant advancement in the model for managing knowledge management and lessons learned through employee experience and relations with other stakeholders. This standardized management provides consolidated information that is broken down by business, area, etc., which facilitates strategic decision-making and aids in establishing specific policies for moving forward in a culture of excellence and increasing client satisfaction.



## Abengoa's relationship with society

Given that the company conducts its activities in 57 countries, with upward of 24,000 employees spanning the entire globe, Abengoa undoubtedly has a high impact on society, as does society on the company. Accordingly, the company **seeks to improve its impact on society** and thereby minimize risks.

In relation to the positive impacts Abengoa generates for society, and as described in the chapter titled "Business Model", the company provides water desalination, reuse and pipeline solutions **to offer access to drinking water** in regions in which water supply has been unfeasible until now. It also **generates electrical power using renewable sources**; ensures access to electricity in remote regions through **transmission** lines and promotes sustainable transportation through **bioethanol** production.

Abengoa, through its energy activity, seeks to impact positively in the local community and the environment.

In 2014, the company's main projects under construction or in operation resulting in public benefit were the following:

Project name	Investment for public benefit	Direct impacts	Indirect impacts	Region	Investment made at 31.12.2014 (%)
Peralta wind farm	50 MW wind farm	Supplies clean energy. Cuts annual CO <sub>2eq</sub> emissions by 101,127 t.	Indirect job creation.	Uruguay	100
Talas de Maciel wind farm	50 MW wind farm	Supplies renewable energy. Cuts annual CO <sub>2eq</sub> emissions by 118,414 t.	Staff recruited indirectly for transport, freight and other services.	Uruguay	88
Kaxu Solar One	100 MW parabolic trough plant	Supplies clean energy to 90,000 homes. Cuts annual CO <sub>2eq</sub> emissions by 315,000 t. Creates direct employment	Indirect job creation. Developing the services sector in areas close the projects.	South Africa	90
Khi Solar one	50 MW superheated steam power tower	Supplies clean energy to 45,000 homes. Cuts annual CO <sub>2eq</sub> emissions by 183,000 t. Creates direct employment	Indirect job creation. Development of the services sector in areas close to the projects.	South Africa	82
Mojave Solar	280 MW parabolic trough plant	Supplies clean energy to over 54,000 homes. Cuts yearly CO <sub>2eq</sub> emissions by over 350,000 t. Creates direct employment	Upwards of 900 jobs created during the construction and operation phases and in the region of one thousand indirect jobs.  Development of the services sector in areas close to the projects.	United States	99
Accra desalination plant	Desalination plant capable of generating 60,000 m <sup>3</sup> of desalinated water a day	Supplies drinking water to the towns of Teshie, Tema and Nungua, and to the outskirts of the capital city Accra. Maximizes social and health benefits by supplying clean, safe and reliable water	Development in the local community. Increases business opportunities in the tourism and restaurant sector and creates small-scale industries.	Ghana	26
Tenes desalination plant	Desalination plant capable of generating 200,000 m <sup>3</sup> of desalinated water a day	Provides the local community with access to drinking water. Maximizes social and health benefits by supplying clean, safe and reliable water	Development in the local community. Increases business opportunities in the tourism and restaurant sectors and creates small-scale industries	Algeria	17

Abengoa projects must be consistent with the mission and vision of the company and therefore its business model based on sustainable development. Therefore, it is essential having a methodology to manage ( prevention and mitigation ) any possible negative impact that may arise from their projects , designing appropriate preventive and corrective measures to each situation.<sup>6</sup>

Note 6 More detailed information about impacts and mitigation measures in some of the most important projects of Abengoa in Appendix C.

G4-DMA, G4-SO2

From the perspective of **society's potential impact on Abengoa**, as defined in the materiality analysis<sup>7</sup>, there are issues that are crucial for Abengoa and which have to do with how company activity is affected by different social agents.

