




Corporate Procurement Department



COMP-06-00-P

Suppliers Assessment

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				Quality Management System
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Modifications record

Revision		Author	Modification description	Approved by
No.	Date			
1	07-20-2015	Christian Selman	Issue of the document	Adolfo Olivares
2	07-21-2015	Christian Selman	Incorporation of the process flow	Adolfo Olivares
3	08-16-2016	Christian Selman	Procedure updated due to the implementation of Ariba platform.	Adolfo Olivares
4	07-31-2018	Oscar Bobadilla	Procedure updated due to new supplier assessment model. Modification of supplier assessment scope. Modification of supplier assessment pillars. Supplier monitoring model and process flow is incorporated.	Rodrigo Pradenas
5	11-08-2019	Solange Mourgues	Procedure is updated and the difference between monitoring and assessment is specified.	Rodrigo Pradenas
6	11-30-2020	Solange Mourgues	Incorporation of a new pillar in the monitoring process (Cybersecurity).	Rodrigo Pradenas
7	07-25-2022	Solange Mourgues	Revision without changes	Rodrigo Pradenas
8	03-16-2023	Solange Mourgues	Modification of the format and update of the procurement platform.	Rodrigo Pradenas
9	06-19-2023	Solange Mourgues	Structure and roles update	Christian Selman

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10	10-19-2023	Solange Mourgues	Suppliers assessment modification	Christian Selman
11	04-10-2024	Solange Mourgues	New suppliers segmentation model	Christian Selman

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I. Suppliers Assessment Procedure

1 INTRODUCTION

1.1 Goal

Set policies, activities and responsibilities to continuously improve the performance of suppliers, through constant assessment and incorporation of action plans according to the shortcomings detected.

- To have suitable suppliers for Entel, who have the capacity to meet the requirements and are aligned with the company's policy.
- Generate a regulatory framework that permits to provide visibility of the supplier's performance regarding the result and according to the quality standards expected by the company.
- Detect improvement opportunities for continuous development, in order to improve performance, services, reduce costs or increase savings.
- Transparency and communication of how to execute the process correctly, the people involved, roles and activities developed.
- Minimize risk to the company.


1.2 Scope

- The process must be executed continuously and in a collaborative manner between the Development and Management Sub-department, Risk Prevention, Outsourcing, Real Estate Insurance Management, Procurement Department, Cybersecurity and Data Protection, Compliance and Technical Areas such as cybersecurity services, Operations, Networks and Infrastructure, among others.
- The assessment applies to all services associated with Entel's ISO:9001 that are active in the "E)CLiC" system.

1.3 Definitions

Company or ENTEL: Corresponds to the companies "Empresa Nacional de telecomunicaciones S.A. (Entel SA), "Entel PCS Telecomunicaciones S.A." (Entel PCS) and its subsidiaries, and Entel Perú S.A. (Entel Perú) that currently or in the future purchases goods or contracts the services of a Supplier.

Suppliers or Contractor (hereinafter indistinctly Suppliers): Any individual or legal entity, as well as its partners or shareholders, executives, direct or subcontracted employees, external advisors or

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agents, that sells goods or provides services to ENTEL, whether on an occasional, sporadic, periodic or permanent basis. Hereinafter indistinctly referred to as Suppliers.

Policies: Depending on the shortcomings detected in the assessment, there will be two types of policies or scenarios:

- **Improvement Policy:** Seeks to improve different non-compliances in the assessment pillars in an agile manner under an action plan.
- **Restrictive Policy:** Applies to serious non-compliances which represent an important risk for the company. This could result in a committee formed by those responsible for the non-compliant pillar(s) and/or those involved will be informed before proceeding to block the supplier.

In case of repeated non-compliances (more than 2 occasions), an improvement policy can become a restrictive policy.


Each detected shortcoming will be associated to an action plan that must be executed with an agreed periodicity and monitored by the Development and Management Sub-department.

Each pillar will have a weighting and a responsible person who must provide information for the supplier's assessment.

Pillar	Contractor Percentage	Not Contractor Percentage	Executor
Delinquency	10%	0%	Procurement
Risk Prevention	15%	0%	Prevención de Riesgos
Outsourcing (Labor Rights)	15%	0%	Outsourcing
Insurance	10%	0%	Insurance
Contract	10%	20%	Internal client
Bonds	10%	20%	Procurement
Cybersecurity and data protection	5%	10%	Cybersecurity and data protection
Compliance	5%	10%	Procurement
Internal Client – Quality	10%	20%	Internal client
Internal Client - Deliverable	10%	20%	Internal client
TOTAL	100%	100%	

The following actions or failures identified in the assessment are considered serious misconduct, leading to the immediate blocking of the supplier, among other actions to be defined by the committee:

- Conflict of interest in case it has not been declared or approved according to current procedure.
- Non-compliance with the code of ethics, code of conduct (money laundering, crime prevention model, etc.).
- Providing false information.

