



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

Policy

Internal policy related to Procurement of Goods and Services, namely Procurement SPO has been updated and approved on March 1, 2017. Procurement SPO is a guideline of Bank Mandiri in carrying out the process of procurement of goods and services that are strategic and non-strategic to support the Bank’s operational activities according to quality, quantity and the time set with the best price and applying risk control management principles.

In carrying out the process of procuring procurement executives must sign the Integrity Pact to be able to carry out the procurement of goods and services, in addition the procurement process must also refer to the basic principles of procurement implementation including :

Effective	Procurement activities must be in accordance with the requirements/plans that have been determined and can provide optimal benefits for the Bank.
Efficient	Procurement activities are carried out to achieve the quality as specified, with the agreed time at the best price level.
Open and competitive	Procurement implementation must be open to Goods and Services Providers who have fulfilled the requirements and carried out through fair competition among Goods and Services Providers and fulfill certain conditions/criteria based on clear and transparent provisions and procedures.
Transparent	All provisions and information regarding the implementation of Procurement, including technical and administrative requirements, procedures for evaluation, results of evaluation, determination of prospective Providers of Goods and Services are open in nature.
Fair and Non-discriminatory	Providing the same treatment for all prospective suppliers of goods and services and does not lead to providing benefits to certain parties by means of or for any reason.
Accountable	The process, results, and payment of procurement must be accountable.
Responsible	The procurement process is carried out carefully and complies with applicable regulations.
Independent	The procurement decision is taken objectively and is free from the pressure of any party. The Company makes decisions objectively and free from pressure from any parties.

To realize procurement activities with the principles as above, Bank Mandiri implements the following :

1. Separating functions in the Procurement Implementing Unit, i.e. the unit tasked with selection partner/vendor candidates, the unit tasked with performing the procurement process, the unit tasked with preparation of the Self-Estimated Price; and the Work Compliance Unit
2. Always observing and complying with internal and external regulations
3. Implementing the principles of risk management, that include identification, assessment, mitigation, and monitoring as well as measurement of operational risks;
4. Upholding the Company’s Work Culture grounded in
 - TIPCE values (Trust, Integrity, Professionalism, Customer Focus, and Excellence), GCG, and complying with the Code of Conduct and implementing the principles of prudence
 - Good Corporate Governance (GCG), and





- complying with the Code of Conduct and implementing the principles of prudence.
5. As well as complying with behavioral guidelines of Bank Mandiri, namely :
- One Heart One Mandiri (How does our Team work)
 - Strong Mandirian (How as individuals we work)
 - Growing Healthy (How we develop business and performance)
 - Meeting Customer Needs (What is our behavior to customers)
 - Together Building the Country (How we interpret work and responsibilities)

Procurement of Goods and Services Pursuant to Ethics and Principles



All parties involved in the procurement process of Bank Mandiri among others the Procurement Implementation Unit, Goods and Services Users, and Goods and Services Providers must from time to time abide by the following ethics :

- a. Fulfilling one's obligations with full of responsibility to achieve the objectives of Procurement smoothly and appropriately.
- b. Working professionally and independently on the basis of honesty, and maintaining the confidentiality of documents that should be kept confidential, such as the Self Estimated Price (HPS), to prevent any irregularities in the implementation of Procurement activities.
- c. Not influencing other parties either directly or indirectly to prevent and avoid any unfair competition.
- d. Receiving and being responsible for all decisions reached under an agreement of the parties.



