

## NON IT PRODUCTS AND SERVICES PROCUREMENT PROCEDURES

1. The procurement of products and/or services refers to the procedures/policies/basic principles of operational transactions such as dual control and documentation.
2. Every procurement of products and/or services shall have had the budget allocated and approved by the Officer authorized for respective Expense Disbursement Limit and the Budget Custody. In the event that the procurement of products and/or services has not had any budget approved nor deviates from the approved budget; the Finance procedures regarding the Budget Utilization Flow will apply;
3. The expense limit (Opex/Capex) of the Officer in the Branch Office/Area/Region and Head Office refers to the Board of Directors Decree concerning the Authority Limit for Expense Disbursement.
4. The procurement of products and/or services is administered through:
  - a. Tendering/Bidding/Direct Appointment Process
  - b. Direct Purchasing Process
5. The procurement of products and/or services through Bidding or Tendering process is intended to obtain the best outcome that includes but not limited to:
  - a. Price.
  - b. Quality and vendor track record.
  - c. Services in delivering the order.
  - d. Fulfillment of the Bank requirement, including the completeness of forms and accuracy of data.
  - e. Guarantee to fulfill Non Disclosure Agreement, for certain procurement.
  - f. Vendor compliance to the prevailing tax regulation.
6. The member of the Tendering/Bidding Committee shall consist of the officers of the products/services procurement unit Head Office and officers from independent unit according to the prevailing policies of Tendering/Bidding Committee.
7. Direct appointment is only administered upon the fulfillment of certain criteria and subject to approval of the Authorized Bank Officer.
8. To protect the Bank from legal risks, the following is the documents that govern the terms and condition as the reference for the working agreement between the Bank and vendor:

| Document Type               | Criteria   |
|-----------------------------|--|
| Work Agreement              | <ol style="list-style-type: none"> <li>1. For routine and continuing procurement</li> <li>2. To bind the type/products and services or work specification, period of agreement, price and Service Level Agreement (SLA) and other terms and condition as mutually agreed by both parties.</li> </ol> |
| Purchase/Work Order (PO/WO) | <ol style="list-style-type: none"> <li>1. For one-time-purchase or incidental procurement.</li> <li>2. To reinforce the agreement between the Bank and Vendor for certain products/services procurement, both with or without working agreement.</li> </ol>  |

## NON IT VENDOR MANAGEMENT PROCEDURES

1. The Division responsible for Products/Services Procurement is obliged to have the list of vendors/partners for the types of products and services except for the vendor administered through Direct Appointment.
2. The vendors listed in the vendors/partners list shall be reviewed on periodic basis.
3. The Bank Vendors are classified into 2 (two) categories, each requiring certain documents to quality as the vendor of the Bank.

| Category     | Document Requirement   | Legal Document  |
|--------------|--|---|
| Legal Entity | <ol style="list-style-type: none"> <li>1. Vendor Application Form</li> <li>2. Power of Attorney from the Officer representing the Company</li> <li>3. The Company Financial Statements of the last 2 years or Last Year Profit/Loss Statement</li> <li>4. Company Profile</li> </ol> | <ol style="list-style-type: none"> <li>1. The Articles of Association</li> <li>2. SIUP</li> <li>3. TDP</li> <li>4. SKDP</li> <li>5. NPWP</li> <li>6. SP2KP</li> </ol> |
| Individual   | Vendor Application Form  | <ol style="list-style-type: none"> <li>1. Identification Card (KTP)</li> <li>2. Tax Identification Number (NPWP)</li> </ol>   |

4. On periodic basis, minimum once a year, the list of the Bank vendors must be reviewed, particularly the legal documents and the last 2 years financial statements or the Statement of Profit and Loss (only for Legal Entity).
5. The Products/Services Procurement Units Head Office and/or the Ordering Unit must prepare the Report of Vendor Utilization Intensity and send the report to the Vendor Management Unit.
6. The Vendor Management Unit shall issue a questionnaire to the ordering unit on periodic basis to evaluate the performance of the vendor.
7. During the periodic review by Vendor Management Unit that involves scoring, a penalty might be imposed in the following conditions:

| Indicator        | Penalty Value | Penalty Criteria   |
|------------------|---------------|--|
| Warning Letter 1 | 0.25          | The Vendor violates the agreement that has been stated in the Work Agreement or Purchase Order / Work Order.   |
| Warning Letter 2 | 0.50          | The Vendor commits repeated violation to the agreement that has been stated in the Work Agreement or Purchase Order / Work Order that warrants Warning Letter 1. Or Vendor Management Unit considers that the vendor has committed violation that warrants Warning Letter 2. |
| Warning Letter 3 | 0.75          | The Vendor commits repeated violation to the agreement that has been stated in the Work Agreement or Purchase Order / Work Order that warrants Warning Letter 2. Or Vendor Management Unit considers that the vendor has committed violation that warrants Warning Letter 3. |

|                                  |      |   |
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| Customer Feedback - Dissatisfied | 0.25 | If from the survey, the total number of respondents stating "Dissatisfied" is more than the total number of respondents stating "Sufficient" and "Satisfied". |
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8. If the vendor does not meet the criteria during the periodical review by the Vendor Management Unit, the Products/Services Procurement Unit will take the necessary actions to mitigate the risks of products/services unavailability or incompleteness of work in progress, that include the following:
  - a. Secure the commitment of the vendor to complete the outstanding works or services within the specified timeframe;
  - b. Prepare vendor substitution according to the procurement policy;
  - c. If the vendor fails to complete the outstanding works or services within the specified timeframe, Products/Services Procurement Unit will proceed with vendor substitution process and transfer all the purchase order or work order to the substitute vendor.
9. Products/Services Procurement Unit will take out a vendor from the Vendor List if:
  - a. The vendor does not pass the scoring system during periodic review;
  - b. The vendor commits action that may inhibit the continuity of the Business or Operation of the Bank, such as violating the agreement;
  - c. The vendor is not cooperative nor responsive;
  - d. The vendor is inactive – listed in the Vendor List for more than one year but never being utilized.
10. The vendor that does not pass the scoring system and/or commit a violation as stated in point (9) is eligible to reapply after 1 (one) year from the date of review or upon the recommendation of Products/Services Procurement Unit and/or the Requesting Unit.
11. Vendor Management related to outsourcing or IT products/services refers to the policies of Outsourcing/IT.