

Corporate Social Responsibility to Community Social Development



Corporate social responsibility related to social development is a translation of one of the Bank's missions, namely caring for the interests of the community and the environment, as the company's contribution to improving people's welfare. In addition to the Social and Environmental Responsibility (TJSL) program and the Community Development Program (BL), Bank Mandiri also implements education and entrepreneurship independence programs and the Financial Inclusion program.

POLICY AND COMMITMENT

In implementing social responsibility related to social development, Bank Mandiri complies with the regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number: PER-02 / MBU / 7/2017 concerning the Second Amendment to the Regulation of the Minister of State-Owned Enterprises Number PER-09 / MBU / 07/2015 About the Partnership Program and the Environmental Development Program of State-Owned Enterprises.

In addition, Bank Mandiri's internal policies related to responsibility for social development have been regulated and stipulated in the Standard Procedure Standards for the Corporate Secretary Procedure, which includes implementation of the Partnership Program and the Community Development Program, which was last updated on December 16, 2019.

RELEVANT SOCIAL ISSUES

As a company engaged in the banking industry, relevant social issues in particular are in terms of channeling funds to micro, small and medium scale businesses. Bank Mandiri emphasizes the principle of financial inclusion by organizing various programs including: The Education and Entrepreneurship Independence Program which includes the Independent Young Entrepreneur program (WMM) and Mandiri Sahabatku and the Financial Inclusion Program, the Branchless Banking Agent program. In addition, as a State-Owned Enterprise, the issue of Community Development is also a relevant issue. Bank Mandiri organizes a variety of



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Community Development programs including: The Mandiri Social Care Community Development Program including the BUMN Creative House Program and the Kenalan Village Economic Development Program (Balkondes), Magelang. Then there are the Present State BumN Programs including the Student Know Your Archipelago Program and the Certified Student Internship Program (PMMB). In addition, there is the Non-Cash Social Assistance Distribution Program and the Muara Gembong Social Forestry Project Program.

SOCIAL RISK

As a corporation engaged in banking, Bank Mandiri has identified risks faced by corporate social responsibility activities related to social development including the risk of misuse of assistance, the risk of mismanagement and the risk of invalidity in aid proposals. Therefore, Bank Mandiri conducted a survey in assessing the feasibility of the proposal, among others to monitor the object of assistance and the appropriateness of the amount of assistance to be provided, as well as to monitor both before, at the time of delivery and after providing assistance to the CSR activities.

SCOPE AND FORMULATION OF SOCIAL RESPONSIBILITY, SOCIAL DEVELOPMENT, COMMUNITY

The scope and formulation of corporate social responsibility towards social development include the Education and Entrepreneurship Independence Program (covering Independent Young Entrepreneurs and Friends of My Friends), Financial Inclusion Programs, and the Social and Environmental Responsibility Program (covering Mandiri Community Social Development Development: Village Economic Development Balkondes) Acquaintances in Magelang and SOEs creative houses, as well as the BUMN Program Present for the Country consisting of: Students Knowing the Archipelago, Certified Student Internship Program, and Muara Gembong Social Forestry).

SOCIAL RESPONSIBILITY ACTIVITIES PLAN

As part of the community, Bank Mandiri always harmonizes its presence and business activities in the community. Therefore, Bank Mandiri is committed to continuing to run community development and empowerment programs in order to achieve an independent and prosperous community.

SOCIAL RESPONSIBILITY ACTIVITIES IN THE SOCIAL DEVELOPMENT OF COMMUNITY

INDEPENDENCE AND EDUCATION INDEPENDENCE PROGRAM

The Education and Entrepreneurship Independence Program is the basis for producing young leaders who are independent and have high competitiveness in facing all the challenges of increasingly fierce global competition in future generations. In realizing this program, Bank Mandiri has had several strategic programs, including the following:

MANDIRI YOUNG ENTREPRENEUR (WMM)

The Mandiri Young Entrepreneur Program (WMM) is a program that invites young people to become entrepreneurs. WMM is an appreciation of Bank Mandiri to young entrepreneurs who excel at the same time supporting the Ministry of SME program in improving quality MSMEs in Indonesia through managerial skills training, networking and offline publications.

2019 is the 12th year of Bank Mandiri implementing the WMM program and presenting Expert Judges such as Dimas Djayadiningrat Creative Artists, Chef Renatta Moeloek, Nicholas Saputra Artis and social activist and Shinta Dhanuwardoyo as an Expert in Technology. Since it was first held, the WMM program has always been enticed by Young Entrepreneurs throughout Indonesia with the highest number of participants recorded in 2014 of 7,718 participants.

