


Supplier Management Regulations

- 1. Corporate Standard Non-Commercial
Supplier Development**
- 2. Corporate Purchasing and Supplier
Management Policy**

	CORPORATE STANDARD NON-COMMERCIAL SUPPLIER DEVELOPMENT	CODE	VERSION
		FIN-ADMIN-NC-020	01
		START DATE OF VALIDITY	END DATE OF VALIDITY
		11.28.2022	12.28.2027
PROCESSING MANAGEMENT	CORPORATE FINANCE MANAGEMENT		
ELABORATED BY	REVIEWED BY	APPROVED BY	
María Antonieta Sertzen	Carolina Navarro Sanchez Salazar	Patricia Gastelumendi Lukis	
SUPPLIER EXECUTIVE	CORPORATE SERVICES AND ENVIRONMENT ASSISTANT MANAGER	FINANCE MANAGER	

Supplier development is a strategic process that seeks to improve the capacity and performance of suppliers to better align them with the Corporation's needs and standards.

Ferreycorp and its subsidiaries, through their logistics and purchasing areas, execute and supervise action plans to ensure that they work with companies that meet ESG requirements and are aligned with the Corporate Supplier strategy, based on four pillars: i) strategic alliances and supplier management, ii) differentiated processes for different company sizes, iii) supplier development, and iv) promotion of a sustainable supply chain.

The corporation has a Buyers Network made up of buyers from Ferreycorp companies, who share purchasing and supplier management practices to ensure that attention is paid to this important stakeholder group throughout the corporation, within a framework of compliance with due diligence and anti-corruption standards.

1. Objective:

This corporate standard aims to improve the quality and efficiency of the purchasing processes of Ferreycorp Corporation and its companies, strengthening the company's relationship with them and building solid and trusting relationships with this important stakeholder group. In addition, it ensures the company's sustainability by ensuring that its entire supply chain contemplates ethical practices, establishing methods of evaluation, selection, registration and approval of non-commercial suppliers in accordance with the requirements established by Ferreycorp SAA.

2. Scope:

This standard applies to all employees involved in the process of purchasing goods and non-

commercial services. It is under the responsibility of the Corporate Finance Management of Ferreycorp SAA, through the Corporate Services and Environment Sub-Management. This regulation applies to Ferreycorp SAA and its subsidiaries.

3. References:

- Corporate Standard for Works and Services of Contractors and Suppliers.
- Standard for the Selection of Permanent Third-Party Services.
- Corporate Standard for Work Standard Management of Contractors and Third Parties SSMA-GCRH-NC-008.
- Supplier Code of Conduct.

Ferreycorp also has a Compliance System to prevent acts of corruption and other crimes, whose rules include the relationship with suppliers:

- Corporate Code of Ethics
- Corporate Compliance Policy
- Corporate Standard on Delivery and Receipt of Gifts, Favors and Others
- Corporate Standard on Conflict of Interest
- Corporate Standard on Controlling Reputational and Corruption Risks in Business with Third Parties
- Corporate Standard on Due Diligence on Customers, Suppliers and Collaborators.

4. Procedures:

4.1. Supplier Selection Process:

In order to select suppliers, Ferreycorp and/or its subsidiaries must necessarily carry out a contest, either through a private bidding process or an administrative procedure in which several suppliers are quoted, in order to promote competition. As a general criterion, at least three (3) quotations or technical/economic proposals from different suppliers must be submitted in order to always objectively choose the one that offers the best conditions for Ferreycorp and/or its subsidiaries. For reasons of materiality or the type of service to be quoted, the request for bidding with three bidders may be waived and may be reduced to two suppliers in order to have a comparative of costs and services. These exceptions will be approved by the head or purchasing management in each of the purchasing units. In private bids for significant suppliers, selection criteria such as price, quality, delivery time, good sustainability practices (environmental, social responsibility and governance) are taken into account. On the other hand, financial and commercial aspects are taken into account, which shows the relevance of the company.

Country, sector and product risks are also evaluated.

The corporation gives greater relevance in the selection of its suppliers to those with better performance in ESG criteria. On the other hand, their importance within the supply chain and their impact on the business is considered. This difference allows companies to better identify and manage the risks and opportunities associated with their key suppliers.

4.2. Supplier Evaluation and Development.

4.2.1 External and Internal Supplier Approval Process:

Although not all suppliers are approved, in it will be a requirement in the mid-term for contracting services or making sales of products that are not part of the company's core business (commercial purchases).

The requirement for an approval to be external or internal will depend on what each company establishes according to the specific risks of the nature of each supplier's activities, the workplace, the level of mobilization of employees within the facilities and their internal policies.

