

Title:

Social Investment

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Change Control

Revision	Remarks
0	First broadcast
1	The plan updates the codifications and names of the documents of the management system applicable to the Central 38 CC Norte III, the section of supervisory responsibilities is replaced by Community Service Manager, the Compliance Department and the Finance Directorate are added, O&M Director is replaced by Asset Director, Indicators for the social management system are added.
2	According to the update of the EvIS, the social investment strategy of the project is created, with specific guidelines and axes for its implementation, so the document is restructured in its entirety and a new codification is created.

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1. OBJECTIVE AND SCOPE

1.1 Objective

Generate strategic social projects and programs throughout the life of the project, following a series of principles and steps to ensure that social investment in the localities is implemented strategically, thus promoting improvements that last in the quality of life of the localities, that generate business value and ensure broad community support, Risk reduction, increased productivity, and/or competitive advantage.

1.2 Scope

This document is mandatory for all personnel working at Abeinsa and service providers within the facilities of the 38 CC Norte III plant.

2. REGULATIONS AND REFERENCE DOCUMENTS

- Mexican laws and regulations.
- Equator Principles (EP) (in force).
- International Finance Corporation (IFC PS) Performance Standards (current).
- AGREEMENT by which the General Administrative Provisions on the Social Impact Assessment in the Energy Sector are issued.

3 DEFINITIONS

Abeinsa: Abeinsa Juárez N-III, S.A de C.V., owner of the 38 CC Norte III plant.

Stakeholders: People, communities, groups, organizations, institutions, authorities and any other that may have an influence on the design, implementation, and sustainability of the project.

Support: Supplies, materials, equipment, or movable property that are acquired directly by Abeinsa for delivery and benefit of the stakeholders Interest.

Area of influence (AI): Physical space that will probably be impacted by the development of the project during all its stages.

Area of direct influence (AID): Space surrounding or contiguous to the area of the nucleus in which people live and the socioeconomic and sociocultural elements that could be directly impacted by the works and activities, which are carried out during the different stages of the project.

Area of indirect influence (IIA): Physical space surrounding or contiguous to the area of direct influence in which people live and socioeconomic and sociocultural elements are located, which could be indirectly impacted by the works and activities that are developed during the different stages of the project.


Core Area (NA): Physical space in which the project infrastructure is intended to be built and where the activities and processes that compose it are developed; including a buffer zone where the project activities could impact in a differentiated way the people living in the existing settlements.

Community: A group of people who inhabit a particular place and share a sense of identity, interests and everyday interactions and have common political and/or social institutions.

EHS/QA: Environmental, Safety, Occupational Health, and Quality.

EP: Equator Principles

Stages: One or more phases/activity of the Project.

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EVIS: Social Impact Assessment, document that contains the identification of the communities and towns located in influence of a Project.

IFC PS: International Financial Corporate Performance Standard.

Environmental impact: Indicates the impact or impacts that are intended to be prevented, mitigated, corrected or compensated.

Community Care Mechanism (MAC): Set of procedures, functions, and guidelines to receive, record, evaluate and methodically attend to any external communication, whether complaints, disagreements, questions, requests, or suggestions.

PGS: Social Management Plan.

Service provider: Any natural or legal person who offers or presents a service activity.

Project: A single process, consisting of a set of coordinated and controlled activities with start and end dates, carried out to achieve an objective according to specific requirements, including time, cost, and resource constraints.

Follow-up and monitoring: refers to the follow-up and monitoring indicators that will be used for the continuity of the proposed measures to address the identified impacts.

4. ROLES AND RESPONSIBILITIES

CEO

It is responsible for setting the objectives and goals of the organization, as well as:

- Provide the necessary resources to ensure the implementation of the present.
- Review the proposals of projects or supports derived from the present.
- It is responsible for ensuring that at all levels of organization they are aware of the expectations of quality, environment, social management, safety, and health at work of the project.
- It is responsible for ensuring the preparation, review, updating, approval, and implementation of this plan, including its annexes.
- It is responsible for ensuring the correct communication and dissemination of the present.
- It has the authority to carry out Abeinsa voluntary adherence to the plant's operator's management system policy.
- It has the authority to approve projects or support derived from the present.

