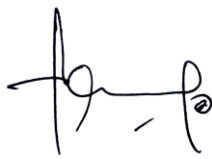


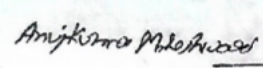
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After the discussion, we create these SOP with the following information:


Document Number : KG/FPR/SOP-EN/001/01
Title : Goods and Services Purchase through Head Office
Document Owner : Finance - Procurement
Effective Date : 01-08-2022

DOCUMENT APPROVAL

Created by	Reviewed by	Reviewed by	Approved by
			
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NOTES

1. When the latest revision has been approved, the previous document is declared invalid (Obsolete).
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.

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1. PURPOSE

The purposes of this SOP are to :


- 1.1. Provide clear guidance on basic principles and procedures for optimal, effective and efficient goods and services purchase.
- 1.2. Ensure compliance with the requirements set for the process of procuring goods and services.
- 1.3. The responsibilities, duties, and roles separation of each unit related to the goods and services procurement so that they can carry out the procurement function in a sustainable manner and support the Company's core values.

2. SCOPE


- 2.1. Valid for IT, Digital & Omnichannel, and Marketing (non Distribution) departments.
 - a) IT: not-urgent goods or service purchase and non recurring goods transactions.
 - b) Digital & Omnichannel
 - c) Marketing : all requests for marketing procurement (non Distribution).
- 2.2. The process discussed starts from filling out the PR (PR) form, PR approval, PR submission to Procurement Team for search vendor, request for quotations from several vendors, negotiation process and select a vendor, locking prices for specific projects, purchase approval, PO creation and approval, send an approved PO to selected vendor.

3. DEFINITION

- 3.1. **Bid Comparison** is the activity of comparing prices between vendors to determine the best prices, terms and conditions.
- 3.2. **Bill of Quantity (BoQ)** is a request or instruction to the Procurement Team to provide a work execution, whether related to the work implementation such as construction, repair, provision of outsourcing services, expeditions, and other services that meet the need for quality assurance, quantity, and the specified time.
- 3.3. **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 performance that will cooperate with Kanmo Group. Due diligence will be carried out according to the Vendor Due Diligence SOP.

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- 3.4. **Tender Committee** is the leader in charge of selecting vendors who will provide goods/construction work/other services.
- 3.5. **Procurement Card (P- Card)** is the Company's credit card which is used as an option to purchase goods. All purchases via P-Card are not allowed through third parties and must go directly to the goods provider (Example: free subscription purchase/payment, license, membership, window shopping, etc.). Valid for payments that cannot go through the PO issuance mechanism.
- 3.6. **Purchase Order (PO)** is a request or instruction to a vendor to deliver a number of goods/services with certain specifications and within a specified time.
- 3.7. **Purchase Requisition (PR)** is a request or instruction to the Procurement Team to provide an item/service to meet the need for quality assurance, quantity and time specified.
- 3.8. **Quotation** is a price offer letter given by the vendor to the customer (Kanmo Group).
- 3.9. **Procurement Team** is employees owned by a company in terms of:
- a) Establish standard procedures for goods and services;
 - b) Planning a purchase or supply;
 - c) Looking for vendors or suppliers;
 - d) Ask the vendor to provide the legal documents required by the Company before the vendor officially cooperates with the Company;
 - e) Keep legal documents required by the Company as archives;
 - f) Ensure that the legal documents are still valid. If it will expire within the next 2 months, you must ask the vendor to send it a new/valid one.
 - g) Conduct a new vendor qualification assessment;
 - h) Adjusting the goods and services specifications required by the Company;
 - i) Analyze the comparison of purchasing costs from vendors or suppliers;
 - j) Negotiate price, delivery and payment terms;
 - k) Make a cooperation contract and/or PO between the vendor and the Company;
 - l) Ensure that the goods and services received based on the specifications requested by the User;
 - m) As a mediator to handle every request from User to vendor, and every complaint if it is found that there is a discrepancy in the goods or services specifications provided by the vendor;

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- n) Evaluating the vendors performance, including severing cooperation with vendors with poor/unfavorable performances according to Vendor Evaluation SOP;
- o) Making active vendor reports, number of POs issued for 1 month, performance reports of vendors who deliver goods and services according to the required date, goods quantity and quality delivered according to specifications, services that are in progress and/or have been completed by the vendor .

