



**PROCEDURES FOR PROCUREMENT OF GOODS/SERVICE**

**PT Sarana Multi Infrastruktur (Persero)**

**2023**

### HISTORY OF PREPARATION

No	Policy Name and Version	Effective Date	Approval Documents		Notes
			Board of Directors' Regulation	Memorandum of Approval	
1	Guidelines for Procurement of Goods and Services	15 August 2009	-	Board of Directors Approval Memo No. M-26A/SMI/D-KMD/DK/0809 Dated 15 August 2009	New provisions
2	Guidelines for Procurement of Goods and Services Revision I	08 February 2010	-	Board of Directors Approval Memo No. M-06/SMI/D-KMD/DK/0210 Dated 8 February 2010	Business process development
3	Procedures for Procurement Goods & Services	10 December 2010	-	Board of Directors Approval Memo No. M-064A/SMI/D-MKD/DMR/1210 Dated 10 December 2010	-

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7	Guidelines for Procurement of Goods/ Services Revision 4	01 December 2013	-	Board of Directors Approval Memo No. M-30/SMI/DMKD/DMR/1013 Dated 03 October 2013	Business process development
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12	Guidelines for Procurement of Goods/ Services Revision 5	10 August 2018	PD No. PD - 007/SMI/0818 Tanggal 07 Agustus 2018	Board of Directors Approval Memo No. 14/FPPR/KMR-S/0718 Dated 24 July 2018	Business process development

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17	Procedures for Procurement of Goods/ Services Revision 1 Amendment 1	<i>As per the attached memo</i>	-	General Policies and Procedures Committee Approval Memo No. 09/FPPR/KUP-S/1023 Tanggal 09 October 2023	Limited adjustments to the narrative title of the provisions of chapter III.2.




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## 1. Background


PT Sarana Multi Infrastruktur (Persero), hereinafter referred to as "PT SMI" or "Company" is a State-Owned Enterprise (BUMN) established by the Government of the Republic of Indonesia with the aims and objectives of (i) encouraging the acceleration of the provision of infrastructure financing; and (ii) encouraging the acceleration of other development financing based on government assignments.

In order to support the implementation of the above work, the Company feels it is necessary to organize adequate activities of the Procurement of Goods/Services by preparing Procedures for Procurement of Goods/Services as a reference in carrying out procurement activities based on the principles of prudence and Good Corporate Governance.

## 2. Aims and Objectives

The aims and objectives of preparing Procedures for Procurement of Goods/Services are to:

- a. Provides guidance in the implementation of clear and comprehensive Procurement of Goods/Services in accordance with good governance so that fast,

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transparent, efficient, and effective procurement can be achieved, as well as obtaining Goods/Services with quality and quantity in accordance with needs and prices that can be accounted for.

- b. Provides direction so that the implementation of the Procurement of Goods/Services is in accordance with the basic principles and ethics of the applicable Procurement of Goods/Services.
- c. Provides guidance on the mechanism for implementing Procurement of Goods/Services activities in the Company by providing an explanation of the steps that must be taken and the limitations that must be adhered to by procurement related parties in carrying out the Procurement of Goods/Services process based on the principles of prudence and Good Corporate Governance.

### **3. Scope**

These Procedures for Procurement of Goods/Services applies to all Procurement of Goods/Services activities in the Company, with the following additional provisions:

- a. Procurement of Goods/Services that uses funds from multilateral/bilateral institutions, apart from following the provisions of these Procedures for

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Procurement of Goods/Services, is also required to refer to the Agreement/Contract that has been agreed with the multilateral institution. If there are differences in the provisions of these Procedures for Procurement of Goods/Services with the Agreement that has been agreed with the multilateral institution, then the provisions that take precedence are the provisions of that agreement.


- b. These Procedures for Procurement of Goods/Services is excluded for the Procurement of Public Accounting Services, the implementation of which refers to the Articles of Association of the Company.
- c. Procurement of Goods/Services for the Company's secretarial activities refers to the Company's policies regarding applicable secretarial activities.

#### **4. Legal Basis**

The legal basis for creating Procedures for Procurement of Goods/Services includes, among others:


- a. Regulation of the Financial Services Authority No. 46/POJK.05/2020 concerning Infrastructure Financing Companies.



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- b. Instruction of the President of the Republic of Indonesia Number 2 of 2022 concerning the Acceleration of Increasing the Use of Domestic Products and Products of Micro Businesses, Small Businesses and Cooperatives in the Context of Making the National Movement Proudly Made in Indonesia a Success in the Implementation of Procurement of Goods/Services of the Government.
- c. Articles of Association of the Company.
- d. Provisions related to the Main Duties and Functions of Divisions of the Company.
- e. Company policy regarding code of corporate governance).
- f. Company policy regarding business ethics & code of conduct.
- g. Company policy regarding risk management.
- h. Company policy regarding operational risk management.
- i. Company Policy regarding the preparation of Company policy.
- j. Company policy regarding the Anti-Bribery Management System (SMAP).

## **5. Special Conditions**

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In the event that there are certain circumstances that cause transactions to occur outside the provisions of this Procedure and/or there are matters that have not been regulated in this Procedure, then the application for special conditions is submitted for approval on a case by case basis and very selectively. For applications for special conditions, it is mandatory to obtain approval from the Board of Directors. If necessary, the Board of Directors can request a review first from the relevant work unit.

The special conditions referred to are intended for operational matters (not related to submitting changes to this Procedure) and must be based on the results of analysis of transactions, paying attention to potential risks that may occur, and careful management considerations regarding the Company's interests.


Provisions regarding submission of changes and/or revisions to this Procedure must refer to Company Policy regarding the preparation of applicable Company policies.

## **6. Definition**

In this Procedure what is meant by:

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- a. *Aanwijzing* : Means a meeting process to explain the technical ins and outs of a tender or project, which contains various information regarding legal clauses and detailed work plans.
- b. Fixed Assets : Means tangible assets in the form of movable and immovable fixed assets owned by the Company for use in operational/ business activities not intended to be sold within the framework of the Company's normal activities, and have a useful life of more than 1 (one) year.
- c. Intangible Assets : Means non-monetary assets that can be identified without physical form and have the benefit of producing or delivering goods or

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services, renting them to other parties, or for administrative purposes, and having a useful life of more than 1 (one) year.

Intangible Assets consist of:

- (1) Intangible Assets related to information systems and technology (IT Intangible Assets) and
- (2) Other Intangible Assets (Non-IT Intangible Assets).


d. Goods/Services : Means all forms of products and/or services required by Users of Goods/Services.

e. Inventory Items : Means all non-consumable goods/ supplies that are owned and used to support work processes where the acquisition uses the Company's budget and the

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acquisition costs do not meet the categories of Fixed Assets or Intangible Assets.

- f. Minutes of hand over (BAST) : Means a document that functions as a letter stating that the handover of work has been completed by the Vendor consisting of information regarding job specifications, terms and conditions, value of work services, Purchase Order number/Letter to Proceed/ Contract, and other related information work carried out.
- g. *Beauty Contest/ Proof of Concept* (BC/PoC) : Means the exposure/ presentation of a proposal by a prospective Vendor which is part of the proposal evaluation stage. BC/PoC is only carried out when necessary. If this is done, it must be announced to

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prospective Vendors through bidding documents or other media.

- h. Verified Supplier List : Means a list of Vendors who have registered and have passed verification
- i. Approved Supplier List : Means a list of Vendors who are recorded as having had transactions/contracts with the Company and/or have been declared to have passed the prequalification stage.
- j. *Delivery Order / DO* : Means a document that functions as a letter stating the handover of goods from the Vendor which consists of information on the number of units, type, specifications of goods and other information related to the goods ordered.
- k. Procurement Document : Means a document determined by the Procurement Executor

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which contains information and provisions that must be adhered to by the relevant parties in selecting the Vendor.


- l. Self-Estimated Price (OE) : Means the estimated price prepared by the Goods/ Services User as a reference for the maximum price in the procurement process.
- m. Integrity Pact : Means a statement letter containing a pledge to prevent and not commit collusion, corruption, and nepotism as well as an anti-bribery commitment in the procurement process.
- n. Vendor Panel : Means a number of business entities or individuals (both consultants and non-consultants) who are included in the Approved Supplier List who have met the expertise

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qualifications according to their respective sectors.


- o. Post-qualification : is a qualification assessment process carried out after submission of bids.
- p. Executor of Procurement of Goods/Services (Procurement Executor) : Means a work unit that is obliged to carry out Goods/Services Procurement activities in accordance with its main duties and functions.
- q. Procurement of Goods : Means the procurement of objects in tangible or intangible form, movable or immovable, which can be traded, worn, utilized or exploited by the User of Goods.
- r. Procurement of Goods/Services : Means an activity to obtain goods and/or services carried out by the Company whose financing comes from either the Company's budget



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or other sources, the process starts from needs planning to the handover of Procurement results.

- s. Procurement of Consulting Services : Means the procurement of professional services that require certain expertise in various specific scientific fields by prioritizing brainware, such as: financial consultation, technical consultation, legal consultation, tax consultation, design consultation, notary, public appraiser, and so on.
- t. Procurement of Construction : Means procurement in the form of all or part of activities which include construction, operation, maintenance, demolition, and rebuilding of a building.
- u. Procurement of : Means the procurement of non-

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Other Services consulting services or services that require equipment, special methodology, and/or skills (skillware) in a governance system that is widely known in the business world to complete work, such as: administrative support services, cleaning & maintenance services, managed-service, rental, and so on.

v. Management of Fixed Assets, Intangible Assets and Inventory Items : Means an activity to carry out governance over goods received from the procurement request mechanism for goods and/or services or other mechanisms such as; exchange, compensation, state capital participation, grants, and finance leases or business cooperation including planning, receipt,

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administrative recording, grouping/categorization, transfer of authority over use, storage, maintenance, monitoring & reporting, as well as write-off of Fixed Assets, Intangible Assets, and Inventory Items.

w. User of : Means a work unit that has a real need for certain goods and/or services for the smooth running of its duties and functions, so that the work unit has the right to submit a request for the procurement of goods/services.

x. Vendor of : Means a business entity including BUMN, Domestic-Owned Enterprises (BUMD), privately owned business entity, individual/legal subject, Government Agency/



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Public Service Agency, or other Legal Entity whose business activities can provide goods and services needed by the Company.

y. Prequalification : Means a qualification assessment process carried out before submitting a bid.


z. *Potential Supplier List* : Means a list of Vendors who have registered via the Company's application or other media.

aa. Specifications of Procurement : Means a detailed technical explanation or description regarding Goods/Services that can meet the needs and/or desires of Goods/Service Users stated in writing in the form of technical specifications for goods or Terms of References or Statement of Works.

bb. Procurement Team : Means a team that is obliged

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to carry out the procurement process using limited bidding and public bidding methods.

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## 1. **Basic Principles of Procurement of Goods/Services**

### a. **Efficient**

Procurement of Goods/Services must strive to obtain optimal and best results in the shortest time by using funds and capabilities as optimally as possible in a reasonable manner and not just based on the lowest price. For the procurement of strategic Goods/Services that have significant value, a Total Cost of Ownership (TCO) approach can be used.


### b. **Effective**

Procurement of Goods/Services must be in accordance with established needs and provide maximum benefits in accordance with the established targets.

### c. **Competitive**

Procurement of Goods/Services must be open to Vendor of Goods and Services who meets the requirements and be carried out through healthy competition among the Vendor of Goods and Services who is equal and meet certain requirements/criteria based on clear and transparent provisions and procedures.

### d. **Transparent**

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All provisions and information regarding the Procurement of Goods and Services, including technical requirements for procurement administration, evaluation procedures, evaluation results, determination of prospective Vendors of Goods and Services are open to any interested Vendor of Goods and Services.

**e. Fair and reasonable**

Provide equal treatment to all prospective Vendors of Goods and Services who meet the requirements.

**f. Open**


Procurement of Goods/Services can be participated in by all Vendors of Goods and Services who meet the requirements.

**g. Accountable**

Must achieve targets and be accountable so as to avoid potential abuse and deviation.


**2. Ethics in Procurement of Goods/Services**

- a. Carry out tasks in an orderly manner, accompanied by a sense of responsibility to achieve the target of smooth and accurate achievement of the objectives of Procurement of Goods/Services;

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- b. Work professionally, independently, and maintain the confidentiality of information which by its nature must be kept confidential to prevent irregularities in the Procurement of Goods/Services;
- c. Do not influence each other directly or indirectly resulting in unhealthy business competition;
- d. Accept and be responsible for all decisions determined in accordance with the written agreement of the parties concerned.
- e. Avoid and prevent conflicts of interest of related parties, either directly or indirectly, which result in unfair business competition in the Procurement of Goods/Services;
- f. Avoid and prevent waste and leakage of state/company finances;
- g. Avoid and prevent abuse of authority and/or collusion with the aim of personal, group or other party gain which directly or indirectly harms the Company; and/or
- h. Do not accept, do not offer, or do not promise to give or receive gifts, rewards, rebate commissions, and anything else from or to anyone known or



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reasonably suspected to be related to the Procurement of Goods/Services.

### **3. Risk of Procurement of Goods/Services**


The General & Procurement Division (DUP) in carrying out the Procurement of Goods/Services process must pay attention to and consider potential risks that may occur and attempt to take mitigation measures for these risks:

#### **a. Operational Risk**

Risks resulting from inadequacy and/or non-functioning of internal processes, human error, system failure, and/or external events that affect the Company's operations.

Operational risk mitigation is focused on the adequacy of procedures and technical guidelines governing the Procurement of Goods/Services process, the existence of a culture of control (dual control) and clear separation of duties (segregation of duties), internal supervision through optimizing the supervisory role of the DUP.

#### **b. Legal Risk**

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Risks arising from lawsuits and/or weaknesses in legal aspects.

Mitigation includes ensuring that every form of contract effectively binds the parties while always maintaining conditions that protect the interests of the Company.

**c. Compliance Risk**

Risk resulting from the Company not complying with and/or not implementing the laws and regulations that apply to the Company.

Compliance risk mitigation is carried out by ensuring the effectiveness of the implementation of compliance risk management related to applicable regulations, laws, procedures and updating the Company's policies related to the Procurement of Goods/Services in the event of changes to applicable regulations.


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## 1. General Considerations

In determining the Procurement of Goods/Services policy, there are five main factors that are the basis for the Company's consideration, namely:

- a. The need to obtain Goods/Services required by the company economically, efficiently and effectively;
- b. Create a climate of healthy, orderly and controlled competition by increasing transparency in procurement implementation;
- c. Speed up the procurement decision making process;
- d. Increase the professionalism, independence and responsibility of procurement planners, implementers and supervisors;
- e. Company contribution in supporting Government objectives.

In determining the Procurement of Goods/Services policy, the Company can consider the provisions that apply internationally (International Best Practice), with the aim of attracting the interest of the best companies in their field, both from within the country and abroad, to participate in the procurement process. carried out by the Company.

