

3. Providing sanctions from mild to severe for violators of the ban.
4. Comply with external and internal regulations.
5. In the field of credit, each loan provision must be carried out through discussion in the Credit Committee Meeting forum as a means of implementing the four-eyes principle and a check and balance process between the Business Unit as the initiator unit and Risk Management as the Risk Mitigation Unit. In the committee, the Legal Group and Compliance Group must also be present to provide legal and compliance opinions to strengthen aspects of independence, avoid domination of one unit, avoid conflict of interest and ensure objective and pressure-free decision making. To speed up the process and improve loan performance, Bank Mandiri also sets limits on the authority to decide loan based on loan exposure and the level of risk. The greater the exposure, the greater the quorum of authority holders consisting of Credit Committee members who function as Risk Management and Credit Committee members who function as Business Units.
6. All levels of the Bank must make annual disclosures that contain all the circumstances or situations that enable the occurrence of violations I do not comply with this code of conduct.
7. All levels of Bank Mandiri can provide input for performance improvement, strengthening good corporate governance and fraud prevention, through Letter to CEO (LTC), which is a means of communicating with Bank Mandiri directly to the President Director (CEO).
8. In the Cooperation Agreement with the contractors/suppliers/partners, there is a clause that includes the commitment of the party not to carry out corrupt practices and gratuities.

In order to eradicate corruption, on November 4, 2014, the Company declared a commitment to the Corruption Eradication Commission to:

1. Build a National Integrity System with a Work Culture and Spirit Prosperity approach.
2. Implement gratuity controls to support efforts to eradicate corruption in the Company.

As an implementation of the commitment, Bank Mandiri has done the following:

1. Establish a gratuity Control Unit which is part of the Compliance work unit as coordinator of gratuity control at Bank Mandiri.
2. Issue provisions regarding the gratuity control program within the Bank Mandiri, which every year or according to the needs of the Company are continually refined in line with the development of the Company and/or fulfilment of the provisions of legislation and finally as refined in 2016.
3. Conduct socialization of the gratuity control program to all levels of Bank Mandiri employees and stakeholders.

The anti-corruption related training followed by Bank Mandiri can be seen in the Anti Gratification Policy Section of the Corporate Governance Chapter in this Annual Report.

Anti Gratification Policy



Bank Mandiri realizes that gratuity control is an important activity to keep business processes in line with business ethics that uphold the value of integrity. Therefore, since 2013, Bank Mandiri has had a Operating Technical Guideline namely Gift Disclosure Statement that regulates the prohibition on receiving gratuity for all Bank Mandiri employees. In addition, Gratuity control aims to build the values of Good Corporate Governance and create integrity values for all Bank Mandiri employees. Therefore, in carrying out daily business activities with customers, vendors, partners and

all stakeholders, Bank Mandiri always based on ethics, mutual trust, and to be responsible. Thus business interests continue to run well and ethically but do not conflict with the provisions on the prohibition of gratuity. Until now, Bank Mandiri has tried to make continuous improvements in the implementation of its gratuity controls.

As an embodiment of Bank Mandiri's Integrated Prevention Commitment with Corruption Eradication Commission (KPK), which was signed on November 4, 2014, to implement gratuity controls to support efforts to eradicate corruption in Bank Mandiri, Bank Mandiri has established a Gratuity Control Unit and perfected PTO Gift The Disclosure Statement becomes a PTO for gratuity Control which came into force on July 3, 2015 and has implemented gratuity control through a continuous socialization program.

Following up on the Corruption Eradication Commission (KPK) guideline related to determining the limits of fairness and adjustments to current conditions, Bank Mandiri in carrying out daily business activities needs to maintain good cooperative relationships with customers, vendors, partners, work partners and all stakeholders based on ethics, mutual trust, and responsibility. Bank Mandiri has also refined the gratuity Control Technical Operational Guidelines (PTO) which took effect on March 1, 2018. In the refinement of the PTO for gratuity Control, a number of new things are arranged as follows:

- Adjustment of the fairness value of gratuity between fellow Bank Mandiri staff.
- Determination of the fairness value of receipt of goods gratuity specifically for disaster/disaster events.
- Determination of SLA 5 working days for the ranks of Bank Mandiri who report receipt/rejection of gratuities to UPG.

