



08.4 Suppliers

- _ Responsible supply chain management
- _ Commitment to the development of local suppliers

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Suppliers are our main allies in the commitment to sustainable development

Suppliers are Abengoa's main **allies** in achieving maximum quality and efficiency in its products and services, thereby ensuring its market success. Therefore, the company works on forging and developing relationships with its suppliers based on mutual **trust** and benefit.

One of the organization's main objectives in relation to suppliers is the **responsible management** of the supply chain, extending the company's principles and values throughout the chain. To achieve this the company establishes, among other things, the obligation to sign the [Code of Corporate Social Responsibility \(CSR\)](#) and to report Greenhouse Gas Emissions (GHG) related to supplies, while offering ongoing training in different areas related to work risk prevention, environmental management and respect for human rights, (HR).



Photograph taken by Belén Bernardos Colomo, for the fifth edition of the photography competition on sustainable development.

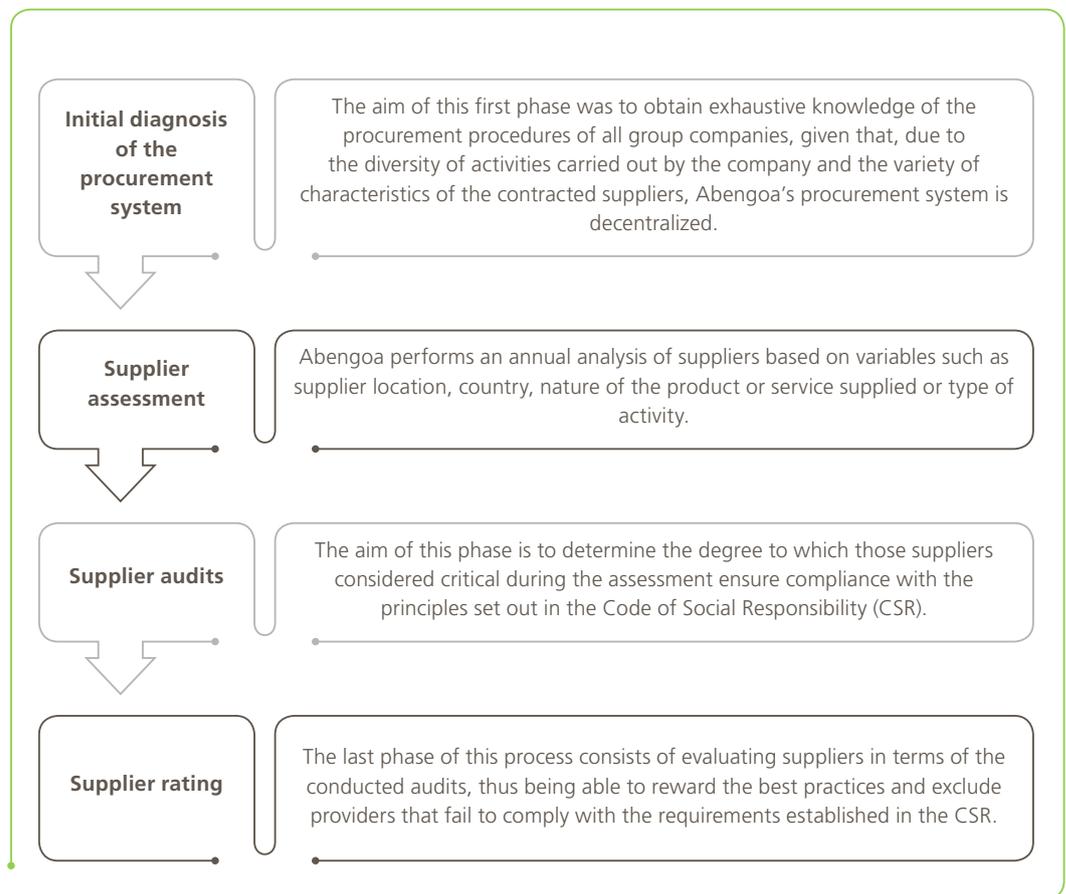
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Responsible supply chain management

The company's commitment to responsible management throughout its supply chain is realized with the following initiatives:

Responsible procurement system

In 2011, Abengoa developed a [Responsible Procurement System](#) with the aim of introducing **sustainability criteria** in our supplier assessments, and to equip the company with the tools and procedures to be able to analyze the level of risk of the suppliers the company works with.



Abengoa's goal is for at least **5 %** of its audits of suppliers deemed critical to be carried out **in person**, visiting suppliers' facilities.

In 2013, 91 personal audits were conducted, which represents approximately 10 % of detected critical suppliers.

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Supplier figures	2013	2012	2011
Analysis of suppliers in relation to human rights	14,389	14,920	12,167
High-risk suppliers in relation to human rights detected within the supply chain	950	564	580
High-risk suppliers in relation to human rights	6.60 %	3.78 %	4.77 %
High-risk suppliers in relation to human rights that have been audited	9.58 %	16.84 %	9.48 %
Number of personal audits conducted	91	95	55

In 2013, some situations of non-conformity were detected during the supplier audits conducted in relation to work schedules and health and safety.

In the event that a supplier fails to rectify the lack of compliance detected, the protocol for course of action includes the possibility of suspending commercial relations with the supplier, as occurred in 2012 when Abengoa stopped working with five suppliers. There have been no findings at Abengoa in 2013 of any cases of non-compliance in relation to sustainability management that have entailed severing commercial ties with a supplier.

Supplier endorsement platform

In 2014, the company plans to implement a supplier registration and endorsement platform that will permit the **systemization** of all phases of the current responsible procurement system.

