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### Aspect and Principle of Corporate Governance Implementation According to Financial Service Authority

No	Aspect; Principle; Recommendation		Comply or Explain
<b>A</b>	<b>Aspect 1: Company Open Relations with the Shareholders in Guaranteeing the Shareholders rights.</b>		
A.1.	Principle 1: Improving the value of shareholders Annual General Meeting (RUPS) management.		
A.1.1.	Recommendation 1: Public Listed Company has way or technical procedure of voting both an open or close vote by placing independence ahead and the need of shareholders.		<p>In the Shareholders Annual General Meeting (RUPS) and Extraordinary General Meeting, Bank Mandiri has done voting process both open and closed as stated in the AGM regulations.</p> <p>At 2015 AGM for Closing Book, voting mechanism was done open by raising hand follow by card submission for those who does not agree. While the mechanism of a closed ballot conducted by officers approached all shareholders who then put a card into the provided box</p> <p>The Company has made the AGM Regulation which can be downloaded in the Company's website and distributed to shareholders at the time of the AGM.</p> <p><b>Note : Comply</b></p>
A.1.2.	Recommendation 2: All member of Board of Directors and Board of Commissioners of the Company attended the AGM.		<p>In 2015 AGM for Closing Book, all member of the BOD and BOC presented.</p> <p><b>Note : Comply</b></p>
A.1.3.	Recommendation 3 : Summary of AGM is available in the Public Listed company website for at least 1 (one) year.		<p>Bank Mandiri has made summary of AGM in both Bahasa Indonesia and English, and has been announced 2 (two) working days after the AGM which was through the Company's website.</p> <p>In details it can be found in Standard Guide for Corporate Secretary (SPCS) Chapter III.A.2.b.1) Summary after AGM</p> <p>b) AGM summary must be announce to the public at least 2 (two) working days after the AGM through:</p> <ol style="list-style-type: none"> <li>(1) 1 (one) National daily newspaper in Bahasa Indonesia;</li> <li>(2) Stock exchange website; and</li> <li>(3) Public Listed Company website in Bahasa Indonesia and Foreign language in condition to use at least English as the foreign language.</li> </ol> <p><b>Note : Comply</b></p>
A.2.	Principle 2: Improving the Public Listed Company Communications Quality with Shareholders or Investors.		
A.2.1.	Recommendation 4 : Public Listed Company has a Communications Policy with Shareholders or Investors.		<p>Bank Mandiri has a communications policy with shareholders and investors as stipulated in the Standard Guideline of Corporate Secretary (SPCS) Chapter III.A.I. Information disclosure.</p> <p>In addition, Bank mandiri has an agenda of Public Expose held every three (3) months which aims to meet the regulations requirement and providing information to the public and investors, such as periodic report, information disclosure, business condition or prospects and performance, and the implementation of corporate governance of Public listed company.</p> <p>Information disclosure to stakeholders giving importance has been drafted in reference to the regulations of Capital Market and Stock Exchange and other relevant regulations, briefly and grouped into:</p> <ol style="list-style-type: none"> <li>a. Reporting both periodic and incidental to the relevant institutions (the Financial Services Authority, Bank Indonesia LPS, Ministry of Law and Human Rights, the Stock Exchange) and reporting through the website</li> <li>b. Shareholders Annual General Meeting (AGM) Held in reference to the regulations and Bank Budget which consist of annual AGM and other AGM (Extraordinary AGM)</li> <li>c. Conduct other activity related to corporate action and/or open information</li> </ol> <p>Activity includes :</p> <ul style="list-style-type: none"> <li>- Public Expose (quarterly)</li> <li>- Analyst Meeting</li> </ul> <p><b>Note : Comply</b></p>