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## **2. Prevention of Conflict of Interest among Goods/Services Vendors**

Company policy requires the Vendors Vendors to provide services that are professional, objective, provide complete advice or proposals, and always uphold the interests of the Company, without having to consider the opportunity to obtain additional work or follow-up work.

In the event that the Vendor provides suggestions or proposals, the Vendor must always avoid conflicts of interest with other work or with the Vendor's interests. The Company will not enter into cooperation agreements (contracts) with Vendors for work that has the potential to give rise to conflicts of interest.

## **3. Benefits from Unfair Competition**

Vendors and all affiliates who take part in the Procurement of Goods/Services process are prohibited from taking advantage of unfair competition in providing Goods/Services. For this reason, at the same time as the Procurement Documents are issued, the Company at its own discretion will ensure to disclose information that is deemed directly related to the process of preparing the

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bid proposal to all participants, which may cause certain Vendors to gain benefits from unfair competition.

#### **4. Participation Requirements**


To ensure fair competition, the requirements for Vendors participation in a procurement process are only limited to matters relating to the prospective Vendors' capability to carry out and complete the work. For this reason, the Company is committed to only implementing requirements related to:

- a. the capability and ability of the prospective Vendor to carry out and complete the work; or
- b. conflict of interest as regulated in point 2. above.

#### **5. One Vendor One Proposal**


One participant is only allowed to submit one proposal for one procurement process, either on his own behalf or as a partnership member in one procurement process. In the event that there is more than one proposal according to the conditions above, all proposals will be rejected by the Company.

#### **6. Collaboration (Association) among Vendors**

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Within the framework of the selection process, Vendors can voluntarily or based on assignment needs collaborate with other Vendors in the form of partnerships or joint operations (KSO) or sub-consultations/sub-contractors, with the aim of increasing capability and competence both technically and financially. If the collaboration is in the form of a partnership, the Vendor is obliged to appoint one member of the partnership as the head of the partnership, but all parties who are members of the partnership or their representatives who are given a legal mandate by the company concerned, are obliged to sign a contract with the Company. All parties involved in the partnership, either individually or collectively, are obliged to take full responsibility for all the work stated in the contract.

Changes in partnership members after determining the short list of Vendors can only be made with written approval as regulated in Chapter XI - Official who Has the Authority to Make Decisions. The change in partnership members referred to is only in terms of adding partnership members without changing the role of the partnership leader.


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The Company does not require Vendors to form associations with companies or affiliates of certain groups of Vendors, nor does it require them to include certain individuals in Vendor proposals, however, in order to support national procurement policies, the Company may ask Vendors to associate with certain national companies or state-owned companies that are considered have the capacity and capability to support or carry out the work.

#### **7. Vendors Panel**

In the context of Procurement of Goods/Services, in line with government policy in accelerating infrastructure development in Indonesia, the Company can form a Vendor Panel in order to accelerate the availability of required Goods/Services.

The procurement policy of the Vendor Panel is not intended to avoid competition or cause monopoly by certain Vendors, but is solely aimed at meeting the expectations of stakeholders or assignees to the Company by accelerating the availability of required Goods/Services. The Procurement Panel procurement process continues to be carried out in accordance with the procurement stages regulated in this Procedure. The

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Vendor Panel is intended to shorten the tender process by prequalifying once at the beginning for several similar work packages. This aims to accelerate the Company's access to Vendors who have met the qualifications of the relevant criteria without compromising a transparent and accountable procurement process.


#### **8. Joint Procurement**

In order to expand cooperation in the field of Procurement of Goods/Services, the Company can carry out Joint Procurement (joint procurement) with its partners (BUMN/BUMD/multilateral/bilateral institutions/other agencies) so that the procurement process can be more effective and efficient. The procurement cooperation in question can take the form of delegating authority to carry out procurement to work partners or receiving authority to carry out the procurement process on behalf of work partners or the procurement process can be carried out jointly as long as it complies with internal provisions and/or applicable laws and regulations.

#### **9. The concept of Value for Money (VFM) and Sustainability**

The main element of achieving the concept of value for money (VFM) is efficiency and effectiveness which




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includes aspects of quality, quantity, time, place/source, and price which covers the entire process of Procurement of Goods/Services starting from the needs planning stage, obtaining Goods/Services to managing Goods / Services that become company assets during their economic life cycle. The Company requires that in the implementation of Procurement of Goods/Services financed from the company budget, multilateral funding, including beneficiaries of financing facilities from the Company, has considered VFM and the added value of Goods/Services which can increase the independence and sustainability of the supporting industry in accordance with the provisions and applicable laws and regulations.

**10. Use of Domestic Products and/or Micro Business, Small Business and Cooperative Products**

The Company is committed to prioritizing the use of domestic products and/or products of micro businesses, small businesses and cooperatives in procuring Goods/Services while still considering the quality, price and purpose of the Procurement of Goods/Services. Periodically, the Company prepares a fulfillment plan (roadmap) and monitors the realization of the use of

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domestic products and/or products of micro businesses, small businesses and cooperatives.


Further provisions regarding the use of domestic products and/or products of micro businesses, small businesses and cooperatives will be regulated separately or in accordance with the approved RKAP.

#### **11. Environmentally Friendly Materials and Products**

The Company encourages the procurement of environmentally friendly materials and products, including: used materials that are still suitable for use; materials or products originating from the recycling process; non-toxic and/or dangerous materials or products; and materials that have other advantages in supporting the environment.

#### **12. Occupational Safety Health and Environment (OSHE) Aspects**

Procurement of Goods/Services based on consideration can have an impact on occupational safety health and environment (OSHE) aspect, then in the process of Procurement of Goods/Services a review of the OSHE aspects can be carried out provided that, it refers to

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the Company Policy regarding the management system for occupational safety health and environment (OSHE).

### **13. Training or Transfer of Knowledge**

If the Vendor's assignment includes training or capacity building activities or transfer of knowledge to Company employees and/or other relevant stakeholders, then the Terms of Reference must expressly describe these needs, including the purpose and objectives, type of training, implementation period and targets to be achieved. Costs for the work as referred to above will be included in the contract.

### **14. Language**


The language used in connection with this procurement process is Indonesian. In the event that the procurement involves an international Vendor or is required by a Multilateral Loan/Grant Agreement (for procurement whose funds come from multilateral loans/grants), then the Procurement Documents can be in Indonesian and English. If there are differences in interpretation of the Procurement Document and the Procurement of Goods/Services Agreement (Agreement/Contract), then the

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Indonesian language version applies or is in accordance with the mutual agreement outlined in the contract.

## **15. Corruption and Bribery**

The Company requires that all Vendors, whether stated in writing or unwritten, sub-contractors, sub-consultants, and other related service vendor of the Vendors, and including personnel from the company, to always uphold the ethical standards of procurement during the selection and implementation process. contracts, as well as complying with applicable laws and regulations in the Republic of Indonesia relating to acts of corruption and eradicating corruption, including acts related to Bribery Acts in accordance with Law no. 31 of 1999 and has been updated with Law no. 20 of 2001 concerning the Eradication of Corruption Crimes. The Company requires all Vendors to sign an Integrity Pact related to the Anti-Bribery Management System (SMAP) and have internal provisions related to SMAP or other anti-bribery rules (such as: code of conduct, gratification rules, whistleblowing system rules, etc.), as a Vendor commitment in preventing corruption and fraudulent acts in connection with transactions, projects, activities or relationships relevant to the Company.


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Provisions and mechanisms related to anti-bribery further refer to the applicable Company Policy regarding SMAP.

## **16. Due Diligence**

When due diligence conducted on any transaction, procurement process, specific activity, or relationship with business partners/Vendors/Vendor partners determines that the risk of bribery cannot be managed by the existing anti-bribery control system; and if the Company is unable or unwilling to implement additional or enhanced anti-bribery control systems or take other appropriate actions (such as changing the nature of transactions, procurement processes, activities or relationships); then the Company will take action:


- a. in the case of transactions, procurement processes, activities or existing relationships, the Company will terminate, stop, or postpone or withdraw as soon as possible;
- b. in the event of a proposed new transaction, project, activity or relationship, the Company will postpone or refuse to proceed.

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## 1. Users of Goods/Services


Users of Goods/Services have the following duties and authorities:

- a. Prepare a Procurement of Goods/Services plan in accordance with the RKAP of each division;
- b. Prepare Specifications of Procurement or Terms of Reference (TOR);
- c. Prepare and determine Self-Estimated Price (OE).
- d. In preparing Specifications of Procurement/TOR and OE, User of Goods/Services can request assistance from divisions that have expertise/competence in their fields or use the assistance of experts who have related expertise.
- e. Prepare activity approval memos by PBM (if required in procedures related to business processes for Users of Goods/Services). In the event that there is a procurement request outside the Direct Appointment method with a value above Rp. 1,000,000,000.00 (one billion rupiah) and/or a procurement request related to a Government assignment, then the User of Goods/Services prepares and submits a request for approval in principle and/or approval activities to PBM, in accordance with all provisions or documents

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required in Procedures related to the business processes of User of Goods/Services.

- f. Propose specifications for Goods/Services, OE, as well as prospective Vendors who are invited to the Official who Has the Authority to Make Decisions in the process of Procurement of Goods/Services using the Direct Selection method and Limited Bidding/Selection.
- g. Ensure the availability of the procurement budget by confirming it with the Accounting & Asset Administration Division (DAA);
- h. Submit a request for the Procurement of Goods/Services and/or Changes to the Agreement for the Provision of Goods/Services to the DUP accompanied by the documents in points a, b and c above through an application related to the Procurement of Goods/Services;
- i. Assist in the implementation of providing explanations (*Aanwijzing*) if requested by the Procurement Executor/Procurement Team;
- j. Assist the Procurement Executor/Procurement Team in the Clarification and Negotiation stages with

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Vendors in terms of ensuring compliance of technical aspects with Specifications of Procurement or TOR;

- k. Receive selected Vendors to carry out their activities;
- l. Control and supervise the implementation of the Agreement/Contract/PO/Letter to Proceed and maintain the quality of output from the Vendor;
- m. Evaluate, accept and document the results of the Vendor's work in accordance with the Specifications of Procurement or TOR through proof of completion documents, as regulated in Chapter IX - Provisions for Completion & Reporting of Procurement of Goods/Services;
- n. Propose and submit changes or termination to Procurement Obligations (Agreements/Contracts, PO, Letter to Proceed) or cancellation of Procurement requests that are currently in process, in writing to the DUP by attaching PBM approval to the Procurement Request.

## **2. Procurement Executor**

In principle, the Procurement Executor is the DUP, except for the Procurement of Goods/Services which uses the




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Limited Bidding method and/or Public Bidding which is supported by the Procurement Team. For the Direct Appointment Method which is complex and requires technical knowledge from the User of Goods/Services or has a value above Rp. 1,000,000,000.00 (one billion rupiah), it is carried out by the Procurement Team.

The Procurement Executor must ensure that the Procurement of Goods/Services process meets basic procurement principles and ethics and does not violate applicable regulations.


a. DUP has the following duties and authorities:

- i. Compile the Division's RKAP and check the conformity of the Corporation's Annual Procurement of Goods/Services Plan with the approved RKAP;
- ii. Compile and monitor the realization of the Annual Procurement Plan Master List (DIRPT);
- iii. Evaluate OE together with User of Goods/Services, in the form of providing information to User of Goods/Services regarding unit prices referring to previous


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Vendor contracts with the Company or other relevant information sources;

- iv. Provide an assessment of the suitability of the OE proposed by the User Division with the provisions/criteria set out in the Procedure;
- v. Carry out requests for Procurement of Goods/Services in accordance with Specifications of Procurement or TOR;
- vi. Propose a method for Procurement of Goods/Services, including among others the Procurement Executor and members of the Procurement Team, to the Official who Has the Authority to Make Decisions, and provide a review of the proposed Procurement of Goods/Services using the Direct Appointment method;
- vii. Inform the Procurement of Goods/Services and/or invite Vendors;
- viii. Carry out analysis of Specifications of Procurement or TOR, if necessary;
- ix. Develop technical assessments, including qualifications and evaluation of Vendors;

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- x. Carry out clarifications and negotiations with prospective Vendors;
- xi. Propose Vendors to the Officials Who Have the Authority to Decide;
- xii. Prepare forms of contracts for the Procurement of Goods/Services;
- xiii. Compile and organize a Verified Supplier List (DR) as participants in the Procurement of Goods/Services;
- xiv. Make a report regarding the process and results of Procurement of Goods/Services to the Official who Has the Authority to Make Decisions;
- xv. Conduct analysis and evaluation of bribery risks related to Vendors. The provisions regarding Vendor evaluation are as regulated in Chapter V. 4. Performance Evaluation of the Approved Supplier List.
- xvi. Manage archives and filling for Procurement of Goods/Services;
- xvii. Ensure that all Procurement of Goods/Services activities carried out by the Company are in accordance with applicable procedures.


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b. The Procurement Team (TP) comes from a minimum of 3 (three) different divisions and at least consists of DUP and 1 (one) representative from the User of Goods/Services, with the provisions to:

- i. Limited Bidding Method with a minimum of 3 (three) people; whereas
- ii. Public Bidding Method with a minimum of 5 (five) people.
- iii. The formation of a Procurement Team is proposed by the DUP and approved by the Official who Has the Authority to Make Decisions (PBM) through the Procurement Implementation Approval Form (FP3).

The Procurement Team has the following duties and authorities:


- i. Develop a schedule and determine assessment methods and techniques (evaluation criteria);
- ii. Carry out PQ evaluations and preparing a short list of Vendors (shortlist);

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- iii. Provide explanations (*Aanwijzing*) on Specifications of Procurement or TOR, if necessary;
- iv. Evaluate and assess technical proposals and cost proposals submitted by Vendors. In the event that technical evaluation requires special knowledge and expertise, the Procurement Team can use assistance from experts who have related expertise and/or ask for input from User of Goods/Services;
- v. Clarify prospective Vendors regarding the TOR and specified specifications, as well as negotiating price offers to obtain the best and fair price value according to authority based on the determined procurement method;
- vi. Submit the assessment results and recommendations of Vendors or winners to PBM via DUP.


### **3. Legal Division**

In the event that a Procurement obligation requires an agreement/contract or cooperation agreement (PKS), the

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Legal Division (DH) has the following duties and authorities:


- a. Prepare a template of general terms and conditions as outlined in the draft agreement for the Procurement of Goods/Services which will be attached to the Procurement Document;
- b. DH in preparing the draft agreement can coordinate with the Procurement Executor.
- c. Review the contents of the draft agreement after the process of appointing the winner if there is a request for approval of special conditions against the applicable standard format of the Agreement/Contract for Procurement of Goods/Services.
- d. Support the DUP or Procurement Team in clarifying and negotiating Agreement/Contract or PKS clauses with the winner of the Procurement of Goods/Services if there are proposed changes to clauses in the Agreement/Contract or PKS template.
- e. Provide other input related to legal aspects in the Procurement of Goods/Services, including the process of terminating agreements/contracts or PKS, in the Company based on requests from the DUP.

