

## SUSTAINABLE PURCHASES PROCEDURE

### Objective

Establish the methodology for the consideration of environmental, social and corporate governance (ESG) criteria in supplier selection processes for the procurement of goods and/or services, as a complement to economic and operational criteria.

### Scope

This procedure applies to the Purchasing team, as well as to the Sustainability and Institutional Businesses team that will support the application of this procedure; it also extends to all those areas and teams that request quotations for goods and/or services from suppliers, triggering the activation of the purchasing procedures.

### Description

The Sustainable Purchasing Procedure provides additional criteria for the selection of suppliers and indicates how they are established and applied; it is complementary to the Purchasing Procedure and the relationship between them is detailed throughout the document.

### Terms and Glossary

**ESG:** acronym for environmental, social and corporate governance, used to designate the additional criteria that are incorporated for the selection of suppliers as part of the Sustainable Procurement Procedure.

**Evidence:** document(s) accrediting the supplier's performance in relation to each ESG criterion.

**Order:** The order already released by the corresponding authorizer, which is sent to the provider for supply.

**Supplier:** a natural person or legal entity who offers and sells a product or service through a commercial transaction with Grupo Rotoplas.

**Order Request (SOLPED, for its acronym in Spanish):** Electronic document, through which the acquisition of materials is requested.

**User:** Employee of the company that has the necessity to acquire a good or service.

### Roles and Responsibilities

**Sustainability and Institutional Businesses VP:** responsible for mobilizing the consideration of ESG criteria in the purchasing process, as part of the integral consideration of sustainability in the different areas of the company. He chairs the Sustainability Committee, in which responsible procurement indicators are presented, as well as communicates the main results to the Corporate Practices and Strategy Committee.

**Supply Chain Director:** responsible for supervising the correct performance of the purchasing process, in accordance with established procedures and the Code of Ethics and Conduct. The incorporation of environmental criteria as part of the analysis of suppliers is also under its responsibility, ensuring that they are considered as a complement to the rest of the defined criteria.

**Senior Purchasing Manager:** includes and applies the ESG criteria in the supplier evaluation and selection processes, analyzing together with his team the information provided by those evaluated, with the support of the area of Sustainability and Institutional Businesses.

**Sustainability Coordinator:** responsible for establishing the ESG criteria, training the Purchasing Department and supporting it during the evaluation processes, resolving any doubts that may arise regarding the documentation provided by the suppliers under evaluation.

**Sustainability Committee:** responsible for the approval of the ESG criteria at the proposal of the Sustainability Coordinator.

**Other Areas: Headquarters, Management, Controllerships and Directions.** After releasing the SOLPED, in case of providing a first selection of suppliers already quoted, consider in the determination of the same that the proposed suppliers meet the ESG criteria.

**Other Areas: Users.** When proposing the needs of materials and/or services, together with their superiors who are the ones who release the SOLPED, consider ESG criteria in case they already propose supplier options and quotes.

#### **Procedure: Generalities**

As referred to in the Purchasing Procedure, the Purchasing Area is the only one authorized to process and issue orders for the purchase of goods and/or services.

The areas that have the requirements of goods and services will take the corresponding SOLPED.

Suppliers may be selected from the previous catalogue that the company already has, which already have evaluation, or be proposed by such areas, in which case they will be evaluated by the Purchasing Area, as detailed in the following section of the Procedure.

The selection of the supplier always corresponds ultimately to the Purchasing Area.

If there is no qualified supplier in the system for purchasing materials and/or services, other alternatives are used, including contacts recommended by the users.

#### **Procedure: Stages and activities**

##### **1. Order request issuance and supplier allocation**

- The user issues the SOLPED, which is included in the system with the authorization of its head.
- The purchases department receives the SOLPED, selects a supplier from the catalogue and sends the request.
- If there are no suppliers in the catalogue for the good or service included in the SOLPED or if there are no suitable suppliers due to the characteristics required by the issuing area, it is possible that the issuing area will provide a previous selection of suppliers with their corresponding quotations. It is also possible that it is the purchases department who does the search for suppliers and the request for quotations. In any case, the suppliers will be registered in the catalogue by the purchases department.
- In any case, the final evaluation and selection of the supplier corresponds to the purchases department, which will issue the request to the one chosen for the supply.

## **2. ESG evaluation of pre-existing suppliers**

- In the case of those suppliers already registered in the catalogue, they will only be required to sign the compliance with the Code of Ethics and Conduct of the Group, as well as the commitment to apply these guidelines in their management. There is a possibility, of being audited in this respect by Grupo Rotoplas or third parties designated by it after signing the commitment.

