

VENDOR MANAGEMENT PROVISIONS

GENERAL PROVISIONS

1. The procurement of goods and/or services is subject to the provisions/policies/basic principles of operational transactions, including dual control and documentation.
2. All procurements of goods and/or services must have been budgeted for and approved by the expense limitation holder and the Budget Custodian. In the event that the procurement of goods and/or services has not been previously budgeted for or is not within the budget, then reference is to be made to the FINCON provisions concerning the process flow of budget use.
3. Expenditure limits (opex/capex) of officials in branches/areas/regions and at the Head Office refer to the Directors' Decree governing the limits of authority with respect to expenditure.
4. The procurement of goods and/or services can also be done in the following ways:
 - a. Tender.
 - b. Bidding.
 - c. Direct Appointment.
 - d. Direct Purchase
5. The procurement of goods and/or services by means of bidding or tender is intended to find the best available option, but is not limited to the following factors:
 - a. Price.
 - b. Quality and track record of the vendor.
 - c. Service in meeting orders.
 - d. Fulfilment of the conditions stipulated by the Bank.
 - e. Willingness to sign and ability to comply with an NDA (*Non Disclosure Agreement*).

Note:
Dependent on the type of procurement

 - f. Willingness of the vendor to fulfill the applicable tax provisions.
 - g. Willingness to submit the relevant set of documents, in their entirety and containing accurate and truthful data, to the Bank.
6. The Tender Committee is to be comprised of officials from Head Office work units for the procurement of goods and/or services as well as officials from independent work units.

7. Direct Appointment may only take place if all the relevant criteria have been fulfilled and approval has been granted by an authorized Bank official.
8. To provide protection against legal risks, certain documents governing the terms and conditions (the agreement) which form the basis of the collaboration between the Bank and the vendor are required, as listed in the table below:

Documents	Criteria
PKS (Cooperation Agreement) / SKP (Procurement Cooperation Agreement)*	<ul style="list-style-type: none"> • Of a continuing (regular) nature • To fix the goods/work/service specifications, price and SLA of vendors/partners for a certain period of time. <p><u>PKS:</u></p> <ul style="list-style-type: none"> • Used for the procurement of goods and/or services • The terms & conditions are more complex. <p><u>SKP:</u></p> <ul style="list-style-type: none"> • Used for the procurement of goods and/or services • The terms & conditions are simpler
PO/WO/Procurement Instruction	Used to make an order from a vendor/partner for the procurement of goods and/or services, based on an existing PKS/SKP or without any PKS/SKP.

*Note: * it is possible for a PO/WO/Procurement Instruction to be issued for each work/goods purchase*

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9. Divisions in charge of procurement of goods and/or services are required to keep a List of Vendors/Partners for vendors used, with the exception of vendors that are Directly Appointed.
10. Vendors already registered on the list of vendors/partners are subject to periodic reviews.
11. The Bank's vendors are grouped into 3 (three) categories, as listed in Appendix 1.
12. The documents required in accordance with the category of vendor that is to become a Partner of the Bank are stipulated in the table below:

Category Vendor	Type of Vendor	Documents	Legal Documents
A	Branded Company	<ul style="list-style-type: none"> • Partnership Application Form³⁾ 	<ul style="list-style-type: none"> • -

		<ul style="list-style-type: none"> • Power of Attorney on behalf of the partner from an official authorized to represent the company concerned. 	
B	Non Branded Company – Legal Entity (Repeated) ¹⁾	<ul style="list-style-type: none"> • Partnership Application Form³⁾ • Financial Reports for the last 2 years, <u>or</u> Income Statement of the Company for the last year. • Company profile 	<ul style="list-style-type: none"> • AD/ART²⁾ (Company Deeds), • SIUP (Business Trading License) , • TDP (Company Registration Certificate), • SKDP (Company Domicile Certificate), • NPWP (Tax Number), • SP2KP (Taxable Enterprise Confirmation Letter)
C	Non Branded Company - Legal Entity (Occasional) ¹⁾	Partnership Application Form ³⁾ ,	<ul style="list-style-type: none"> • AD/ART²⁾ (Company Deeds), • SIUP , • TDP, • SKDP, • NPWP, • SP2KP
	Individual (Occasional)	<ul style="list-style-type: none"> • Partnership Application Form³⁾, 	<ul style="list-style-type: none"> • KTP (Identity Card) • NPWP (if applicable)

Notes:

¹⁾ A Partnership Application Form is to be used when a user submits a vendor for the first time

²⁾ Company Deeds are the articles of association and final deed as compiled by a Notary.