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#### 4. Vendor

a. Vendor requirements and selection criteria:

- i. Fulfill applicable statutory provisions in carrying out business/activities as a Vendor.
- ii. Have the expertise, experience, technical and managerial abilities to provide Goods/Services.
- iii. Having experienced human resources in their fields, capital, equipment and other facilities needed in the procurement process.
- iv. Have a good track record.
- v. Legally has the capacity to bind oneself to a contract.
- vi. Willing to submit bid proposals in accordance with the determined Specifications of Procurement or TOR.
- vii. In the event that the Vendor will enter into a partnership, the Vendor is willing to enter into a partnership agreement or PKS which contains the rights and obligations of the business entity in the partnership.
- viii. Not under court supervision, not bankrupt, business activities are not being stopped


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and/or the Directors acting for and on behalf of the company are not undergoing criminal sanctions, as evidenced by a statement signed by the Vendor.

- ix. Willing to sign the Integrity Pact and commit to implementing anti-bribery management or management systems in their respective companies.
- x. Have internal policies and programs in place to ensure business conduct is ethical and free from bribery and corruption, including a code of ethics, code of conduct, implementation of anti-bribery and anti-corruption regulations or other compliance policies.

In the event that the Vendor does not have an internal anti-bribery policy and program or the Company is unable to check the existence and adequacy of internal policies and programs, the DUP will conduct an analysis and evaluation of the risk of bribery related to the Vendor. Bribery risk analysis can be



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carried out by asking written or verbal questions to the Vendor regarding the Vendor's management and business activities, especially activities that have the potential for deviation from provisions.

The provisions regarding Vendor evaluation are as regulated in Chapter V.4. Evaluation of the Performance of the Approved Supplier List.

xi. Has been registered in the Company's application media.

**b. Vendor Capacity Improvement**


The Company strives to encourage the improvement of Vendor capabilities and ensure that the Procurement of Goods/Services runs effectively and efficiently and meets the specified requirements, including those related to the quality of work and services provided. This aims to ensure quality, transparency and also continuous improvement in the relationship between the Vendor and the Company.

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In an effort to encourage improvement in Vendor capabilities, DUP provides feedback in the form of filling out questionnaires from Vendors at each completion of work (if provided by the Vendor) and evaluates the delivery results of Procurement of Goods/Services from Vendors. DUP also carries out periodic evaluations of the Approved Supplier List as regulated in Chapter V.4. Evaluation of the Performance of the Approved Supplier List. The results of these evaluations are expressed in the form of a value or rating which can be seen by the Vendor on the Company's application media or other media as feedback from the Company to the Vendor.

**c. Obligations and Rights of the Vendors**

Vendors are obliged to provide products and/or services in accordance with the criteria agreed upon in the Agreement/Contract/PO/ Letter to Proceed with the Company. The Vendor has the right to payment for the products or services supplied in accordance with the agreement in the Agreement/Contract/PO/ Letter to Proceed.

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## **5. Management Division**

The division in charge and responsible for managing and inventorying Fixed Assets, Non-IT Intangible Assets, and Inventory Items (including: buildings, office equipment and supplies, intellectual property, etc.) is DUP; while the division in charge and responsible for managing and inventorying Fixed Assets, IT Intangible Assets and Inventory Items (in the form of: servers, server devices, as well as software, applications and software licenses) is the Information Technology Division (DTI).

The duties and responsibilities of the DUP and DTI in terms of asset management and inventory refer to the Guidelines and Procedures for Management of Fixed Assets, Intangible Assets and Inventory Items that apply in the Company.

## **6. Official who Has the Authority to Make Decisions**

Official who Has the Authority to Make Decisions is officials who has been been delegated authority from the Board of Directors so that they have the authority to decide/approve activities and/or transactions related to

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the Procurement of Goods/Services carried out by the Company.

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## **1. Registration of Vendors as Potential Supplier List**

All prospective Vendors who are business entities, individuals or other legal entities, whether domiciled in the country or abroad, have the opportunity to register as Vendors through the Company's application media or other media openly by completing the following requirements:

- a. Declaration of the Integrity Pact and commitment to implement anti-bribery management policies in their respective companies.
- b. General information, containing: full name, address, telephone, fax, email, and website or social media address (if any).
- c. Contact person, contains the full name of the representative of the business entity/other legal entity, position/title, email, and telephone number that can be contacted.
- d. Category of business field/type of activity, information on business field/activity activities in accordance with the business license/Deed of Establishment and experience. Selection of more than 1 (one) business field is permitted as long as it complies with the business license.
- e. Vendor's due diligence form.

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f. A glance at the company/website/social media profile, containing information about the prospective Vendor and the Goods/Services being offered at a glance.

Prospective Vendors who have registered themselves via the Company's application or other media, are then referred to as the Potential Supplier List, which is the initial stage before the verification stage to become the Company's Verified Supplier List.

**2. Requirements & Acceptance of Vendors in the Verified Supplier List)**

Prospective Vendors who will have the opportunity or be invited to participate in the Procurement of Goods/Services process at PT SMI are if they have been registered in the Verified Supplier List by fulfilling the following general administrative requirements:

- a. Domestic Business Entities
  - i. Deed of Establishment or Articles of Association including the latest amendments.
  - ii. Taxpayer Identification Number (NPWP).
  - iii. Taxable Entrepreneur Confirmation Letter (SPKP) or Non-PKP Statement Letter with a stamp.

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- iv. Company domicile certificate.
- v. Business license.
- vi. Business Registration Number (NIB).
- vii. Tax Reporting Receipt for the last year at the time of registration.

**b. Overseas Business Entities**


- i. Articles of Association.
- ii. Registration & Incorporation Certificate.
- iii. Tax Residency Certificate.

**c. Individual**

- i. Valid identity card, in the form of KTP or Passport.
- ii. Taxpayer Identification Number, valid for domestic individuals.
- iii. Curriculum Vitae and list of relevant work experience.
- iv. Last educational certificate.
- v. Professional permits only apply to individuals who have special professions such as notary, advocate, doctor, tax, accountant and other professions.

**d. Cooperative**

- i. Articles of Association and amendments thereto.

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- ii. Cooperative Establishment Deed.
- iii. Letter of Inauguration/Endorsement of the Minister of Law and Human Rights.
- iv. Taxpayer Identification Number (NPWP).
- v. Business License according to business field.
- vi. Business Registration Number (NIB).
- vii. Certificate of domicile.
- viii. Last year's Tax Reporting Receipt.

**e. Foundations/Research Institutions/Other Legal Entities**

- i. Deed of Establishment/Document similar to Deed of Establishment.
- ii. Founder/Owner Identity Card.
- iii. Certificate of domicile.
- iv. Taxpayer Identification Number (NPWP).
- v. Certificate of Registered Community Organization/SKT Mass Organization (if in the form of a Mass Organization).

Other general provisions for accepting the Verified Supplier List) are as follows:

- a. Prospective Vendors submit the general requirements as mentioned above via the Company's application media or other media for




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further verification of the suitability and correctness of the documents uploaded by DUP.

- b. If necessary, the DUP can ask for clarification from the Vendor concerned and carry out an inspection by visiting the domicile/office or via video conference or telephone to ensure the correctness of the data provided.
- c. In the event that the Verified Supplier List approval process in the application media is hampered by technical and non-technical matters such as problems with the application media, legality documents that are in the process of being updated and so on, then if there is a Procurement request that will involve the Vendor, based on strong suggestions and justification from the Procurement Executor, DUP can submit a request for temporary Verified Supplier List approval to PBM manually for temporary approval of the Verified Supplier List.

Approval of the Verified Supplier List on the application media must be fulfilled before signing the Letter to Proceed/obligation.

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d. Prospective Vendors are categorized as a Verified Supplier List if they have been approved by the PBM.

e. Additions and deletions to the Verified Supplier List must obtain PBM approval.

### **3. Approved Supplier List**


The Approved Supplier List is a list of Vendors who have had transactions/contracts with the Company and/or are declared to have the ability and competency to accept work through the initial qualification/prequalification (PQ) process. The initial qualification/prequalification (PQ) requirements to become an Approved Supplier List are as follows:

a. For Vendors who have transacted/contracted with the Company and have carried out a prequalification (PQ) process, they can immediately be categorized as Approved Supplier List.

b. Basically, the Prequalification (PQ) process is carried out by the DUP, but if necessary, User of Goods/Services can be involved in preparing assessment criteria.

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- c. Prequalification is a qualification assessment process carried out before submitting proposal documents.
- d. Prequalification is a process of assessing competency and business capabilities as well as fulfilling certain other requirements from the Vendor. The minimum prequalification document requirements that must be submitted are:
- i. Vendor Financial Reports for the last 3 (three) years (can be adjusted for Vendors that have operated for less than 3 years);
  - ii. List of company work experience according to the Vendor's field of work within the last 3 (three) years;
  - iii. Other documents required according to the Vendor's field of work.
- e. Qualification requirements are not discriminatory and do not aim to inhibit or limit the participation of certain prospective Vendors.
- f. The Procurement Executor is obliged to simplify the prequalification process by asking prospective Vendors to fill out a prequalification form (Prequalification Document) and not ask for all the

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required documents except at the prequalification proof stage.

- g. If necessary based on DUP considerations, in the prequalification process a credit checking process can be carried out as additional information and/or comparative information between prospective Vendors in verifying prospective Vendors from the aspects of character, reputation and/or credibility.


To obtain credit checking information, DUP makes a written credit checking request to DPOP by attaching a copy of the identity card (for individuals), a copy of the articles of association (for companies), and a copy of the prospective Vendor's NPWP. If the credit checking results obtained from DPOP show that the financing quality of the prospective Vendor is other than smooth (collectability 1), then it can be considered by the DUP as deduction information for the assessment of the character, reputation and/or credibility of the prospective Vendor.

- h. The prequalification process produces a list of Suppliers who are proposed to be included in the Approved Supplier List based on the best ranking consisting of at least 3 (three) participants and a

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maximum of 7 (seven) participants for each procurement process. This provision does not apply to the number of participants who will be designated as members of the Vendor Panel. The Approved Supplier List is submitted to the PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions, to obtain a decision regarding the determination of Vendors who are declared to have the ability and competency to accept work through the initial qualification/prequalification (PQ) process.

- i. In the event that the number of Vendors who pass the qualification is less than 3 (three), then the DUP will carry out pre-qualification again. If after re-qualification the number of participants who pass is less than 3 (three), then the DUP proposes a follow-up action to the PBM for approval of the Approved Supplier List by stating the basis for consideration of the proposed follow-up action.
- j. To mitigate risks that may arise from Procurement of Goods/Services transactions, the DUP and/or User Division may propose the creation of an Indefinite Delivery Contract (IDC) or Framework Contract (umbrella contract) between Vendors on the Approved

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Supplier List and the Company, especially for Notary service Vendors, Public Appraisal Services Offices (KJPP), and Insurance Companies regarding financing on the Approved Supplier List.

- k. DUP groups Vendors on the Approved Supplier List into Vendor Panels based on their work sector.
- l. Approval of the determination of members of the Vendor Panel as regulated in Chapter XI - Official who Has the Authority to Make Decisions.

#### **4. Performance Evaluation of the Approved Supplier List**

- a. DUP periodically, at least once every 1 (one) year, evaluates the Approved Supplier List by considering the following aspects:
  - i. Completeness of administrative documents;
  - ii. Implementation of work/cooperation;
  - iii. Results of assessment/assessment/input from users of Goods/Services;
  - iv. Company blacklist; And
  - v. Other relevant aspects.
- b. Apart from the things mentioned in point a. above, the DUP also carries out evaluations from the aspect of compliance with internal policies/programs related to carrying out businesses that are ethical

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and free from bribery and corruption, including codes of ethics, codes of conduct, implementation of anti-bribery and anti-corruption regulations or other compliance policies that will be stated in the Approved Supplier List Performance Evaluation Form. DUP in evaluating compliance aspects of internal policies/programs can coordinate with the Anti-Bribery Compliance Function (FKAP).

- c. In carrying out evaluations, the DUP can request assessments/input from User of Goods/Services regarding the work results of the Verified Supplier List after completion of the Procurement of Goods/Services.
- d. Report the results of the evaluation of the Approved Supplier List including the Blacklist and changes (if any) to the Director of Operations & Finance periodically at least once a year.
- e. For Approved Supplier Lists with poor performance evaluation results and/or doing things that are not permitted, they can be proposed to be included in the Blacklist.

## **5. Blacklist**

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Vendors can be included in the Company's blacklist with the following conditions:


- a. Proven to have committed Corruption, Collusion and Nepotism, cheating, forgery in the process of Procurement of Goods/Services.
- b. Influence the Procurement Executor in any form and manner, either directly or indirectly in the process of Procurement of Goods/Services. If it is proven that there has been an act of bribery by the Vendor, the Company has the right to terminate the relationship with the Vendor.
- c. Conspire with other potential Vendors to arrange price/proposal offers, thereby eliminating healthy competition and/or causing harm to other parties.
- d. Resign when completing the Procurement of Goods/Services.
- e. Incompetent in carrying out work in accordance with the agreed obligation.
- f. Violates the agreement that has been agreed upon.
- g. Forgery or alteration of official documents or manipulation of data.

Vendors who have been designated on the Company's Blacklist are not permitted to take part in the




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selection/participation in the Procurement of Goods/Services process in the Company for a maximum of 3 (three) years from the date they are designated as Blacklist and can be reviewed again.

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The provisions for preparing the Owner Estimate (OE) are:

1. Users of Goods/Services determine the OE based on a fair price analysis according to market prices when preparing the OE regarding the scope of work or technical specifications of the Goods/Services required.
2. In implementing the preparation of OE, Users of Goods/Services can consult with the DUP to obtain related information, including unit prices for goods/personnel, market prices and prices of goods/unit prices for similar work that has been carried out and other written information that can be accounted for.
3. OE can be included in the Procurement Document, but is excluded for procurement using the direct appointment method.
4. In OE calculations, price/cost estimates from third parties can be used, but these calculations are only as a reference.
5. OE must take into account taxes, inflation costs or assumptions about price increases, shipping costs if necessary and reasonable profits for the Vendor.
6. OE must take into account out-of-pocket expenses (OPE) outside of professional services which can be calculated as a lump sum or carried out as reimbursement according to existing evidence of OPE expenses. OPE costs may

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consist of: travel costs, shipping, obtaining permits/legal documents, communication costs and other operational costs.

7. OE may not take into account unexpected cost components.
8. Realization of Procurement of Goods/Services may not exceed the OE, but is excluded for Procurement of Goods/Services that use the quality evaluation method.
9. For routine (non-project) procurement needs, the unit price value in the OE cannot be more than the unit price in the ongoing contract. This excludes unit prices that are influenced by government regulations or other authorized agencies.
10. Data that can be used as a basis for OE calculations include:
  - a. Local market price.
  - b. Cost information officially published by the Central Statistics Agency, related associations and other accountable data sources.
  - c. Prices/tariffs for Goods/Services issued by manufacturers/single agents or independent institutions.
  - d. Contract costs for similar work that has been carried out taking into account cost change factors, if there are changes in costs (including inflation

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factors and other factors that can influence cost changes).

