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Procurement Policy

MASORANGE Group

(This document has been translated from the current valid Spanish version for informational purposes only. If in doubt, please refer to the Spanish version)

Prepared by: Procurement	Reviewed by: Audit and Risk Committee	Approved by: Board of Directors
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Mailing List

- Public document



Version Control

Version	Date of approval	Change from the last version
1.0	11/02/2025	<i>Initial versión</i>

Reference to other documents

Doc. Ref.	Document
POL-11	MASORANGE Group ESG Policy
L&A.C.02	MASORANGE Group Code of Ethics
POL-01	MASORANGE Group Anti-Corruption Policy
	MASORANGE Group Supplier Code of Conduct
POL-06	MASORANGE Group Risk Management and Control Policy
POL-10	Information Security Policy



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2. Context

The MASORANGE Group is the business group composed of those companies that are part of the corporate group whose dominant entity is MASORANGE, S.L. References made in this Policy to the MASORANGE Group should be understood as applicable to each and every one of the commercial companies that comprise it.

The Board of Directors of MASORANGE, S.L. (the "Company") has the non-delegable authority to determine the general policies and strategies of the Company.

In accordance with the above, the Board of Directors of the Company is competent to design, evaluate, and permanently review the corporate policies that contain the guidelines governing the Company's actions.

Among the corporate policies is this Procurement Policy, which is an integral part of the set of guidelines and procedures established by MASORANGE to regulate the process of acquiring goods and services.

3. Purpose

The purpose of the Procurement Policy is to establish a global framework for the control and management of risks arising from the purchasing activities of goods and services within the MASORANGE Group, in accordance with the Risk Control and Management Policy, the ESG Policy, the Group's Code of Ethics, the Anti-Corruption Policy, and the Information Security Policy of the MASORANGE Group.

This policy aims to define clear procedures and criteria that optimize resource use, ensuring that purchases are made efficiently and within the allocated budget, in accordance with the aforementioned policies and codes. Additionally, it promotes transparency in transactions, fostering fair and ethical purchasing practices that build trust both internally and with Suppliers.

This policy also aims to manage the risks associated with Supplier selection, supply assurance, and purchasing decisions, identifying potential contingencies and establishing measures to mitigate them.

Finally, it ensures that all acquisitions are aligned with the strategic objectives of the organization, thereby contributing to its long-term mission and vision.

4. Scope

The Procurement Policy applies to all purchasing activities of goods and services by the businesses managed by the companies of the MASORANGE Group.

It covers all types of purchases from Suppliers, regardless of their amount, except for the provision of services between companies of the MASORANGE Group, which are formalized in the corresponding intragroup agreements.



5. Principles of organization in procurement management

Procedures and Governance

Procurement management is centralized at Grupo MASORANGE through the Purchasing department.

The Procurement procedure is an internal document, available to any employee, that regulates the different phases of Procurement management.

The governance of the Procurement process ensures the segregation of functions and defines the hierarchical levels of approval.

- For negotiation processes above a defined amount, the governing body is the Purchasing Committee, which is made up of various members of senior management, thus ensuring the segregation of functions and roles.
- For purchases below this threshold, the approval flow is digital, also ensuring the segregation of functions and roles.

Environment

MASORANGE is committed to making purchases that minimize environmental impact and monitoring the expenditure linked to this aspect. We prioritize Suppliers that implement sustainable practices, promoting the use of recyclable materials, responsible production processes, and monitoring their own supply chains.

Social Commitment

We promote business relationships that contribute to the social and economic development of the communities in which we operate. We seek to collaborate with Suppliers who share our commitment to inclusion and local development.

Ethics and Transparency

At MASORANGE, our commitment to integrity leads us to strictly respect the duty of honesty in the exercise of our professional activity. Therefore, we encourage all our Suppliers and their employees to report any alleged irregularity or act contrary to the law or to the internal policies and rules of the companies that make up the MASORANGE Group of which they become aware in the exercise of their professional activities.

