



PROCUREMENT POLICY

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APPROVED BY Judith de Barany <i>Chairperson of the Board</i>	REVISED BY César Cañedo-Argüelles CEO	RESPONSIBLE Carla Chízmar <i>Head of ESG</i>
January 2, 2025	January 2, 2025	January 2, 2025

Appendix A	Risk Assessment
Appendix B	Minimum Due Diligence Requirements
Appendix C	Minimum Contract Requirements
Appendix D	Vendor Management Spreadsheet
Appendix E	Request for Proposal (RFP) Guidelines

Abbreviations

BOD	Board of Directors
CEO	Chief Executive Officer
COO	Chief Operating Officer
CIFI	Corporación Interamericana Para el Financiamiento de Infraestructura, S.A
PC	Procurement Committee
PP	Procurement Policy
RFP	Request for Proposal
TOR	Terms of Reference
KYV	Know Your Vendor
RE	Responsible Executive

Statement and Objectives

CIFI is committed to obtaining the highest quality goods and services at the best price possible while maintaining adequate controls and ethical, environmental standards, and social responsibility in its procurement processes. Additionally, CIFI is dedicated to establishing and maintaining effective, positive relationships with its vendors to optimize resources, minimize risk, and protect its own or third parties' assets.

We are committed to ensuring that our procurement processes are based under the following principles:

- Equal Opportunity: To all suppliers and contractors, regardless of race, ethnicity, gender, age, disability, sexual orientation, religion, or any other characteristic protected by law.
- Fair Evaluation: We apply consistent and objective criteria in evaluating all bids and proposals, ensuring that all potential vendors have a fair chance to compete for our business.
- Transparent Processes: We maintain transparency in our procurement processes, providing clear information and feedback to all participants to support a fair and competitive environment.
- Inclusive Practices: We actively seek to engage a diverse range of suppliers and contractors, promoting inclusivity and supporting minority-owned, women-owned, and other diverse businesses.
- Zero Tolerance for Bribery and Corruption: We have a zero-tolerance approach to bribery. Offering or accepting a bribe or behaving corruptly in anticipation of a bribe or advantage is unacceptable. Any instances of unethical conduct will be addressed promptly and rigorously.

By adhering to these principles, CIFI aims to foster a procurement environment that reflects our values of integrity, respect, and fairness. We believe that a diverse and inclusive supply chain strengthens our institution and contributes to the broader community.

The objectives of this Policy are based on CIFI's core operations, environmental and social policy, risk management, and financial transparency. This approach ensures that efforts are focused on fulfilling its responsibilities to the clients, partners, and other stakeholders.

Based on the preceding, the following are the objectives of this Policy:

1. Compliance with tendering principles and procedures.
2. Best cost-benefit relation: ensuring efficiency and transparency in all financial transactions and promoting optimal resource utilization for CIFI's needs and projects funded by third parties.
3. Implementing a risk assessment approach for vendors' relationships.
4. Ensuring that outsourcing arrangements do not compromise CIFI's obligations to its customers.
5. Conducting soundness due diligence in selecting vendors for CIFI and third-parties funded projects.
6. Governing outsourcing relationships with written contracts.
7. Adequate ex-post communication and publication of the assignment of a purchase to a specific vendor.

Purpose and Scope

This Procurement Policy provides essential information on how procurement shall be handled under applicable rules, as well as brief step-by-step procedures for the procurement of goods, works, and services. Also, it offers guidance to CIFI's executives directly involved in procurement for CIFI's administrative needs or projects financed with third parties' funds to facilitate understanding while ensuring uniformity, transparency, accountability, and efficiency, as well as proper oversight and risk management of vendor relationships.

The rights and obligations of the purchaser and the contractor of goods, services, and works will be governed by the agreements and contracts signed by CIFI or the borrower with the contractor and not by the guidelines stated in this document.

