

Year	Corporate Governance Program
2017	<ul style="list-style-type: none"> Corporate Governance Perception Index (CGPI) is a GCG implementation research and rating program conducted by an independent institution known as The Indonesian Institute for Corporate Governance (IICG). Bank Mandiri has participated in CGPI assessment for 14 (fourteen) consecutive years since 2003. In 2017, Bank Mandiri was once again ranked "Highly Trusted", making it the 11th consecutive ranking. Bank Mandiri was rated "The Best Overall" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. Attended the 2016 International Anti-Corruption Day Festival held from 11 to 12 December 2017 at Bidakara Hotel, Jakarta. Bank Mandiri was awarded the SOE with the Best Gratification Control System.

To ensure that governance implementation has been utilized as the fundament of all Mandiri personnel in performing its operational activities, Bank Mandiri has taken a number of specific measures in 2017, among others:

1. GCG E-learning

Bank Mandiri developed GCG e-learning in order to improve all Bank Mandiri's personnel's understanding on GCG. The e-learning was assigned to all Bank Mandiri's personnel, where a post-test would be given at the end of the module to test personnel's understanding on GCG.

2. Gratification Control E-learning

Bank Mandiri developed gratification control e-learning in order to internalize the value of integrity to all Bank Mandiri's personnel while also improving personnel's understanding on gratification banning. The e-learning was assigned to all Bank Mandiri's personnel, where a post-test would be given at the end of the module to test personnel's understanding on GCG.

3. Revitalization of Whistleblowing System

Bank Mandiri revitalized its whistleblowing system so as to make the personnel more familiar with the system and thus allow them to proactively utilize the whistleblowing system media.

4. GCG and Gratification Control Module Required for Officer Development Program (ODP) and Senior Development Program (SDP) trainings

Bank Mandiri's leadership candidates were given GCG module during class, as it is expected that personnels can utilize GCG as their future guideline in performing their duties.

5. Redesigning of Bank Mandiri's Corporate Website

In 2017, Bank Mandiri has redesigned its corporate website in order to make it easier for all stakeholders to use as well as to improve transparency of Bank Mandiri's information.

Implementation of Corporate Governance Aspects and Principles for Public Listed Companies in Accordance with the Provisions of the Financial Services Authority

In accordance with the Regulation of Financial Services Authority Number 21/POJK.04/2015 on Implementation of Corporate Governance for Public Listed Companies and the Financial Services Authority's Circulating Letter No. 32/SE.OJK.04/2015 on Guideline on Governance of Public Listed Companies, the guideline on Governance includes 5 aspects, 8 principles, and 25 recommendations for the implementation of good corporate governance aspects and principles. Recommendations for the implementation of good corporate governance aspects and principles as specified in the Guideline on Governance are the standards that should be implemented by the Company in its governance. This can be detailed as follows.

Table of Implementation of Aspects and Principles of Corporate Governance Open Based on OJK Provisions

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
Aspect 1: Relationship between Public Listed Company and Shareholders in Guarantying Shareholders' Rights;			
Principle 1 Improving the Value of GMS Implementation	1. Public Listed Companies has a way or technical procedure of voting, either open or closed, that emphasize on independence and the interest of shareholders.	<ul style="list-style-type: none"> – Each share issued with a voting right (voting stock) has one vote (one share one vote). Shareholders may exercise their voting rights during decision making, especially in decision making by voting. However, the mechanism of decision making by voting, either open or closed, has not been detailed. – Public Listed Companies are recommended to have their own voting procedure for decision making of GMS agenda. The procedure of voting should maintain shareholders' independence or freedom. For example, in open voting, votes are given by raising hand according to the instruction given by the GMS chairman for each option. On the contrary, closed voting is used for decisions that require confidentiality or as the shareholders may demand so, where votes are given using ballots or using electronic voting system. 	<p>In both Annual and Extraordinary General Meeting of Shareholders (GMS), Bank Mandiri has implemented voting procedure, either open or closed, as specified in the GMS Procedure.</p> <p>During the Annual and Extraordinary GMS for Fiscal Year 2016, which have been held on 14 March 2017 and 21 August 2017 respectively, open voting mechanism was implemented by raising hand and submitting ballots for those who disagree. Closed voting mechanism, on the contrary, was implemented in which an official approached all shareholders to collect their ballots into a box.</p> <p>The procedure for voting in GMS has been set forth in the Company's Articles of Association and GMS Procedure posted on the Company's website during the summon for GMS.</p> <p>Remarks: Comply</p>
	2. All members of the Board of Directors and Board of Commissioners of a Public Listed Company should be present in Annual GMS.	The presence of all members of the Board of Directors and Board of Commissioners of a Public Listed Company has the purpose of enabling all members of the Board of Directors and Board of Commissioners to pay attention to, explain, and respond directly to existing issues or questions asked by shareholders in relation to the corresponding GMS' agenda.	<p>In the 2016 Annual GMS held on 14 March 2017, all members of Bank Mandiri's Board of Directors were present. However, there were 2 (two) members of the Board of Commissioners who were absent, i.e. Mr. Askolani and Mr. Ardan Adiperdana, the Commissioners. Mr. Askolani was absent in the Annual GMS as, at the same time, he was attending the 158th Assembly of the Board of Governors of OPEC's Fund for International Development (OFID) in Vienna, Austria, under an assignment specified in the Assignment Letter of Minister of Finance of the Republic of Indonesia Number ST-99/MK.02/2017 dated 21 February 2017. The request for absence in the GMS has been submitted to all members of Bank Mandiri's Board of Commissioners and Board of Directors through a letter dated 07 March 2017 on Absence in Bank Mandiri (Persero) Tbk.'s 2017 General Meeting of Shareholders.</p> <p>On the other hand, Mr. Ardan Adiperdana was absent in the Annual GMS as, at the same time, he was attending a Closed Meeting chaired by the President of the Republic of Indonesia himself, based on an Assignment Letter issued by Cabinet Secretary of the Republic of Indonesia No. Und.42/Seskab/DKK/03/2017 dated 10 March 2017 on Invitation for Closed Meeting, No. Und.43/Seskab/DKK/03/2017 dated 10 March 2017 on Invitation for Closed Meeting, and No. Und.44/Seskab/DKK/03/2017 dated 10 March 2017 on Invitation for Closed Meeting. The request for absence in the GMS has been submitted to all members of Bank Mandiri's Board of Commissioners and Board of Directors through a letter dated 13 March 2017 on Absence in Bank Mandiri (Persero) Tbk.'s 2017 General Meeting of Shareholders.</p> <p>The Extraordinary GMS for Fiscal Year 2016 held on 21 August 2017, on the other hand, was attended by all members of the Board of Directors and Board of Commissioners.</p> <p>Remarks: Comply</p>

