

Bank Mandiri by the change of PTO Gift Disclosure Statement to PTO Gratuity Control, in adjustment with KPK Regulation NO. 2 year 2014 dated 9 December, 2014 about Guideline of Reporting and Determining Gratuity Status that later on is reviewed periodically.

As a follow up to KPK guideline in relation to determination of reasonable limit and adjustment to the current condition, Bank Mandiri in running its daily business activities has to maintain good working partnership with customers, vendor, partners and all stakeholders based on ethics, mutual trust and responsibility. In the revision of PTO Gratuity Control, there are new regulations as follow:

- The expansion of coverage of the receiver of gratuity in Bank Mandiri environment.
- The regulation of gratuity reception from Subsidiary Companies
- The determination of reasonable limit
- The change of deadline for the reports of rejection/reception of gratuity
- Storage mechanism for money/goods/gifts
- The Signing of Integrity Pact

In order to support the eradication of corruption programs, Bank Mandiri actively participates in activities coordinated by KPK, namely:

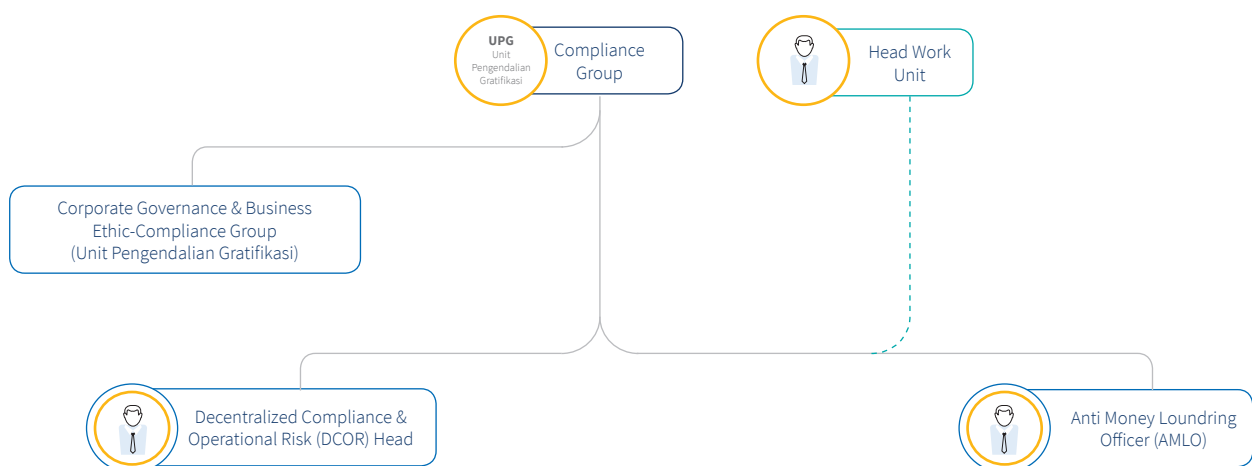
- Participate in the workshop with KPK and KLOP (Ministries, Agencies, Organizations and Governments) in discussion about Indonesia Corporate University to support the National Integrated System.
- Participate in the National Gratuity Control Unit that was held in 11-12 December, 2017 in Jakarta.
- Participate in World Anti Corruption Day Festival 2017 that was held in 11-12 December 2017 in Jakarta, Bank Mandiri was appointed for the third time as BUMN (State-Owned Enterprise) with the best Gratuity Control System.

