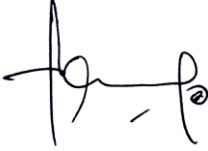





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	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

After the discussion, we create these SOP with the following information:

Document Number : KG/FPR/SOP-EN/003/00  
Title : Due Diligence  
Document Owner : Finance – Procurement  
Effective Date : 18-02-2022

**DOCUMENT APPROVAL**

Created by	Created and Reviewed by	Reviewed by	Approved by
			
<b>OLLYS MEMORI H S</b>	<b>JIMMY KOSASIH</b>	<b>AA. AYU DEWI QARA</b>	<b>ANUJ KUMAR MAHESHWARI</b>
Procurement Manager	Business Process Excellence Manager	Financial Control Senior Manager	Group CFO, Finance and Accounting

**NOTES**

1. When the latest revision has been approved, the previous document is declared invalid (Obsolute).
2. Submission for revision requested by each Sub Department Manager, must be reviewed by Head of Department and Business Process Excellence Manager, and approved by the Director in Charge.
3. The approved SOP must be socialized to the relevant Kanmo Group employees.
4. Procurement Manager only wants to sign this SOP if the Business Process Excellence Manager also signs it. Procurement Manager has the responsibility to ensure that this SOP is properly implemented by each level listed here.

 <b>KANMO GROUP</b> www.kanmogroup.com	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

Contents

**1. PURPOSE ..... 3**

**2. SCOPE..... 3**

**3. DEFINITION..... 3**

**4. REFERENCE ..... 4**

**5. RESPONSIBILITY ..... 5**

**6. POLICY..... 6**

**7. PROCEDURE..... 7**

**8. ATTACHMENT ..... 8**

**9. DOCUMENT HISTORY ..... 8**

 <b>KANMO GROUP</b> <a href="http://www.kanmogroup.com">www.kanmogroup.com</a>	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

## 1. PURPOSE

The purposes of this SOP are to:

- 1.1. Provide guidance in conducting due diligence process.
- 1.2. Ensure that new vendors working with Kanmo Group have met several requirements set by the Company.

## 2. SCOPE

All activities in the implementing this SOP apply in all Kanmo Group departments, in terms of submitting new vendors, to be checked for the completeness of required legal documentation, and conducting observations/ checks to ensure the new vendor is deemed good.

## 3. DEFINITION

- 3.1. **Company Establishment Deed** is a legal document that has been legalized by a Notary in accordance with the domicile of the Company.
- 3.2. **Import Identification Number (API)** is an identification card as an importer that must be owned by every Company conducting import trade.
- 3.3. **Return Documents** are documents that a vendor must request from a customer regarding the shipment of sold and shipped products to the customer. The return documents consist of Goods Receipt, Invoice, Delivery Order, Shipment Letter. All return documents must be signed and stamped by the customer.
- 3.4. **Due Diligence** is a series of activities carried out by both Kanmo Group and third parties appointed by Kanmo Group to vendors to obtain information or material facts that can describe conditions and performances that will cooperate with Kanmo Group. Due diligence activities will be carried out according to the SOP of Due Diligence.
- 3.5. **Taxpayer Identification Number (NPWP)** is a tax administration facility that functions as personal identification or identity of a Taxpayer and maintains compliance in tax payments in the supervision of tax administration.
- 3.6. **Trading Business Permit (SIUP)** is a license granted by the Minister or an appointed official to entrepreneurs to carry out business activities in the trade and services sector.
- 3.7. **Company Domicile Certificate** is a certificate issued by the Regional Government where the location of the business is located.
- 3.8. **Taxable Entrepreneur Confirmation Letter (SPPKP)** is a letter confirming that the entrepreneur or company is a PKP.

 <b>KANMO GROUP</b> www.kanmogroup.com	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

- 3.9. **Transaction Ethics Statement** is a letter stating that the vendor will support and guarantee a clean, transparent and professional transaction process with disclosure of Good Corporate Governance (GCG) aspects.
- 3.10. **Payment Account Number Statement** is a letter stating that the bank account used for payment is a bank designated by the Company.
- 3.11. **Company Registration Certificate (TDP)** is an official document of endorsement that a business/ Company has carried out obligations in the registration of business/ Company based on the provisions of the Law or regulations of its implementation, and contains things that must be registered by each Company and authorized by the competent authority.
- 3.12. **Vendor** is a company/ third party whose job is to provide/ sell materials.