**Main risks involving society in relation to Abengoa**

	<b>Economic impact</b>	<b>Social impact</b>	<b>Environmental impact</b>	<b>How Abengoa manages these risks</b>
Need for a stable legal framework.	Missed opportunities or financial instability due to the loss of trust among investors.	Migration to countries with more advantageous regulatory frameworks.	Failure to comply with legal requirements.	Abengoa has internal systems in place that provide the company with information on changes in legislation and the regulatory environment in its countries of operation.
Adaptation of the company to the environment in which it operates.	<ul style="list-style-type: none"> <li>› Difficulties in securing financing in certain regions.</li> <li>› Lack of access to raw materials in changing environments (due to either scarcity or higher prices).</li> </ul>	<ul style="list-style-type: none"> <li>› Cultural clashes.</li> <li>› Social rejection of certain projects.</li> </ul>	Regions with limited access to resources.	Abengoa has a Global Risk Management System for identifying and controlling risks, which allows the company to address global risks and adapt to changing environments.
Communication with local communities.	Obstacles to proper project development.	<ul style="list-style-type: none"> <li>› Social rejection of the project.</li> <li>› Loss of trust and credibility.</li> </ul>	Not applicable	<ul style="list-style-type: none"> <li>› As well as investing in the project itself, Abengoa invests in development projects in its regions of influence.</li> <li>› Open house events are held periodically with the local community.</li> </ul>

**Note 7** Further information can be found in the chapter titled "About this report".

## G4-DMA

## Mechanisms for protecting human rights

Abengoa seeks sustainable growth based on respect for human [rights](#), both within and outside the company, and throughout the company's value chain and sphere of influence.

To uphold this commitment, the company embraces and integrates into its activities the principles which govern the [United Nations Universal Declaration of Human Rights](#), the SA8000<sup>8</sup> standard and [the principles included under the Global Compact](#) and OCDE guidelines

Abengoa also categorically condemns all forms of child labor in accordance with Convention 138 of the International Labor Organization (ILO)<sup>9</sup> on minimum working age.

As a multinational company Abengoa develops systems for controlling and preventing human rights violations. Along these lines, the so-called Common Management Systems were developed to ensure that the company upholds these commitments. The systems establish norms of obligatory compliance for all company employees, with no exceptions and regardless of where activities are conducted.

The company also has a Universal Risk Model (URM) to ensure proper management of the risks associated with violations of human rights in company activities or in supplier operations. Other mechanisms designed 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.

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**Note 8** SA8000: international certification establishing minimum conditions for engagement in socially responsible labor practices that bring benefits to the entire supply chain.

**Note 9** Convention 138 of the International Labor Organization (ILO): Convention concerning minimum age for admission to employment (date of enactment: June 19, 1976). [\(+info\)](#)

There were no activities or incidents in 2014 that implied risks involving discrimination, freedom of association, child labor or forced labor.

The internal NOC pertaining to human resources lists all of the 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 Social Responsibility (LSR) management system, the Code of Conduct and the whistleblower channel, among others.

Abengoa's compliance program was implemented in 2014 in the form of a new 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 of potential non-compliance and the risks associated with these.

The [Abengoa Code of Conduct](#) contains guidelines and measures for preventing incidents from occurring 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 handling professional and personal conflicts of interest.

The entire company is called upon to take the initiative in improving business processes and working and environmental 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, suggestions via the Employee Portal and satisfaction surveys.



The development in the social communities in which the company operates is essential to Abengoa

## Positive impact on local communities

Abengoa believes that working alongside the local communities where it operates and invests in development and growth **reaps benefits that go beyond economic returns**, and views this as an indispensable part of the company's **"social license to operate"**<sup>10</sup>. This intangible is something that companies should protect above everything else because it is extremely difficult to obtain.

Abengoa's social engagement is channeled through the [Focus-Abengoa Foundation](#). The foundation has been working for over 30 years to advance social and cultural development in the communities where Abengoa is present.

In 2014, the company made the decision to report its social performance in line with the criteria proposed under [London Benchmarking Group \(LBG\)](#) methodology. This model provides a system to measure, manage, assess and report contributions, achievements and impacts of the company's social action on the community, which improves information transparency and comparability.

In 2014, investment in social engagement **was €9.5 M**, up by 4.4 % year on year to reach 0.13 % of company sales for the year.



Girls in Nani Singloti Mission. Gujarat. India

**Note 10** "Social license to operate" refers to the acceptance of a project (be it commercial 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 impact mitigation efforts carried out by the company.

### Breakdown of investment in social engagement

Category	2014 <sup>(1)</sup>	Prominent action
Charitable donations	1,086	Seven activities related with the education
Community investments	6,322.3	PE&C (more information in this chapter)
Commercial initiatives	2,050.7	Eight reforestation
<b>Total</b>	<b>9,459</b>	

(1) Given that this is the first year of application of this reporting methodology, comparisons with previous years cannot be provided.

