



Procurement of Goods and Services PT Bank Mandiri (Persero) Tbk.

Related Conditions Procurement of Goods and Services Procurement SPO is determined by the Board of Directors of the Bank. SPO Procurement Bank Mandiri is a guideline in the process of procurement of goods and services that are strategic and non-strategic to support the Bank's operations according to the quality, quantity and time are set at the best price as well as applying the principles of risk control management.

To realize the procurement activities with the procurement principles of effective, efficient, open, competitive, transparent, fair and not discriminatory, accountability, responsibility, and the Independent, the Bank implemented the following matters :

1. Segregation of duties on Procurement Implementation Unit that is, units which perform the candidate selection partners/vendors, the unit undertaking the procurement process, the units that make up Estimate Alone; and Compliance Work Unit
2. Always subject to and comply with internal and external regulations
3. Application of the principles of risk management includes the identification, assessment, mitigation and monitoring and measurement of operational risk.
4. Guided by the work culture of the Company, which is based on the values TIPCE (Trust, Integrity, Professionalism, Customer Focus, and Excellence), GCG, and adhere to the Code of Conduct and to implement the precautionary principle

Procurement Ethics

All parties involved in the procurement process of the Bank include Executive Unit Procurement of Goods and Services Users and providers of goods and services required from time to time in compliance with ethics as follows:

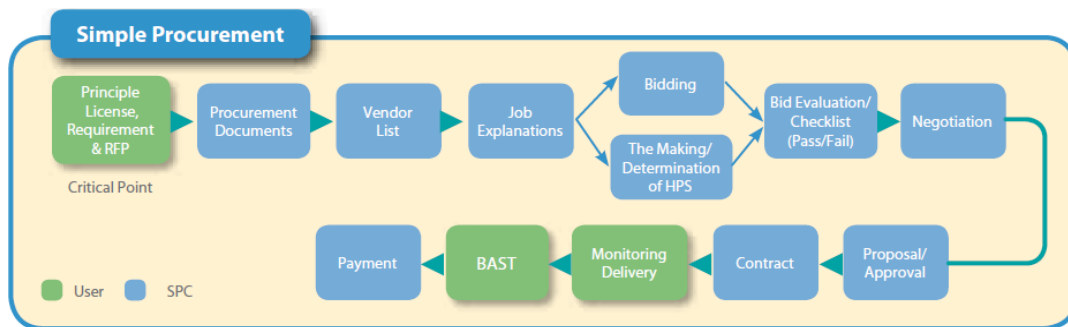
- a. Implement their respective obligations in an orderly manner with a sense of responsibility to achieve smoothness and accuracy achievement of Procurement.
- b. Work professionally and independently on the basis of honesty and confidentiality of documents should not be disclosed, such as the Self-Estimated Price (HPS), to prevent the occurrence of irregularities in the implementation of procurement activities.
- c. Not affect each other, either directly or indirectly to prevent and avoid unfair competition.
- d. Accept and be responsible for any decision taken in accordance with the agreement of the parties.
- e. Avoid and prevent conflicts of interest between the parties.
- f. Avoid and prevent wastage in the implementation of procurement activities.
- g. Avoiding and preventing the abuse of authority and/or collusion with the purpose of personal gain, class or other parties that may directly or indirectly impair the Bank.
- h. Avoid and prevent corruption, collusion and nepotism (KKN) in the procurement process.
- i. Not receiving a gift or compensation in any form, either directly or indirectly.