- 3.10. **User (Applicant)** is any person/employee who submits and requires goods or services with specified quantity, quality and time.
- 3.11. **Vendor** is a company/third party whose job is to provide/sell materials and services/carry out work according to customer requests.
- 3.12. **Single Vendor** is that there is only 1 (one) vendor who is able to meet the Company's needs for the goods needed.


4. REFERENCE

- 4.1. Manual of Information Security Management System.
- 4.2. ISO 9001:2015: Quality Management Systems.

Clause	Clause Statement
8.4.1	<p>General control of externally provided processes, products and services.</p> <p>The organization shall ensure that externally provided processes, products and services conform to requirements.</p> <p>The organization shall determine controls that can be applied to externally provided processes, products and services when:</p> <ul style="list-style-type: none"> a) Products and services from external providers that are intended for incorporation into the organization's own products and services; b) Products and services provided directly to customer(s) by external providers on behalf of the organization; c) A process, or part of a process, is provided by an external provider as a result of a decision by the organization. <p>The organization shall determine and apply criteria for the evaluation, selecting, monitoring of performance and re-evaluation of external providers, based on their ability to provide processes or products and services in accordance with requirements. The organization shall retain</p>

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	documented information on these activities and any necessary actions arising from the evaluations.
8.4.2	<p>Type and Extent of Control.</p> <p>The organization shall ensure that externally provided processes, products and services do not adversely affect the organization's ability to consistently deliver conforming products and services to customers.</p> <p>The organization shall:</p> <ol style="list-style-type: none"> a) Ensure the externally provided processes remain within the control of its the quality management system; b) Define both the controls that it intends to apply to an external provider and those it intends to apply to the resulting output; c) Take into consideration: <ol style="list-style-type: none"> 1) The potential impact of the externally provided processes, products and services on the organization's ability to consistently meet customer and applicable statutory and regulatory requirements; 2) The effectiveness of the controls applied by the external provider; d) Determine the verification, or other activities, necessary to ensure that externally provided processes, products and services meet requirements.
8.4.3	<p>Information for External Providers.</p> <p>The organization shall ensure the adequacy of requirements prior to their communication to the external provider.</p> <p>The organization shall communicate to external providers its requirements for:</p> <ol style="list-style-type: none"> a) The processes, products and services to be provided; b) Approval of: <ol style="list-style-type: none"> 1) Products and services; 2) Methods, processes and equipment; 3) The release of products and services; c) Competence, including any required qualifications of persons;

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	d) The external providers' interactions with the organization; e) Control and monitoring of the external provider's performance to be applied by the organization; f) Verification or validation activities that the organization, or its customers, intends to perform at the external provider's premises.
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5. RESPONSIBILITY

- 5.1. **Business Controller** is responsible for checking prior budget availability provide purchase approval, correct the nominal budget owned by the department, the budget that has been used and the remaining budget that is still available.
- 5.2. **Chief Finance Officer (CFO)** responsible for checking every submission of goods and/or services purchase request that have not budgeted/no sufficient before give an approval.
- 5.3. **Manager of Department (MOD)** is responsible for checking the PR and BoQ forms submitted by the User before give an approval.
- 5.4. **PO Approvers** are responsible for checking every PO received before give an approval.
- 5.5. **Procurement Team** is responsible for finding vendors, processing the entire goods and/or service procurement.
- 5.6. **User** is responsible for filling out the PR form and attaching the specifications/BoQ of the required goods/services, and submit it to the MOD.


6. POLICY

The related policies are used as a reference for SOP for Goods and Services Purchase through Head Office, including but not limited to:

- 6.1. Procurement of goods and services is submitted by filling out the PR (PR) form, attached specifications/BoQ needed to clarify user needs.
- 6.2. PR submissions must be submitted long before the goods and/or services are needed. The overall timeline for the procurement process refers to Appendix 8.5.
- 6.3. PR Form Approval (by the User's supervisor at least Manager level) and Purchase Approval (by Business Controller if budgeted; by CFO and Business Controller if unbudgeted).

