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## CORPORATE GOVERNANCE IN PT. BANK MANDIRI (PERSERO) TBK

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### ARTICLE INFORMATION

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**Abstract:** Good Corporate Governance is now very important to increase the trust of investors and shareholders of the company. In fact, many companies make Good Corporate Governance (GCG) one of the company's strategies to achieve goals optimally, even used as a measurement tool to assess the quality of the company's work structure. Good corporate governance shows that all parties responsible for the business continuity of the company have understood and played a good role in carrying out their duties and responsibilities in accordance with their authority. Careless management of a company is not only detrimental to shareholders, but also threatens the survival of the company itself. Having ambitious attitudes to achieve business targets is certainly important for management, but excessive ambition can result in companies violating business ethics, internal / external provisions, and even breaking the law. The research method used for writing this article is the Qualitative Descriptive method with the study of literature relating to Corporate Governance; writing is done in a structured manner, according to the facts and field conditions of the research object. The author describes the conditions in accordance with the data, the results of the analysis and interpretation of the theories and applicable provisions. The purpose of this study was to determine how well the implementation of Good Corporate Governance in PT. Bank Mandir (Persero) Tbk.

**Keywords:** Good Corporate Governance, GCG, Corporate Governance.

### INTRODUCTION

The reason for the establishment of a company is to get a profit established by its owner. In accordance with Article 1 point 2 of Act No.10 of 1998 concerning Banking, a Bank is defined as a Business Entity in charge of collecting funds from the public in the form of deposits and channeling them to the public in the form of credit or other forms. others to improve people's lives. Based on this definition it is concluded that the bank's business is

selling public financial management services; Therefore, in order to achieve success in its business, the Bank must be trusted by the people who give up their assets to the Bank.

Bank Mandiri is one of the state-owned banks that has been named several times the best bank in implementing GCG in the last fifteen years. By implementing GCG principles in an orderly and consistent manner, it is evident that the level of investor and community confidence in Bank Mandiri continues to increase, reflected in the progressive and sustainable growth of the Bank's business from year to year. Bank Mandiri's journey to becoming the bank with the best reputation in implementing GCG was not achieved in an easy way, but through various dark events that colored Bank Mandiri's journey. As it is known that in 2005 Bank Mandiri experienced a shock in its operational activities as a result of three Directors undergoing a process of violation of authority in the Attorney General's Office. As a result of these events, Bank Mandiri's net profit in 2005 decreased sharply by 88.5% when compared to 2004's net profit, from IDR 5,256 trillion to IDR 603 billion, non-performing loans amounting to 26.7% of the total loans disbursed. and the share price plummeted to IDR 1,076 per share. It is believed that one of the causes of the event was because the company had not yet implemented optimal corporate governance. This event is a turning point and encourages new Management awareness so that in the future implement good corporate governance in accordance with the expectations of all shareholders.

The awareness of companies on the importance of good corporate governance only increased after the global economic crisis in 2007, including companies in Asia including Indonesia. Quoted by Rusdiyanto, Susetyorini, Umi Elan, (2019), Agyemang & Castellini (2015); Noresson & Neziri (2016) states that the economic crisis is not only caused by macroeconomic factors, but also because Corporate Governance is still weak due to lack of legal standards, accounting, financial audits have not been established, capital markets are not organized, lack of supervision from Commissioners and ignore rights minority shareholder rights. The implementation of good corporate governance into good corporate governance is a strategy for the company to be able to achieve optimal performance and provide incentives or incentives for all levels of employees to achieve the goals mandated by shareholders so that the company uses the company's resources efficiently so as to provide benefits maximum. Armed with dark experience in 2005, and as an effort to maintain performance and reputation, the Bank is committed to always implementing Good Corporate Governance in its business operations. Therefore, the Bank does not give the slightest tolerance to employees who violate corporate governance resulting in a potential decline in profits and the reputation of the Bank, certainly subject to strict sanctions.

