

# PROCUREMENT POLICY

<b>GN-00001-L4</b> Administrative Detail of Framework	
<b>Policy Owner</b>	<b>Procurement &amp; Asset Department</b>
<b>Policy Documentation</b>	<ul style="list-style-type: none"><li>▪ <b>Procurement &amp; Asset Department</b></li><li>▪ <b>Enterprise Risk &amp; Policy Management Division</b></li></ul>
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## 1.0 PROCUREMENT PROCESS

Management of the procurement process is based on the type of user's needs or based on the nature of the goods and/or services. Based on the consent of the related Director, Procurement and Asset Department may enact provisions governing the procurement management applied in the Bank, as long as it is in accordance with this procurement policy.

### I. Competition, Selection and Evaluation of Vendors

1. The purchase of goods and/or services in bulk or not in retail basis, is suggested to get discount and better service. Vendor Management can perform grouping purchases if necessary to get the best value for money in accordance with the bankwide User demand.
2. The vendor/third party selection and evaluation process shall be conducted by Vendor Management or can be done by the User for delegated procurement to the User.
3. Vendor/third party who will participate in the tender process may come from customers of the Bank or from the referral and may be proposed by the User with the considerations of equality for capability related to the scale and quality of the products or services.  
There shall be no preferential treatment either at the time of delivery or when negotiating deals with vendors / third parties. Vendors who have been in partnership with the Bank, may be re-selected to collaborate with the Bank through the process of vendor competition, selection and evaluation as well as all phases of the procurement.
4. Goods and/or services must be obtained under the competition/tender unless there are specific reasons, among others:
  - a. Goods and services with a nominal value of less than Rp. 3,000,000 which still states the selection reason.
  - b. Goods with a single trade mark or the existence of a single vendor
  - c. Contracts of licenses and maintenance of propriety equipment/software/licenses by the vendor
  - d. Contracts with options to renew that were earlier approved during the earlier tender which based on the same terms and conditions, with same or lower rates/price.
  - e. CSR-related cooperation partnership with the consideration of the sustainability partnerships or other considerations such as licensing of products or services.
5. To get the best price, the Vendor Management or User should choose and compare at least 3 (three) potential different candidate vendor / third party for participating the competition. The price factor, though important, is not the only consideration in deciding the selection of vendor/third party, the reliability of vendor / third party, and the quality of products and services also should be considered in selection.  
The criteria in the assessment of vendor / third party is consisting of but not limited to:
  - a. The capability of vendor/third party in fulfilling the Bank's needs.

- b. The organization, strategies and financial health of vendor/third party, including its management and its infrastructure.
  - c. The experience of vendor/third party and its track record or reputation.
  - d. The capacity and capability of vendor/third party.
  - e. The quality of goods and/or services offered.
  - f. Price (offered price/competitive rate).
  - g. Clear business location (factual).
  - h. Legality.
  - i. After-sales service.
  - j. Ownership account at Bank OCBC NISP
- Vendor Management can determine the weighting standard used for the assesment of vendor / third party.
6. The authority to determine appointed vendor/third party is stipulated as follows:
- a. For the procurement performed in Procurement and Asset Department, related Director will set up.
  - b. For the procurement delegated to the User shall follow the following requirements:
    - i. For a value up to Rp 200,000,000 (two hundred million rupiah) can be approved by the related Director. The authority delegation to Division Head can be set up by each of the related Director.
    - ii. For a value of more than Rp 200,000,000 (two hundred million) is approved by the related Director and the Director in charge of Procurement and Asset Department.
7. All evaluation and recommendation of the vendor/third party should be well documented. The document contains, among other, the introduction and purpose of the project or the purchase request and the recommendations as well as the considerations that are used for the selection process.

## **II. Formulation of Agreement / Memorandum of Understanding (MOU) / Contract**

Partnership binding is carried out after the selection process of third party/vendor is done and the third party/vendor chosen is determined.

1. A partnership agreement between the Bank and the vendor/third party shall be bound by a contract/agreement that governs the procurement of goods or services, including the costs and compliance with regulations. Shall be ensured that the contract/agreement covers authority of the Bank to inspect or audit the vendor/third parties.