Definitions

Bid Process: Formal procedure outlined in Section H of this Policy, where the responsible executive will elaborate a request for proposals and/or terms of reference to either send direct invitations to tenders or publish them on CIFI's website. The Procurement Committee will then decide on the most suitable proposal and proceed to award the business to the tender.

Budget: Financial plan that outlines the allocation of funds for the acquisition of goods, services, or works required for CIFI's operations. It is a key component of the procurement process, ensuring that spending on acquisition of goods, services, or works aligns with Company's overall financial objectives and strategic goals.

Consultant(s): A person who provides expert advice and services to the Company in a particular area of expertise. It could be hired for its specialized knowledge, skills, and experience to help the Company solve problems, improve performance, or implement new strategies in terms of this Policy.

Due Diligence: A comprehensive evaluation conducted to verify the accuracy and completeness of information about the procurement process. The scope of due diligence can vary depending on the complexity of the transaction and the level of risk involved. However, it typically includes financial, legal, operational track records and market aspects.

OFAC (Office of Foreign Assets Control): A U.S. government agency that administers and enforces economic and trade sanctions against targeted foreign countries and individuals, and entities based on U.S. foreign policy and national security goals.

Procurement: This refers to the entire process of acquiring goods, services, or works, as detailed in this Policy. It involves activities like planning, vendor selection, contract negotiation, and payment.

Procurement clerk: is the designated staff responsible for assisting in the procurement process to ensure the timely and efficient acquisition of goods and services. This position involves a range of administrative and operational tasks aimed at maintaining compliance with organizational policies, financial regulations, and best practices in procurement. The Procurement Clerk acts as a liaison between internal departments and external suppliers, facilitating communication and documentation to streamline procurement activities.

Proposal: Is the response a vendor submits to an RFP. Appendix E, Guidelines likely elaborates on the format and content expected in a proposal.

Request for Proposal (RFP): This document plays a crucial role in the Bid Process as specified in section H. It outlines the requirements for the goods or services being procured and is used to solicit proposals from vendors. Appendix E, Request for Proposal (RFP) Guidelines, provides more details on RFP preparation and evaluation.

Supplier(s): Similar to consultants, "Supplier" can be understood as synonymous with "Vendor" in the context of this Policy.

Terms of Reference: is a formal document that outlines the scope, objectives, and requirements of a specific procurement process. It serves as a guiding framework for vendors and internal stakeholders, ensuring clarity and consistency in the procurement activities related to acquiring goods or services.

Third parties: Entities that are different to CIFL or its related parties which can (i) provide financial support for specific projects or initiatives or often requiring procurement processes to follow their guidelines and regulations or (ii) Suppliers and Vendors (iii) counterparties.

Vendor(s): Any company or individual supplying goods, services, or works to CIFL.

Roles and Responsibilities

Procurement Committee (PC)

The Members of the Procurement Committee will ensure that the following principles are followed in the procurement of goods and services:

- Fair competition. CIFI treats all bidders fairly and ensures they are given the same level of information when preparing quotations or tenders.
CIFI is committed to ensuring equal treatment and non-discrimination for all suppliers participating in its procurement processes. To achieve this goal, CIFI has established a clear and transparent process that will be followed for each request for quotations or proposals. This process will be published on its website according to the thresholds established for disclosure to publicly inform all stakeholders. Projects funded by third party funds administered by CIFI may require public disclosure regardless of the amount, in which case CIFI will publish tenders and awards in its website.
- Conflict of interest. Conflict of interest situations with CIFI's business should be declared to the Procurement Committee. These include any ownership of the vendor, personal or familial employment at the vendor, and any fee or other relationship with the vendor. CIFI shall have a proactive statement in all vendor contracts indicating no ownership or fee relationships between the vendor and CIFI personnel or its ownership.
- Cost-benefit. Quotations and tenders should be evaluated not only on competitiveness in pricing but also factors such as the quality of the products/services and track records of the bidders.
- Transparency. To ensure transparency, tender documents should provide all the necessary information to facilitate the submission of appropriate and competitive tenders.