## LITERATURE REVIEW

The Corporate Governance began in the 1980s, as many scandals in large companies in the United States and Britain were caused by aggressive behavior from business people and weak supervisory management. The Organization of Economic Cooperation and Development (OECD) states that Corporate Governance is a relationship between company management, boards, shareholders and other parties with an interest in the company. Corporate Governance requires an organizational structure / tool to achieve goals and monitor performance (Prihanto, 2018). The GCG movement in Indonesia began in 1998 in the field of capital markets, namely the obligation of issuers listed on the Indonesia Stock Exchange to

appoint an Independent Commissioner and form an Audit Committee to supervise business activities properly. In accordance with SOE Ministerial Decree number 117 / M-MBU / 2002, the purpose of implementing GCG is (1) Maximizing corporate value through Corporate Governance, (2) Management of the company professionally, (3) Decision making is based on moral values, (4) Implementation of responsibilities corporate social responsibility towards stakeholders, (5) Improving the investment climate, and (6) Successful national privatization. Five principles of implementing Corporate Governance:

1. Transparency, reflects the decision-making process carried out openly and material and relevant information related to open company is accessed by anyone.
2. Accountability, reflecting the company's management is carried out effectively through the availability of systems, functions, and clear organizational structure.
3. Responsibility, reflects the company's adherence to the rules, norms and provisions that apply in managing the company.
4. Independence, reflecting the management of the company is run professionally, free from intervention or conflict of interest from management.
5. Fairness, reflects the company in fulfilling the rights of shareholders to apply the principle of being fair, equal and not differentiating certain parties according to the provisions.

According to the Forum for Corporate Governance in Indonesia (FCGI, 2001), if GCG implementation is carried out properly it will provide benefits (1) Improve company performance, (2) Trust other parties is high so that it makes it easy to get cheap funds, (3) Restore investor confidence to invest their capital in Indonesia, and (4) Shareholders are satisfied with performance, shareholder value and dividends. Good corporate governance directly affects the value of the company; investors assess the mechanism of good corporate governance in SOEs will encourage investors to buy company shares thereby increasing the value of the company (Taufik, 2018). Good GCG implementation has a positive impact on Shareholders and national economic growth (Rusdiyanto, 2019); Good and effective corporate governance also illustrates (1) the business that is run has the right decision-making process and controls, (2) the optimal use of resources, (3) the reduction in capital costs due to increased investor confidence.

In order to encourage a dignified business climate in Indonesia, the Indonesian Transparency Society (MTI) together with practitioners, professionals and community leaders who have a better vision of Indonesia, on 2 June 2000 established the Indonesian Institute for Corporate Governance (IICG) non-profit . Based on the IICG survey in 2002, it was concluded that the main reason companies in Indonesia implemented Corporate Governance was due to compliance with applicable regulations. In addition, to support a dignified business climate through GCG, since 2001 IICG has implemented a Corporate Governance Perception Index (CGPI) program, a research program to assess how well companies in Indonesia have implemented GCG. The CGPI program uses three assessments of the scope of GCG implementation, namely aspects of compliance, conformance and performance according to the following explanation:

1. Compliance aspect, is the fulfillment of various regulatory requirements which means that all business operations have been carried out well and are not in conflict with the provisions of the regulator.
2. The aspect of conformity, is the harmony of various policies and company operations with norms, ethics and values adopted by the company.
3. Performance aspects, are the results of the company's achievements in fulfilling dignified operational demands.

Based on the three aspects of the assessment, the resulting rating rating illustrates how well the Corporate Governance has been implemented; the higher CGPI value means that the company is well managed by applying the principles of transparency, accountability, responsibility, independence and equality / fairness; so that it will have a positive impact on company performance, both on return on assets, return on equity and earnings per share. In addition to having an impact on company performance, the value of the CGPI ranking if published to the public can attract stakeholder interest and be responded positively by the market (Singh & Delios, 2017). Strong corporate governance and proper monitoring have an impact on company management becoming more open and providing better financial information (Jatiningrum, 2016). The implementation of Business Ethics and Good Corporate Governance is a must and an important foundation for the success of realizing the vision and mission and continuity of the company's business. The implementation of the principles of Business Ethics and GCG is believed to have a positive impact on corporate sustainability (Saputro, 2019).