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	3. Summary of the GMS Overview is available on a Public Listed Company's Website for at least 1 (one) year.	Public Listed Company is required to make summary of GMS overview in Indonesian and foreign language (minimum in English) and to announce the summary by 2 (two) office days after the date of the GMS to the public society, the announcement of which should be made, among others, via the Public Listed Company's Website. Availability of summary of GMS overview on a Public Listed Company's Website provides opportunities for absent shareholders to quickly and easily receive important information delivered during the GMS. Therefore, the provision on the minimum duration of availability of GMS overview summary on the Website aims to provide sufficient time for shareholders to obtain such information.	<p>Bank Mandiri has provided Summary of GMS Overview in English and Indonesian, and has announced it 2 (two) days after the date of GMS on, among others, the Company's website. The Company's website has posted summary of GMS overview for the last 7 (seven) years.</p> <p>This was detailed under the provision on Corporate Secretary Guideline Standards (SCPS) Chapter III.A.2.b.1 Activities Following GMS.</p> <p>A) Summary of GMS review are required to be announced to the public by 2 (two) office days after the date of the GMS, at least on:</p> <p>(1) 1 (one) nationally-distributed daily newspaper in Indonesian language;</p> <p>(2) Stock Exchange Website; and</p> <p>(3) The Public Listed Company's Website in Indonesian language and foreign language, in which the foreign language used shall be at least English.</p> <p>Summaries of Bank Mandiri's Annual and Extraordinary GMS Overview have been posted in Bisnis Indonesia and The Jakarta Post, each of which was posted on 16 March 2017 and 23 August 2017, respectively.</p> <p>Announcement via Stock Exchange Website and Bank Mandiri's Website has also been made on the same days, i.e. 16 March 2017 and 23 August 2017, respectively. In addition, Bank Mandiri has also announced Highlights of the Annual General Meeting of Shareholders and Extraordinary GMS of each on March 15, 2017 and August 22, 2017 on the website of Bank Mandiri.</p> <p>Remarks: Comply</p>
Principle 2 Improving the Quality of Communication between Public Listed Company and Shareholders or Investors.	4. Public Listed Company has a policy ruling communication with shareholders or investors.	<ul style="list-style-type: none"> - Communication between Public Listed Company and the shareholders or investors aims at allowing the shareholders or investors to obtain clearer understanding on information that has been published to the public, such as periodic reports, information disclosure, business and performance condition or prospect, and Implementation of Public Listed Company Governance. In addition, shareholders or investors can also provide feedbacks and express their opinions to the Public Listed Company's management. - Policy on communication with shareholders or investors reflects Public Listed Company's commitment to implementing communication with its shareholders or investors. Such policy may include strategies, programs, and timeline of communication implementation, as well as guideline that supports shareholders or investors to engage in such communication. 	<p>Bank Mandiri has had its policy on communication with shareholders or investors, as set forth in the Corporate Secretary Guideline Standard (SCPS) Chapter III.A.I. Information Transparency.</p> <p>In addition to the abovementioned matters, Bank Mandiri also has Public Expose agenda implemented quarterly (every three months), which aims at delivering information to the public and investors, such as periodic reports, information disclosure, business and performance condition or prospect, and Implementation of Public Listed Company Governance.</p> <p>Bank Mandiri has also formed a dedicated work unit to manage relationship with investors, especially public investors, in which the work unit functions as, among others, a center of information to provide information regarding the Company's performance to investors, as well as functioning to maintain good relationship with investors.</p> <p>Information Disclosure to shareholders has been developed by referring to the provisions of Capital Market and Stock as well as other relevant legislative regulations, which can be categorized in brief into the following:</p> <p>a. Reporting, either periodic or incidental, to relevant institutions (the Financial Services Authority, Bank Indonesia, LPS, the Ministry of Justice and Human Rights, Stock Exchange), and reporting via the Company's website.</p> <p>b. General Meeting of Shareholders (GMS) Implemented in accordance with the applicable legislative provisions and Bank Mandiri's Articles of Association, which consists of annual GMS and other GMSs (Extraordinary GMS). Bank Mandiri has also implemented other activities related to corporation actions and/or information disclosure, which covers Public Expose (quarterly) and Analyst Meeting.</p> <p>Remarks: Comply</p>