The members of the Procurement Committee can be the following management executives:

- Chief Executive Officer
- Managing Director
- Asset Management Managing Director
- General Counsel
- Chief Operating Officer
- Environmental Social and Governance Head

The primary role of the PC is to evaluate, approve, and monitor the procurement transactions.

Responsible Executive (RE)

The RE is the staff member sponsoring the procurement of goods and services, preferably a senior management member, responsible for the operational execution of the procurement process, as detailed in this Policy. There may be transactions where more than one RE will conduct and be responsible for the adequate acquisition of services or goods.

The responsibilities of the RE are the following:

1. Diligently conducting due diligence exercises to assess the suitability and reliability of vendors, collaborating with the Corporate Compliance Officer to the appropriate process of Know Your Vendor when applicable.

2. Closely collaborating with the General Counsel to ensure contractual compliance with regulatory and risk management standards.
3. Implementing contractual agreements to encompass mutually beneficial terms and conditions.
4. Proactively engaging with the Procurement Committee and Procurement Clerk to notify pertinent details concerning the process of acquiring goods and services.
5. Obtaining necessary approvals and submit all documents to the procurement clerk and accounting department.

Procurement Clerk

- The Procurement Clerk serves as the supporting point of contact throughout the procurement lifecycle, ensuring that vendor relationships are cultivated and maintained with the utmost transparency, accountability, and efficacy, in alignment with CIFL's overarching objectives and values, considering the standards or key principles and criteria such as economy, efficiency, cost-benefit relation, sustainability, socially and environmentally responsibility, integrity, independence, impartiality, ethic, amongst others.
- The procurement clerk will work directly with the accounting department and the Responsible Executive to ensure that the following tasks are completed in compliance with this policy:
- Order Processing: create and process purchase orders, ensuring accuracy and completeness.
- Vendor Management: maintain vendor databases, including contact information and performance evaluations.
- Inventory Monitoring: track inventory levels and report on stock needs to prevent shortages.
- Supplier Communication: communicate with suppliers to obtain quotes, confirm orders, and resolve issues.
- Documentation: manage procurement documentation, including invoices, contracts, and delivery receipts.
- Budget Tracking: assist in monitoring procurement budgets and expenditures.
- Compliance Checks: ensure that procurement activities comply with organizational policies and regulations.
- Reporting: generate reports on purchasing activities, supplier performance, and inventory status.
- Assistance: provide support to managers and other team members as needed.
- Convene the Procurement Committee, distribute documents prior to the meeting, prepare the minutes afterward, and submit all documentation for record-keeping to the accounting and legal departments in accordance with CIFL's policies and procedures.

Vendor Management Components

Vendor management is a critical framework encompassing various phases to ensure alignment with CIFL's policies and business objectives. The following outlines the key components of vendor management within CIFL's procurement standards, which consist of five phases:

1. Know Your Vendor (KYV): This phase involves assessing the vendor, considering its business, track record, and legal history but also their commitment to best practices.
2. Vendor Risk Assessment: A detailed analysis is conducted of the risks associated with the vendor's involvement in the project, considering their reputation and ability to meet quality requirements, business continuity plans, response and customer services according to Appendix A: Risk Assessment, and any other promoted by CIFI under agreements with third parties.
3. Vendor Due Diligence and Unacceptable Vendors Database: A thorough review is carried out of the vendor's capacity to comply with the standards and criteria established by CIFI.
Following the completion of the due diligence phase, the RE will maintain an updated database that will include vendors deemed unacceptable and the corresponding reasons. This database will serve as a reference for future procurement decisions and enables CIFI to take proactive measures to mitigate potential risks.
Additionally, CIFI may utilize information provided by external reliable sources to enrich this database and strengthen its ability to make informed decisions regarding vendors election (See Appendix B: Minimum Due Diligence Requirement and Appendix C: Minimum Contract Requirements).
4. Contract Management: During this phase, contractual agreements are negotiated and implemented with selected vendors, ensuring that the terms and conditions reflect expectations set by CIFI and fulfilling agreements with third parties.
At this stage, each RE will have the following duties, as well as any other that the BOD or PC may designate.
 - a. Manage and update the physical/electronic repository of their procurement contracts in coordination with accounting department.
 - b. Ensure the efficient administration of contracts, performance review meetings, and contract amendments with support from legal department.
 - c. Implement legal-contractual amendments in consultation with the General Counsel as appropriate.
5. Vendor Supervision: The final phase involves continuous monitoring of the vendor's performance, which is in line with the requirements of CIFI under agreements with third parties.

