

04. Performance and sustainability contribution

04.5

Contribution to the supply chain



21

countries where purchases are made



€809 M

purchasing volume



3,039

suppliers approved in 2020 with sustainability criteria



7,907

suppliers



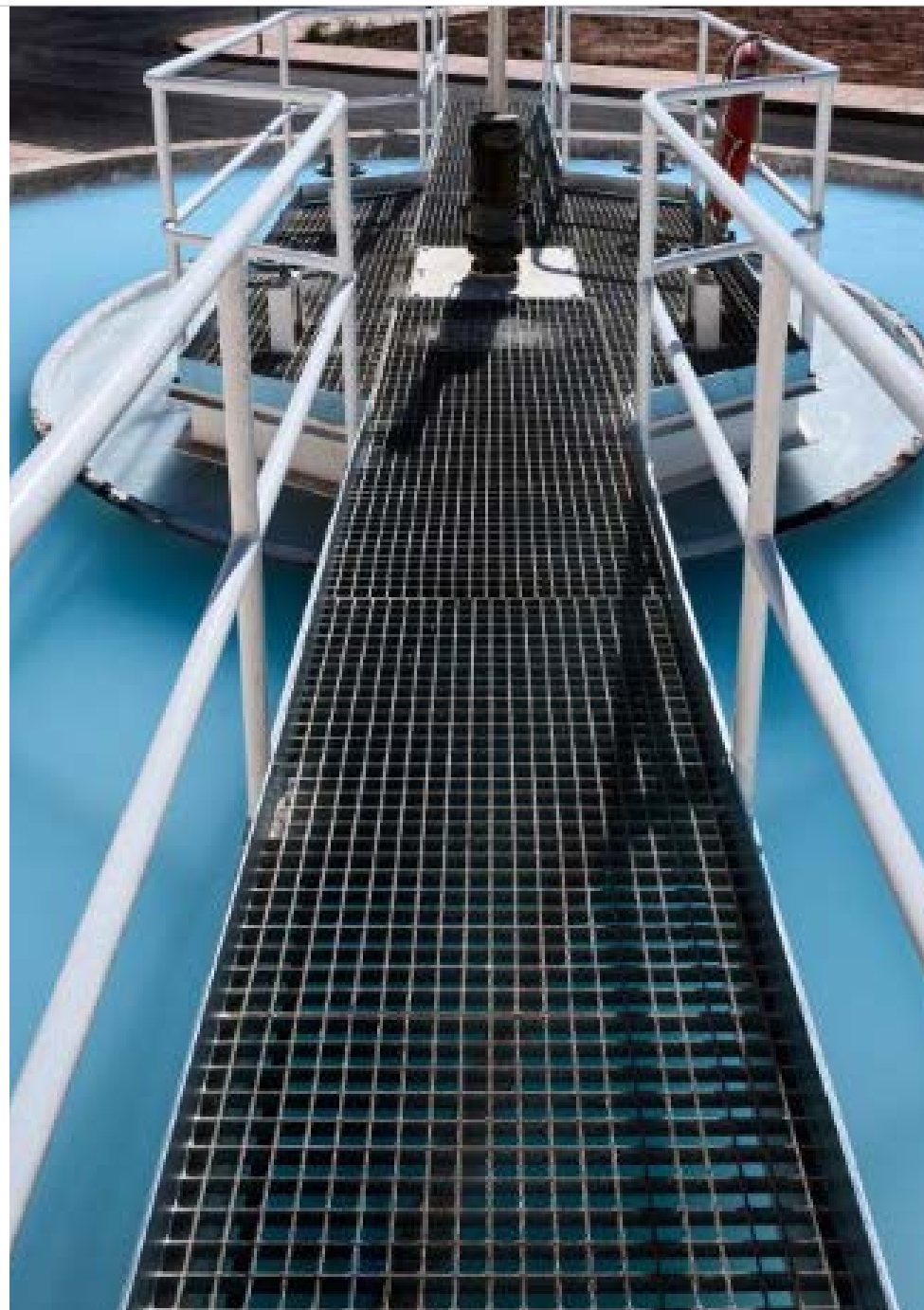
€568 M

local purchases



70.26 %

purchases from local suppliers



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Goals set forth in the SSP 2019-2023

Human rights



Complete the implementation in all regions of a unified purchasing system that includes sustainability criteria and risk assessment in the approval process in order to foster a responsible purchasing process.



