

PROCUREMENT OF GOODS AND/OR SERVICES POLICY

The PT Bakrieland Development Tbk Products and / or Services Procurement Policy regulates the following matters:

1. INTRODUCTION

1.1 Objective

The objective of the products and/or services procurement policy is to be used as guidance for the Company's employees in carrying out and managing products and/or services procurement activities in the Company so that the products and/or services procurement can be effectively and efficiently carried out according to the applicable law and regulations, referring to the good corporate governance principles and complying with the principles of controlling implemented according to the applicable regulations and provisions

1.2 Basis for Preparation

The Procurement Policy for Products and/or Services is prepared with reference to the provisions in:

1. Law No. 40 of 2007 on Limited Liability Company.
2. Articles of Association of PT Bakrieland Development Tbk.
3. The Company's Code of Conduct.
4. Legislation and other Internal Policies.

1.3 Scope

The scope of this policy is the entire products and/or services procurement process carried out within PT Bakrieland Development Tbk (Holding).

2 BASIC PRINCIPLES

2.1 Definition

The terms beginning with capital letters and used in this Policy, unless otherwise expressly defined, have the following definition:

1. **Budget**
is the Company's plan expressed in quantitative form containing plans of acquisition and the use of financial resources and/ or other Company's resources for one year illustrating goals and the management's target specifically.
2. **List of Selected Partners**
is a list of Partners in every division that the Company has based on the selection process of new partners as reference in the selection of Partner.
3. **Financial Authorization Approval (FAA)**
Is the limitation of authority in approving a transaction containing financial elements.
4. **Contract/Agreement**
is an agreement document between the Company and Partner in products and/or services procurement containing the obligations and rights of each party.
5. **Procurement**
is an activity to procure or provide a products and/or services based on the Procurement method other than purchasing through Petty Cash.
6. **Normal Procurement**
is a condition of products and/or services procurement of which the needs are 1 (one) time or recurring within a period of 1 (one) year of budget period.
7. **Direct Appointment**
is a way to obtain the products and/or services through the process of direct appointment of Partners in the Selected Partners List.
8. **Direct Procurement**
is the condition of products and/or services procurement in an incidental circumstance, which must be procured in urgent period (must be procured no later than 1x24 hours) and required to early cope with the unexpected circumstances beyond human control.
9. **Company**
is PT Bakrieland Development Tbk, a Limited Liability Company established under the laws of Republic of Indonesia, located at Wisma Bakrie I, 6th and 7th floors, Jl. HR. Rasuna Said Kab. B-1 Kuningan-Jakarta.

10. **Petty Cash**

is the amount of money that is always available in the Company's cash used to make urgent payment for the Company's daily operational transactions.

11. **Purchase Order**

is an order document or a written official order issued by the Company to the Partners for procuring products and/or services at a certain price based on the agreement.

12. **Partners**

are the products and/or services providers.

13. **Tender**

is a way to acquire products and/or services through a selection process involving several prospective Partners and Tender Committee.

14. **Users**

are the related divisions or sections that requires the products and/or services procurement process.

2.2 General Principles of Procurement

(1) Products and/or services procurement in the Company shall meet the following principles:

- a. **The Accurate Quantity**
- b. **The Accurate Quality**
- c. **The Accurate Price**
- d. **The Accurate Procedure**
- e. **On time**

(2) Products and/or services procurement in the Company is based on the planning according to the Company's operational requirements.

(3) Products and/or services procurement prioritize domestic production.

(4) Products and/or services procurement must be well documented for the purposes of internal and external purposes.

(5) This policy applies for all products and/or services procurement activities in the form of purchases or leases other than purchases through Petty Cash.

(6) For certain product categories included in the management of inventory, each request process will first be checked for the inventory status and sought for fulfillment from the inventory.

(7) The products and/or services procurement in the Company is managed by each function/division, except for the procurement of personal working equipment, including but not limited to: computers/PCs, laptop, tables, chairs, cabinets, the procurement

must be carried out by Human Capital / General Affairs, while the procurement of software required by related divisions can be coordinated with IT Division.

2.3 Products and/or Services Category

- a. *Strategic*
- b. *Non-Strategic*

2.4 Type of Procurement

- a. *Budgeted*
- b. *Un-Budgeted/Over-Budgeted*

2.5 Procurement Method and Determining the Use of Procurement Method

2.5.1 Procurement Method

➤ **Normal Procurement**

The method that can be used in the Normal Procurement process is as follows:

- Tender
- Direct Appointment

➤ **Incidental Procurement**

2.5.2 Determining the Use of Procurement Method

- a. The selection of Partners for **Normal Procurement** should be done by following the Procurement method
- b. Nominal value for **Incidental Procurement** should be adjusted to the needs of the Direct Procurement method.
- c. The approval of products and/or services procurement expenses shall always comply with the provisions in Financial Authorization Approval memo (except for the incidental procurement).

2.6 Decision-Making

- a. Every decision-making activity is only valid if it is carried out by the authorized officials and performed within the limit that the authorities have in accordance to the applicable FAA provisions.
- b. If the authorized officials are not available within a certain period, then the decision-making process in procurement activities can be carried out by other Officials of the same level.

- c. The signing of Contracts/Agreements must comply with the provisions that have been stipulated according to the authority's limits for signing agreements with the third parties within the FAA regulations.
- d. Direct appointment outside the provisions in point 2.5.2 may be carried out by related divisions by submitting special approval to the President Director & CEO and 1 (one) Director. In this direct appointment, the prospective partners should have already been included in the List of Selected Partners.
- e. In the incidental procurement of point 2.5.1 (b), the authorized authority to provide procurement approval is one of the member of the Board of Directors.

