

Procurement activity is the provision of strategic and non-strategic goods as well as services to support the operational activities of Bank Mandiri ("Company") in accordance with the quality, quantity and timeframe at the best price with applied risk management control

Procurement activities preceded by planning, referring to business plans and inline with expansion strategy of the Company.

In order to perform the, effective, comply, fast, transparent efficient, and accountable procurement activities, Company conduct following matters :

1. Segregation of duty for the Procurement Unit :
 - a. Suppliers selection unit
 - b. Procurement processing Unit ,
 - c. Owner Estimates Unit and
 - d. Payment unit and
 - e. Compliance Unit
2. Comply with internal and external regulations.
3. Applying risk management principles encompass identification, assessment, mitigation, and monitoring as well as measurement of operational risk.
4. Guided by the Company Culture based on Corporate values (Trust, Integrity, Professionalism, Customer Focus, and Excellence), good corporate governance, and obey Code of Conduct, Business Ethics and implement Prudential Banking.

BASIC PRINCIPLES OF PROCUREMENT

To perform procurement process, the Company refers to the implementation of the basic principles of procurement comprise :

1. Effective means Procurement activities in accordance with the needs or predetermined plan and contribute optimal benefits for the Company.
2. Efficient, means procurement activities conduct in accordance with the determined Company Business Plan, with a certain time frame and accountable.
3. Open and Competitive, means the implementation of Procurement should be giving the opportunity for all providers of goods and services that have met the requirements and conducted through fair competition between qualified providers of goods and services under the clear and transparent procedures.
4. Transparent, means all the provisions and information regarding the implementation of Procurement shall be inform to Goods and Services Providers
5. Fair and Non Discriminative, means giving equal treatment to all providers of goods and services and does not lead to benefit for particular party due to whatsoever reason.
6. Accountable, means the process, results, and payment must be accountable Procurement.
7. Responsibility means procurement process conducted carefully and comply with applicable regulations.
8. Independent, means procurement decisions taken objectively and independent from any intervention.

PROCUREMENT ETHIC

Entire parties involved in the procurement process including Procurement Implementation Unit, User goods and services as well as providers of goods and services from time to time are required to adhere to ethics as follows:

1. Perform their respective obligations in an orderly manner with a responsibility to achieve smoothness and accuracy achievement of Procurement.

2. Professional and Independent with honest and at all time maintain the confidentiality of documents.
3. Not influence each other either directly or indirectly to prevent and avoid unfair competition.
4. Acknowledge and fully responsible for any decision taken by the parties.
5. Avoid and prevent the conflict of interest between the parties.
6. Avoid and prevent inefficient in the implementation of procurement activities.
7. Avoid and prevent abuse of authority in relation to personal gain, group, or any other parties direct or indirect be prejudicial to the Company.
8. Avoid and prevent the occurrence of corruption, collusion and nepotism (KKN) in the procurement process.
9. Refuse gifts or any form of compensation, either directly or indirectly.

Procurement officer shall sign Integrity Charter prior implement the Procurement of Goods and Services.

Implementation of the Company's procurement process perform by methods inter alia :

1. Open Tender
2. Election
3. Direct Appointment

Procurement process conducted through open Tender, shall widely publicized through the mass media, the official board of Company and / or the Company's website.

Company will select the best and most effective and efficient method to executed procurement with process and results as a reference.

RISK MITIGATION

To perform procurement activities, Company always implement risk mitigation among others :

1. Classification of Goods and Services Providers who will be a provider shall in accordance with the qualifications and standards set by the Company.
2. The Company at time to time convey information or terms and provisions of agreements to providers of goods and services prior the work is deliver.
3. Drafting of agreements shall comprise among others :
 - a. Clarity of rights and obligations of each party
 - b. Period of the agreement.
 - c. Termination clause include the rights of Company terminated prior the expiration of the agreement due to certain circumstances
 - d. Clarity completion of the rights and obligations of each party
 - e. Affirmation of confidentiality clause which charge obligations of the parties to maintain confidentiality.

The Company having high concern in regards documentation under the procurement process. Administration in the Company's documentation align with the principles :

1. Accountability
Entire Unit of the Company shall responsible and obliged to perform the administration of documentation in line with implementation of good corporate governance.
2. Confidentiality
All documentation of procurement process shall kept confidential.
3. Completeness of Documents
Each unit shall responsible for manage and maintain the completeness of documentation.

SELECTION CRITERIA FOR PROVIDERS OF GOODS AND SERVICES ("VENDOR")

In regard implementation of Goods and Service Provider Selection, the Company determine the aspect to reviewed periodically as the basis of Vendor Selection.

Reviewed Aspects under qualifying providers of goods and services include:

1. legal and administrative aspects,
2. technical aspects
3. financial aspects.

The Company established criteria for provider recommended to be invited in a procurement process, the criteria shall include:

1. Classified under group of goods/service provider of the Company Vendor List;
2. business scalability in accordance with the volume of goods / services.
3. No Sanctions applied under the period of procurement.
4. Ability and / or adequate capacity as required in relation of procurement.
5. Do not have an affiliate relationship with another company invited to such procurement process.

VENDOR EVALUATION BASED ON VENDOR REGISTERED LIST

Vendor evaluation running by 2 (two) models :

1. Project Performance Evaluation
Performance evaluation conducted on the timeliness, quality aspect of the supply of goods / services and administration as well cooperation on each project executed.
2. Periodic Evaluation
Evaluation conducted periodically in certain period to monitor the development of technical aspect as well as financial aspect of the Vendor.

LEGAL & COMPLIANCE ROLES UNDER PROCUREMENT PROCESS.

Legal risk mitigation is the main purpose of involvement legal unit in procurement process, such activities include review of Agreement.

Compliance unit taking another role to made an assurance every procurement activities obey internal and external regulations.