## RESEARCH METHODS

In the preparation of this article, the authors used a qualitative descriptive method with literature studies relating to Corporate Governance. Information is obtained from books, journals, articles, lecture modules and the internet. Besides that, writing is also done on the basis of the author's observations of the object of research, analysis of data, interpretation of the author, empirical experience and direct experience of writers who have worked in the research object for more than 30 years.

According to Sugiyono (2005), the descriptive method is an approach to analyzing research results, but not to state a comprehensive conclusion; while according to Whitney (1960), descriptive method is an identification process to find facts through true and accurate perception.

## FINDINGS AND DISCUSSION

Based on the literature review, observations, data analysis, interpretation, and the direct experience of the writer as an employee of Bank Mandiri, the following matters are conveyed:

- A. Bank Mandiri was established on October 2, 1998, the results of the merger of Bank Bumi Daya, the State Trading Bank, the Export Import Bank and the Indonesian Development Bank. Bank Mandiri since its establishment has had a Vision, Mission, Corporate Culture, Code of Conduct, Business Ethics and Bankers Code of Ethics as described below:
  1. Bank Mandiri's Vision "Indonesia's best, ASEAN's prominent"; this vision is a compass and energy for all employees to work with high productivity so that the bank "the Best in Indonesia and respected in ASEAN" can be realized.

2. The mission of Bank Mandiri is believed to support the achievement of the stated Vision, namely:
  - a. Oriented to Fulfilling Market Needs; in its operations always try to sell products / services into solutions to customer transaction needs.
  - b. Developing HR Professionals, the Bank is committed to developing HR consistently through training, development and certification.
  - c. Providing Maximum Benefits to Stakeholder, the Bank always strives to provide maximum benefits to stakeholders through good corporate governance.
  - d. Conducting Open Management, every employee dares to express opinions / criticisms if they see activities that violate ethics or regulations; the bank openly accepts suggestions and constructive criticism from the public.
  - e. Concerned for Community and Environmental Interests, the Bank is committed to part of the profits being returned to the community and the environment.
3. Main Values, Corporate Culture and Main Behavior:
  - a. The Main Values consist of five values, namely:
    - 1) Trust, think well in business on the basis of openness and reliability.
    - 2) Integrity, commendable, dignified and uphold professional ethics.
    - 3) Professionalism, accurate, responsibility according to the best competence.
    - 4) Customer Focus, external internal customers are a mutually beneficial and sustainable business focus.
    - 5) Perfection, achieving competitive advantage as a love of the Bank.
  - b. Main Work Culture & Behavior:
    - 1) One Heart One Mandiri, which includes Prioritizing Self-interest, Collaboration, and Empathy and Respect.
    - 2) Strong Independent Employee, covering the Code of Conduct & Business Ethics, Learning Mindset, Smart Work, Adroit, Adaptive Solutive, and Intrapreneurship.
    - 3) Growing Healthy, including Thinking & Acting Balanced, Continuously.
    - 4) Meeting Customer Needs, including Deepening and Meeting Customer Needs, Maintaining Relationships with Customers.
    - 5) Together Building the Country, through Contributions to the Country, Balanced Role.
4. Banker's Code of Ethics, a Bankers:
  - a. Comply and obey the applicable laws and regulations.
  - b. Make a correct record of all transactions.
  - c. Avoiding unhealthy competition.
  - d. Do not abuse their authority for personal gain.
  - e. Avoiding decision-making involvement due to conflicts of interest.
  - f. Maintain the confidentiality of customers and banks.
  - g. Take into account the adverse effects of the policies set.
  - h. Do not accept gifts or rewards that enrich themselves / their families.
  - i. Not committing misconduct that can harm the image of his profession
5. Good Corporate Governance, shows the relationship between Management and Stakeholders, Management with Commissioners, the relationship between Management in accordance with ethics and corporate culture that is supported by the organization, systems and procedures in achieving goals..

