



## **PROCUREMENT POLICY**

October 2024

## **STATEMENT AND OBJECTIVES**

CIFI is committed to obtaining the highest quality goods and services at the best price possible while maintaining adequate controls and ethical, environmental standards, and social responsibility in its procurement processes. Additionally, CIFI is dedicated to establishing and maintaining effective, positive relationships with its vendors to optimize resources, minimize risk, and protect its own or third parties' assets.

We are committed to ensuring that our procurement processes are based under the following principles:

- **Equal Opportunity:** To all suppliers and contractors, regardless of race, ethnicity, gender, age, disability, sexual orientation, religion, or any other characteristic protected by law.
- **Fair Evaluation:** We apply consistent and objective criteria in evaluating all bids and proposals, ensuring that all potential vendors have a fair chance to compete for our business.
- **Transparent Processes:** We maintain transparency in our procurement processes, providing clear information and feedback to all participants to support a fair and competitive environment.
- **Inclusive Practices:** We actively seek to engage a diverse range of suppliers and contractors, promoting inclusivity and supporting minority-owned, women-owned, and other diverse businesses.
- **Zero Tolerance for Bribery and Corruption:** We have a zero-tolerance approach to bribery. Offering or accepting a bribe or behaving corruptly in anticipation of a bribe or advantage is unacceptable. Any instances of unethical conduct will be addressed promptly and rigorously.

By adhering to these principles, CIFI aims to foster a procurement environment that reflects our values of integrity, respect, and fairness. We believe that a diverse and inclusive supply chain strengthens our institution and contributes to the broader community.

## **PURPOSE AND SCOPE**

This Procurement Policy provides essential information on how procurement shall be handled under applicable rules, as well as brief step-by-step procedures for the procurement of goods, works, and services.

## **ROLES AND RESPONSIBILITIES**

The Members of the Procurement Committee will ensure that the following principles are followed in the procurement of goods and services:

- **Fair competition.** CIFI treats all bidders fairly and ensures they are given the same level of information when preparing quotations or tenders.

CIFI is committed to ensuring equal treatment and non-discrimination for all suppliers participating in its procurement processes. To achieve this goal, CIFI has established a clear and transparent

process that will be followed for each request for quotations or proposals. This process will be published on its website according to the thresholds established for disclosure to publicly inform all stakeholders. Projects funded by third party funds administered by CIFI may require public disclosure regardless of the amount, in which case CIFI will publish tenders and awards in its website.

- Conflict of interest. Conflict of interest situations with CIFI's business should be declared to the Procurement Committee. These include any ownership of the vendor, personal or familial employment at the vendor, and any fee or other relationship with the vendor. CIFI shall have a proactive statement in all vendor contracts indicating no ownership or fee relationships between the vendor and CIFI personnel or its ownership.
- Cost-benefit. Quotations and tenders should be evaluated not only on competitiveness in pricing but also factors such as the quality of the products/services and track records of the bidders.
- Transparency. To ensure transparency, tender documents should provide all the necessary information to facilitate the submission of appropriate and competitive tenders.

The primary role of the PC is to evaluate, approve, and monitor the procurement transactions.

## **VENDOR MANAGEMENT COMPONENTS**

Vendor management is a critical framework encompassing various phases to ensure alignment with CIFI's policies and business objectives. The following outlines the key components of vendor management within CIFI's procurement standards, which consist of five phases:

1. Know Your Vendor (KYV): This phase involves assessing the vendor, considering its business, track record, and legal history but also their commitment to best practices.
2. Vendor Risk Assessment: A detailed analysis is conducted of the risks associated with the vendor's involvement in the project, considering their reputation and ability to meet quality requirements, business continuity plans, response and customer services according to Appendix A: Risk Assessment, and any other promoted by CIFI under agreements with third parties.
3. Vendor Due Diligence and Unacceptable Vendors Database: A thorough review is carried out of the vendor's capacity to comply with the standards and criteria established by CIFI.