3 PROSEDUR TENDER AND DIRECT APPOINTMENT

3.1 Tender

3.1.1 Related Parties in the Selection of Partners

The related parties in the selection of partners are as follows:

- 1. Related users/divisions applying for products and/or services procurement.
- 2. Tender Committee Members:
 - a. Risk Management & Compliance Division Head
 - b. Financial Control Division Head
 - c. Human Capital Division Head/Chief Human Capital Officer
 - d. Corporate Legal Division Head

If one member of the Tender Committee above is the one submitting the procurement of products and/or services, then the Tender Committee Members are not allowed to be involved in the decision on the appointment of prospective partner.

- 3. Prospective Partners / Tender Participants

3.1.2 The Tender Implementation Mechanism

- 1. The User prepares a Request For Proposal (RFP) containing: Subject, Purpose, General Requirement, Deliverables, Timeline or the need for procurement of products and/or services.
- 2. The User open the bidding for the products and/or services procurement offer to the prospective partners / tender participants and send the RFP to the prospective partners / tender participants.
- 3. There should be at least 3 (three) prospective partners / tender participants submitted to the Tender Committee. If due to the unavailability of prospective partners / tender participants, there are only 2 (two) prospective partners / tender participants are present / available, then the tender process can be continued.
- 4. The User fill in the data columns in the tender selection form.

5. The User ask the prospective partners / tender participants to fill in the List of Selection Partners form.
6. Prospective partners / tender participants to be submitted to the Tender Committee must complete and sign the Integrity Pact and acknowledged by the Tender Committee.
7. Of all the offers / proposals received, the User asks the prospective partners / tender participants to complete tender documents
8. Based on the offering documents and proposals from the prospective partners and tender participants, the User will compile the comparison of the prospective partners and the tender participants submitting the offer and then the User will contact the Tender Committee to conduct the Partner Selection process.
9. If the Tender Committee requesting for beauty contest / presentations to the Tender Committee, the presentations can be done by either the related / relevant User and/or the prospective partners / tender participants at the request of the Tender Committee. Prospective partners / tender participants winner will be selected based on the discussion of the Tender Committee members and the highest score of the prospective partners / tender participants following the tender process.
10. The selection process is documented in the Minutes of Partner Selection documents and the names of Partners are included in the List of Selected Partners of relevant divisions in the format.
11. The User shall issue the PO or Contract/Agreement The partners selected in tender process can be included directly in the List of Selected Partners of relevant divisions.

Note: The Mechanism of Tender Performance stipulated in this policy are general mechanisms, except for the Appointment of Public Accounting Firm for the Assignment of Annual Audit

3.1.3 Re-Tendering and Cancellation of Tender

- a. Re-tendering can only be implemented if the number of prospective partners to participate in the tender process is less than 2 (two) prospective partners.
- b. The tender can be cancelled if the Tender Process had failed 2 (two) times. In this case, the report on Tender results can be used as justification of Direct Appointment.
- c. In case of tender's cancellation, the Direct Appointment process can be carried out by requesting approval from the President Director & CEO and 1 (one) Director.

3.2 Direct Appointment

3.2.1 Related Parties in the Partners Selection

The parties related in the Direct Appointment process are as follows:

- a. Users/related divisions

- b. Prospective Partners

3.2.2 Mechanism of Direct Appointment

- a. The User will select the Partner who is in the List of Selected Partners (DRT).
- b. Selection of prospective partners in the List of Selected Partners can be carried out if the prospective partners have passed the partner evaluation process.
- c. If there are no prospective partners in the List of Selected Partners, the User will select new partners by preparing a Request For Proposal (RFP) containing: Subject, Purpose, General Requirement, Deliverables, Timeline or the needs for procurement of products and/or services.
- d. The User then deliver the RFP to prospective partners or partners in DRT.
- e. The User will ask the Prospective Partners to fill in the Partners Data Entry Form in point 5.4 format.
- f. The User completed the Prospective Partner Selection Form and request for an approval to 1 (one) Chief Officer.
- g. Price negotiation process in Direct Appointment process should be carried out with the intention of obtaining the best and reasonable price, that it should close to the estimated budget of the User which has been determined.
- h. The names of selected Partners are included in the List of Selected Partners of related divisions.
- i. The Users will issue PO or Contract/Agreement.

4 RESPONSIBILITIES AND EVALUATION

4.1 Responsibilities and Evaluation of Partners

The related / relevant User is responsible after the tender process is done. The User must evaluate the selected partners contained in the List of Selected Partners.

- a. If there are requirements that fail to be fulfilled by the partner, especially in terms of quality and delivery, the User must contact / send a notification letter to the partners /service providers. Depending on the magnitude of the problem, corrective action can be requested from the partners.
- b. The partners /product and/or service providers can be disqualified if possible, if they are still unable to show improvement, and the User will give a note on the

Website Material

List of Selected Partners is provided regarding the work quality/results of the said partners/service providers.

Partners/product and/or service providers who can not show any improvement will be removed from the List of Selected Partners (they will not be re-appointed).

For contract of more than 1 (one) year, evaluation of partners is conducted a minimum of once a year, while a contract under 1 (one) year, the evaluation of partners is conducted a maximum of 1 (one) month after the works are complete.