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	5. Public Listed Company discloses its policy on communication between Public Listed Company and shareholders or investors on its Website.	Disclosure of communication policy is a form of transparency of Public Listed Company's commitment to providing equality to all shareholders or investors regarding the implementation of communication. Information disclosure also aims at improving shareholders' or investors' engagement and roles in the implementation of Public Listed Company's communication programs.	The Company has had its policy on communication between Public Listed Company and shareholders or Issuers, which is specified in the Corporate Secretary Guideline Standard and has been published on the Company's website. Remarks: Comply
Aspect 2: Functions and Roles of the Board of Commissioners			
Principle 3 Strengthening the Membership and Composition of the Board of Commissioners.	6. Determination of the number of Board of Commissioners members shall take into account the condition of the Public Listed Company.	The number of Board of Commissioners members may affect the effectiveness of the implementation of the Board of Commissioners' duties. Determination of the number of members of Public Listed Company's Board of Commissioners is required to use as reference the applicable legislative regulations, which at a minimum should consist of 2 (two) members in accordance with the Financial Services Authority's provision on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies. In addition, it also needs to take into account the condition of the Public Listed Company, which includes, among others, characteristics, capacity, size, and achievement of business objectives and needs, which differs between one Public Listed Company and another. However, an excessive number of Board of Commissioners members may potentially interfere with the effectiveness of the implementation of the Board of Commissioners' functions.	Bank Mandiri has complied with this provision stated in Article 20 of POJK No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, i.e. that the number of Board of Commissioners member should be more than 2 (two) persons. Bank Mandiri's Board of Commissioners consisted of 8 (eight) members, 4 (four) of whom are Independent Commissioners and the other 4 (four) are Non-independent Commissioners. Remarks: Comply
	7. Determination of the composition of Board of Commissioners takes into account the diversity of the required set of skills, knowledge, and experience.	Composition of Board of Commissioners reflects a combination of characteristics, either from the perspective of the Board of Commissioners' structure or the individual member of the Board of Commissioners, in accordance with the corresponding Public Listed Company's needs. Such characteristics may be reflected in the determination of the set of skills, knowledge, and experience required for the implementation of supervisory and advisory duties by the Public Listed Company's Board of Commissioners. Composition that has taken into account the respective Public Listed Company's needs is a positive thing, especially in relation to decision making in the implementation of supervisory function, which is implemented by taking into account different broader aspects.	Based on the Shareholders' discretion, determination of the Board of Commissioners' composition has been performed by taking into account Bank Mandiri's business needs and complexity, i.e. by taking into account the diversity of skills, educational background, and experience, as well as without gender prejudice. This is necessary to support the effectiveness of the Board of Commissioners' supervisory duties, and thus Bank Mandiri continued to maintain the combination of skills and experience of the Board of Commissioners' members. Remarks: Comply

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Principle 4 Improving the Quality of the Execution of Duties and Responsibilities of the Board of Commissioners	8. Board of Commissioners has a Self-Assessment policy for evaluation of the Board of Commissioners' performance.	<ul style="list-style-type: none"> Board of Commissioners' Self-Assessment Policy is a guideline utilized as a form of accountability for collegiate evaluation of the Board of Commissioners' performance. Self-Assessment is intended to be performed by individual members to collegially evaluate the implementation of the Board of Commissioners' performance, and not to evaluate the individual performance of each member of the Board of Commissioners. By Self-Assessment, it is expected that individual members of the Board of Commissioners can contribute to continuously enhance the Board of Commissioners' performance. The policy may include assessment activities to perform, along with their intent and purpose, periodic implementation time, and assessment benchmarks or criteria to use in accordance with the recommendations provided by the Public Listed Company's remuneration and nomination function. The establishment of the function itself has been mandated in the Regulation of OJK on Remuneration and Nomination Committee in Issuers or Public Listed Companies. 	<p>The Board of Commissioners has had its self-assessment policy as set forth in the Board of Commissioners' Procedures. Assessment of the Board of Commissioners' Performance is performed by individual members of the Board of Commissioners using Self-Assessment mechanism and based on a set of assessment criteria related to the implementation of the Board of Commissioners' duties and responsibilities, which cover structure, direction, and supervision aspects.</p> <p>Remarks: Compliant</p>
	9. Self Assessment policy for evaluation of the Board of Commissioners' performance is to be disclosed in the respective Public Listed Company's Annual Report.	Disclosure of Self Assessment policy for evaluation of the Board of Commissioners' performance is made not only to adhere to the principle of transparency as a form of accountability of the implementation of its duties but also to provide assurance, especially to the stakeholders or investors, regarding the measures to take in order to enhance the Board of Commissioners' performance. The disclosure will allow shareholders or investors to obtain knowledge about the check and balance mechanism applied to evaluate the Board of Commissioners' performance.	Self assessment policy for evaluation of the Board of Commissioners' performance has been disclosed in the Company's Annual Report, under the Evaluation of the Board of Commissioners' Performance section.
	10. Board of Commissioners has policy(ies) for resignation of the Board of Commissioners' members due to involvement in financial crime.	<ul style="list-style-type: none"> Policy for resignation of Board of Commissioners' members involved in financial crime is a policy that can enhance shareholders' trust to Public Listed Companies, allowing companies to maintain their integrity. The policy is required in order to support adequate legal processes and to prevent such legal processes from disrupting business activities. In addition, from morality perspective, such policy also builds an ethical culture within the environment of Public Listed Companies. The policy may be included in the Guideline or Code of Conduct applicable to the Board of Commissioners. Furthermore, involvement in financial crime is defined as any member of the Board of Commissioners being convicted by the authority. Financial crime as defined above includes manipulation and various forms of embezzlement in financial service activities, as well as Money Laundering as specified in Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. 	<p>The Company has had its policy regarding resignation of any members of the Board of Committee due to involvement in financial crime as specified in Bank Mandiri's Articles of Association.</p> <p>In reference to Article 14 sub-article 26 letter f of the Company's Articles of Association, the tenure of the Board of Commissioners' members shall expire when the member(s) no longer qualifies as a member of the Board of Commissioners in accordance with the Articles of Association and other applicable legislative regulations.</p> <p>In the event that any member of the Board of Commissioners resigns, including when such resignation is due to involvement in financial crime, such member of the Board of Committee is required to provide a written notification regarding his/her intent of resignation to the Company, and the Company is required to organize a GMS to make decision regarding the resignation of the Board of Commissioners member by 90 (ninety) days upon receiving the resignation letter.</p> <p>Remarks: Comply</p>