Procurement Thresholds

Procurements up to the threshold of US\$20,000 do not require submission to or approval of the Procurement Committee. Such procurements must instead receive approval as described below.

Procurements above the threshold of US\$100,000 will always require a bid process, as detailed in section G Responsibilities and Procedures, item Bid Process.

Procurement Thresholds	Approval Responsibility	Bid Process	RFP/Terms of Reference	Number of minimum Proposals	Disclosure
Less than \$1,000	Office Manager, Human Resources Manager, Accounting Manager, Internal Audit	Not required	Not required	Not required	N/A

From \$1,000 to \$20,000	Chief Executive Officer, Managing Director, Corporate Operating Officer, Environmental Social & Governance Head, General Counsel	Not required	RFP Not required Terms of Reference required for purchases above \$10,000	1	N/A
\$20,001 -100,000	Procurement Committee	Required	Required	3	Direct request for proposals Or Roster of Consultants Or Public tender
\$100,001 or more	Procurement Committee	Required	Required	3	Public tender

Procedure

The responsible executive must send the following documents to the procurement clerk before requesting a meeting:

- Written confirmation that the bidding opportunity has been published on CIFI's website for at least two weeks or the request for proposals has been sent directly to at least three potential vendors.
- Terms of reference regarding the procurement of goods or services.
- Evaluation of the proposals indicating the preferred option.
- A copy of each of the proposals received.

Meetings

The committee shall meet as needed, but no less than annually, to authorize a procurement or to deliberate on matters pertaining to procurement. The quorum will consist of at least three (3) members of the Procurement Committee. Voting shall be on a one-member-one-vote basis; a simple majority of the committee members present must approve matters before the Procurement Committee. If the RE is a senior management executive, he or she cannot vote, and total quorum will be increased to four executives to allow for a minimum of three votes. Minutes of meetings will be prepared and circulated by the Procurement Clerk, who acts as Secretary, to all Procurement Committee members for approval and uploaded into the established repository.

External reports

CIFI may be required to disclose information about specific procurement activities during a period, the agreements must expressly define the content, periodicity, and any other requirements.

Budget

All procurement proposals received must have a comparison with the budget; if the selected proposal exceeds more than 15% of the budget, this must be explained by the Executive requesting the goods or services and must be approved by the Procurement Committee.

Separation of Duties

There shall be a proper separation of duties between:

- a. The Responsible Executive requesting a purchase from a vendor or writes and submits the RFP and certifies that the goods or services supplied are satisfactory.
- b. The executive who authorizes payment.

Procurement Planning

Procurement planning is part of the annual budgeting process. Each departmental head is responsible for planning his/her project's estimated procurement needs on a yearly basis. It is crucial that the Procurement Committee discuss the annual procurement plan at the beginning of the year and evaluates its implementation at least annually or more frequently as needs arise during the year, at the discretion of the Procurement Committee.

Vendor and Selection Criteria

To ensure an effective and comprehensive selection of vendors and suppliers, it is essential to follow the principles, and the vendor management components described in this document.

These are crucial for adequately assessing the suitability and reliability of potential suppliers. The following additional criteria will be considered to ensure optimal selection.