### Breakdown of investment in social action

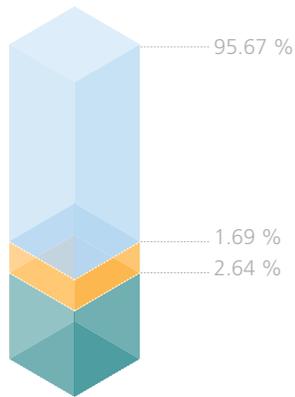


2020  
**Objective**  
associate  
\*\*\*\*\*

**215**

**social implemented initiatives**

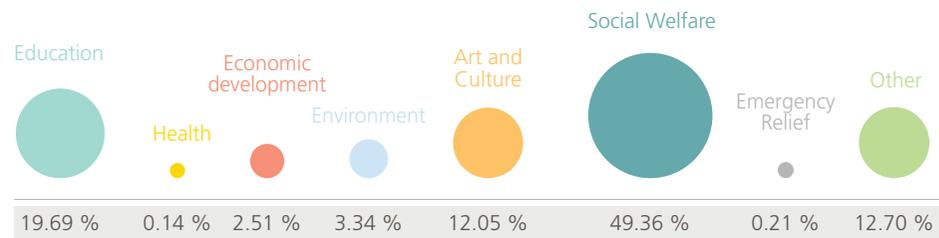
### Social investment distribution by type of contribution



- Time
- In-Kind
- Cash

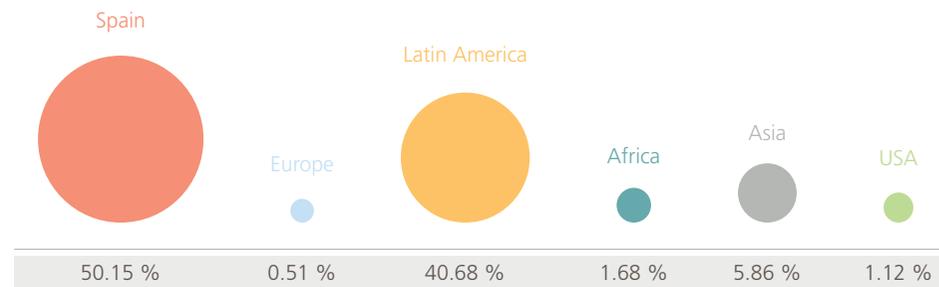
Type of contribution	Investment (k€)	%
Cash	9,049.7	95.67
Time	249.6	2.64
In-Kind	160.2	1.69
<b>Total</b>	<b>9,459.5</b>	

### Social investment distribution by area of activity



Area of activity	Investment (k€)	%
Education	2,055.6	19.69
Health	59.7	0.14
Economic development	301.7	2.51
Environment	386.3	3.34
Art and Culture	1,275.6	12.05
Social Welfare	4,017.3	49.36
Emergency Relief	66.9	0.21
Other	1,296.4	12.70
<b>Total</b>	<b>9,459.5</b>	

### Social investment distribution by region



Region	Investment (k€)	%
Spain	5,173.64	50.15
Europe	104.48	0.51
Latin America	3,138.46	40.68
Africa	224.15	1.68
Asia	651.50	5.86
USA	167.25	1.12
<b>Total</b>	<b>9,459.5</b>	

Together with the Focus-Abengoa Foundation, Abengoa has established **courses of action** that provide the foundations for the company's social engagement efforts: **supporting culture, social development and education and research.**

## Supporting culture

Recovering Sevillian Baroque heritage and making it available to society.

Highlight initiatives carried out in 2014:

- › In 2014, the foundation lent the "Santa Rufina" and "Inmaculada" works by the Sevillian painter to the Velázquez exhibitions held in Vienna and Paris.
- › The [11<sup>th</sup> edition of the Baroque School](#) was held. Entitled "Enterprises and Entrepreneurs in Baroque Times", the event provided an overview of the role played by both economic actors during the period, which was considered the first globalization of markets and their role in relation to art heritage and the art market according to the principles of European capitalism in the 17<sup>th</sup> and 18<sup>th</sup> centuries.
- › Acquisition of the Bartolomé Esteban Murillo painting titled "San Pedro Penitente de los Venerables", marking its return 200 years later to its place of origin after being stolen in 1810 from the Hospital de los Venerables, the current headquarters of the Focus-Abengoa Foundation, as part of the pillaging that occurred during Napoleon's invasion.

In 2014, the Focus-Abengoa Foundation also awarded the following awards in relation to art and culture:

### [Alfonso E. Pérez Sánchez Award.](#)

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.