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	11. Board of Commissioners or Committee handling Remuneration and Nomination function develops succession policy within the Board of Directors' members Nomination process.	In accordance with the provision of OJK on Remuneration and Nomination Committee in Issuers or Public Listed Companies, the committee responsible for nomination function is tasked with developing the set of policy and criteria required for Nomination of Board of Directors' members. One of the policies that can support Nomination process as specified herein is the policy on succession of Board of Directors' members. Succession policy aims at maintaining the continuity of leadership regeneration in a company in order to maintain the company's business continuity and long-term objectives.	<p>Bank Mandiri has had a Remuneration and Nomination Committee that assists the Board of Commissioners in providing recommendations to Dwiwarna A shareholders regarding, among others:</p> <ol style="list-style-type: none"> 1. Development, implementation, and analysis of nomination criteria and procedure for candidates for the Board of Commissioners and Board of Directors. 2. Identification of candidates for the Board of Directors, either from inside or outside the Company, and candidates for the Board of Commissioners who qualify for nomination/appointment as Director(s) or members of the Board of Commissioners. <p>In order to prepare for future leadership regeneration, Bank Mandiri has designed a Talent and Succession Management Program, a Board of Directors succession policy that has been aligned with the Regulation of State Minister of SOEs No. PER-03/MBU/2015 on Requirements, and Procedure for Appointment and Termination of SOE Board of Directors. In addition, as a Public Listed Company, the Company Policy also uses as reference the Regulation of Financial Services Authority No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies. Appointment and termination of the Company's Board of Directors have been implemented in accordance with professionalism and GCG principles.</p> <p>Remarks: Comply</p>
Aspect 3: Functions and Roles of the Board of Directors			
Principle 5 Strengthening the Membership and Composition of the Board of Directors.	12. Determination of the number of members of Board of Directors takes into account the condition of the Public Listed Company and effectiveness in decision making.	As an organizational structure with the authority in the administration of a company, determination of the number of members of Board of Directors strongly affects the performance of a Public Listed Company. As such, determination of the number of members of Board of Directors should be performed through a comprehensive consideration and should use as reference the provisions of the applicable legislative regulations where, in accordance with the OJK Regulation on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, should consist of a minimum of 2 (two) members. In addition, determination of the number of members of Board of Directors should be based on the existing needs and aimed at achieving the respective Public Listed Company's purpose and objectives and should be aligned with the Public Listed Company's condition, which includes characteristics, capacity, and size of the Public Listed Company, as well as taking into account how the Board of Directors can make decisions effectively.	<p>The determination of the number of Board of Directors members has been implemented by referring to the applicable legislative regulations where, in accordance with POJK 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, it is stated that the Board of Directors of an Issuer or Public Listed Company should consist of minimum 2 (two) members. Bank Mandiri's Board of Directors consists of 10 (ten) members, the determination of which has been in accordance with the existing needs in order to achieve the Company's purpose and objectives, and has been aligned with the Company's condition by also taking into account Bank Mandiri's needs and complexity.</p> <p>Remarks: Comply</p>
	13. Determination of the composition of Board of Directors takes into account the diversity of the required set of skills, knowledge, and experience.	Similar to what applies to Board of Commissioners, diversity of composition of Board of Directors members is a combination of the required set of characteristics, either from the perspective of Board of Directors' structure or individual members, in accordance with the respective Public Listed Company's needs. Such combination is defined by taking into account the set of skills, knowledge, and experience aligned with the delegation of positional duties and functions of the Board of Directors in achieving the Public Listed Company's objectives. This way, the consideration of the combination of characteristics will affect the accuracy of nomination and appointment of the members of the Board of Directors, both individually and as a team.	<p>It is expected that diverse composition of the Board of Directors will provide alternatives for resolution of increasingly complex issues the bank is facing, as compared to homogeneous composition, allowing the decisions made to be the best ones. In accordance with the Shareholders' discretion, the determination of composition of the Board of Directors has been implemented by aligning it with Bank Mandiri's business needs and complexity.</p> <p>Remarks: Comply</p>

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	14. Board of Directors members responsible for accounting or finance has adequate skills and/or knowledge in accounting.	<ul style="list-style-type: none"> Financial Statement is the management's accountability report for the management of a Public Listed Company's resources, and should be developed and presented according to the Financial Accounting Standards commonly applied in Indonesia, in addition to related OJK regulations, such as legislative regulations on Capital Market sector that governs the presentation and disclosure of Public Listed Company's Financial Statement. In accordance with the applicable legislative regulation in Capital Market sector, which governs Board of Directors' responsibilities of Financial Statement, the Board of Directors, under a joint liability, is responsible for Financial Statement, which should be signed by the President Director and the Board of Directors member responsible for accounting and finance. As such, disclosure and development of financial information presented in the form of financial statement will be highly dependent on the Board of Directors' skill and/or knowledge, particularly the specific Board of Directors members responsible for accounting and finance. Accounting skills and/or knowledge possessed by member(s) of the Board of Directors can provide assurance regarding the development of Financial Statement, allowing stakeholders to rely on the Financial Statement as a basis for economic decision making related to the respective Public Listed Company. The skills and/or knowledge may be proved by educational background, certification from trainings, and/or work experiences in related fields. 	<p>The finance or accounting director is also the President Director, Mr. Kartika Wirjoatmodjo, who has the following brief resume: Obtained Bachelor of Economics in Accounting from the University of Indonesia, and an MBA from Erasmus University, Rotterdam.</p> <p>He joined Bank Mandiri and has served in different positions, including as the Group Head of Strategy & Performance Management Group (2005–2008) and the Director of Finance & Treasury (2015–2016). Currently, he is the President Director at Bank Mandiri.</p> <p>Remarks: Comply</p>
Principle 6 Improving the Quality of the Execution of Duties and Responsibilities of the Board of Directors.	15. Board of Directors has a Self Assessment policy for evaluation of the Board of Directors' performance.	<ul style="list-style-type: none"> Similar to what applies to the Board of Commissioners, Board of Directors' Self Assessment Policy is a guideline utilized as a form of accountability for collegiate evaluation of the Board of Directors' performance. Self Assessment is intended to be performed by individual members to collegiately evaluate the implementation of the Board of Commissioners' performance, and not to evaluate the individual performance of each member of the Board of Commissioners. By Self Assessment, it is expected that individual members of the Board of Directors can contribute to continuously enhance the Board of Directors' performance. The policy may include assessment activities to perform, along with their intent and purpose, periodic implementation time, and assessment benchmarks or criteria to use in accordance with the recommendations provided by the Public Listed Company's remuneration and nomination function. The establishment of the function itself has been mandated in the Regulation of OJK on Remuneration and Nomination Committee in Issuers or Public Listed Companies. 	<p>The Board of Directors has its own Valuation Policy (self assessment). Performance Appraisal by the Board of Directors each member of the Board of Directors through the Self mechanism Assessment to assess the performance of the Board of Directors collectively, rather than assessing individual performance each member of the Board of Directors. As it is described in the Annual Report on the Evaluation section Performance of Board of Directors.</p> <p>Remarks: Comply</p>

