

From the two assessment results, the implementation of Bank Mandiri governance in 2019 can be concluded as follows:

Strength	Weakness
<b>Structure</b>	
1. Bank Mandiri holds both Annual and Extraordinary GMS to amend the Directors and Board of Commissioners	Employee awareness of Compliance culture still needs to be improved so as to minimize the risk of compliance in the future.
<b>Process</b>	
<ul style="list-style-type: none"> <li>In order to carry out the tasks and responsibilities of the Board of Commissioners, as of June 2019 there have been 6 (six) Joint Meetings of the Directors and Board of Commissioners, and 20 (twenty) Board of Commissioners Meetings.</li> <li>There was a decrease in frequency of late reporting fines 1 (one) time and reporting error penalty 5 (five) times with a total frequency of 6 (six) times in semester 1/2019 decreased by 87% compared to semester 1/2018 which was 48 times.</li> <li>The Audit Committee, Risk Monitoring and Integrated Governance Committee Membership Decree has been made on May 14 2019 as follows:               <ol style="list-style-type: none"> <li>Audit Committee through Directors Decree No. Kep.DIR/33/2019</li> <li>Risk Monitoring Committee through Directors' Decree No. Kep. DIR/32/2019</li> <li>Integrated Corporate Governance Committee through Directors Decree No. Kep.DIR/31/2019</li> </ol> </li> </ul>	
<b>Results</b>	
<ul style="list-style-type: none"> <li>Bank Mandiri received the award as The Most Trusted Companies in the 2018 Indonesia Good Corporate Governance Award on December 11 2019. Bank Mandiri scored 94,86 which is the highest value among other companies.</li> </ul>	There are still penalties

## RECOMMENDATIONS AND FOLLOW UP

During 2019, there was no recommendation from Financial Services Authority.

## EXTERNAL PARTY ASSESSMENT

Other than conducting self-assessment in the implementation of governance based on regulatory provisions, Bank Mandiri actively evaluates governance by External Parties to get feedback on the implementation of Bank Mandiri's governance.

## CORPORATE GOVERNANCE PERCEPTION INDEX (CGPI)

In assessing the quality of implementation of governance, Bank Mandiri participates in a research program and CGPI ranking held by The Indonesian Institute of Corporate Governance (IICG). CGPI is followed by public companies (issuers), SOEs, banks and other private companies in which Bank Mandiri has followed CGPI's assessment for 15 (fifteen) consecutive years since 2003.

## APPLIED CRITERIA

The aspects of the CGPI assessment in 2018/2019 include:

- Governance Structure**  
The aspect of governance structure is an assessment of the adequacy of the company's structure and infrastructure in managing changes in business models that create value for stakeholders in accordance with governance principles. Assessment indicators from aspects of governance structure include:
  - Shareholders
  - board of Commissioners
  - The Directors
  - Responsible for functional management
  - Other key stakeholders
- Governance Process**  
The governance process aspect is an assessment of the effectiveness of systems and mechanisms in managing changes in business models that create value for stakeholders in accordance with governance principles. Assessment indicators of aspects of the governance process include:
  - Governansi fulfillment of the rights of Shareholders and GMS

- b. Governance of the Board of Commissioners and Directors
  - c. Organizational Behavior Governance
  - d. Internal and external supervision governance
  - e. Disclosure governance and information disclosure
  - f. Risk and compliance management governance
  - g. Business Ecosystem Governance
  - h. Resource Governance
3. Governance Outcome  
The aspect of the results of governance is the assessment of the assessment of the quality of outcomes, results, impacts and benefits of managing

changes in business models that create value for stakeholders in accordance with the principles of governance. Assessment indicators from the aspect of the outcome of interest include:

- a. Business Performance
- b. Financial performance
- c. Business Ecosystem

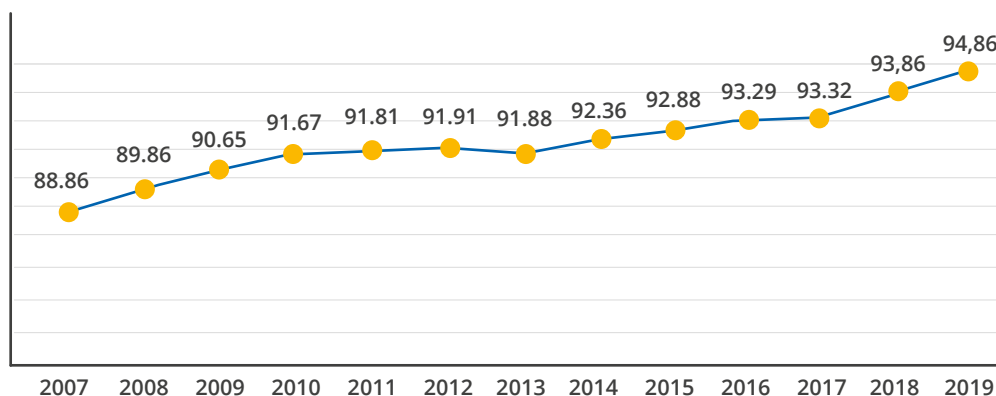
### PARTIES WHO CONDUCTED ASSESSMENT

The party that conducted the CGPI assessment was The Indonesian Institute of Corporate Governance (IICG).

