



**PROSEGUR**

# **General 3P Critical Supplier Assessment CASH Policy**

**RESOURCE MANAGEMENT DEPARTMENT - PURCHASING**

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## 1. Owner

Corporate Resource Management Manager

## 2. Scope

This Policy is mandatory for all Resource Management Departments, Business Divisions and Support Areas in all countries in which Prosegur CASH operates.

## 3. Purpose

This policy aims to establish standard criteria for determining Prosegur CASH's critical suppliers and the minimum requirements that must be met to mitigate the risks identified as part of their assessment.

## 4. Preparation and Approval

Drafted by:	Corporate Resource Management Manager – Purchasing – David Gestal				
Revised by:	Global Legal Area	Javier Aparicio Alfaro			
	Process Transformation Office	Diego Rioja Pérez			
Approved by:	Corporate Resource Management Manager			Date:	22/07/2021
Replacing:	NG_GLO_GR_18_General 3P Critical Supplier Assessment Policy	Version:	01	Date:	03/02/2020

## 5. Implementation

### 5.1. Definitions

The following definitions are intended to facilitate the interpretation of this policy:

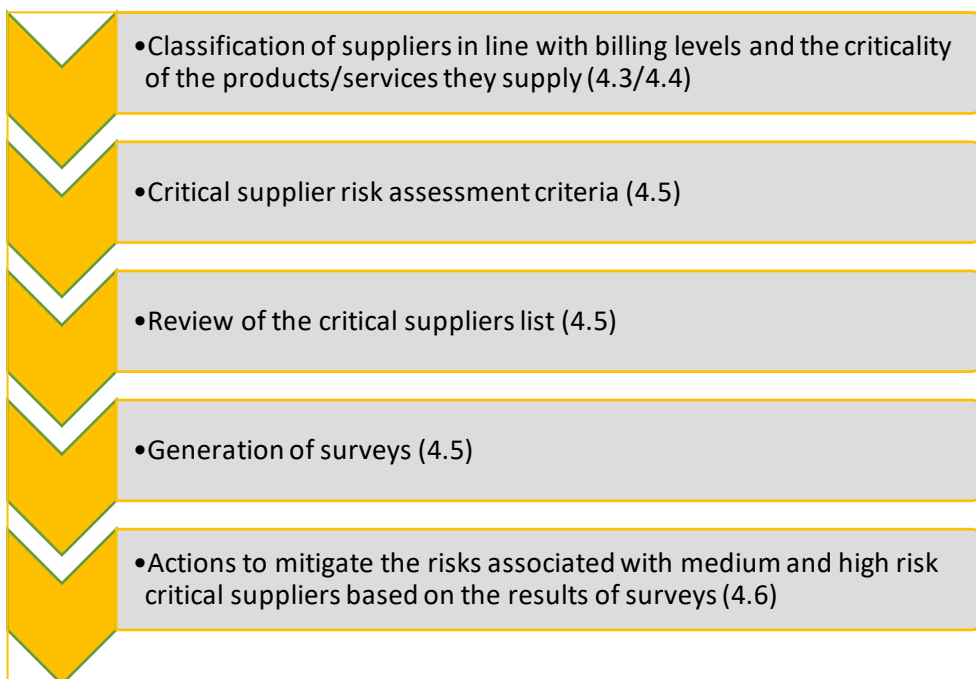
- **Supplier:** Any natural or legal person who, through the knowledge and correct application of the necessary technology and best practices, regulations, specifications, codes and policies required in each case, has the correct resources to supply materials or equipment, or provide services to Prosegur CASH. Supplier may extend to:
  - **Manufacturers:** Supplier that, as a minimum, manufactures or assembles components and performs inspections and/or tests on what it manufactures or assembles.

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- Providers: Supplier that essentially performs marketing or storage activities and, if applicable, technical assistance or maintenance. This term includes distributors, representatives and stockists.
- Contractors and subcontractors: Supplier that is mainly dedicated to the provision of services, including construction, works, assembly or installations, maintenance, engineering, studies, analysis and technical assistance, inspections, supervision or tests, transport, etc.
- This excludes official, public or administrative bodies, as well as the subcontracting of direct service by the Business

## 5.2. Critical supplier assessment process at Prosegur CASH

The Corporate Resource Manager at each Hub has to identify the critical suppliers depending on the level of risk defined and determine actions to mitigate the risks associated with these suppliers. At a country level, critical suppliers can be added or removed depending on criteria specific to each geography and the specific requirements of each activity.



