



Responsible and Sustainable Supply Chain Management Policy	
Department: Supply Chain Management	Area: Purchasing
Document Type: Policy	Code: 90.200.009 PO

RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN MANAGEMENT POLICY

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1. PURPOSE

Establish the principles and guidelines that will direct the responsible and sustainable management of the Company's supply chain, integrating environmental, social, and governance considerations that enable the avoidance or minimization of environmental and social impacts associated with the procurement of goods and services.

2. SCOPE

This Policy applies to all procurement processes for Company Materials and Services managed through Supply Chain. Exceptions to this Policy must be documented in writing and approved by the Area Manager using or receiving the Materials or Services within the Company and by the Supply Chain Manager.

3. DEFINITIONS

Supply Chain Management or SCM: The Company area responsible for the Materials and Services contracting functions, and for the management of inventories, warehouses, and logistics.

Company: SierraCol Energy Limited and any subsidiary or entity that directly or indirectly owns or controls a majority of the voting rights and/or equity interest.

Materials and Services: Materials, equipment, consumables, services, intellectual property (including, but not limited to, software), and third-party transportation provided by a Registered Provider.

4. RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN MANAGEMENT PRINCIPLES

The Company is committed to ethical, responsible, and sustainable management of the Materials and Services supply chain to balance economic and operational efficiency with social and environmental considerations in processes and forms of supply. Accordingly, the Company will adhere to the following principles in the management, design, preparation, implementation, development, and execution of its supply strategies and processes:

- **Legal and Regulatory Compliance:** Ensure that all SCM operations and practices comply with applicable local and international laws and regulations, including environmental and labor regulations.
- **Ethics and Transparency:** Operate with transparency and ethics in all our business relationships, ensuring free competition, equal opportunities, independence and objectivity in decision-making in the procurement processes of Materials and Services.
- **Respect for Human Rights and Labor Rights:** Promote compliance with and respect for the human and labor rights of suppliers, their employees and subcontractors. This includes:
 - Promoting diversity, equity, and inclusion in the value chain.



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- Guaranteeing adequate health and safety conditions at work, ensuring a risk-free working environment in the Company's operational areas..
- Ensuring that suppliers and their subcontractors provide fair remuneration that allows for a decent life, respecting the minimum living wage.
- Ensuring that suppliers and their subcontractors comply with the working hours established by law, avoiding labor exploitation.
- Respecting and ensuring that suppliers respect freedom of association and the right to collective bargaining, allowing workers to organize and negotiate their working conditions.
- Strictly prohibiting child labor.
- Promoting non-discrimination in all its forms and rejecting any form of corporal punishment and abusive disciplinary practices.
- Condemning and preventing forced labor.
- **Energy Efficiency and Emission Reduction:** Promote energy efficiency and the reduction of greenhouse gas emissions in all of the Company's Materials and Services procurement processes.
- **Sustainable Use of Resources:** Encourage the responsible and sustainable use of natural resources by suppliers, including responsible water management and the minimization of residue and waste.
- **Innovation and Continuous Improvement:** Encourage innovation and continuous improvement in processes and technologies used by the Company in ways that contribute to the sustainability of the areas of influence.
- **Community Engagement:** Establish transparent and equitable relationships that benefit local communities by promoting their participation in the procurement processes of Materials and Services, according to their capacity, as well as their development.
- **Open and Effective Communication:** Encourage open, transparent and effective communication among all the supply chain stakeholders, including employees, suppliers, local communities, and other stakeholders. This includes having appropriate communication channels to facilitate dialogue and disseminate relevant information on sustainability practices, progress and challenges, as well as promoting constructive and collaborative dialogue to address any concerns or suggestions.
- **Supplier Selection:** Establish clear and sustainable criteria for the supplier selection, giving priority, in addition to commercial and technical considerations, to those suppliers that demonstrate the best socio-environmental performance and responsible and sustainable practices or that offer the Materials or Services with the lowest environmental impact and the best conditions in terms of circular economy and the product life cycle.



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- **Performance Monitoring:** Implement supplier performance monitoring and evaluation systems that include verification of sustainability compliance, monitoring of action plans to ensure their improvement, and recognition of best practices.

5. REFERENCES

75.050.001-PO	Code of Business Conduct
75.050.021-PO	Supplier Code of Conduct
75.050.002-PO	Anti-Bribery and Anti-Corruption Policy (ABC)
75.050.003-PO	Conflicts of Interest Policy
90.200.000-PO	Sourcing Policy
90.200.001-PO	Contract Management Procedure

6. REVIEWS

Version	Publication date	Type of changes	Prepared by:	Reviewed by:	Approved by:
1	Nov 29, 2024	Initial document	Alejandra Torres Juan Carlos Mejía Paola Santana	Alejandro Piñeros Armando Figueredo Juliana Hoyos	Bernardo Ortiz