ASSET MANAGER

It is responsible for disseminating the objectives and goals of the organization, with its staff in charge to achieve the desired results, as well as:

- Manages the necessary resources before the general management to ensure the implementation of the present.
- Review the proposals for projects or support derived from this one.
- It is responsible for ensuring the preparation, review, updating, approval, and implementation of this plan, including its annexes.
- It is responsible for ensuring that all personnel in charge are fully aware of the expectations regarding compliance with the legal and regulatory requirements of quality, environment, social management, safety, and health at work of the organization.
- It is responsible for the correct communication and dissemination of the present to all staff.

COMPLIANCE MANAGEMENT

- She is responsible for supervising and monitoring compliance with **ABSA-CO-PR-01 Compliance Policies North III** and all its annexes.
- It is responsible for reviewing, updating, disseminating **ABSA-CO-PR-01 Compliance Policies North III** and all its annexes.
- It has the authority to approve the delivery of support resulting from the implementation of the social investment plan, based on **ABSA-CO-PR-01 Compliance Policies North III**.
- It has the authority to approve from the legal field the PGS and the programs derived from it.
- He is jointly responsible with the MAC EHS/QA supervisor.

FINANCE DEPARTMENT

- He is responsible for managing the funds for the plant.
- It ensures that it has the funds for the development of projects and social investment support.

SUPERVISOR DE EHS/QA

It is responsible for developing, reviewing, updating, and implementing this and its annexes, as well as:

- Communicate the results of the EvIS and the actions derived from it to the general director, asset director, compliance management and finance management for its proper implementation.
- Advise management and supervisory staff on legislation and procedures in this area, as well as the contractual requirements of Abeinsa and the interested parties.
- He is responsible for submitting follow-up reports to the asset director.
- It is responsible for collecting, organizing, and servicing QIPS.
- It informs the entities that have been selected and approved for projects or support.
- He is responsible for requesting the director of assets to manage the resources necessary for the implementation of the present.
- It is responsible to the MAC compliance directorate.

PERSONNEL

You are responsible for complying with the provisions of this and its annexes.

- It is responsible for maintaining conduct in accordance with the provisions of **ABSA-CO-PR-01 Compliance Policies North III**.

5. PROCEDURE

General guidelines for social investment

Social investment is understood as the resources allocated by the company to strengthen the social aspects of the IA community and promote its development in the short, medium, and long term. Thus, the social investment of the project is characterized as follows:

- **Strategic:** It focuses on areas aligned with the company's policies and has short, medium, and long-term objectives.
- **Participatory:** Contributes to the well-being of community members by involving stakeholders.
- **Sustainable:** Promotes that local actors and communities take responsibility for their development, avoiding dependence on the project and fostering their autonomy.
- **Measurable:** It has indicators.

To guide social investment programs, it is estimated that the Social Investment Plan will be carried out in two stages, considering that the social dynamics of the localities are constantly changing, as well as the perception of social problems and their solutions. Therefore, the two stages that are contemplated will be:

- a) **First stage:** Research and fieldwork for the identification of main problems, their causes and comprehensive understanding of the problem. At this stage, the procedures **ABSA-EN-PR-01 Community Relationship and ABSA-EN-PR-02 Community Care Mechanism** play a very important role.
- b) **Second stage:** Selection and implementation of the initiative or initiatives that are developed, that have greater scope, generate greater return on social investment, and that are focused on contributing to the solution of the identified and most pressing problem indicated by the inhabitants of the localities of the IA.

The initiatives that are supported as part of the social investment strategy will be defined in conjunction with the actors.

5.1 Identification and assessment of needs

Based on fieldwork findings, the following needs were identified:

- Efficient health services, especially the issue of better care and access to medicines.
- Water service problems, constant leaks
- Lack of support for farmers
- Deterioration of infrastructure in the education sector, lack of furniture, unsafe electrical installations, deteriorated buildings.
- Lack of support in cultural and sports activities.

