

Corporate Social Responsibilities Related to Social and Community Development

Corporate social responsibilities related to social and community development constitute translation of one of the Bank's missions, namely concern for the interests of society and the environment, as the Company's contribution to improvement of public welfare. The Bank's corporate social responsibilities are classified into 2 (two) categories, namely Corporate Environmental and Social Responsibilities (CESR) and Environmental Development Program.

Policies

In undertaking its corporate social responsibilities related to social and community development, Bank Mandiri always 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 concerning State-Owned Enterprises' Partnership and Environmental Development Programs. In addition, Bank Mandiri's internal policies relating to responsibilities for social and community development have been regulated and stipulated in the PKBL Standards and Procedures specifying the execution of the Partnership Program, the Environmental Development Program and the Procurement Standards of Goods and Services related to the PKBL Program effective from August 01, 2011. Currently, the Company is reviewing those PKBL Standards and Procedures.

Targets of the Activities

As part of the community, Bank Mandiri constantly make adjustments to its existence and business activity amidst the community. Therefore, Bank Mandiri is committed to continuously running community development and empowerment programs in order to generate an independent and prosperous community.

Activities and their Impact

In 2017, Bank Mandiri has run several programs and activities related to the social aspects and the community, including:

Entrepreneurship Education and Self-Sufficiency Programs

The Entrepreneurship Education and Self-Sufficiency Programs serve as the basis for generating self-reliant and highly competitive young leaders in the face of all the challenges in the increasingly fierce global competition among future generations. To execute these programs, Bank Mandiri already has several strategic programs, among others, as follows:

Wirausaha Muda Mandiri (WMM)

As a manifestation of Bank Mandiri's consistency towards the development of micro, small, and medium enterprises which constitute one of the pillars of the national economy, Bank Mandiri has been organizing a program called Wirausaha Muda Mandiri (Mandiri's Young Entrepreneurs) since 2007 in an attempt to undertake one of its corporate social responsibilities (CSR). The WMM program aims to prepare and generate young Indonesian entrepreneurs who are tough and professional, especially among college students in order that once they have graduated, it is expected that they do not only apply for a job, but they also can provide employment. The WMM program has 5 (five) lines of business, namely Industrial Trade and Services, Creative, Culinary, Social, and Technology. Until 2017, the Company has developed several innovations in the WMM program, among others:

- a. Workshops on Entrepreneurship

This activity aims to inspire and offer new perspectives to Indonesian young generation, especially prospective entrepreneurs and start-up entrepreneurs about the business world and global trends. This activity invites various speakers from Indonesia and overseas every year and more than 3,000 young people ready to pursue their dream of becoming successful entrepreneurs in the future has attended this event.



b. Entrepreneurship Coaching

1) Digital Coaching

Digital Coaching lasted for 6 months, i.e. from August 2016 and ended on the Demo day, i.e. on February 27, 2017. In the course of the period of digital coaching, participants were trained twice a month in a one-on-one mentoring session where they were given opportunities to reveal the constraints and problems they faced in the establishment of their start-up and product. In addition, they also received explanation about a particular field from professional speakers in the thematic mentoring session. They also had an opportunity to expand their network in the activation event (networking night) held once a month, where they could meet those engaging in the digital business.

As for the materials given to the participants in digital coaching, they included Problem Solutions, Product Market-Fit, and Scalable Growth Engine, which were divided into 4 phases, namely Customer Validation, Product Validation, Business Model Validation, and Follow on Funding, Access to Market, Pitching, and Demo Day Business Model Validation.

2) Non-Digital Coaching

Non-Digital Coaching lasted for 6 (six) months, i.e. from August 2016 and ended on the Demo day, i.e. on February 29, 2017. Within 6 months of coaching, given that participants scattered across Indonesia, this coaching was held every week via

webinar. In addition to coaching through webinar, there was a (face-to-face) meeting between the coach and participants as well. Participants also had an opportunity to exchange opinions during the mini-group coaching session, where they revealed problems encountered in running their business and coaches assisted them to solve their business-related problems and gave them suggestions for the development of their business.

The materials provided to the participants of Non-Digital Coaching 2016 included financial management, HR management, steps to improve sales, tricks to improve customer databases, managing a warehouse or storing for goods coming in and out, and how provide service to customers and maintain customer loyalty.