- e. List of standard costs incurred by authorized agencies.
- f. List of standard rates for consulting services from related agencies.
- g. Other reliable information.

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## **1. Vendor Selection Method**


### **a. Direct Purchase (Cash & Carry)**

Procurement of other Goods/Services carried out by direct purchase/payment using proof of purchase or receipt. Applies to Goods/Services that are generally available on the market and are:

- i. Routine Procurement of Goods/Services to support the Company's household and operations with a purchase value of up to Rp. 30,000,000.00 (thirty million rupiah) per transaction;
- ii. Direct purchases can be made through a reimbursement mechanism or bank transfer. The place of purchase can be a shop, supermarket, website/application, or similar media as long as it meets provisions I above;
- iii. This selection method does not apply to Procurement of Consulting Services.


### **b. Direct appointment**

Direct Appointment is carried out by appointing directly to 1 (one) or more Vendors from the Verified Supplier List and/or Approved Supplier List and/or Vendor Panel. The use of the Direct


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Appointment method does not refer to the value of the Procurement of Goods/Services, but can be done if one or more of the following consideration criteria are met:

- i. Goods/Services required for main performance that have a strategic impact on the Company and whose existence cannot be postponed (business critical assets).
- ii. There is only one Vendor who can carry out work according to the user's needs or in accordance with the provisions of applicable laws and regulations.
- iii. These Goods/Services have special characteristics or are knowledge intensive, where using and maintaining these Goods/Services requires continuous knowledge from the Vendors.
- iv. For further/additional work which is technically a unit that cannot be broken up from previous work which as a whole cannot be planned/calculated (unforeseen condition) and meets the provisions regarding additional work.

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- v. Procurement of further Goods/Services related to building/office operations along with facilities and other work attached to the building with conditions and procedures for payment and price adjustments that can be accounted for.
- vi. Direct Appointment is carried out if after a Direct Election/Simple Selection, Limited Bidding/Restricted Selection, or General Bidding/General Selection is held, it fails due to not meeting the provisions.
- vii. Goods/Services are repeated procurement (repeat orders) as long as the price offered is profitable/competitive when compared with market prices and does not compromise the quality of the Goods/Services, and the Vendor is proven to have demonstrated good performance. This recurring procurement is carried out within a maximum period of 12 (twelve) months from the date of the procurement obligation.
- viii. Goods/Services owned by the holder of intellectual property rights (IPR) or which

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has a guarantee from the Original Equipment Manufacture.

- ix. Goods/Services owned by Vendors as official distributors/agents, monopoly rights holders, and sole agent holders in certain regions.
- x. Goods/Services related to emergency management due to natural disasters, security, community safety and the Company's strategic assets.
- xi. Goods/Services supporting the financing process whose procurement costs are borne, in whole or in part, by the Debtor. Direct appointment is based on a written request from the Debtor/Prospective Debtor to appoint one of the Vendors and is known to the Division in charge.
- xii. Consulting services in the legal sector, as an advocate or arbitrator specifically related to handling legal problems. Direct appointment is carried out by considering the experience and competency aspects of prospective Vendors based on evaluations carried out by the Legal Division.



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- xiii. In the context of BUMN synergy, Direct Appointments to Vendors who are BUMN, BUMN Subsidiaries, and BUMN Affiliated Companies are prioritized to Subsidiaries or Companies Affiliated to the Company, as long as the services in question are products or services from BUMN, BUMN Subsidiaries, Affiliated Companies as long as the quality, price and purpose can be accounted for in a professional manner, and as permitted by applicable laws and regulations.
- xiv. The need for consultants who are not planned in advance to deal with certain problems whose nature of work implementation must be immediate and cannot be postponed.
- xv. Proposals from User of Goods/Services to Procure Goods/Services through the Direct Appointment method. In this case, the User of Goods/Services is obliged to justify the reasons for direct appointment as well as analyze their suitability with the Direct Appointment criteria as explained in points i-xiv above and submit information on the

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name of the Vendor to be appointed as well as considering the qualifications of the prospective Vendor as consideration for the DUP in proposing a method of procurement to PBM. Proposals from User of Goods/Services are submitted to the DUP through written requests and approved by the PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions.

Direct Appointment is proposed by the User Division to PBM which can be done in 2 (two) ways as follows:

**i. Memo Principle Permit for Direct Appointment**

The User Division submits the Direct Appointment proposal through Memo Principle Permit for Direct Appointment (PL Memo). The minimum PL memo contains:

- 1) List of plans for Procurement of Goods/Services using the Direct Appointment method;
- 2) Justification of the reasons for Direct Appointment and analysis of its conformity with the Direct Appointment criteria. The


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User Division submits information on the name of the Vendor to be appointed as well as considering the qualifications of the prospective Vendor as consideration for the DUP in proposing procurement methods to the PBM.

The PL Memo is one of the equipment when submitting a Procurement Request to the DUP. This PL memo is prepared periodically to be submitted to the DUP no later than March each year. If the PL Memo is submitted later than March, then the Direct Appointment proposal is made using the Direct Appointment Approval Form (FPPL) as stipulated in point ii.

**ii. Approval Form for Direct Appointment (FPPL)**


The User Division submitted unplanned Direct Appointment proposals at the beginning of the year via FPPL. FPPL is one of the equipment when submitting a Procurement Request to DUP. An example of the FPPL format is attached.

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The User Division prepares and sends a PL or FPPL Memo to the DUP. DUP reviews the PL or FPPL Memo for conformity with the Direct Appointment criteria as regulated in Chapter VII.1.b Direct Appointment and inspection of the Procurement of similar Goods/Services that have been carried out by the Company. Based on the results of the review from the DUP, the User Division can make improvements first and then based on its considerations submit approval to the Memo PL or FPPL to the Official who Has the Authority to Make Decisions, as regulated in Chapter XI. Official who Has the Authority to Make Decisions.

**c. Direct Selection**

Procurement of Goods/Services is carried out by requesting bid proposals from at least 3 (three) prospective Vendors of the same type registered in the Verified Supplier List and/or Approved Supplier List and/or Vendor Panel with a procurement value of up to with Rp. 750,000,000.00 (seven hundred and fifty million rupiah). Direct Selection is used for simple work such as Legal Studies,


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Financial/Accounting Studies or for items with standardized specifications, such as office equipment and so on.

**d. Limited Bidding/Selection**

Procurement of Goods/Services is carried out competitively by inviting a minimum of 3 (three) prospective Vendors registered in the Verified Supplier List and/or Approved Supplier List and/or Vendor Panel to submit bid proposals with procurement value more than Rp. 750,000,000.00 (seven hundred and fifty million rupiah) up to Rp. 5,000,000,000.00 (five billion rupiah). Specifically for Procurement of Goods/Services activities related to Government Cooperation with Business Entity (KPBU) projects with a value of more than Rp. 5,000,000,000.00 (five billion rupiah), Procurement of Goods/Services can be carried out using the Limited Bidding/Selection method through the Vendor Panel.

For certain conditions (aside from Procurement of Goods/Services activities related to PPP projects),

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Limited Selection can be carried out for work worth more than Rp. 5,000,000,000.00 (five billion rupiah) through approval by the PBM.

The specific conditions referred to include:

- i. Procurement of required Goods/Services quickly in order to meet the expectations of external parties (mandate givers);
- ii. Procurement of certain Goods/Services whose procurement implementation is considered more effective and efficient if carried out using the Limited Selection method;
- iii. The limitations of quality Vendors in certain sectors and/or Vendor qualifications are generally known, for example invitations are only addressed to prospective Vendors who are in the top 5 (five) consulting rankings in their field.

**e. Open Bidding/Selection**

Procurement of Goods/Services is carried out competitively by inviting prospective Vendors openly through the Company's website and/or other mass media with a procurement value of above Rp. 5,000,000,000.00 (five billion rupiah).


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## **2. Special Provisions for Procurement Procedures**

In order to accelerate the procurement process effectively and efficiently, especially related to the provision of Goods/Services for the Company's needs, government assignments and procurement cooperation development strategies, the Company can carry out procurement obligations through Indefinite Delivery Contracts (IDC) or Framework Contracts (umbrella contracts) as well as carrying out Joint Procurement.


### **a. Indefinite Delivery Contract (IDC) or Framework Contract**

- i. *Indefinite Delivery Contract* (IDC) is a type of contract that is applied to more than 1 (one) Vendor for Goods/Services needs where the specific volume and time for the fulfillment of the work cannot be determined. Prospective Vendors who meet the qualifications are designated as Vendor Panels through the IDC. The new Vendor will submit an offer proposal when the need for Goods/Services can be determined with certainty.

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- ii. *Framework Contract* (umbrella contract) can be applied to 1 (one) or more Vendors. This Procurement of Goods/Services Agreement is in the form of a unit price contract within a certain time period with a maximum of 2 (two) years for Goods/Services for which the volume and/or time for work fulfillment cannot be determined at the time the contract is signed.
- iii. Vendor selection method used is adjusted to the procurement value or criteria for the most efficient Goods/Services to capture all potential Vendor candidates in their respective fields.
- iv. Procurement value is not specifically limited, depending on the Company's needs or certain project periods.
- v. The Company can carry out procurement obligations with 1 (one) or more Vendors during a certain agreed time period with a maximum of 2 (two) years, and payments given to Vendors are in accordance with the realization of transactions that have been carried out with reference to applicable regulations.



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vi. An Indefinite Delivery Contract (IDC) or Framework Contract (umbrella contract) can regulate general provisions related to procurement or work that apply to each procurement or work during the contract period.

vii. In the event that the formation of the Vendor Panel for the procurement of consulting services is carried out in 2 stages;


1) Prospective Consulting Service Vendors who pass the qualifications are offered an Indefinite Delivery Contract (IDC). The IDC contains provisions regarding the administrative rights and obligations of the parties, but does not regulate matters of a transactional/commercial nature.

2) At the next stage, if the prospective Vendor is declared the winner, they will sign an Indefinite Delivery Contract Agreement (IDCA). IDCA is made by referring to the standard Procurement of Goods/Services Agreement.

**b. Cooperation contract**

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- i. This procurement obligation is in the form of a unit price contract or management fee within a certain time period for operational and routine Goods/Services for which the volume and/or time for work fulfillment cannot be determined at the time the contract is signed.
- ii. This obligation is more appropriate for routine Procurement of Goods/Services and office operational services, such as travel agency services, notaries, document delivery services, catering, or other Goods/Services that do not have high complexity and risk, and the time for supply is limited.
- iii. The Vendor selection method used is adjusted to the procurement value or criteria for the most efficient Goods/Services to capture all potential Vendor candidates in their respective fields.
- iv. The total realization of procurement value is adjusted to the Company's budget availability.
- v. The Company can carry out procurement obligations with 1 (one) or more Vendors during a certain agreed time period with a maximum of

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2 (two) years, and payments given to Vendors are in accordance with the realization of transactions that have been carried out with reference to applicable regulations. In the event that a multiyear contract of more than 2 (years) is required with consideration of the procurement value being more efficient, the User of Goods/Services is obliged to convey these considerations in the PBM Approval Memo.

**c. Joint Procurement**

- i. The Joint Procurement mechanism is outlined in a Memorandum of Understanding (MOU) or Cooperation Agreement with the Company's partners.
- ii. Provisions related to Official who Has the Authority to Make Decisions regarding Joint Procurement agreement documents with Company Partners refer to Company policy regarding the issuance and administration of applicable Company documents.
- iii. In the event that the authority to carry out procurement is handed over to the Company, the

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procurement method follows the provisions stipulated in this Procedure.

- iv. In the event that the authority to implement procurement is handed over to the Company's Working Partners, the procurement method follows the provisions agreed in the MOU or Cooperation Agreement;
- v. Before carrying out Joint Procurement, the Procurement Cooperation proposer is obliged to ensure that the Cooperation Partner has internal policies and programs in place to ensure ethical business conduct and is free from bribery and corruption, including a code of ethics, code of conduct, implementation of anti-bribery and anti-corruption regulations, or other compliance policies.

### **3. Provisions of Procurement Process**

#### **a. Procurement Planning**


DUP carries out planning for the Company's Procurement of Goods/Services based on the needs of Goods/Service Users in accordance with the Company's Work Plan and Budget (RKAP) in the form of a Annual

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Procurement Plan Master List (DIRPT) and reports it to the Director in charge of DUP.

Procurement planning includes planning the need for Goods/Services, cost budget, and estimated time for implementing the Procurement of Goods/Services. DIRPT is prepared based on the needs for Procurement of Goods/Services, both routine and non-routine, which have been identified in the RKAP. For Procurement of Goods/Services needs for which the work package has not been identified, such as the need for consulting services for government assignment activities, DIRPT will only include the type of procurement activity along with the overall budget allocation.


The DUP must monitor the realization of the procurement plan and report it to the Director in charge of the DUP at least once every 3 (three) months.

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Process and Flow Diagram of Procurement Planning as explained in Chapter X - Operational Procedures for Procurement of Goods/Services.


**b. Procurement Request**

- i. User of Goods/Services ensure the availability of funds by confirming with the DAA and submitting procurement requests through procurement application media which is equipped with Specifications of Procurement or TOR to the DUP, including a reasonable time target for fulfillment of Goods/Services.
- ii. Requests for Goods/Services related to government assignments whose costs can be charged back to the government must include an activity agreement that has been approved by the PBM. The approval in question can be in the form of RKAP, approval memo, minutes of committee meetings, or other approval media.
- iii. Requests for Goods/Services financed through foreign loans and grants and/or multilateral/bilateral funding must include activity approval from the PBM or attach the

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latest Procurement Plan which contains the requested Procurement package and has received approval from the grantor/lender according to the multilateral agreement.

- iv. Procurement of Goods/Services outside the Direct Appointment method with a value above Rp. 1,000,000,000.00 (one billion rupiah) must obtain principle approval from the PBM, as regulated in Chapter XI - Official who Has the Authority to Make Decisions prior to the Procurement request is made by the User of Goods/Services User.
- v. Requests for Goods/Services for operational needs and office equipment that fall into the category of unforeseen conditions, such as repair of office equipment, repair of damage to office buildings, office equipment needed during assignments outside the office can be done by reimbursement or bank transfer through the issuance of SPM by attaching proof of payment or receipt.

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Procurement value for routine Procurement of Goods/Services using the Direct Purchase Method as regulated in Chapter VII, can be accumulated to meet routine needs for a maximum of the next 6 (six) months or can be fulfilled through a cooperation agreement/umbrella contract with the Vendor.


If necessary, PBM can request a review first from the relevant divisions.

