

## **PROCUREMENT POLICY**

### **Description:**

The procurement policy applies to procurement management ranging from negotiation to project award and contracting of services and products. The GRUPO HISPAMOLDES Code of Conduct and Corporative Principles are applied to any client or supplier relationship the company establishes.

The procurement department will safeguard compliance with GRUPO HISPAMOLDES' principles, thereby guaranteeing compliance with legal, quality, and sustainability requirements. Our procurement is divided into five families, which are structured according to the nature of the product and the merchandise's point of destination.

They are as follows:

- General Purchasing.
- Productive Machinery and Industrial Supplies.
- Production Moulds and Tools.
- Productive Components.
- Raw Material.

Procurement procedures ensure that policy implementation is effective at all levels and that it adds traceability and transparency to any negotiation process.

### **Objective:**

The objective of the GRUPO HISPAMOLDES Procurement Policy is to give its employees, as well as all types of suppliers, the basis for making purchases (of products and services), as a way of establishing a management style that guarantees objectivity, transparency, non-discrimination, and excellence in the procurement process and of optimising management insofar as efficiency is concerned so as to meet the procurement objective sought. In order to achieve these objectives, the following characteristics will be objectively and carefully classified, according to the service/product in question:

- Price

## **PROCUREMENT POLICY**

- Quality
- Delivery deadline
- Communication and collaboration
- Level of service
- National and international geographic coverage
- Financial responsibility
- Technical and productive capacity.

### **Employees**

#### **1. Procurement Conducts**

All employees are expected to base their procurement behaviours and decisions on GRUPO HISPAMOLDES' values.

#### **2. Procurement Practices**

It will be the responsibility of all employees involved directly or indirectly in procurement and, in particular, of direct supervisors, to defend GRUPO HISPAMOLDES' good name by establishing and preserving appropriate relations between the company and its corporate suppliers and by guaranteeing the use of unobjectionable procurement practices.

The following practices must be considered with all procurement actions:

- a) Consider first and foremost GRUPO HISPAMOLDES' interests in all procurement decisions over the particular interest of individual areas.
- b) Any staff involved in the procurement of products and services for GRUPO HISPAMOLDES must place purchase orders and prepare contracts with suppliers without showing favouritism of any kind and favouring only the company's overall interest.
- c) Any purchase or agreement with suppliers must be previously authorised by the agency with the necessary procurement powers or attributions. No company resources should be committed nor any contracts signed or purchase orders generated without assignments for this purpose. The practice of purchasing first and asking for authorization afterwards is not acceptable at GRUPO HISPAMOLDES.

## **PROCUREMENT POLICY**

- d) Nor may money be committed or advanced, without the corresponding guarantees of faithful compliance, where applicable.
- f) Healthy competition must be fostered among suppliers to maximize added value for the business, without losing sight of the HISPAMOLDES GROUP mission in terms of developing relationships with suppliers that are mutually beneficial, long-term, and with high standards of quality, compliance and transparency.
- g) The transparency, efficiency and agility of procurement processes should be continuously promoted and strengthened.
- h) There should be no indifference or passivity with respect to observed procurement practices that are improper or in conflict with the HISPAMOLDES GROUP code of conduct or with the procurement policy.

### **Conflicts of Interest**

An employee may not participate in any activity or decision involving an actual or potential conflict of interest to the company.

Employees who have a property relationship with a supplier company or kinship up to second degree with any of its principal or executive partners who take procurement decisions must refrain from participating in any procurement decisions related to said supplier.

The appropriate action in these cases and others that deprive employees of the necessary independence and neutrality is to refrain from taking any decisions and reporting to the Direct Supervisor or Corporate Procurement Manager and suppliers to determine how to handle the relationship with this supplier, in the event the supplier is duly qualified to operate with GRUPO HISPAMOLDES.

### **Gifts and Incentives**

No employee involved in procurement management should use his or her authority or position in the organization for personal gain.