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	16. Self Assessment policy for evaluation of the Board of Directors' performance is to be disclosed in the respective Public Listed Company's Annual Report.	Disclosure of Self Assessment policy for evaluation of the Board of Directors' performance is made not only to adhere to the principle of transparency as a form of accountability of the implementation of its duties but also to provide important information regarding improvement measures in the management of Public Listed Companies. Such information is highly useful to provide assurance to shareholders or investors that the company management is continuously directed towards betterment. The disclosure will allow shareholders or investors to obtain knowledge about the check and balance mechanism applied to evaluate the Board of Directors' performance.	Self assessment policy to assess performance of the Board of Directors, disclosed in the Annual Report in the Performance Assessment of the Board of Directors. Self-assessment in order to assess the performance of the Board of Directors has been done. Self assessment of company management delivered within Annual Report set out in the Assessment section Performance of Board of Directors. Remarks: Comply
	17. Board of Directors has policy(ies) for resignation of the Board of Directors' members due to involvement in financial crime.	<ul style="list-style-type: none"> - Policy for resignation of Board of Directors' members involved in financial crime is a policy that can enhance shareholders' trust to Public Listed Companies, allowing companies to maintain their integrity. The policy is required in order to support adequate legal processes and to prevent such legal processes from disrupting business activities. In addition, from morality perspective, such policy also builds an ethical culture within the environment of Public Listed Companies. The policy may be included in the Guideline or Code of Conduct applicable to the Board of Directors. - Furthermore, involvement in financial crime is defined as any member of the Board of Directors being convicted by the authority. Financial crime as defined above includes manipulation and various forms of embezzlement in financial service activities, as well as Money Laundering as specified in Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. 	The Company has had its policy regarding resignation of any members of the Board of Directors due to involvement in financial crime as specified in the Company's Articles of Association. In reference to Article 11 sub-article 24 letter f of the Company's Articles of Association, the tenure of the Board of Directors' members shall expire when the member(s) no longer qualifies as a member of the Board of Commissioners in accordance with the Articles of Association and other applicable legislative regulations, including when such member is involved in financial crime. In the event that any member of the Board of Directors resigns due to involvement in financial crime, such member of the Board of Directors is required to provide a written notification regarding his/her intent of resignation to the Company, and the Company is required to organize a GMS to make decision regarding the resignation of the Board of Directors member by 90 (ninety) days upon receiving the resignation letter. Remarks: Comply