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- 6.4. Each employee may recommend the vendor name/contact (who is considered to have a capability to work on a project/provide goods or services) to the Procurement Team, but there is no guarantee that the recommended vendor will be selected.
- 6.5. Users can recommend vendor names to the Procurement Team to assist with the vendor search process. New vendors are required to follow the vendor due diligence process according to the schedule determined by Procurement Manager .
- 6.6. Due diligence activities must be done prior to the PO issuance. If there is a vendor that is matched with Kanmo Group's values or there is a possibility that the vendor will go bankrupt, then that vendor is not allowed to cooperate with Kanmo Group.
- 6.7. Procurement Team will assist the User in providing suggestions regarding the specifications that will be written on the BoQ, but the User will fill out and submit the PR and BoQ Forms to the Procurement Team.
- 6.8. If the User does not know the item price, such as GWP, hampers, cookies or other custom items, then follow these steps:
 - a) Users will discuss with the Procurement Team and notify the available budget according to marketing budget plan.
 - b) Procurement Team will check the price with one of the vendors.
 - c) If price > budget, then Procurement Team will suggest other options to suit your budget.
 - d) User will submit Final PR to Procurement Team.
- 6.9. PR Revision can only be submitted before the Procurement Team asks for quotations from several vendors. Procurement Team only negotiates the price according to the details listed on the PR Form.
- 6.10. If the User wants to ask for several quantities price, then it is stated on the PR Form.
Example: User wants to get the price of item A, but is still confused about whether to order quantity = 25,000 pcs, 30,000 pcs, or 35,000 pcs, then include the PR according to the 3 conditions.
- 6.11. Submitting the PR Form to the vendor does not mean that Kanmo Group agrees to purchase the goods and/or services listed on the PR Form.
- 6.12. If there is a PR revision after the Procurement Team has asked for quotations from several vendors, it is mandatory to fill out and submit an additional PR Form to the Procurement Team.

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6.13. Procurement Team will ask for quotations from several vendors who are included in the priority list, following the following conditions:

Transaction Amount	Number of Vendor Priorities	Description
< IDR 1 mio	2 vendors	At least get 1 quotation. Can search for new vendors if both priority vendors can't meet demand.
IDR 1 to 5 mio	3 vendors	Minimum of 2 quotations. Can search for new vendors if all 3 priority vendors can't meet demand.
> IDR 5 to 10 mio	5 vendors	Minimum of 3 quotations. Can search for new vendors if all 5 priority vendors can't meet demand.
> IDR 10 mio	> 5 vendors	Minimum of 4 quotations. Can search for new vendors if some priority vendors can't meet demand.


Except for a single vendor, vendors availability in the area, vendor number that can participate in an emergency.

6.14. If the procurement process requires a Technical Meeting and if the vendor does not attend, then the vendor is not allowed to participate in the process of procuring goods and services.

6.15. Price lock needs to be considered when requesting a quotation to a vendor (minimum 6 months and ideal for 1 year) which will help the Procurement Team to provide accuracy and standardization of the budgeting process).

6.16. The vendor to be selected must meet the criteria, such as unit, specification, method, time, quality, and terms of payments.

Vendor Rating Weightage	Rating Percentage
Goods quality (judging by the sample proof/vendor experience in terms of working on several related projects).	50%
Price	30%
One Time In Full (OTIF)	10%
Terms of Payment (TOP)	10%

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6.17. Only for high value projects & events: after selecting top 3 vendors, procurement engages the user's HOD to find out their preferences and finalize the winning vendor. If there is no vendor finalization agreement between Procurement Manager and MOD from User, then Business Controller will help to finalize the winning vendor.


6.18. After the Procurement Team has got the price and got the lock price is as stated in Policy 6.16, then Procurement Team informs the User MOD to submit a purchase approval to the Business Controller, by bringing/sending the approved budget.