Things that should be included in the contract / agreement between the Bank and the vendor / third parties, among others:

- a. Terms and conditions governing the roles, relationships and responsibilities of each party involved.
- b. Clear performance targets
- c. Service level includes delivery, duration and budget
- d. Availability
- e. Reliability

- f. Scalability
  - g. Site visit (if necessary)
  - h. Compliance with legal requirements and regulations (if any).
  - i. Contingency planning (if necessary)
  - j. Disaster recovery capability (if necessary)
  - k. Back Up Process Facility (if necessary)
  - l. The provisions concerning the termination of agreement, dispute handling and a state of bankruptcy.
  - m. Publicity
  - n. Non-solicitation of employees
2. The Bank, through the User or Procurement and Asset Department is obliged to negotiate so that the vendor / third party is able to meet the demand of the Bank.
  3. A contract or agreement is required for each partnership in which:
    - a. There is a financial impact of non-performance by the vendor would have a strong adverse effect on Bank profitability
    - b. The purchase of goods and/or services that are new and principal / major
    - c. Any purchase of goods and/or services involving the application of Service Level Agreements (SLA)
    - d. Purchases in involving research and/or development for core business support
    - e. Software licenses, customization work, and consultancy fees must be supported by a contract
    - f. Capital expenditures or expenses involving extended warranties, retention, support and maintenance
    - g. Lease of equipment and / or services
  4. The validity period of the agreement/contract should not be more than 5 (five) years. For agreements / contracts with a maturity of more than 1 (one) year, shall be ensured that there is a clause which states that the Bank is entitled to review the contents of the agreement that has been signed by at least once a year.
  5. Contract or agreement that has no expired period or contract with automatic renewal clause is not allowed.
  6. Contract or agreement shall be saved and documented in Procurement and Asset Department and / or User.
  7. Each agreement between the Bank and the vendor / third party must obtain assessment / clearance from Corporate Legal.
  8. Partnership regarding the use of individual consultant services are not allowed for working relationship agreement (certain work agreement/PKWT(Perjanjian Kerja Waktu Tertentu) or else)

### **III. Asset & Inventory Management**

Asset & Inventory management will ensure goods and or services that have become assets are recorded in the system, get insurance protection and after-sales maintenance.

#### **IV. Relations with the Vendor and its review**

1. New vendor /third party that has met selection criteria and have been approved by the authorized officer must be included in the list of approved vendor / third parties.
2. The list of approved vendor/third party at least provide following information:
  - a. Title of Procurement
  - b. User Name
  - c. The name of the vendor / third party
  - d. Contact persons / personnel who can be contacted
  - e. Addresses and telephone numbers of vendor / third party
  - f. Type of business
  - g. Legality of the company
3. Vendor/third parties that are already on the list of approved vendors are not automatically selected as the vendor. The process of application, selection and approval should still be executed
4. Vendor Evaluation and Monitoring
  - a. Assessment of the vendor/third party that has been recorded on the list of approved vendors should be reviewed periodically, at least once a year. Assessment can be done by the User or Procurement and Asset Department.
  - b. The scope of the monitoring and evaluation of the vendor/third party, other than the same criteria at the time of early selections, also include:
    - I. Performance of vendor/third parties, including the fulfillment of Service Level Agreement (SLA)
    - II. The quality of goods and / or services delivered
    - III. Prices and discounts
    - IV. Warranty
    - V. Problem handling in case there is problem during partnership period with the Bank.
    - VI. After sales service
  - c. User must monitor the performance and service level of vendor/third party and report to the Procurement and Asset Department
  - d. Service Level Agreement (SLA) of each vendor / third party must be available
  - e. KYV checking should be performed.

## **2.0 PROCUREMENT SUPPORTING PROVISIONS**

### **I. Know Your Vendor (KYV)**

1. All vendors/third parties, both new and existing ones shall go through the KYV checking. This process is carried out periodically by Procurement and Asset Department or User
2. Examination is conducted to review the profile of companies / vendors, among others, the list of Board of Directors members, shareholders, financial condition, reputation, experience, its track record and the conflict of interest with the Bank.
3. Results of KYV shall be documented by Procurement and Asset Department
3. Function or User. If there is any irregularities/deviation, shall seek the approval of Director in charge of Procurement and Asset Department.
4. Vendor/third parties who is problematic or involved in fraud shall be recorded in the Black List of vendor / third parties. Dealing with these vendor / third parties are not allowed. Recovery of the vendor / third parties who have entered into the Black List must obtain approval from the Director in charge of Procurement and Asset Department.
5. List of vendor / third-party must be updated with the results of KYV

### **II. Prices and Confidentiality of Data**

1. All the information sent by and/or to the Bank and other related parties shall be kept confidential. Price and other sensitive data that may give or negate the advantage in the competition between vendors / third parties should be kept secret.
2. If the information or the data is actually a confidential information of the Bank, Non-Disclosure Agreement (NDA) must be signed between the Bank and the vendor / third party.