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- Non-compliance with NDA (confidentiality agreement).
- Non-compliance with labor legislation (underage workers).
- Undue collections.
- Fraud.


2 Development of the process

2.1 Assessment process

- The assessment of a supplier will always start from the Development and Management Sub-department, which will carry out the process with the suppliers defined to be assessed, generating the survey through Outlook Form or other tool provided for these requirements.
- Suppliers shall be assessed in the following pillars: Delinquency, Risk Prevention, Outsourcing (labor rights), Guarantee Bond, Contract, Insurance and Cybersecurity and Data Protection, Compliance and Internal Client Survey (quality and deliverable).
- Each area of the relevant pillar is responsible for the suppliers' compliance with the requested requirements. Development and Management will be responsible for supporting these areas in case of repeated non-compliances.
- The assessment will be carried out through the information obtained from the "SIGEC" which will be complemented with the internal client's assessment, which will allow us to learn about the supplier's performance.
- For non-compliance cases, the Development and Management Sub-department will be responsible for communicating the action plans to the relevant areas so that each one can manage the improvements within the agreed deadlines. In case of non-compliance, the supplier may be blocked.


2.2 Action plans and follow-up

- Notification and follow-up of action plans will be via mail to all relevant participants.
- Action plans must be managed by the responsible areas, applying policies and deadlines for compliance.
- In the event that the action plans are not fulfilled within the agreed deadlines, there will be a maximum of two instances to remedy the situation. Otherwise, the supplier will be blocked.
- To verify that the supplier complied with the action plans and is fulfilling all the pillars, the supplier will be reassessed to validate if the supplier has improved from the initial result and all the participating areas will be informed.

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The following list has been defined with action plans, suggested deadlines and type of policy, based on the type of observation that the supplier may have:

Pillar	Non-compliance	Action plan	SLA resolution	Policy type
Delinquency	Debts in Dicom Report (In Chile Dicom is a database that shows the commercial behavior and debts of individuals and/or companies)	Inform supplier to regularize and/or create a joint action plan.	1 month	Improvement
Risk Prevention (RRPP)	Non-compliance in RRPP of 3 or more months	Support to RRPP in case of non-compliance for 3 or more months, contacting the supplier to regularize the situation.	3 months	Improvement
	Serious accidents or misconduct due to negligence of the Company.	The supplier will be blocked, once informed by RRPP.	Immediate	Restrictive
Outsourcing	Labor and social security debts	Block the supplier, once the supplier is informed by Outsourcing	Immediate	Restrictive
	Labor lawsuits			
	Unaccredited suppliers	Inform procurement and internal client to manage accreditation	1 month	Improvement
Insurance	No insurance	Inform Supplier to regularize with Insurance area	1 month	Improvement
	Not controlled by Entel			
Contracts	No Contract	Inform internal client to initiate the steps with the support of Procurement.	3 months	Improvement
Bonds	No Guarantee Bond	Inform Procurement to request/update Guarantee Bond	1 month	Improvement
Cybersecurity and Data Protection	Critical incidents	The supplier will be blocked, once informed by Cybersecurity and Data Privacy.	Immediate	Restrictive
	Non-compliance with program and/or clause	Cybersecurity and Data Privacy must create action plans in conjunction with the supplier to avoid future non-compliance.	2 months	Improvement
Compliance	No documentation	Inform Procurement to initiate the regularization process of declarations and NDAs.	1 month	Improvement
	Annotations in compliance tracker	Inform Procurement and requestor to take corrective action	Immediate	Improvement
	Non-compliance with Code of Ethics and/or Code of Conduct	Immediate block and create committee with Procurement, internal clients and supplier (Validate contract, NDA)	Immediate	Restrictive
Internal Customer Survey	Non-compliance with deadlines and deliverables	Create committee in conjunction with Procurement, internal clients and supplier.	To be agreed with internal client	Improvement
	Non-compliance in quality			

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Annex No. 1: Supplier assessment weighting

The result of the suppliers is associated to different assessment criteria, this can be low, medium or high risk, which indicates if there are improvement actions or in case of a follow up, the possible blocking of the supplier.

