



SUPPLIERS ASSESSMENT AND QUALIFICATION

*Alliances for a fair transition
of the supply chain towards
sustainability*

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1. Introduction

The purpose of this document is to serve as a guide and induction for current or potential suppliers of the CIRSA Group who must or need to be evaluated and qualified as indicated in the procedures established by the organization. This document details the ESG criteria considered for the evaluation of suppliers, the recommendations for improving supplier performance, and the process to follow on the enabled web portal.

2. Strategy of the assessment and screening CIRSA Group suppliers

The **Global Sourcing Corporate Management** has defined as a strategic objective to concentrate more than 90% of the global purchasing volume on suppliers evaluated with **ESG criteria**. To promote the achievement of the objective, it has established clear action that cover suppliers with a history in the organization and new suppliers.

The obligation to be evaluated and qualified as a CIRSA Group supplier depends on the accumulated purchase volume in the last year for existing suppliers, or the forecasted purchase volume for the current year in the case of new suppliers.

3. ESG Criteria – supplier screening

The CIRSA Group evaluates its suppliers using ESG (Environmental, Social, Governance) criteria, ensuring that it carries out due diligence on sustainability, which includes publicly reporting progress and global results to different stakeholders in its annual sustainability report.

To evaluate suppliers, **the CIRSA Group will request confirmation from its suppliers of the inclusion of practices linked to sustainability** by sending digitalized forms duly prepared with ESG criteria, safeguarding the documentation provided by the supplier on the CIRSA Purchasing platform.

The evaluation criteria contained in the forms are indicated in the following table and may or may not include the adoption of the aspect by the supplier depending on the size of the company, type of activity, local legislation and other conditions.

Evaluation Parameter	Criteria	Definition
Environmental (E)	Environmental policies, standards or procedures or certifications, such as ISO 14001, ISO 14064, ISO 14067 or other certifications of the same nature.	Environmental policies, standards or procedures or certifications, such as ISO 14001, ISO 14064, ISO 14067 or other certifications of the same nature..
	Renewable energy source.	Confirmation that the supplier uses energy from renewable sources or has a plan that will allow it to integrate or combine it in a certain time, an implemented energy efficiency program in its processes and operations.
	GHG emissions (Greenhouse Gases) and pollution.	Confirmation that the supplier has adopted practices that include the measurement and control of greenhouse gases (GHG) of its organization and/or products it markets, a plan to reduce or offset greenhouse gas (GHG) emissions, the management of contaminants and toxic substances safely and in accordance with current regulations.
	Waste management program.	Confirmation that the supplier includes practices for correct management, waste minimization and classification in containers duly marked by color, use of recycling systems and circular economy that includes the reuse of materials.
	Responsible consumption (natural resources).	Confirmation that the supplier has initiated practices aimed at raising awareness of the efficiency in the use of basic resources (energy and water).

	Biodiversity.	Confirmation that the supplier includes environmentally friendly practices, encourages and promotes land conservation, the balance of ecosystems, rejects all forms of deforestation, indiscriminate exploitation of forests that could alter the life of the different species that affect it. they inhabit.
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Evaluation Parameter	Criterion	Definition
Social (S)	Policies, standards, procedures or certifications related to CSR (Corporate Social Responsibility) ISO 45000, 45001 or any of the topics specified in this section.	Confirmation that the supplier has documented policies, standards or procedures associated with human rights, certifications related to people and talent management, corporate social responsibility, special employment center, etc.
	Human rights.	Confirmation that the supplier does not include within its management and/or operation practices the violation of human rights, supports and promotes respect for them, thereby avoiding conduct related to workplace harassment, discrimination, child labor, forced labor or any form of labor exploitation.
	Labor rights, working conditions and fair wages.	Confirmation that the supplier includes practices and programs that facilitate work-life balance, remuneration plans in accordance with what is established by law and or sector agreements, incentives and/or salary compensation plan.
	Diversity, equity and inclusion.	Confirmation that the supplier includes practices that promote equal conditions in the work environment, measurement of gender, generational and/or cultural gaps, a plan to reduce them, favoring inclusion, participation and diversity in the work environment.
	Occupational well-being, health and safety.	Confirmation that the supplier includes initiatives to improve the physical and mental well-being of workers. Programs that encourage employee participation in their professional and/or personal development. Measures and programs to prevent and guarantee the health and safety of employees. Continuous training in occupational health and safety.
	Training and professional development for employees.	Confirmation that the supplier includes and promotes professional development programs, continuous training for employees. Encourages and is committed to the growth and/or progress of the employee within the company.
	Freedom of association and collective bargaining.	Confirmation that the supplier includes practices that encourage social dialogue, collective bargaining, maintenance of fair and transparent labor relations.
	Community participation and development.	Confirmation that the supplier invests and/or collaborates with non-profit associations dedicated to a social cause, promotes community participation among its workers and includes a protocol or regulations for such donations.