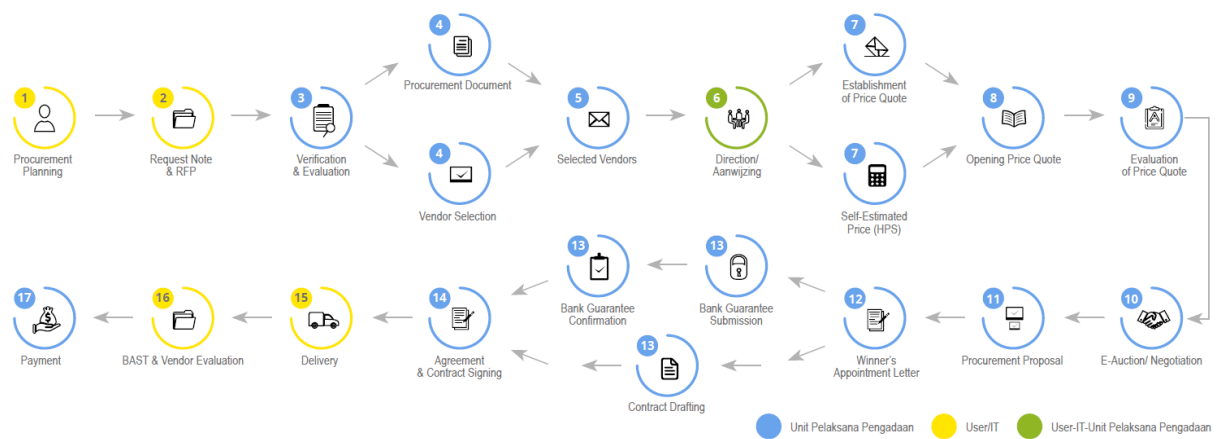


- e. Avoiding and preventing any conflicts of interest among parties.
- f. Avoiding and preventing any extravagance in the implementation of Procurement activities.
- g. Avoiding and preventing any abuse of authority and/or collusion for the interest of certain individuals, groups, or other parties which can directly or indirectly harm the Bank.
- h. Avoiding and preventing any Corruption, Collusion, and Nepotism (KKN) in the Procurement processes.
- i. Not receiving any gifts or rewards of any kind, either directly or indirectly.

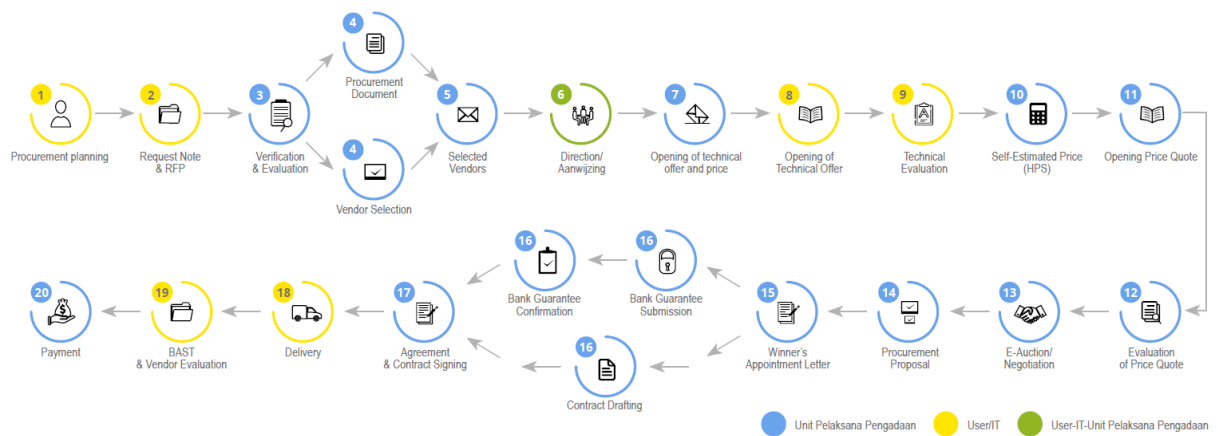
Procedures for Goods and Services Procurement

Bank Mandiri has established procedures for procuring goods and services which is shown in the 3 following schemes :

Flow of Simple Procurement Process (One Step One Cover)

