

## **SUPPLIER OR VENDOR SELECTION AND CAPABILITY IMPROVEMENT POLICY**



## I. Introduction

PT OBM Drilchem Tbk (“the Company”) has certain requirements and criteria in selecting suppliers or vendors that will become the Company’s partners in carrying out its business activities. The Company’s policy on supplier/vendor selection is prepared to ensure that the Company obtains the required goods or services at competitive prices and with good quality.

## II. Legal Basis

1. Law Number 8 of 1995 concerning the Capital Market;
2. Law Number 40 of 2007 concerning Limited Liability Companies;
3. Financial Services Authority Regulation Number 21/POJK.04/2015 concerning the Implementation of Guidelines for Corporate Governance of Public Companies;
4. OJK Circular Letter Number 32/SEOJK.04/2015 concerning Guidelines for Corporate Governance of Public Companies.

## III. Basic Principles

The basic principles include environmental, social, and other ethical standards that must be met by all of the Company’s suppliers/vendors, namely:

### 1. Conducting business lawfully and with integrity

#### a. Legal Compliance

All applicable laws and regulations shall be complied with in the countries where suppliers/vendors operate, including international laws and related regulations such as those concerning trade sanctions, export controls, reporting obligations, data protection, and anti-unfair competition (anti-monopoly).

#### b. Bribery

There is a prohibition against any and all forms of bribery, corruption, extortion, or embezzlement, and adequate procedures are in place to prevent bribery in all commercial transactions conducted by suppliers/vendors.

#### c. Conflict of Interest

In the event that a supplier/vendor becomes aware of a conflict of interest in any and all cooperative matters with the Company, the supplier/vendor shall notify the Company so that the Company may take appropriate action.

### 2. Respecting employees’ rights and human rights

a. Performing work in accordance with employment terms that have been voluntarily agreed upon and documented.

b. All employees are treated equally and with full respect and dignity.

- c. Work is carried out voluntarily.
- d. All employees are of legal working age.
- e. All employees receive fair wages.
- f. Working hours for all employees are reasonable.
- g. All workers are free to exercise their right to form and/or join labor unions or to refrain from doing so, and to engage in collective bargaining.
- h. Workers' health and safety are protected in the workplace.

### 3. Commitment to sustainability

Conducting business by incorporating sustainability and reducing environmental impact.

## IV. Requirements & Criteria for Supplier or Vendor Selection

Suppliers/vendors involved in the procurement process of goods/services at the Company must meet the following requirements and criteria:

- 1. Preferably have legal entity status.
- 2. Preferably be direct producers/manufacturers, particularly for goods procurement.
- 3. Fulfill legality aspects in accordance with their business field.
- 4. Possess expertise, experience, and technical and managerial capabilities in accordance with their business field.
- 5. Have the necessary resources for the procurement of goods/services at the Company.
- 6. Able to provide good services/goods at competitive prices and demonstrate high integrity.
- 7. The quality of goods/services produced is in accordance with the standards determined by the Company.
- 8. Timeliness in the delivery process of goods/services.
- 9. Track record of the supplier/vendor.
- 10. Not involved in or currently subject to criminal sanctions.
- 11. Other requirements as determined according to the type of goods/services procurement.

## V. Supplier or Vendor Selection Mechanism

The Company has a policy that every procurement of goods/services to meet the Company's needs must go through a selection process. The selection and procurement mechanism is conducted transparently and openly and provides opportunities for all suppliers/vendors to participate in the selection and procurement process. The tender process ensures equal treatment of all suppliers/vendors and equal access to information.

In order to fulfill this policy, the Company carries out the following actions:

- 1. Conducting assessments of the company profile and performance of prospective suppliers/vendors.

2. Determining a list of prospective suppliers/vendors and inviting them to participate in the procurement of goods/services.
3. Evaluating documents submitted by prospective suppliers/vendors.
4. Ensuring that the required product/service specifications (goods/services) are owned by or can be provided by prospective suppliers/vendors.
5. Comparing prices, quality, and experience among several prospective suppliers/vendors.
6. Conducting negotiations and appointing the selected supplier/vendor.

## **VI. Supplier or Vendor Capability Improvement**

The Company conducts periodic evaluations to ensure that the procurement of goods/services is carried out effectively and efficiently and meets the specified requirements, including those related to the quality of work and services provided. This is intended to ensure quality and transparency and to encourage the improvement of supplier/vendor capabilities.

## **VII. Obligations and Rights of Suppliers or Vendors**

Suppliers/vendors are obliged to provide products and/or services in accordance with the criteria agreed upon with the Company. Suppliers/vendors are entitled to payment for the products or services supplied in accordance with the agreement.

## **VIII. Miscellaneous**

This policy is reviewed periodically in accordance with changes in the Company's business environment and applicable regulations.

Established in Jakarta

On 8 December 2021



**drilchem**

**Ryanto Husodo**  
President Director