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# Whistleblowing System

## Presence and Purpose WBS

With reference to Bank Indonesia Regulation No. 5/8/PBI/2003 amended by Regulation No. 11/23/PBI/2009 and Bank Indonesia Circular Letter No. 13/28/DPNP the Anti-Fraud Policy, Whistleblowing Policy System (WBS) called Letter to CEO (LTC) is applied by Bank Mandiri.

LTC is the delivery of media reports of complaints of fraud or indications of fraud, of employees as well as suppliers to the CEO with an emphasis on the disclosure of complaints that aims to make the implementation of internal control systems within the Bank is becoming increasingly effective.

Some of the benefits obtained with the implementation of LTC within the Bank include:

- 1. The improvement of aspects such as (a) the fulfillment of the requirements of customers; (b) business development; (c) increased market share; (d) an increase in revenue and cost reduction; (e) decreased processing time and (f) the involvement of employees.
- 2. Prevention of Abuse (anti-fraud) which includes (a) an increase in employee participative control; (b) means of early warning system of fraud and (c) reduction in the risk of bank losses.

## Delivery and Media Abuse Report

Reporting can report fraud indication with the following mechanism:

- a. Complaints through media reporting, namely:
  - 1) Email to [lettertoceo@bankmandiri.co.id](mailto:lettertoceo@bankmandiri.co.id)
  - 2) Letter submitted to JKTM PO BOX 14000 12700
  - 3) SMS to 0811900777
  - 4) Website, by typing letter to CEO on the browser (intranet).
- b. Reporting will get a Unique Random Number (RUN) on report indicates fraud.
- c. Reports on complaints received directly by the Group CEO and followed up by the relevant Working Unit.
- d. Related work units to follow up the report, if necessary will be investigated further.
- e. Reporting will get feedback on the status of complaints reported.

### Complaint handling and party business

Internal Audit Division is a unit that manages Work-related complaints where the reports received by the Group CEO and then followed up by the related units. Where appropriate, the work unit will be investigated further.

## Submission Scheme of Violation Report



### For Whistleblower Protection

Each complainant will be given a guarantee of protection from Bank Mandiri where the reporter's identity (name, address, telephone number, email and work unit/company) will be kept confidential. Moreover, the complainant is allowed to not include the identity (anonymous).

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Corporate Governance	Integrated Corporate Governance	Corporate Social Responsibility	Cross Reference of Annual Report Award 2016 Criteria	Consolidated Financial Statements

Socialization Whistleblowing System

In order to improve understanding of the Whistleblowing System at all levels in the organization, the Bank has consistently held socialization related to it in various ways, including through the placement of brochures or posters around the office environment, do a variety of presentations and using print media such as internal magazines Mandiri.

Violation Type to Reported

1. Complaints that go through LTC Bank Mandiri is fraud-related reports/indications of fraud with the following definition:
- a. Measures irregularities or omissions deliberately done to deceive, cheat, or manipulate the bank, customers or other parties, which occurred in the Bank, and/or

b. Using the means Bank resulting bank, customers or other parties suffers from loss, and/or

c. Perpetrators of fraud obtaining financial benefit either directly or indirectly.
2. Types of fraud
- a. Corruption is receiving/requests reward and/or misappropriation or misuse of bank money for personal interests or others and/or mobilizing others or make plans to harm the Bank.

b. Namely trick Bank fraud, the customer or a third party and/or falsified documents, signature, physical evidence and/or any authentic evidence.

c. Theft is taking partial and/or total assets or data bank that is not a right.

d. Ignorance is ignoring the procedure obligation or responsibility as an employee of the Bank knowingly and intentionally.

e. Violations that violate the provisions of the Bank's internal or external or do piercing Bank with the technology (cybercrime), and/or without technology, including engineering financial reporting or criminal offense banking (banking criminal acts) as stipulated in the Basic Law of Banking and other measures thereto.

Whistleblowing System Reports 2016

The report complaints of violations that go through the channel LTC either by phone, email, facsimile or the mailbox is as follows:

Year	Media Submission					Classification Report		Status report	
	Letter	Email	Website	SMS	Others	Fraud	Non Fraud	Report in process	Reports are completed actionable
2016	0	4	0	0	2	2	4	0	6

The Development Plan WBS

To demonstrate the commitment of the Bank to the LTC policies, the Bank continues to make improvements LTC policy to be able to adapt to a dynamic business environment Bank.

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No	Aspect; Principle; Recommendation	Comply or Explain
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>