

PROCUREMENT AND STRATEGIC ALLIANCES AT PEMEX

Suppliers Relationship Management Office (SRMO)

Dirección Corporativa de Administración y Servicios
Subdirección de Abastecimiento
Coordinación de Desarrollo y Relación con Proveedores y Contratistas



Strategy Development



01

Centralized Procurement

Streamlining the procurement process

Integrated technology platforms to support purchasing process and SRM (HIIP and SISCeP)

Skilled procurement officials

Procurement rules: clearer, more organized and include terms of compliance



02

Strategic Sourcing & Category Management

Most important purchasing categories are strategically managed

Collaborative approach to align sourcing strategy with business needs

Strategic Alliances with suppliers



03

Supplier Relationship Management

Know supplier solutions and capabilities

Connect supplier with business areas needs

Improve our supply base (Evaluate weaknesses and strengths of our supply chain; diversify and develop suppliers)

The basic principles of procurement at Pemex are in alignment with our strict codes of ethics and conduct and our anticorruption policy.

Organization

The Procurement Office handles the purchases for all of Pemex's activities

Corporate Administration Office

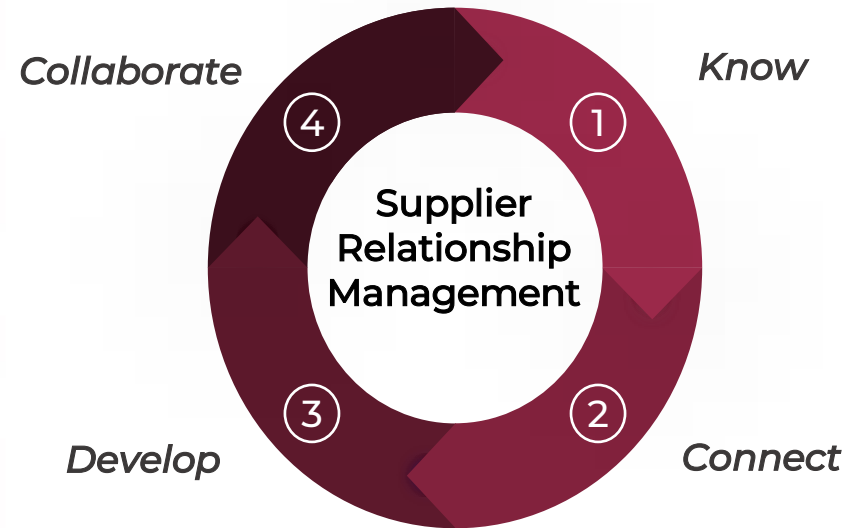
Procurement Office

Supplier Relationship Management	Upstream	Midstream & Downstream	Support Services
<p>Supplier Development</p> <p>Category Sourcing strategy and Supplier Alliances</p> <p>Technical Standards</p> <p>Specific supply agreement schemes</p>	<p>Maintenance Services and</p> <p>Onshore and Offshore Logistic Services</p> <p>Equipment and Production Services</p> <p>Exploration and Drilling Services</p>	<p>Processing, Maintenance & Distribution Services</p> <p>Refining Projects and Services</p>	<p>Corporate Services</p> <p>Health Services</p> <p>Expenditure and Market Analysis</p> <p>Planning and Warehouse Administration</p>

In 2019, to improve efficiency and performance we restructured the company and reduced the number of areas in the procurement office

What do we expect from suppliers?

- Demonstrate their technical, commercial and financial capabilities.
- Verify they comply with local and international regulations.
- Continuous performance improvement.
- Required certifications and adoption of best practices.
- Add value to business requirements.



Our procurement strategy

Traditional Procurement

- Open tendering
- Restricted tendering (previous approval of procurement strategy group)
- Single-source (previous approval of procurement strategy group according with criteria established by the law)

Framework Agreements

- Framework agreements (or prequalified tendering) (long term agreements)
- Exclusivity procurement agreements (technologies property rights) (long term agreement)
- Specific supply agreement schemes

Strategic Sourcing

Strategy Implementation

Development of supply channels at the lowest total cost, through the identification of strategic suppliers, firsthand suppliers or title holders or exclusive licensees to Intellectual Property Rights.



Strategic Sourcing

Strategic planning and purchasing strategies based on market and spend analysis, evaluation of business needs, and savings opportunity identification.

Open Tender
Framework Agreements
Referential Agreements
International Bids
Traditional Purchase Contracts
Other Contractual Schemes

Strategic Alliances

Procurement strategy for Pemex and its subsidiaries, which is executed through Framework Agreements and Referential Agreements, amongst others.