6.19. Vendor Grading

Transaction Amount	Description
< 5 mio	No need for scoring scores. Vendor selection decision is based on User selection.
5 – 25 mio	Procurement team will distribute the filled Grading Score Form from the procurement side, with the final price comparison results to the User. If there is any conflict, User must also fill out the Grading Score Form and ask for approval from HOD.
> 25 mio	Procurement team will distribute a blank Grading Score Form, by attaching the price comparison results to User. User must fill in and send it to Procurement Manager. If there is any conflict, the User will ask for HOD and CFO approval.

6.20. Grading Score


Aspect	Score 1	Score 2	Score 3	Score 4	Score 5
Price	1st cheapest vendor: if the price difference with the first cheapest vendor is >20%	1st cheapest vendor: the price difference with the first cheapest vendor is 10-20%	2nd cheapest vendor, etc: the price difference with the first cheapest vendor is 1-10% more expensive	2nd cheapest vendor, etc: difference with the second vendor/User's choice = <20%	2nd cheapest vendor, etc.: difference with the second vendor/User's choice >20%

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	more expensive	more expensive			
Quality			If you have never carried out a project (new vendor) but the portfolio is moderate (based on due diligence)	If the results of previous project work didn't have a major issue (minor issue) or, If you have never carried out a project (new vendor) but have a good portfolio (based on due diligence)	If the results of previous project work have no issue (perfect)
Timeline	If the production is received >7 days after the agreed day, or if the project handover is >1 day after the agreed day		If the production is received 1-7 days after the agreed day	If the production is received on the agreed day or before the agreed day, or the project is handed over on the agreed day or before the agreed day	
Terms of Payment (TOP)	COD	COD	If advanced payment at the beginning	Payment based on progress	If TOP = or >30 days

6.21. Vendor Appointment

- a) If the Principal has appointed talent, venue, and F&B vendors, then there is no need for price comparison.
- b) If the Principal doesn't appoint talent, venue, and F&B vendors, then:

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- For transactions < Rp 10 mio: can appoint 1 vendor (without any price comparison) once that HOD has approved.
- For transactions Rp 10 mio: there must be a price comparison as usual. However, if there is any conflict, ask the HOD and CFO for approval.

6.22. PO will be created by Procurement team if Business Controller has approved the Purchase Approval.

6.23. If there is a repeat order (with same specification), keep submitting additional PR, but there is no need to do a tender from the beginning (if there is no price change), but the Procurement Team informs the goods price that can be provided by the vendor to the User MOD to request approval from the Business Controller to attach the approved budget.

6.24. If the applicant ask additional orders (different specifications/quantity), then will processed PR from the beginning and timeline will change.

6.25. Limitations and PO approvers are described below:


Amount	Purchase Approval	Number of days required to give approval				
		HOD	A/P Mgr.	Fin . Ctrl . Sr. Mgr.	CFO (for Fin dept)	Group MD (for non-fin dept)
< IDR 5 million	1-2 days	2 days	1 day	X	X	X
IDR 5 to < 10 million	1-2 days	2 days	1 day		X	X
IDR 10 million	1-2 days	2 days	1 day		2 days	2 days

Note :

- If there is any Down Payment (DP) that must be paid and the approval is pending, then the CFO representing the Group Managing Director provides approval, then the CFO will send an e-Mail to IT, Cc: Group Managing Director for click approval from the system on behalf of Group Managing Director.
- If any production must quickly run, but approval is pending, then the User can ask sign on paper/via e-Mail to CFO at PO Preview for then used as the agreement that production can be run, in-parallel while waiting for PO release from the system.

6.26. Vendors are required to provide production samples (sample proof) before carrying out a large-scale production process, especially for printing jobs (offset) and those requiring sample checking.

6.27. After the sample is approved by the User and before entering into large production, the Vendor is obliged to provide the final sample again to ensure that everything is

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suitable for production, especially for printing jobs (offset) and those requiring sample checking (Color Similarity, etc.).

- 6.28. Procurement can use the Company's credit card (P- Card) as an option to purchase goods. All purchases via P-Card if the price on Marketplace is cheaper (Example: subscription purchase/payment, license, membership, window shopping, etc.). Valid for payments that cannot go through the PO issuance mechanism.
- 6.29. The P-Card credit limit per company name is a maximum of IDR 10,000,000 (ten million rupiah) per month. The P-Card is held by Procurement.