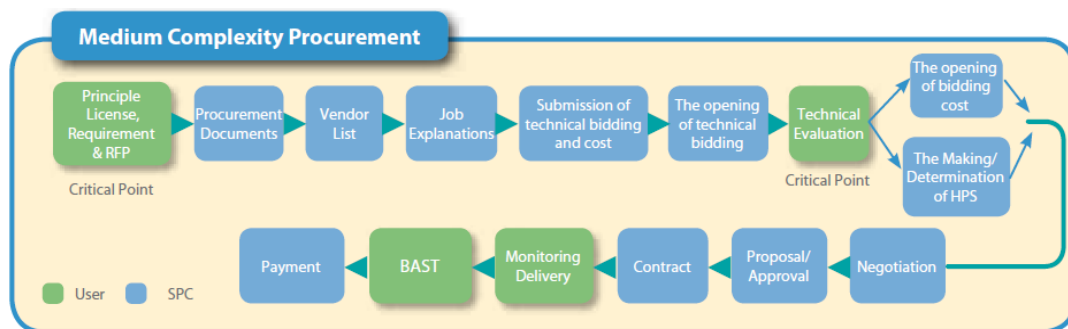
Procurement Procedures

Bank Mandiri has procedures in the procurement of goods and services which can be described through three schemes below

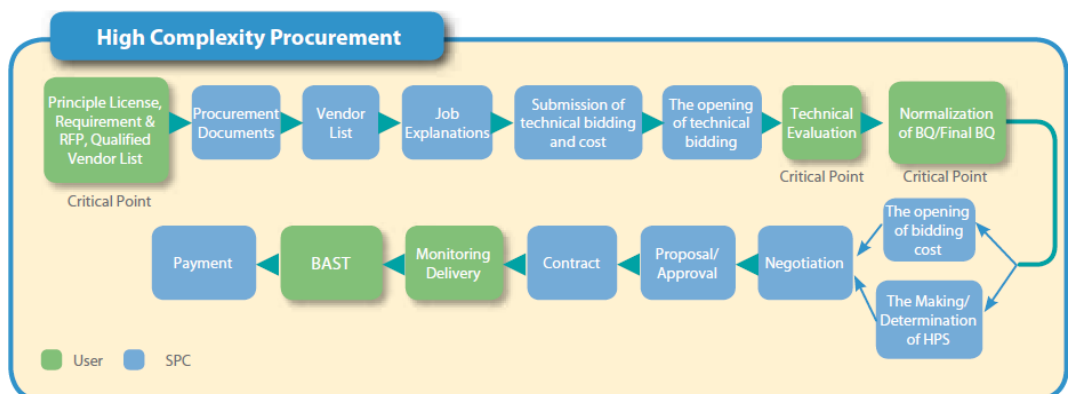
Flow Process Simple Procurement (One Step One Page)



Flow Process Medium Complexity Procurement (One Stage Two Pages)



Flow Process Medium Complexity Procurement (One Stage Two Pages)



Authority and Responsibility Procurement

Working Unit	User	Group PFA
Budget/Preliminary Approval	v	-
Product Policy	v	-
Procurement Policy	-	v
Procurement Request Nota	v	
User Requirement/Technical Specs/RFP & BoQ	v	-
Procurement Documents	v	v
Vendor Qualification/Vendor Shortlist	-	v
OE/ HPS	-	v
Sending of RFP/Procurement Documents	-	v
Acceptance of Proposal	-	v
Technical Evaluation	v	
Sign Off SOW	v + IT *)	-
Administrative Evaluation	-	v
Technical Evaluation	v + IT*) + IT*)	
Price Evaluation	-	v
Negotiations	v	v
Proposal Memorandum	v + IT **)	v
Contract	V * *)	v
License Agreement (If Any)	v + IT **)	v
Implementation	v	-
BAST	v	-
Recommendation on Payment	-	v
Payment	-	v + Accounting

Note :

*) Exclusively for IT procurement

**) If it is deemed necessary

***) For the contracts, one of which was signed by GH SPC, SPC Legal Unit be reviewed

Conditions for Procurement of Goods and Services

Provisions of the procurement of goods and services of the Bank include the following aspects :

Procurement	<ol style="list-style-type: none"> Through the providers of goods and services: Procurement can be implemented if the specification of goods which will be held clearly, more efficient, timely manner. Self-management: Activities to obtain goods and services carried out by a planned, carried out and supervised by the Bank using its own power, owned-equipments, or piece rate workers.
Implementing Organization Goods and Services	<ol style="list-style-type: none"> Procurement Implementation Unit Users Work Unit Goods / Services hereinafter User Related Work Unit Procurement Officer Tim breakers
Procurement Planning	Each Procurement Planning Procurement process to be carried out should be preceded by careful planning that includes clear specifications, the number of work packages to be undertaken, budget and implementation time. Planning question must be well coordinated between the relevant work units, among others, work unit owner's budget, the work unit system Trustees and work units responsible for the implementation of the procurement process.
Handover of Work	Unit of Work Users of Goods/Services (User) is responsible for ensuring that all work submitted by the vendor has met all the requirements, scope and specifications according to which has been set in the document of Employment and supporting documents.