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Aspect 4: Stakeholder Engagement			
Principle 7 Improving Corporate Governance Aspects through Stakeholder Engagement.	18. Public Listed Company have policy(ies) in place to prevent insider trading.	Any individual in possession of insider information is prohibited from conducting Stock transactions using such insider information as specified in the Law on Capital Market. Public Listed Company can minimize the risk of insider trading by taking preventive measures, e.g. By explicitly separating confidential data and/or information from public data/information, and by making proportional, efficient delegation of duties and responsibilities related to the management of such information.	<p>Insider trading prevention policy has been set forth in the Human Resources Procedure Standard.</p> <ul style="list-style-type: none"> - Chapter III.D. 2 regarding Code of Conduct and Business Ethics, which constitutes the ethical standards to be used as a guideline by all of the bank's personnel in carrying out their respective day-to-day duties and tasks and when conducting business dealings with customers, associates, or colleagues. - Chapter III.D.4 regarding Employee Discipline, which governs the obligations, prohibitions, and sanctions of employees. <p>Standards Procedure Guidelines of Corporate Secretary Chapter III.A.5 regarding the Principle of Information Transparency, which governs the following matters:</p> <ul style="list-style-type: none"> - Any Insider in possession of insider information is prohibited from influencing any parties, including any Insider's families, to perform share purchase or sales. - Any Insider other than the Board of Directors and Board of Commissioners who is found to violate the abovementioned provision and is proven to have conducted any transaction and/or provided insider information shall be charged with disciplinary action as specified in the Human Resources Guideline Standard. - Any member of the Board of Directors and Board of Commissioners and other parties who, due to their position or relationship with the Bank, is found to conduct insider trading shall be held accountable in accordance with the applicable provisions. <p>Remarks: Comply</p>
	19. Public Listed Company has anti-corruption and anti-fraud policy in place.	Corruption policy serves to ensure that a Public Listed Company's business activities are carried out in a legal, prudent manner, and in accordance with good governance principles. Such policy may be a part of the code of conduct or set separately. The policy may include, among others, programs and procedures implemented to address corruption, kickback, fraud, bribery, and/or gratification within a Public Listed Company. The scope of the policy should reflect the respective Public Listed Company's prevention of any forms of corruption, either giving to or receiving from, any parties.	<p>Bank Mandiri has had an Anti-fraud Strategy policy in place, effective as of 2 May 2012, as a follow-up of Bi's Circulating Letter No. 13/28/DPNP dated 09 December 2011 on Implementation of Anti-fraud Strategy (SAF). The SAF governs, among others, organizations and 4 SAF Pillars within Bank Mandiri, i.e.:</p> <ul style="list-style-type: none"> Pillar 1: Prevention Pillar 2: Detection Pillar 3: Investigation, Reporting, and Sanction Pillar 4: Monitoring, Evaluation, and Follow Up <p>Bank Mandiri has delivered SAF Implementation Report to OJK regularly every semester, as well as incidental reports concerning any cases that may interfere with the Bank's operation, in accordance with the applicable provisions.</p> <p>Gratification Control</p> <p>Bank Mandiri has had a Gratification Control PTO and a Gratification Control Unit (GCU) in place to perform gratification control function in accordance with the Decree (SK) of the Board of Directors effective as of 3 July 2015.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	<p>20. Public Listed Company has a policy in place for supplier or vendor selection and capability improvement.</p>	<ul style="list-style-type: none"> - Supplier or vendor selection policy is helpful to ensure that Public Listed Company receives the required goods or services at competitive prices and in good quality. Supplier or vendor capability improvement policy, on the other hand, is helpful to ensure that the supply chain operates efficiently and effectively. Supplier or vendor capability in supplying/providing the required goods or services will affect the quality of a company's output. - Implementation of such policies can guarantee supply continuity, either in terms of quantity or quality, as required by the respective Public Listed Company. The scope of the policy may include criteria for supplier or vendor selection, transparent procurement mechanism, measures to improve supplier or vendor capability, and fulfillment of rights related to the supplier or vendor. 	<p>Bank Mandiri has implemented specific Public Listed Company Governance Guideline regarding Supplier or Vendor Selection and Capability Improvement for vendors or associates, in the form of:</p> <ol style="list-style-type: none"> 1. Bank Mandiri's Operational Policy (KOBM), Article 420 on Procurement 2. Basic Principles of Procurement 3. Procurement Operational Guideline Standard (SPO), Chapter III.B. Goods and Services Procurement Provisions, which consist of: <ol style="list-style-type: none"> a. Goods and services procurement methods b. Procurement process c. Procurement phases d. Job exitTaking a leaveon and job handover e. Specific provisions regarding job change (addition/reduction) for construction services f. Implementation of procurement activities to address specific conditions g. Payment documents and process 4. In the Procurement PTO, associate selection procedure is described in Chapter III.C.1 Provisions on Implementation of Accreditation for Associates (Goods and Services Providers) 5. Selection Criteria for Goods and Services Providers (Associates) In implementing Goods and Services Provider selection, the Company has defined a set of aspects, which are reviewed periodically, as a platform for associate selection. 6. The Company has defined criteria for associates recommended to invite into a specific goods and services procurement process. 7. Evaluation of associates' performance has been performed through 2 (two) models, i.e. Project Performance Evaluation and Periodic Evaluation. 8. Vendor gathering has also been carried out periodically with the purpose of, among others, obtaining feedbacks from associates for improvement of goods/services procurement process in order to achieve effective procurement process. <p>Remarks: Comply</p>
	<p>21. Public Listed Company has policy(ies) in place regarding fulfillment of creditor's rights.</p>	<p>Policy(ies) regarding fulfillment of creditor's rights is used as a guideline in taking loans from any creditor. The policy aims at maintaining fulfillment of creditor's rights while also maintaining creditor's trust to the respective Public Listed Company. The policy may include considerations in setting up agreements and follow ups in fulfillment of a Public Listed Company's duties to creditors.</p>	<p>The policy on fulfillment of creditor's rights has been manifested in: Funds Product SPO, Product Manual, and Customer Complain Management SPO, which in brief governs:</p> <ol style="list-style-type: none"> 1. The right to obtain adequate explanation on product characteristics. 2. The right to access funds product requirements and terms through Bank Mandiri's website. 3. Ease of transaction through branch offices, e-banking service, or other means as specified by the Bank. 4. The right to obtain interest at specific rates as applicable in the Company. <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	22. Public Listed Company has a whistleblowing system in place.	Well-developed whistleblowing system policy will provide assurance regarding protection for witness or whistleblower of an indication of violation committed by the respective Public Listed Company's employee or management. Implementation of such system policy will impact on the realization of good corporate governance culture. Whistleblowing system policy may include, among others, type of violations reportable via the whistleblowing system, method of reporting, protection and confidentiality assurance of the whistleblower's identity, report handling, report managing party, and result of handling and follow up of report.	<ol style="list-style-type: none"> 1. Bank Mandiri has had a whistleblowing system in place under the name Letter To CEO (LTC). LTC is a facility used to submit reports regarding frauds or indications of fraud, either committed by employee or vendor, to the Group's CEO by emphasisPermission on the disclosure of the report in order to enhance the effectiveness of Bank Mandiri's internal control system. 2. The Company has had a policy in place that governs whistleblowing system. 3. LTC has been implemented since 2009 and revitalized in 2013. 4. The types of violation reportable via LTC are corruption, fraud, theft, negligence, and violation. 5. Reports can be submitted by the whistleblower using the media provided, such as: <ul style="list-style-type: none"> - Via email to lettertoceo@bankmandiri.co.id - Via post to PO BOX 14000 JKTM 12700. - Via SMS to 0811900777. - Via the website, by clicking on lettertoceo on the browser (intranet). 6. Bank Mandiri guarantees the confidentiality of the whistleblower's identity by providing the whistleblower with an option to submit the report anonymously. Bank Mandiri also guarantees protection for the whistleblower, as set forth in the Company's internal provisions. 7. Incoming reports are handled and followed up by the Internal Audit Unit in accordance with the specified service level agreement (SLA). <p>Remarks: Comply</p>
	23. Public Listed Company has policy(ies) in place regarding the provision of long-term incentive to the Board of Directors and employees.	<ul style="list-style-type: none"> - Long-term incentive is a type of incentive provided based on long-term performance achievement. Long-term incentive plan is based on the idea that a company's long-term performance is reflected on share value growth or other long-term targets. Long-term incentive is useful to maintain loyalty and to motivate the Board of Directors and employees to improve their performance or productivity, which in turn will lead to improvement of the company's long-term performance. - The presence of long-term incentive is a Public Listed Company's concrete commitment to encouraging the implementation of long-term incentive for the Board of Directors and employees, under the conditions that the procedure and form is in accordance with the respective Public Listed Company's long-term objectives. The policy may include, among others, the purpose and objectives of the long-term incentive, incentive requirements and procedure, and the conditions and risks the Public Listed Company should take into account in providing incentive. Such policy may also be included in the respective Public Listed Company's existing remuneration policy. 	<p>During the General Meeting of Shareholders held on 14 March 2017, the shareholders have defined the provision of long-term incentive for the Board of Directors. The Company has implemented the provisions related to long-term incentive as set forth in the General Meeting of Shareholders and the applicable legislative regulations.</p> <p>Currently, the Company has had an internal policy in place regarding long-term incentive for the Board of Directors, in reference to the Regulation of State Minister of SOEs No. PER-04/MBU/2014 on Guideline on Determination of Remuneration for Board of Directors, Board of Commissioners, and Supervisory Board in State-Owned Enterprises, as last amended by the Regulation of State Minister of SOEs No. PER-01/MBU/06/2017, which is specified in the Decree of Board of Commissioners No. KEP.KOM/003/2014 on Benefits and Facilities and Other Benefits for Board of Directors and Board of Commissioners.</p> <p>In addition, the policy on long-term incentive for Board of Directors and Employees also use as reference OJK Regulation No. 45/POJK.03/2015 on Implementation of Remuneration for Commercial Banks. The policy on long-term incentive for employee related to Material Risk Taker has been prepared, the implementation of which shall be adjusted to the regulation on the implementation for Board of Directors and Board of Commissioners to issue by the Ministry of SOEs.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
Aspect 5: Information Transparency			
Principle 8 Improving the Implementation of Information Transparency	24. Public Listed Company utilizes information technology in a broader extent other than website as a media for information transparency.	Utilization of information technology is helpful as a media for information transparency. Disclosure is made not only for information specified in the applicable legislative regulations, but also other information related to the respective Public Listed Company that is considered beneficial for the shareholders or investors. Broader utilization of information technology other than website is expected to enable companies to improve the effectiveness of company information distribution. However, utilization of information technology should take into account the benefits for the respective company and the cost required.	Bank Mandiri's website contains all information related to Information Transparency. Aside from the website, the Company has also utilized other forms of technology and social media, such as SMS Banking, Phone Banking, Mobile Banking, Instagram, Facebook, and Twitter. Remarks: Comply
	25. Public Listed Company's Annual Report discloses the owner of end benefit in the respective company's share ownership by at least 5% (five percent), in addition to the disclosure of the owner of end benefit in the company's share ownership by the majority shareholders and controlling shareholders	Capital Market legislative regulations governing the disclosure of Public Listed Company's annual report has specified the duty of disclosure of information regarding shareholders with 5% (five percent) or more shares in the respective Public Listed Company, as well as the duty of disclosure of information regarding majority shareholders and controlling shareholders of the company, either directly or indirectly, up to the owner of end benefit in the share ownership. The Governance Guideline recommended disclosure of the owner of end benefit in Public Listed Company share ownership by at least 5% (five percent), in addition to the disclosure of the owner of end benefit in the company's share ownership by the majority shareholders and controlling shareholders.	The Company has disclosed information regarding the Shareholders with 5% or more shares in the Company in its Annual Report, under the Composition of Shareholders section. Remarks: Comply