2007 conducted in Jakarta, >500 Participants	2008 Conducted in Jakarta, 1.057 Participants	2009 Conducted in Jakarta, >2500 participants	2010 Conducted in Jakarta, 3.395 participants	2011 Conducted in Jakarta, 3.751 Participants	2012 Conducted in Jakarta, 4.725 participants
2013 Conducted in Jakarta, 6.745 Participants	2014 Conducted in Jakarta, 7.718 Participants	2015 Conducted in Yogyakarta, 6.572 Participants	2016/2017 Conducted in di Bogor, 6.064 Participants	2018 Conducted in Malang, Jawa Timur 898 Participants*	2019 Conducted in Jakarta 3.075 Participants

* Changes in the concept of WMM registration, in which WMM became closed online which consisted of 30 Universities and 10 Communities

With the spirit of “Brave Young, Brave Work”, WMM 2019 was held with a series of activities, namely Zone Judging, National Judging, Company Visit, and Awarding Ceremony. The series of WMM 2019 Final Activities will be held from October 4 – 12, 2019, while the night of the WMM 2019 Grand Final will be held at Gandaria City Hall, Gandaria City Mall, Jakarta on October 11, 2019.

MANDIRI SAHABATKU

Since 2011, Bank Mandiri has continued to demonstrate its commitment to encourage the competence and entrepreneurial abilities of Indonesian Migrant Workers (PMI) abroad through the entrepreneurship education program, Mandiri Sahabatku. As a series of programs, in Indonesia is also supported by training and business assistance with successful entrepreneurs in the field of Salon, Meatballs, Chicken Noodle and Chips Souvenirs, Workshop, Agriculture, and Animal Husbandry through the Foster Father / Mother Program. Until 2019 my best friend's Mandiri Program has been implemented in several PMI destination countries namely Hong Kong, Malaysia, South Korea and Japan and has produced 13,358 alumni.

In 2019, more than 700 participants joined the Mandiri Sahabatku class, which in essence provided additional knowledge about financial planning and entrepreneurship as capital when returning to Indonesia. Until 2019, Mandiri Sahabatku has fostered more than 30 new entrepreneurs through the Foster Father / Mother program. As many as 3 participants have joined the class of Foster Mother Crisps, 6 participants have taken the class Foster Mother/Father Salon, 15 participants have taken the class Foster Father Bakso and 9 participants have taken the class Foster Father Workshop.

FINANCIAL INCLUSION PROGRAM

Agent of Branchless Banking

To support the financial inclusion program, Bank Mandiri has implemented the program also implemented the Laku Pandai program nationally as of July 13, 2016 in order to support the implementation of Officeless Financial Services in the Context of Inclusive Finance or LAKU PANDAI with reference to OJK Regulation No. 19 / POJK.03 concerning Financial Services without Offices in the Context of Inclusive Finance and OJK Circular and OJK Circular No. 6 / SEOJK.03 concerning Officeless Financial Services in the Context of Inclusive Finance by Banks. This activity is one of Bank Mandiri's efforts to increase access to banking services to unbanked people in both urban and rural areas and as the implementation of financial inclusion programs.

To support the program, Bank Mandiri continues to strive to increase the number and distribution of Branchless Banking Agents in all regions of Indonesia, especially for areas not covered by Bank Mandiri Branches. In addition, since July 2016, Bank Mandiri has made a product with the brand name Mandiri Simpanan Makmur (SIMAKMUR) to support the LAKUPANDAI initiative, mainly in the form of a Basic Saving Account (BSA) savings product. SIMAKMUR is a deposit account in Rupiah for individuals who have never had an account at Bank Mandiri and its implementation is carried out in accordance with the applicable terms and conditions.



As of the end of 2019, Bank Mandiri had 101,744 branchless banking agents, consisting of 89,851 individual agents and 11,893 Legal Entity agents. The number of branchless banking agents grew 46.3% compared to the number of branchless banking agents in 2018 of 69,526 agents. These agents have contributed positively in the case of acquiring accounts which accounted for 3,684,235 million savings accounts with a volume of funds as of December 2019 reaching IDR 151.26 billion

The internal policies related to branchless banking have been regulated in the form of PTO as follows:

- PTO Officeless Financial Services in the Framework of Inclusive Finance (Smart Practice) which discusses the duties and responsibilities of each work unit in the process of implementing Smart Practice, the authority to decide and operational provisions.
- PTO Mandiri Tabungan SiMakmur Branchless Banking Product Code which discusses the flow of the process in opening a SiMakmur account, depositing, withdrawing, changing data, blocking, closing, to managing customer complaints.

