



SUPPLY CHAIN MANAGEMENT POLICY

Subsequent to review by the competent Committee and at the Committee's recommendation, the Board of Directors of Sacyr, S.A. ("**Sacyr**") has approved this *Supply Chain Management Policy* (the "**Policy**") in the furtherance of its general non-delegable duty to set the company's global policies and strategies.

1. Purpose

The purpose of this *Policy* is to extend our commitments, policies, and values to our entire value chain and to encourage our suppliers, providers, collaborators, contractors, and subcontractors (jointly "**suppliers**") to comply with these same commitments.

Sacyr assumes the management of its supply chain as an integral part of its responsibility with regard to the sustainable development of its activities, respect for the environment, good corporate governance, regulatory compliance, healthcare, the promotion of diversity and inclusion, and respect for human rights, and the company encourages its suppliers to act in a similar fashion.

This *Policy* establishes the means with which to assess the risks and opportunities associated with the contracting, procurement, and provision of supplies and services on a corporate and project level, as well as the development of sustainable commercial relations.

As part of this commitment, Sacyr considers it a priority to prevent all risks originating from its supply chain or the goods and services produced or supplied by the companies in its supply chain.

The scope of this *Policy* includes Sacyr, its Group companies, and all operations conducted in countries where the Group is present in a concession business model that intervenes in the entire value chain of the infrastructure sector.

This *Policy* covers our management approach to the supply chain and reflects our commitment and that of our suppliers. It should be read and interpreted in conjunction with any applicable amendments, with our *Code of Conduct*, our *Sustainability Policy Framework*, and our other policies, reports, and statements (such as the *Modern Slavery Statement*) on sustainability and the commitments assumed by Sacyr.

2. Supply chain general principles

In compliance with this *Policy*, Sacyr and its Group companies adhere to the following principles, which are also required of all its suppliers.

General principles

- To demand socially responsible products, services and/or projects.
- To provide the supply chain with accurate and transparent information about our requirements in the procurement process.
- To ensure that the process of selecting suppliers complies not only with the criteria of quality, timeliness, and cost, but also with the criteria of impartiality, integrity, objectivity, transparency, value creation, confidentiality, free competition, and sustainability, favoring the selection of those suppliers that effectively implement social, regulatory, ethical, environmental, and health and safety standards consistent with those of Sacyr.
- To ensure that all relationships with our suppliers are fair, balanced, honest, and respect their fundamental rights.
- To assess those suppliers identified as high risk and ensure they comply with the requirements of this *Policy* over the course of the relationship with the Group.
- To promote the inclusion of ESG¹ criteria in contractual clauses.
- To provide training and raise awareness of ESG issues among suppliers.
- To assess the membership of our suppliers in an internationally recognized initiative related to the supply chain (ie: ETI², Sedex³) or collaboration.
- To work with suppliers who respect our Code of Conduct and our policies on sustainability, good governance, and regulatory compliance.
- To collaborate with suppliers who agree to a remediation plan in the event that misgivings arise about their professional practices.
- To incorporate these requirements into our processes and procedures, and to provide ongoing training and guidance to our employees.
- To transfer Sacyr's corporate social responsibility and sustainability practices to its supply chain.

¹ ESG: Environmental, social and governance

² [Ethical Trading Initiative](#)

³ [Ethical data exchange platform](#)

Principles concerning supply chain employees⁴

- To prevent any violation of the fundamental human rights of outsourced employees.
- To establish contractual terms for fair payment and delivery deadlines that allow suppliers to comply with basic labor standards.
- To promote the reduction of excessive working hours.
- To support the right to a living or minimum wage and to monitor compliance with local minimum wage laws.

Principles concerning society and the local community

- To respect the rights of all workers, especially migrants and those in particularly vulnerable situations.
- To take measures to support local social and economic measures, establishing channels of dialogue and communication with local communities.
- To promote the hiring of local labor and working with local suppliers, whenever possible.
- To minimize the societal impact of project closures, openings, and restructurings.
- To prevent complicity in land rights violations.