### [Award for the best doctoral thesis on a theme 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

improves his or her future professional options. The winner of the prize in 2014 was Juan Fernández Lacomba for his work titled "Pintura de paisaje y plein-air en Andalucía: 1800-1936. Procesos culturales y corpus global".

### [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 in Hospital de los Venerables in Seville. The award is international and multidisciplinary, welcoming the use of any painting technique and subject matter. In 2014, the [prize was awarded](#) to a painter hailing from Madrid, Óscar Seco, for his work titled "Little Nemo in Secoland".



*Little Nemo in Secoland*, work awarded the International Painting Prize.

### [The Javier Benjumea Puigcerver Research Award.](#)

The Javier Benjumea Puigcerver Research Award was set up in 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 11th edition of the award program was held in 2014, and the prize was handed to Ernesto Carmona Guzmán, professor of inorganic chemistry at the University of Seville, and Jesús Campos Manzano, post-doctorate researcher at the university, for their work entitled "Catalytic incorporation of deuterium and tritium in hydrosilanes. Isotopic marking of organic molecules of biochemical and pharmacological interest".



In 2014, our employees conducted 11,521 hours of volunteering, up 10.3 % on 2013

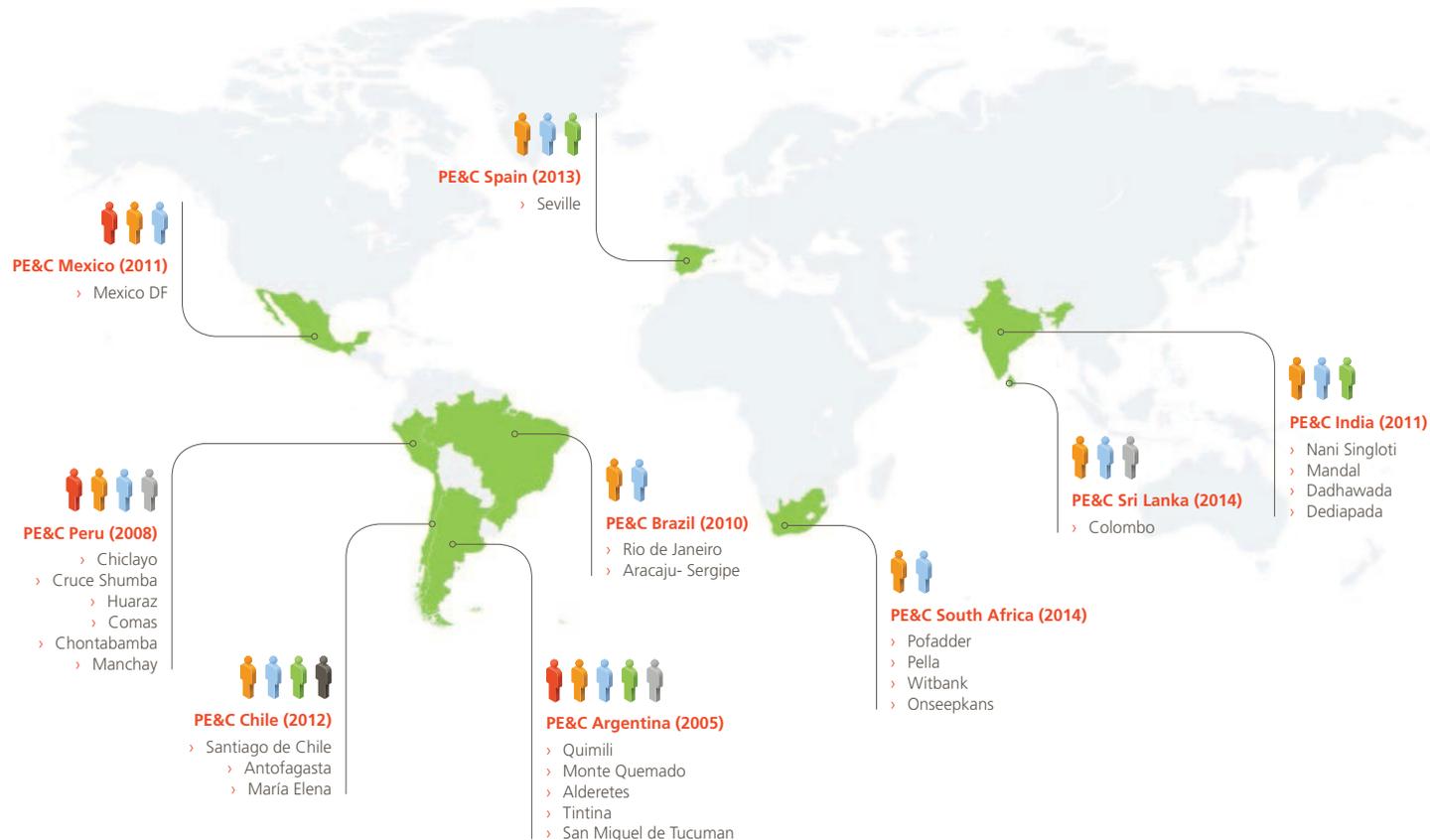
### Social Development

**Socio-economic development** of the **communities** and regions where Abengoa has a presence through its projects and offices.

### PE&C

A flagship initiative of the Focus-Abengoa Foundation is the **“PE&C: People, Education and Communities” social development program**. The program embraces the mission of **social development through education**.

The program was unveiled in 2005 in **Argentina** and is currently being implemented in nine regions: **Peru, Brazil, India, Mexico, Chile, Spain, Sri Lanka** and **South Africa** (the latter two offices were opened in 2014). New locations were also opened during the year in countries where the initiative was already active, namely in Chile (Maria Elena community, Atacama Desert), Mexico (communities in the state of Tabasco) and Peru (the Santa Rosa and Pachma communities in the western region of the country).



In these geographical regions, the program relies on education to foster the integration of the most vulnerable social groups: children, women, senior citizens, disabled persons or families in situations of poverty or social exclusion in 2014 the program had **5,795 direct beneficiaries**.

The PE&C is a program with its sights on long-term gains, always working alongside local organizations to ensure that the specific characteristics and needs of each community are duly taken into account.

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.

Abengoa has three basic tools for this purpose:

- › The aforementioned **LBG methodology**, applicable to all projects and initiatives.