PROGRAM FOR SOCIAL AND ENVIRONMENTAL RESPONSIBILITY AND ENVIRONMENTAL DEVELOPMENT

In addition to entrepreneurship and financial inclusion programs, Bank Mandiri also distributes other social assistance to stakeholders in the environment surrounding the company's operations while continuing to adhere to the principles of Good Corporate Governance. The form of Social and Environmental Responsibility TJSL programs implemented by Bank Mandiri include in the areas of Disaster Assistance, Education Assistance, Health Assistance, Assistance for Public Facilities and Worship, and Assistance for Environmental Preservation.

The Mandiri Environmental Care program has been delivered in the Corporate Social Responsibility section related to the Environment. Whereas the TJSL activities carried out by Bank Mandiri in all work areas / Bank Mandiri Region are illustrated in the following infographics:

No.	Activity	The place	Date	Impact
1	Disaster Emergency Response Assistance in the Sunda Strait of the Tsunami Tsunami Pandeglang, Banten	Region III - Pandeglang, Banten	January - February 2019	Helping communities to recover from the effects of disasters in the form of temporary shelter
2	Community Social Forestry in Muara Gembong	Region IV - Muara Gembong, Bekasi Regency	Throughout 2019	Revitalizing ponds and their infrastructure and provide guidance and assistance to farmers. Bank Mandiri also supports a mangrove conservation program on the coast of Muara Gembong
3	BUMN Certified Internship Program	Region IV	Throughout 2019	Providing facilities for students to gain a certified internship experience
4	Implementation of the Republic of Indonesia's Attorney's Low-Cost Market in Jakarta	Region V - Jakarta	May 2019	Helping the community to obtain affordable food supplies in collaboration with the Indonesian Attorney General's Office
5	Empowerment of Farmer Communities and the construction of the Rice Milling Unit in Pamarican Ciamis	Region VI - Pamarican, Ciamis	May 2018 - February 2019	Helping the economy of village farmers in the form of rice processing plants and harvesting and supporting infrastructure for storing and distributing rice from local farmers
6	Development of the Village Economic Center in Mekarwangi Village, West Bandung Regency	Region VI - Mekarwangi Village, West Bandung Regency	September - November 2019	Supporting the economy of the community through the development of the tourism sector
7	Educational facilities (computer) assistance for students of SMPN 6 Surabaya	Region VIII - Surabaya	April 2019	Students of SMPN 6 can learn to use proper computer facilities

No.	Activity	The place	Date	Impact
8	Procurement of Excavators (Excavators) for the Government of the City of Surabaya in the context of flood prevention	Region VIII - Surabaya	December - January 2019	Assisting the Surabaya City Government in normalizing the river in the form of procuring heavy equipment so that the people of Surabaya can be free from floods
9	New Classroom Assistance for Extraordinary Schools (SLB) Dharma Asih Pontianak	Region IX - Pontianak	May - July 2019	Assisting in teaching and learning facilities in the form of classrooms so that students can learn more properly.
10	Relief assistance for victims of the Central Sulawesi Earthquake Disaster (Palu, Donggala, dan Sigi)	Region X	October 2018 - January 2019	Helping the community to recover from the effects of the earthquake disaster in the form of temporary shelter, food, clothing, and materials needed to survive in refugee camps
11	Construction of Facilities and Infrastructure of Primary Schools and Teachers' Houses on Rinca Island Labuan Bajo - NTT	Region XI - Rinca Island, Labuan Bajo, NTT	July - August 2019	Students can learn more freely and also the presence of new facilities can accommodate more students, and also to facilitate teachers to be able to teach with better conditions
12	Construction of a Suspension Bridge in Bentex Village, Gangga District, North Lombok Regency	Region XI - Bentex Village, North Lombok Regency	July - September 2019	Helping the community to facilitate transportation and accelerate the movement of the economy and public goods
13	Awarding 1 unit of St. Ambulance Hospital DFamian lewoleba NTT	Region XI - Lembata - NTT	November 2018	Assisting to underprivileged people who need health services.