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A.2.2.	Recommendation 5 : Public Listed company stated the communication policy of Public Listed Company with the shareholders and investor in the website.	The company has communications policy of Public listed company with shareholders or other issuer as stipulate under SP Corporate Secretary and has been uploaded in Bank Mandiri website. <b>Note : Comply</b>
<b>B. Aspect 2: Function and Role of Board of Commissioners</b>		
B.1.	Principle 3 : Strengthen the Membership and Composition of Board of Commissioners.	
B.1.1.	Recommendation 6 : Determine the number of Board of commissioners member considering the Public listed company condition.	Bank Mandiri has met the requirement as stipulate under Article 20 POJK No. 33/POJK.04/2014 which is the number of Board of Commissioners member more than 2 (two) person. Number of Board of Commissioner Bank Mandiri is 8 (eight) person consist of 4 (four) independent commissioner and 4 (four) person non-independent. <b>Note : Comply</b>
B.1.2.	Recommendation 7 : Determining the composition member of Board of Commissioners in reference to diversity, skills, knowledge and experience needed.	Based on the shareholders policy, the composition of Board of Commissioners should refer to the need and complexity of Bank Mandiri business which is by considering diversity, skills, educational background, and experience without distinguish gender. Such thing is needed for duty effectivity of BOD, for that Bank mandiri should maintain mixture of skills and experience of its BOC member. <b>Note : Comply</b>
B.2.	Principle 4 : Improving the Quality of Duty and Responsibility of BOC.	
B.2.1.	Recommendation 8 : BOC has its own policy for self-assessment to rate BOC performance	BOC has its own policy of self assessment as stated in the board manual as described in the BOC performance evaluation part. <b>Note : Comply</b>
B.2.2.	Recommendation 9 : Self-assessment to rate BOC performance stated in the Annual Report of Public Listed Company.	The self assessment policy to rate BOC performance, stated in the Annual Report on Procedure of Assessment Implementation for BOC performance. <b>Note : Comply</b>
B.2.3.	Recommendation 10 : BOC has a policy related to membership withdrawal when involve in the financial crime.	The Company has a policy related to the resignation of members of the Board of Commissioners if it is involved in financial crimes as stipulated in the Articles of Association. Referring to the Articles of Association Article 18, paragraph 12, when members of the Board of Commissioners no longer meets the requirements of the legislation, including engaging in financial crimes, the membership terms of the Board of Commissioners by itself ends. In the case of the Board of Commissioners members resignation as part of financial crimes involvement, then the members of the Board of Commissioners shall submit a request to the Company and the Company is obliged to carry out the AGM to decide on such resignation no later than 90 (Ninety) days after resignation submitted by the Company. <b>Note : Comply</b>

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B.2.4.	Recommendation 11 : Board of Committee or Committee which done the function of Nomination and Remuneration should draft success policy in Nominating BOD process.	<p>Bank Mandiri has the Remuneration and Nomination Committee to assist the BOC to submit recommendations to the shareholders of Series A Dwiwarna in term of:</p> <ol style="list-style-type: none"> <li>1. Drafting, conducting and analyzing the nomination criteria and procedures for potential BOC and BOD</li> <li>2. Identifying potential BOD both from the internal or external and potential BOC which meet the requirement to be proposed/appointed as BOC or BOD.</li> </ol> <p>The appointment and dismissal of the Board of Directors is based on the principles of professionalism and corporate governance. As State-own Enterprise, the policy of successor BOD refers to the Regulation of State Own Enterprise Minister No. PER-03/MBU/2015 regarding the requirements, procedures for the appointment and dismissal of members of the Board of Directors of SOEs. In addition, as a public listed company, the Company policy also refers to the Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Public Company.</p>

**Note : Comply**

C.	Aspect 3 : Function and Role BOD	
C.1.	Principle 5 : Strengthening Membership and Composition of BOD.	
C.1.1.	Recommendation 12 : Determining the number of BOD member in consideration with the Public listed Company condition and effectivity in making decision.	<p>Determining the number of Board of Directors referred to the Regulations applied which is based on POJK 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Public Company stated that the Board of Directors of Public Company consist of at least two (2) members the Board of Directors. The number of Directors of the Bank is 10 (ten) people and in its determination was based on the need to achieve the objectives of the Company and the Company adapted to the conditions suit the needs and complexity of Bank Mandiri.</p>
		<b>Note : Comply</b>
C.1.2.	Recommendation 13 : Determining the composition of BOD member by considering diversity, skills, knowledge, and experience needed.	<p>Diversity composition of the Board of Directors is expected to provide an alternative solution to a problem that banks face which gets more complex compared to BOD that is homogeneous, so that the decisions made are the best after considering various alternatives decision from diversity of the Board of Directors. Based on the policy of Shareholders, the Board of Directors composition determination has been made to suit the needs and complexity of the Bank Mandiri.</p>
		<b>Note : Comply</b>
C.1.3.	Recommendation 14 : BOD member for accounting or finance should have skills and knowledge on accounting.	<p>Director in charge of accounting or finance is Mr. Pahala N. Mansury with a brief history as follows:</p> <p>He holds a Bachelor of Economics in Accounting from University of Indonesia, and an MBA in Finance from the Stern School of Business, New York University, USA. Qualifying as a CFA charterholder from the CFA Institute since 2003.</p> <p>He joined Bank Mandiri and held various positions, including Group Head of Corporate Development, Change Management Office, Accounting and Economic Research (2003-2006), EVP Coordinator Finance &amp; Strategy (2006) and Chief Financial Officer. He is currently active as a board in CFA Indonesia as Vice President.</p> <p>Thus, it can be concluded that Mr. Pahala N. Mansury meet the criteria of expertise and/or knowledge in the field of accounting</p>