Framework Agreements
Referential Agreements

Referential Agreement

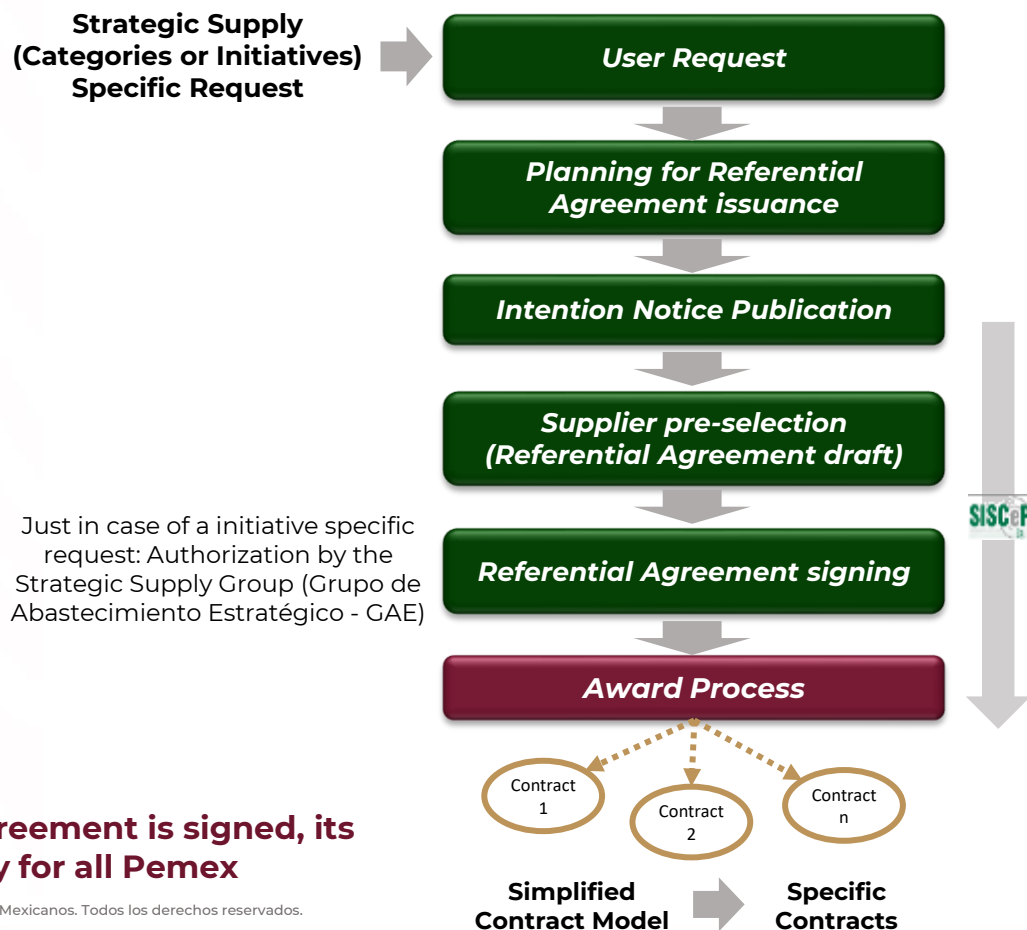
Voluntary agreement in which **terms and conditions** regarding technical and commercial aspects are **established with two or more potential suppliers** for the supply of goods and services.

MAIN CHARACTERISTICS

- ✓ **Long-term contractual alliance with strategic suppliers**
- ✓ **No budget impact:** Does not imply any commitment or usage of any financial resources.
- ✓ **Standard Terms and Conditions:** Same technical and commercial aspects, with two or more potential suppliers for all specific contracts issued by PEMEX
- ✓ **Contract Process Simplification:** Once it has been signed, the assignment process shall be limited to price determination and demand distribution, should it be the case.
- ✓ **Practical application:** Derives from a specific requirement with budget availability and is executed by subscribing specific contracts
- ✓ **Exception to Open Tenders**

Once the referential agreement is signed, its use is mandatory for all Pemex

PROCESS



Framework Agreement

Legal instrument through which a medium and/or long term strategic alliance is negotiated **with suppliers that own the intellectual property rights** to goods, services, leases and construction in Mexico, which **enables PEMEX to execute contracts through direct assignments in a more efficient way.**

MAIN CHARACTERISTICS

- ✓ **One-way Promise:** No volume or resources are compromised.
- ✓ **No budget impact:** PEMEX's budget is used only when specific contracts or blanket orders are issued.
- ✓ **Standard Terms and Conditions:** same technical, commercial, and legal aspects for all
- ✓ **Pricing Leverage:** Discounts to the price list are established based on PEMEX's demand.
- ✓ **Contract Process Simplification:** implemented by specific contracts
- ✓ **Exclusivity:** the Agreement is only signed with title holders or unique licensees of Intellectual Property Rights in Mexico.

PROCESS

Strategic Supply
(Categories or Initiatives)
Specific Request



Just in case of an initiative specific request: Authorization by the Strategic Supply Group (Grupo de Abastecimiento Estratégico - GAE)

Once the framework agreement is signed, its use is mandatory for all Pemex

Simplified Contract Model → Specific Contracts

How to be informed and participate in our tendering processes?

- Registered suppliers receive a bi-monthly newsletter with relevant information on upcoming tendering processes.
- The annual procurement program is available online.
- The tendering process information can be easily reached on our website.
- In order to participate in a tendering process, you are required to register as a supplier (HIIP) and have an account on our procurement system (SISCeP).



How can I promote my company and products?

The first step to become a supplier is to register your company
http://www.pemex.com/en/procurement/supplier_relationships/supplier_registration/Paginas/default.aspx



1. Register at www.pemex.com in the suppliers' section



2. Confirmation and validation of information



3. Visible for business and procurement areas at Pemex

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