Process and Flow Diagram of Procurement Requests as explained in Chapter X - Operational Procedures for Procurement of Goods/Services.

**c. Submission of Procurement Implementation**

DUP proposes the method for selecting Vendors, prospective Vendors to be invited, Procurement Executors, target time for procurement completion, and other information via the Procurement Implementation Approval Form (FP3) to PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions.



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FP3 can be delivered via worksheet (manual) or e-Procurement application media.


**d. Request for Quotation or Proposal Document**

The Procurement Executor may submit a written invitation or request for proposal documents, complete with Specifications of Procurement or Terms of Reference, to prospective Vendors via:

- i. Letter of Request for Proposal Documents (RFP) or Letter of Request for Quotation (RFQ);
- ii. Invitation of Aanwijzing;
- iii. Electronic Media Email;
- iv. Procurement Application Media (preferred).

In the event of a request for quotation documents via email, the Procurement Executor must ensure that the email submission is approved or acknowledged by the PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions.

Provisions for requesting proposal documents to prospective Vendors for each Procurement of Goods/Services method are as follows:

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i. *Direct Purchase Method*

The Procurement Executor does not have to request a quotation or proposal from the Vendor because the price list for Goods/Services is generally available and can be obtained easily.

ii. *Direct Appointment Method*


The Procurement Executor invites 1 (one) Vendor to submit an official proposal document in accordance with the provisions for submitting a proposal.

iii. *Direct Selection Method*

The Procurement Executor submits a Request for Quotation (RFQ) to a minimum of 3 (three) prospective Vendors from the Verified Supplier List, and clearly states the time limit for submitting quotation or proposal documents.

iv. *Limited Bidding/Selection Method*

The Procurement Executor submits the RFQ or Request for Proposal (RFP) by outlining or attaching the Specifications of

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Procurement/Terms of Reference to a minimum of 3 (three) prospective Vendors from the Verified Supplier List. Exclusion are applicable to the prospective Vendors whose numbers are limited by rules/regulations, such as license holders or official distributors.

The Procurement Executor may invite prospective Vendors to hold an Explanation (Aanwijzing) if the Specifications of Procurement/Work Terms of Reference require a more detailed explanation.

v. *Open Bidding/Selection Method*


The Procurement Executor announces the Procurement of Goods/Services through the Company's website and/or mass media and sends invitations to prospective Vendors who have segments that meet the specified criteria and are registered in the Company's Verified Supplier List.

Next, the Procurement Executor carries out an initial selection of prospective Vendors or a

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Prequalification process in accordance with the provisions in Chapter VII.1.e. Prospective Vendor partners who pass the selection results (shortlist) will be officially invited to the procurement process. The next stage refers to the Limited Bidding method as regulated in Chapter VII.1. d as well as the Limited Tender process as regulated in Chapter X.3.d.i.

In the event that the number of prospective Vendors (shortlist) is less than 3 (three) or does not meet the criteria to be carried out using the Limited Bidding method, the Procurement Executor will carry out a re-prequalification process. If after the re-prequalification process is carried out the number of prospective Vendors remains less than 3 (three), then the Procurement Executor proposes a follow-up to the procurement process to PBM FP3 as regulated in Chapter XI - Official who Has the Authority to Make Decisions.

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**e. Proposal Document Evaluation Process**

The evaluation process for the Procurement of Goods/Services is carried out by means of technical evaluation, price evaluation or a combined technical and cost assessment, which is adjusted to the substance of the procurement. Provisions regarding evaluation are as follows:

*i. Technical Evaluation*

The Procurement Executor carries out a technical evaluation by comparing the Goods/Services specifications or Work Terms of Reference (TOR) with the technical specifications or technical proposals submitted by the Vendor. If necessary, the Procurement Executor can provide technical clarification to the Vendor regarding technical specifications submitted via email, meeting or other written media.

Technical evaluation is carried out through evaluation work papers in accordance with the criteria set by the Procurement Team or Procurement Executor, and may require passing


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grade criteria and/or a beauty contest (presentation by prospective Vendors).

ii. *Price Evaluation*


Price evaluation is carried out by the Procurement Executor after the technical evaluation has been completed. The Procurement Executor can clarify and negotiate with Vendors who meet technical specifications. The results of clarification and negotiations are stated in the Minutes of Meeting which are signed by the Procurement Executor and Vendor.

Specifically for the procurement of consultant services, in the event that the OE is announced openly and there are prospective Vendors whose bid costs are below 50% of the OE, a detailed price fairness analysis is carried out. The Company has the right to reject prospective Vendors who cannot prove the reasonableness of the price of their offer.

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If necessary, the Procurement Executor/ Procurement Team can ask User of Goods/Services to participate in carrying out technical evaluations or provide input to the Procurement Team regarding the technical specifications/ quality offered by the Vendor.

The Evaluation Process using the Vendor selection method using Direct Selection, Limited Selection/Bidding, and General Selection/Bidding is carried out on a minimum of 2 (two) prospective Vendors. If the number of BID PRICES or bid proposals received is less than 2 (two), then the Procurement Executor will repeat the procurement process in accordance with the Procurement of Goods/Services method as regulated in Chapter X - Operational Procedures for the Procurement of Goods/Services Process. If after repeating the number of BID PRICES or proposals received there is no increase, the Executor/Procurement Team proposes a follow-up to the procurement process to PBM FP3 as regulated in Chapter XI -

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**f. Clarification and Negotiation**

In order to implement efficiency in the Procurement of Goods/Services in the Company, negotiations must be carried out with prospective Vendors with the following conditions:

- i. Exploring wider opportunities to increase value for money, by not only focusing on the lowest price but also other factors such as quality, service, delivery time/schedule, technical alignment, and others offered by potential Vendors;
- ii. Price negotiations are not aimed at obtaining the lowest possible price, but at obtaining the best and most competitive price agreement in the market without reducing the quality or qualities of the Goods/Services required;
- iii. Negotiations can be carried out face to face or via electronic or written media, and can be carried out more than once until agreement is obtained from the Vendor;



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- iv. Clarification and negotiation can be carried out with more than one Vendor in the event that the offer price resulting from the negotiation clarification with the first rank is still above the Self-Estimated Price as long as the technical quality of the other Vendors still meets the technical requirements.
- v. The results of the negotiations are stated in written evidence as outlined in the minutes or email or a revised price offer from the Vendor.

**g. Approval of Vendor Winner Appointment**

The Procurement Executor, based on the evaluation results, submits the winner's approval to the PBM Official who Has the Authority to Make Decisions by attaching procurement documents including evaluation results conducted by the Vendor

**4. Method of Submitting/Filing of Proposal Documents**

Submission of proposal documents can be done directly via courier, email, or via the Company's application media referring to the requirements in the Procurement Documents. If proposal documents are sent via electronic

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media, physical documents do not need to be sent unless required by the Procurement Executor.


The Procurement Team can choose one of the following three document delivery methods:

**a. One Cover Method**

- i. Procurement of Goods/Services for work with Specifications of Procurement and scope or technical specifications, which are clear and it is estimated that the majority of prospective Vendors invited will be able to carry out the work from a technical perspective.
- ii. All proposal documents are included in 1 (one) envelope containing administrative, technical, price and other required documents.

**b. Two Covers Method**

- i. Procurement of Goods/Services for work with Specifications of Procurement and scope or technical specifications, which are clear, but still require in-depth technical evaluation and/or the work is complex. In addition, a


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separate assessment is needed between technical requirements and cost offers, so that the cost offer assessment does not influence the technical assessment.

- ii. Cover I (first) only contains administrative and technical requirements, while cover II (second) contains price/commercial requirements. Covers I and II are included in one large cover as the closing cover.

**c. Two Stage Method**

- i. Procurement of Goods/Services for work using design systems, field testing and/or complex work that still requires technical adjustments.
- ii. In Stage I, administrative and technical requirements are included in closed envelope I, while in stage II the submission of the bid price is included in closed envelope I. Submission of stages I and II are carried out at different times.
- iii. This method is more appropriate for Procurement of Goods/Services which, due to the nature of the work, is related to sophisticated and

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complex technology, design systems that are not/are not standard, so that there is the potential for technical deviations and adjustments to arise which result in adjustments/changes to the OE.


If the prospective Vendor has submitted general administrative requirements electronically and is registered as an Approved Supplier List, then complete administrative requirements are not required.

## **5. Proposal Document Evaluation Method**

The Procurement Executor can choose the most appropriate evaluation method to evaluate the proposal documents from prospective Vendors as follows:

### **a. Quality Based Evaluation Method**

- i. Submission of proposal documents using the Two Covers Method or Two Stage Method is excluded for Individual Consultant Services
- ii. This method is used for procurement of types of Goods/Services that prioritize technical quality, especially for Goods/Services that are

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complex and use high technology, and the scope of work and deliverables are difficult to determine in the Work Terms of Reference (TOR). Apart from that, this method is also used for the Procurement of Goods/Services that require creative ideas from Vendors and individual consulting service Vendors. For example: power plant design, interior design services, event organizer services and so on.

iii. Procurement of Goods/Services that have a high risk of work failure.

**b. Evaluation Method Based on Quality and Cost (Merit Point)**

i. Submission of proposal documents using the Two Covers Method.

ii. This method is used for types of Procurement of Goods/Services where the scope of work, expertise of experts and time for completion of the work can be described with certainty in the TOR, such as: technical consultation, financial consultation, legal/legal consultation,

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construction work, management consultation, IT applications, and others.

iii. Procurement of Goods/Services that have a high risk of work failure.


**c. Evaluation Method Based on Quality and Lowest Cost**

i. Submission of proposal documents using the One Cover Method or Two Covers Method.

ii. This method is more appropriate to use for types of Procurement of Goods/Services with a clear technical scope or specifications, and it is estimated that most of the prospective Vendors invited will be able to carry out the work from a technical perspective but still requires technical evaluation, such as: tangible and intangible assets. tangible Goods/Services for office operations, simple construction work, other services, etc.

iii. Procurement of Goods/Services that have a moderate risk of work failure.

iv. Does not apply to Procurement of Consulting Services.


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**d. Evaluation Method Based on Lowest Cost**

- i. Submission of proposal documents using the One Cover Method or Two Covers Method.
- ii. This method is more appropriate to use for types of Procurement of Goods/Services with a clear scope or technical specifications, and it is estimated that most of the prospective Vendors invited will be able to carry out the work from a technical perspective, such as: simple consulting services with limited funds, tangible and intangible assets, Goods/Services for office operations, other services, etc.
- iii. Procurement of Goods/Services that have a low risk of work failure.

**6. Announcement of Evaluation Results and Appointment of Winners**

Basically, prospective Vendors who participate in Procurement of Products/Services at the Company are entitled to receive information on evaluation results and notification of winner appointment, but are excluded from using procurement methods using Direct Purchase and Direct Appointment, with the following conditions:


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- a. In the Quality-based evaluation method, the technical ranking announcement is made after the technical evaluation is completed.
- b. In the evaluation method based on Merit Points, the announcement of the evaluation results is carried out twice, namely the announcement of the technical evaluation results and notification of the winner appointment.
- c. The announcement of the technical evaluation results is also a notification of participants passing the specified passing grade.
- d. In the evaluation method based on (i) Lowest Quality and Cost and (ii) Lowest Cost, notification is made only once, namely when appointing the winner.
- e. Announcement of evaluation results or notification of winner appointment to participants is delivered in writing via electronic media (email) or other application media to all participants.


## **7. Standstill period**

In the case of Procurement of Goods/Services using the Public Bidding method, a standstill period applies with the following provisions:




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- a. Prospective Vendors are given the opportunity to submit a written objection containing objections to the appointment of the Vendor winner. The objection letter must be accompanied by evidence of irregularities in the process of implementing the Procurement of Goods/Services.
- b. The standstill period is given for 3 (three) working days after the announcement or notification of the Vendor's first place/winner. Responses to objections are given no later than 7 (seven) working days from the date of receipt of the objection. The response from the Procurement Team is final.
- c. Objections are submitted to the Procurement Team and the objection material submitted is only related to the conformity of the bidding with the procedures or procedures stipulated in the tender document and is accompanied by evidence of irregularities.
- d. To increase independence, the Procurement Team involves the Internal Audit Division (IAD), in handling and examining objections, and can involve other parties that are not directly related to the procurement process.


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- e. If necessary, the Procurement Team may require a maximum deposit of a deposit of 2% (two percent) of the OE value.
- f. The deposit for the objection is returned to the objection if the objection is proven to be legally correct and vice versa becomes the Company's right if the objection is proven to be legally incorrect.
- g. If it is proven that there has been a deviation in the process of implementing the Procurement of Goods/Services, the Procurement Team is required to make corrections or re-tender. However, if the objection is not proven, the Procurement Team can continue the procurement process further.
- h. Objections submitted not to the Procurement Team or submitted outside the objection period are considered complaints and will still be followed up but do not stop the ongoing tender process.
- i. The issuance of a Vendor Appointment Letter or Letter of Intent is carried out after the objection period has passed or the objection letter is found to be incorrect.

## **8. Sub-Contracts**

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- a. Vendors who have been determined as winners of the Procurement of Goods/Services are prohibited from transferring responsibility for all main work by subcontracting it to other parties.
  
- b. Vendors who have been determined as winners of the Procurement of Goods/Services are prohibited from transferring responsibility for part of the main work by subcontracting it to other parties, unless subcontracting it to another Vendor who has competence in their field with the approval of the Company.

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## **1. Form of Agreement for Procurement of Goods/Services**


### **a. Agreement/Contract**

Constitutes a form of procurement obligation between the Company and the Vendor which explains in detail the rights and obligations of each party for the type of Procurement of Goods/Services that meets one of the following criteria:

- i. Goods/Services determined by User of Goods/Services are complex and high risk.
- ii. Goods/Services that require ongoing maintenance and operational services at the request of the User of Goods/Services.

The use of the Agreement/Contract does not refer to the value of the Procurement of Goods/Services.


In terms of the process of preparing the Agreement/Contract, the Letter of Intent can be used as a form of agreement for the temporary Procurement of Goods/Services until the issuance of the Agreement/Contract. The Letter of Intent does not serve as a basis for payment to the Vendor.

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The Agreement/Contract uses the standard format for the Agreement/Contract for Procurement of Goods/Services that applies in the Company. If under special conditions the standard format of the Company's Procurement of Goods/Services Agreement/Contract experiences changes/adjustments and/or the standard Agreement/Contract is proposed by the Vendor, then the Agreement/Contract must be reviewed first by the Legal Division to ensure the Company is protected from legal issues and fulfillment of obligation effectiveness requirements. Regarding the Official who Has the Authority to Make Decisions who has the authority to approve changes/adjustments to special conditions and/or use of the Vendor Agreement/Contract format, it refers to the provisions related to the standardization of agreement formats for the Procurement of Goods/Services in force.

