

# Responsible Procurement

We value our relationships with our vendors as they are critical to our success and allow us to meet our business objectives. Our procurement processes follow prudent industry practices and support the requirements of our internal Third-Party Risk Management (TPRM) framework.

Our category management process, also known as vendor management, was initiated in 2022 to ensure the appropriate oversight of vendors based on their impact to our business. We have completed reviews of all our vendors and categorized them into one of four categories: Strategic, Operational, Tactical, and Commodity.

Over the past two years, we have been working with our vendors to integrate ESG across our value chain. As a starting point, in 2022 we included ESG questions in our RFP process. This allowed us to evaluate our vendors not only from a business and cost perspective but also from a purpose perspective. All our RFPs, no matter what services we are looking to purchase, now include an ESG questionnaire that is reviewed and weighted during the selection process.

In 2023, our focus turned to evaluating our current strategic vendors against ESG criteria, in alignment with the new category Management Process. We launched a pilot with a draft Vendor Code of Conduct that outlines key expectations of our vendors in the areas of environmental sustainability, human rights/labour practices, ethics, and governance. Vendors of various sizes and industries were invited to participate voluntarily in this pilot, where we would create a baseline and assess them on their sustainability maturity.

As a medium-size insurer, this pilot gives us an opportunity to access the internal resources required to properly implement a Vendor Code of Conduct across our entire vendor management program with the type of due diligence required, while also providing support and capacity building to those vendors.