Evaluation Parameter	Criterion	Definition
Governance (G)	Management /Administration Body.	Confirmation that the supplier has a senior management structure and governing bodies with legally well-defined roles and responsibilities and public evidence of its involvement in all commitments and supervision processes.
	Risk Control and Management Body.	Confirmation that the supplier has policies, standards and procedures linked to its management and operation, identifies and evaluates the operational, financial, environmental, social and reputational risks that arise from them in order to minimize them or manage them effectively in the event of incidents. or crises that arise from its materialization.
	Compliance Body.	Confirmation that the supplier has all the legal, administrative and fiscal documentation as a sign of compliance with the laws and regulations applicable in its locality, has a code of ethics and conduct, analyzes and validates that the interested parties are not found linked to acts of corruption, money laundering, administrative, economic, legal, social and/or environmental sanctions.
	Transparency.	Confirmation that the supplier maintains accurate and complete records of all business transactions. It has clear and transparent reports on your operations, finances and the sustainability of your organization.
	Supplier Code of Conduct - Evaluation program (ESG + competitiveness) and supplier development	Confirmation that the supplier has a code of ethics and conduct for its suppliers, takes into account competitiveness criteria (efficiency, quality, costs) and ESG performance in contracting decisions, depending on its size, infrastructure and/or activity sector.
	Audits.	Confirmation that the supplier periodically carries out internal or external audits to verify compliance with all processes linked to the operation and/or management of the business, detecting failures or deficiencies in order to offer possible improvements in controls.

4. Supplier selection

The CIRSA Group establishes as mandatory minimum the compliance with those established in local, national laws, regulations, and/or directives on labor, social and environmental protection rights that arise from the size and/or legal typology of the company, the sector of activity and/or purchasing category, as well as those considered relevant to reduce the risks associated with non-compliance by suppliers in their selection and/or contracting.

Whenever the competitiveness of the supplier is demonstrated, **the CIRSA Group will prioritize purchasing with suppliers approved with ESG criteria** and will reserve the right to exclude in the award and contracting processes those suppliers that do not act in line with the established key principles of action. in the [Supplier Code of Ethics and Conduct](#).

At Grupo CIRSA we want to collaborate with those suppliers in the supply chain who have difficulty completing the approval process satisfactorily, which is why we recommend that our suppliers train in this matter through the [Open Academy Spain](#) platform, a digital tool with global reach made available. made available free of charge by the [Spanish Network of the United Nations Global Compact](#) for training and learning about business sustainability in order to improve their performance in these aspects.

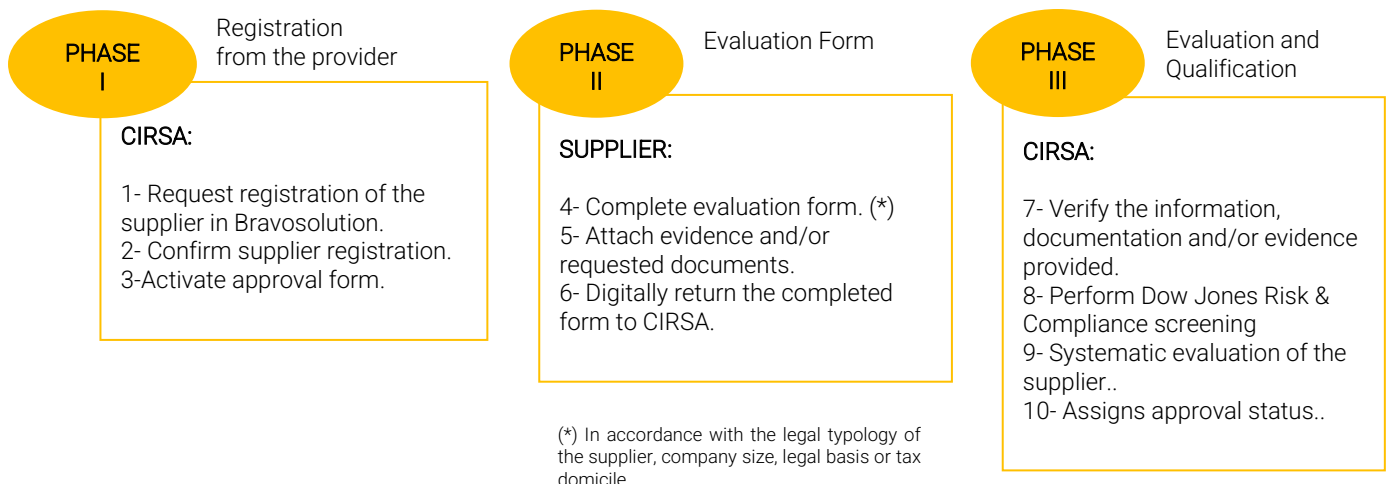
Aware of our role as promoter and promoter of the culture of sustainability among our suppliers, we invite them to include practices, initiatives that cover these topics, measure them and communicate the results or progress publicly, in order to facilitate transparency and the validation process (audits desktop or on-site) by the different stakeholders.

5. Supplier evaluation process

The evaluation y qualification of suppliers at a global level is managed through the [CIRSA Group Procurement Portal](#), a tool intended for supplier management in which users designated by both the supplier and the CIRSA Group can interact simultaneously.