Through this channel, any conduct or concern about breaches of the law (corruption, influence peddling, conflict of interest, fraud, ethics, internal control, auditing, accounting, human rights, fundamental freedoms, health and safety of people, environment, etc.) can be reported, as well as the internal policies and procedures of the companies that make up the MASORANGE Group (Code of Ethics, Anti-Corruption Policy, Crime Prevention Policy, etc.).

Communications can be made by any interested person, in writing or verbally, through the channel accessible via the internet on the MASORANGE website:



- The "Ethics Channel" section of the MASORANGE corporate website.
- The "Ethics Channel" section of the MASORANGE commercial brands' websites.
- The Supplier Portal of the MASORANGE digital Purchasing platform.

All data contained in electronic communications received or made through the Ethics Channel will remain encrypted, ensuring complete anonymity for the informant if desired.

This information is permanently published on the Supplier Portal of the MASORANGE digital Purchasing platform, along with the general contracting conditions, which the Supplier accepts on the platform.

In accordance with the ethical commitment of the MASORANGE Group, a culture of honesty and transparency will be promoted in Purchasing management, based on the principle of "zero tolerance" towards the commission of illegal acts and situations of fraud, and the application of principles of ethics and responsible behavior.

In situations where a possible irregularity or conflict of interest involving a MASORANGE employee arises or may arise in a Purchasing process, as established in the Conflict of Interest Policy, the affected employee will immediately report it in writing to their hierarchical superior and through the channels defined in MASORANGE for communication, and will refrain from intervening, influencing, or participating in the Purchasing process, as well as accessing confidential information related to that conflict.

Additionally, all employees or subcontracted personnel working for the Purchasing Department must comply with the guidelines defined in the Code of Ethics and the Anti-Corruption Policy of the Company and accept specific Conduct Standards for the Purchasing Department, which provide guidance to perform their work with the highest quality standards in their practices and applying the Purchasing Policy described here.

The Purchasing Department is responsible for maintaining an active relationship with Suppliers and ensuring control of the associated risks.

All information related to Suppliers, business volumes, prices, terms, and conditions in commercial agreements is considered strategic and confidential and, therefore, cannot be disclosed or disseminated without prior authorization from the Purchasing Department.

Quality and Efficiency

The quality of the products and services acquired is paramount. We evaluate our Suppliers based on their ability to meet our quality standards and operational efficiency.

Innovation

We promote innovation in our acquisitions, seeking solutions that enhance our services, generate efficiency, and contribute to digital transformation.



6. Principles of the Procurement Management Procedure

The Procurement procedure encompasses all transactions necessary during the Purchasing cycle to make an acquisition, starting from the identification of a new spending and/or investment need, and ending with payment to the Supplier for the acquired good or service.

1. **Demand Planning:** At the beginning of each fiscal year, Purchasing, along with the Requestor and Management Control, identify the demand for the new year, the actions to be undertaken, and the objectives.
2. **Demand Management**
 - 2.1. Identification of the Purchase requirements by the Requestor, ESG, Compliance, Security, GDPR, etc.
 - 2.2. Identification of Suppliers to participate in the process, considering market context, opportunity, quality of previously provided service, etc.
 - 2.3. Joint definition between the Requestor and Purchasing of the negotiation strategy.
 - 2.4. Receipt, evaluation of offers, and proposal for award.
 - 2.5. Governance of the award.
3. **Formalization of the legal Contract**, or decision to regulate by general contracting conditions and offer.
4. **Price catalog.**
5. **Generation of the Order.**
6. **Monitoring, receipt, control, and release of payments.**
7. **Criteria for Decentralized Purchasing:** For certain categories of purchases, and up to a certain amount, Purchasing, along with the Requestor and Management Control, agree on the delegation framework.

7. Prevention of risk factors

In line with the stipulations in the Risk Control and Management Policy, this policy aims to identify potential risks associated with a Purchasing process, as well as to provide specific responses to mitigate or avoid the risk, and in cases where appropriate, transfer them to a third party or accept them, within the levels of risk appetite defined by the Board of Directors.

