

Section 9

Procurement Ethics

To enable procurement and hiring practices to proceed suitably and efficiently while maintaining a positive corporate image, the Company has defined the following procurement ethics for the entire Company to observe.

1. Acceptance of gifts, tokens, entertainment, and preferential treatment

1.1 Acceptance of gifts or tokens

Considered a violation of the code of procurement ethics and implies bribery, this implies bribe-taking. However, giving gifts or tokens of low value on traditional occasions, including calendars, diaries, or stationery items normally considered nominal tokens, is not an issue.

1.2 Acceptance of Entertainment

Acceptance of entertainment must take into account suitability and, unless necessary, should be avoided. Otherwise, the expenses should be split. Acceptance of entertainment paid for by business partners is a violation of the code of conduct.

1.3 Preferential treatment

Employees must avoid getting excessively friendly with one particular supplier or vendor that others could mistake for bias and therefore avoid bidding against those preferred. In addition, the know of the improper behavior, can harm the Company's reputation.

2. Injustice arising from procurement and hiring processes

2.1 Procurement should not be based on the specifications of any particular product or deliberately biased toward such products unless adequately justified and necessary.

2.2 Invitations to bid should be properly planned by choosing good prospective suppliers or vendors. Inviting others less qualified, simply to fulfill the number requirement and without regard to their ability to comply with the obligations, deprives the Company's procurement of quality and fairness to both the Company and other good suppliers or vendors.

2.3 All suppliers or vendors must receive the same written details, information, and conditions in writing. If verbal description is given, it must be confirmed in writing.

2.4 If a decision is made not to buy or hire after a bid has taken place, suppliers or vendors should be informed. And if another bidding round takes place, all former bidders must receive equal opportunities.

3. Conduct toward suppliers or vendors

3.1 The relationship between buyers and sellers should bolster mutual confidence through goodwill and justice, with continuous treatment toward each other.

3.2 Company-defined rules and procedures must be immediately given to suppliers and vendors once they apply to do business with the Company, and proper notification must be made with each change.

3.3 Inspection of materials and work, together with disbursement of funds, should be made promptly, cautiously, and in a fair manner to suppliers and vendors. Deliberate delays to these steps are regarded as violations of the code of conduct.

3.4 Improper assistance to suppliers and vendors to help them avoid paying due taxes must be avoided.

4. Purchasing priority

4.1 Locally available products must receive first priority. In addition to supporting domestic industries, buying such products is less costly.

4.2 Unless absolutely necessary, the Company shall buy products available from the Company and its affiliates and available in the market, except when those items are unavailable at the spot to be supplied or when essential characteristics give other products a greater value.