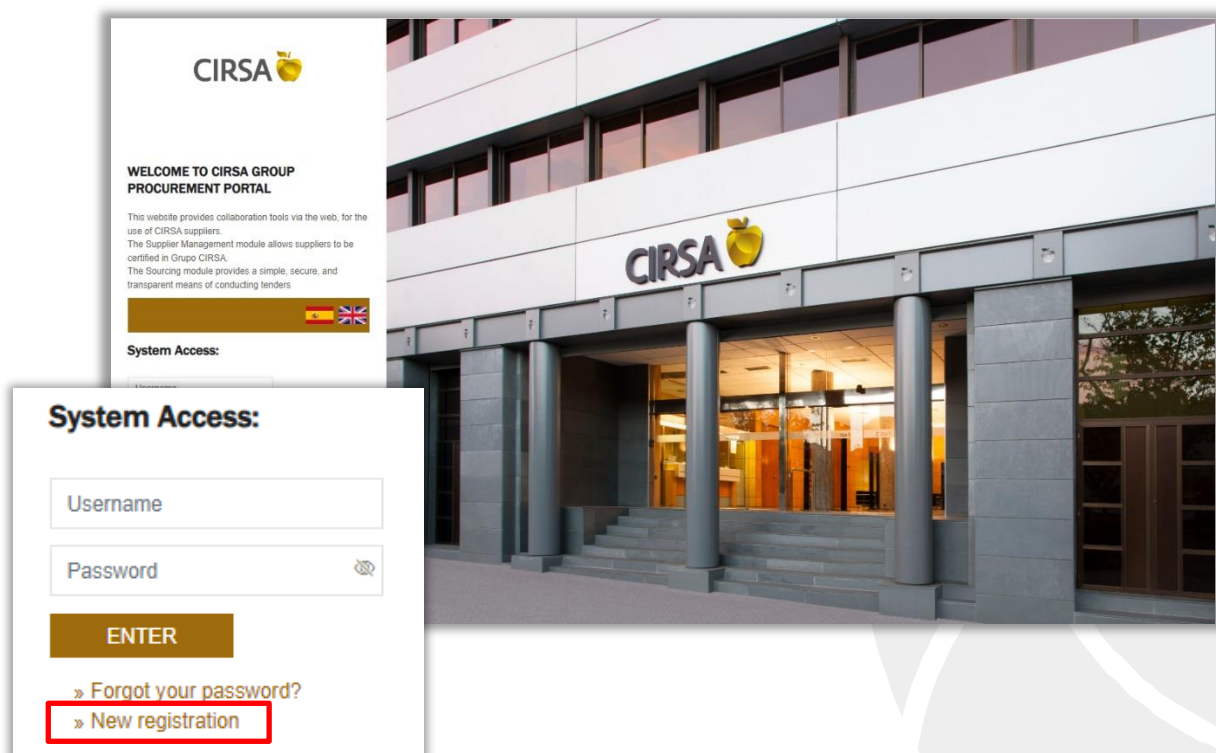
The supplier approval process consists of 3 interdependent phases:

- PHASE I Supplier registration/registration
- PHASE II Homologation Form
- PHASE III Evaluation and approval:



To be evaluated and qualified as a CIRSA Group supplier, suppliers or potential suppliers must access the portal using the link indicated for this purpose, register by clicking on **"New Registration"** and follow the instructions provided by the platform:

<https://cirsa.bravosolution.com/web/login.html>



6. ESG validation - supplier audit and development.

At the CIRSA Group we strive to create and maintain long-term competitive business relationships that are aligned with the business's sustainability strategy, therefore we place good ESG performance at the same level of importance as competitiveness.

As part of its processes linked to risk control, the CIRSA Group carries out a **digital audit mechanism** that consists of validating that the information and/or documentation provided by the supplier is coherent and duly updated.

Additionally, in those suppliers considered as large companies, **a process of confirmation and collection of evidence begins from the supplier's web portal** (desktop audit) that demonstrates the integration and inclusion of ESG practices, their commitment to the Sustainable Development Goals (SDGs).) established in the 2030 Agenda and the 10 Principles of the United Nations Global Compact.

On-site **audits are not currently conducted to validate the inclusion of ESG practices**, although we work proactively and on an ongoing basis to extend commitment to suppliers in the supply chain.

On the other hand being, aware of the importance of the quality of the products we sell, **we carry out on-site audits of the suppliers of materials, systems and technologies necessary for the manufacture of slot machines in our factory**. With this, we evaluate that the quality systems reported and implemented by these suppliers are executed correctly.

To facilitate the monitoring of the performance of these suppliers and give value to the business relationship, we share with them a development plan that includes their strengths in terms of organization, responsibilities and procedures, the inabilities or non-conformities detected in the products supplied by them. and recommendations for improving the supply and quality of the material or product purchased.

Note: This document is the reduced version of the Supplier Manual - CIRSA Group Supplier Approval. To see the expanded version of this document, with the steps to follow within the platform to complete the approval form, it is necessary to register and access the CIRSA Group Purchasing portal..

Confirmation of reading and downloading of both documents by the supplier will appear on the CIRSA Group Purchasing portal, along with [the Supplier Code of Ethics and Conduct](#)

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