

sando

**SUSTAINABLE
PROCUREMENT POLICY**

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The Board of Directors of GRUPO EMPRESARIAL SANDO S.A. (hereinafter, SANDO), within its general and non-delegable authority to determine the Company's general policies and strategies, and following prior review and proposal by the Sustainability Department, has approved this *Sustainable Procurement Policy* (hereinafter, the "**Policy**").

This *Policy* covers the entire responsible supply chain management approach, reflecting SANDO's commitment, and is to be interpreted and complemented jointly with the provisions of the *Code of Conduct*, the *Sustainability Policy*, the *Human Rights Policy*, and the remaining sustainability-related policies, reports and statements adopted by SANDO. These commitments include adherence to the United Nations Global Compact, through which the Company adopts management measures to ensure compliance with the **Ten Principles of the Global Compact** and the **2030 Agenda**.

1. PURPOSE

The purpose of this Policy is to establish a general framework that SANDO can extend its commitments, policies and values across its entire value chain, and to promote responsible management among its suppliers, vendors, partners, contractors and subcontractors (hereinafter jointly, "**suppliers**"), aligned with SANDO's sustainability strategy.

This Policy sets out a series of **strategic objectives** underpinning the various responsible procurement procedures implemented within SANDO:

- a) Demand socially, environmentally and ethically responsible products and services.
- b) Provide the supply chain with accurate and transparent information on SANDO's requirements in the procurement process.
- c) Ensure that the supplier selection process complies not only with quality, timing and cost criteria, but also with principles of impartiality, integrity, objectivity, transparency, value creation, confidentiality, free competition and sustainability. This promotes the selection of suppliers that effectively implement social, regulatory, ethical, environmental and occupational health and safety standards aligned with those of SANDO.
- d) Ensure that suppliers and contractors meet standards relating to Human Rights, occupational health and safety, environmental protection and ethical conduct, in accordance with the Sando Code of Conduct, the Global Compact Principles and the 2030 Agenda.
- e) Integrate all these requirements into supplier selection and evaluation procedures, fostering continuous improvement of the supplier management and approval system.

- f) Promote the integration of ESG (environmental, social and governance) criteria in contractual clauses.
- g) Assess supplier risk to ensure that, both prior to and during the relationship with the Group, they meet the requirements of this *Policy*.
- h) Collaborate with suppliers to agree on remediation plans whenever doubts arise regarding their professional practices.

2. SCOPE OF APPLICATION

This *Policy* applies to all entities belonging to the Sando Group, in accordance with their specific characteristics. Accordingly, all references in this *Policy* to the Sando Group shall be understood as including all companies over which SANDO exercises effective control, regardless of their geographical location.

This Policy does not apply to subsidiaries or minority investees over which SANDO does not exercise direct or indirect effective control. Such entities shall have their own internal policies or regulations governing the matter, which may under no circumstances contradict the provisions of this *Policy*.

3. COMMITMENTS TO SUPPLIERS AND CONTRACTORS

SANDO sets out the following commitments in its relationship with suppliers and contractors:

- Integrity of conduct: SANDO and all individuals acting on its behalf shall observe strict compliance with applicable legislation and the Company's Code of Conduct in their dealings with suppliers and contractors.
- Supplier contracting: Wherever possible, SANDO will promote and encourage the contracting of services and the purchase of products from local suppliers and contractors, with the aim of supporting the development of local business networks and employment creation. Differentiation by supplier sustainability impact and by risk category shall also be integrated.
- Promotion of sustainability: SANDO will foster stable commercial relationships that enable suppliers and contractors to meet their economic, social and environmental sustainability commitments.
- Equal opportunities, free competition and transparency: SANDO will promote free competition in its procurement processes, provide clear information on participation conditions and evaluation criteria, and establish conditions that allow suppliers to be selected based on objective, transparent and balanced criteria.