#### 4. REFERENCE

- 4.1. Manual of Information Security Management System.
- 4.2. ISO/IEC 27001:2013: Information Security Management System.

Clause	Clause Statement
<b>A.15.1.1</b>	<b>Information security policy for supplier relationships.</b> Information security requirements for mitigating the risks associated with supplier's access to the organization's assets shall be agreed with the supplier and documented.
<b>A.15.1.2</b>	<b>Addressing security within supplier agreements.</b> All relevant information security requirements shall be established and agreed with each supplier that may access, process, store, communicate, or provide IT infrastructure components for, the organization's information.
<b>A.15.1.3</b>	<b>Information and communication technology supply chain.</b> Agreements with suppliers shall include requirements to address the information security risks associated with information and communications technology services and product supply chain.

 <b>KANMO GROUP</b> www.kanmogroup.com	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

## 5. RESPONSIBILITY

5.1. **Procurement Team** is responsible for:

- a) Making Due Diligence Schedule;
- b) Engaging as a Due Diligence Team;
- c) Requesting approval from Procurement Manager.

5.2. **Procurement Manager** is responsible for:

- a) Checking and approving Due Diligence Schedule;
- b) Ensuring whether the new vendor is eligible to cooperate with Kanmo Group, through reviewing the visit report and/ or photo documentation.

5.3. **Finance Control Senior Manager** is responsible for ensuring the SOP of Due Diligence can be implemented properly.

5.4. **Due Diligence Team** is responsible for:

- a) Carrying out vendor due diligence process;
- b) Asking vendors if there is any input on Kanmo Group and re-socializing Kanmo Group policy regarding transactions between Kanmo Group and vendors (including explaining the terms of payment that apply to Kanmo Group, which is 30 days after the invoice is received by the Finance Team, verified by User regarding the validity of invoices and completeness of PO release documents, receipts and other supporting bills; as well as ensuring that vendors are required to complete return documents related to the process of sending goods to customers);
- c) Providing direction regarding input from vendors;
- d) Checking legal documents;
- e) Making a report on the results of the visit in the Vendor Due Diligence Form regarding whether or not the vendor is eligible to cooperate with Kanmo Group.

 <b>KANMO GROUP</b> <a href="http://www.kanmogroup.com">www.kanmogroup.com</a>	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

## 6. POLICY

The related policies are used as a reference for SOP of Due Diligence, including but not limited to:

- 6.1. Vendors that are included in the Vendor Due Diligence Kanmo Group are vendors who are included in the category of low-middle vendors and if the transaction is IDR 50 million per purchase. Especially for IT and e-commerce vendors, due diligence must be carried out without limiting purchase transactions.
- 6.2. Due Diligence Schedule must be created by the Procurement Team, which must appoint a Team that will be involved in the activities, which can request assistance from Risk Management Team in participating in vendor due diligence activities. Due Diligence Schedule can also be created based on the urgency of finding a new vendor.
- 6.3. The authorised officer to approve the Due Diligence Schedule is Procurement Manager.
- 6.4. Due Diligence Team can visit the vendor location(s) to assess whether the vendor has met the requirements as a Kanmo Group vendor, or conduct the virtual meeting through a programming platform that is connected to the internet. Except for one-time vendor and/ or transaction value below IDR 10 million, the process can be done through virtual meetings.
- 6.5. Due Diligence Team is required to examine legal documents, by comparing the original documents owned by the vendor and the copy of the legal documents received by Kanmo Group from the vendor. Legal documents that must be checked include:
  - a) Copy of Company Domicile Certificate for legal entity;
  - b) Copy of Trading Business Permit (SIUP) for legal entity;
  - c) Copy of Company Registration Certificate (TDP) for legal entity;
  - d) Copy of Company Establishment Deed for the legal entity;
  - e) Copy of Taxpayer Identification Number (NPWP) of legal entities;
  - f) Copy of Taxable Entrepreneur Confirmation Letter (SPPKP) if the vendor is already a PKP;
  - g) Copy of Identity Card (KTP) of one of the Board of Directors (BOD);
  - h) Copy of Legal Entity of the Company (if the vendor is a legal entity);
  - i) Company Profile;
  - j) DGT Form (to be filled out if the vendor exports goods to Kanmo Group).