Conduct an annual human rights risk analysis of 100 % of key suppliers.



Conduct audits of at least a 15 % sample of suppliers identified as critical.



Aware that the relationship with suppliers constitutes an essential element for business development, Abengoa strives to promote a relationship based on **trust and mutual benefit, ensuring quality, promoting a culture of responsible management and fostering ethical behavior.**

The company's supply chain has shown unwavering loyalty and has made a significant effort to enable the company to continue

its operations. Abengoa has therefore concentrated its efforts on reducing the level of debt acquired and continues to work with its suppliers in order to repay it in a sustainable manner.

In this regard, in the last restructuring, the company has designed an **ad hoc solution** to resolve the above mentioned debt through the **allocation of assets.**



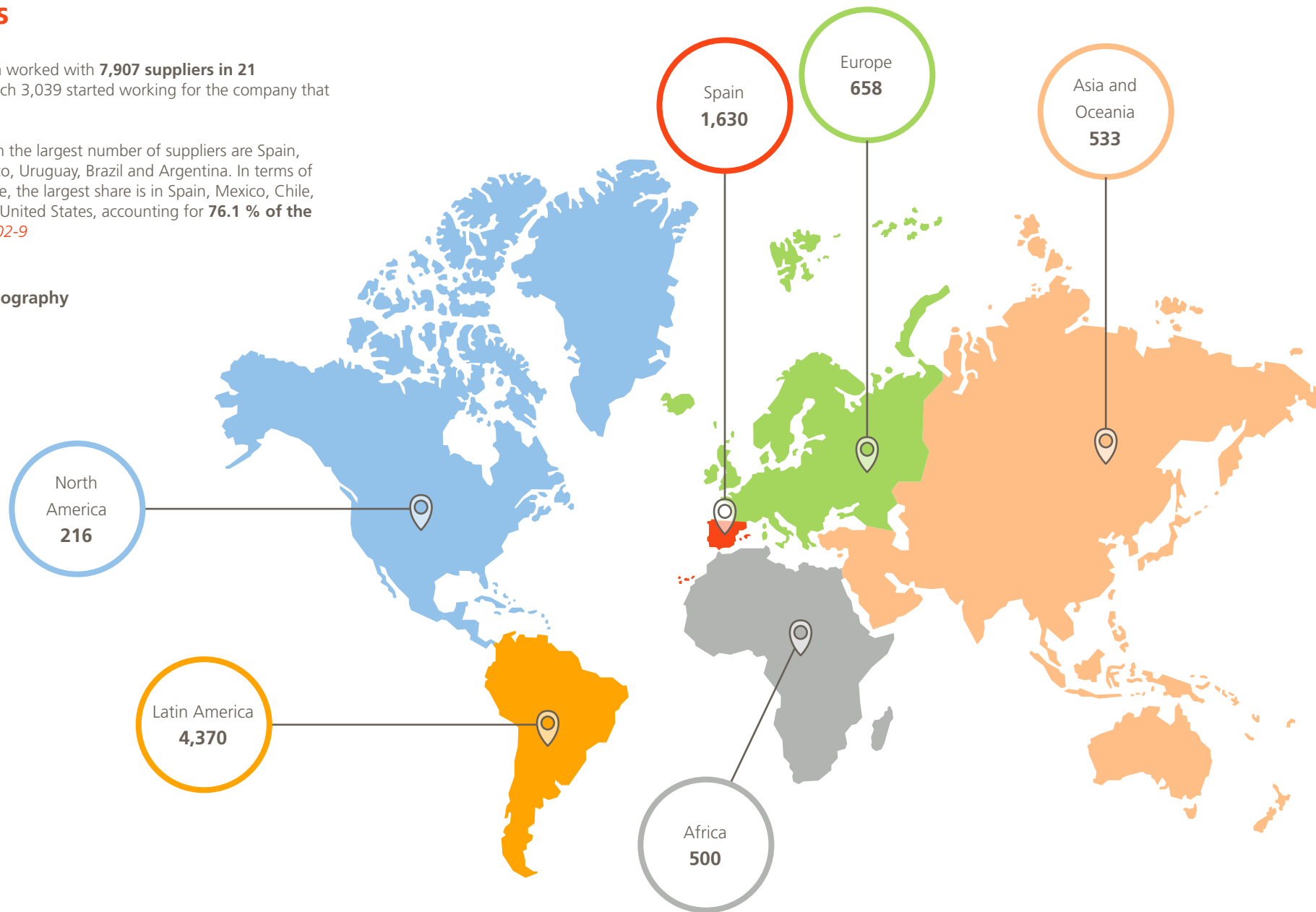
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Suppliers

In 2020, Abengoa worked with **7,907 suppliers in 21 countries**, of which 3,039 started working for the company that same year.