### ASSESSMENT SCORE

The results of the CGPI assessment were used by Bank Mandiri to evaluate and improve the implementation of GCG. Bank Mandiri received the title of "Very Trusted Company" in the 2019 CGPI assessment with a value of 94.86. This award is the 13th (thirteenth) Bank Mandiri award from 2007 to 2019 respectively. The composition of Bank Mandiri's assessment for 2 consecutive years is as follows:

Steps	2018 score	2019 score
Governance Structure	24,35	32,98
Governance Process	40,36	30,63
Governance Outcome	29,15	31,25
<b>Nilai</b>	<b>93,86</b>	<b>94,86</b>



### RECOMMENDATIONS AND FOLLOW UPS

From the results of the 2019, CGPI assessment, there are a number of recommendations from the IICG on the implementation of Bank Mandiri governance. These recommendations will be used as material for improving governance implementation at Bank Mandiri.

## Table of Recommendations and Follow Up

No	Recommendations	Follow Up
<b>Governance Structure</b>		
1	Bank Mandiri needs to pay attention and manage the rights of Minority Shareholders by accommodating the aspirations of Minority Shareholders in the selection of Independent Commissioners and Unaffiliated Directors.	Members of the Board of Directors and Board of Commissioners are proposed by Shareholders of A Dwiwarna and their appointments are made through the GMS.
2	Bank Mandiri needs to consider and respond to the issue of gender diversity in the composition of the Board of Commissioners.	Prospective Directors and Commissioners proposed by the Remuneration and Nomination Committee always meet gender diversity.  However, the final nomination is the authority of Series A Dwiwarna Shareholders. As for the membership of the Committee under the Board of Commissioners, there is a female member of the Risk Monitoring Committee.
3	Bank Mandiri needs to establish a draft organizational structure tailored to the needs and division of tasks among the Directors according to the control room	Bank Mandiri has established a new organizational structure through Directors Decree No. KEP.DIR/002/2019 dated January 10, 2019 concerning Organizational Structure.
<b>Governance Process</b>		
1	Bank Mandiri needs to develop and update policies and guidelines for the implementation of the GMS and decision-making in the GMS that provides added value to the company's Shareholders	Bank Mandiri has improved the Standard Procedure for the Corporate Secretary, which among others regulates the implementation  of the GMS and decision making in the GMS.
2	Bank Mandiri needs to develop policies and guidelines as well as systems for implementing corporate social responsibility in a sustainable manner and PKBL.	Bank Mandiri has improved the Corporate Secretary Standard Procedure, which among others regulates PKBL. In addition, Bank Mandiri has compiled the PKBL Operational Technical Guidelines for more detailed regulation of PKBL.
<b>Governance Outcome</b>		
1	From the trend of Bank Mandiri's financial performance in the last 5 years, it was found to have experienced dynamic growth, so that Bank Mandiri must continue to increase growth by always maintaining the principle of prudence and systematic application of risk management.	Bank Mandiri continues to develop the strategies needed to continuously improve the Company's performance including the principles of prudence and risk management.
2	Bank Mandiri needs to increase employee understanding and awareness of the company's anti-fraud system to reduce the number of internal fraud incidents.	Bank Mandiri consistently and continuously conducts WBS socialization including short video screenings, placing posters around the work environment, PC screen savers and e-mail blasts to the whole Bank Mandiri and using print media so WBS can be more effective in the future.

In 2019 there were 2 (two) Subsidiaries that received the "Most Trusted" Predicate and there were 6 (six) Companies that received the "Trusted" Predicate with an explanation of the score as follows:

No.	Subsidiaries	Predicate	Score
1	PT Bank Syariah Mandiri	"Most Trusted"	86.34
2	PT Bank Mandiri Taspen	"Most Trusted"	85.80
3	PT Mandiri Sekuritas	"Trusted"	80.66
4	PT Mandiri Tunas Finance	"Trusted"	80.50
5	PT AXA Mandiri Financial Services	"Trusted"	79.05
6	PT Asuransi Jiwa InHealth Indonesia	"Trusted"	80.62
7	PT Mandiri AXA General Insurance	"Trusted"	77.66
8	PT Mandiri Manajemen Investasi	"Trusted"	78.95