Principles concerning the environment

- To protect the environment and public health.
- To promote the use of products and materials that can be re-used or recycled.
- To promote the use of wood and wood-based products certified as legal and sustainably sourced.

Principles concerning regulatory compliance

- To ensure the integrity and ethics of our suppliers in accordance with applicable national, international, or local regulation, and with Sacyr's applicable internal standards.
- To ensure our supply chain complies with anti-corruption regulation, with zero tolerance for any form of corruption or practice stemming from conflicts of interest.
- To prohibit any anti-competitive conduct on the part of our suppliers that may pose a risk to free competition.

⁴ Employees of “suppliers” (Supply Chain Management Policy, pg. 1, section 1: “Purpose”).

3. Action expected of the supply chain

The guidelines below represent the minimum basic standards applicable to our suppliers.

3.1. Action expected of the supply chain with regard to labor relations and human rights

Suppliers are not only expected to comply with current regulation and the fundamental conventions and recommendations of the International Labor Organization, but also to take proactive measures based on the:

- [Adoption of the principles of the UN Global Compact for suppliers](#)

All suppliers must accept the General Contracting Terms in effect when the contract is awarded. This means that the supplier agrees to assume and fully respect the following Ten Principles of the UN Global Compact, with regard to the tasks undertaken by its own personnel, as well as by subcontractors.

Human Rights

1. To support and protect the protection of human rights
2. To not be complicit in human rights abuses

Labor

3. To uphold the freedom of association and the right to collective bargaining
4. To eliminate forced and compulsory labor
5. To abolish all forms of child labor
6. To eliminate discrimination in respect of employment and occupation

Environment

7. To support a precautionary approach to environmental challenges
8. To promote greater environmental responsibility
9. To encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

10. To work against corruption in all forms, including extortion and bribery

- [Code of conduct alignment](#)

Our Code of Conduct is based on Sacyr's ethical values and on basic principles, such as respect for human rights and scrupulous compliance with the UN Global Compact. As such, the Codes of Conduct of our suppliers must be consistent with these same values and principles, as a natural extension of corporate commitments and values.

- [Adoption of Ethical and Socially Responsible Management certification](#)

Sacyr views favorably those suppliers that adopt international business management standards and certifications that systematically and effectively incorporate social, environmental, and good-governance aspects into the strategy and management of their organizations, evaluating their compliance and continually improving their management systems.

3.2. Action expected of the supply chain with regard to occupational health and safety

Sacyr considers it a priority that its suppliers adopt, from planning through execution, the measures necessary to prevent occupational health and safety risks, and for those risks that are considered unavoidable, that they adopt all the necessary safety and prevention measures to prevent damaging people's health.

Safety must be inherent and intrinsic to the performance of any task, as part of its conception and operation.

To achieve this, suppliers must be aware of their obligations and responsibilities, and know how to satisfy them, while invariably striving to improve occupational health and safety. This can only be achieved through information, training, and participation from staff and sub-tier suppliers at all levels.

Suppliers must provide a safe, healthy, organized work environment designed to deter accidents and injuries. Subcontractors may be asked to provide information about their workplace accident rates.

Sacyr takes a favorable view of suppliers that implement management systems certified by third parties.

3.3. Action expected of the supply chain with regard to the environment

Our suppliers must conduct all activity with the utmost respect for society and the environment, aiming to comply with the highest environmental protection standards.

Sacyr will request that suppliers submit reports detailing their:

- Efficient use of energy consumed
- Impact on climate change, including CO₂/GHG emissions
- Efficient water management
- Impact on biodiversity
- Waste management and pollution reduction
- Reduction, recycling, and re-use practices
- Environmental impact and its reduction

- Participation in initiatives or commitments concerning the environmental impact of the supply chain.