**b. Letter of Order of Goods/Services**

Constitutes a form of obligation for the Procurement of Goods/Services that does not have one of the criteria for the obligation to use the

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Agreement/Contract and Receipt as regulated in point a. above. Letter of Order of Goods/Services is in the form of Purchase Order (PO) for the Procurement of Goods or a Letter to Proceed for the Procurement of other than Goods.

The main points stated in the Letter of Order of Goods/Services at least explain the following information:

- i. Name of Goods/Services and quantity;
- ii. Unit price and/or total price;
- iii. Delivery or work completion schedule;
- iv. Payment mechanisms and billing terms;
- v. Other provisions related to the Goods/Services ordered.

The provisions regarding the submission/delivery of POs or Letter to Proceeds to Vendors refer to the Company's policy regarding the administration of applicable Company documents.

**c. Proof of Payment/Purchase**

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Constitutes a form of contract for Procurement of Goods/Services that uses the Direct Purchase method or has a value of up to Rp. 30,000,000.00 (thirty million rupiah).

On a case by case basis, the form of obligation via the direct purchase method can be in the form of a payment receipt with sufficient stamp duty or proof of transfer.


## **2. Type of Agreement/Contract**

### **a. Lump sum**

Goods/Services where the scope of work, quantity, total price and deliverables are clearly and fixedly specified with the following criteria:

- i. Oriented to output results/deliverables (output based);
- ii. Payment is based on the actual stages of deliverables produced in accordance with the contents of the agreed obligation/contract.

### **b. Unit price**

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Goods/Services for which the calculation of rates and/or unit prices for each element or type of work has been determined with the following provisions:

- i. The amount or volume of work is still provisional at the time the procurement agreement is signed;
- ii. Payment is based on the actual volume of work.

**c. Combined Lump sum and Unit Price**


Procurement of Goods/Services Agreement whose terms are a combination of lump sum and unit price for 1 (one) work agreed upon.

**d. Umbrella Contract or Indefinite Delivery Contract (IDC)**

Unit price agreement for Goods/Services within a certain time limit with the following conditions:

- i. Goods/Services whose volume and/or delivery time cannot be determined at the time the agreement is signed;
- ii. Goods/Services that can be determined in volume and/or time and are more effective & efficient



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if implemented for a period of more than 6 (six) months.


**e. Time-Based Assignment Contract**

Consulting Services Obligation for work that has the following criteria:

- i. The scope of work has not been defined in detail; and/or
- ii. The time required to complete the work cannot be ascertained.

**3. Signing of the Agreement/Contract**

- a. The signing of the Agreement/Contract is carried out immediately after the issuance of Letter of Intent (LOI).
- b. Users of Goods/Services and Vendors are required to check the concept of the Agreement/Contract including the substance, language, editorial, numbers and letters and affix initials to each sheet of the Agreement/Contract document before the PBM signs the Agreement/Contract. If necessary, PBM can assign the Legal Division to examine the concept of

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the Agreement/Contract and affix initials to each sheet of the Agreement/Contract document.

c. In the event that the Vendor is domiciled in Indonesia, the number of copies of the Agreement document is made according to requirements, namely:


i. At least 2 (two) original Contract Agreements, consisting of:

1) The first original Agreement/Contract for the Company shall be stamped on the part signed by the authorized party representing the Vendor; And

2) The second original Contract Agreement for the Vendor shall be stamped on the part signed by the Official authorized to sign the Agreement.

ii. Another copy of the Contract Agreement without affixing a stamp, if necessary.

d. The Company authorized to sign the Agreement/Contract for the Procurement of Goods/Services is as stated in Chapter XI - Official who Has the Authority to Make Decisions.

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e. Other parties who are not Directors or whose names are not mentioned in the Deed of Establishment/Articles of Association may sign a Contract Agreement, as long as they have legal power/delegation of authority from the Directors or a legal party based on the Deed of Establishment/Articles of Association to sign the Agreement/Contract.

f. Provisions related to changes to the Procurement of Goods/Services Agreement and delegation of authority refer to the provisions related to the standardization of agreements for the applicable Procurement of Goods/Services.

#### **4. Implementation of Agreements/Contracts**

a. *Work Order (SPMK)*

i. If necessary, the Company issues Work Order (SPMK) no later than 7 (seven) calendar days from the date of approval of the Letter of Appointment by the Vendor.

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ii. In the Work Order (SPMK), the latest date for work implementation by the Vendor is stated.

b. *Mobilization*

i. The Vendor mobilizes after the start date of work implementation.

ii. Mobilization is carried out in accordance with the scope of work, namely:

- 1) Bring in experts;
- 2) Bring in supporting staff; and/or
- 3) Prepare supporting equipment; Mobilization of equipment and personnel can be carried out in stages according to needs.


c. *Personnel Changes proposed by the Vendor*

i. Vendors can apply for personnel replacement to the Company.


ii. Vendors are not permitted to replace personnel without approval from the Company.

iii. User of Goods/Services examine requests for personnel changes, provided that:

- 1) Approve requests for personnel changes if the reasons submitted are deemed appropriate.

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- 2) Does not reduce the qualifications of the experts offered, and does not increase the value of the contract.
  - 3) For time-based unit cost contracts, direct personnel costs are regulated as follows:
    - a) adjusted to the basic salary of the replaced expert, if the basic salary of the replaced expert is higher; or
    - b) follow the basic salary of the replacing expert, if the basic salary of the replacing expert is lower.
  - 4) Reject requests for changes in personnel if the reasons submitted are deemed not to be in accordance with the Agreement.
- iv. To submit a request for personnel replacement, Vendors are required to attach the curriculum vitae/work experience of the proposed personnel and the reasons for replacing the personnel concerned.
- d. *Replacement of Vendor Personnel at the behest of the Company*

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The Company may request replacement of personnel from Vendors who are deemed incapable or unable to do the job properly or have bad behavior.

e. Changes to the Procurement Obligation (Agreement/Letter to Proceed) are submitted in writing to the DUP before the end of the initial Agreement/Letter to Proceed period, explaining in detail the planned changes. The changes referred to may be changes in the scope of work, product specifications, costs and/or time. The requested changes have received PBM approval if required by the business process provisions.

f. *Changes in Scope of Work*


i. Changes in the scope of work that give rise to consequences in the form of:

- 1) extension of the work implementation period;
- 2) additional costs;
- 3) changes to job specifications or deliverables,
- 4) carry out additional/minus work that has not been stated in the Contract which is necessary to complete the entire work.

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must be approved by the PBM for the Request for Procurement of Goods/Services, as regulated in Chapter XI - Official who Has the Authority to Make Decisions before changes to the Agreement/Contract are signed by the parties;

- ii. Work changes are made based on mutual agreement, followed up with technical and cost negotiations while still referring to the provisions stated in the initial Agreement/Contract.
- iii. In the event that changes to the scope of work result in additional work and adjustments to price increases, the maximum limit for price increases is no more than 15% of the contract value, except for individual consultants.
- iv. The results of these negotiations are stated in the Minutes as a basis for preparing addendums to the Agreement/Contract.
- v. Cost adjustments can be made in accordance with the provisions stated in the Agreement/Contract.
- vi. Unit price increases can only be applied to unit price contracts with a duration of more

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than 18 (eighteen) months, excluding individual consultants.

g. *Changes in Scope of Work for Individual Consultants*

i. In general, the provisions for changes to the scope of work for individual consultants continue to refer to **number 4. F above.**


ii. Changes to the scope of work are carried out within a maximum period of 12 (twelve) months after the end date of the initial procurement obligation.

h. *License, Warranty and After Sales Service*

In an effort to reduce the risk of purchasing Goods/Services that are not original/official, it is prioritized to purchase Goods/Services directly from the license holder or official distributor.

As an effort to ensure and reduce the quality risk of purchasing Goods/Services, consideration is given to warranties and after-sales services in the Procurement of Goods/Services. Provisions regarding guarantees and after-sales services for Goods/Services required by the Company are stated in the Goods/Services Supply Agreement.



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i. *Fines and Compensation*


i. The Company may impose fines on the Vendor for late delivery of Goods/Services, or if the Vendor terminates the Agreement/Contract unilaterally.

ii. The Company has the right/can demand compensation from the Vendor for losses suffered by the Company if the Vendor violates the agreement/contract.


iii. Procedures for payment of fines and/or compensation are regulated in the Agreement/Contract.

j. *Temporary Suspension, Termination and Discontinuation of Agreements/Contracts*

i. Temporary suspension of the Agreement/Contract can be carried out in the event that there are conditions beyond the control of the parties, or specifically for the procurement of Government Cooperation with Business Entities (KPBU) in the event of a request for a postponement of work from a third party (assignor).

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- ii. Regarding the implementation of the provisions as in point i. above must be agreed in writing by the parties. Specifically for PPP procurement, the agreement must be stated in the initial Agreement/Contract.
- iii. Termination of the Agreement/Contract can be done, among other things, because the work has been completed, or a Force Majeure Event occurs, or it is terminated or agreed to be terminated by the Company.
- iv. In the event that the Agreement/Contract is terminated, the Company will only make payments in accordance with the performance of the work that has been completed by the Vendor and received by the Company prior to the termination of the Agreement/Contract in question.
- v. The Company can terminate the Agreement/Contract if:
- 1) The Vendor is negligent/defaults in carrying out his obligations and does not correct his negligence within the stipulated time period;


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2) The Vendor is proven to have committed corruption, fraud and/or forgery in the procurement process decided by the authorized agency;

3) The Vendor is proven to have committed an act of bribery, giving or offering (or agreeing to give or receive), either directly or indirectly, a payment, gift, financial benefit or other advantage in any form in the procurement process, which is decided by the competent authority; and/or

4) Complaints regarding procedural deviations, allegations of corruption, violations of anti-bribery commitments and/or violations of fair business competition in procurement implementation are declared true by the competent authority.

vi. In the event that the Contract is terminated due to the Vendor's fault:


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- 1) The remaining down payment must be returned by the Vendor or the Down Payment Guarantee disbursed (if any);
- 2) The Vendor pays the fine (if the Agreement/Contract stipulates this provision); and/or
- 3) The Vendor is included in the company's Blacklist.

#### **5. Changes in Procurement of Goods/Services Obligations**

Changes in the scope of work that have consequences as stated in sub-chapter 4.f. The above must be followed up by signing changes/addendums to contracts/agreements before changes to the scope are implemented. The amendment/addendum to the contract/agreement is approved by the PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions.

For obligations in the form of Letter to Proceed/PO, changes to the scope of work which have consequences as stated in sub-chapter 4.f., are followed up by the issuance of a new Letter to Proceed/PO which includes all changes.

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Changes to the work implementation period as long as it does not change the scope, output results and/or costs can be carried out by means of a written agreement from the parties as outlined in the Minutes of Changes to the Work Implementation Period which are regulated as an integral part of the initial Agreement/Contract document. and signed by the PBM signing the Agreement/Contract and the party authorized to represent the Vendor.

#### **6. Dispute Resolution**

Dispute resolution is a provision regarding the resolution of disputes or disputes between the parties in the Procurement of Goods/Services agreement. The method taken can be through court or outside court, namely through deliberation, mediation, conciliation or arbitration in Indonesia. Settlement of disputes, first through deliberation, if no agreement is reached, then it is resolved through district court or arbitration.

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### 1. Completion of Procurement of Goods/Services

Every completion of the Procurement of Goods/Services must be accompanied by proof of completion or fulfillment of the Goods/Services by the Vendor as follows:

<b>Type</b>	<b>Proof of Settlement</b>	<b>Signing</b>
Fixed Goods/ Assets and Non-IT Intangible Assets/Inventory Items	a. Transaction value $\leq$ IDR 50 million: Delivery Order or Receipt  b. Transaction value $>$ IDR 50 million: Minutes of Handover (BAST)	a. Transaction value $\leq$ IDR 50 million: - Vendor; and - Asset Management Staff*  b. Transaction value $>$ IDR 50 million: - Vendor; and -Asset Management Team Leader*
Fixed Goods/ Assets	a. Transaction	a. Transaction

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<b>Type</b>	<b>Proof of Settlement</b>	<b>Signing</b>
and IT Intangible Assets/IT Inventory Items	value $\leq$ IDR 50 million: Delivery Order or Receipt b. Transaction value $>$ IDR 50 million: Minutes of Handover (BAST)	value $>$ IDR 50 million: - Vendor; and - Team Leader of Asset Management * b. Transaction value $>$ IDR 50 million: - Vendor; and -Division Head of Asset Management*
Consulting Services/Other Services/Construction	a. Work value $\leq$ IDR 250 million - Minutes of Handover	a. Work value $\leq$ IDR 250 million: - Vendor; - <i>Team Leader</i>

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Type	Proof of Settlement	Signing
	(BAST) of Work or Work Completion Report b. Work value > IDR 250 million - Minutes of Handover (BAST) of Work or Work Completion Report	of User Division; b. Work value > IDR 250 million: - Vendor; and - Head of User Division

\* Asset Management refers to the Company's policies regarding the management of fixed assets, intangible assets and applicable inventory items



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- a. If completion of work and payment is carried out in stages, then proof of completion at that stage is carried out through several BASTs based on the actual stages of work.
- b. Completion of Procurement of Goods/Services using the Direct Purchase method in the form of receipts or proof of purchase.

Process and Flow Diagram for Completion of Goods/Services as explained in Chapter X - Operational Procedures for Procurement of Goods/Services.

## **2. Payment**

- a. Advance payment (if the Agreement/Contract states that there is a down payment) then:
  - i. Advance payment bond can be made after the Vendor submits the Advance Payment Bond.
  - ii. Advance Payment Bond can be in the form of a bank guarantee or surety bond, with the following conditions:
    - 1) Unconditional;
    - 2) Easy to disburse;

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- 3) Must be disbursed by the guarantee issuer no later than 14 (fourteen) working days after the disbursement order from the authorized Party is received.
- iii. Advance Payment Bond must be kept in a room/place with limited access that is locked, such as a vault/treasure/fireproof cupboard and equipped with a fire extinguisher around the storage area, or if not available, you can use the Safe Deposit Box (SDB) service at a Partner Bank or Service. Other Third Party Partners.
- iv. The maximum amount of the Advance Payment Bond is in accordance with the value specified in the Agreement/Contract.
- v. The amount of the Advance Payment Bond is the value of the down payment received by the Vendor.
- vi. Advance Payment Bond is issued by Commercial Banks, guarantee companies, insurance companies, special financial institutions that carry out business in the fields of financing, guarantees and insurance to encourage exports,

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which have a business license and registration of suretyship products with the Financial Services Authority (OJK) and are approved by Company.

vii. Refunds of advances are calculated in installments proportionally to each payment for work performance and must be paid in full at the latest when the work reaches 100% (one hundred percent) performance.

b. *Work Performance Payments*

i. Payment for agreed work achievements is made under the following conditions:

- 1) The Vendor can submit a bill after the progress report or final report on the results of the work has been approved as outlined in the BAST;
- 2) Payment can be made using a monthly system or a term system based on work performance in accordance with the provisions in the Procurement Agreement;

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3) Monthly/term payments must be deducted from down payment installments and fines (if any), as well as applicable taxes;

4) Payment for individual service Vendor contracts can only be made after the work progress report has been approved as outlined in the BAST;

5) For contracts that have sub-contracts, payment requests must be accompanied by proof of payment to all sub-Vendors in accordance with work performance.

ii. If payment uses a term system, the final payment will only be made after the work is 100% completed (one hundred percent) and the work BAST is approved.

c. Payment for requests for Goods/Services if there are operational needs and/or office equipment that fall into the category of unforeseen conditions can be made by reimbursement or bank transfer. In this case, the DUP submits the Advance Payment Accountability (PJUM) for the PUM that has been

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submitted previously, or carries out the reimbursement or bank transfer process by making a Payment Order (SPM), attaching proof of payment or receipt. These provisions and processes refer to the Company's policy regarding the expenditure of applicable funds.


