VENDOR MANAGEMENT POLICIES (DUE DILIGENCE)

Networked Elements of Security and Trust Ltd. (NEST)

Document Number	NEST/DHA/2016/09/153
Date	01st September 2016
Document classification	CONFIDENTIAL

1. Purpose

The purpose of the Vendor Management Policy is to provide written guidelines surrounding the procurement of third-party services and products in accordance with the company's mission, obligations, and ongoing administration.

2. Background

NEST utilizes vendors to provide services and products for the benefit of Company's uninterrupted services to the clients. Vendors include but are not limited to clothing and kit providers, electronic security equipments provider, trainer, printing, speakers, event planning, financial institutions, audit Company, software providers, and food services, etc. The company utilizes some one-time vendors, and some vendor relationships are ongoing. Due diligence, particularly for vendor engagements exceeding Tk.50, 000, is necessary to limit the risk of financial loss or reputational harm to the company. Depending on the size and scope of services or products needed, the procurement of vendors may also include the solicitation of bids, execution of a contract, and down payments.

3. Vendor Management Policies

3.1 Due Diligence

1) When a significant outlay of the company's cash resources is expected to procure services or a product, generally Tk. 50, 000 or more, due diligence should be undertaken prior to selecting a vendor or product and should be documented.

2) Due diligence may include but is not limited to speaking with the vendor or vendor's agent, reviewing the vendor's website, reading reviews of the vendor or product, soliciting input from the Board or other individuals with experience with the vendor or product, etc.

3) For service engagements, generally of Tk. 50, 000 or more, such as emergency deployment of security personnel, escort services and other services, the due diligence process should also include the solicitation of bids from multiple providers whenever possible at a minimum of every (3) years for on-going relationships.

3.2 **Contract Execution**

1) Contracts, whenever possible, should be forwarded to the Executive Committee of the Board prior to execution for review and approval.

2) Time sensitive contracts, where time is not available for Board review, should be reviewed by 01 (one) Director (board member) in addition to the Managing Director prior to execution.

3) Contracts more than Tk. 200,000 shall be considered for review by an attorney.

4) Contracts may only be signed by the Managing Director or the MD's designee.

5) Contracts shall be retained by the Managing Director and the Account & Finance Division will be provided with a copy of any executed contract.

6) Any required deposits to be provided to the vendor will be made via check by the Account & Finance Division.

4. **Areas of Responsibility**

1) The Managing Director, Finance Committee, Account & Finance Division are responsible for the overall implementation of this policy, processes, and prescribed controls.

2) On an annual basis, the Finance Committee will review this policy, revise (if necessary), and submit any material changes in the policy to the Board for review and approval.