Group Responsible Procurement Policy

Associated risk category:	Third Party Risk
Policy owner:	Head of Global Procurement and Supplier Management
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1. Introduction

It is the Group's policy to ensure that relationships with Suppliers create sustainable value as well as providing competitive advantage by delivering the lowest total cost and highest quality of goods and services through strategic sourcing and risk management. As a leading provider of financial services for underserved communities around the world, the Group recognises the impact of its supply chain and is committed to sourcing goods and services in a way that is fully compliant with all applicable regulatory requirements, ensures protection of data, cyber security and digital operational resilience, promotes sustainability, respects human rights and upholds the highest ethical standards.

2. Policy purpose

The Group is committed to integrating ethical, environmental, social, and governance principles into its procurement processes as well as high standards of data protection, privacy, cyber security and digital operational resilience. The Group Responsible Procurement Policy ("the Policy"), together with the Group Procurement Standards and ICT Third Party Risk Policies referenced in this Policy, ensures that all procurement and outsourcing activities across the Group contribute to environmental sustainability, social responsibility and robust governance while complying with operational and regulatory requirements.

3. Policy scope

This Policy is applicable across the Group. Local Markets must incorporate its requirements, together with the requirements of the Group Procurement Standards, as minimum standards into local procurement policies. Local Markets may adopt higher or additional standards locally, which should be included in local procurement policies.

This Policy applies to all procurement and outsourcing arrangements conducted by or on behalf of the Group. It covers all Suppliers and applies to all procurement whether it is a new service or supply, a regular purchase under an existing framework agreement or a contract renewal.

The requirements of the Group Procurement Standards described at paragraph 5.3 below apply to the Procurement Function. Some procurement activity does not require the engagement of the Procurement Function and the supporting internal processes to this Policy set out requirements which apply to any procurement of goods or services on behalf of the Group by anyone in the business regardless of value or whether the Procurement Function has been engaged.

4. Definitions

The following definitions are used in this Policy:

Definition	Meaning
Critical and Strategic	Key categories of Supplier which are categorised by the Procurement Function in accordance with the segmentation process described in paragraph 5.3.2.
Group	IPF plc and all companies in which it directly or indirectly owns or controls the voting rights attaching to not less than 50% of the issued share capital or controls the appointment of the majority of the board of management.

Group Procurement Standards	The set of group wide standards which set out detailed processes and procedures for all procurement and Supplier management as described in paragraph 5.3.
ICT Third Party Risk Policies	The ICT Third Party Risk Management policy, ICT Suppliers Risk Assessment Procedure, Supplier Due Diligence Procedure together with the relevant supporting Group Procurement Standards which set out further detail on the standards for using ICT services from third-party providers which support critical or important functions under DORA.
IPF plc	International Personal Finance plc.
Local Markets	The Group's operating subsidiary companies.
Local Market Boards	Local Market management boards of directors.
Suppliers	Third-party entities or individuals engaged by, or on behalf of, any member of the Group at any stage of a procurement process (from tender to contract renewal) to provide goods or services to, or on behalf of, any member of the Group, including but not limited to distributors, retailers, agents, service providers, business partners, consultants, contractors and third parties offering pro bono services, demonstrations, pilot projects or proof of concept initiatives.

5.   Policy requirements

5.1   Principles of Responsible Procurement

The Group and/or Local Markets (as applicable) must implement this Policy and the Group Procurement Standards which ensure that all procurement activity is undertaken according to the following principles:

5.1.1   **Social responsibility**: mitigating the risk that Suppliers do not comply with international labour standards, including fair wages, safe working conditions, non-discrimination, and prohibition of child or forced labour, and promoting respect for human rights aligned with the United Nations Guiding Principles on Business and Human Rights throughout the Group's supply chain;

5.1.2   **Ethical governance**: ensuring that procurement and outsourcing decisions are made with transparency, accountability, and ethical considerations. Critical and Strategic Suppliers must demonstrate appropriate anti-corruption and anti-bribery measures, ensure data protection and information security across outsourced operations and demonstrate good business ethics and accountability; and

5.1.3   **Environmental responsibility**: looking to engage with Suppliers which demonstrate environmental responsibility by reducing environmental impact for example through reductions in greenhouse gas emissions, supporting nature and reducing the use of resources.