Following the completion of the due diligence phase, the RE will maintain an updated database that will include vendors deemed unacceptable and the corresponding reasons. This database will serve as a reference for future procurement decisions and enables CIFI to take proactive measures to mitigate potential risks.

Additionally, CIFI may utilize information provided by external reliable sources to enrich this database and strengthen its ability to make informed decisions regarding vendors election.

4. Contract Management: During this phase, contractual agreements are negotiated and implemented with selected vendors, ensuring that the terms and conditions reflect expectations set by CIFI and fulfilling agreements with third parties.

At this stage, each Responsible Executive will have the following duties, as well as any other that the Board of Directors or Procurement Committee may designate.

- a) Manage and update the physical/electronic repository of their procurement contracts in coordination with accounting department.
  - b) Ensure the efficient administration of contracts, performance review meetings, and contract amendments with support from the legal department.
  - c) Implement legal-contractual amendments in consultation with the General Counsel as appropriate.
5. Vendor Supervision: The final phase involves continuous monitoring of the vendor's performance, which is in line with the requirements of CIFI under agreements with third parties.

## PROCEDURE

To ensure an effective and comprehensive selection of vendors and suppliers, it is essential to follow the principles, and the vendor management components described in this document. These are crucial for adequately assessing the suitability and reliability of potential suppliers. The following additional criteria will be considered to ensure optimal selection.

- Price
- Quality of goods/services. Such a justification must be verifiable.
- Availability of goods/services within the required delivery time
- After-sale services, including the availability of parts/supplies.
- Bidder's previous records of performance and service
- Ability of the bidder to render satisfactory service in this instance.
- Financial stability of the vendor via statement of good standing and financial information
- Availability of bidder's representatives to call upon and consult with
- Clearance from Compliance Officer regarding OFAC, anti-money laundering, and drug trafficking for consultants before contracting
- Source of funds (vendor).
- Payment terms and conditions.
- Warranty offered.
- Review of unacceptable vendor database maintained by the Procurement Committee.

CIFI will publicly disclose the call for bids awards and rationale, pursuing third party project funding agreements where public disclosure has been agreed upon and protection of client's financial privacy does not apply. This disclosure shall include the name of the selected vendor and may include the amount for transparency and fairness purposes. Vendors can consult CIFI's public database to learn about awarded procurement opportunities at <https://www.cifi.com/en/procurement/>. If a vendor wishes to ascertain the grounds on which their proposal was not selected, they can directly contact the procurement clerk at [procurement@cifi.com](mailto:procurement@cifi.com) within three days after the award has been granted and published.

CIFI is committed to maintaining the confidentiality of all sensitive or privileged information related to procurement processes. This includes, but is not limited to, bidding documents, supplier proposals, pricing, contractual terms, and any other data relevant to the procurement process.

The procurement process cannot be completed without a written notice stating conformity with the goods and services procured entirely to CIFI's satisfaction, consistent with the purchase order or RFP. Therefore, the procedure for obtaining goods and services is essential to ensure that the vendors have met their obligations. Once proper delivery and satisfaction are certified, payment can be made according to the vendor agreement's payment conditions. In all cases, the conformity with the goods and services is a pre-requisite to CIFI, and the following guidelines are essential for that purpose:

- a) The Responsible Executive should ensure that goods and services have been verified against contracts, waybills, invoices, or delivery notes and will sign their confirmation.
- b) Any differences between procurement documents and the goods or services received should be noted and reported to the vendor for corrective action before payment.
- c) The responsible unit will notify timely measures and time frames for corrective actions according to the nature of the goods or services involved.

CIFI has a zero-tolerance approach to bribery – in compliance with relevant anti-bribery laws in all the regions in which we operate. Offering or accepting a bribe or behaving corruptly in anticipation of a bribe or advantage is unacceptable and can constitute cause for termination of the relationship.

CIFI will rate the quality of the goods or services it purchases, for efficiency purposes. Vendors not performing under CIFI expectations should be included on the Unacceptable Vendor Database.