



# Sustainable Procurement Reporting

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## Sustainable Procurement

The Bank places great importance on and is truly committed to sustainable procurement and sourcing as it helps increase efficiency, create transparency and accountability, and build supplier capacity. These are important elements that will enhance the Bank's capabilities in providing the best services to our customers. We integrate the ESG principles into our responsible procurement management by accounting for environmental, social, and governance dimensions.

### Business Principles and Procurement Process

Supplier Code of Conduct		
Environmental	Social	Governance
<ul style="list-style-type: none"><li>● Environment</li><li>● Waste and emissions</li></ul>	<ul style="list-style-type: none"><li>● Social and working conditions</li><li>● Freedom of employment</li><li>● Child labor avoidance</li><li>● Compensation</li><li>● Working hours</li><li>● Non-discrimination</li><li>● Harassment, abuse, and disciplinary practices</li><li>● Working conditions</li></ul>	<ul style="list-style-type: none"><li>● Compliance with laws and regulations</li><li>● Business integrity</li><li>● Anti-corruption/ anti-bribery</li><li>● Confidential information and personal data protection</li><li>● Free competition</li><li>● Intellectual property</li><li>● Conflicts of interest</li><li>● Subcontractor and supplier management</li><li>● Rumours</li><li>● Monitoring/data keeping</li></ul>

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## Sustainable Procurement Strategies

- Foster good relationships with suppliers and acquiring their support to achieve the Bank's strategic objectives by having a central procurement unit
- Increase efficiency and manage the Bank's procurement spend
- Collaborate with other business units to anticipate future changes that will support the Bank's objectives and strategies and utilize expertise in procurement and business operations to enhance procurement practices
- Integrate digital technology and tools to help improve procurement processes for increased efficiency
- Build supplier capacity to help suppliers align with the required standards while also considering impacts on occupational health and safety of employees, community, and society

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## Sustainable Supply Chain Management Framework

The Bank has established supplier management process which encompasses the following steps to ensure sustainable supply chain management.

### 1. Supplier Selection

The Bank conducts a preliminary assessment of the basic qualifications of all potential suppliers, including both new and existing suppliers. During the selection process, the Bank conducts supplier due diligence to assess potential risks of the suppliers. The assessment criteria cover various aspects such as economic and ESG issues, including financial status, ability to deliver goods and services, political and ESG risks in supplier's country of origin, reputation risks, corruption risks, conflicts of interest, and confidentiality.

### 2. New Supplier Registration

After the selection process is completed, suppliers are registered on the approved supplier list and the Bank's payment system. Approved suppliers are evaluated annually.

### 3. Supplier Categorization

The Bank categorizes tier 1 and non-tier 1 suppliers based on the importance of suppliers, considering various risk factors covering economic, social, and environmental aspects such as:

- Criticality to operations and revenue generation of the Bank
- Non-substitutable suppliers that provide highly customized products/services tailored to the Bank's needs, with high switching costs or long-term contracts that cannot be easily terminated
- Risks of non-compliance with ESG requirements as specified in the Bank's Supplier Code of Conduct.

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## 4. Supplier Evaluation and Monitoring

Maintain or improve the quality of approved suppliers at the required level and to be in line with the Bank's strategy. Critical tier 1 and tier 2 suppliers are required to undergo this evaluation every 2-3 years.

### 2023 Performance

Supplier Categorization	<ul style="list-style-type: none"><li>● 7 critical tier 1 suppliers accounting for 0.2% of total suppliers and 22 percent of the total procurement spend in 2023</li><li>● 120 critical tier 2 suppliers accounting for 3.9% of total suppliers</li></ul>
Supplier Evaluation and Monitoring	<ul style="list-style-type: none"><li>● 100% of suppliers on the approved supplier list signed and complied with the Supplier Code of Conduct</li><li>● 100% of critical suppliers were assessed economic and ESG risks</li><li>● No economic and ESG risks from suppliers based on supplier due diligence and assessment</li><li>● No fatal accident among contractors working on-site</li></ul>
Payment term	<ul style="list-style-type: none"><li>● Payment made on average of 30 days after the approval of supplier's work and the receipt of the invoice from supplier</li></ul>

The Bank's Strategic Suppliers are evaluated annually based on the AQSCIR method to improve the quality of work and sustainable procurement practices. In 2023, 100% of our critical tier 1 suppliers were evaluated according to this method.

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## Annual Supplier Evaluation Based on the AQSCIR Method + Contract

- Assurance of supply (15 percent) products and services are available when needed
- Quality (25 percent) confidence in the consistency and standard level of efficiency or quality
- Service (25 percent) the Bank and supplier achieve the product and service delivery requirements
- Cost (15 percent) all costs related to procurement and value for money
- Innovation (5 percent) continuous improvement to deliver great experiences to customers with reduced cost or increased competitive advantage
- Regulation (10 percent) compliance with laws and the Bank's regulations, policies, and Supplier Code of Conduct
- Contract (5 percent) details related to the contract

## Supplier Engagement for Sustainable Growth

The Bank puts equal emphasis on communicating, working collaboratively with quality, and accounting for the society and the environment when managing our suppliers. The Bank organized a program to engage with partner companies, aiming to advocate for financial well-being and cooperative advancement including technology, service delivery, and product manufacturing. The focus also extended to fostering sustainable growth through strategic procurement strategies. Throughout 2023, the bank's strategic procurement department conducted visits to 14 companies, garnering notably positive feedback from these valued partner

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## Supplier Satisfaction Survey

In 2023, more than 250 suppliers responded to our supplier satisfaction survey on the Bank's Procurement Strategy. The results showed an average satisfaction rate of 90 percent. The results of the 2023 Supplier Satisfaction Survey showed that suppliers were most satisfied with the following:

- Honesty and ethics in procurement
- Clear and transparent policies and procedures
- Convenience in communication, document check process, and supplier registration process

The Bank has established a channel on the website for suppliers and related stakeholders to make suggestions, raise concerns, or report any suspected wrongdoings.