In order to preserve company and employee image and integrity, as a general rule, gifts or incentives from suppliers should not be accepted, except for courtesy gifts or invitations of a minimal intrinsic value made on a sporadic basis. In cases where a gift or invitation is received

## **PROCUREMENT POLICY**

that does not fall into this category (such as trips, stays at hotels, etc.), employees must decline with the proper courtesy or report it to the Manager of Corporate Procurement and Suppliers to seek advice on how to proceed.

In other words, the frequency and nature of any gifts ultimately accepted should not make the recipient appear, in the eyes of others, as being influenced with respect to the business decision-making process as a result of accepting such gifts, nor may they under any circumstances allow the recipient, to the extent that he or she is aware, to become capable of losing his or her independence.

### **Suppliers**

Suppliers are a relevant part of the GRUPO HISPAMOLDES Value Chain, as they can have a direct or indirect impact on customer satisfaction.

It is, therefore, the wish of the GRUPO HISPAMOLDES to promote a unifying commercial relationship with suppliers that has a development potential, based on growth, mutual benefit and respect, responsibility, honesty, high quality standards, ethics, and transparency, which all contribute to the fulfilment of its objectives and strategies.

The principles of conduct with suppliers:

#### a) Long-term and profitable relationship

In procurement decisions, GRUPO HISPAMOLDES favours commercial and service relationships that are sustainable in the long term and profitable both for GRUPO HISPAMOLDES as well as for its suppliers over any benefits that are strictly short-term.

#### b) Fulfilment of commitments

A fundamental aspect of GRUPO HISPAMOLDES's business ethics is to always guarantee the fulfilment of commitments made with our suppliers. To this end, employees who make these commitments, whether written or verbal, must be authorised to do so.

#### c) Transparency and objectivity in procurement processes

The procurement process should guarantee absolute transparency in procurement management and objectivity in decision-making.

## PROCUREMENT POLICY

### d) Equal supplier opportunities

Equal opportunities must be guaranteed to all suppliers to offer their products or services to GRUPO HISPAMOLDES in any particular procurement process.

As a general rule:

- In order to participate in any procurement process, it is essential to first be approved and to be part of the supplier catalogue.
- Procurement processes are initiated by sending a request for quotation to the approved suppliers that meet the required profile.

### e) Selection conditions

- Suppliers will be selected according to criteria of objectivity, impartiality, and equal opportunities, so as to avoid favouritism or conflicts of interest, based on ethics and free competition (competitive prices, added value and financial strength).
- Suppliers must comply with all applicable laws, codes and regulations, including but not limited to any local or state laws on wages and benefits, compensation to employees, working hours and conditions, equal opportunities, non-discrimination and employee and product safety. Furthermore, they must also demonstrate respect for the environment during production and delivery.
- Suppliers that offer the best quality, term, and price conditions will be selected to ensure compliance with GRUPO HISPAMOLDE's objectives.
- Selected Tier 1 suppliers are solvent both at the technical as well as the economic level and guarantee delivery of the product or the provision of the contracted service with the quality standards required by GRUPO HISPAMOLDES.

### f) Supplier evaluation

Where appropriate, mechanisms for ongoing assessment of supplier performance will be implemented, according to criteria established by GRUPO HISPAMOLDES, depending on the characteristics of the product or service. For any suppliers that obtain an insufficient or negative rating, action must be taken to standardise or terminate their respective contracts, as appropriate.

### g) Formality in relations with suppliers

## **PROCUREMENT POLICY**

Business relationships with suppliers must always be formal and agreements must be in writing. Suppliers should receive prompt and courteous responses.

### h) Payments

Suppliers must be paid in a timely manner, according to the conditions established in the respective contracts, without favouring one supplier over another, so as to streamline and prioritize the payment process, which the supplier must be familiar with.

### i) Mutual communication

Appropriate communication channels will be established to promote and ensure transparency in procurement management and objectivity in decision-making.

Open dialogue with suppliers should be encouraged to address their concerns, suggestions, and opinions, as well as to maintain a good business relationship.

### j) Limited supplier database

An optimal number of suppliers per set of procurement items should be maintained in order to ensure healthy competitiveness and diversification of the risk so that operations may continue.