

## **OUTSOURCING AND PROCUREMENT POLICIES AND PROCEDURES**

### ***Framework***

To ensure that Pru Life UK manages outsourced and third party supply initiatives and activities properly, Pru Life UK adopted Outsourcing and Third Party Supply Policies and Procedures which state the roles and responsibilities of the Executive Committee, the Outsourcing and Critical Third Party Committee, the Outsourcing and Critical Third Party Working Committee and the Business Owner.

Outsourcing occurs when an operational area retains ultimate accountability for the delivery of service but an outsource service provider is engaged to manage and perform the same. Pru Life UK will not engage in outsourcing that will result in the compromise or weakening of its internal control, business conduct, and reputation.

The Company acknowledges that outsourcing does not diminish its obligation as an institution to comply with relevant laws and regulations. Hence, it will adopt practices to ensure all relevant laws, regulations, guidelines, and other directions continue to be met.

### ***Guidelines in Selection of a Supplier/Contractor***

1. Ability to meet business/operations and service level requirements
2. Ability to meet legal and regulatory requirements
3. Financial strength and current resource performance level
4. Business contingency and back-up arrangements
5. Business reputation and culture, complaints, and outstanding/potential litigation
6. Security and internal controls and presence of and adherence to environmental policy and anti-bribery and corruption policy
7. Reliance on and success in dealing with sub-contractors
8. Expertise and presence in applicable industry
9. Insurance coverage
10. External factors (political, economic, social, and legal and regulatory environment) that may impact service performance
11. Ability to handle problems and flexibility to changes and needs
12. Whether there is any conflict of interest with the arrangement, and if any exist, how the conflict of interest can be/has been mitigated or addressed
13. That persons employed by the service provider to perform the outsourced function are assessed as "fit and proper" in accordance with the requirements
14. Compliance with the United Nation Universal Declaration of Human Rights
15. Compliance with the regional third party due diligence requirements based on business importance and the risk associated with the third party arrangement

### ***Activities Undertaken on Outsourcing Selection and Criteria***

1. Business Contract Owner and Business Contract Manager shall submit a request for outsourcing together with its supporting business requirement documents to Procurement.
2. Business Contract Owner and Business Contract Manager shall evaluate and rate the service providers' proposals/presentations and submit the result to Procurement.
3. Vendor Assurance reviews and endorses the request to the Outsourcing and Critical Third Party committee for their approval.
4. Vendor Management shall perform vendor accreditation process.
5. The Business Contract Owner and Business Contract Manager shall submit the contract with

the chosen service provider for review and approval of relevant work units.

6. The Business Contract Owner and Business Contract Manager must conduct post-contract monitoring.
7. The Business Contract Owner and Business Contract Manager must ensure that an appropriate contingency plan is in place and documented to ensure the continued services in case the service provider fails to deliver.
8. The Business Contract Owner and Business Contract Manager must provide a service provider performance report to the Outsourcing and Critical Third Party Working Committee through Procurement.

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