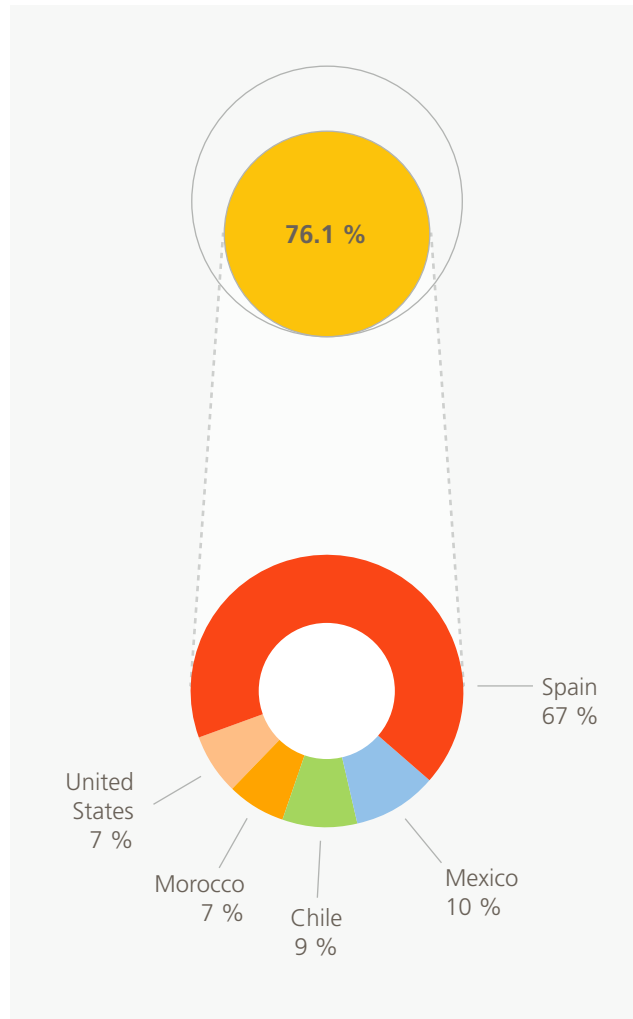
The countries with the largest number of suppliers are Spain, Chile, Peru, Mexico, Uruguay, Brazil and Argentina. In terms of purchasing volume, the largest share is in Spain, Mexico, Chile, Morocco and the United States, accounting for **76.1 % of the total amount**. *102-9*