- d. Payment to the Vendor is based on actual work and invoices submitted in writing by the Vendor to DUP in the form of an invoice complete with other supporting documents.
- e. Based on invoices and other supporting documents, the General Function DUP issues SPM and submits payment requests as regulated in the Company's policy regarding applicable Fund Expenditures.
- f. The Finance & Investor Relations Division provides notification to the DUP regarding the realization of payments that have been made where the payment process refers to the applicable Fund Disbursement Procedures.

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### **3. Monitoring and Reporting**

The procurement work unit - DUP is responsible for monitoring and reporting the realization of procurement implementation periodically, completely and comprehensively at least once every 3 (three) months to the Director of Operations & Finance as the Director in charge of DUP. Reports to the Director of Operations & Finance contain at least:

- a. The actual procurement implementation is compared with the procurement plan in accordance with the RKAP and DIRPT.
- b. Procurement of Goods/Services Reports where the work is still in progress and which have been paid/completed.
- c. Other reports deemed necessary.


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**1. Planning for Procurement of Goods/Services**

**a. Procurement of Goods/Services Planning Process**

The Procurement of Goods/Services planning process begins with the preparation of an annual Procurement of Goods/Services plan by each work unit in accordance with the work plan proposed in the RKAP of each division. The Procurement of Goods/Services Plan is outlined in the Division's Annual Procurement of Goods/Services Plan Document.

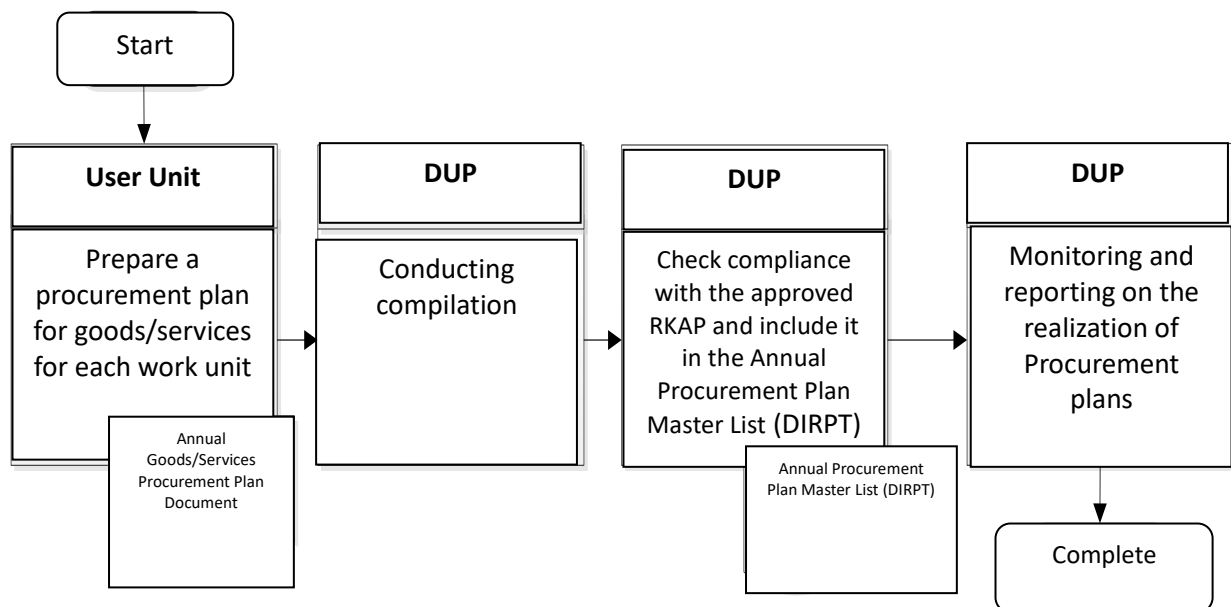
DUP compiles the RKAP for all Divisions which contains the Division's Annual Procurement of Goods/Services Plan Document and checks the conformity of the Corporation's Annual Procurement of Goods/Services Plan with the approved RKAP and then includes it in the Master List of Annual Procurement Plans (DIRPT). Procurement outside the DIRPT can still be carried out as long as the budget is available with the DUP first making adjustments to the DIRPT.

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DUP monitors the realization of the Procurement plan and reports to the Director in charge of the General and Procurement Division at least once every 3 (three) months in the form of a realization report on the procurement plan.

**b. Procurement of Goods/Services Planning Process Flow Diagram**


The Procurement of Goods/Services Planning Process Flow Diagram is as follows:



**2. Request for Procurement of Goods/Services**

**a. Procurement of Goods/Services Request Process**



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i. User of Goods/Services prepare supporting documents for the Procurement of Goods/Services in accordance with procurement requirements in accordance with the RKAP or Divisional Annual Procurement of Goods/Services Plan Document, including:

1) Specifications of Procurement or TOR.


The TOR explains at least the following: aims and objectives; scope of work; procurement/Deliverables fulfillment (including: reports, displays, etc.); work implementation schedule. The document is signed by the Head of User Division;

2) Self Estimated Price (OE Form).

If necessary in preparing OE, User of Goods/Services can consult with divisions that have competence in accordance with the scope of Goods/Services and DUP regarding unit price information based on previous contract data or relevant data sources.


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- 3) PBM approval memo or other approval media in accordance with the provisions required in the applicable Procedures for Procurement of Goods/Services (if any);
- ii. User of Goods/Services send Goods/Services data information as well as the names of budget expenses that will be used to the DUP.
- iii. In the event that the request for Procurement of Goods/Services is proposed to be carried out using the Direct Appointment method, the following process is carried out:
- 1) User of Goods/Services submit proposals for Procurement of Goods/Services using the Direct Appointment method via Memo PL or FPPL, as regulated in Chapter VII.1.b. Direct appointment. Regarding this proposal, the User of Goods/Services submits a request for a review of the PL Memo or FPPL to the DUP.
  - 2) DUP reviews the PL or FPPL Memo for conformity with the Direct Appointment criteria as regulated in Chapter VII.1.b

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Direct Appointment and inspection of the Procurement of similar Goods/Services that have been carried out by the Company.

- 3) Based on the results of the review from the DUP, the User Division can make improvements first and then based on its considerations submit approval to the Memo PL or FPPL to the Official who Has the Authority to Make Decisions.
  - 4) The User Division submits the PL or FPPL Memo that has been approved by the PBM to the DUP.
- iv. DUP provides information regarding the status of the Goods/Services requested, and then the User of Goods/Services inputs the request via application media in the form of creating an OE and RQ.
  - v. DUP carries out an assessment of the conformity of the preparation of the OE with the applicable provisions. If based on the DUP's assessment, the OE is not appropriate, then the

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OE application will be returned first to be corrected by the User of Goods/Services.

vi. If the OE is appropriate, DUP will then input/edit the Master item into the application media.


vii. The master item is the specification data for Goods/Services or types of consulting service activities that are input into the application media. In parallel with the process of requesting Goods/Services via application media, DAA verifies and approves new item master data to ensure the suitability of new items with budget and cost center accounts.

viii. User of Goods/Services submit requests for Procurement of Goods/Services through the application by attaching the required Procurement documents.

1) Procurement requests related to government assignments must include PBM approval. The approval in question may be in the form of an Approval Memo, Minutes of Committee Meeting, or other approval media;


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- 2) Procurement Requests that refer to the Agreement Document or Donor Procurement Guidelines must attach activity approval from the PBM or Procurement Plan that has been approved by the grant/loan Vendor;
- 3) Procurement requests outside the Direct Appointment method with a value above Rp. 1,000,000,000.00 (one billion rupiah) must attach approval in principle from the PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions;
- 4) In the Procurement Request process, the budget is checked through the procurement application interface and the Orafin application. If the budget is not available, the User of Goods/Services can reallocate the budget, revise the budget, budget it for the following year, cancel it. Budget-related processes refer to the applicable Budget Management Guidelines.
- 5) Information regarding approval of requests for Procurement of Goods/Services via the

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application is obtained from the notification email for Approval of Requests for Goods/Services.

- ix. PBM will receive an email notification of Goods/Services Request Approval and approve the Goods/Services Request via application media. PBM as regulated in Chapter XI - Official who Has the Authority to Make Decisions.
- x. Upon approval of the Request for Goods/Services, DUP creates a Request for Goods/Services Form (FPBJ) via application media. In the FPBJ there is a statement that the Request for Procurement of Goods/Services has been approved by the PBM via application media.
- xi. If the PBM does not give approval to the implementation of the procurement process, then the DUP informs the User of Goods/Services to make improvements by the User of Goods/Services or the Procurement of Goods/Services is cancelled.


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xii. If the PBM gives approval to the Request for Goods/Services, then the Procurement Team Leader will appoint a Procurement PIC.

Xiii. The Procurement PIC carries out an analysis of the Specifications of Procurement/Terms of Reference and OE to determine and propose Vendor Selection Methods, prospective Vendors to be invited, appointment of Procurement Executors (by DUP or forming a Procurement Team), in accordance with the criteria set out in the Procedures for Procurement of Goods/Services applicable, through the Procurement Implementation Approval Form (FP3) and sending (submit) to PBM via application media.


xiv. Based on its considerations and analysis, PBM approves FP3 for further implementation of Procurement of Goods/Services.

If the FP3 is not approved, the Procurement PIC makes improvements to the FP3. Before the PBM decides to approve or refuse to carry out the

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procurement process, the PBM can request a review from the relevant Division, if necessary.




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### 3. **Approved Supplier List**

#### a. **Process for Submitting a List of the Approved Supplier List**

i. DUP and/or User of Goods/Services can propose submission of an Approved Supplier List. In the event that the Approved Supplier List that will be submitted is a Notary, the Public Appraisal Services Office (KJPP), and an Insurance Company related to financing, the User of Goods/Services determines the criteria/parameters for prospective Vendors, carries out an assessment of the prospective Vendors according to the criteria/parameters. and create a memo on the proposed list of candidates for the Approved Supplier List with the terms and mechanism for submitting proposals referring to the applicable Financing Guidelines.


Based on the submission of the proposal, DUP informs all prospective Vendors who express interest in becoming prospective Vendors

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(Supplier List) in the Company to register via the Company's application media or other media and complete the requirements / information as regulated in Chapter V - Vendor Management.

- ii. DUP checks the registration that has been carried out by prospective Vendors via the Company's application media or other media along with the requirements / information that has been completed. At this stage, DUP carries out due diligence on prospective Vendors based on the due diligence form that has been completed by the prospective Vendor. The due diligence carried out includes quality, legality, credibility, as well as internal policies related to anti-corruption, anti-bribery and other compliance of prospective Vendors.


If there is still a lack of completeness of the requirements/information, the DUP will confirm to the relevant prospective Vendor that it

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cannot be included in the Potential Supplier List. If the requirements/information are complete, then the prospective Vendor can be included in the Potential Supplier List.


iii. After the prospective Vendor is included in the Potential Supplier List, DUP informs the prospective Vendor to complete the general administrative requirements documents in accordance with the form of business entity as regulated in Chapter V - Vendor Management via the Company's application or other media.

iv. DUP carries out further verification of the suitability and correctness of the general administrative requirements documents submitted. If necessary, the DUP can ask for clarification from prospective Vendors and carry out inspections at their domicile/office or via video conference or telephone to ensure the correctness of the data provided. The

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results of this process are stated in the verification results via application media.


- v. If according to the results of the verification carried out by the DUP, the completeness of the requirements and general administrative requirements documents are appropriate, then the prospective Vendor can be proposed to be included in the Verified Supplier List. DUP sends notification of approval of the proposed Verified Supplier List to PBM, as regulated in Chapter XI - Official who Has the Authority to Make Decisions, through the Company's application system or other media.
- vi. After the prospective Vendor is included in the Verified Supplier List, DUP together with the User of Goods/Services carries out a competency and business ability assessment process as well as fulfilling other special/certain requirements from the Vendor through a pre-qualification (PQ) process to become an

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Approved Supplier List. DUP together with User of Goods/Services determines and conveys other special/certain requirements that are tailored to the competency and business capabilities expected to be possessed by the Vendor as regulated in Chapter V - Vendor Management.

vii. DUP together with User of Goods/Services receives and verifies prequalification documents (PQ). The verification results are stated in the minutes of acceptance and evaluation of prequalification documents (PQ).

Viii DUP together with User of Goods/Services determines prospective Vendors who are proposed to be included in the Approved Supplier List based on the best ranking consisting of at least 3 (three) prospective Vendors and a maximum of 7 (seven) prospective Vendors. This proposed Approved Supplier List is outlined in the Approved Supplier List approval memo and submitted for approval to the PBM, as regulated


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in Chapter XI - Official who Has the Authority to Make Decisions.

After the Approved Supplier List has been approved by the PBM, the DUP together with the User of Goods/Services announces the Qualification results sent to all prospective Vendors who participated in the pre-qualification (PQ) process to become the Approved Supplier List.


In the event that there are less than 3 (three) prospective Vendors who pass the prequalification process (PQ) to become an Approved Supplier List, then the TP can propose:

- 1) TP carries out the prequalification (PQ) process again, provided that prospective Vendors who have passed the previous prequalification stage are still included without a repeat process.

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2) After re-prequalification (PQ) is carried out and the number of prospective Vendors who pass the prequalification (PQ) is still less than 3 (three), then the TP can propose a follow-up procurement process to the PBM for approval of the Approved Supplier List.


ix. To mitigate risks that may arise from Procurement of Goods/Services transactions, DUP and/or User of Goods/Services can propose an Approved Supplier List obligation with a cooperation contract mechanism or cooperation agreement (PKS) between the prospective Vendor and the Company. In the event that the Approved Supplier List that will be submitted is a Notary, the Public Appraisal Services Office (KJPP), and an Insurance Company related to financing, it is mandatory to carry out an Approved Supplier List with the mechanism of a cooperation contract or cooperation agreement

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(PKS) with initiation from the User of Goods/Services.