In order to support the corruption eradication program, Bank Mandiri actively participates in activities coordinated by the KPK including:

- Follow the National Tunas Integritas collaboration activity held on March 21-23 2018 in Kebumen, Central Java.
- Follow the National gratuity Control Unit Forum held on November 12-15 2018 in Bogor, West Java.
- Follow the 2018 World Anti-Corruption Day Festival held on December 4-5 2018 in Jakarta.



Bank Mandiri was re-elected for the fourth time as a BUMN (State-Owned Enterprise) with the Best Gratuity Control System.

As proof of Bank Mandiri's commitment to control gratification and eradication of corruption in Indonesia, Bank Mandiri re-elected for the fourth time as BUMN with The Best Gratification Control System by the KPK, as well announced at the World Anti-Corruption Day Festival 2018

Integrity Pact

In order to support the gratuity control program, Bank Mandiri has a program to sign the Integrity Pact which is a statement of all levels of Bank Mandiri to commit to upholding moral and integrity, protecting and maintaining the image, credibility and interests of Bank Mandiri by not requesting or receiving gratuities from parties who have conflict of interest.

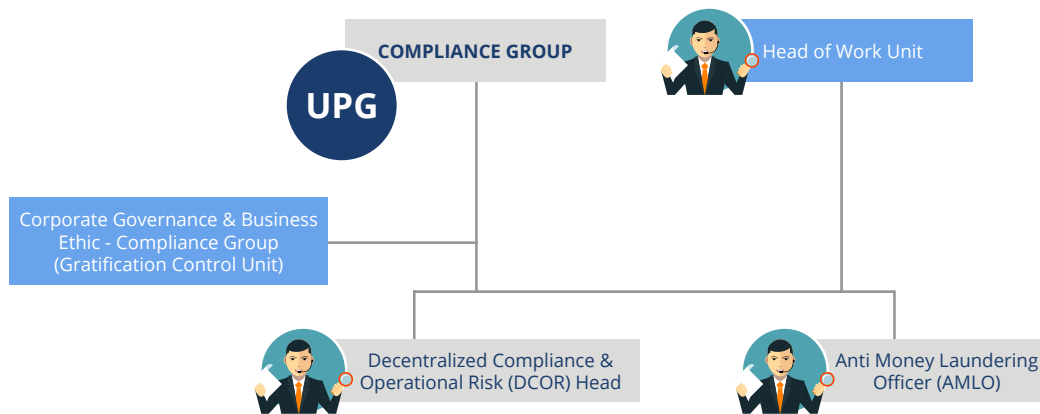
The Integrity Pact is signed by the Board of Commissioners and the Board of Directors every year. In addition, the Integrity Pact was also signed by all employees of Bank Mandiri when they first worked at Bank Mandiri and re-signing every 2 (two) years.

Management of Gratification Control

Organizational Structure of Gratification Control Units

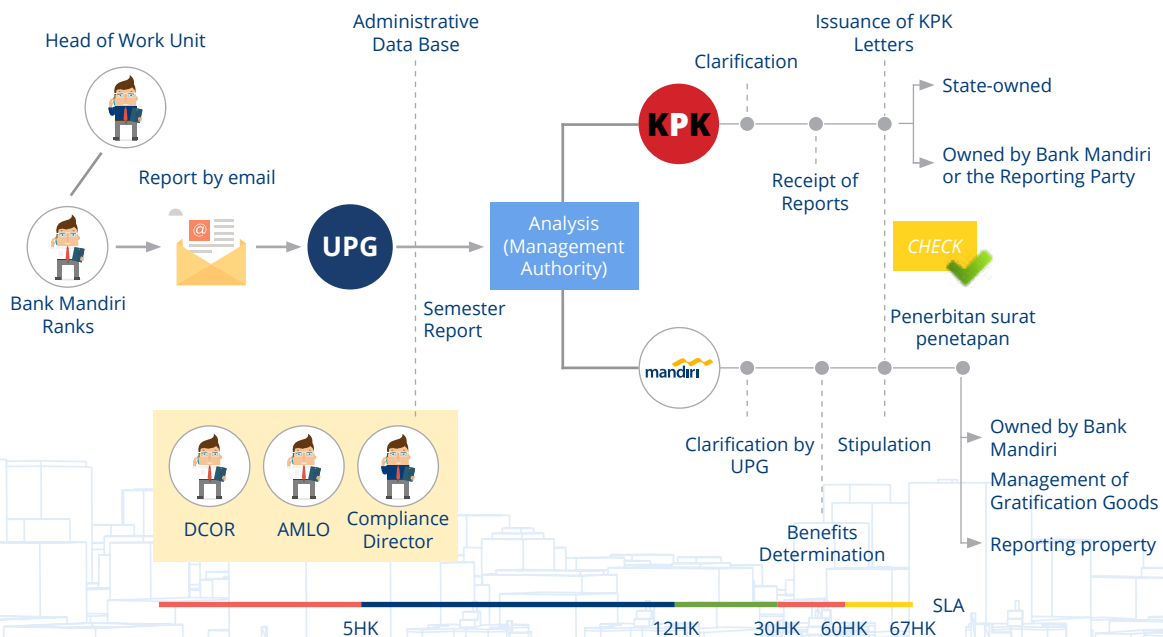
The Bank Mandiri Gratuity Control Unit (UPG) is managed by the Compliance Unit (Compliance Work Unit) at the Company, i.e. the Compliance Group. The UPG functions to control gratuities within Bank Mandiri, which in carrying out their duties are assisted by Decentralized Compliance & Operational Risk (DCOR) and Anti Money Laundering Officer (AMLO). The organizational structure of Bank Mandiri UPG is as follows:

