

## Sustainable Procurement Policy

### Objective

The acquisition of goods and contracting of services at Bank Mandiri are governed by the Bank Mandiri Standard Operating Procedure (“SPO”) and the Operational Technical Guidelines (“PTO”) on Procurement. This policy framework provides clear guidance for all staff in executing procurement processes and ensures consistency across all work units. In alignment with our commitment to good governance and transparency, Bank Mandiri seeks to establish long-term partnerships with suppliers through sustainable procurement practices, integrating them into our ecosystem to support the Bank's vision of becoming Indonesia's sustainability champion. Furthermore, this policy underscores the importance of environmental, social, and ethical responsibility in supplier engagement.

### Scope

The SPO and PTO on Procurement applies to all work units at the Head Office, Regional Offices, Area Offices, Branch Offices, and Overseas Branches authorised to carry out procurement processes. For Overseas Branches, in addition to adhering to the processes stipulated in this SPO and PTO, compliance with local regulations in the host country is also required.

### General Procurement Principles

The General Procurement Principles at Bank Mandiri are designed to establish and maintain strong, long-term business relationships, underpinned by compliance with applicable laws and regulations. These standards are guided by principles of mutual respect, integrity, transparency, professionalism, and confidentiality. Bank Mandiri prioritises partnerships with suppliers who share its core values, particularly those that promote sustainable practices contributing to positive economic, environmental, and societal outcomes. These principles are fundamental to ensuring that our procurement activities uphold the highest standards of governance and accountability.

To operationalise these commitments, Bank Mandiri aligns its procurement processes with relevant national and international standards, and incorporates recognized industry best practices. This alignment enables the Bank to standardize procedures, define clear performance expectations, and strengthen the overall management of procurement activities. Accordingly, the following Basic Procurement Principles shall apply:

- a. **Efficiency** – Procurement activities must be conducted to achieve the specified quality within the agreed timeframe and at the best possible price.
- b. **Effectiveness** – Procurement activities must align with established needs or plans and provide optimal benefits for the Bank.

- c. **Competitiveness** – Procurement must be open to all qualified goods and services providers and conducted through healthy competition among them, meeting specific requirements or criteria in accordance with clear and transparent regulations and procedures.
- d. **Transparency** – All provisions and information related to procurement, including technical and administrative requirements, evaluation methods, evaluation results, and the appointment of prospective goods and services providers, must be openly accessible.
- e. **Fairness and Reasonableness** – Equal treatment must be given to all prospective goods and services providers, without favouring any party for any reason or by any means.
- f. **Openness** – Procurement processes must be open to all goods and services providers who meet the established requirements.
- g. **Accountability** – The procurement process, results, and payments must achieve their intended objectives and be fully accountable, thereby preventing potential misuse or irregularities.

### **Supplier Accreditation**

Accreditation is a series of pre-procurement activities carried out to establish a list of Suppliers through an assessment of capability or competence, as defined in the Accreditation Document, which sets forth the requirements that must be fulfilled by prospective Suppliers. One of the mandatory accreditation documents is the Company Declaration Letter, an administrative document that must be submitted during registration and renewed annually.

### **Sustainability Principles in the Procurement Process**

As part of the Supplier Accreditation process, the Accreditation unit responsible for such process shall prepare the necessary Documents, which include the Company Declaration Letter. This letter, required to be signed by the supplier, constitutes a formal commitment to uphold environmental and social responsibility. It enables Bank Mandiri to assess the supplier's dedication to sustainability and ensures that the supplier acknowledges and commits to meeting the sustainability standards established by the Bank. The key commitments outlined in the Company Declaration Letter include:

#### **a. Environmental Aspect**

Our company (supplier) has a policy that ensures compliance with environmental obligations in accordance with applicable laws and regulations, and implements a commitment to environmental sustainability in its operations and/or products, and/or services to minimize negative environmental impacts. This includes the implementation of energy efficiency, waste segregation, water conservation, and other environmentally friendly practices.

#### **b. Social Standard Aspect**

Our company (supplier) has fulfilled the provisions that ensure workers' rights, as well as occupational health and safety, in accordance with applicable laws and government regulations:

- i. **Health and safety** - Suppliers need to make sure the workplace is safe and healthy for everyone. This means following all safety laws, providing proper safety equipment, training staff on safety procedures, and being ready for emergencies.
- ii. **Payment of fair and adequate wages** - Suppliers must pay workers at least the legal minimum wage or more if that's the standard in the industry. Wages should be paid on time, in full, and clearly explained in payslips, including any deductions and benefits
- iii. **Compliance with maximum working hour limits** - Suppliers must stick to legal limits for working hours, overtime, and rest days. Overtime should be voluntary, paid fairly, and not used as a way to avoid hiring more workers.
- iv. **Respect for the freedom of association and the right to collective bargaining** - Suppliers should respect workers' rights to join or form unions and to negotiate as a group. Workers should be free to do this without fear of retaliation or unfair treatment. If local laws limit union rights, there should still be ways for workers to be represented.
- v. **Prohibition of child labour** - Suppliers must not hire anyone under the legal working age. Young workers (above the minimum age but under 18) must not be given dangerous tasks or work that affects their schooling.
- vi. **Provision of acceptable living conditions** - If suppliers provide housing, it should be clean, safe, and meet health and safety standards. Workers should have enough space, privacy, sanitation, and access to clean water.
- vii. **Prohibition of discrimination** - Suppliers must not treat workers differently in hiring, pay, training, promotion, or dismissal because of race, gender, religion, age, disability, sexual orientation, politics, marital status, or any other personal characteristic.
- viii. **Prohibition of corporal punishment or harmful disciplinary practices** - Workers should always be treated with respect. Physical punishment, verbal abuse, harassment, or any degrading treatment is not allowed. Disciplinary actions should be fair and follow the law.
- ix. **Prohibition of forced labour** - Suppliers must not use forced or bonded labour. Workers should never be made to hand over identity documents or deposits to keep their jobs. Employment should always be voluntary, and workers must be able to leave according to legal rules.

### **Monitoring**

Registered suppliers are required to undergo an annual reassessment to maintain their eligibility for future engagements. As part of this process, suppliers must resubmit the Company Declaration Letter, which includes disclosures on their environmental and social performance. This mechanism allows us for continuous assurance that all suppliers would comply in accordance with the Bank's governance and also adhere to our sustainable business practices.

**Evaluation**

Bank Mandiri conducts periodic evaluations of registered suppliers to determine whether their performance meets the Bank's expectations. Based on these assessments, the Bank regularly undertakes efforts to enhance supplier competencies—particularly for those with lower performance—through measures such as coaching or quality control. The results of these supplier evaluations, serve as key considerations for Bank Mandiri in the supplier selection process, particularly for certain types of work. In addition to evaluating supplier performance, Bank Mandiri also conducts assessments of the documents submitted annually as part of the data update process, including the company declaration letter, which is required to be renewed annually.

**Conclusion**

Bank Mandiri is committed to strengthening its procurement practices by progressively integrating environmental and social considerations into the supply chain, in line with good corporate governance principles. As part of this effort, the Bank has reflected environmental and social principles into the supplier declaration, ensuring that all prospective partners align with the Bank's sustainable procurement objectives and its vision as Indonesia's sustainability champion.