- x. DUP in making an Approved Supplier List obligation in the form of an agreement/contract or cooperation agreement (PKS), coordinates with DH to carry out drafting and/or review of the draft, and preparation for signing the agreement/contract or cooperation agreement (PKS). DH in drafting and/or reviewing the obligation draft refers to the provisions governing the use of applicable Company Procurement of Goods/Services agreement standards.
- xi. DUP coordinates with DH in the implementation of signing Procurement of Goods/Services Agreements with prospective Vendors. The PBM provisions for signing an Agreement for the Procurement of Goods/Services refer to Chapter XI - Official who Has the Authority to Make Decisions.



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xii. DUP delivers a copy of the Procurement of Goods/Services Agreement to the Vendor using a receipt. The copy can be submitted directly by the Notary to the Vendor (if done notarially). The output of this process is a receipt for the Procurement of Goods/Services agreement which has been signed by both parties.

xiii. DUP is obliged to administer the storage of all documents related to the Approved Supplier List in a file/storage cupboard that is safe and easy to access.

**b. Flowchart for the Approved Supplier List**

The Approved Supplier List flow diagram is as follows:

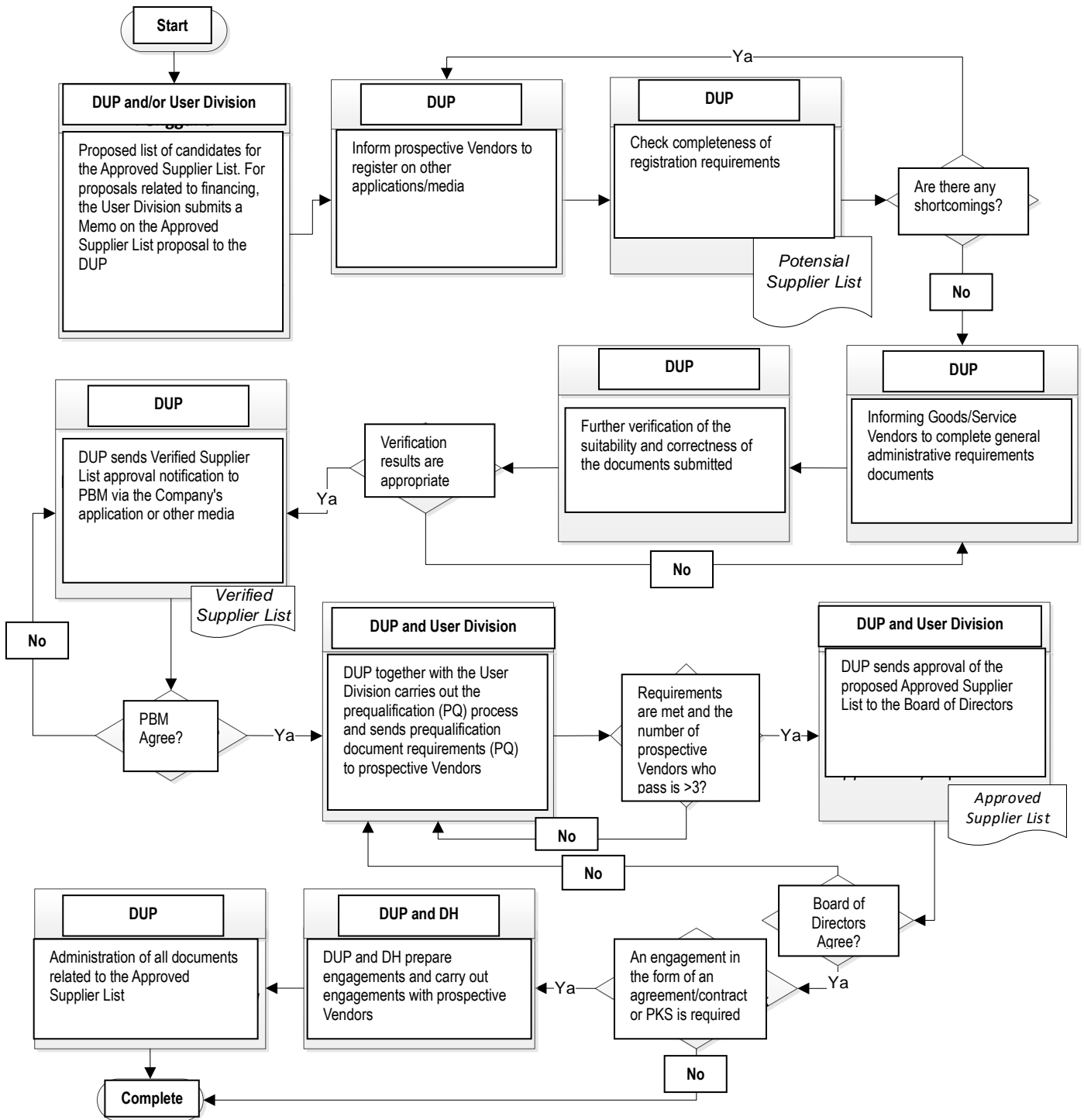



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## **9. Evaluate the Approved Supplier List**


### **a. Evaluation Process for Approved Supplier List**

i. DUP regularly evaluates the Approved Supplier List at least once a year by considering the aspects as regulated in Chapter V - Vendor Management.

The evaluation results are stated in the Approved Supplier List evaluation form/document.

ii. Based on the results of the evaluation of the Approved Supplier List, the DUP proposes to extend and/or exclude Vendors from the Approved Supplier List to PBM, as regulated in Chapter XI - Official who Has the Authority to Make Decisions.

iii. For Approved Supplier List with poor performance evaluation results and/or doing things that meet the Company's Blacklist criteria as regulated in Chapter V.5 of the Blacklist, these Vendors can be proposed to be included in Company blacklist. PBM provisions regarding the determination of Vendors on the

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Blacklist refer to Chapter XI - Official who Has the Authority to Make Decisions.

- iv. If the PBM approves the proposal, the DUP will inform the Vendors and Users of Goods/Services/Divisions concerned that the Vendor has been extended/removed from the Approved Supplier List.

**b. Evaluation Flow Diagram of the Approved Supplier List**

Evaluation Flow Diagram of the Approved Supplier List is as follows:



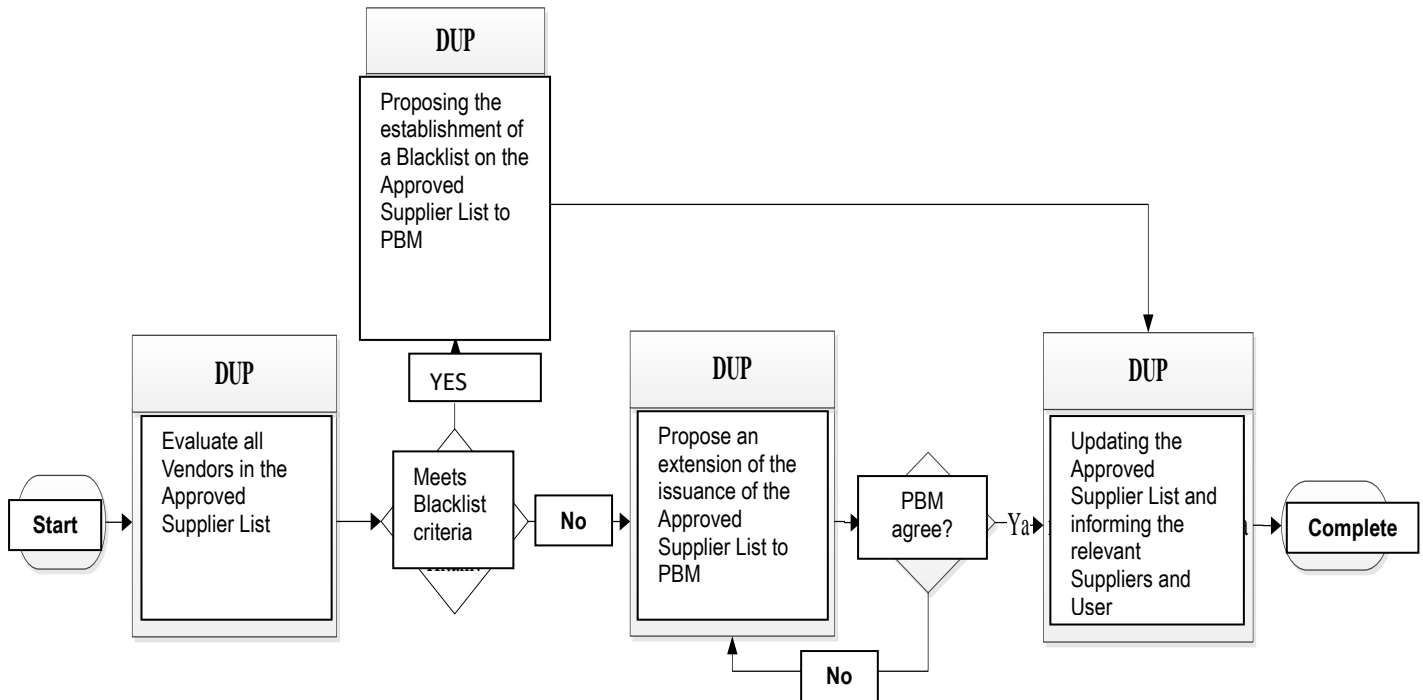
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This procedure is effective from the date of stipulation of the Board of Directors Regulations. Matters that have not been regulated in this Procedure will be explained further in the implementation technical instructions and other provisions governing the Procurement of Goods/Services.

When this Procedure comes into effect, the Procedure for Procurement of Goods/Services - Amendment 1 Number PD-012/SMI/0921, as well as provisions that conflict with the provisions in this Procedure, are revoked and declared no longer valid.

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1. Appendix 1 - Specimen of Vendor Due Diligence Form

Vendor Name : .....

Address : .....


Type/Field of Business : .....

No.	Aspect of Assessment	Comply		Notes
		Yes	No	
1.	Does the prospective Vendor partner have a relevant and still valid legal business license?*			*Fill in the document number and validity period
2.	Do prospective Vendor partners have qualifications, experience and resources relevant to the business field?			
3.	Is the prospective Vendor partner a State/Regional Owned Enterprise?			
4.	Is the Business Entity a Foreign Business Entity?			
5.	Is the prospective vendor partner registered with an			


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No.	Aspect of Assessment	Comply		Notes
		Yes	No	
	organization/association according to the business field?			
6.	Has the Company completed its latest tax obligations (proven by the Annual SPT report)?			
7.	Does the prospective vendor partner have a Financial Report that has been audited by an independent Public Accounting Firm?			
8.	Does the prospective vendor partner have a history of being Blacklisted by other companies or institutions?  If yes, please briefly explain the reasons			
9.	Whether the prospective vendor partner has a reputation for bribery, fraud, dishonesty or			




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No.	Aspect of Assessment	Comply		Notes
		Yes	No	
	similar misconduct, or has ever been investigated, accused, sanctioned, or banned for bribery or similar criminal conduct;			
10.	Does the owner/management of the company have a reputation for committing bribery, fraud, dishonesty or similar bad acts;			
11.	Does the owner/management of the company (BOC/BOD/Person in Charge) have direct or indirect relationships with PT SMI customers or clients or with relevant public officials, which could lead to bribery (this includes people who are not public officials but are directly or indirectly close to with public officials, or candidates for public office,			

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No.	Aspect of Assessment	Comply		Notes
		Yes	No	
	etc.);			
12.	Have ever been investigated, accused, sanctioned, or banned for bribery or similar criminal acts;			
13.	Whether the prospective vendor partner has implemented/certified ISO 9001-Quality Management or other			
14.	Does the prospective vendor partner currently have internal policies and programs in place to ensure business conduct is ethical and free from bribery and corruption, including a code of ethics, code of conduct, implementation of anti-bribery and anti-corruption regulations or other compliance policies			

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No.	Aspect of Assessment	Comply		Notes
		Yes	No	
	*If not, please explain the actions that will be taken to ensure there are no ethical deviations according to the applicable code of ethics*			
15.	Does the prospective vendor partner have media for reporting public or employee complaints?			

Jakarta, date, month, year

The Person who makes the statement,

(Name)

(Position)

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2. **Appendix 2 – Specimen of Vendor Performance Evaluation Form**

Vendor Name : .....

Vendor Address : .....

Type/Field of Business : .....


Work Unit/User Division : .....

Work Package : .....


Job Value : .....

Letter to Proceed/PO/PPJ number : .....Date:.....


Implementation Period : .....calendar days) Starting Date : ..... until.....

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No.	Performance Aspects	Indicator	Weight (%)	Evaluation					
				Very less	Less	Fair	Good	Very Good	Final Score
				<50	51 - 60	61 - 70	71 - 90	>90	Nilai x bobot
1.	Administrative Aspects (5%)	1. Compliance in fulfilling the company's legal requirements	2.5						
		2. Compliance in completing financial administration (invoices according to terms, tax requirements)	2.5						
2.	Aspek Teknis (70%)	1. Conformity of work results compared to TOR/Technical Specifications	10						

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No.	Performance Aspects	Indicator	Weight (%)	Evaluation					
				Very less	Less	Fair	Good	Very Good	Final Score
				<50	51 - 60	61 - 70	71 - 90	>90	Nilai x bobot
		2. Quality of work/goods (deliverable)	25						
		3. Flexibility to adjust/improve work results according to recommendations from users	10						
		4. Quality of Personnel/Experts in carrying out work Kualitas Personil/Tenaga Ahli dalam melaksanakan pekerjaan	15						
		5. Compliance in fulfilling the	10						


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No.	Performance Aspects	Indicator	Weight (%)	Evaluation						
				Very less	Less	Fair	Good	Very Good	Final Score	
				<50	51 - 60	61 - 70	71 - 90	>90	Nilai x bobot	
		time period for carrying out work/delivering goods								
3.	Management Aspect (15%)	1. <i>Quality Control Management over the quality of work</i>	4							
		2. <i>Quality of management in organizing the work implementation team</i>	4							
		3. <i>Ease of communication with top company management (Director/Project Director)</i>	3							


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No.	Performance Aspects	Indicator	Weight (%)	Evaluation						
				Very less	Less	Fair	Good	Very Good	Final Score	
				<50	51 - 60	61 - 70	71 - 90	>90	Nilai x bobot	
		4. Respond to complaints from users	4							
4.	Compliance Aspects (10%)	1. Compliance with the professional code of ethics	3							
		2. Compliance with laws and regulations related to the business sector/field	3							
		3. Compliance with conducting business ethically and free from bribery and corruption,	4							



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No.	Performance Aspects	Indicator	Weight (%)	Evaluation					
				Very less	Less	Fair	Good	Very Good	Final Score
				<50	51 - 60	61 - 70	71 - 90	>90	Nilai x bobot
		including code of ethics, code of conduct, implementation of anti-bribery and anti-corruption regulations or other compliance policies							
		Total	100	Evaluation Value					

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\*Performance Category: >90 (Very Satisfactory); 70 - <90 (Satisfactory); 60 - <70 (Fairly Satisfactory); <60 (Unsatisfactory)


Jakarta, date, month, year

Valuer

Acknowledged

User Division

Head of User Division

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