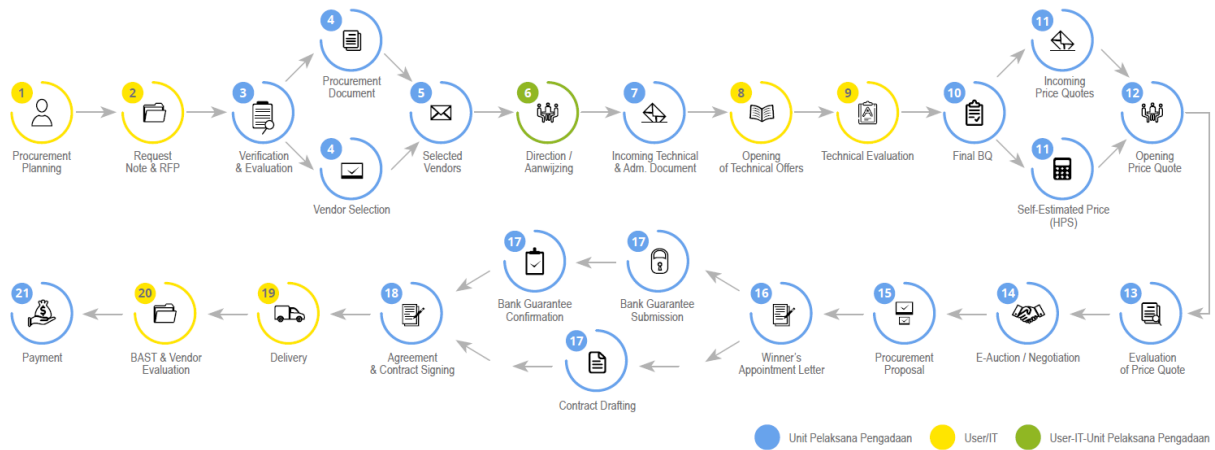


Flow of Medium-Complexity Procurement Process (One Step Two Covers)





Flow of High-Complexity Procurement Process (Two Steps)



Bank Mandiri through the Internal System Strategic Procurement Group (Procurement Unit), has applications to support procurement management management activities including :

No	Application Name	Application Description	Application Functions
1	Bank Mandiri Portal Procurement	Is a web-based tool that was used to interact, among others, for Bank Mandiri to interact with the Suppliers and Prospective Suppliers.	<ol style="list-style-type: none"> 1. Accreditation/ registration of prospective suppliers. 2. A Medium of introduction for the prospective supplier. 3. Updating the supplier data. 4. Goods/services records of transfer Monitoring. 5. Tender Announcement.
2	Supplier Relationship Management Application	Is a web-based tool that was used by the Supplier Relationship Management unit to manage Bank Mandiri's suppliers	<ol style="list-style-type: none"> 1. Monitoring the partner recommendation request. 2. Analyzing the List of Contractors to be Invited (Daftar Rekanan Terseleksi untuk diundang/DRTU). 3. As a means to manage the Selected Contractor List of Bank Mandiri (DRTM). 4. As a means to carry out evaluation and assessment of the supplier's capabilities.

Audit of Goods and Services Procurement

To ensure SPO Procurement and Bank policies implemented in line with the prevailing provisions, Bank Mandiri always conducts audits regularly and erratically, through Internal and External Audits. During 2018, there were no negative audit findings, both by external and internal auditors on the procurement that might harm Bank Mandiri.





Suppliers' Competency Development Program

Bank Mandiri has carried out the development activities to improve the quality of Bank Mandiri's supplier/vendor, through the implementation of Vendor Meeting and Vendor Gathering that was accompanied with the awarding of the Vendor Award. As for the benefits of Vendor Meeting and Vendor Gathering are as follows :

 <p><i>Sharing Values</i></p>	 <p>Sinergy</p>	 <p>Communication</p>	 <p><i>Engagement</i></p>
<p>Sharing of Bank Mandiri's Vision and Values</p>	<p>Mean to strengthen a harmonious relationship between Bank Mandiri and its Business Partners</p>	<p>Communication forum to gather inputs from vendor to improv the procurement process in Bank Mandiri</p>	<p>Improving vendor engagement toward Bank Mandiri</p>

Complaint Channel for Procurement

In the goods and services procurement process, Bank Mandiri has implemented the basic principles of the procurement implementation. Therefore, if the supplier/vendor has complaint, information, or suggestion for the implementation of goods and services procurement in Bank Mandiri, then the supplier/vendor can submit the complaint, information or suggestion to the email address SPCInfo&complain@bankmandiri.co.id.