The Management of Gratuity Control

Gratuity Control Unit

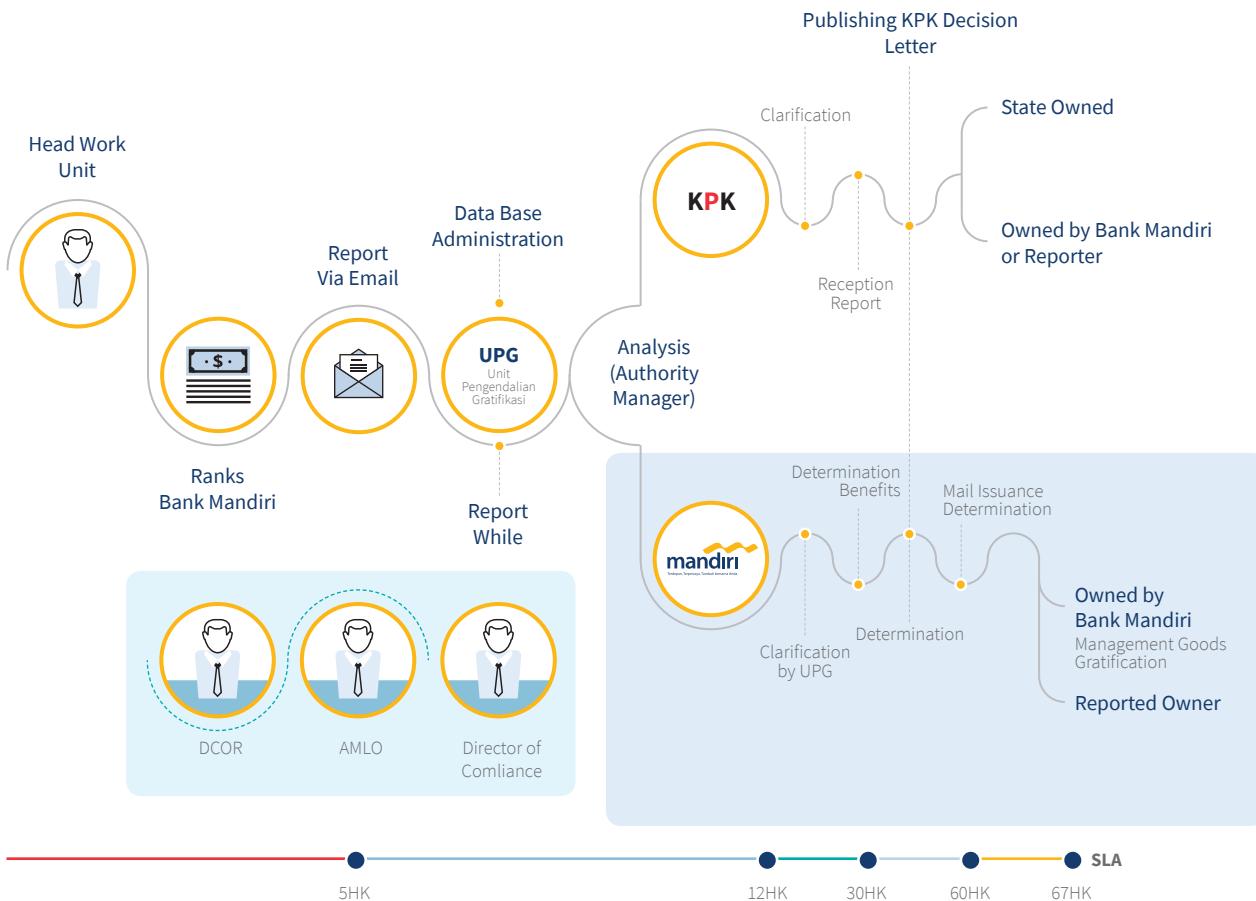
Gratuity Control Unit (UPG) of Bank Mandiri is in Compliance Group in Corporate Governance & Business Ethic (CGB) Department. UPG functions to implement gratuity control in the environment of Bank Mandiri which implements its duties with the assistance from Decentralized Compliance and Operational Risk and Anti Money Laundering Officer.

The UPG Organizational Structures of Bank Mandiri are as follow:



Gratuity Report Mechanism

Bank Mandiri has gratuity report mechanism that is in correspond to the KPK report mechanism. This mechanism can be seen in the following diagram:



Implementation of Gratuity Control

Integrity Pact

In order to support the gratuity control program, Bank Mandiri has Integrity Pact program that denotes a statement from all Bank Mandiri personnel to commit in upholding moral and integrity, protect and maintain the image, credibility and interests of Bank Mandiri by not soliciting and accepting gratuity from parties with conflict of interests.

The Integrity Pact is signed by Board of Commissioners and Board of Directors on the appointed date and also annual signing. In addition to that, Integrity Pact is also signed by entire Bank Mandiri personnel (aside from Board of Commissioners and Board of Directors) in the beginning of their working days with Bank Mandiri and resigning is performed every 2 years.

In 2017, Bank Mandiri has conducted the Refreshment of Integrity Pact Signing that was attended by 1000 representatives of external stakeholders that are partners, vendor and customers. Hereinafter, the refreshment of Integrity Pact signing has been followed up with the Integrity Pact signing by Board of Commissioners, Board of Directors, and Senior Executive Vice President also all Bank Mandiri Personnel either in the Headquarter Office or Regional Offices in December 2017 with the total of 39,906 employees.