In case a critical supplier obtains a “High risk” result, the non-compliant pillars will be analyzed and the action plans will be regularized with each of the corresponding areas.

Criteria	From	To
High risk	0%	70%
Medium risk	71%	85%
Low risk	86%	100%

Responsibilities:

Department de Outsourcing: Provide contractors database, manage compliance of suppliers in accordance with the requirements demanded by the area and otherwise inform when suppliers must be blocked either for non-compliance and/or labor demands.

RRPP Sub-department: Provide information and manage the compliance of suppliers in risk prevention issues.

Insurance Area: Report and manage monthly list of insurance status by supplier.


Information Security Department: Report and manage on a monthly basis, the status of suppliers.

Data Privacy Sub-department: Report and manage on a monthly basis, the status of suppliers.

Compliance Sub-department: Periodic and automatic measurements of the third party database in the lists of sanctioned parties.

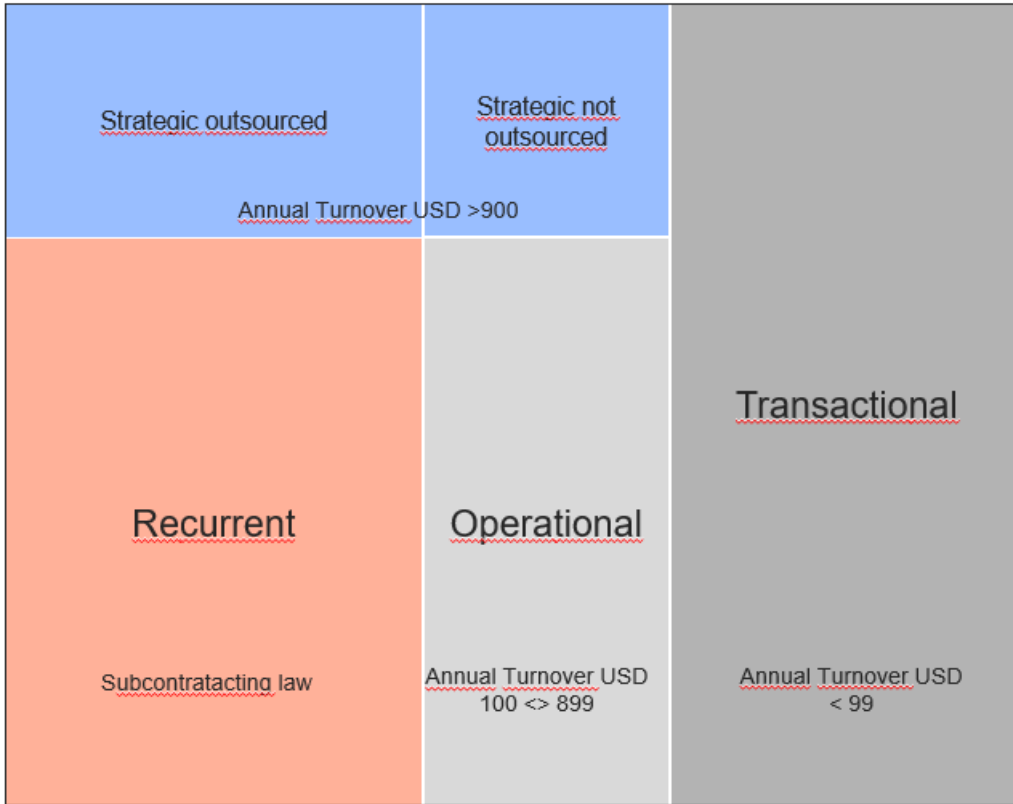
Internal client: Managing the contract and signing with supplier, in addition to answering the assessment survey within the deadlines provided for.

Procurement Department: Provide information on contracts, guarantee bonds, statements and NDAs, in addition to carrying out each of the processes that fall under its responsibility.


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Annex No. 2: Segmentation and supplier criteria

The segmentation of suppliers is defined by 2 criteria: related to subcontracting law and impact on the business, segmented according to the following model:



Segment	Type of supplier	Annual Turnover MUSD
Strategic not outsourced	Not Contractor	>900
Strategic outsourced	Contractor	>900
Recurrent	Contractor	<900
Operational	Not Contractor	100 <> 899
Transactional	Not Contractor	<99

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Annex No. 3: Procedures and Related Documents

Suppliers management:

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Annex No. 4: Records

Name	Responsible	Storage Location	Type of Protection	Recovery	Storage Time	Availability
Internal Customer Survey	Suppliers Management	Outlook form	Cloud	Outlook form	Last year	Backup