The Group's Global Code of Ethics sets out the Group's standards and expectations in these areas and is shared with all Critical and Strategic Suppliers.

5.2   Compliance with Laws and Regulations

All procurement and outsourcing activities must comply with local, national, and international laws as well as regulatory requirements dependant on the regulatory status of the relevant operating

entity within the Group or due to licensing or other supervision by local regulators. The Group and/or Local Markets (as applicable) must implement policies and procedures to ensure compliance with all such applicable laws and regulations.

As a financial services provider the Group's procurement processes are impacted in certain markets by European and local regulation and standards which include specific obligations on the Group with respect to its supply chain. The following regulations are of particular relevance to the Group and the Group's policies and procedures are designed to address supply chain requirements where required:

5.2.1   Anti-corruption regulation including the **Anti-Money Laundering Directives (AML)** to prevent the misuse of the financial system for money laundering and terrorist financing, the **Counter-Terrorist Financing (CTF) Framework** to detect and prevent the movement of funds for terrorist activities and the **UK Bribery Act** and other national anti-bribery laws to combat bribery, misappropriation and other corruption related offences;

5.2.2   **The General Data Protection Regulation (GDPR)** ensuring lawful processing of personal data, applying key principles and regulatory requirements to safeguard individual rights and the security and privacy of employee and customer data;

5.2.3   Application by local regulators of the **European Banking Authority (EBA) Guidelines on outsourcing** ensuring proper governance, risk management, and due diligence when outsourcing critical or important functions;

5.2.4   **The Digital Operational Resilience Act (DORA)** setting out requirements to ensure that outsourced digital services are resilient and meet cybersecurity standards which are addresses by the Group's ICT Third Party Risk Policies; and

5.2.5   **The Corporate Sustainability Reporting Directive (CSRD)** ensuring transparent reporting of environmental, social, and governance (ESG) performance across the supply chain.

5.3   The Group Procurement Standards

The Group has place seven Group Procurement Standards as summarised below which set out detailed procedures for each stage of the procurement process. Local Markets must implement the Group Procurement Standards as minimum standards into local policies and processes.

The Group Procurement Standards apply to the Procurement Function and the Head of Global Procurement and Supplier Management is responsible for ensuring compliance with the Standards. Certain requirements applicable to sourcing of any goods or services regardless of value apply to everybody in the business as set out in the supporting internal processes to this Policy.

5.3.1   Supplier Spend Analysis and Categorisation

This standard requires analysis of historical Supplier spend data, allocation of that spend into a common globally applied set of categories and reporting on a quarterly basis. This process provides the basis of understanding required for risk management and outsourcing controls.

5.3.2   Supplier Segmentation

This standard sets out a Group wide methodology for dividing Suppliers into four segments (Critical, Strategic, Routine and Leverage) based on business risk and spend

which then informs where additional risk assessment and relationship management actions are applied.

5.3.3 Sourcing

The processes for sourcing of all goods and services by or on behalf of the Group are set out in the supporting internal processes to this Policy together with this standard and include requirements for:

- engagement of the finance, procurement, legal, data protection, information security and IT departments to ensure all applicable regulatory requirements are complied with;
- disclosure and management of potential conflicts of interest;
- information security and protection of confidential information and personal data;
- detailed due diligence risk assessment processes applicable to Suppliers categorised as Critical or Strategic;
- tender process requirements to ensure competitive pricing and good contractual terms are obtained; and
- approvals and signatory requirements to comply with internal financial and governance controls.

Internal processes supporting this Policy set out where the Procurement Function must be engaged dependant on Spend (as defined in those processes) and the nature of goods or services procured. The Business Owner and/or the Procurement Lead (as defined in the relevant processes) is/are responsible for ensuring that the requirements set out are complied with in all cases irrespective of Spend.

5.3.4 Supplier Risk Management

Key mandatory activities are set out in this standard to enable understanding, measuring, evaluating, mitigating and reporting risk associated with the Group's co-operation with its Suppliers.