The supplier approval process will provide a database of suppliers that have been approved under compliance, legal, financial, HSE and other criteria; it also includes questions related to ESG variables. All approvals require the completion of different types of documents, such as general data, due diligence affidavits, etc.

On the other hand, the external approvals include the verification of tests and the recognized industry methodology of Supplier Approval and the PDVA (plan-do-verify-act) cycle is used. These third party companies report and follow up on suppliers that have not achieved certification, helping them to submit the correct documentation and achieve certification.

The fact that a supplier is approved does not necessarily imply that goods and services must be purchased from that supplier. Companies wishing to be approved must sign, among other documents, the Supplier Affidavit and a Supplier Due Diligence Questionnaire in accordance with the provisions of the *Standard of Due Diligence of customers, suppliers and collaborators*.

The evaluations can be on-site or desk-based, depending on the criticality of the contracted services, the location of the services, etc.,

The suppliers that are externally approved obtain a Certificate of Approval. In order to be considered Approved, they must meet the minimum required score and the validity will be based on the following table:

between 76% to 80%.	every 2 years
between 81% to 90%	every 2 and a half
greater than 91% to 100%	every 3 years

4.2.1.2. Suppliers exempted from approval

- Emergency purchases.
- Purchases from Ferreycorp Corporation companies.
- Purchases from companies representing the brands of the goods sold by the subsidiary companies (Represented Brands).
- Purchases of services from suppliers of consulting services, audits, certifiers, training and press releases, financial entities, stockbrokers, Pension Fund

Administrators, suppliers of the stock market in general, suppliers of the educational sector.

e) Public utilities, electricity, water, municipalities, state entities.

4.2.2 Supplier Evaluation as part of the Selection Process.

4.2.2.1. Ferreycorp Corporation's requirements for commercial relationships are as follows:

To be companies that provide products of recognized quality, service capacity, economic and financial strength, compliance with legal, tax and labor requirements, compliance with occupational health and safety standards, commitment to human rights principles, interest in corporate social responsibility, compliance with environmental standards, implementation of a model for the prevention of corruption and other related crimes.

4.2.2.2. Supplier Due Diligence:

All suppliers shall be subject to the due diligence controls in general, found in the Corporate Standard on Due Diligence on Customers, Suppliers and Collaborators GEN-GCAC-NC-008, regardless of the process that each company has, seeking to prevent being compromised in any corruption issue or in the commission of any related or related crime.

4.2.2.3. Additional measures that may be requested from local suppliers:

- a) For local service providers, some of the following lists may be reviewed in order to ensure that the provider does not have problems of money laundering, drug trafficking, corruption, etc. United Nations Security Council lists and the Clinton List issued by the Office of Foreign Assets Control (OFAC) of the United States Treasury Department.
- b) Unannounced visit of the purchasing, logistics or auditing area to the local supplier's facilities in order to evaluate compliance with security requirements, response to risks and threats to the Supply Chain, as well as operational capacity.
- c) Analysis of the supplier in a financial risk center, in order to verify its financial and patrimonial capacity.

4.2.2.4. Complementary measures that may be requested from international suppliers:

- a) For foreign service providers, some of the following lists may be reviewed to ensure that the provider does not present problems of money laundering, drug trafficking, corruption, etc. United Nations Security Council lists and the Clinton List issued by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury.
- b) Carry out an electronic search for references of the potential foreign supplier in

institutional web pages (chambers of commerce) and/or commercial electronic portals. The finding of reports and/or news alerting about the link of the foreign supplier with illicit activities (drug trafficking, terrorism, financing of terrorism and/or money laundering) or fraud by the potential foreign supplier should be alerted. As evidence of the above, a screenshot should be taken of the internet record of the search for the name of the potential foreign supplier.

4.2.2.5 Documentation required to register suppliers in the system, once they have been evaluated and selected.

Documentation required to register suppliers in the system, once they have been evaluated and selected.

In order to register a new supplier to the supplier list, suppliers must submit the following documents:

Creditor Incorporation Form, Affidavit for Suppliers, Authorization for the Processing of Personal Data Due Diligence Questionnaire for Suppliers, and they must sign a document stating that they have received the Code of Conduct for corporate suppliers.

They must also submit the following documents: National Register of Taxpayers file, MSEs company certificate, police and criminal record, copies of ID or foreigner's card of the legal representatives of the company, incorporation form no older than 3 months, power of attorney form of legal entity, in addition to other documents that may be required by Ferreycorp and/or its subsidiaries in accordance with its internal procedures.

In case the company has a supplier portal, the supplier must obtain a key and password to register their invoices.