3) Special Coaching

Special coaching was held to facilitate development of WMM winners' products in order that their products can be used by the public and generate profits. This coaching program is tailored to the business category of each coaching participant. Likewise, the presenters of each of these special coaching programs were practitioners in their respective field and were recommended by the participants themselves to be their

coaches. In addition to special coaching, participants also had an opportunity to visit large companies (company visits) to gain insight into the business world, attended conferences or high-level meetings to expand their network, and got wider market access. During the company visit program, participants visited, among other things, Google Office in Jakarta, Gojek, and Net TV.

c. Wirusaha Mandiri Forum

The Wirusaha Muda Mandiri Forum was established in 2014 as one of the innovations in the WMM program. This organization founded on the basis of the joint initiative between Bank Mandiri and WMM alumni provides various benefits for its members, starting from opportunities to join a business visit to national companies, attend an entrepreneurial class, to build a network with fellow young entrepreneurs from all over Indonesia. This forum aims to accommodate the aspirations and support young entrepreneurs who are members of the WMM program and spread the entrepreneurial spirit among Indonesian young generations. In the long term, this organization is expected to have multiplier effects on the WMM program to spread the entrepreneurship spirit among Indonesian young generations.

d. Mandiri Inkubator Bisnis (MIB)

In order to create a supporting ecosystem for start-up business, Bank Mandiri launched a program called Mandiri Inkubator Bisnis (Mandiri as a business incubator) in 2015. This MIB program is designed to provide sustainable coaching and is supported by the so-called co-working space. Due to its concern for the development of young entrepreneurs with great potential to run a major company and as a result of developments in the 'business incubator' concept as one of the solutions to accelerate the growth of start-up business globally, the MIB program continues to be developed as a support system for alumni of the WMM program and other great young entrepreneurs.

Mandiri Sahabatku

Since 2011, Bank Mandiri has continued to demonstrate its commitment to boost the entrepreneurial skills and abilities of Indonesian Migrant Workers overseas through an entrepreneurial education program called Mandiri Sahabatku. In Indonesia, this program is also supported by business skill training and apprenticeship programs held in conjunction with foster fathers/mothers running business such as beauty salons, meatball shops, chicken noodle shops, and chip stores through a program called Dadi Majikan (becoming an employer). Until 2017, the Mandiri Sahabatku Program has been implemented in several destination countries where Indonesian

Migrant Workers work such as Hong Kong, Malaysia, South Korea, and Japan and it has produced more than 11,000 alumni.

Coding Mum

Since 2016, Bank Mandiri in conjunction with Bekraf has launched Coding Mum as one of Mandiri Sahabatku's training programs. This program has been carried out in 6 cities with the number of alumni reaching more than 120 people and currently, 80% of Coding Mum participants have become web developers.



Mandiri Mengajar

The program Mandiri Mengajar (Mandiri teaches) began in 2009 and is held every year. Mandiri Edukasi is MPP's flagship program organized through teaching and learning activities at schools (elementary schools, junior high schools, and senior high schools) and universities with a view to enriching students' knowledge especially related to banking, entrepreneurship, and leadership. In 2017, the Mandiri Mengajar program was integrated the Mandiri Volunteer program, i.e. during the execution of the program to distribute social aid to remote areas. The Mandiri Mengajar program conducts financial inclusion or dissemination of information about banking through instructional activities at elementary schools under the theme of "Ayo Gemar Menabung and Giat Belajar" (let's get yourself accustomed to saving up your money and studying diligently). Until 2017, more than 25,000 students and 4,500 college students from all over Indonesia have participated in this Mandiri Mengajar program.

Impact of the Entrepreneurship Education and Self-Sufficiency Programs

As one of the national banks that consistently run special programs focusing on entrepreneurship education and self-sufficiency, Bank Mandiri expects to continue to generate a great number of new entrepreneurs so as to provide employment. The entrepreneurship programs run by the Company have contributed to an increase in the turnover of participants of these programs and, in a broader sense, the entrepreneurship education and self-sufficiency programs have improved the financial independence of the Indonesian community.



Financial Inclusion Program

Agent of Branchless Banking

Bank Mandiri has implemented the Laku Pandai program at national level as of July 13, 2016 in support of the implementation of the Non-Office Financial Service in the Framework of Inclusive Finance or LAKUPANDAI in accordance with POJK No.: 19/POJK.03/2014 and SEOJK No.: 6/SEOJK.03/2015. This activity constitutes one of the efforts of Bank Mandiri to improve access to banking services of the unbanked population both in urban and rural areas and in an attempt to implement the financial inclusion program.

