

Local Procurement Policy

Version: 1.01

Date: 30/7/2015

1. Purpose

Genuity Systems Ltd. ("GSL" or "Company") is routinely required to select and procure different products and services from abroad and local market to conduct its business operations. Procurement of products and services constitute largest expense head of GSL business. As a 'for profit' company it is important to ensure efficiency in the procurement process. Procurement for GSL from overseas is primarily handled by GSL's sister concern Genusys Inc. and so such procurement process is not within the scope of this policy document. The purpose of this document is to lay down procedures and policies for efficient and cost-effective conduct of local procurement.

2. Scope

This policy will cover procedures to be followed at GSL for selection of products and services to be procured, actual procurement, receipt, accounting for the same. The policy also lays down authority for conducting various aspects of procurement process.

3. Procurement Planning

Procurement planning is part of Company's annual budgeting process. Departmental heads are responsible for planning procurements for respective departmental project's and routine product and services needs on an annual basis thus contributing to the drafting of Company's Annual Procurement Plan (APP). The procurement in-charge of the Company will use the APP to execute procurements per this policy. The Company will constitute a standing Procurement Committee that will oversee major procurements of the Company. The Procurement Committee is answerable to the Executive Director (ED) for its actions and will need pre-approval of the ED for major procurements. Single purchase of services or products costing above Tk. One lac will be regarded as major procurement.

4. Procurement Committee

The Company will have a 5 member standing Procurement Committee constituting one Director (Chairman), Head of Accounts Department, Head of Admin Department. The fourth and/or fifth member(s) will be coopted in as and when required as technical experts depending on the nature of procurements.

5. Responsibilities

a. Responsibilities of the Departmental Heads. Heads of departments are responsible for assessing products and services needed to fulfill respective departmental roles. They are also required to contribute to the formulation and updaters of the Company's APP. Timely requisition for products and services to the Company's Purchase Committee for the department is a critical role of the

departmental heads. Procurement requisition is to be made using the Purchase Order Form presented in Annex A.

b. Responsibility of the Purchase Committee. Purchase Committee is responsible for formulating and purchase procedure and overseeing activities of all purchases for the Company. Selection of vendor is also a major responsibility of the Purchase Committee. All employees engaged in purchase of products and services for the company must follow procedure for purchase as set and updated by the Purchase Committee.

c. Responsibilities of the ED. The ED is responsible for forming standing Purchase Committee of the Company. He is also responsible for drafting APP and having it approved by the Board of Directors (BoD). The ED must ensure that all activities related to procurements of goods and services for the Company are carried out as per procedures set by the Purchase committee and accounting policy.

6. Code of Conduct

The following code of conduct must be followed to ensure transparency in the procurement process:

- a. Employee of the organization are barred from participating in any bid for supplying the Company either directly or indirectly.
- b. The Purchase Committee shall maintain strict confidentiality related to bidding process and activities.
- c. Purchase Committee must maintain absolute neutrality in dealing with vendors and bidders. .
- d. Members of the Purchase Committee shall not receive any financial and non financial gifts/benefits from vendors estimated to cost over Tk. 1,000 equivalent. In cases where denying gift is considered impolite/rude gifts may be accepted BUT must be handed over to the Company. Promotional gifts from vendors of value less than BDT 1000 will not be considered as benefit that need to be reported or handed over to the Company.

7. Vendor Selection

Selection of vendor is the responsibility of the Purchase Committee. The Purchase Committee will follow the following criteria in selecting vendors:

- a. Goodwill. Past experience with the vendor.
- b. Financial and technical capabilities.
- c. Local vendors may have preference.
- d. After sale service capabilities.

8. Quotation

For major purchases quotations from at least three vendors are required to be evaluated by the Purchase Committee in deciding to award contract to a vendor. For all other purchases efforts should be given to obtain quotation from at least two vendors. The ED or the Purchase Committee may waive this requirement for non-

major purchases. Quotations are not required for purchase of items like office and cleaning supplies, food items etc.

9. Evaluation of Quotations

The Purchase Committee needs to consider the following points in evaluating a quotation:

- a. Quotation price.
- b. Delivery time and cost.
- c. Installation cost.
- d. Warranty period.
- e. Maintenance cost.
- f. Spare parts cost and lead time.
- g. Cost of ownership during the use of the product/service.
- h. Any other points specially from technical aspect need to be considered.

10. Agreement.

All purchases of long term services and of major equipment/system needing maintenance support must be covered by appropriate agreements with the vendors. Renewal of agreements if needing must be done on time. The ED through the Administration Department will ensure preservation and timely renewal of all agreements of the Company.

11. Product Selection

Lowest price is not the only criteria for the selection of the product. The following points need to be considered for selection/standardization of products/services to be procured.

- a. Goodwill of the product.
- b. Feature of the product fulfilling the Company's requirement.
- c. Origin of the product.
- d. Goodwill of the vendor delivering the product..
- e. Service commitment of the vendor.
- f. Availability of service support, if required.
- g. Speedy availability of spare parts.
- h. Cost of ownership during the use of the product/service.
- i. Technical considerations.

12. Procurement Record

Responsibilities related procurement, inventory management, and financial aspects of procurement are as follows:

- a. Procurement: As per this policy document.
- b. Management of Inventory of Tangible and Intangible Purchase: Administration Department. Please see separate Policy on Inventory Management (to be published soon).
- c. Financial Matters: Accounts Department.

13. Management's Discretionary Authority: In all circumstances the BoD of the Company reserves the right to change or approve deviations of this policy considering greater interest of the Company.

14. Approval Limits

| Management Grades | Approval Limit (BDT) |
|----------------------|----------------------|
| Board of Directors | Any Amount |
| Executive Director | 100,000 |
| General Managers | 50,000 |
| Heads of Departments | 10,000 |

Note: The allowable limit will differ in line of any other special Approval limit set by BoD.

15. Procurement of Human Services.

Please see separate policy on Procurement of Human Services.

Annexure A Purchase Order Form

| | | | |
|---------------------|--|-------------|--|
| Department: | | Date: | |
| Reason for Purchase | | | |
| | | | |
| Requisitioned by: | | Designation | |

| Serial No. | Quantity | Description of Product/Service | Cost |
|------------|----------|--------------------------------|------|
| | | | |
| | | | |
| | | | |
| | | Estimated total Cost: | |

1. Comments of Purchase Committee
 - a. Comments of Non-Technical Member

 - b. Comments of Technical Member(s)

2. Comments of Accounts Department

Approval of Executive Director

Approved By: _____; Position: _____ Date: _____