- Price
- Quality of goods/services. Such a justification must be verifiable.
- Availability of goods/services within the required delivery time
- After-sale services, including the availability of parts/supplies.
- Bidder's previous records of performance and service
- Ability of the bidder to render satisfactory service in this instance.
- Financial stability of the vendor via statement of good standing and financial information
- Availability of bidder's representatives to call upon and consult with
- Clearance from Compliance Officer regarding OFAC, anti-money laundering, and drug trafficking for consultants before contracting
- Source of funds (vendor).
- Payment terms and conditions.
- Warranty offered.
- Review of unacceptable vendor database maintained by the Procurement Committee.

The criteria above will be in accordance with the guidelines established by Appendix E, Request for Proposal (RFP) Guidelines, regarding request for proposals requirements for each type of procurement process.

Appendix E details the requirements and procedures for preparing, issuing, and evaluating RFPs to ensure consistency, fairness, and effectiveness in the procurement process.

Specifically, it provides comprehensive guidance on defining the scope of procurement needs, setting evaluation criteria, and establishing contractual terms. By adhering to the guidelines outlined in Appendix E, CIFI and its affiliated entities can streamline the procurement process and facilitate informed decision-making when selecting vendors and awarding contracts.

Bid Process

The RE will initiate and be responsible for the procurement of goods or services for their respective area of responsibility.

Based on the procurement thresholds, the RE may send invitations to tender to at least three vendors/suppliers/consultants by writing an RFP specifying the goods or services detailing the relevant information needed to receive accurate bids or publish the RFP on CIFI's website for an open call for proposals. All suppliers must receive the same information.

The Responsible Executive may establish standardized purchase agreements or contracts to ensure quality, reliability, and timeliness. Where possible, due to other factors, they will negotiate rates and discounts with suppliers or use a method to determine the price for invoice justification. For recurrent purchases and retainer agreements prices should be reviewed periodically to ensure they are competitive (see Guidelines Outlined in Appendix E).

The RE must account for cases where it has not been possible to locate three (3) suitable vendors and justify this situation to the Procurement Committee, evidencing that, following this Policy, has taken all the applicable steps to find the three (3), necessary suppliers so that this can be reflected in the corresponding minutes of the PC.

The PC may decide to assign the direct purchase or open a new search process.

Public Disclosure

CIFI will publicly disclose the call for bids awards and rationale, pursuing third party project funding agreements where public disclosure has been agreed upon and protection of client's financial privacy does not apply. This disclosure shall include the name of the selected vendor and may include the amount for transparency and fairness purposes.

Vendors can consult CIFI's public database to learn about awarded procurement opportunities at <https://www.cifi.com/en/procurement/>.

If a vendor wishes to ascertain the grounds on which their proposal was not selected, they can directly contact the procurement clerk at procurement@cifi.com within three days after the award has been granted and published.

Confidentiality

Disclosure of procurement-related confidential information should not occur, as it may seriously jeopardize the competitiveness of procurement and the principle of fairness.

CIFI is committed to maintaining the confidentiality of all sensitive or privileged information related to procurement processes. This includes, but is not limited to, bidding documents, supplier proposals, pricing, contractual terms, and any other data relevant to the procurement process.

Employees, contractors, and any other parties involved in procurement processes are required always to respect and protect the confidentiality of this information. Any unauthorized disclosure of confidential information may result in disciplinary action, including termination of employment or legal consequences.

CIFI personnel involved in the procurement process shall not allow bidder, vendor, or consultant access to information on a particular procurement before such information is publicly available. CIFI shall not disclose proprietary information to anyone other than a person authorized to receive such information.

Certifying Delivery of Goods and Services

The procurement process cannot be completed without a written notice stating conformity with the goods and services procured entirely to CIFI's satisfaction, consistent with the purchase order or RFP. Therefore, the procedure for obtaining goods and services is essential to ensure that the vendors have met their obligations. Once proper delivery and satisfaction are certified, payment can be made according to the vendor agreement's payment conditions.

In all cases, the conformity with the goods and services is a pre-requisite to CIFI, and the following guidelines are essential for that purpose:

- a. The Responsible Executive should ensure that goods and services have been verified against contracts, waybills, invoices, or delivery notes and will sign their confirmation.
- b. Any differences between procurement documents and the goods or services received should be noted and reported to the vendor for corrective action before payment.
- c. The responsible unit will notify timely measures and time frames for corrective actions according to the nature of the goods or services involved.