7. PROCEDURE

7.1. Goods and Service Purchase Request

- 7.1.1. User has a discussion with Procurement team regarding the team's needs.
- 7.1.2. User fills in PR (PR) form, attached BoQ and/or supporting documents, such as photos/images, which are required to clarify User requirements (if needed).
- 7.1.3. User asks for approval from his superior (Manager level).
- 7.1.4. Manager reviews the request for goods or services submitted by User. If the request is important, the Manager can sign the PR form.
- 7.1.5. At the time of PR submission, the User can also recommend vendor name(s) to Procurement team to make the vendor search process easier and faster.
- 7.1.6. Procurement team can reject an incomplete PR Form, such as company name, budget, material/service /fixed description asset, quantity, unit of measure (UOM), estimated unit price, total price, required date between the Procurement Team and the User, G/L code, brand code, store code, department code, and store code.
- 7.1.7. Procurement team negotiates with the User regarding the date when the material/service/fixed asset is required. Procurement team updates the required date on the PR Form after the agreement is reached. This required date must be written on the PR Form and informed to the User.
- 7.1.8. Procurement Team informs the User about the timeline of final production up to delivery (goods/service delivery), starting from the PO release date.
- 7.1.9. Procurement Team must update "Daily tracker Request" on the Online Form every time there is a PR receipt from the User.

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- 7.1.10. If the goods or service purchase from a vendor requires technical meeting, then Procurement Team discusses with the user department to determine the technical schedule meeting. As for other discussions related to the date for the sample proof process, approval sample proof, production and distribution (if needed).
- 7.1.11. If the request is urgent, then Procurement Team can prioritize the vendor that has been contracted/vendor priority list/vendors that are already registered in the system. Deadline for submission the quotation must be informed at the time of quotation request process.
- 7.1.12. If there is a special request for the preparation and finalization of a vendor contract, you can coordinate with the Legal Team.
- 7.1.13. If the Procurement Team needs a quotation from a vendor that has not been registered in the Kanmo Group's database (new vendor), the process refers to the **SOP of New Vendor Application** and **SOP of Due Diligence**.
- 7.1.14. If needed, the Procurement Team can invite vendors to join the Technical Meetings. Note : Technical meetings are usually required to explain:
- a) Details of goods that must be explained directly to several vendors;
 - b) Contracting services and/or other services in terms of designing something according to the specifications determined by the User.
- 7.1.15. Procurement Team receives quotations from several vendors. The minimum number of quotations that can be accepted refers to Policy 6.14.
- 7.1.16. Procurement Team moves the procurement request in the To Do column to the Quotation WIP column. This includes the date for the sample process proof, approval sample proof, production and distribution (if material/service procurement requires samples proof).
- 7.1.17. Procurement Team negotiates with several vendors.
- 7.1.18. Procurement Team lock price minimum 6 months and ideal for 1 year (especially for items that are frequently purchased and depending on the agreement with the vendor).
- 7.1.19. Procurement Team summarizes the results of the negotiations on the **Prices Comparison Form**.


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- 7.1.20. Only for high value projects & events: after selecting the top 3 vendors, procurement engages the user department to find out their preferences and finalize the winning vendor.
- 7.1.21. If there is no vendor finalization agreement between Procurement Manager and MOD from User, then Business Controller will help to finalize the winning vendor.
- 7.1.22. Procurement Team informs the MOD Applicant to submit a purchase approval to the Business Controller, by bringing/sending the approved budget.
- 7.1.23. If the MOD agrees, it has been budgeted and the budget is sufficient, then MOD applicant can request a purchase approval to the Business Controller, by bringing/sending the PR Form and approved budget. Business Controller gives approval.
- 7.1.24. If the MOD agrees but it is unbudgeted and/or insufficient, then the MOD User can request a purchase approval to the CFO and Business Controller. After CFO gives approval, the Business Controller gives approval. If one of them disagrees, then the PR process is declared over. Procurement Team will end the PR process in the system.
- 7.1.25. If the MOD does not agree, then the PR process is declared to have ended. Procurement Team will end the PR process in the system after 2 (two) months from the notification date to the User MOD to submit a purchase approval.
- 7.1.26. Procurement Team creates a PO on the ERP system based on purchase signed approval.
- 7.1.27. PO approvers (refer to Policy 6.24) clicks to approve the PO.
- 7.1.28. Procurement Team sends a fully approved PO to the selected vendor.

