



## PROCUREMENT POLICY

### I. POLICY STATEMENT

This Procurement Policy (this “**Policy**”) describes the process and sourcing strategies that Aureum Trading Limited (the “**Company**”) adopts to ensure that the services and goods we acquire are the result of transparent, objective, time and cost-effective decision making and risk management.

This Procurement Policy applies to all Company’s employees, managers, directors, and officers as well as any agent(s) appointed by the Company for the provision of services and/or goods to or on behalf of the Company. It is not a box-ticking exercise, but rather implies careful consideration at all stages of the procurement process, including before and after.

Adhering to this Policy is mandatory and violations or significant deviations from it may result in disciplinary action.

### II. DEFINITIONS

The below are definitions of terms used throughout this Policy:

- “Bid”, “proposal” or “tender”: is the offer from a possible vendor or consultant responding to an invitation from the Company for that offer.
- “Procurement Manager”: is the Company’s member of staff dedicated to handling procurement issues, developing templates, and answering any questions relative to this Policy.
- “Procurement Process”: is the acquisition process (purchasing) of goods and/or services. Company’s procurement process aims to ensure that its needs are met for the best possible cost in terms of quality, time, and other relevant factors to support the Company’s business operations.
- “Request for Proposal” (RFP) or “Request for Interest” (RFI): is an invitation from the Company defining a need, outlining certain project perimeters and criteria by which the Company will select a winning bid (in this case, a proposal that discretely sets out what service and good will be provided, for how much, when and how, etc.).

### **III. OVERVIEW OF PROCUREMENT PROCESS AND CONFIDENTIALITY**

This Procurement Policy applies to all acquisitions of goods/services by the Company. Most purchases may not need to go through a formal tender process, however, they will remain subject to this Procurement Policy. The Management of the Company will decide on an ad hoc basis as to whether a formal tender process is needed.

Adhering to this Policy will be the responsibility of the relevant business unit seeking to acquire the goods/services, and as required or requested, in consultation with the Procurement Manager or Financial Services.

While this Policy may be shared with potential bidders and donors, several aspects of the procurement process are confidential. Offers or tenders received from applicants are strictly confidential to the Company and should not be shared with potential or actual applicants in order to ensure fair and unbiased competition. The results of any offer or tender may be shared directly with the applicant only, including a summary as to why it was not selected. Record-keeping will be of utmost importance for accounting and auditing reasons.

### **IV. ETHICS AND SUSTAINABILITY**

All purchasing of goods or engagement of services by the Company must comply with all applicable laws, regulations and guidelines from international bodies (such as the UN, WTO and OECD), including those concerning human rights, environment, employment, health and safety, antiavoidance and anti-corruption, anti-money laundering and countering terrorism.

Further to the applicable Company rules and the Code of Ethics and Business Conduct, this Procurement Policy also commits all staff to upholding ethical conduct, social responsibility, transparency, auditability and accountability, and sound risk-management in the context of procurement. Deviations from this should be reported to the relevant manager or the Procurement Manager.

When selecting possible vendors or consultants, the Company shall strive to seek partners of the same or similar mindset and corresponding business operations. As said above, this Procurement Policy is meant to encourage open and wide competition for the best quality/priced goods and services. As such, the procurement processes must always comply with the following:

- ✓ Procurement processes should be fair, unbiased, consistent, and aim to attract the widest and diverse pool of applicants as possible and appropriate.
- ✓ Compliance with applicable laws and regulations is strictly required.
- ✓ Procurement should be consistent with socially responsible, diversity and ethical business operations and practices.
- ✓ The procurement process shall be the responsibility of the relevant business unit, with systematic assistance from the Procurement Manager as required or requested, in order to ensure that another person can review and ensure the process is being followed.
- ✓ Selection should be based on transparent and objective criteria, free from personal interests, biases, or other untoward or political influences.
- ✓ All records should be as complete and accurate as possible, and timely kept.

## V. PROCUREMENT PROCESS (EXPENDITURE LIMITS)

All acquisition of goods/services by the Company shall comply with the following processes, according to the below-described expenditure limits. The Procurement Manager may nevertheless assist if there are any concerns regardless of the exact monetary limit, especially if there may be a significant impact on the Company.

➤ Up to USD 10,000

Any expenditure by the Company for goods/services up to USD 10,000 shall comply with all the principles set forth in this Procurement Policy. No formal call for tenders is required, unless other factors imply a significant impact on the Company. Such factors include where an engagement would affect the Company's reputation and integrity, and/or have a political or strategic impact, and/or imply an endorsement by the Company.

➤ Between USD 10,000 and USD 50,000

Any expenditure by the Company for goods/services between USD 10,000 and USD 50,000 shall require that the relevant business unit request and obtain at least 3 (three) offers from possible vendors or consultants. Although this may not require an RFP/RFI or other formal tender process, proper documentation and adherence to all the principles of procurement herein apply.

➤ Over USD 50,000

Any expenditure by the Company for goods/services for over USD 50,000 should be accompanied by a formal call for tenders (e.g., RFP) and done in consultation with the Procurement Manager. It is up to the business unit to determine whether the project management of the procurement process will be done by the Procurement Manager or the business unit. Nevertheless, the Procurement Manager should be consulted on the RFP document itself, the selection process or weighting of criteria and at the close of any contractual undertaking.

