

# Corporate Social Responsibilities Related to Suppliers to Suppliers



## COMMITMENT AND POLICY

Provisions related to the Procurement of Goods and Services, namely the Procurement SPO has been updated and approved on March 1, 2017. The Procurement SPO is a guide of Bank Mandiri in conducting the procurement of strategic and non-strategic goods and services to support the Bank's operational activities according to quality, quantity and the time set at the best price and applying the principles of risk control management.

In carrying out the procurement process, procurement executives are required to sign an 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 which include:

|                                    |   |
|------------------------------------|---|
| <b>Effective</b>                   | Procurement activities must be in accordance with the requirements / plans that have been set and can provide optimal benefits for Bank Mandiri.  |
| <b>Efficient</b>                   | Procurement activities are carried out to achieve quality as specified, with the agreed time at the best price level.   |
| <b>Open and compete</b>            | Implementation of procurement must be open to providers of goods and services that have met the requirements and carried out through fair competition among suppliers of goods and services that meet certain conditions / criteria based on clear and transparent provisions and procedures. |
| <b>Transparent</b>                 | All provisions and information regarding the implementation of procurement, including technical and administrative requirements, evaluation procedures, evaluation results, determination of prospective Goods and Services Providers, are open.  |
| <b>Fair and not discriminatory</b> | Provide equal treatment for all prospective Goods and Services Providers and does not lead to providing benefits to certain parties in any way and / or reason.   |
| <b>Accountable</b>                 | The procurement process, results and payments must be accountable.  |
| <b>Responsible</b>                 | The procurement process is carried out carefully and complies with applicable regulations.  |
| <b>Independent</b>                 | Procurement decisions are taken objectively and are free from pressure from any party.  |

To realize the procurement activities based on the above principles, Bank Mandiri implements the following matters:

1. Separation of functions in the Procurement Implementing Unit, namely the unit conducting the selection of prospective partners / vendors, the unit conducting the procurement process, the unit making up the Estimated Self Price; and Compliance Work Unit.
2. Always subject to and comply with internal and external regulations.
3. Implementation of the principles of risk management which includes identification, assessment, mitigation and monitoring and measurement of operational risk.
4. Guided by Bank Mandiri's Work Culture based on values:
  - Trust, Integrity, Professionalism, Customer Focus and Excellence
  - Good Corporate Governance (GCG), and
  - Comply with the Code of Conduct and implement the precautionary principle.
5. Comply with Bank Mandiri's code of conduct, namely:
  - One Heart One Mandiri (How do we work as a Team)
  - Mandiri Tangguh (How do we personally as Mandiri work)
  - Growing Healthy (How do we develop business and performance)
  - Meeting Customer Needs (How do we behave to customers)
  - Together Building the Country (How do we interpret work and responsibility).

## TARGET ACTIVITIES

Bank Mandiri targets that the entire process of procurement of goods and services has implemented the basic principles of procurement implementation as explained above. By applying these principles, it is expected that the level of supplier satisfaction will be well maintained and will subsequently have an impact on improving Bank Mandiri's overall performance.



## ACTIVITY

### PROCUREMENT OF GOODS AND SERVICES ACCORDING TO ETHICS AND PRINCIPLES



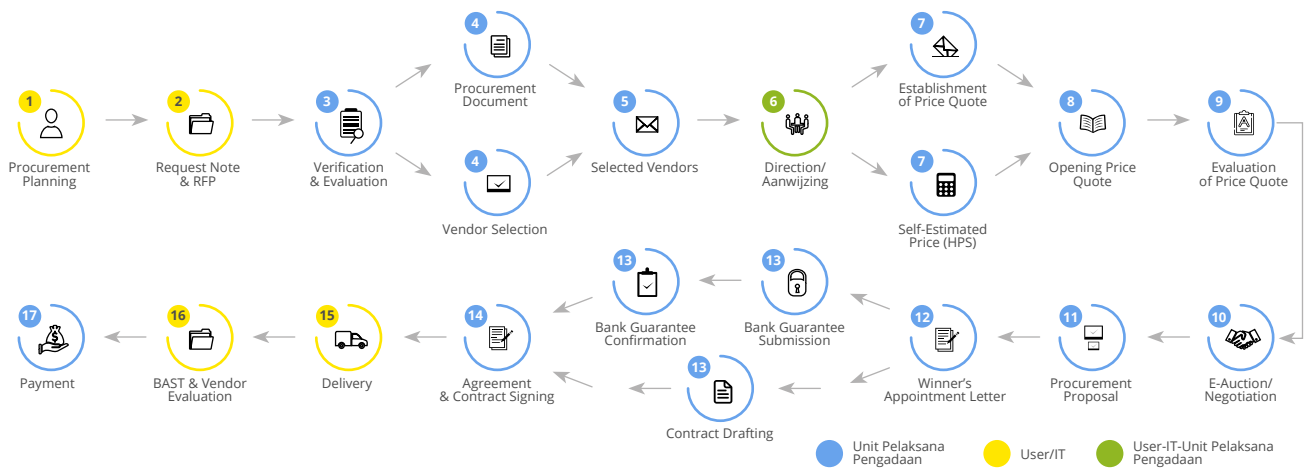
All parties involved in the Bank Mandiri procurement process include Procurement Implementing Units, Goods and Services Users and Goods and Services Providers obliged from time to time to comply with the following ethics:

