



Good Corporate Governance (GCG) Charter PT Bank Mandiri (Persero) Tbk.

Good Corporate Governance (GCG) is management of a Bank by applying transparency, accountability, responsibility, independency and fairness principles in performing business activities.

GCG indicates pattern of relationship between Management with stakeholders, Management with Board of Commissioners and inter-Management relies on ethics and Corporate Culture Values supported by a system, process, working manual and organization for the purpose of achieving maximum performance.

Purpose and objective of GCG are :

- Increasing Management's seriousness in applying transparency, accountability, responsibility, independency, fairness and prudent principles in the management of Bank
- Improving Bank's performance, efficiency and services to the stakeholders
- Increasing investor's interest and trust
- Complying with shareholders' interest for increasing of shareholders value
- Protecting Bank against political intervention and legal suits

1. Principles of Good Corporate Governance

Principles of Good Corporate Governance covers Transparency, Accountability, Responsibility, Independency and Fairness.

a. Transparency

- 1) Bank discloses punctually, properly, clearly, accurately and comparable as well as accessible information to the stakeholders
- 2) Bank discloses information including but not limited to vision, mission, business target, bank's strategies, financial and non-financial conditions, structures of Board of Directors and Board of Commissioners of the Bank, shareholding, remuneration and other facilities for Board of Directors and Board of Commissioners, majority shareholders, risk management, monitoring system and internal control, implementation of compliance function, system and implementation of GCG as well as information and material facts affecting investors' decisions
- 3) Policies of the Bank must be made in written and communicated to all stakeholders who reserve their rights to receive information with due regard to those policies
- 4) Transparency principle should keep considering the provisions on bank secrecy, official privacy and personal rights in compliance with the applicable regulations





b. Accountability

- 1) Bank will specify the accountable business target and strategies for the stakeholders
- 2) Bank defines distinct tasks and responsibilities for each organ members of Board of Commissioners and Board of Directors as well as all inferior levels in accordance with vision, mission, Corporate Values, business target and Bank's strategies
- 3) Bank must ensure that each member of Board of Commissioners and Board of Directors as well as all inferior levels acquire competencies according to their respective responsibilities and understand their roles in implementation of GCG.
- 4) Bank determines check and balance system in management of Bank
- 5) Bank has performance standards from all levels of Bank based on the agreed standards consistently with Corporate Culture Values, business target and Bank's strategies as well as applies rewards and punishment system

c. Responsibility

- 1) Bank relies on prudential banking practices and warrants the compliance with the applicable regulations
- 2) Bank as a good corporate citizen pays it attention to environment and perform proper social responsibilities

d. Independency

- 1) Bank keeps off the occurrence of improper domination by any stakeholders and not affected to partial interest as well as free from any conflict of interest
- 2) Bank will take objective decision and free of any pressures from any parties

e. Fairness

- 1) Bank will take into consideration of all stakeholders based on equality and fairness principles (equal treatment).
- 2) Bank gives opportunities to all stakeholders to give input and submit opinion for interest of Bank as well as open access to information according to openness principle.

2. Corporate Governance Structures

Structures under Corporate Governance consist of Shareholders and General Meeting of Shareholders (GMS), Board of Commissioners, Committees under Board of Commissioners, Board of Directors, Committees under Board of Directors, Directors in charge for Compliance Function and Corporate Secretary.

a. Shareholders and General Meeting of Shareholders (GMS)

1) Shareholders

All Shareholders of Bank will have equality in obtaining and exercising their rights in compliance with the provisions stipulated under the Law and Article of Association of Bank.

Each and every Shareholders of Bank by virtues of law must be subject to Article of Association of Bank and all decision validly taken in the GMS as well as subject to laws.





