

Corporate Social Responsibilities to Suppliers

Policies

Provisions concerning Procurement of Goods and Services, i.e. the Standard Operating Guidelines for Procurement shall be determined by the Board of Directors of Bank Mandiri. These are the guidelines used by Bank Mandiri in the process of procurement of strategic and non-strategic goods and services to support its operations in accordance with the predetermined quality, quantity and time at the best price and in compliance with the risk management principles.

To realize procurement activities that comply with the principles of procurement which are Effective, Efficient, Open and Competitive, Transparent, Fair and Non-Discriminatory, Accountable, Responsible, and Independent, the Bank implements the following things:

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; and
4. Upholding the Company's Work Culture grounded in TIPCE values (**T**rust, **I**ntegrity, **P**rofessionalism, **C**ustomer Focus, and **E**xcellence), GCG, and complying with the Code of Conduct and implementing the principles of prudence.

Targets of the Activities

Bank Mandiri sets the target that the whole process of procurement of goods and services has implemented the Effective, Efficient, Open and Competitive, Transparent, Fair and Non-Discriminatory, Accountable, Responsible, and Independent principles. By applying these principles, it is expected that the level of vendor satisfaction will be well maintained, which eventually will contribute to the improvement in the Companies overall performance.

Activities and their Impact

The Program of Corporate Social Responsibilities to Vendors

Procurement of Goods and Services Audit

To ensure compliance with the Standard Operating Guidelines for Procurement and the Bank's policies, Bank Mandiri always conducts periodic or occasional audits, through Internal and External Audit.

Vendor Competency Development Programs

Bank Mandiri has organized development programs to improve the quality of its vendors, namely Vendor Gathering and Vendor Award described below:

Vendor Award

Held on	: November 16, 2017
Venue	: Auditorium Lantai 3, Plaza Mandiri – Jakarta
Partners Invited	: <ul style="list-style-type: none"> • IT Sector (software and hardware): 25 vendors • Non-IT Sector (among other things, advertising and promotion, official car, publishing, insurance, and expedition): 27 vendors • Construction: 16 vendors

Vendor Gathering

The Vendor Gathering and the Vendor Award were held simultaneously. These events are described 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; and
4. Refreshment of important aspects related to the procurement of goods and services, which among other things include:



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.