4.2.3. Supplier performance evaluation:

This stage is very important, because it evaluates the performance of suppliers that have already been chosen and supply goods or provide services to companies in the Ferreycorp group. This is an ex-post evaluation of suppliers with whom we have a current commercial relationship or have had one in the past.

The companies that have the ERP SAP must carry out the performance evaluation of their suppliers in the FIORI platform (SAP/4Hanna tool), after preparing a standard questionnaire, which may be different for each company of the group, since the requirements of the questionnaire may vary according to the criticality of the suppliers, area of service, etc.

The companies that do not have the SAP/(4Hanna) system, must carry out their evaluations in Google form or an Excel form.

In both cases the evaluations should contain questions on quality of the good or service, market prices, compliance with delivery deadlines, post-sales service, approvals, emergency service, quality/compliance ratio, among others.

Supplier Evaluation Scorecard.

Range	Score
90 – 100	Very Good
75 - 90	Good
75 - 40	Fair
Less than 40	Poor

4.2.4. Supplier Development:

Since Ferreycorp Corporation and its subsidiaries seek to maintain long-term relationships with this stakeholder group, they have a focus on the development of its suppliers, through internal or external trainings and workshops. The training topics are varied, seeking to develop them in sustainability issues, such as Human Resources, Environment, Ecodriving, Compliance, Waste Management, Safety and Health, among others. It even encourages them to carry out sustainability reports and to participate in anti-corruption certifications.

The Corporation focuses on ongoing collaboration with its suppliers and the promotion of best practices, support measures, and capacity building. The Corporation's companies must encourage the continuous improvement of their suppliers through training and development programs in order to improve their competitiveness in the marketplace.

On the other hand, suppliers, from the moment of planning their activities, quotation and during the execution of their services, must take the necessary measures to avoid occupational health and safety risks, and in those risks that are considered unavoidable, adopt the necessary prevention and safety measures to prevent damage and deterioration of the health of the company's collaborators and of the suppliers and contractors themselves, for which they must strictly adhere to the Health and Safety guidelines of the companies where they will perform the service.

Among the best practices of the corporation's companies are the periodic approvals that include ESG variables, which guarantee that suppliers are aligned with sustainable performance in addition to complying with our Code of Conduct.

5. Responsibilities

Ferreycorp is in charge of establishing the supplier strategy and therefore recommending corporate guidelines. However, each operating company is responsible for complying with current regulations and is independent for executing its own projects. The executive area for the implementation of this standard is the Corporate Finance Management through the Corporate Services and Environment Sub-Management.


6. Complaints in the event of non-compliance with this Standard

Suppliers or collaborators of the company who become aware of a possible breach of this policy must inform Ferreycorp, making use of the complaints channel, a tool enabled to

facilitate the confidential and secure formulation of any breach of this Policy and the Compliance rules.

- Website: https://www.ferreycorp.com.pe/canal_denuncias/
- E-mail: canalddenuncias@ferreycorp.com.pe
- Telephone: 626-4110.
- Mailbox: Jr. Cristobal de Peralta Norte 820, Santiago de Surco.
- Personal interview with the Corporate Ethics and Compliance Officer.

These complaints will follow the same course of review and investigation as stipulated in the procedure mentioned in the previous paragraph.

	Corporate Purchasing and Supplier Management Policy	CODE	VERSION
		FIN-ADMIN-PC-003	02
		START DATE OF VALIDITY	END DATE OF VALIDITY
		18/07/2023	18/07/2027
PROCESSING MANAGEMENT	Corporate Finance Management		
ELABORATED BY	REVIEWED BY	APPROVED BY	
Carolina Navarro	Patricia Gastelumendi	Mariela Garcia	
Corporate Services and Environment Sub-Manager	Corporate Finance Manager	General Manager	

1. Objective:

The purpose of this policy is to establish the guidelines and principles that guide supplier management and all aspects related to the process of acquiring goods and services at Ferreycorp Corporation and its subsidiaries. It establishes the principles and values that should govern relationships with suppliers, including their selection and purchasing decisions.

2. Reference or concordance

- GEN-GCAC-NC-001 - Corporate Standard on delivery and/or receipt of gifts, payments, favors and others.
- GEN-GCAC-NC-002 - Corporate Standard on conflict of interest.
- GEN-GCAC-NC-003 - Corporate Standard on business with government agencies and relationships with public officials.
- GEN-GCAC-NC-005 - Corporate Standard for controlling reputational and corruption risks in business with third parties.
- GEN-GCAC-NC-008 - Corporate Standard of Due Diligence on Customers, Suppliers and Collaborators.
- FIN-ADMIN-NC-016 - Corporate Standard for the Selection, Evaluation and Approval of Suppliers.
- FIN-ADMIN-PC-001 - Supplier Code of Conduct.
- FIN-ADMIN-MCO-001 - Non-commercial Purchasing Procedures Manual.
- FIN-ADMIN-NC-014 - Corporate Standard for the preparation of contracts with non-commercial suppliers.
- FIN-ADMIN-NG-001 - General Standard for Non-Commercial Purchasing and Supplier Management.