- a) There are 2 (two) categories for Shareholder of Bank, i.e.:
- Holder of Series A Shares that is State of the Republic of Indonesia having Dwi Warna Series A shares with the following privileges :
 - Amending Article of Association
 - Amending capitalization
 - Appointing and/or terminating members of Board of Directors and/or members of Board of Commissioners
 - Performing merger, consolidation, acquisition, splitting or changes in legal entity formation
 - Dissolution and liquidation of the Company
 - Holder of Series B Shares that is State of the Republic of Indonesia and public (corporate or entity) recognized by the Company as Shareholder
- b) Bank is responsible in exercising the rights of its Shareholders, i.e.:
- Bank should protect rights of its Shareholders in compliance with regulation of laws and Article of Association of the Bank
 - Bank must organize list of shareholders in orderly manner according to regulation of laws and Article of Association of the Bank
 - Bank must provide corporate information in punctual time, correct and in regular basis for the shareholders, except otherwise for confidential matters
 - Bank should not favor to certain shareholders by providing non-disclosure information to the other shareholders. Information must be provided to all shareholders regardless types and classifications of their shares
 - Bank must be able to provide complete explanation and accurate information concerning performance of GMS

2) General Meeting of Shareholders (GMS)

GMS has authorities other than those given to Board of Directors or Board of Commissioners in compliance with the provisions stipulated in Laws and Article of Association of Bank.

GMS is conducted and performed pursuant to GMS's protocols in compliance with the provisions stipulated in Laws and Article of Association of Bank.

Under GMS's forum, Shareholders reserve the rights to obtain information related with Bank and/or Management of Bank, as long as related to agenda of GMS and not in contrary with interest of Bank.

- a) Each Shareholder reserves the rights to receive complete and accurate explanation and information regarding :
- Summons for GMS including details of agenda and its explanation
 - Other agenda will be provided before and or during GMS
 - Resolution taken in GMS through transparent and fair procedures





- Minutes of GMS for each Shareholder if requested, containing both supported as well as non-supported opinions
 - Systems specifying remuneration and facilities for each members of Board of Directors and Board of Commissioners as well as details of remuneration and compensation received by in service members of Board of Directors and Board of Commissioners
 - Financial and other information concerning Bank included under Annual Reports and Financial Reports
- b) Procedures and performance of GMS will be taken in compliance with the applicable laws and Article of Association of Bank
- c) Material Transactions executed by Bank should obtain approval from GMS in compliance with the applicable laws

b. Board of Commissioners

- 1) Nomination and Termination of Members of Board of Commissioners
- a) Members of Board of Commissioners are nominated and terminated by GMS by transparent process. Remuneration and Nomination Committee provides recommendation on candidate of Members of Board of Commissioners according to the policy determined by Holder of Series A Share
- b) Members of Board of Commissioners must comply with requirements and pass the fit and proper test pursuant to the applicable regulation
- 2) Responsibilities and Obligations of Board of Commissioners
- a) Board of Commissioners responsible for accomplishment tasks of Board of Commissioners as of referred to under Article of Association of Bank as well as maintaining of effective communication between Board of Commissioners with Board of Directors, External Auditor and Bank/Capital Market Supervisory Authorities
- b) Board of Commissioners will be responsible to be in compliance with the applicable regulations as well as monitoring effectiveness of GCG practices
- c) Board of Commissioners will be in obligation to conduct supervisory to follow-up actions toward results of investigation and recommendation provided by internal and external auditors, results of supervision by Banking Authorities and/or results of supervision by the other authorities
- d) Board of Commissioners have binding Code of Conduct and to be obeyed by all members of Board of Commissioners
- e) Members of Board of Commissioners will be in obligation to disclose their ownership of shares to Bank as well as to other companies in compliance with regulation in Capital Market
- f) Members of Board of Commissioners is prohibited to utilize Bank for personal, family, and/or other parties interests which could harm and reducing profit of Bank





g) Board of Commissioners will be in obligation to notify Banking Authorities in case of available :

- Violation to regulation of laws in financial and banking sector; and
- Conditions and estimation of conditions that endangering continuity of Bank's businesses.

c. Independent Commissioner

GMS nominates Independent Commissioner at number and requirements as of specified in the applicable regulations.

d. Committees under Board of Commissioners

In performing its tasks, Board of Commissioners establishes the following committees :

