

# PROCUREMENT PRINCIPLES

## 1. Purpose

The purpose of Procurement Policy is to establish principles and guidelines for OCBC employees in the procurement of goods and services from third-party suppliers.

The Policy provides with a set of guidelines to establish an open, transparent and fair procurement process which, in turn, promotes competitiveness and ensures the best value-for-money and fit-for-purpose for all of intended procurement.

## 2. Scope

Procurement involves identifying the requirements, sourcing, evaluation and selection for award, and negotiation to achieve favorable terms and value-for-money. OCBC's procurement value-chain consists of processes like purchase request and purchase order, evaluation and selection of vendors, contract award, delivery, invoicing and payment, vendor relationship management and vendor performance assessment.

## 3. OCBC Procurement Principles

These principles guide OCBC employees on how they shall conduct their procurement:

### 3.1. Value for Money

Select the product and service that is the most cost effective and provide good quality and most benefits.

### 3.2. Open, Fairness and Transparent

- ensure no conflict of interests and establish segregation of duties in the procurement process.
- all actions and decisions shall be performed with accountability.

### 3.3. Fit-for-Purpose

Procured goods and/or services shall, at minimum, meet the requirements.

### 3.4. Uphold OCBC Values

- behave in accordance with ethical principles, act in good faith and honesty and HR code of conduct.

## 4. Procurement Policy

OCBC Procurement Policy outlines the framework to procure goods and/or services in an open, competitive, fair, and transparent manner. OCBC employees that procures goods and services, manages their vendors, and conducts negotiations are to uphold the above Procurement Principles and comply with the Procurement Policy. The below explains the processes in the OCBC Procurement value chain:

- i) Determining Requirements: Requirements shall be defined upfront and shall be clearly documented and approved prior to the procurement.

- ii) Selecting Vendors: The selection criteria and justification for both participating vendor(s) (competitive or single-/sole- source), and the vendor to be awarded the contract shall be clearly documented and approved by relevant stakeholder(s).
- iii) Vendor Management: Conduct vendor due diligence process to check that potential vendors are legitimate and compliant before engagement. Depending on the vendor risk profile, vendor due diligence may include checks on vendor's business profile, financials, AML / Sanction and adverse news, litigations, conflict of interests and other relevant regulatory requirements as and when required.
- iv) Purchasing Process: There shall be an established procedure to manage the end-to-end purchasing activities. The process shall include segregation of duties in maker-checker roles, approving authorities and ensure that there is no conflict of interest at any process step. Ensure terms and conditions are adequately reviewed by relevant stakeholders prior to PO issuance or Contract signing.
- v) Authorised Approver Matrix: The Authorised Approver Matrix shall be established to identify staff or committees for approving the various stages of the procurement processes.
- vi) Contract Award and Maintenance: The issue of purchase order or contract award to the selected vendor shall be handled by an authorised staff. After award, (a) management of delivery, invoicing, and payment, (b) continual contract review and (c) change management shall be performed on all contracts. The terms and conditions (T&Cs) in the PO or a Contract shall incorporate the bank's service level, legal, compliance, and regulatory requirements (where applicable). Master Agreement shall be used as a standard template to establish a mutually agreed Contract with vendors. Ongoing vendor relationship management shall be performed for vendors that are critical to the business operations.
- vii) Confidentiality: Ensure all information shared is on a need-to-know basis. Non-disclosure Agreements (NDA) shall be duly signed by authorised personnel with any third-party prior to sharing confidential information. All procurement-related documentation and records shall be safe-kept for transparency and accountability.