In support of such a program, Bank Mandiri continuously strives to increase the number and distribution of Branchless Banking Agencies (LAKUPANDAI agents) all over Indonesia, especially for areas without any Bank Mandiri branch offices. In addition, since July 2016, Bank Mandiri has created a product with a brand name Mandiri Simpanan Makmur (SIMAKMUR) to support the LAKUPANDAI initiative, primarily in the form of a Basic Saving Account (BSA) product. SIMAKMUR is a savings account in rupiah intended for individuals who have never opened up an account at Bank Mandiri and this program is organized in accordance with the applicable terms and conditions.

As of December 31, 2017, the number of Branchless Banking agents of Bank Mandiri increased by 75.57% from a total of 19,162 agents in 2016 to 33,643 agents in 2017. As for SIMAKMUR savings, as of December 31, 2017, there were a total of 2,054,801 accounts, consisting of 2,047,495 social aid accounts (Tabnas-P) and 7,306 social aid accounts (TABBB) with a balance amounting to Rp334.288.819.419. It is expected that every year, the number of customers and the balance of SIMAKMUR savings accounts can continue to grow and reach all layers of society so as to improve the Indonesian financial inclusion index.

Kriya Mandiri Contact Center

As one of the manifestations of the financial inclusion program to the disabled, Bank Mandiri organizes a special apprenticeship program for the disabled called “Kriya Mandiri Contact Center”. This is a program of integrated apprenticeship at Bank Mandiri for the disabled with a minimum education of high school graduates to get to know the world of work and acquire skills, especially to be a skillful and ready-to-work contact center. In this program, participants will participate in a comprehensive basic Kriya Mandiri Contact Center Program for one year in accordance with the syllabus and curriculum that have been applied.

Impact of the Financial Inclusion Program

Through the financial inclusion program, the Company expects to enrich public insights, especially into banking services and other products of the financial services industry to maximize realization of the financial objectives on an ongoing basis.

Corporate Environmental and Social Responsibility (CESR) and Environmental Development Programs

In addition to entrepreneurship and financial inclusion programs, Bank Mandiri also distributed other forms of social aid to stakeholders around the company's operational area while still adhering to the principles of good corporate governance, which among other things include:

Mandiri Peduli Kesehatan

The Mandiri Peduli Kesehatan Program is aimed at improving the quality of life of the community through a free medical treatment program, helping out the treatment cost for chronic diseases, and distribution of assistance in the form of healthcare facilities and ambulances. A few examples of the implementation of the Mandiri Peduli Kesehatan program are: organizing an event to educate the public about clean and healthy living in NTT, cleft lip surgery in Jakarta, and procurement of ambulances for hospitals and community organizations.

Mandiri Peduli Sarana Umum dan Ibadah

The distribution of aid from the Mandiri Peduli Sarana Umum dan Ibadah program is a CSR activity carried out in the form of providing assistance in the development and renovation of public facilities and houses of worship, support for the execution of religious festivals, and aid for economically weak communities. Throughout 2017, Bank Mandiri has carried out several activities such as construction/renovation of mosques, churches, and temples all over Indonesia, bridge construction/renovation, and public road repair.

Mandiri Peduli Bencana

As a manifestation of Bank Mandiri's concern for a number of disasters occurring in Indonesia, during 2017 Bank Mandiri has provided emergency aid to those who fell victims to natural disasters such as eruption of Mount Sinabung and Mount Agung, earthquakes in Aceh, landslides in Purworejo, and floods in Brebes and Pacitan.

Mandiri Peduli Lingkungan

The Mandiri Peduli Lingkungan Program has been submitted to the Corporate Social Responsibility section related to the Environment

Mandiri Peduli Pengembangan Sosial Kemasyarakatan Fostered Partner Development Program Training

This program was undertaken to the Mawar Weaving Group in Ponto Village, West Manggarai, East Nusa Tenggara. The training for fostered partners was held in conjunction with Jakarta Fashion Week, young designers, distributors, textile experts and fashion observers.

The program undertook activities such as training in yarn cleaning, yarn dyeing, natural tinting, tassel making, color composition and the application on woven fabrics, designing woven patterns as requested by fashion designers and marketing networks.

Development of work modules that can be used by craftsmen/craftswomen as a reference to put into practice things which have been taught by experts and their team. Craftsmen/craftswomen were required to woven fabrics according to the materials taught. Monitoring and evaluating the woven fabrics made to see whether they comply with the training materials or not. Creating prototypes of woven fabrics to be produced by one of the fashion brands. Those prototypes of woven fabrics were shown at the Jakarta Fashion Week event.

Through this program, it is expected that the Mawar Weaving Group can increase the knowledge and skills of the craftsmen/craftswomen about new weaving patterns which have a selling value without removing special characteristics attributed to their region. In addition, this program also aimed at increasing insights into woven fabric pricing and marketing areas for woven fabrics made by craftsmen/craftswomen.