- 1) Audit Committee, established to assist Board of Commissioners in performing supervisory function on matters related with financial information, internal controlling system and effectively of investigation by internal and external auditors
- 2) Risk Monitoring and Good Corporate Governance Committee, established to assist Board of Commissioners in performing supervisory function related with business risk policy as well as strengthening implementation of GCG principles applied by the company for increasing shareholder values
- 3) Remuneration and Nomination Committee, established to assist Board of Commissioners in performing supervisory function on matters related with remuneration and nomination policies for members of Board of Commissioners and Board of Directors

e. Board of Directors

- 1) Nomination and Termination of Members of Board of Directors
 - a) Members of Board of Directors are nominated and terminated by GMS by transparent process. Remuneration and Nomination Committee, Board of Commissioners provides recommendation on candidate of Members of Board of Directors according to the policy determined by Holder of Series A Share
 - b) Members of Board of Directors should be complying requirements and pass the fit and proper test pursuant to the applicable regulation
- 2) Responsibilities and Obligations of Board of Directors
 - a) Board of Directors responsible to implementation of management function of Bank pursuant to Article of Association
 - b) Boards of Directors execute health banking and risk management principles, as well as developing compliance culture and internal control system
 - c) Board of Directors will work transparency, accountable, responsible, independent and fair
 - d) Board of Directors will be responsible in complying the applicable regulation and implement GCG practice





- e) Boards of Directors have binding Code of Conduct and to be adhered by all members of Board of Directors
- f) Members of Board of Directors will be in obligation to disclose their ownership of shares to Bank as well as to other companies in compliance with regulation in Capital Market
- g) Members of Board of Directors is prohibited to utilize Bank for personal, family, and/or other parties interests which could harm and reducing profit of Bank
- h) Boards of Directors hold responsibility for performance of their tasks to the shareholders through General Meeting of Shareholders

f. Committees under Board of Directors

In performing its tasks, Board of Directors establish committees. Structures of organization, tasks and authorities as well as code of conducts for the committees are stipulated under Decree of Board of Directors.

g. Relationship between Board of Commissioners and Board of Directors

- 1) Working relationships between Board of Commissioners and Board of Directors are check and balance relationship with final objectives for advancement and health of Bank
- 2) Board of Commissioners and Board of Directors according to their respective functions have responsibility to maintain continuity of business of Bank in long term basis as of reflected on :
 - a) Maintenance of health of Bank according to prudential principles and criteria specified by the Banking Authorities
 - b) Well implementation of risk management as well as internal control system
 - c) Achievement of fair return for the Shareholders
 - d) Fair protection to interest of the Shareholders
 - e) Fulfillment of implementation of GCG
 - f) Implementation of succession and management continuity in all organization lines
- 3) For completion of responsibility and performing check and balance according to the applicable regulation, then Board of Directors and Board of Commissioners will need jointly agree for the followings :
 - a) Vision, mission and Corporate Culture Values
 - b) Business target, strategic, long term plan as well as working plan and annual budget
 - c) Policies for fulfillment of regulation, Article of Association of Bank and prudential banking practices including commitment for avoidance of all types of conflict of interest
 - d) Policy and methods of performance appraisal of bank
 - e) Structure of organization having capability of supporting the achievement of business target of Bank in compliance with Article of Association of Bank
 - f) Format of communication between Board of Commissioners and Board of Directors





- 4) Members of Board of Commissioners and Board of Directors reserve the rights to receive remuneration and other types of facilities based on market condition. Process for determination of amount of remuneration package and other type of facilities are to be decided by GMS, on prior suggestion from Remuneration and Nomination Committee.