- **Credit Risk:** The possibility that a Supplier or contractor fails to meet or improperly fulfills their contractual obligations, resulting in a loss of any nature for the MASORANGE Group.



- **Market Risk:**
 - Any potential increase in the cost of purchases due to adverse price movements, including possible indexing to raw materials (e.g., quoted metals), energy costs, or fluctuations in currency exchange rates.
 - Delays in supply resulting from environmental disasters, international demand, material shortages, or geopolitical conflicts.
- **Business Risk:** Technological and/or quality risk of purchases:
- **Risk of acquiring inadequate products or services** that do not adequately meet the technical, operational, or environmental needs of the business.
- **Technological risk** arising from dependence on a single Supplier.
- **Difficulty in finding Suppliers** in the market capable of delivering the appropriate products or services on time, which may lead to delays in meeting business objectives or regulatory obligations (penalties).
- **Operational Risks:** Direct or indirect economic losses caused by inadequate internal processes, technological failures, internal or external events, human errors, or fraud, particularly those associated with:
 - Total or partial non-compliance with established procedures for transparent and competitive bidding.
 - Failures in internal controls.
 - Execution of unauthorized or fraudulent operations (internal or external fraud), bribery, or corruption.
 - Human or technical errors resulting from inadequate systems or procedures.
- **Reputational Risks:** Potential negative impact on the value of the Company or the MASORANGE Group, as a result of behaviors falling below the expectations set by various stakeholders or adverse external situations that may arise due to operations associated with purchasing.

Poor practices by Suppliers or contractors, or their subcontractors or collaborators, that may impact the reputation of the Company or the MASORANGE Group, such as non-compliance with tax obligations, poor labor or environmental practices, or violations of the principles established in the United Nations Global Compact.
- **Criminal Risks:** Possible commission of illegal acts that could generate criminal liability for companies in the MASORANGE Group, even if those acts were carried out or facilitated by Suppliers violating the Supplier Code of Conduct or by employees of the MASORANGE Group violating the Ethical Code, the Anti-Corruption Policy, and other applicable regulations.
- **Risks Related to Security and Confidentiality of Information, Data Protection, and Cybersecurity:** Unauthorized access, impersonation, data leaks, and loss of information, which may result in fines, reputational damage, and legal liability.



Among others, the following are some of the mechanisms available to MASORANGE for managing risks related to Purchasing:

- **Procurement Platform:** A collaborative electronic tool for Purchasing processes and Supplier Portal, aimed at facilitating the exchange of documentation between its Suppliers and MASORANGE, as well as access to documentation and information that the Supplier must know, which will govern our relationships from their registration in Supplier Portal, in Procurement Platform.
 - Supplier Registration and Data Modification Process
 - Approval Process
 - Submission and Negotiation of Offers
 - Contract Negotiation
 - Digital Signature of Contracts
 - Viewing of Orders, Acceptances, and Invoices
 - Request for Confirming

This tool allows for the configuration of visibility perimeters and control functions according to user profile for all users collaborating in the tool (Suppliers, Purchasing, Requestors, Management Control, Senior Management).

- **General Terms of Contracting**, that are accepted by the Supplier digitally on the Supplier Portal. By accepting them, the Supplier agrees to the Supplier Code of Conduct and the clauses related to the prevention of corruption, sustainability, information security, data protection, and cybersecurity, among other aspects. The acceptance of these general conditions by the Supplier does not limit the signing of a specific contract between the Parties to regulate specific services or supplies.
- **Ethics Channel** for the Supplier and its Employees.
- **Supplier Risk Assessment:** At the time of registration and on a recurring basis for Suppliers above a certain annual spending threshold, which includes evaluation of financial risks, Supplier dependency, ESG (Environmental, Social, and Governance), and ethics and anti-corruption.
- **Identification of ESG Risks:** Linked to the Purchasing category, establishing specific evaluation processes for Suppliers providing such services or products.
- **Market Risk Assessment.**
- **Recurring Audits on the Process.**