The main objectives of this project are:

- To establish a **standardized endorsement process** for all Abengoa's suppliers, which includes sustainability criteria and covers the geographic and business diversity of operations.
- To **reduce the risk** in contracting goods and services, maintaining or improving their agility through the creation of efficient administrative processes.
- To make an **exhaustive assessment** of the supply chain, scoring each supplier, thus enabling the company to reward their excellence or terminate commercial relations with them. The aim of this scoring model is to quantify the relative position of suppliers in terms of their social responsibility management so as to have differentiating criteria when carrying out bidding or contracting activities with them.
- To **improve relationships** with suppliers, facilitating communication between both parties.

GHG emissions report: environmental commitment with suppliers

The company's commitment to environmental sustainability is priority in all activities carried out by the organization. To such end, and since the implementation of its Greenhouse Gas (GHG) Inventory in 2008, the company therefore requires all suppliers to report the emissions linked to the products and services they provide to Abengoa.

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This measure extends the organization's commitment to the fight against climate change throughout the supply chain, leading suppliers to implement emission management systems capable of **recording environmental impact** in terms of CO₂, and consequently enabling them to make reduction plans.

Code of Social Responsibility

In order to manage its business with greater integrity and respect for its stakeholders, since 2008, Abengoa has required all the organizations it collaborates with to adhere to the [Code of Social Responsibility \(CSR\)](#) for suppliers and subcontractors. The Code comprises 11 clauses based on the principles of the UN Global Compact and inspired by international standard SA8000.

In order to foster the observance of and compliance with social and environmental regulations, suppliers are obliged to undertake to the organization that all their activities will be governed by said Code. Likewise, with the signing of this agreement suppliers agree to any kind of inspection to verify the correct compliance with the principles. The revision of compliance with the CSR aims to ensure a greater transparency of operations.



Photograph taken by Manuel Santamaría González for the fifth edition of the photography competition on sustainability development.

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Labor Social Responsibility Policy for employees and suppliers

Abengoa is **firmly committed** to the **safety** of its employees, extending such commitment to its suppliers through its management system designed in accordance with standard SA8000, which, among other matters, establishes supplier evaluation and selection procedures based on labor social responsibility criteria, developing control mechanisms to ensure compliance with its policy.

The system equips the company with the necessary tools to move forward with the implementation of the principles of the [UN Global Compact](#), involving not only Abengoa, but also the suppliers and contractors that provide goods and services.

Supplier training

Abengoa is aware of its responsibility with the supply chain, and it therefore sees the need to develop the skills of suppliers through training related to the areas relevant to the organization. Among other areas, the company gives training sessions on health and safety conditions, non-corrupt practices, respect for human rights, use of corporate management tools, and the good use of natural resources and product quality standards.

Digital Identification

2013 saw the implementation of the Print project, an innovative project permitting the management of all health and safety information of suppliers and employees working on the projects, which includes personal identification by fingerprinting. The aim is to ensure that all employees who access the projects comply with the legal, safety and training requirements demanded by the organization.

The system permits the filing and control of each employee's information, which is especially useful in countries where insufficient measures are in place for the identification of their citizens.

It was implemented this year in company projects in different locations, such as Argentina, Peru, India and the US, among others. The system now has more than **14,000 persons** registered, and plans are in place to continue expanding the number of locations and users next year.



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Commitment to the development of local suppliers

Abengoa has a **strong commitment** to the economic and social development of the **communities where it conducts its business**, in view of which it contributes towards the creation of wealth in the countries where it operates, the development of contractual relationships with local suppliers, and the indirect attraction of investment. The total percentage of volume purchased from locally-based suppliers in 2013 has been **78 %**.

Abengoa helps small suppliers or those in more slowly developing areas through:

- _ Access to financing.
- _ Improvement of health and safety systems.
- _ Technical training geared towards work risk prevention.

The table below shows the four countries with the largest volume of purchases and the percentage corresponding to local suppliers ¹.

Country	Procurement 2013 (k€)	Local supplier 2013 (%)	Procurement 2012 (k€)	Local supplier 2012 (%)
Spain	3,122,723	78	3,390,715	82
US	2,805,563	86	3,680,248	91
Netherlands	642,647	74	728,976	70
Brazil	566,778	97	643,287	72

Two representative examples of the company's commitment with the local production chain are the Solana and Mojave solar plants in the US where the supply chain has reaped the benefits, during construction, from many collaborating companies having opened factories in new states so as to increase coverage, also increasing their work forces since they began to work with Abengoa.

Note 1 The full list of countries can be consulted in [Annex B](#).

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Some data from both projects are shown below:



Solana

Jobs created in the supply chain (estimate)	2,000
Direct and full-time jobs created in the operation (O&M)	85
Indirect jobs created by the operation (O&M)	65

Mojave

Contracted local suppliers	115
States involved in the supply chain	29
Direct jobs created during construction	1,000

2nd edition of the Focus-Abengoa Sustainable Business Award



2nd edition of the Focus-Abengoa Sustainable Business Award 2013

In 2013, the company launched the 2nd edition of the Focus-Abengoa Sustainable Business Award in order to publicly recognize the active contribution by Abengoa's suppliers towards sustainable development, which have set an example to other organizations.

The prize had two international categories: one for small and medium-sized companies with less than 50 employees, and another for large companies with 50 or more employees.

The jury awarded the prize in January 2014 to **General Electric** in the large company category, and to **Rodamientos Bulnes** in the small and medium-sized company category. In addition, a consolation prize was awarded for each category to **Kaleido** and **Comercial Eléctrica Onubense**.