- a. Carrying out each obligation in an orderly manner accompanied by a sense of responsibility to achieve the smooth and accuracy achievement of procurement objectives.
- b. Working professionally and independently on the basis of honesty and maintain confidentiality of documents that should be kept confidential, such as Self Estimated Price (HPS), to prevent irregularities in the implementation of procurement activities.
- c. Not influencing each other directly or indirectly to prevent and avoid unfair competition.
- d. Accepting and be responsible for all decisions made in accordance with the agreement of the parties.
- e. Avoiding and preventing conflicts of interest between the parties.
- f. Avoiding and preventing waste in the implementation of procurement activities.
- g. Avoiding and preventing the abuse of authority and / or collusion with the aim of personal, group or other party benefits that can directly or indirectly harm Bank Mandiri.
- h. Avoiding and preventing corruption, collusion and nepotism (KKN) in the procurement process.
- i. Not accepting gifts or rewards of any kind, either directly or indirectly.

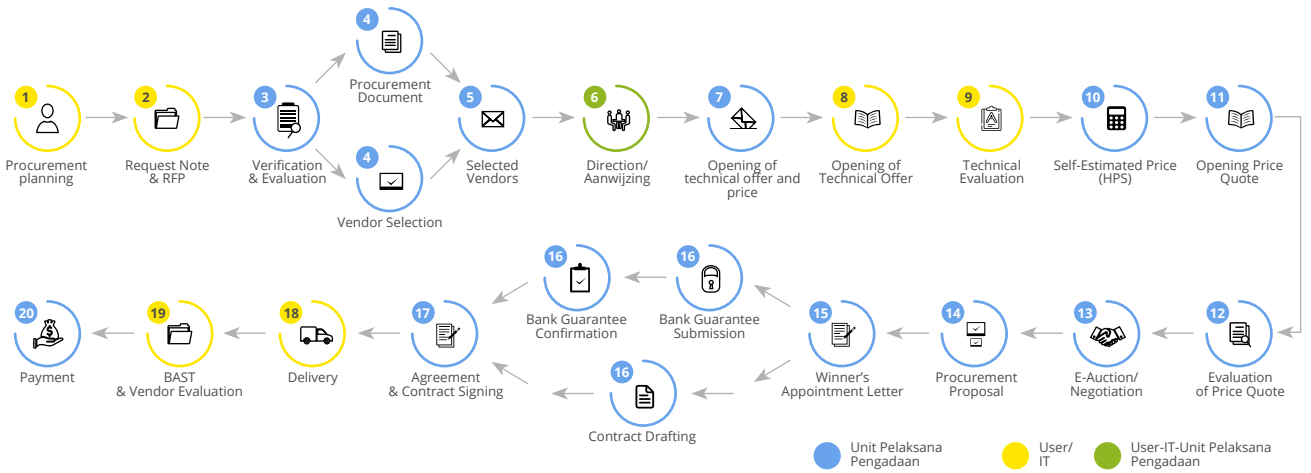
#### PROCEDURES FOR PROCUREMENT OF GOODS AND SERVICES

Bank Mandiri has procedures for procuring goods and services that can be described through 3 (three) schemes based on the level of complexity.

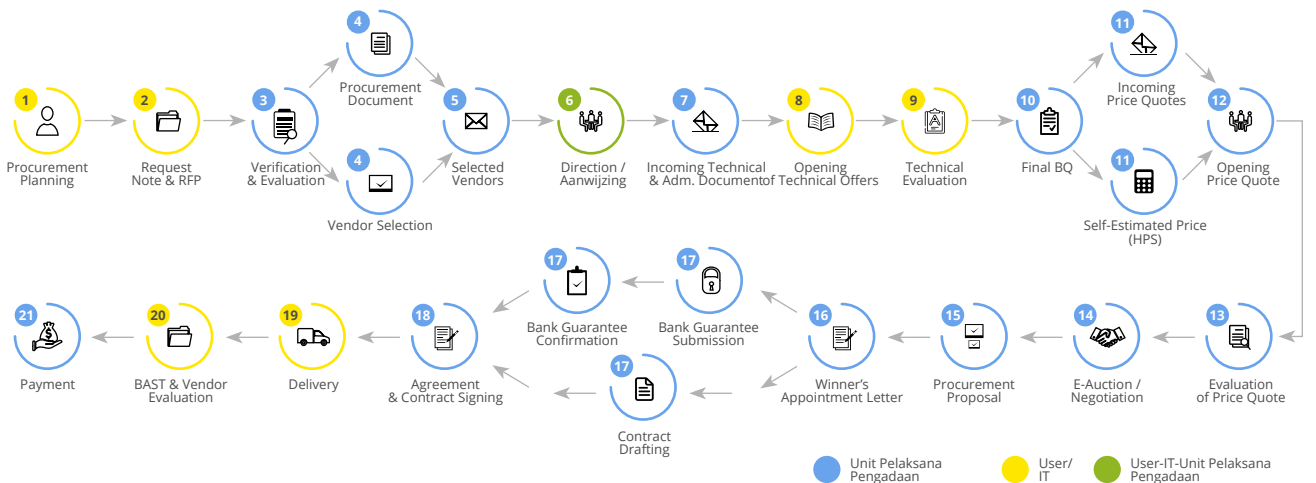
### Simple Procurement Process Flow (One Stage One Cover)