Suppliers by geography



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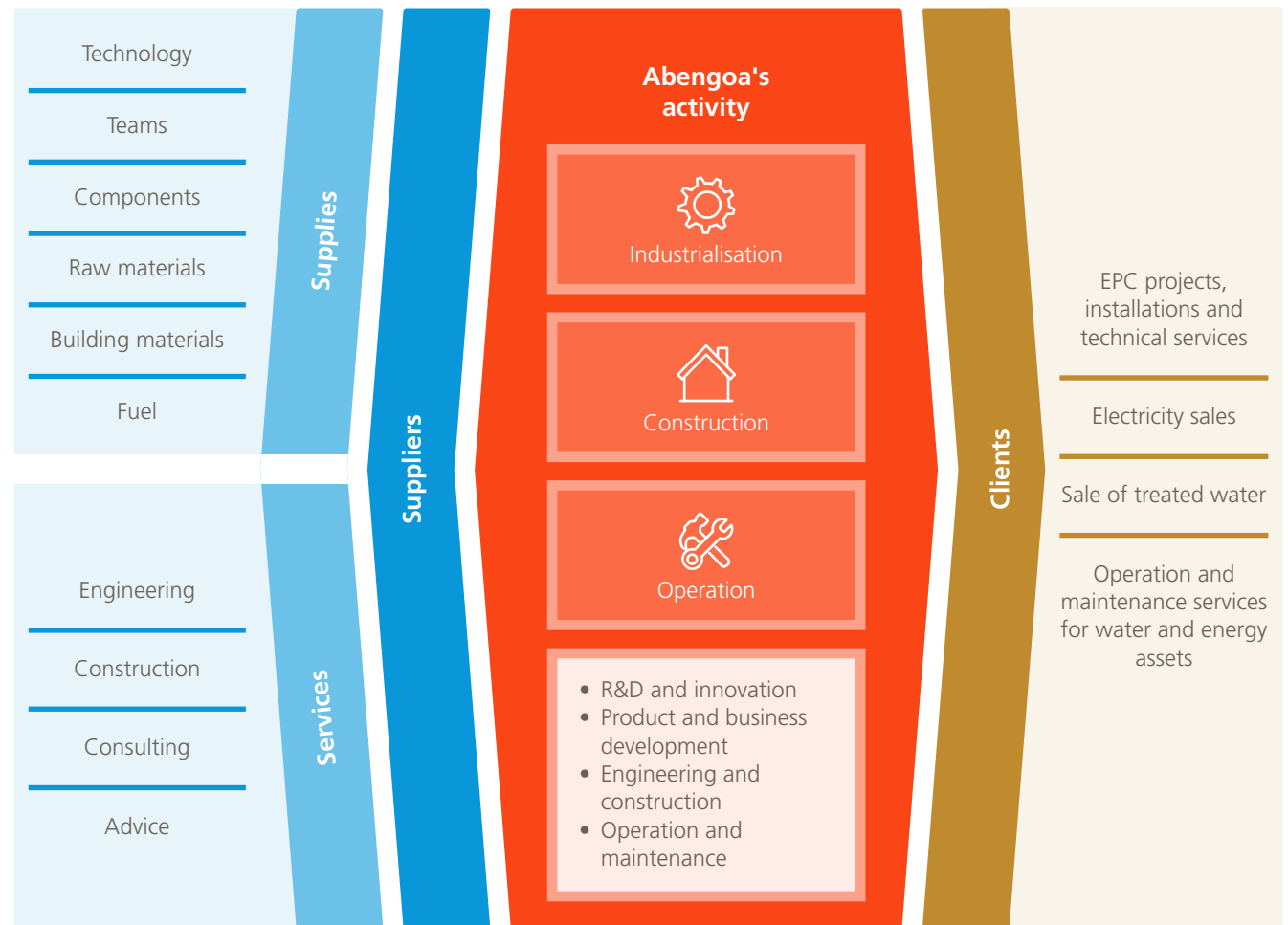
Distribution by purchasing volume



Throughout the value chain, Abengoa has worked with different types of suppliers in 2020, as shown below.

In general, suppliers offer their services to the main areas of activity of the company, i.e. engineering, construction and operation and maintenance, as well as to the internal infrastructure required by the company to operate.

The main types of supplies include capital goods with a broad spectrum of technological development, raw materials and components, as well as services in the fields of professional engineering, construction and installation, consulting, advice and transport.



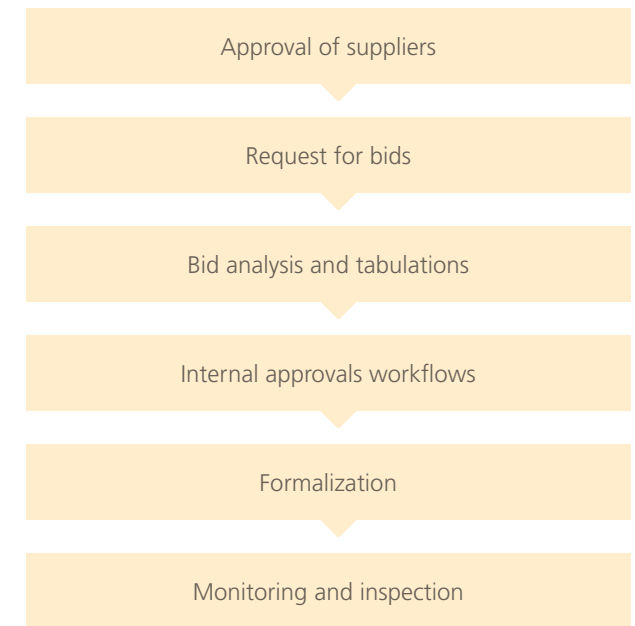
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Supply chain management

Abengoa has a purchasing management model directly focused on satisfying customer needs, optimizing operational costs, mitigating risks and sustainability in the relationship with suppliers, prioritizing local purchasing.