Establishment Of The Village Economic Hall (Balai Ekonomi Desa (Balkondes)) In Kenalan Village, Magelang

The development of a village economic hall (balkondes) is the state-owned enterprise program that will be used to display the local economy. This balkondes will provide space for both the village government and the community to develop the economic potential of the village, especially the tourism potential around Borobudur.

Through this Balkondes program, Bank Mandiri has undertaken several training activities for the community of Kenalan Village such as establishment of homestays (including land rent), talud, and bridges, and training in how to process cassava, wickerwork making, batik making, and Balkondes management. The training carried out was tailored to the potential and characteristics of the village, such as:

- batik making training,
- training to make traditional cakes;
- wickerwork making training and training for candidates of the Balkondes and homestay management; and
- training in how to make cassava into mocav flour and how to make it into various types of cakes and biscuits.

The funds already allocated by the Company for Balkodes activities amounted to Rp1,000,000,000 whereas for the construction of homestays and training activities amounted to Rp2,369,098,441 and Rp96,250,000, respectively.

BUMN Hadir untuk Negeri Program

The Ministry of SOEs and SOEs are part of the state society. Program BUMN Hadir Untuk Negeri (SOEs for the State) has been implemented continuously since 2015. As a commitment to improve public welfare, and to instill and foster a sense of pride to have Indonesia as their nation and homeland among the entire community all over the country, the Ministry of SOEs and SOEs re-implemented this program in 2017.

This program, among others, aims to instill a sense of pride as a nation with rich archipelagic diversity and to serve as a real manifestation of the role of SOEs in the community. In addition, this program constitutes one of the efforts to build stakeholders' understanding of the role of the Ministry of SOEs as an agent of development to participate in building the national capacity. Some of the activities undertaken by this program are described below.

Siswa Mengenal Nusantara (SMN)

Program Siswa Mengenal Nusantara (students get to know the archipelago) aims to instill a sense of pride and love for the homeland as early as possible into senior high/vocational/extraordinary school students. The archipelago's rich diversity and enormous potential are introduced through direct interactions between students and the components of the Government and the communities they visit. This program has been implemented since 2015 and was followed by 632 students and in 2016 a total of 679 students joint this program. In 2017, 20 students from senior high schools and vocational high schools (2 of them are extraordinary school students) in West Java

accompanied by a representative of the Provincial Education Office, a teacher winning the exemplary teacher award at the provincial level, and representatives of Biofarma were sent to Bangka Belitung for 7 (seven) days.

Bedah Rumah Veteran (BRV)

In relation to the program Bedah Rumah Veteran (renovating veterans' houses), Bank Mandiri as the coordinator along with 10 (ten) other SOEs was assigned to carry out repairs to a total of 724 houses of veteran with the budget allocated for the renovation of each house amounting to Rp40 million. Of 724 houses, Bank Mandiri was responsible for renovating 150 houses. This program was implemented in collaboration with the Regional Military Command III of Siliwangi. The impact of the program BUMN Hadir Untuk Negeri is to increase love for the homeland and the nation, awareness of the role of SOEs in the community, synergy between SOEs, and the living standards of veterans.

Impact of the Corporate Environmental and Social Responsibility (CESR) and Environmental Development Programs

The CESR and Environmental Development programs undertaken by the Company in 2017 are expected to contribute to economic equality and improvement among the community in the areas where such programs have been undertaken so as to improve their living standards. In addition, the Company also expects that the implementation of the Balkondes program in Kenalan Village, Magelang can improve the expertise and knowledge of the village community and in the near future, will contribute to an increased economic level of the community around the Borobudur tourism area.

Total Cost

Throughout 2017, Bank Mandiri spent Rp118,278,832,257,56 to carry out various related activities with social and community programs. The amount increased by 86.47% from the previous year. As for the details of the fund the distribution of CSR activities related to social and community development is as follows.

Table Describing the Cost of CSR and Environmental Development Program Distribution

Category of Activity	Total Cost (in Rupiah)		Growth (%)
	2017	2016	
Environmental Sector	240,090,250	411,375,000	(41.64%)
Health	8,497,666,519	5,770,541,750	47.26%
Field of Public Facilities and Worship	87,830,963,494	42,472,283,873	106.80%
Natural Disaster Relief Sector	1,724,719,846	581,800,000	196.45%
Social Development Sector	8,018,924,161	10,256,255,090	(21.81%)
Field of education	11,966,467,987	3,938,215,959	203.86%
Total	118,278,832,257	63,430,471,672	86.47%