Sacyr takes a favorable view of suppliers that implement management systems certified by third parties, as well as those that integrate environmental factors. To that end, Sacyr includes measures such as:

- Environmental issues in contractual clauses
- Awareness/training of employees and suppliers on environmental matters
- Use of environmental risk assessment tools
- Conducting questionnaires or evaluations of suppliers
- Procedures in the event of supplier noncompliance (re-audit, re-education, eventual termination of contracts).

3.4. Action expected of the supply chain with regard to regulatory compliance

Our suppliers must comply with the laws and regulations in force in the jurisdictions where they operate, as well as with the applicable Sacyr standards, including this Policy, our Code of Conduct, and their key amendments.

Specifically, Sacyr considers it essential that suppliers adopt a zero-tolerance policy for particularly serious breaches, such as criminal offenses, violations of anti-trust or anti-corruption laws, and noncompliance with anti-money laundering and terrorist financing regulations.

In this respect, Sacyr's suppliers must conduct their activities with integrity, honesty, and transparency, avoiding all illicit, criminal conduct, in line with our *Policy on Regulatory Compliance in matters of Criminal Prevention*.

Suppliers must ensure compliance with the applicable anti-corruption regulations, adopting a firm zero-tolerance policy against any form of corruption, as established in Sacyr's *Policy on Anticorruption and Relations with Public Officials and Authorities*. Specifically, the offering and acceptance of bribes, as well as the use of donations, sponsorships, gifts, and courtesies as veiled forms of bribery is strictly prohibited, both publically and among individuals.

Sacyr also considers it essential that its suppliers conduct their activities with the fullest respect for free competition, as formally stated in its *Policy on Regulatory Compliance in Anti-Trust Matters*, which prohibits any anti-competitive conduct, a commitment that must also be assumed by the supply chain.

Lastly, suppliers must ensure mechanisms are in place to prevent conflicts of interest, meaning, any situation in which their interests conflict directly or indirectly with those of Sacyr, and must report any situation of this kind through the channels listed in section 6 of this *Policy*.

4. Assessing supplier alignment with this *Policy* in the new supplier selection phase and the project execution phase

The ethical and sustainability requirements detailed in the preceding sections of this *Policy* are taken into account in Sacyr's process of approving and assessing the risk of new suppliers.

During project execution, Sacyr will conduct performance evaluations of the main suppliers, as well as those classified as high risk. These evaluations help suppliers assimilate the expectations of Sacyr and the other Group companies in terms of responsible supply chain management.

5. Collaboration with suppliers, promotion of best practices, measures to support and improve capacity

Sacyr will transparently convey its commitments and expectations for the commercial relationship to its suppliers, based on the content of this *Policy* and any possible amendments.

Sacyr will also encourage the ongoing improvement of its suppliers. This approach includes the restitution and resolution of noncompliance instances and the improvement of supplier capacity.

6. Supervision of compliance with this *Policy* and audits

Sacyr will evaluate its suppliers' active compliance with this *Policy* and its possible amendments.

To that end, it will establish monitoring systems and may conduct compliance audits and evaluate the performance of the supplier.

In the event a supplier does not comply with this *Policy*, Sacyr may:

- analyze the necessary corrective measures with the supplier and provide guidelines for improvement, or
- terminate the contract with the supplier without prejudice to any other right that may correspond, in accordance with the applicable contractual clauses or legislation, if the violations are repeated or particularly dire. Sacyr may also proceed to remove the supplier from the registry of approved suppliers.

Any possible breach of this *Policy* must be reported to Sacyr using the Advice and Tip Line enabled by Sacyr to facilitate the secure and confidential reporting of violations of its Code of Conduct or other Policies, this one included.

Suppliers of Sacyr and its Group companies will have access to the Advice and Tip Line through the following channels:

- Email: codigoconducta@sacyr.com

- Post: in writing at ATTN: SACYR Group Regulatory Compliance Unit, Calle Condesa de Venadito, 7, 28027 Madrid.
- External website: by completing the form available at www.sacyr.com.

The Board of Directors of Sacyr approved this *Supply Chain Management Policy* on ____
_____ 2020.