Guarantees In Procurement	In order to control the risks that may arise on Procurement of Goods and Services caused wan achievement, then the provider of goods and services required to provide a guarantee
Procurement Implementation Activities To Solve Specific Conditions	In conditions requiring rapid handling due to natural disasters and other Force Majeure circumstances, so handling should be done immediately, it can be : <ol style="list-style-type: none"> 1. Pointed Directly, without issuing HPS/Entry deals/Publishing SP/SPK/Contract, the Real Cost is reimbursable without adding margin, Fee for providers of goods and services based on agreements and fairness. 2. If there is not a reasonable price based on the results of the review, the Executive Unit Procurement clarification and negotiation with providers of goods and services that carry out the work specified in the Minutes of Clarification & Negotiation. 3. Head of Procurement Implementation Unit shall monitor the implementation of the work and make accountability reports to officials and one level above or Natural Disaster Team.
Document and Payment Process	Payment Process include : <ol style="list-style-type: none"> 1. Payment Document Research, 2. Approval of the payment by the competent authority, 3. Payments are made in Rupiah or other currency according to the value or price listed in the CMS or the Contract, 4. Recording the actual cost of each payment in accordance with the eyes of its budget.

Procurement Audit

To ensure SPO Procurement and Bank policies have been implemented in accordance with the provisions, the Bank continues to do audits periodically and at any time, through the Internal and External Audit.

Competence Development Program Supplier

Bank Mandiri has been carrying out development activities to improve the quality of vendor Bank Mandiri, through the implementation of Vendor Award Gathering and conferring with the following caption :

Implementation Date	November 16, 2017
Venue	Auditorium, 3rd Floor, Plaza Mandiri - Jakarta
Partner Invited	<ul style="list-style-type: none"> • IT Fields (Software and Hardware): 25 vendors • Non-IT Fields (i.e. Advertising and Promotion, Vehicles, Office, Printing, Insurance, Expedition): 27 vendors • Construction: 16 vendors

Gathering the materials Vendor as follows :

1. Sharing values of Bank Mandiri's future vision and strategy
2. Synergy of facilities to strengthen the harmonious relationship between Bank Mandiri its partners
3. Establishing a communication forum to get feedback from vendors to improve the procurement process at Bank Mandiri
4. Refreshment of important aspects related to the procurement of goods and services, which among other things
5. Two-way communication and discussion between Vendors and Bank Mandiri to collect feedback for betterment of the Goods and Services procurement process in terms of efficiency and effectiveness





Impact of the Activity of Corporate Responsibilities to Vendors

The Company through the Strategic Procurement Group has conducted a vendor satisfaction survey since 2013. The survey results for the last 5 years are presented below.

Table Describing the Level of Vendor Satisfaction Years 2013 to 2017

Year	Percentage		The Number of Vendors Giving Rewards to SPC Employees	The Number of SPC Employees Asking for Rewards
	Satisfactory	Less Satisfactory		
2017	97.43%	2.57%	0	0
2016	97.16%	2.84%	0	0
2015	97.12%	2.88%	0	0
2014	96.27%	3.73%	0	0
2013	95.39%	4.61%	0	0

The execution of CSR activities related to vendors has resulted in a high level of vendor satisfaction. The level of vendor satisfaction in the procurement process in 2017 was equal to 97.43%, meaning that the procurement process undertaken by Bank Mandiri was excellent. This also suggests that cooperation between Bank Mandiri and vendors run well and smoothly. During 2017, there were no audit findings, either by external auditors and internal auditors relating to procurement that adversely affected Bank Mandiri.