Socialization And Understanding Of Gratuity Control

Socialization is done continuously by UPG that coordinates with DCOR Head and AMLO to Work Unit in Headquarter Office, Regional Offices or through regular classes ODP/SDP/Basic Branch Manager (BM)/Intermediate BM/Advance BM.

Up to December 2017, face to face socialization has been done to more or less 2,648 Bank Mandiri employees. Moreover, the socialization was done by setting up Gratuity Control Poster in Regional office (Banking Hall) and Headquarter Office (Plaza Mandiri), via sending email blast, Screen Saver, Tabloid Mandiri, the making of display cabinets for gratuity goods, and also suggestion to all partners of the Bank to not give gratuity in relation to religious and new year celebrations via national newspaper.

Gratuitye-Learning

The e-Learning Program of Gratuity Control has been held by Bank Mandiri Personnel in 2 (two) batches, the first batch started in 7-25 August 2017 and the second batch started in 1-25 November 2017. This e-learning program is an online leaning material that can be accessed in the Mandiri Easy website and can be accessed by all employees with their own NIP. By the end of the learning material, there is a post test that has to be done by employees to measure the employee's understanding. The e-Learning of Gratuity Control has been accessed by 29,945 employees (78% from total employees registered in Mandiri University Group which is 38,559 employees with NIP). Hasil post test memiliki rinciansebagaiberikut:

- a. The number of employees that has passed the test is 23,564 people.
- b. The number of employees that has not passed the test is 5,865 people.

Gratuity Control Program In Subsidiary Company

As a step to manifest the integrity culture as one of the standard of "One Culture" in Mandiri Group, recommendation to implement the Gratuity control program has been given to all subsidiary companies. Moreover, in order to implement the Integrated Compliance Unit program, socialization of the gratuity control program has been done for PT.Bank Syariah Mandiri Compliance Unit in November 2017.

Raksa Culture Program

As an effort to implement the gratuity control in Bank Mandiri, Gratuity Control Program has been incorporated into Central Cultural Internalization Team Program through Badges Raksa -Culture Excellent Scoreboard, this program was a reward from fiestapoin program and Excellence Work Culture of Bank Mandiri in relation to Governance theme. The purposes of this program are to develop Good Corporate Governance values and instill value Integrity to all Bank Mandiri employees.

Gratuity Report Year 2017

Gratuity reporting in Bank Mandiri is performed by Bank Mandiri employees by sending email to UPG. The Bank Mandiri employees who receive/reject gratuities report the receiving/rejection to UPG via email

at the latest of 5 Working Days after the receiving/rejection of gratuity by sending the gratuity report form that can be obtained through KPK office or website or by file on Gratuity Control PTO accompanied by supporting documents such as goods photographs, evidence from handover event, invitation or other supporting documents.

After receiving the report, UPG will perform the review and classify the gratuity report whether it is Bank Mandiri's authority or KPK's authority. Up to December 2017, the number of receiving/rejection of Gratuity report was 137 reports. The receiving of Gratuity reported were in the form of honorarium, electronic goods, souvenirs, and food.

Whistleblowing System

Based on SE BI No.13/28/DPNP about Anti Fraud Strategy Implementation for Commercial Banks, Bank Mandiri has carried out various efforts to monitor and mitigate fraud risk through implementation of 4 pillars, namely:

1. Prevention
2. Detection
3. Investigation
4. Report and Sanction
5. Monitor, Evaluation, and Follow Up

In order to monitor and control fraud on detection pillar, Bank Mandiri provides policy of whistleblowing system which is called "Letter to CEO (LTC)". LTC is a means to report fraud complaints either from employees or third party to President Director to focus on revelation on the complaints to improve the effectiveness of fraud control system implementation.

LTC program is one of the Anti Fraud Strategy (SAF) programs that aims to:

1. Detect fraud crime or fraud indication with the reports from employees or third party of Bank Mandiri, that are presented by citing the name clearly or anonymous, with which investigation process or other follow up can be performed.
2. Promote awareness or concern to all employees to participate in keeping their work unit from suffering a loss caused by fraud so the monitoring quality is better and sense of belonging of the employees is higher.
3. Improve the company's reputation especially in the context of Good Corporate Governance that will improve the company's image because the company has adequate anti fraud tools.