MANDIRI CARES FOR COMMUNITY SOCIAL DEVELOPMENT

BUMN CREATIVE HOUSE

BUMN Creative House (RKB) is a BUMN synergy program which is an initiative of the Ministry of BUMN and aims as a training center for SMEs towards Go Modern, Go Digital, and Go Online through the Blanja.com channel. At present the number of SMEs that have been registered in the Bank Mandiri RKB is 12,918 SMEs. Bank Mandiri also continues to support SMEs to develop their business through training and exhibitions both at home and abroad. The number of training that has been given to UKM to date is 1,046. One of the Bank Mandiri RKBs, RKB Surabaya, also won the "Class A Best RKB Program" in the BUMN Present for the 2018 Awards.

VILLAGE ECONOMIC DEVELOPMENT (BALKONDES) KENALAN, MAGELANG

Balkondes is one of the BUMN programs that provides space for the village government and the community to develop the economic potential in the village, especially the tourism potential around Borobudur. The activities that have been carried out by Bank Mandiri in the construction of Balkondes include the construction of

homestays (including land rent), talud and bridges as well as training in cassava processing, matting, batik, and Balkondes management. By empowering the local community, it is hoped that it can improve the standard of living and local community life.

BUMN PROGRAM: PRESENT FOR THE COUNTRY

KNOWING ARCHIPELAGO FOR STUDENTS

The Certified Student Internship Program (PMMB) is one of the implementations of the BUMN Present for the State program in preparing superior human resources in the world of work. This program was initiated and facilitated by the Human Capital Forum (FHCI) and has been running from 2018.

In 2019, Bank Mandiri was given a target by FHCI to accept 325 PMMB participants. During 2019, Bank Mandiri had successfully received PMMB participants totaling 347 D3 and S1 students from 47 universities with apprenticeship locations in the work units of the Central and Regional Offices I - XII. The absorption of PM7 participants as many as 347 students was divided into 2 batches, namely Batch I in 2019 with 148 participants and Batch II in 2019 with 199 participants.



DISTRIBUTION OF NON CASH SOCIAL ASSISTANCE

In order to support Financial Inclusion in Indonesia which is also a focus of attention from the Government of Indonesia and the Financial Services Authority, since April 2016 the Government has called for an increase in Financial Inclusion through non-cash Social Assistance Distribution (Bansos) through the State Owned Bank Association Banks (Himbara), namely Bank Mandiri, BNI, BRI, and BTN with reference to Presidential Regulation Number 63 Year 2017 concerning Non-Cash Social Security Distribution. With this program, beneficiaries are expected to be more productive in order to improve their welfare. There are 2 (two) Social Aid Programs distributed by Bank Himbara, namely the Family Hope Program (PKH) and Non-Cash Food Assistance (BPNT). With assistance from Himbara Bank, it is hoped that it can increase the effectiveness of the distribution of aid so that it is more targeted. Bank Mandiri, as the Agent of Development, actively supports the success of the program, which is also in harmony with the culture of Bank Mandiri, the Spirit of Prospering the Nation.

SOCIAL FORESTRY PROJECT OF MUARA GEMBONG

The Social Forestry Program is a program with the aim of equitable distribution and improvement of the economy of the community around the forest while remaining guided by aspects of nature conservation. Bank Mandiri's support for the Social Forestry Program in Muara Gembong is in the form of pond revitalization, pond infrastructure procurement, provision of training to improve the capability of farmers and the provision of KUR.

The results of the revitalization of the pond have been seen from 3 times the harvest with a very significant increase compared to before the revitalization of the pond. Previously the farmer's productivity was only 50 to 100 kg per hectare, whereas now it reaches 4 to 5 tons per hectare with an optimal cultivation period so that the income of farmer's pond increased significantly. In addition, farmers can also employ 1 to 2 workers. Increased productivity and income is also in line with the increased awareness of farmers in preserving nature through replanting mangroves on their land, which is expected to be a stronghold against abrasion.

Bank Mandiri seeks to build the independence of farmers through financing People's Business Credit (KUR). In addition to farmers, Bank Mandiri also distributes KUR to farmers around the location of the Muara Gembong pilot project.

Other than Muara Gembong, Bank Mandiri also conducts coaching in other social forestry groups in West Java which are spread across Kab. Bandung, Kab. West Bandung, Kab. Majalengka, Kab. Sumedang, Palembang and Jambi. The development of Bank Mandiri can be done through training, providing production equipment, as well as KUR distribution. KUR that has been distributed in the Social Forestry Program is IDR 4.6 billion.