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C.2.	Principle 6 : Improving the Quality of Implementing Task and Responsible of BOD.	
C.2.1.	Recommendation 15 : BOD has self-assessment policy to rate BOD performance.	<p>The Board of Directors had a self-assessment policy which listed in the manual board as described in the performance evaluation of the Board of Directors.</p> <p><b>Note : Comply</b></p>
C.2.2.	Recommendation 16 : Self-assessment policy to rate BOD performance stated in the annual report of Public listed company.	<p>Self assessment in order to assess the performance of the Board of Directors has been done. Self assessment of company's management presented in the Annual Report contained in the Corporate Governance section.</p> <p><b>Note : Comply</b></p>
C.2.3.	Recommendation 17 : BOD has policy regarding resignation from the BOD membership when involved in the financial crime.	<p>The Company has a policy related to the resignation of members of the Board of Directors if it is involved in financial crimes as stipulated in Company Budget.</p> <p>Based on the Company Budget article 15, paragraph 2, which can be a member of the Board of Directors are those who meets the requirements upon appointment and during his tenure, one of which is within 5 (five) years prior to appointment and during his tenure: not been declared bankrupt; never a member of the Board of Directors and/or members of the Board of Commissioners who were found guilty for causing a company to go bankrupt; never been sentenced for a criminal offense that is detrimental to the country's financial and/or related to the financial sector.</p> <p>Referring to the Articles of Association Article 15, paragraph 13, where members of the Board of Directors no longer meets regulatory requirements, including financial crimes involved in the tenure of the Board on its own ends.</p> <p>In the case of members of the Board of Directors his resignation if it is involved in financial crimes, then the members of the Board of Directors is obliged to submit a request to the Company and the Company is obliged to carry out the AGM to decide upon such resignation no later than 90 (Ninety) days after receipt of the resignation by the Company.</p> <p><b>Note : Comply</b></p>

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<b>D.</b>	<b>Aspect 4 : Stakeholders Participation</b>	
D.1.	Principle 7 : Improving Corporate Governance Aspect through Stakeholders Participation.	
D.1.1.	Recommendation 18 : Public listed company has a policy to avoid insider trading.	<p>The policy to avoid insider trading is stipulate under SP SDM</p> <ul style="list-style-type: none"> <li>- Chapter III.D. 2 regarding the Code of Conduct and Business Ethics is the ethical standards that must be followed by all levels of the bank in performing official duties and every day and doing business with customers, partners as well as with colleagues.</li> <li>- Chapter III.D.4 concerning employee Disciplinary Regulations governing the obligations, prohibitions and sanctions to employees.</li> </ul> <p>SP Corporate Secretary</p> <p>Chapter III.A.5 Information Disclosure principle, which governs:</p> <ul style="list-style-type: none"> <li>- Employee who have insider information are prohibited from influencing any party, including the family Insiders to purchase or sell shares</li> <li>- People In addition to the Board of Directors and Board of Commissioners of the offense as set out above and proven transaction and/or provide insider transformation will be subject to disciplinary sanctions as stipulated in the Standard Guidelines for Human Resources (SPSDM)</li> <li>- The Board of Directors and the Board of Commissioners and the parties because of the position, profession/ specific relationship with the Bank and insider trading responsibilities under the applicable provisions</li> </ul>
D.1.2.	Recommendation 19 : Public Listed Company has Corruption and anti-fraud policy.	<p><b>Note : Comply</b></p> <p>Bank Mandiri has Anti-Fraud policy effective 2 May 2012, as a follow up of Bank Indonesia disposition letter No. 13/28/DPNP dated 09 December 2011 regarding Anti-Fraud Strategy Implementation (SAF). SAF regulate about organization and 4 SAF Pillars of Bank Mandiri, namely:</p> <p>Pilar 1 : Anticipation</p> <p>Pilar 2 : Detection</p> <p>Pilar 3 : Investigation, Reporting and Sanction</p> <p>Pilar 4 : Monitoring, Evaluation and Follow up</p> <p>Bank Mandiri submitted SAF Report to OJK regularly every semester and incidental report on cases which may impact Bank operational as the applicable regulation.</p> <p><b>Gratuity Control</b></p> <p>Bank Mandiri has made improvements PTO on Gift Disclosure Statement to be PTO Gratuity Control and formed Gratification Control Unit (Unit Pengendalian Gratifikasi/UPG) to function as controller as per BOD Decree (SK) dated 3 July 2015.</p> <p><b>Note : Comply</b></p>