Payment and Reimbursement Procedure

The Responsible Executive, in coordination with the Procurement Clerk, is tasked with submitting contracts of services or purchase of goods agreements to the Accounting Department for bookkeeping purposes. After the delivery and satisfaction are certified, then the recipient department will forward invoices to the Accounting Department. All payments must be made following the contractual terms between the vendor and CIFI.

In cases where an invoice from a vendor is submitted to CIFI, but the expenses should be reimbursed by a third party, the Responsible Executive, in collaboration with other relevant units at CIFI, will interact with the respective third party for reimbursement.

Fraud, Bribery, and Corruption

CIFI has a zero-tolerance approach to bribery – in compliance with relevant anti-bribery laws in all the regions in which we operate. Offering or accepting a bribe or behaving corruptly in anticipation of a bribe or advantage is unacceptable and can constitute cause for termination of the relationship.

Employees should behave honestly, responsibly, and disclose conflicts of interest. The procurement of goods, services, and/or works is subject to CIFI's internal rules and procedures for internal and external audit at any time in the process.

Monitoring and Performance Evaluation

Documentation of the entire process must be maintained for audit purposes and shall be retained according to CIFI's retention policies.

CIFI will rate the quality of the goods or services it purchases, for efficiency purposes. Vendors not performing under CIFI expectations should be included on the Unacceptable Vendor Database.

If major deviations or non-compliance are found the RE shall inform the PC through a formal notice or report. Upon receipt of the report, the PC shall initiate an assessment within three (3) business days. The report will be evaluated, and a response will be provided by PC within a maximum of fifteen (15) business days. This response will include an action plan and recommendations for addressing the identified issues. Furthermore, if necessary, indications of responsibility may be raised, and the possibility of legal action(s) may be explored.

The RE shall evaluate at least once a year, the performance of suppliers under its responsibility, in which (i) amounts are equal to or greater than USD 100,000, and (ii) timeframe is longer than one year. In this sense, shall review aspects such as quality of services provided, punctuality in delivery, cost – benefit relation, and other terms and conditions of the respective contracts.

The RE shall submit to the PC, the results of the annual performance evaluations and recommend the actions to be taken in case of poor execution.

Audit

The procurement of goods, services and/or works is subject to CIFI internal rules, controls and procedures for internal and external audit at any time in the process. The Internal Audit will report opportunities for improvements to the Audit Committee as part of the regular audit process. The Internal Audit function may be requested by the senior management of the company, the Procurement Committee, or BOD members to participate in or coordinate investigations related to problems, non-compliances, or conflicts arising during the relationship with any vendor. Agreements with vendors must allow Internal Audit reviews.

Effective Date	Version number	Nature of Revision	Revised Sections	Revised by	Approved by
December 16, 2016	1	New	N/A	Risk Committee	Board of Directors
Jan/02/2025	2	To align the Procurement Policy with the industry's best practices, improve transparency, and provide detailed procedures.	The content and prioritization of policy objectives have been generally reordered. Identified and adjusted responsibilities and redefined the "Responsible Executive" role. An oversight section was created (Procurement)	CEO	Board of Directors

		<p>Committee and Management section).</p> <p>The procurement threshold was adjusted. The minimum procurement limits were revised and adjusted from 10 thousand to 20 thousand to be evaluated by the Procurement Committee.</p> <p>The policy and procedure section was changed to create the responsibilities and procedure section, which provides details of the step-by-step procurement procedure.</p> <p>The Procurement Committee will back up all documentation used for approval in the established repositories.</p> <p>Boundaries and better distribution of approval roles and responsibilities have been defined.</p> <p>A third-party reporting section has been included in compliance with its standard. Advertising obligations have been added (Public Disclosure).</p> <p>This Policy replaces the previous Procurement and Vendor Management Policies.</p>	
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