UPG Structure of Mandiri Bank



Gratification Reporting Mechanism

Bank Mandiri has a gratuity reporting mechanism that is adjusted to the KPK reporting mechanism, with the following paths:





Socialization of Gratification Policy

Socialization related to gratification control was carried out continuously to all levels of the organization to increase awareness where in its implementation UPG coordinated with Head of DCOR and Risk Business Control -AMLO. The socialization was carried out directly to the Working Units at Headquarters, Regional Offices, Branch Offices and through regular ODP/SDP classes. Throughout the year of 2018, face-to-face socialization was conducted to approximately 1,810 Bank Mandiri employees. Other media used in disseminating gratification control policies are through the installation of Gratuity Control Posters at the Regional Offices and Headquarters, sending Email Blasts, Screen Savers, Mandiri Magazine, making gratification display cabinets and urge all Bank Mandiri partners/fellows not to provide gratification related to religious celebrations and new year through national newspaper media.

Gratification Reports In 2018

Bank Mandiri employees who receive/reject gratuities must report their receipt/rejection to the UPG via e-mail facilities no later than 5 (five) working days after receipt/rejection by filling in the reporting form accompanied by adequate supporting documents.

After receiving the report, UPG will review and classify the report on gratuities that are the authority of Bank Mandiri or the authority of the KPK. Throughout the year of 2018, numbers of reports on receipt/rejection of gratuities received by UPG were 129 reports. The receipt of reported gratuities includes in the form of bribery gratuities, perishable food/goods, goods in the framework of service, honorarium in the context of service and marriage.

Whistleblowing System

To maintain and enhance the reputation of Bank Mandiri and in line with the second pillar of Anti-Fraud Strategy (SAF), i.e. the pillar of detection, a risk control system and means are required through the Whistle Blowing System (WBS) mechanism. Bank Mandiri has provided a media report on complaints of violations named Letter to CEO (LTC). LTC aims to detect acts of fraud or indications of fraud, encourage awareness and concern for all employees as well as improve the company's reputation in the eyes of stakeholders.

Management of LTC report receipts and administration is carried out by independent third parties to provide safe-environments that encourage employees and stakeholders to dare to report fraud or indications of fraud. Types of reported fraud include corruption, fraud, theft, embezzlement and forgery. In addition to reporting fraud or indications of fraud, LTC can also be used to report non-fraud violations such as violations of norms and ethics (code of conduct).

Purpose and Objectives of Letter to CEO (LTC)

The LTC program as one of the Anti-Fraud Strategy (SAF) programs, aims to:

1. Detect crimes of fraud or indications of fraud with reports of employees or third parties of Bank Mandiri, which can be submitted by stating their identity clearly and anonymously, which can then be carried out by the investigation process or follow-up actions.
2. Encourage awareness or concern of all employees to participate in keeping the work unit from loss due to fraud so that the quality of supervision is better, and the sense of belonging to employees becomes higher.
3. Enhancing Bank Mandiri's reputation in the eyes of Stakeholders, especially in the context of Corporate Governance that will enhance the company's image because it has adequate anti-fraud tools.