GROUP PROCUREMENT FRAMEWORK

Procurement function, a critical component of the Group's value chain, is a source of business competitiveness and group synergy for the Lion Group of Companies. The Group views best procurement practice as an important enabler in building and sustaining competitiveness and synergy. Three pillars have been recognised as providing support to good procurement practice in the Group:

Procurement Governance

- Group Procurement Framework providing broad guidelines to all employees engaging in procurement activities.
- Local procurement policies and strategies at operational level are in place to address granularity of specific/unique business requirements whilst conforming to Group Procurement Framework.
- Consistency in procurement processes via adequate and clear documented procedures/manuals.
- Observing industry norms via widely practiced and acceptable terms and conditions.
- Adherence to Group's Code of Business Ethics and Conduct.
- Equal opportunities are provided to all qualified vendors.
- Appropriate authorities and clear roles are established in ensuring check and balance, for example, Authority Limit Charts and Tender Committees (where procurement tender method is involved).

Vendor Management

- Vendors are prequalified during sourcing process before their admission into approved Vendor Master List.
- Established assessment criteria are used for accountability and transparency.
- Performance of approved vendors is assessed at appropriate intervals. This also covers review of the level of adherence to Vendor Code of Conduct by vendors, as and when appropriate.
- Continuous update of approved Vendor Master List/Blacklisted Vendor List by procuring company or division.
- The Group reserves the right to review the business relationship in case of breach of or non-compliance with Vendor Code of Conduct.

Procurement Method

- Selection of appropriate procurement method which meets the business needs such as competitive bidding and e-bidding.

<u>Communication</u>

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- The Group regards all information arising from its procurement activities as highly important and sensitive. It handles and safeguards this information with integrity and confidentiality.
- All communications by vendors or their representatives should be channeled to the properly identified officer in charge in the procuring company or division.

The Group regards its vendors as key business partner and best procurement practice allows the Group to build a pool of competitive and competent vendors.

The employees of the Group may access the complete Group Procurement Framework on the Group's Intranet.