## **3. ESG evaluation of pre-existing suppliers**

- New suppliers will also be required to sign compliance with Grupo Rotoplas' Code of Ethics and Conduct once they are selected.
- They will be previously evaluated by the Purchasing department for selection.
- For the evaluation, the purchasing department will apply as decision and binding criteria those of an economic and operational nature, that is, compliance with the technical characteristics of goods and services, value for money, availability and guarantee of supply, among others.
- Additionally, the purchasing department will evaluate the ESG criteria defined by Grupo Rotoplas. In this case they are not exclusive for the selection, but they give preference in the decision (they give additional score to the one of the economic and operational valuation).
- For the evaluation, Purchases will request from potential suppliers' evidence of their performance with respect to the ESG criteria; likewise, it proceeds with the evaluation of their conformity, for which it may request the support of the Sustainability and Institutional Business Area.
- Purchases finally selects the supplier(s).

## **4. Supplier renewal**

- Both pre-existing suppliers (already registered in the system), and new suppliers will be evaluated following ESG criteria in the event of new contracting and/or renewal of the contract.
- In the case of new suppliers, which have already been evaluated according to ESG criteria, purchasing department will request updated evidence.
- The ESG evaluation will be carried out again by the purchasing department, with the support of Sustainability and Institutional Businesses.

## **5. ESG criteria definition**

- ESG criteria for supplier selection are established by the Sustainability Coordinator and approved by the Sustainability Committee. For this purpose, the Sustainability Coordinator considers the Sustainability Strategy, as well as the related Policies, especially the Sustainable Purchase Policy.
- For each ESG criterion, the Sustainability Coordinator presents a set of evidences required from suppliers during the selection process.
- The purpose of each ESG criterion and the nature of the evidence to evaluate compliance are detailed by the Purchasing Sustainability Coordinator, training this area in this respect.
- It is important that the evidence provided by potential suppliers is relevant, current, and truthful.
- The evidences provided by the evaluated suppliers will be kept in a repository by the Purchasing Area.
- The updated list of ESG criteria is presented in Appendix I of this Procedure; the evidences for each one is detailed in Appendix II.

#### **Sources of information and references**

- Sustainability Policy
- Human Rights Policy
- Sustainable Purchases Policy
- Purchases Procedures

#### **Appendix**

##### **Appendix I: Evaluation Criteria**

###### I.I Environmental:

- Materials.
- Water.
- Energy.
- Emissions.
- Discharges and residues.
- Supply chain relationship.

###### I.II Social:

- Hiring Process.
- Work days.
- Freedom of association.
- No discrimination.
- Child labor.
- Forces labor.
- Health and security.
- Supply chain relationship.

###### I.III Governance:

- Compliance with the regulatory framework of places where they operate.
- Code of ethics.

I.IV Capacity and willingness to collaborate with Grupo Rotoplas in initiatives to reduce impacts on the life cycle of products and services.

###### I.V. Alliances

##### **Appendix II: Evidence by subject.**

###### I.I Environmental:

###### Materials.

- Use of recyclable and/or recycled materials.
- Sustainable origin certifications (e.g. FSC for paper).

Agua:

- Recycling and/or reuse of water.
- Wastewater Treatment plants disposition.

Energy:

- Total or partial supply with renewable energies

Emissions.

- GHG Emissions Accounting
- Reduction and/or mitigation measures

Discharges and waste.

- Recycling and/or reuse of waste

Relationship with the supply chain.

- Environmental requirements for its own suppliers.

I.II Social:

Recruitment.

- Relationship between temporary and indefinite contracts
- Rotation measures

Working days

- Shift assignment and overtime management.
- Paternity and maternity benefits

Freedom of association.

- Presence of unionization, characteristics and relationship with organizations.
- Causes of non-unionization.

No discrimination.

- Code of Ethics or any other relevant official document of the organization indicating a position on the matter. Diversity and inclusion programs.

Child labor and forced labor

- Code of Ethics or any other relevant official document of the organization indicating a position on the matter.

Health and security.

- Internal documents containing a statement and/or description of the activities carried out in favor of the health and safety of employees.
- Measures implemented to ensure the health and safety of employees.

Relationship with the supply chain.

- Social requirements for its own suppliers.

I.III Governance:

- Compliance with the regulatory framework of places where they operate.
- Code of Ethics
- Documents on self-regulation and management in anti-corruption, conflicts of interest, Laundry prevention program

I.IV Ability and willingness to collaborate with Grupo Rotoplas in initiatives to reduce impacts on the life cycle of products and services.

- Pre-existing customer collaboration initiatives

IV. Alliances

- Organizations to which they are affiliated and/or initiatives they support (linked to ESG themes): Global Compact, contribution to SDG, etc.

**Anexo III: Formats**

- Request for Quotation Chart.