Notes:

Especially for PO Rp 1 million submitted by the Marketing Team, then production can be run without having to wait for the PO to be released, with the following conditions:

- a) Procedures 7.1.1 – 7.1.25 are implemented.
- b) Parallel procedure 7.1.26 – 7.1.27 are implemented, Procurement Team has to download the PO preview (softcopy), request approval from the MOD User.
- c) Procurement Team instructs the vendor to run the production, by attaching a PO preview.

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d) Payment still will be carried out: waiting for the PO to be released and receive an invoice from the vendor. Payment will be carried out according to the terms of payment (TOP) that apply at Kanmo Group.

7.2. Sample Proof

7.2.1. If you need a sample proof, then the Procurement Team moves the procurement request from the Quotation WIP column to the Sample column proof.

7.2.2. Vendors provide samples proof to the Procurement Team, according to the requested date from the User.

Note: product sample proof can be produced by the vendor.

7.2.3. Procurement Team invites the User to check the sample quality provided by the vendor.

7.2.4. Users provide feedback related to the sample proof.

7.2.5. Procurement Manager, MOD Applicant, and Business Controller have a joint discussion for quality sample proof assessment. Procurement Team sends an confirmation to the User via e-Mail regarding the vendor appointment.

7.2.6. If anything needs to be revised, the User will provide a written statement via e-Mail or input in the system. Revision example: the color of the sample proof is still not appropriate, the test has changed.

7.2.7. If sample proof is appropriate, this procurement request is moved from the Sample proof column to the Production WIP column, which means that the procurement request is ready for production by the vendor.


7.2.8. Proceed to the sample proof preparation (physical)/photos and videos of product samples that will be made by the vendor.

7.3. Production Implementation Agreement (SPPP) with Vendor

For some types of production, a **Production Implementation Agreement** must be created to anticipate a problem if it is found that the production result is not matched with the requisition.

Production types that are required to use SPPP:

- Goods production with a quantity of more than 1000 pcs (example: GWP, paperbag, wrapping papers).

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- Requests in the form of services or goods with a value of more than 50 million, such as: booths installation, using Event Organizer services, etc.


7.4. Quality Control

Procurement Team will ensure the production provided by the vendor is matched with the sample that has been approved by User/matched with the User's request, taking into account:

- If the goods shipped to the Head Office, then Procurement and User Teams will check the goods quality.
- If the goods shipped directly to Stores, then Procurement Team will work closely with the User to inform the product that has been shipped. If the goods do not match, then Procurement Team will contact the vendor to request a replacement.
- If the goods shipped to Warehouse (such as GWP, wrapping paper), then the Procurement Team must provide information to the Warehouse Team to check before the handover is approved. Procurement Team must share/inform what must be checked upon goods receipt. If the goods do not match, then Warehouse Team will inform the Procurement Team for later submission to the vendor and provide solutions to resolve the problem.

8. ATTACHMENT

- 8.1. Purchase Requisition Form
- 8.2. Prices Comparison Form
- 8.3. Purchase Order Form
- 8.4. Bill of Quantity Form
- 8.5. Goods Procurement Agreement
- 8.6. Agreement with Event Organizer
- 8.7. Ad Video Making Agreement
- 8.8. Timeline of Overall Procurement Process

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	DOCUMENT NUMBER: KG/FPR/SOP-EN/001/01	REV.: 01	

9. DOCUMENT HISTORY

Revision	Date (DD-MM-YYYY)	Description
00	21-02-2022	Initial document.
01	01-08-2022	<ol style="list-style-type: none"> 1. Vendor Rating Weightage Changes (Policy 6.16). 2. Addition: Transaction amounts that require Vendor Grading (Policy 6.19). 3. Addition: Grading Score Assessment (Policy 6.20).