**Risk Management.** Regardless of the exact expenditure, all purchasing shall include an appropriate and proportionate risk management analysis. Any purchase or engagement for services with external parties inherently exposes the Company to a variety of risks. It shall be the responsibility of the relevant business unit seeking to acquire the goods and/or services to undergo and document its risk management analysis, including the identification and mitigation.

**Artificial Limit Compliance.** These above expenditure limits are meant to ensure the proper use of procurement processes to obtain the best and most cost-effective service/good to meet the Company's need. Artificial splitting of contracts or projects in order to avoid the implications of another procurement process category is strictly prohibited. When in doubt, business units must consult the Procurement Manager.

**Auditability and Accountability.** For any purchase, good record-keeping is important, including as may be required by law and by internal Company procedures. This includes keeping an original copy of all invoices for goods and services for 10 years (in paper or electronic form, if supported), from the end of the year in which the expense was incurred. Business units should at a minimum also maintain a copy of (1) how and

from whom the need for the acquisition originated, (2) the approval or project management process by which the purchase was authorized, (3) all records pertaining to the source of the service or good, (4) the performance of the vendor or consultant, and (5) any remedial measures taken where performance or compliance so required it.

**Continuous Improvement.** Company staff or agents engaged in procurement for the Company shall strive to continually seek relevant training and perform self or team assessments to support ethical and sustainable procurement processes, and in accordance with normal business operations.

## **VI. SUPPLIERS, VENDORS OR CONSULTANTS**

The Company only partners with suppliers, vendors or consultant that attest they respect and comply with all applicable health, safety, environmental, employment and fiscal regulations. Any known violations or inability to provide the appropriate evidence shall disqualify any supplier, vendor or consultant from the procurement process.

The relevant business unit seeking or managing the acquisition will also manage the vendor or consultant relationship. For contracts of significant impact on the Company, feedback should be given to the Procurement Manager.

Any conflicts of interests that may arise in the context of a possible or ongoing vendor/consultant relationship should be immediately raised with the relevant manager of the business unit, who may escalate its resolution, in accordance with internal Company procedures.

## **VII. CALL FOR TENDERS (RFP CRITERIA)**

A call for tenders is an essential part of any formal procurement plan. Due consideration must be given to the manner in which the call is released, how to effectively describe the service/goods the Company is requesting (with a clearly defined aim), and by which criteria the Company will judge timely, eligible bids.

### **Open/Restricted**

Calls for tenders should preferably be open (widely advertised). In some cases a more targeted approach (whereby a few possible applicants are directly contacted) may be more effective, especially in cases of genuine time or source constraints.

Derogations must be authorized by the Procurement manager, who must keep a list of such derogations so the reason for the derogation is documented. However, casting a wider (but cost-efficient) net may help to attract a wider and more diverse pool of applicants. Where appropriate, social media can be helpful in getting the word out, as well as using a dedicated page at the Company's website. Business units must consult the Procurement Manager on both the content and the manner of invitation for a call for tender to help strike the right balance.

## **Templates**

When issuing a call for tender where the business unit is seeking a more detailed proposal of the service/goods offered to meet the Company's need, business units may use the RFP template maintained by the Procurement Manager.

A critical part of any RFP will be the careful selection and weighting of criteria. This is essential in the later selection process. Such criteria may include:

- ✓ Cost competitiveness of the offer
- ✓ Service quality and service level coverage
- ✓ Ability to meet timeframes
- ✓ Company profile and stability
- ✓ Geographical coverage
- ✓ Compliance with relevant regulatory bodies
- ✓ Relevant experience and references
- ✓ Ease of implementation
- ✓ Communication and technology
- ✓ Innovation and continuous process improvement
- ✓ Methodology and project management
- ✓ Environmental contribution and compliance
- ✓ Future developments

The Procurement Manager can provide assistance in defining and weighting criteria for an RFP or other call for tender.

## **VIII. SELECTION PROCESS**

Selection shall be made in a neutral and transparent manner and in accordance with the criteria predetermined in the initiation phase or as per the call for tenders. Cost-effectiveness and quality shall figure heavily in any weighted selection process. The purchasing of goods or engagement for services from external sources bears inherent risks. Any selection process shall also take due consideration to manage any pre-identified risks of the acquisition and any potential risks of the engagement itself, including vis-à-vis the selected vendor or consultant. Unsuccessful bids or offers should be notified to the applicant as soon as possible, while taking care to maintain confidentiality vis-à-vis other applicants, including the successful applicant.

## **IX. CONTRACT EXECUTION, REVIEW AND MANAGEMENT**

All contracts (including related to a procurement process) are subject to execution in accordance with the internal Company procedures. This also includes prior review by the Legal Department. Relevant business units must involve the Legal Department as soon as possible in the procurement process so as to help identify and mitigate any risks, as well as increase efficiency for contract review and negotiation.

Where possible, the Company's terms and conditions should be used, particularly for framework agreements and subsequent project agreements. Variation from the Company's terms and conditions should be kept to a minimum.

All contracts, including amendments, purchase orders, and other contractual documentation should be properly kept by the relevant business unit, in accordance with internal Company practices on archiving and record-keeping. Any relevant feedback regarding performance, including possible breaches or failures to perform, should be timely notified to the Procurement Manager and/or Legal Department, as appropriate.