h. Director Supervising Compliance Function

- 1) Assignment and termination of Director Supervising Compliance Function is conducted by President Director and Board of Commissioners as well as should obtain prior approval from Banking Authorities
- 2) In order to maintain independency principle, Director Supervising Compliance Function will be prohibited to have double position as President Director and other functions as of determined by the applicable regulations
- 3) Director Supervising Compliance Function can be member of each established Committee of Board of Directors, but has no voting rights in the decision taking except defined otherwise
- 4) Director Supervising Compliance Function has good reporting relation to President Director and Board of Commissioners as well as Banking Authorities
- 5) Bank will establish the Compliance Unit to assist implementation of tasks and functions of Director Supervising Compliance Function

i. Corporate Secretary

- 1) Bank establishes Corporate Secretary function in compliance with the applicable regulation in Capital Market
- 2) Corporate Secretary function is conducted by one of Director or officer exclusively appointed to execute the said function
- 3) Appointment of Corporate Secretary will be reported to Capital Market and Stock Exchange Authority as well as announced by mechanism in compliance with the applicable regulation
- 4) Tasks and authorities of Corporate Secretary will be according to the regulations applicable in Capital Market sector

j. External Auditor and Public Accountant Office

- 1) Appointment of External Auditor and Public Accountant Office will be decided by General Meeting of Shareholders pursuant to suggestion of Board of Commissioners upon recommendation of Audit Committee
- 2) External Auditor and Public Accountant Office appointed by Bank should have obtained license from the Ministry of Finance and registered in the Capital Market Supervisory Board
- 3) General Audit by External Auditor is conducted to deliver statement of opinion regarding fairness of Financial Report of Bank according to general accounting principles applicable in Indonesia





3. Confidential Information, Bank Secrecy and Conflict of Interest

In maintaining the Good Corporate Governance Principles, Bank determines the procedures related to Information, Bank Secrecy, and Conflict of Interest.

a. Informasi

- 1) Bank delivers to Capital Market Authority and announce to public punctually, accurate, clear and objective information on the events, information and material facts that may arise affecting securities values or investment decision in compliance with the applicable Capital Market regulations
- 2) Annual Reports containing Material Financial Data Summary, Analysis and Management General Description, Audited Financial Statements, Management Letter as well as other material information
- 3) Annual Reports contain the Audit Committee activities, Risks Monitoring Committee and GCG, Remuneration and Nomination Committee of each member of Board of Commissioners and Board of Directors
- 4) Annual Reports, events, information and material facts as well as other reports as required by the applicable regulations will also be delivered through the website of which will be from time to time updated by Bank
- 5) Prohibition on Insider Trading as meant in the applicable capital market regulations which will be stipulated in a separate provisions

b. Bank Secrecy

In applying transparency of information, Bank comply with the applicable bank secrecy as stipulated under the applicable regulations.

c. Conflict of Interest

- 1) Board of Commissioners, Board of Directors and executive Officers having commitment to avoid all types of conflict of interest
- 2) In the event Board of Directors personally having interest in one transaction, contract or proposed contract where Bank is one of the party therein, then must be declared nature of its interest in Meeting of Board of Directors and the relevant member of Board of Directors reserve no rights for voting
- 3) In the event Board of Commissioners personally having interest in one transaction, contract or proposed contract where Bank is one of the party therein, then must be declared nature of its interest in Meeting of Board of Directors and the relevant member of Board of Directors reserve no rights for voting
- 4) In regular basis at minimum once (1) in a year, each member of Board of Commissioners, Board of Directors and Executive Officers will be in obligation to make statement regarding availability or non-availability of conflict of interest with Bank's activities he/she involved therein
- 5) Members of Board of Commissioners, Board of Directors and Executive Officers will be prohibited to have double position as of stipulated in the applicable regulation





4. Dividend Policy

Each and any Policies of Bank's Board of Directors should reflect principles attached in this document.

5. Communication and Internalization of Good Corporate Governance

Bank's Board of Directors will be in obligation to communicate implementation of GCG principles to Shareholders, prospective Shareholders and stakeholders, as well as internalize to all lines of Bank.

6. Providing of Fund and Large Exposure to Related Parties

- a. In order to avoid the failure of Bank's business resulted from concentration on fund provision and increasing independency of Bank's management against potential of intervention from the related parties, Bank is under obligation to implement prudential principles on such fund provision, i.e. by applying portfolio diversification for the fund provided
- b. Implementation of fund provision to the related parties and/or large exposure must be subject to regulatory provisions regarding Maximum Legal Lending Limit for Commercial Bank