## 5.3. Supplier classification

The Purchasing team from each Area and/or geographical scope divides suppliers into three types, based on the following billing levels:

- Supplier type A: turnover amongst the Top 20% of all suppliers
- Supplier type B: Suppliers with turnover levels between the Top 20% and Top 75%

- Supplier type C: Other suppliers

## 5.4. Categorisation of the criticality of products and/or services

The Purchasing team, in collaboration with the business team or the support department, once suppliers have been classified by billing volume into one of the 3 types indicated in point 4.4., must assign suppliers a category based on the criticality of the Product or Service they provide:

- Category 1 (Critical Product/Service): supply of goods and/or services that directly affect Prosegur CASH's business and without them, the service provided by Prosegur CASH to its customers could not be provided, or would not be provided with the required quality and/or within the established deadline and replacing the supplier would be complex or would involve significant time and costs.
- Category 2 (Product/Service Required): Consideration is given to:
  - Supply of goods and/or services that directly affect Prosegur CASH's business and without them, the service provided by Prosegur CASH to its customers could not be provided, although there are alternative suppliers on the market to whom it would be easy to migrate
  - Either a supply of goods and/or provision of services that indirectly affect Prosegur CASH's business, meaning that without them, the service provided by Prosegur CASH to its customers could continue to be provided, although the quality would suffer or significant efforts would be required for quality not to suffer.
- Category 3 (Generic Product/Service): Goods and/or services that do not directly or indirectly impact Prosegur CASH's ability to provide the service to its customers.

Depending on the classification of suppliers by billing levels and the criticality of the Product/Service they supply, a matrix with nine possible values is generated:

		Billing		
		A	B	C
Product/Service	1	A1	B1	C1
	2	A2	B2	C2
	3	A3	B3	C3

Critical Suppliers are those in the shaded cells in the table above, i.e. those who provide a Critical Product/Service allowing Prosegur CASH to provide the service to its customers or who

have a very high economic impact on Prosegur CASH. These suppliers are subject to an assessment of the risk associated with entering into a business relationship with them and the rules established by this Policy.

## 5.5. Critical supplier risk assessment criteria

For suppliers classified as Critical, a risk analysis and weighting exercise should be performed, in line with the following matrix:

<b>Technical Performance</b>	Product/Service Quality	30%	60%	<b>Supplier Rating</b>
	Supplier Technical Management	30%		
<b>Corporate Performance</b>	Supplier Commercial Management	10%	40%	
	Supplier Risk Assessment	30%		

As a result of this analysis, a weighted score or assessment of the risk associated with the supplier is obtained for the critical supplier.





Both the values obtained in the Technical Performance area (Product and Service Quality and Supplier Technical Management) and the Corporate Performance area (Supplier Commercial Management) are obtained through surveys directed by those responsible for business quality both to internal users of the different Prosegur CASH businesses and to "Category Managers" of the Purchasing/Resource Management departments.

The Supplier Risk Assessment scores are included directly by the Suppliers/Purchases Department and are obtained by consulting external databases held by supplier ratings experts.

For each type of service and per supplier, assessment criteria are defined below, indicating the minimum score that the supplier must meet (on a scale of 1 to 10, with 10 being the best score).

<b>Technical Performance</b>	Quality	3	3	<b>SUPPLIER SCORE</b>
	Management	3		
<b>Corporate Performance</b>	Commercial Management	2	2	
	Risk Assessment	2		

The following supplier classification levels are proposed based on the score obtained:

	Optimal	$\geq 9$
	Good	$< 9$ $\geq 7$
	Standard	$< 7$ $\geq 4$
	Unsuitable	$< 4$

## 5.6. Actions for the mitigation of medium and high risk levels

Below are the recommended actions for suppliers who have obtained a non-limiting standard, poor and prohibited score to mitigate the risk or impact on Prosegur CASH associated with medium and high risk level Critical Suppliers:

- The person responsible for the quality of each activity must launch the possible NON-CONFORMITIES identified as a result of the surveys, establish the corresponding preventive and corrective actions and follow up on them with the suppliers' quality departments. The Corporate Resource Manager at each Hub must inform respondents of the result of the surveys.

The following alternatives or the others applicable in each case must be assessed jointly by the different areas at Prosegur CASH (Resource Management, Quality, Business) and the supplier:

- On the part of the supplier:
  - Plan for the improvement of service and/or product quality
  - Development of a Contingency Plan
  - Financial health improvement plan
  - Contracting of Insurance with adequate coverage, etc.
- On the part of Prosegur CASH:
  - Definition of service levels.
  - The process of registering suppliers/products must specifically include business estimates and the criticality of products/services and suppliers to establish the necessary actions from the outset.
  - Transition plan to an alternative supplier or the re-internalisation of operations outsourced to the supplier
  - Preparation of a contract that includes specific clauses covering the supplier's criticality (product guarantee, support, massive failures, change in price, closure of the business, etc.)
  - Establish a specific process for planning demand, analysing business estimates and managing critical incidents in supply.
  - For critical suppliers with low turnover, replace these suppliers with alternatives or transfer the supply of other non-critical products to these suppliers to increase our bargaining power and be more attractive to the supplier.

## 6. Frequency

The implementation of the actions indicated in sections 5.4, 5.5 and 5.6 take place every two years, led by the Resource Management department in collaboration with the Businesses and DCNs.

## 7. Exceptions

Exceptions to compliance with this policy must be documented in writing by the Corporate Purchasing Manager at each Hub; reported to and approved by both the Financial Director and the



corresponding Business Manager or Director and reported to the Regional Business Director and the Corporate Resource Management Manager for each Area.

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## 8. Documents Associated with the process

Code	Name
NG_GLO_GdM_COM_01	General 3P PCS Purchase Policy
NG_GLO_GdM_COM_01	General 3P CASH Purchase Policy