Implementation of Corporate Governance in Accordance with the Guidelines of Corporate Governance Principles for Banks Issues by the Basel Committee on Banking Supervision

The Governance Guideline covers 12 corporate governance principles. Governance Guideline is a best practice standard to use as reference in implementing corporate governance in banking industry. This can be detailed as follows.

Table of Implementation of Aspects and Principles of Corporate Governance Based on Guidelines of Corporate Governance Principles For Banks

Principle	Description	Implementation at Bank Mandiri
Principle 1 Roles of the Board of Commissioners.	The Board of Commissioners is responsible for, among others: approval and supervision of business strategy implementation, governance structure and mechanism, and corporate culture.	The Board of Commissioners Charter Number KEP.KOM/005/2016 stated that the Board of Commissioners' responsibility is to provide feedbacks and recommendations regarding Annual Work Plan and Budget, and to provide recommendations for matters the Company deems important, including corporate culture.
Principle 2 Qualification and Composition of the Board of Commissioners.	Members of the Board of Commissioners should possess the required qualities in accordance with their responsibilities, either individually or as a team. The Board of Commissioners should understand its roles in the supervision and implementation of corporate governance, and should be capable of implementing fair, objective decision making.	Bank Mandiri's Board of Commissioners should not have any financial, administrative, share ownership, or family relationship with other members of the Board of Commissioners, Board of Directors, and/or Controlling Shareholders, or any relationship with the Bank, which may potentially affect their capability to take independent actions as specified in the provisions on Implementation of Good Corporate Governance for Commercial Banks, and have signed the Statement of Independency.
Principle 3 Structure and Mechanism of the Board of Commissioners.	The Board of Commissioners should define the correct governance structure and practices in execution of their duties, and periodically review the effectiveness.	The Board of Commissioners has had a set of Committees under to assist in the execution of the Board of Commissioners' duties, i.e. Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, and Integrated Governance Committee.
Principle 4 Board of Directors.	Under the direction and supervision from the Board of Commissioners, the Board of Directors should be able to manage the Bank in accordance with the business strategy, risk appetite, remuneration policy, and other policies approved by the Board of Commissioners.	The Board of Directors has managed the Company under the direction and supervision from the Board of Commissioners, which is proven from the company's increasing business achievement compared to the preceding year. All policies serving as the basis for Bank Mandiri's operation were required to be pre-approved by the Board of Commissioners.
Principle 5 Business Group Governance Structure.	In a business group, the Board of Commissioners of the holding company is fully responsible for the business group and for ensuring clean definition and implementation of governance practices in relation to the business group and entity's structure, business, and risks. The Board of Commissioners and Board of Directors should understand the organizational structure of the business group and the associated risks.	Bank Mandiri's Board of Commissioners and Board of Directors have possessed the required knowledge and understanding on the corporate main business and main risks, which is proven by all members of the Board of Commissioners and Board of Directors passing in the Fit and Proper Test. The Board of Commissioners and Board of Directors have also periodically attended trainings and development programs to improve their capability.
Principle 6 Risk Management Function.	Bank should have independent, high-quality risk management function with high-quality resources and access to the Board of Commissioners.	Bank Mandiri has implemented Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System through an Enterprise Risk Management (ERM) platform. Bank Mandiri has always improved the capability and knowledge of all its employees, particularly in terms of risk management, by organizing regular internal trainings through the Risk Management Academy. In addition, Bank Mandiri also regularly, minimum once a year, holds socialization, discussion forums, internship, or other programs related to risk management, which are in line with corporate culture internalization. Bank Mandiri communicates risk management to the Board of Commissioners via the Risk Monitoring Committee and the Integrated Governance Committee.
Principle 7 Risk Identification, Monitoring, and Control.	Risks should be identified, monitored, and controlled for all Bank activities. The quality of risk management and internal control infrastructure should go in line with the changes of the Bank's risk profile, external risk factors, and industry practices.	In its Risk Management, Bank Mandiri has performed bankwide risk identification, measurement, and assessment by periodically developing risk profile. Risk measurement and assessment has been implemented well in accordance with the Risk Management Policy specified in accordance with the risks Bank Mandiri is facing.
Principle 8 Risk Communication	Implementation of effective risk governance requires accurate risk communication within the Bank's environment, either between organizations or via reporting to the Board of Commissioners and Board of Directors.	Risk-Based Bank Rating (RBBR) per semester have been presented to the Integrated Risk Committee (URC) which consists of Bank Mandiri's Board of Directors and Subsidiaries. In addition, RBBR assessment results have also been presented to the Board of Commissioners via the Integrated Governance Committee.
Principle 9 Compliance	The Board of Commissioners is responsible for the supervision of management related to Bank compliance risks. The Board should define compliance function and grant approval for policies and compliance risk identification, assessment, monitoring, and reporting, and should provide advices related to compliance risks.	The Board of Commissioners ensured that good corporate governance has been implemented throughout business activities and ensured corporate governance policies, including the implementation of compliance. Compliance risk assessment from RBBR has been reported to the Board of Commissioners every 6 (six) months for feedbacks.