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D.1.3.	Recommendation 20 : Public Listed Company has a policy on selection and improvement of supplier or vendor.	<p>The Implementation Corporate Governance Practice of Public Listed Company regarding Selection and Improvement of Supplier/Vendor skills has been applied by Bank Mandiri on:</p> <ol style="list-style-type: none"> <li>1. Bank Mandiri Operational Policy (KOBM), Article 420 regarding Procurement</li> <li>2. Standard Operational Guideline (SPO) Procurement, Chapter III.B. Regulations for the Implementation of Procurement of Goods and Services includes: <ol style="list-style-type: none"> <li>a. Procedures of procurement of goods and services</li> <li>b. Procurement process</li> <li>c. Steps of procurement process</li> <li>d. Work execution and handover</li> <li>e. Procedures of additional work (additional/reduce) especially on construction services</li> <li>f. Execution activities on procurement to manage special condition</li> <li>g. Documenting and payment process</li> </ol> </li> <li>3. On PTO Procurement, procedures of partner selection is described in Chapter XIII. The selection procedures of Partner with Pre-qualification/Post-qualification and accredited potential goods and services provider.</li> <li>4. Basic principle for Procurement</li> <li>5. Selection criteria of good and services provider (Partner)</li> <li>6. In the event of selecting Goods and Services Provider, company has determine aspect that should be reviewed periodically as a basic for Vendor selection.</li> <li>7. Company has determine partner criteria which recommended to be invited in the Procurement process.</li> <li>8. Vendor evaluation should be done through 2 (two) model which are project performance evaluation and periodic evaluation</li> </ol> <p><b>Note : Comply</b></p>
D.1.4.	Recommendation 21 : Public Listed Company policy on creditor rights.	<p>Policies on creditor rights stipulate on :</p> <p>SPO Fund Product, Manual Product and SPO Customer Complaints Management, which in summary regulate :</p> <ol style="list-style-type: none"> <li>1. Rights to receive enough explanation on product characteristic</li> <li>2. Rights to receive access on rules and regulations product through Bank Mandiri website</li> <li>3. Access to transaction from branches, e-banking services and other facilities provided by the Bank</li> <li>4. Receive interest which number determine by the Bank regulation</li> <li>5. Procedures on handling and solving customer's complain</li> </ol> <p><b>Note : Comply</b></p>

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D.1.5.	Recommendation 22 : Public Listed Company has a policy on whistleblowing system.	<ol style="list-style-type: none"> <li>Whistleblowing system at Bank Mandiri implemented through a letter to CEO (LTC). LTC is a facility to submit fraud complain report or fraud indication from employee as well as vendor to Group CEO by highlighting in the complaint statement to increase effectivity the implementation of internal control system at Bank Mandiri.</li> <li>Company has a policy which rules about whistleblowing system.</li> <li>LTC has been implemented since 2009 and revitalized in 2013.</li> <li>Type of violation which can be reported through LTC are: corruption, fraud, theft, ignorance and violation.</li> <li>Complain can be made by reporter using the following channels: <ul style="list-style-type: none"> <li>Email to <a href="mailto:lettertoceo@bankmandiri.co.id">lettertoceo@bankmandiri.co.id</a></li> <li>Letter to Po Box 14000 JKTM 12700.</li> <li>SMS to 0811900777.</li> <li>Website, by clicking lettertoceo in the browser (intranet).</li> </ul> </li> <li>Bank guarantee the confidentiality of reporter and allow not to include his/her name (anonymous) in the report/complaint. Bank also guarantee protection for reporter as stipulate in internal bank regulations.</li> <li>Incoming report handled and follow up by Internal Audit according to service level agreement (SLA) which has been stated.</li> </ol> <p><b>Note : Comply</b></p>
D.1.6.	Recommendation 23 : Public listed company has policy on giving long term incentive to BOD and Employees.	<p>At the Shareholders Annual General Meeting dated 21 March 2016, the shareholders have determined long-term incentives to directors and employees of the Company. The Company has implemented a long-term incentive as stipulated in the Shareholders Annual General Meeting and applicable Laws.</p> <p>The Company is currently working on a long-term incentive policy to the Directors and employees in reference to OJK Regulation No. 45/POJK.03/2015 regarding Governance In Granting Remuneration for Commercial Banks and Regulation of Minister of State-own Enterprise No. PER-04/MBU/2014 on Guidelines Income for BOD, BOC and Board of Trustees for State Owned Enterprises.</p> <p><b>Note : Comply</b></p>
<b>E.</b>	<b>Aspect 5 : Transparent Information</b>	
E.1.	Principle 8 : Improving the Implementation of Transparent Information.	
E.1.1.	Recommendation 24 : Public listed company utilize the use of information technology broadly other than website as media of transparency information	<p>Bank Mandiri website provide all information related to transparency information. Beside the website, Company utilize technology and other social media application such as SMS Banking, Phone Banking, Instagram, Facebook and Twitter.</p> <p><b>Note : Comply</b></p>
E.1.2.	Recommendation 25 : the Company Annual Report disclose benefit to share owner of Public Listed Company at least 5% (five percent), in addition to the beneficial for main shareholder and controller.	<p>The company stated information on shareholder which own more than 5% shares or more of the Company in the Annual Report.</p> <p><b>Note : Comply</b></p>