The procurement policy is governed by fundamental pillars, such as transparency, compliance and responsibility of all its professionals, and has detailed procedures defining the purchasing management process. The most relevant ones are as follows:



Purchasing is distributed prioritizing proximity to local suppliers and businesses, with the aim of maximizing local operations and value knowledge of the dynamics of each territory and long-term relationships. At the same time, the relationship with suppliers who, due to technological reasons are more global, is developed from the central offices.

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Local suppliers

From the very beginning, Abengoa has been firmly committed to the socio-economic development of the communities in which it operates. In this sense, the company strengthens the **local economy** and contributes to the **improvement of living conditions** in the areas in which it operates by creating direct and indirect employment.

During 2020, the company has continued to set its objectives around a **mostly local supply chain**, promoting the preferential

hiring of those suppliers developed in the environments in which the company operates. [204-1](#)

Concept	2020	2019	2018
% purchases from local suppliers	70.3	77.5	77.4

During 2020, the percentage of purchases from local suppliers was of **70.3 %**, with the breakdown by country as follows:

Country	% local suppliers / country
United Arab Emirates	99.51
Argentina	98.12
Brazil	99.74
Chile	93.92
Denmark	92.67
Algeria	100.00
Spain	56.19
France	93.71
United Kingdom	99.93
Israel	100.00
Italy	12.90
Morocco	72.31
Mexico	99.08
Oman	95.93
Peru	96.30
Poland	89.06
Saudi Arabia	91.29
Turkey	100.00
United States	79.55
Uruguay	90.46
South Africa	82.12



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Centralised purchasing

As part of the new strategic plan, Abengoa began in 2017 a centralization process of some purchasing processes, in order to **maximize the efficiency of said processes**, allowing to **optimize the operation** and carrying out the **balance between local and global**.

During the financial year 2020, the centralization process was completed by **74 %**, covering its implementation in all the geographic areas in which it operates, with the exception of Brazil, Uruguay and the United States.

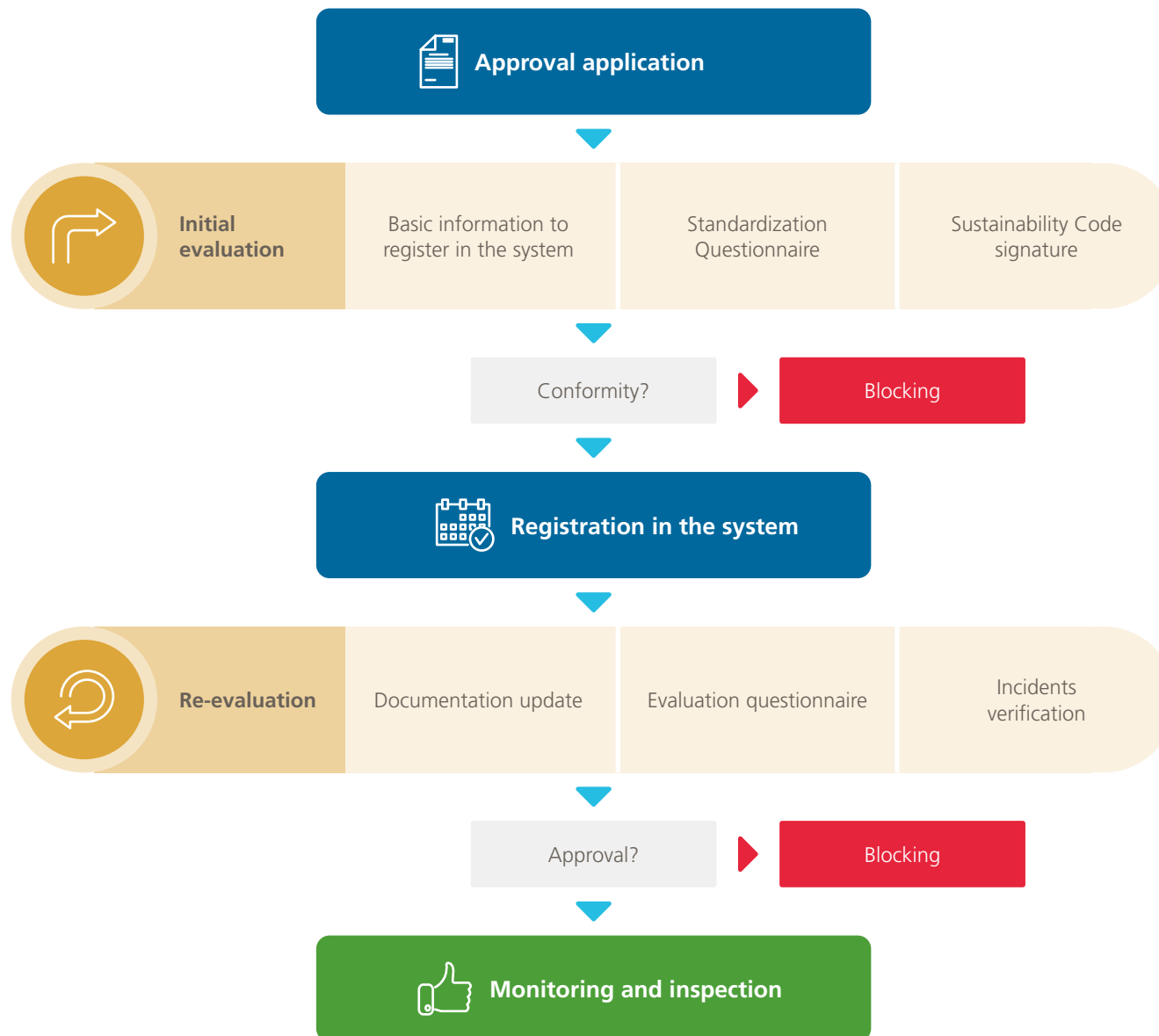
Unified standardisation

Within the scope of purchasing centralization, Abengoa has implemented a **standardised process** for the company's new suppliers, including sustainability criteria and considering the geographic and activity diversity of operations.

This process includes the principles to be complied with by a supplier regarding health and safety, regulatory compliance, defence of human rights and environmental protection, among others. In this way, the company promotes its responsibility culture throughout the value chain, thereby multiplying the positive impact of its values and principles.

The standardization of procedures has been carried out by a specialized team integrated by the Purchasing, Internal Audit, Sustainability, Quality and Health and Safety areas.

The standardization process framework is described below.



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Sustainable Purchasing

For Abengoa it is important to prioritize and pay special attention to promoting compliance with **ethical, labour, environmental and health and safety standards** with its supply chain. More importantly, taking into account the growing international presence in emerging countries, the volume of suppliers working with the company and their importance to carry out our activity.

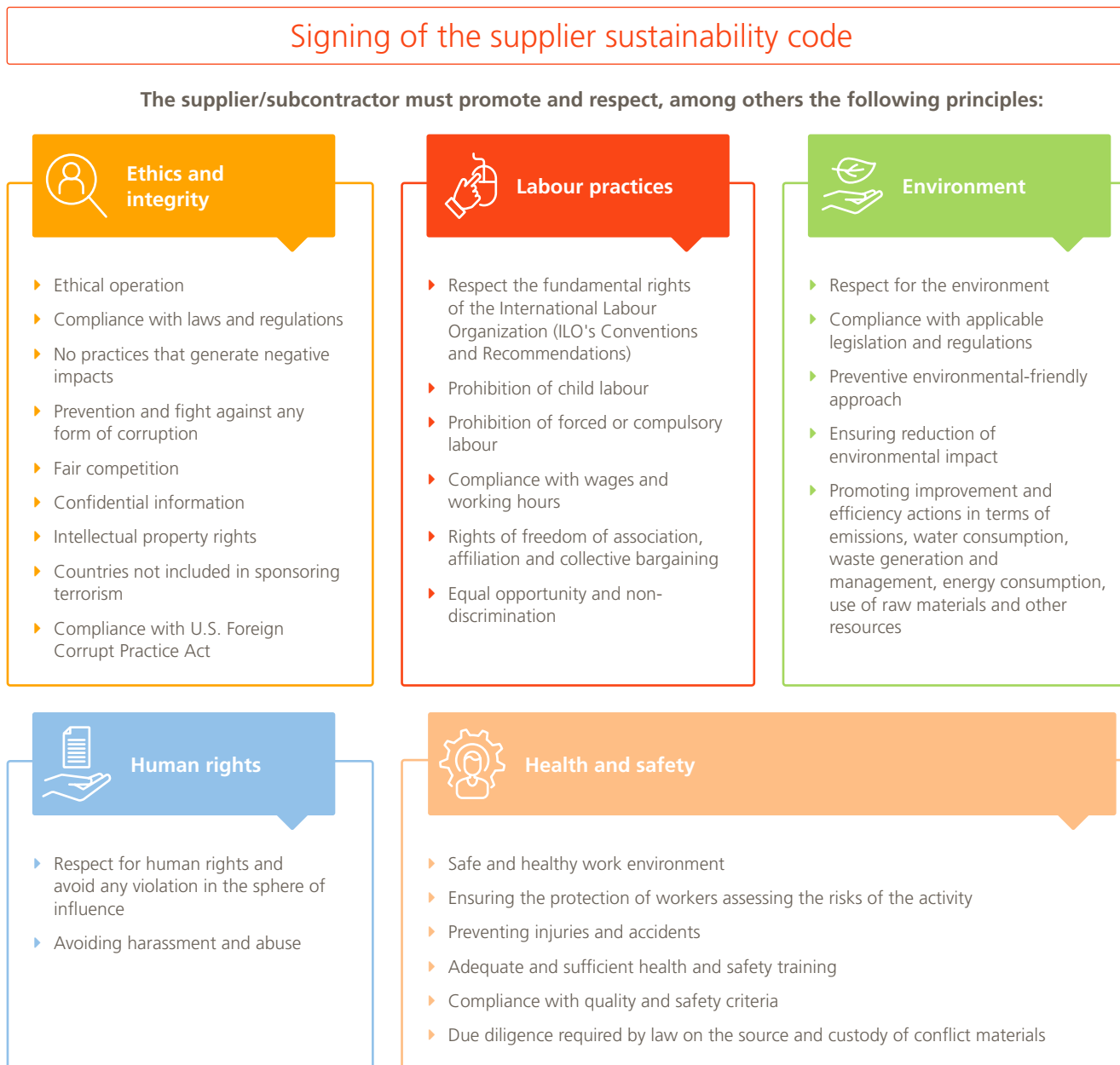
Promoting a culture of responsibility throughout the value chain allows the positive impact to be multiplied across the organisation's values and principles.

As a basic tool to achieve this, in 2008 Abengoa designed its **Sustainability Code for suppliers and subcontractors**. Its clauses are based on the principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the guidelines of the International Labour Organization, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. *102-12, 102-13, 414-1*

Compliance with this code is aimed to improve the quality of life and working conditions throughout the supply chain, contributing to a more sustainable world and helping to achieve the **Sustainable Development Goals (SDG)**. By signing the agreement, the supplier undertakes to develop its business taking into account these principles and, in addition, to be fully available to be subject to an audit or another type of inspection by Abengoa to verify its compliance.

The code was updated in 2016, reinforcing the corporate integrity, transparency and good governance areas, as a necessary condition for supplier standardisation.

The signature of the sustainability code is registered in the centralised suppliers master file, in accordance with the new organisational structure, which will increase the efficiency of the work and prevent any duplicate work from our partners and collaborators.



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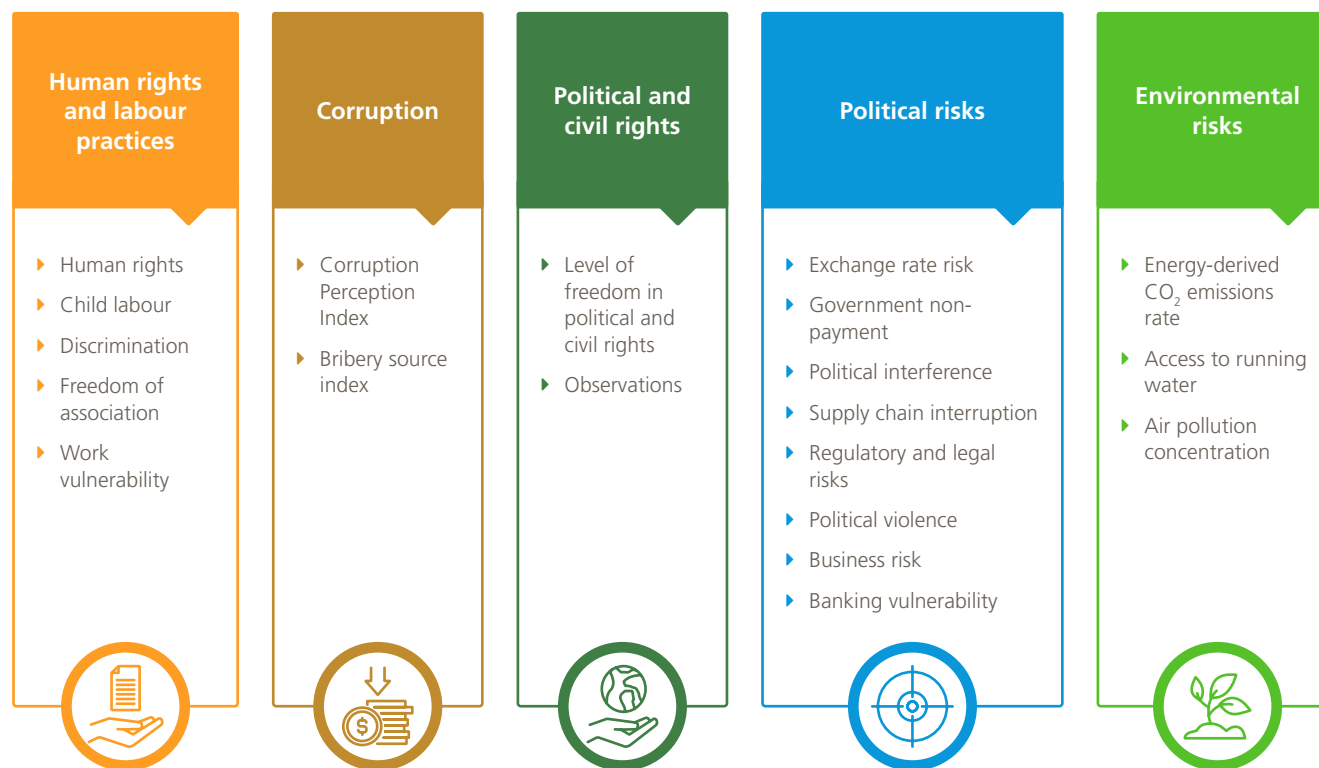
Supply chain risk management

The supply chain constitutes a key factor in the business activity, since it allows the identification, prevention and mitigation of risks (operational, regulatory, reputational, etc.) while **creating opportunities for collaboration and shared value with suppliers**.

Aware of this, Abengoa carries out a process of analysis and evaluation of risk suppliers, in order to monitor the involvement and acceptance of suppliers to corporate policies, determining the level of risk and establishing measures for its mitigation.

This analysis process covers different variables, such as **the country in which the supplier operates, the nature of the supply, the type of activity** carried out and other more subjective aspects that can define a greater reputational risk. Additionally, **the nature of the supply or the award cost** is considered.

To determine the risk level, the company uses, among others, international indexes that include aspects such as human rights, labour practices, corruption, political and civil rights or environmental and political risks. *308-1, 308-2, 412-1, 414-2*



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After the suppliers risk level has been analysed and its criticality has been evaluated, **suppliers are assessed**, with the objective to determine the degree of **compliance with the principles contained in the Sustainability Code**. For this, Abengoa designed an audit procedure defining the parameters of the assessment and establishes the scope of the process, depending on the degree of importance of the supplier, the analyses carried out through self-assessment questionnaires or through audits.



In 2020, these assessments were carried out remotely, sending a self-assessment questionnaire to the suppliers and contacting them electronically to collect additional information.

Abengoa considers the possibility of **stopping working with local suppliers who do not comply with internal requirements** if this is not remedied. In this regard, in 2020, Abengoa has not had to stop working with any critical supplier for these reasons.

Risk prevention in the supply chain

Abengoa is fully committed to the health and safety of all its workers and other stakeholders. This commitment covers not only the production process, but the entire value chain.

This commitment, as well as the fact of working safely, regardless of the country, the type of project, plant or customer, it is a cultural aspect within Abengoa and is considered one of the company's main hallmarks.

As it cannot be otherwise, it is also replicated by our suppliers (suppliers, subcontractors) and, therefore, there is an internal

standardisation process, prior to the beginning of their activities, regardless of the scope of work/service agreed. This evaluates whether the company has implemented an occupational risk prevention management system in its company; risk assessment; preventive training to their personnel, accident rate indicators in recent years, etc. If said assessment is satisfactory, the relevant standardisation of the company in question is approved.