Principle	Description	Implementation at Bank Mandiri
Principle 10 Internal Audit	Internal audit function should report assurance independent activities to the Board of Commissioners and should support the Board of Commissioners and Board of Directors in encouraging the implementation of effective governance and long-term soundness of the Bank.	The function has conducted objective testing of evidence in order to provide independent assessment of the adequacy of the organization's internal control, risk management, and governance process. The Internal Audit function is directly responsible to the President Director, and communicates with the Board of Commissioners through the Audit Committee.
Principle 11 Compensation	The Bank's remuneration structure should support the implementation of corporate governance and risk management.	Bank Mandiri's remuneration structure has been in accordance with POJK Number 45/POJK.03/2015 on Implementation of Governance in the Provision of Remuneration for Commercial Banks.
Principle 12 Disclosure and Transparency	The Bank's governance implementation should be disclosed transparently to the Shareholders, Depositors, other relevant Stakeholders, and Market Participants.	Bank Mandiri always updates its website, www.bankmandiri.co.id, to ensure that the information provided for the stakeholders is the updated ones. In addition, Bank Mandiri's information is also disclosed through its Annual Reports, Sustainability Reports, and Public Expose.

Monitoring of Good Corporate Governance Implementation

The monitoring function for GCG implementation was executed by a number of the Company's structures as follows:

1. Compliance Group, which has the main function of assisting the Director who leads the Compliance Function in identifying, measuring, monitoring, and controlling Compliance Risks by referring to Bank Indonesia's regulation regarding the Implementation of Risk Management for Commercial Banks. To support the achievement of Bank Mandiri's 2020 vision, the Bank has defined a set of compliance strategies, allowing the Bank to minimize compliance risk potentials and to enhance compliance culture throughout the Bank's activities.
2. Audit Committee, which is one of the committees under the Board of Commissioners, has the duties and responsibilities of assisting and facilitating the Commissioners in executing supervisory duties and functions over matters related to financial information, internal control system, effectiveness of assessment by external and internal auditor, implementation of risk management, and compliance with the applicable legislative regulations. One of the duties is to perform supervision and evaluation of the implementation of corporate governance in relation to negative information and complaints.
3. Integrated Governance Committee was established to assist and facilitate the Board of Commissioners in carrying out the duties and functions of supervision of Governance implementation in individual Financial Services Institutions in Bank Mandiri's Financial Conglomerates so as to comply with the Guideline on Integrated Governance, supervise the implementation of Bank Mandiri's Board of Directors' duties and responsibilities, and provide directives or advices to Bank Mandiri's Board of Directors regarding the implementation of the Guideline on Integrated Governance, and evaluate and direct the Guideline on Integrated Governance for refinement.

4. Internal Audit, which has the duties and responsibilities to, among others, test and evaluate risk management, internal control, and governance processes for adequacy and effectiveness.

Good Corporate Governance Assessment

In order to continuously enhance its governance, Bank Mandiri has performed assessment of the implemented governance. Bank Mandiri has performed self assessment of its governance in accordance with POJK No. 55/POJK.03/2016 on Implementation of Governance for Commercial Banks and SEOJK No. 13/POJK.03/2017 on Implementation of Governance for Commercial Banks. In accordance with the abovementioned regulations, Bank Mandiri has performed self assessment of its governance biannually. In addition, Bank Mandiri has also performed external assessment of its governance implementation by attending the Corporate Governance Perception Index (CGPI) rating and ASEAN Corporate Governance Scorecard (ACGS).

Self Assessment

Financial Services Authority Regulation No. 55/POJK.03/2016 and Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 mandated Commercial Banks to perform assessment of the respective Bank's governance implementation.

Criteria Employed

The criteria employed in performing self assessment is the Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 on the Implementation of Good Corporate Governance for Commercial Banks. This self-assessment was intended to map the strengths and weaknesses of GCG implementation in Bank Mandiri in terms of three aspects: