



**SELECTION AND CAPACITY DEVELOPMENT POLICY
FOR SUPPLIERS OR VENDORS**

PT CITA MINERAL INVESTINDO Tbk

SELECTION AND CAPACITY DEVELOPMENT POLICY FOR SUPPLIERS OR VENDORS

Policy for the Selection and Capacity Development of Vendor/Supplier

PT Cita Mineral Investindo Tbk (“Company”) maintains certain requirements and criteria in appointing vendor/suppliers to be an associate and strategic partner of the Company in operating its business activities. The Company’s policy on vendor/supplier selection is made to ensure that the selection and evaluation process of goods/services procurement in the Company is performed in a manner that is effective, efficient, competitive, fair and reasonable, transparent and accountable.

The vendor/supplier involved in the goods/services procurement process of the Company must fulfill the following requirements and criteria:

1. Preferably having a legal entity.
2. Fulfills the legal aspects required for their area of business.
3. Possess the skill, experience and technical and management ability required for their area of business.
4. Possess the necessary resources required to procure the goods/service for the Company.
5. Able to provide good service/goods at a competitive price along with possessing high integrity.
6. The quality of goods/services produced meets the requirements of the Company.
7. Punctual in delivering goods/services products.
8. A track record of the vendor/supplier.
9. Is not involved or is undergoing criminal sanctions
10. Willing to sign the Integrity Pact issued by the Company for supplier/vendor.
11. Other requirements are determined according to the type of Goods/Services being procured.

Vendor/Supplier Selection Mechanism or Procedure

The Company maintains the policy that every procurement of goods and services to fulfill the needs of the Company must undergo a selection process. This selection process may be performed through an open or closed tender and/or through direct selection with the

provisionary that the subject has had a good past experience in working with the Company. In order to fulfill the policy, the Company performs the following steps:

1. Perform assessment of the Company profile and performance of the potential vendor/supplier.
2. Determine a list of potential suppliers and invite them to participate in the procurement of goods/services.
3. Perform evaluation of the documents submitted by the potential vendor/supplier.
4. Ensure that the potential vendor/supplier possess or can supply the goods/services according to the required specification.
5. Perform comparison of price, quality, and experience between potential vendor/suppliers.
6. Negotiate and appoint the chosen vendor/supplier.
7. Especially for tender work related to job services, a special committee was formed to negotiate prices with vendors consisting of Head of Purchasing, Finance Controller, and Head of Project Controller.

In performing the vendor/supplier selection, the Company is assisted by the Purchasing Department which is in charge of monitoring the procurement process in the Company and Project Controller who is in charge of oversee the service work process.

Developing the capacity of Vendor/Supplier

In an effort to promote the capacity development of vendor/supplier, the Purchasing Department performs periodic evaluation to make sure that the goods/services procurement runs effectively and efficiently and have fulfilled the established requirement which includes quality of work and service provided. This is to ensure quality, transparency, and also continuous improvement in the relationship between suppliers and the Company.

Rights and Obligations of Vendor/Supplier

Vendor/Suppliers are obligated to provide products/ and/or services according to the criteria agreed with the Company. Vendor/Suppliers are entitled to receive payment for goods or services provided in accordance with the agreement.

The Relationship Between CITA Employees and Vendor/Suppliers

In maintaining relations with Suppliers, CITA employees implement the principles of equality and partnership through the following acts:

1. Upholding independence and objectivity in performing transaction with suppliers.
2. Building a mutually beneficial partnership independently, free of any elements of coercion and collusion.
3. Maintain and prioritize the interest of the Company.
4. Build honest and effective communication in order to continuously increase performance.
5. Is forbidden from accepting gifts/kickbacks from potential suppliers that may affect the supplier selection and cause potential loss to the company.
6. If there are suppliers who have established a business relationship with the company who sends a gift within the means of reason (such as in the form of flower arrangement for corporate events, food parcels, plaque gimmicks, trophies, and such) with the purpose of maintaining good relations and without any conflict of interest then it should be addressed to the Company's address. CITA employees are forbidden from accepting gifts from suppliers to their personal residence, with the exception of flower arrangements to express condolences/congratulation
7. Gifts given by both potential suppliers or suppliers with prior relationship with the Company must be reported to the local Superior and Highest Superior. The Highest Superior shall decide whether to use the gift for common interest (not for individually) or to place it within the Company.
8. Provide accurate information to the supplier with transparency and clarity in order to avoid ambiguity while still observing information safety aspect.
9. Build and develop a working culture of trust through efforts to evaluate performance for continuous improvement, assessing business partners objectively and ready to apply sanction if the supplier does not meet the requirements of the working contract.
10. Ensure the credibility and reputation of potential supplier before entering a business agreement.

Violations & Sanctions

Forms of violations by vendor/suppliers, includes:

1. Supplying goods or performing services that do not meet specifications.
2. Outsource the main job to other parties without knowledge of the Company.

3. Unable to supply goods/services according to the terms of agreed contract and causing fatal consequences to the operations of the Company.
4. Did not finish the work within the established time.
5. Falsify/alter documents or manipulate data.
6. Supplying fake goods as proven by statements from authoritative agencies / factories / agents.
7. Conduct Corruption, Collusion, Nepotism or conspired to control price between participants or with an employee of the Company.
8. Proven attempt of provide gratification to employees of the Company with regards to procurement process.
9. Be involved in criminal activities as declared by the authorities.
10. Misuse of document for purposes unrelated to procurement process and/or unrelated to the work process, without authorization from the Company.
11. Violation of the Integrity Pact established by the Company for vendor/suppliers.

The Company will implement harsh sanctions on vendor/suppliers conducting the aforementioned violations which includes the right for the Company to issue a statement banning participation in procurement activities within the environment of PT Cita Mineral Investindo Tbk and its entities.

Others

The Company may improve, not limited to adding or subtracting from these provision, with or without prior notification. Vendor/suppliers or partners of the Company is considered to have understood and willing to be bound to the amended provisions.

Should there be any discrepancies with the company procedures vendor/suppliers may withdraw from their participation as a partner of the Company. Potential partners are willing to accept and conform to all of the regulations and provisions applicable in the Company.

This Supplier/Vendor Selection Policy must be obeyed by all employees of the Company, vendor/suppliers, potential suppliers and will be periodically reviews by the Company.

APPROVAL SHEET

Approved on behalf of the Boards of Directors and Commissioners of
PT Cita Mineral Investindo Tbk
in Jakarta, 2 August 2020

Board of Commissioners




Lim Gunawan Hariyanto
President Commissioner



James Gregory Baxter
Commissioner



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Independent Commissioner



Darjoto Setyawan
Independent Commissioner

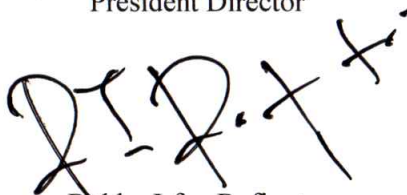
Board of Directors



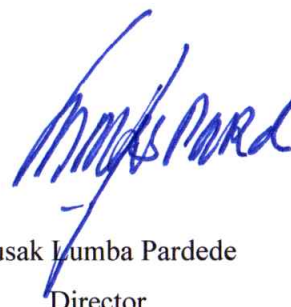
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