- GEN-GCRH-PC-010 - Corporate Policy on Integrated Safety, Health, and Environment.

3. Scope:

This corporate policy applies to all areas that contract suppliers of goods and services, such as the logistics, purchasing and general services areas of the corporation's companies, and includes all employees involved in the acquisition process.

4. Key Elements of the Purchasing Policy

The following are the key elements to be considered for supplier management within the process of supplying goods and services:

- 4.1. Transparency and competition: The purchasing policy establishes an open and objective selection process, encouraging competition among suppliers. This implies establishing clear and fair mechanisms for the evaluation and selection of suppliers.
- 4.2. Quality and service: The policy establishes that priority must be given to the quality of the goods or services purchased, as well as to the supplier's ability to provide excellent customer service. There are clear criteria for rating and evaluating suppliers based on their quality and performance.
- 4.3. Cost and conditions: The policy seeks to obtain the best value for the money invested, seeking competitive prices without compromising quality. Guidelines are established for the negotiation of prices and contractual conditions, as well as for the evaluation of the total cost of property for goods or services acquired. The corporation is committed to establish fair payment conditions and delivery terms that allow our suppliers to comply with basic labor standards.
- 4.4. Sustainability (ESG variables): The policy promotes the acquisition of goods and services that meet sustainability standards, such as fair labor practices, respect for the environment and compliance with ethical standards. ESG variables are also taken into account in contracts with suppliers, approval questionnaires, training and others.

- 4.5. Supplier management: The policy includes criteria and processes for the selection, evaluation and management of suppliers, including conducting periodic supplier evaluations, establishing contracts and promoting long-term relationships with reliable and ethical suppliers.
- 4.6. Zero tolerance to corruption, money laundering and financing of terrorism. For which we only have supplier approvals, which have information and declarations from suppliers. that include ESG variables. Ferreycorp's suppliers are required to comply with current regulations: Supplier Code of Conduct and the Purchasing and Supplier Policy, which are based on ethical values and basic principles such as respect for human rights. This compliance is verified through approval questionnaires.
- 4.7. Ongoing collaboration with suppliers and promotion of good practices, support measures and improvement of their capabilities. The corporation's companies must encourage the continual improvement of their suppliers through training and development programs, in order to improve their competitiveness in the market particularly for micro and small businesses.
- 4.8. Compliance with regulations and the necessary measures to avoid occupational health and safety risks, and in those risks that are considered unavoidable, adopt the necessary preventive and safety measures to prevent damage and deterioration of the health of the company's employees and of the suppliers and contractors themselves, for which they must strictly follow the Health and Safety guidelines of the companies where they will carry out the service.
- 4.9. Approvals are mandatory and periodic; through these, it is sought that suppliers are aligned with sustainable performance in addition to complying with our Code of Conduct. Approvals are corporate, so that suppliers do not have to undergo individual approval processes in two or more subsidiaries.

5. Responsibilities

Ferreycorp is responsible for establishing the policy, principles, and strategy for supplier relations, with corporate guidelines being mandatory for compliance.

Corporate Finance Management, through the Corporate Services and Environment Sub-Management, is responsible for executive direction, overseeing and monitoring the implementation of this policy both within the corporate entity and across all the corporation's companies. It is also responsible for deploying programs and initiatives with a cross-company reach across all the corporation's companies.

Each subsidiary company is responsible for complying with current regulations and may implement individual plans and actions, as well as leverage synergies with other companies and work on joint projects for supplier relations.

6. Complaints in the event of non-compliance with this Policy

Suppliers who become aware of a possible non-compliance with this policy must notify Ferreycorp, making use of the complaints channel, a tool set up to facilitate the confidential and secure formulation of any non-compliance with this Policy and the compliance rules covering all the corporation's companies.

- Website: https://www.ferreycorp.com.pe/canal_denuncias/
- E-mail: canaldedenuncias@ferreycorp.com.pe
- Telephone: 626-4110.
- Mailbox: Jr. Cristobal de Peralta Norte 820, Santiago de Surco.
- Personal interview with the Corporate Ethics and Compliance Officer.

These complaints will follow the same course of review and investigation as stipulated in the procedure mentioned in the previous paragraph.