### Process Flow for Medium Complexity Procurement (One Stage Two Covers)



### High Complexity Procurement Process Flow (Two Stages)



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

| No | Application Name                             | Application Description  | Application Function   |
|----|--|--|--|
| 1  | Bank Mandiri Procurement Portal              | It is a web-based tool used to interact, among others, for Bank Mandiri with Suppliers and Prospective Suppliers | <ol style="list-style-type: none"> <li>1. Accreditation / registration of prospective suppliers.</li> <li>2. Media introduction of potential suppliers.</li> <li>3. Updating supplier data.</li> <li>4. Monitoring News of Handover (BAST) of goods / services.</li> <li>5. Tender Announcement.</li> </ol>                              |
| 2  | Supplier Relationship Management Application | It is a web-based tool used by the Supplier Relationship Management unit to manage Bank Mandiri suppliers.       | <ol style="list-style-type: none"> <li>1. Monitoring Requests for partner recommendations.</li> <li>2. Analyzing the List of Selected Partners to be invited (DRTU).</li> <li>3. Means for managing the List of Bank Mandiri Selected Partners (DRTM).</li> <li>4. Means for evaluating and evaluating supplier capabilities.</li> </ol> |

## AUDIT PROCUREMENT GOODS AND SERVICE

To ensure that the Procurement SPO and other Bank Mandiri policies have been carried out in accordance with the provisions, Bank Mandiri always conducts audits regularly and at any time, through Internal and External Audit. During 2019, there were no audit findings, both by external auditors and internal auditors regarding procurement that harmed Bank Mandiri.

## SUPPLY COMPETENCY DEVELOPMENT PROGRAM

Bank Mandiri has carried out development activities to improve the quality of Bank Mandiri suppliers / vendors, through the implementation of Vendor Meetings and Vendor Gatherings accompanied by the awarding of the Vendor Award. The benefits of having a Vendor Meeting and Vendor Gathering are as follows:



**Sharing Values**

Sharing of Bank Mandiri's Vision and Values



**Sinergy**

Mean to strengthen a harmonious relationship between Bank Mandiri and its Business Partners



**Communication**

Communication forum to gather inputs from vendor to improv the procurement process in Bank Mandiri



**Engagement**

Improving vendor engagement toward Bank Mandiri

## VENDOR MEETING

In 2019 a Vendor Meeting has been held 3 times with the following information:

a. IT field

|                 |   |  |
|-----------------|---|--|
| Date            | : | October 8, 2019  |
| Place           | : | SPC Cafe, Plaza Mandiri Lantai 23 - Jakarta                      |
| Speakers        | : | Group Head and Department Head Strategic Procurement Group       |
| Invited Partner | : | Attended by 31 Bank Mandiri Partner Partners in the non IT field |

b. Non IT Field

|                 |   |   |
|-----------------|---|---|
| Date            | : | October 9, 2019   |
| Place           | : | SPC Cafe, Plaza Mandiri Lantai 23 - Jakarta                             |
| Speakers        | : | Group Head and Department Head Strategic Procurement Group              |
| Invited Partner | : | Attended by 35 Bank Mandiri Partner Partners in the non IT field        |
| Date            | : | October 10, 2019  |
| Place           | : | Group Head and Department Head Strategic Procurement Group              |
| Speakers        | : | Group Head dan Department Head Strategic Procurement Group              |
| Invited Partner | : | Attended by 35 Mandiri Bank Partner Partners in the Construction sector |

## COMPLAINTS CHANNEL FOR PROCUREMENT

In the process of procurement of goods and services, Bank Mandiri has applied the basic principles of procurement. Therefore, if the supplier / vendor has a complaint, information, or suggestion regarding the procurement of goods and services at Bank Mandiri, then the supplier / vendor can submit the complaint, information or suggestion through the email address [SPCInfo&complain@bankmandiri.co.id](mailto:SPCInfo&complain@bankmandiri.co.id).

## IMPACT ACTIVITIES

The implementation of corporate social responsibility activities for suppliers has had an impact on the high level of supplier / vendor satisfaction. To measure the level of supplier / vendor satisfaction, Bank Mandiri has conducted a survey since 2013, in which 95.31% results were obtained that the percentage of suppliers / vendors were satisfied with the procurement of goods and services at Bank Mandiri. This value reflects that the procurement process and cooperation between Bank Mandiri and suppliers / vendors has been going very well and smoothly.

With a good and transparent procurement process, during 2019 there were no audit findings, both by external auditors and internal auditors regarding procurement that were detrimental to Bank Mandiri.