- › **SROI (Social Return on Investment) Assessment**. In 2011, Abengoa devised an instrument based on the SROI model which enables the company to analyze the impact of and return on its social development programs on an annual basis. This analysis is used to evaluate PE&C projects, given their complexity and long-term nature. In 2014, analysis was conducted on 6 of the 9 program sites in place. <sup>11</sup>

**Note 11** Program sites assessed using SROI methodology in 2014 (applying a 2013 base year and 2013 outcomes) were the following: Argentina, Peru, Brazil, India, Mexico and Chile. The remaining program headquarters, located in Seville, South Africa and Sri Lanka, did not have the maturity needed to undergo this assessment.

5,796  
PE&C direct beneficiaries

- › **Annual community engagement plans and approval procedure**. Each year Abengoa subsidiaries must draw up social engagement plans in which every action carried out must undergo a specific authorization process which is finalized with approval from the company's chairman following analysis performed by the CSR director.

In order to engage employees and their families and friends and the community at large in these initiatives, a program was created to promote volunteering in the range of educational and cultural activities organized. In 2014 Abengoa's employees realize **11,521 volunteering hours**. The network of volunteers is structured into two major categories:

- › **Cultural volunteering**: aimed at 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 is geared towards people who wish to collaborate on program activities. There are different ways to get involved:
  - **Volunteering vacations**. Abengoa employees, along with a companion, have the chance to spend part of their vacation time at a PE&C program headquarters and thereby collaborate on site in the project by helping different program beneficiaries.

11,521 h  
dedicated to social initiatives  
engagement

- **Job pool.** This volunteering option is supported by a computer application through which PE&C coordinators periodically upload jobs requiring help that can be carried out by employees without having to leave the office.
- **Monetary donation.** Monetary contributions can be made to any PE&C project through a computer application.
- **Corporate volunteering.** In geographic regions where there is a PE&C headquarters, Abengoa employees and their family members can carry out hands-on volunteering. The program prepares an annual calendar of activities for people to participate in.

## Education and research

Furtherance of **education** and **scientific research** on the subject of **renewable energies** and **climate change**

The [Forum on Energy Transition and Climate Change](#) was inaugurated in 2014. This initiative was conceived with the aim of raising social awareness of the importance of **energy transition** in migrating from fossil fuels to renewable energies. It has become an central pillar of the Focus-Abengoa Foundation, which has rolled out a series of measures and activities aimed at bringing about a change in the current energy model.

The forum is aimed at university students, professors and sector practitioners, and more generally to all citizens interested in these matters.