- Protection of personal data: SANDO employees who have access to personal data in connection with supplier and contractor relationships must safeguard confidentiality and refrain from disclosing or misusing the information.
- Communication: SANDO will maintain open, ongoing communication with suppliers and contractors. It will also receive and review any complaints or suggestions they may submit, supporting continuous improvement.
- Training and awareness-raising in sustainability: SANDO will implement training programmes to enhance awareness and understanding of ESG (environmental, social and governance) matters for suppliers and staff involved in supply chain management.

4. REQUIREMENTS FOR SUPPLIERS AND CONTRACTORS

To ensure effective implementation of the objectives set out in this *Policy*, SANDO and all Group companies shall guide their actions through a set of requirements applicable to all suppliers. These derive from SANDO's various supply-chain frameworks: the Code of Conduct; the Sustainability Policy; the Quality Policy; the Environmental Policy; and the Human Rights Policy.

Where products and services meet basic quality, timing and cost thresholds, priority shall be given to suppliers, contractors and/or products with sustainability certifications or demonstrably strong performance in Environmental, Social or Governance (ESG) aspects.

These requirements include:

4.1 Respect for basic human and labour rights

SANDO considers respect for, protection and promotion of Human Rights a fundamental requirement of its activities. Under the framework of its Human Rights Policy, suppliers and contractors are expected to comply with the following:

- Combating forced labour: The Company shall not use coercive practices to force employees to work.
- Prohibition of harsh or inhumane treatment: Intimidation through verbal abuse, physical abuse or discipline, threats, or sexual or other forms of harassment shall not be permitted.
- No excessive working hours: Standard working hours must comply with labour legislation.
- Respect for freedom of association and the right to collective bargaining.

- Elimination of child labour: Illegal child labour and any form of exploitation of children shall not be permitted.
- Regularised employment: Work shall be based on a recognised employment relationship established by law.
- Non-discrimination: Discrimination in hiring, remuneration, access to training, promotion, dismissal or retirement based on race, caste, birth, sex, age, family responsibilities, religion, disability, marital status, ethnic origin, nationality, sexual orientation, union affiliation or political affiliation shall not be permitted.
- Payment of wages supporting a dignified standard of living: Wages and benefits must, at a minimum, comply with applicable legislation.

4.2 Occupational health and safety conditions

SANDO considers compliance with occupational health and safety legislation essential, and expects suppliers and contractors to:

- Provide a safe and healthy working environment for employees.
- Take effective measures to prevent accidents and health hazards associated with or arising during work.
- Minimise, as far as possible, risks inherent to the specific working environment.
- Provide employees with information and training on safety, health and hygiene.
- Provide necessary and appropriate protective equipment.

4.3 Environmental protection and eco-innovation

SANDO is committed to environmental protection as a cornerstone of its sustainability strategy, integrating a preventive approach and developing solutions that generate positive impacts. In line with effective sustainable management, SANDO expects suppliers to comply with environmental legislation and incorporate environmental protection requirements into their products and services, such as:

- Minimising packaging use, reducing waste generation, and promoting reuse and recycling.
- Controlling water consumption in production processes and reducing consumption where possible.
- Implementing energy-saving measures in production processes.
- Integrating standards and procedures for waste management, emissions and discharge treatment, and the handling and disposal of chemicals and other hazardous materials.

- Minimising the use of chemicals and prioritising environmentally compatible products supported by eco-labels.

4.4 Socio-economic development and social contribution

Where the preceding criteria are met, SANDO will prioritise suppliers, contractors and products of local origin. In accordance with the Sustainability Policy, SANDO will also positively assess suppliers and contractors offering products or services with social impact or active contribution to broader society.

5. COMMUNICATION OF THIS POLICY

This Sustainable Procurement Policy must be communicated to all administrators, managers and employees of the Sando Group, and reinforced through periodic awareness and reminder actions.

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NOTE: This Policy was approved by the **Board of Directors of Grupo Sando at its meeting on 30 September 2024**, and is published on the Group's intranet/website.

October 2024