³⁾ A Partnership Application Form is to be submitted by 2nd level below BOD

13. A vendor must be legal corporate entity, except for category C vendors which may be individuals (non legal entities) with a maximum amount of Rp. 50,000,000.00 (fifty million rupiah) per PO/WO/Procurement Instruction.
14. The provisions for the periodic review period and the documents required are as listed in Appendix 1.

15. Head Office work units for the procurement of goods and/or services and/or Head Office work units that issue instructions for work/procurement are required to make Vendor Usage Intensity Reports to be sent to the Vendor Management Work Unit.
16. Changes to the vendor category based on frequency of use can only take place when a periodic review is conducted.
17. The Vendor Management Work Unit is required to update the List of Vendors/Partners and make any necessary changes to it, as well as update/publish, in the Operations Portal (or by some other means), the following data:
 - a. List of Vendors (categories A and B)
 - b. Vendors removed from the List of Vendors
(Blacklisted or failed a periodic review)
 - c. Vendors that failed the vendor acceptance process.
18. The Vendor Management Work Unit is required to provide other relevant work units with a questionnaire on a periodic basis with respect to vendor performance evaluation.
19. When the Vendor Management Work Unit conducts a periodic review and calculates the score for Category B Vendors, it is required to take into account penalties based on several factors, as follows:

NO	FACTOR	PENALTY VALUE	NOTES
1.	Warning Letter (SP) I	0.25	
2.	Warning Letter (SP) II	0.50	
3.	Warning Letter (SP) III	0.75	
4.	User Feedback (level of satisfaction) *	0.25	If the user(s) is not satisfied, as revealed by the questionnaire

Notes:

* - At least 1 (one) user for one vendor

- The user is represented by the relevant Work Unit

- If a user doesn't submit responses to the questionnaire by the specified deadline

, then the user concerned will be deemed to be Satisfied/Quite Satisfied with the vendor's performance

- If a vendor receives more than one Warning Letter (SP) in the periodic review period, the penalty imposed will be that in line with the highest level Warning Letter (SP).

20. If more than one user gives feedback (level of satisfaction), as outlined in number 19 point 4 above, then the penalty shall be determined based on an Overall Assessment consisting of the evaluations of the total number of users, as stipulated below:
 - a. If the number of Satisfied + Quite Satisfied users = Unsatisfied users, no penalty is imposed

- b. If the number of Satisfied + Quite Satisfied users > Unsatisfied users, no penalty is imposed
 - c. If the number of Satisfied + Quite Satisfied users < Unsatisfied users, a penalty of 0.25 is imposed
21. The criteria for giving Warning Letters (SP I, SP II and SP III), as outlined in number 19 points 1 - 3 above, by procurement of goods and/or services work units to vendors can be seen in Appendix 2.
22. If a vendor fails a periodic review by the Vendor Management Work Unit, then procurement of goods and/or services work units must take steps to reduce the risk of unavailability of goods or incompleteness of ongoing work, including by doing the following:
- a. Asking for a commitment on the part of the vendor to complete outstanding procurement/work in line with the specified deadline
 - b. Finding a potential replacement vendor in line with the procurement provisions
 - c. If a vendor fails to complete outstanding procurement/work in line with the specified deadline, then procurement of goods and/or services work units must appoint a replacement vendor and transfer all purchase/work orders to this replacement vendor.
23. The Vendor Management Work Unit is required to remove a vendor from the List of Vendors in the event that:
- a) The vendor fails to achieve an adequate score in a periodic review
 - b) The vendor performs an act that impedes the business continuity or operations of the Bank, for example by violating a contract/agreement, and so forth.
 - c) The vendor is considered uncooperative/unresponsive.
 - d) The vendor is deemed inactive, meaning that although listed in the List of Vendors for quite a long time (> 1 year), they are never used.
24. The length of time that a vendor must wait before reapplying to become a partner of the Bank, after having failed a review or the acceptance process, or after being removed from the List of Vendors, is stipulated as follows:
- a) A vendor that fails to be accepted as a partner of the Bank and a vendor that fails a periodic review (points 22/23.a) can reapply to become a partner of the Bank after 1 (one) year has passed since the date of the assessment/review.
 - b) A vendor that has been removed, as outlined in points 23.b, 23.c, and 23.d, can reapply to become a partner of the Bank with a recommendation from procurement of goods and/or services work units / other relevant Work Unit.
25. For handling vendors associated with Outsourcing, the provisions which govern Outsourcing are to be referred to.
26. A vendor that submits its latest documents to the Vendor Management Work Unit before the date of the periodic review must be recorded on the Completed Documents Form to be used at the time of the periodic review.