The identification and assessment of population needs will be a changing process in favor of localities having different perceptions that evolve over time and social, demographic and investment changes in the region. It will be assessed when it is considered necessary to carry out a new identification of needs in the project IIA.

5.2 Alignment with business objectives and development program

Determine which areas are priorities for interest groups and communities, and which may be in line with business objectives. Within the focus areas, it is possible to formulate the objectives and begin to build a strategy to meet them. The company will also align these goals with the Sustainable Development Goals of the United Nations 2030 agenda.

Figure 01. UN Sustainable Development Goals



5.3 Implementation of the social investment program.

For Abeinsa it is very important to contribute to the development of the communities neighboring the plant. Therefore, the social investment program will be guided by the following axes:

- Education
- Sports / cultural
- Infrastructure

5.4 Description of specific actions that make up the social investment program, strategy and/or plan.

As mentioned above, the company has three axes as part of its relationship strategy with neighboring communities, with which it seeks to strengthen the communities that make up the IA of the project through:

Educational infrastructure:

- Development and improvement of educational infrastructure.
- Capacity building (training)


Sports and culture:

- Promotion of health and social fabric through support for sports and cultural activities.

In this sense, a series of actions are proposed that may be modified to the extent that the relationship with the localities of the IA is closer. Likewise, the following activities are aligned with the community relations strategy and with some of the main needs detected during the fieldwork. The following actions are subject to possible changes derived from the dynamics of social interaction. A social investment strategy focused on supporting the improvement of local capacity, while focusing on long-term results, will be developed, and confirmed through participatory processes using the **ABSA-EN-PR03-FR01 Needs Detection Interviews format**.

Table 01. Description of the actions of the axes for social investment programs.

Strategy axis	Action	Description of the action	Description of the expected benefit	Estimation of the amount allocated for its execution
EDUCATIONAL INFRASTRUCTURE & SPORTS AND CULTURE	Training Programs	Capacity building.	Population prepared for the use of the new donated spaces.	Earring
	Support program and improvement of school infrastructure for children and young people	Carry out actions that support children and young people in their school development through the donation of furniture and materials, as well as the remodeling and improvement of educational spaces.	Improve the educational experience of children and young people in the community.	Earring
	Program to promote healthy social coexistence and community life	Donation of sports equipment.	Programmed to support communities to rebuild the social	Earring

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			fabric through culture and sport

Once the interview process is concluded, the community relations area will review each of the requests derived from these and present them to the active management, so that together the proposals are presented to the management: general, compliance and finance, for evaluation and approval of projects.

Directors shall consider the following criteria for the evaluation of submitted projects:

- **Efficiency:** The ability to adequately perform or fulfill a function.
- **Effectiveness:** It is to achieve a result or effect.
- **Impact:** The resulting state in dimensions or variables of interest generated by an intervention.
- **Relevance:** Whether the purpose of the project is consistent with the priorities.
- **Feasibility:** The ability of a project to "provide an acceptable level of benefits to the target group (beneficiaries).
- **Coverage:** It consists of evaluating to what extent a program reaches the target population.

5.5 Implementation of initiatives

Once the social investment project has been approved by the various directorates, the community relations area will inform the community, institution, or person, selected to carry out the investment project, to coordinate the activities to be executed.

At the end of the social investment project, Abeinsa will ask the representative of the community, institution, or beneficiary to sign the reception letter in two sets, the document issued will be made on letterhead and with the following coding:

AJN3: Abeinsa Juárez Norte III

DON: Support

VAR: Miscellaneous

XXX: Consecutive number

Depending on the case, the EHS/QA supervisor will follow up on the social investment plans, through periodic visits or follow-up meetings, who at the end will prepare a project report in free format.

6. ANNEXES

ABSA-EN-PR03-FR01 Interviews for needs detection.