An annual evaluation exercise is required to be completed for all Suppliers categorised as Critical or Strategic. A targeted sustainability questionnaire is used to evaluate Suppliers identified as high risk for human rights breaches and modern slavery during the Supplier segmentation process based on industry sector and territory. The ICT Third Party Risk Policies also apply to relevant Suppliers.

The standard includes requirements to conduct on-going risk monitoring for these Suppliers including Supplier risk assessments, Supplier risk evaluations, Supplier due diligence processes and a Supplier sustainability assessment.

5.3.5 Supplier Relationship Management

This standard sets out required activities to assure close partnership with Suppliers categorised as Critical or Strategic.

5.3.6 Supplier Operational Management

This standard sets out a common approach to Supplier management including regular contact, purchase order process, prompt payment of invoices, quality and performance control, on-going risk assessment and contract change and is key to ensuring good Supplier relationships and oversight of the effective operation of all other procurement processes and controls.

5.3.7 Contract Management

This establishes minimum requirements for the registration, administration and on-going management of supply agreements.

6. Roles and responsibilities

Role / Function	Responsibilities
Head of Global Procurement and Supplier Management	Ensuring that the requirements of this Policy, the ICT Third Party Risk Policies and the Group Procurement Standards are implemented and complied with.
Local Market Boards	Implementing local procurement policies and procedures which incorporate the requirements of this Policy as minimum standards.
Procurement Function	Compliance with the requirements of this Policy, the ICT Third Party Risk Policies and the Group Procurement Standards.
Local Procurement Committees	Each Local Market must have a Local Procurement Committee in place with representation from senior management of relevant departments, including as a minimum the local Finance and Legal Directors, which meets at least quarterly.
	This Committee has responsibility for oversight and assurance over compliance with this Policy and supporting internal processes, the ICT Third Party Risk Policies and the Group Procurement Standards in the relevant market together with any additional requirements in local procurement policies.
	Each Local Procurement Committee must report on a regular basis to the relevant Local Market Board and to the Head of Global Procurement and Supplier Management on substantive risks identified and managed in local procurement processes.
Group Procurement Committee	The Group must have a Group Procurement Committee in place with representation from senior management of relevant departments which meets at least quarterly and is chaired by the Group Financial Controller.
	This Committee has responsibility for oversight and assurance over compliance with this Policy and supporting internal processes, the ICT Third Party Risk Policies and the Group Procurement Standards across the Group.
	The Group Procurement Committee must report on a regular basis to the Chief Finance Officer on substantive risks identified and managed in procurement processes across the Group.
Group Ethics Committee	Assurance that the Group fulfils its commitment to procurement of goods and services in a way that is fully compliant with all applicable regulatory requirements, promotes sustainability, respects human rights and upholds the highest ethical standards.
Everyone	Upholding the standards set out in the Group's Code of Ethics and complying with this Policy and supporting internal processes.

7.   Policy governance

7.1.   Breaches and Exceptions to Policy

Exceptions to Policy	No deviations from this Policy are permitted unless approved by: • the Head of the Local Market Procurement Function and local Finance Director together (for locally purchased services and goods); or • the Head of Global Procurement and Supplier Management and Group Chief Financial Officer together (for Group wide purchases).
Breaches of this Policy	All breaches of this Policy must be notified to the Head of Global Procurement and Supplier Management and reported to the Group Procurement Committee.
Whistleblowing	If for any reason you are uncomfortable reporting a breach as requested above you can access our independent whistleblowing services at https://report.whistleb.com/en/ipf for European, IPF Digital or Group related matters or https://hacerlocorrecto.ethicsglobal.com/ for Mexico.

7.2.   Assurance

Owner	This Policy is owned by the Head of Global Procurement and Supplier Management.
Assurance mechanisms	Oversight by local Market Boards through Local Procurement Committee reporting and by the Global Head of Global Procurement and Supplier Management through reporting to the Group Procurement Committee.

8.   Related policies

Anti-bribery and Corruption Policy

Code of Ethics

Conflicts of Interest Policy

Data Protection Policy

Gifts and Hospitality Policy

Human Rights Policy

ICT Third-Party Risk Management Policy

Information Security Policy

Modern Slavery Policy

Signing Policy

Software Procurement and Management Policy

Whistleblowing Policy