Over its first year of existence, the forum engaged in the following activities:

- › [Development of the forum website](#), the forum's principal instrument of dissemination containing information on the importance of energy transition and climate change, etc. Noteworthy among its sections is the forum [blog](#), where summaries of current topics are posted, as well as a monthly editorial analyzing a problem or theme of relevance during the month and, finally, a variety of articles providing in-depth coverage of specific issues.
- › [Opening conference, held in May in Seville and delivered by Lord Nicholas Stern](#), president of the Grantham Research Institute on Climate Change and the Environment, former economic director of the World Bank, and author of the "Stern Review on the Economics of Climate Change". The opening lecture was attended by around 200 people and the other presentations enjoyed attendance of around 80 people per day.
- › [Road to Paris 2015](#). The 'Road to Paris 2015' event took place in November in Madrid, with the first round table session discussing the state of international climate change negotiations and the prospects for an international agreement in Paris in 2015. The purpose of the seminar, to be held every three months, is to promote, through dialog with a variety of experts, **a change in the energy model in Spain** and provide support via public opinion.
- › [International seminar on renewable energies as an instrument for combating poverty](#). This event took place at the Loyola University of Andalusia in November and, like the other initiatives carried out by the forum, its objective was to observe and analyze what is happening in the world regarding energy transition and disseminate the information. Those in charge of delivering the training sessions were experts from the university and research sector, in addition to members of prestigious foundations, Spanish agencies, and Abengoa executives, among others.

In addition, the Focus-Abengoa Foundation continues to promote and further education through agreements held with nearly 30 academic institutions, five of which are located in Latin America and the rest in Spain. It also works on the scholarship and award program for employees and their family members.

5 compulsory secondary education prizes	4 High school prizes	2 intermediate vocational training prizes
2 advanced vocational training prizes	8 university degree completion prizes	Scholarship scheme for further study abroad
4 foreign language study grants	2 higher education grants for university studies	20 awards involving Abengoa programs

Associated investment: 271.6 k€.

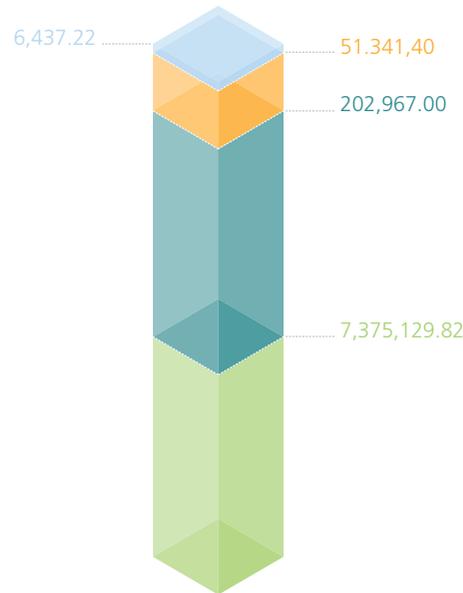


During 2014 we spent € 271,690 to awards and grants

## Contribution to the community: wealth creation

In 2014, the social cash flow (and distributed economic value) was € 7,366 M.

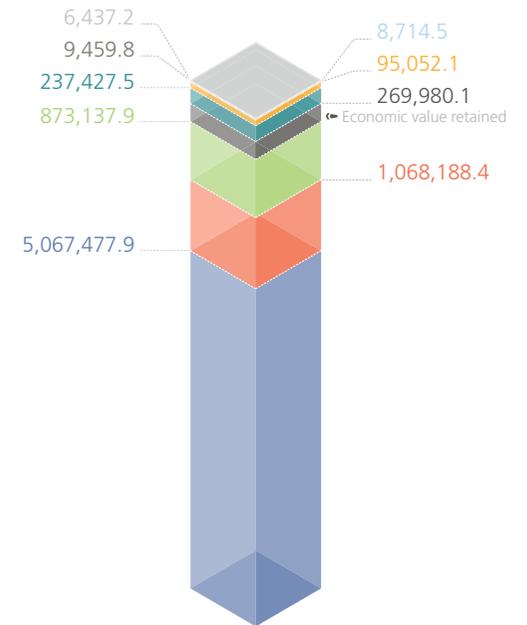
Economic value generated



- Profits of associates
- Financial income
- Other operating income
- Revenues

Data in euros

Economic value distributed and retained



- Others
- R&D
- Social investment
- Payment to the Public Administration
- Investors
- Economic value retained
- Employees
- Other capital suppliers
- Suppliers

Data in K€