

Goods and Services Procurement Policy

CIMB Niaga has a Goods and Services Procurement Policy that was updated in 2023. This policy is supported by a Standard Operating Procedure (SOP) for Procurement of Goods and Services, which was last updated in 2022. The CIMB Niaga Goods and Services Procurement Policy and Standard Operating Procedure (SOP) became the primary reference for all goods and/or service procurement activities carried out by the Bank's work units, both conventional and Sharia business unit. Furthermore, CIMB Niaga has a Third-Party Risk Management SOP, which governs appropriate control standards and systems used in collaboration with vendors to manage/send/process/store non-public data and confidential customer information.

BASIC PROCUREMENT PRINCIPLES FOR GOODS AND SERVICES

1. Obtaining reliable and excellent Vendors of goods and/or services required by the Bank effectively and efficiently.
2. Creating a fair, sound, and controlled climate of competition through improved transparency in selecting suppliers of goods and/or services.
3. Selecting Vendors based on the GCG and Sustainability principles.
4. Complying with the applicable taxation provisions for every procurement of goods and/or services by the Bank with Vendors of the goods and/or services.

VENDOR CODE OF CONDUCTS

The CIMB Niaga Vendor Code of Conducts is applicable to vendors who provide goods or services to CIMB Niaga (Partner). Vendors must comply with specific provisions as stated in the cooperation agreement with CIMB Niaga, including general terms and conditions in Purchase Orders and Work Agreement, etc. The VCOC includes three key areas (Economic, Environmental, and Social or EES), where CIMB Niaga encourages the Vendors to make voluntary disclosures.

Vendors must sign and comply with the applicable Vendor Code of Conducts in the process of procuring goods and services, with the context and definitions articulated in CIMB Niaga policies relating to:

1. Legal Compliance

Vendors must comply with the laws and regulations governing the applicable jurisdiction. Vendors are strictly prohibited from being involved in transactions linked to the financing of parts mainly or solely used for arms and munitions, and/or casinos, and/or gambling.

2. Anti-corruption, bribery, and illegal payments

Vendors are not permitted to engage in any form of corruption, bribery, or kickbacks, including giving, offering, or requesting payments or other forms of benefits conferred to improperly influence decision-making.

3. Gift and Entertainment

The Bank has implemented a "No Gifts" policy to demonstrate its commitment to high ethical standards. As a result, vendors are not permitted to offer, send, or exchange gifts and entertainment with Bank employees because the Bank is committed to operating with the highest level of integrity. This is to prevent any conflicts of interest or the appearance of such in our business dealings. The Bank periodically (at least twice a year prior to Idul Fitri and Christmas/New Year) delivers Anti-Gratification letters and/or announcements to Vendors, outsourcing companies, Corporate Social Responsibility partners, and others.

4. Conflict of Interest

Vendors must disclose any information that may raise a possible conflict(s) of interests, such as a relationship with a Bank employee (including family members, spouses, or close friends).

5. Labour Practices & Human Rights

- a. Vendors must comply with all applicable labour & employment laws and regulations, including those pertaining to minimum wages.
- b. Vendors must provide equal opportunities and treatment for all of their employees.
- c. Vendors must avoid all forms of discrimination and respect respect the personal dignity and rights of each individual.
- d. Vendors must not employ or force anyone to work against his or her will, involving child labour, forced labour, or human trafficking.



6. Confidentiality and Protection of Confidential Data.

- a. Vendors must keep all data or information shared by Bank confidential at all times (both during and after the business relationship). Vendors must not share such data and information with third parties unless the Bank provides official written consent.
- b. In situations where the Bank's confidential data or information is to be disclosed to a vendor or another external party, it is mandatory to execute a Non-Disclosure Agreement (NDA) before disclosure to protect the Bank's information and interests and those of its customers.
- c. Vendors must comply with all applicable laws, rules, and regulations governing confidentiality, Bank secrecy, personal data and privacy protection.