USE OF LOCAL LABOR

Bank Mandiri always empowers local workforce as the main resource in all operational activities. This is an effort of Bank Mandiri in implementing labor practices in accordance with applicable regulations. As of December 2019, there were no foreign workers at Bank Mandiri.

ANTI CORRUPTION PROGRAM

Bank Mandiri has a number of policies related to Corruption Prevention, including internal control policies, Employee Discipline Regulations, Code of Conduct, Business Ethics and preparing Corporate Culture Values including instilling value integrity from every line of Bank Mandiri.

SOCIAL RESPONSIBILITY CHANNEL FOR SOCIAL DEVELOPMENT OF COMMUNITY DEVELOPMENT

Bank Mandiri is committed to continuing to run community development and empowerment programs, but in its efforts to implement the program sometimes there are obstacles in its implementation. Therefore, if there are problems or complaints in community activities, you can send an email to Bank Mandiri Customer Care at the email address Mandiricare@bankmandiri.co.id or by telephone at 14000.

IMPACT OF SOCIAL RESPONSIBILITY ACTIVITIES INVITATION TO SOCIAL COMMUNITY DEVELOPMENT

IMPACT OF EDUCATION AND INDEPENDENCE AND ENTREPRENEURSHIP PROGRAMS

Through the Mandiri Young Entrepreneur program, Bank Mandiri hopes to continue to emerge new entrepreneurs who will ultimately create new jobs. The entrepreneurial programs run by Bank Mandiri have had an impact on increasing the turnover of the business participants of the program and more broadly, the education and entrepreneurship independence program has increased the financial independence of the Indonesian people.

IMPACT OF FINANCIAL INCLUSION PROGRAMS

The financial inclusion program, which is implemented by Bank Mandiri, has had an impact on fulfilling the right of everyone to have access and full services from financial institutions in a timely, convenient, informative, and affordable manner. Another impact of the financial inclusion program is the more open public insight, especially regarding banking services and other financial service industry products.

THE IMPACT OF THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY PROGRAM (TJSL) AND THE ENVIRONMENTAL DEVELOPMENT (BL)

The implementation of the TJSL and BL program implemented by Bank Mandiri throughout 2018 is expected to have an impact in the form of equity and improvement of the community's economy within the TJSL and BL program so that it can improve the standard of living of the community. This can be seen among others in the Social Forestry Community Empowerment Program and Revitalization of Muara Gembong Ponds which has increased the Amount of Harvest Ponds by revitalizing Ponds from traditional patterns to Semi Intensive Patterns with an increase in yields of $\pm 500\%$ from the original harvest of 20-50 Kg / Hectares to 2-5 Tons / Hectares. In addition, Bank Mandiri also hopes that the implementation of the Balkondes program in Kenalan Village, Magelang can improve the skills and knowledge of local villagers and in the future will have an impact on improving the economic level of the community around the Borobudur tourist area.

IMPACT OF DISTRIBUTION OF NON CASH SOCIAL ASSISTANCE

As for some of the effects of the Non-Cash Social Assistance that has been distributed by are as follows:

- Building a people's economy;
- Assisting Government Programs to reduce poverty in Indonesia which is also in line with Sustainable Development Goals (SDGs);
- Distribution of social assistance is more targeted, right in quantity, on time, on quality and on administration;
- Encouraging people to play a role in Cashless society and Financial Inclusion in Indonesia;
- Increasing Underdeveloped Regional Resources

COSTS EXPENDED RELATED TO SOCIAL RESPONSIBILITY FOR THE SOCIAL DEVELOPMENT OF COMMUNITIES

During 2019, Bank Mandiri spent IDR 162.384,205,546.00 to carry out various activities related to social and community programs. The number increased by 41.65% from the previous year. The details regarding the distribution of CSR activities related to social and community development are as follows.

Table of Realization of the Distribution of PKBL in 2019

Kategori Penyaluran	2019	2018
Natural Disaster Relief	7.920.291.210	10.792.630.559
Educational aids	75.762.763.918	36.093.622.369
Community Social Assistance	41.162.887.810	28.505.502.677
in the context of poverty alleviation	18.025.163.825	15.237.730.801
Aid for Worship Facilities	6.806.219.759	6.424.844.584
Health Improvement Assistance	300.003.500	-
Assistance for Nature Conservation	12.406.875.524	17.581.925.775
Facility Development Assistance	162.384.205.546	114.636.256.765