 <b>KANMO GROUP</b> www.kanmogroup.com	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

- 6.6. Vendor shall comply with the payment methods (terms of payment) determined by Kanmo Group, that is the payment process can only be carried out by Finance Team, 30 days after the invoice is received and has been verified by User, regarding the invoice validity, documents completeness (PO Release, Receipt and supporting documents). If it is not agreed by vendor, then User must request approval from Management for other payments (Cash on Delivery, CA, Down Payment, Urgent Payment).
- 6.7. Especially for delivery service vendors, vendors are required to complete return documents related to the process of goods shipment to customers. This is related to billing to customers.
- 6.8. Especially for vendor locations that can be visited, every visit activity to a vendor location must be carried out on an impromptu basis, without any prior notification.
- 6.9. Due Diligence Team provides direction to the vendor if there is input, within 1 (one) working day.
- 6.10. The results of visit must be stated in the form of a report by Due Diligence Team accompanied by photos of the results of the visit to be submitted to the Procurement Manager and Financial Control Senior Manager.
- 6.11. Due Diligence Team must provide recommendation regarding whether or not the vendor is appropriate in fulfilling the requirements to become a Kanmo Group vendor.
- 6.12. Vendors who do not comply with the provisions of the Kanmo Group must be disabled immediately.

## 7. PROCEDURE

- 7.1. Procurement Team makes a **Due Diligence Schedule**, then prints it out.
- 7.2. Due Diligence Schedule is approved by Procurement Manager and Finance Control Senior Manager.
- 7.3. Due Diligence Team can visit vendor location(s) to assess whether the vendor has met the requirements as a Kanmo Group vendor, or conduct virtual meetings through a programming platform that is connected to the internet.
- 7.4. If the vendor due diligence activity is carried out by visiting vendor location(s), then the Due Diligence Team brings the completeness of legal documents received, a list of vendor addresses, names of PICs encountered, telephone numbers, transaction data that have been carried out as supporting data for conducting due diligence.

 <b>KANMO GROUP</b> <a href="http://www.kanmogroup.com">www.kanmogroup.com</a>	<b>STANDARD OPERATING PROCEDURE</b>		<b>DUE DILIGENCE</b>
	<b>DOCUMENT NUMBER:</b> KG/FPR/SOP-EN/003/00	<b>REV...: 00</b>	

- 7.5. While doing due diligence, the Team met with the Owner/ Director or PIC who handles Kanmo Group.
- 7.6. The Due Diligence Team asked if there was input from vendors towards Kanmo Group and re-socialized Kanmo Group's policies regarding transactions between Kanmo Group and vendors, including information security.
- 7.7. If there is input, then the Due Diligence Team will provide directions regarding input from vendors within 1 (one) working day. If there is no input, then proceed to point 7.7.
- 7.8. The Team examined legal documents, by comparing the original documents owned by the vendor and a copy of legal documents received by Kanmo Group from the vendor.
- 7.9. Due Diligence Team looks at the entire area of the vendor's office, workshop, or warehouse and retains the photo as documentation.
- 7.10. After carrying out due diligence, the Due Diligence Team makes a report on the results of the visit (**New Vendor Qualification Questionnaire**), which is attached with photos of the results of the visit.
- 7.11. Due Diligence Team recommends whether the relevant vendor is still eligible and meets the requirements to become Kanmo Group vendor, to the Procurement Manager.
- 7.12. Procurement Manager signs New Vendor Qualification Questionnaire.

**8. ATTACHMENT**

- 8.1. KG/FPR/FORM/007/00: New Vendor Qualification Questionnaire
- 8.1. KG/FPR/FORM/008/00: Due Diligence Schedule Form

**9. DOCUMENT HISTORY**

Revision	Date (DD-MM-YYYY)	Description