7. Employee Health and Safety

- a. Vendors must take reasonable steps to control hazards and a safe working environment for their employees.
- b. Vendors must take precautionary measures against accidents and occupational diseases

8. Environmental Protection

- a. Vendors must comply with all applicable environmental laws and regulations.
- b. Vendors must minimize environmental pollution and continuously strive to protect the environment.
- c. Vendors are strictly prohibited from engaging in illegal logging or using uncontrolled fire to clear forest land, which destroys natural carbon, habitat, and ecosystems.
- d. Vendors are strictly prohibited from engaging in transactions related to the development of natural resources within UNESCO World Heritage Sites unless they have prior agreement with the relevant government authorities and UNESCO that such transactions will not have a negative impact on the site's outstanding universal value.

9. Healthy competition

Vendors are not permitted to discuss prices, distribution procedures, customers, product development, and plans or activities with competing companies, and they must comply with all applicable competition and anti-trust laws and regulations.

Vendors who violate or fail to comply with the Code of Conducts will be immediately reported and may face serious consequences, including contract termination and inclusion on the Bank's Blacklist of vendors providing goods or services. The Bank has an AYO LAPOR Whistleblowing System in place to handle complaints, allowing them to be investigated and resolved objectively. Vendors can raise concerns about illegal, unethical, or questionable matters/practices (particularly those outlined in the Code of Conducts) confidentially and without risk. Detailed information about the Vendor Code of Conducts can be found on the Bank's website at <https://investor.cimbniaga.co.id/misc/governance-policy/Kode-Etik-Rekanan-2022.pdf>.

ELECTRONIC PROCUREMENT OF GOODS AND/OR SERVICES (E-PROCUREMENT)

The electronic procurement process for goods and/or services is carried out through a web/internet-based system by utilizing communication and information technology facilities. The Bank provides online access to Vendors who provide goods and/or services for the Vendor registration process, tender/bidding, billing process for goods and/or services by Vendors, and bill payments.

Electronic procurement of goods and/or services aims to increase transparency and accountability, improve procurement process efficiency, support monitoring and audit processes, and meet the need for real-time access to information and equal information for all procurement Vendors. The Bank has also used an electronic payment application known as SMART (Spending Management & Automated Reporting Tool) to automate routine payments of Bank bills and vendor bills outside of the e-Procurement application, so that all Bank bill payments are no longer made manually.

VENDOR DUE DILIGENCE FOR 2023

CIMB Niaga routinely conducts annual due diligence on vendors. In 2023, the Bank has been evaluated 91 new vendors for goods and services procurement.

1. Vendor evaluation, which is the process of implementing due diligence on the existence and condition of a prospective Vendor, is conducted at the first time the Bank intends to use the vendor services.
2. The Vendor Selection team conducts the following steps in Vendor evaluation:
 - a. Receive the proposal for New Vendor submission, which is done in writing using the form of a New Vendor Submission Form that has been approved by the D-2 Officer of the Work Unit who submitted the proposal.

- b. Contact prospective Vendors to complete the relevant documents and provide the necessary forms, comprising:
 - i. Vendor Code of Conducts;
 - ii. List of Information from Vendor/Prospective Vendor containing a Sustainability Due Diligence (SDD) questionnaire related to sustainability both from an economic, social, and environmental perspective, as well as a statement of whether there is a relationship with the Bank's employees;
 - iii. Statement letter regarding the company's deed of establishment in the form of share ownership structure and the company Board of Director's structure.
 - iv. Statement of the appointment of a PIC who will work with the Bank;
 - v. Statement regarding any involvement in a litigation case.
- c. Requesting information of client(s) that have cooperated, or is currently cooperating, with the Prospective Vendor.
 3. Fill out the SDD questionnaire to ensure that prospective Vendors are not involved in or carrying out activities listed as prohibited business activities, such as weapons and ammunition, casinos, entertainment games, illegal logging or illegal burning, or activities that have a negative impact on cultural heritage sites, as well as do not have a negative reputation in social and environmental issues.
 4. Periodic assessment of Vendors providing goods and/or services. The Vendors Selection team will create documentation on the results of the Vendor performance assessment carried out, at random, by the team that undertakes the procurement of goods and/or services as well as the user's work unit, using the vendor's annual assessment form.
 5. Vendor evaluation for users in project work can be followed up by an assessment of the results of vendor performance for each completed project.