Appendix 1: Vendor Categories

No	Category Type	Category Name	Criteria	Periodic Review	Periodic Review Documents	Notes
1.	A	Branded Company ^(a) (legal entity)	<ul style="list-style-type: none"> ▪ Doesn't require a survey and doesn't require scoring ▪ No frequency limit per month ▪ Vendor is a legal entity ▪ No limit on the amount 	Doesn't require a review	N/A	Listed in the List of Vendors and published in the Operations Portal
2.	B	Non Branded Company ^(b) (legal entity)	<ul style="list-style-type: none"> ▪ Requires a survey and scoring ▪ An average of more than 2 orders per month in a year ▪ Vendor is a legal entity ▪ No limit on the amount 	<ul style="list-style-type: none"> ▪ At least 1 time (once) a year ▪ Re-scoring and/or a survey <p><i>A survey is conducted if there is a change of address and if there is no change of address, then a survey can be conducted without the vendor being notified and on a random basis.</i></p>	<ul style="list-style-type: none"> ▪ Legal Documents^(c); and ▪ Financial Reports for the last 2 years, or Income Statement of the Company for the last year. 	Listed in the List of Vendors and published in the Operations Portal
3.	C	Occasional (legal entity)	<ul style="list-style-type: none"> ▪ Doesn't require a survey and doesn't require scoring ▪ An average of 2 or fewer orders per month in a year ▪ Vendor is a legal entity ▪ No limit on the amount 	<ul style="list-style-type: none"> ▪ At least 1 time (once) a year ▪ Review of frequency of use ▪ Review of legal documents 	Legal Documents ^(c)	Listed in the List of Vendors, but not published in the Operations Portal
		Occasional (Individual ^(d))	<ul style="list-style-type: none"> ▪ Doesn't require a survey and doesn't require scoring ▪ An average of 2 or fewer orders per month in a year ▪ Vendor is an individual (with certain conditions). ▪ Maximum amount of Rp. 50.000.000 per PO/WO/SPK 	<ul style="list-style-type: none"> ▪ At least 1 time (once) a year ▪ Review of frequency of use ▪ Review of legal documents 	Legal Documents ^(d)	Listed in the List of Vendors, but not published in the Operations Portal

Notes:

(a) A Branded Company is a company that has a widely-known trademark or is a multinational or public company (listed on the Indonesia Stock Exchange)

(b) A Non Branded Company is a company that is not listed on the Indonesia Stock Exchange or is not a multinational or does not have a widely-known trademark.

(c) The minimum legal documents required of a legal entity are: AD/RT (Deeds), SIUP, TDP, SKDP, NPWP & SP2KP

(d) The minimum legal documents required of an individual vendor are: KTP with or without an NPWP (if applicable) and SP2KP (if applicable)

Appendix 2: Criteria for Giving Warning Letters SPI, SPII & SPIII

TYPE OF WARNING LETTER (SP)	CRITERIA	TIME PERIOD	NOTES
SP I	The Vendor has violated certain things that have been agreed to/promised, as outlined in the agreement documents, including PKS (Cooperation Agreement), SKP (Procurement Cooperation Agreement), PO/WO (Purchase Order/Work Order), and so forth.	For the duration of the period of cooperation (PKS, SKP, PO/WO)	Fine/penalty to be imposed in line with the agreement
SP II/ SP III	The Vendor has violated certain things that have been agreed to/promised in the period of cooperation	For the duration of the period of cooperation (PKS, SKP, PO/WO)	<ul style="list-style-type: none"> ▪ Fine/penalty to be imposed in line with the agreement ▪ The Vendor may incur SP II or SP III directly (skipping SP II) based on the severity of the violation perpetrated by the vendor, which is to be determined by procurement of goods and/or services work units ▪ Any new Warning Letter (SP) given after the period of cooperation has expired will revert to the first level Warning Letter (SP I) even if the vendor already received a Warning Letter(s) (SP) in the previous period of cooperation. For example: the period of cooperation was from 1 Jan – 30 June 2013, and the vendor received SP I on 15 March 2013. If the period of cooperation was extended for 1 July – 31 Dec 2013 and the vendor violated something agreed to/promised on 10 Sep 2013, the vendor will only have received SP I.