- a. The purpose and objectives of implementing GCG at Bank Mandiri, to (1) Increase the seriousness of Management applying GCG principles, (b) Improving performance, efficiency and service to stakeholders, (c) Attracting investors' interest and trust, (d) Meeting Shareholders' expectations of shareholder values, and (e) Protect the Bank from political intervention and lawsuits.
- b. Good Corporate Governance Principles at Bank Mandiri:
  - 1) Transparency, regulates (a) Submission of information in a timely, adequate, clear, accurate, comparable and accessible manner to interested parties, (b) Vision, mission, goals, strategies, financial conditions, composition of the Directors , Board of Commissioners, share ownership, remuneration for Directors and Commissioners, shareholders, risk management, supervision, internal control, compliance, GCG implementation and other material information, (c) Policies must be documented in writing and disclosed to stakeholders in an open manner, and ( d) Implementation provisions related to bank secrecy, position secrets and personal rights in accordance with applicable regulations.
  - 2) Accountability, regulates (a) Targets and strategies as accountability to stakeholders, (b) Duties and responsibilities of Commissioners, Directors and all levels that are in line with the vision, mission, Corporate Culture, targets and strategies, (c) Competence of Commissioners, Directors and all employees in accordance with their responsibilities and understand their role in the implementation of GCG, (d) Check and balance system provisions in the management of the Bank, and (e) Performance measures that are in line with company culture, targets, strategies that are complemented by rewards & punishment.
  - 3) Responsibility, regulates (a) Application of the precautionary principle & observing the provisions, (b) Concern for the environment and carrying out social responsibilities appropriately.
  - 4) Independence (Independency), regulate (a) A reasonable relationship with stakeholders, not affected by unilateral interests, free from conflicts of interest, (b) Decision making objectively & without pressure.
  - 5) Fairness, regulates (a) Application of the principle of equality and fairness (equal treatment) in safeguarding the interests of all stakeholders, (b) Stakeholder provisions provide opinions for the interests of the Bank.
- c. Corporate Governance Implementation Structure.

The structure of implementing Corporate Governance consists of:

  - 1) Shareholders and General Meeting of Shareholders (GMS):
    - a) Shareholders
      - (1) Shareholders are divided into two, namely:
        - (a) Series A Shareholders, namely the Republic of Indonesia with special rights (i) Amend the Articles of Association, (ii) Change capital, (iii) Appoint and / or dismiss members of the Board of Directors and / or members of the Board of Commissioners, (iv) Merge , merger, acquisition, separation or change in the form of legal entity, and (v) Dissolve and liquidate the Company.

- (b) Series B Shareholders, namely the Republic of Indonesia and the public (person or entity) recognized as shareholders.
- (2) The Bank is responsible for exercising Shareholder Rights, then (a) Protecting the rights of shareholders, (b) Discipline in administering the register of shareholders, (c) Information about the company is available in a timely, correct and orderly manner, except for matters that are confidential, (d) Being neutral and not in favor of certain shareholders; information must be given to all shareholders regardless of the type of shares they have, and (e) Provide a complete and accurate explanation and information regarding the conduct of the GMS.
- b) General Meeting of Shareholders (GMS), GMS has authority that is not given to the Directors or Commissioners; The GMS is conducted in accordance with the provisions and Shareholders are entitled to obtain complete and accurate information, regarding (1) GMS Summons which includes details of the agenda and its explanation, (2) Procedures and implementation of the GMS in accordance with regulations and the Articles of Association, and (3) Material transactions must obtain GMS approval .
- 2) Board of Commissioners
  - a) Election and Dismissal of Members of the Board of Commissioners:
    - (1) Selected and dismissed by the GMS through a transparent process.
    - (2) The Remuneration and Nomination Committee submits candidates according to the provisions.
    - (3) Meet the requirements and pass the fit and proper test according to the provisions.
  - b) Responsibilities and Obligations of the Board of Commissioners:
    - (1) Carry out duties in accordance with the provisions, effective communication with the Directors, Auditors and Supervisory Authorities.
    - (2) Comply with regulations and monitor the effectiveness of GCG practices.
    - (3) Supervising follow-up on audit results, auditor recommendations, and supervision results of banking authorities / other authorities.
    - (4) Comply with the provisions of the Board of Commissioners' Standing Orders.
    - (5) Disclose the ownership of shares owned by the Bank or other companies.
    - (6) Maintain attitude and integrity so that it does not harm the Bank..
    - (7) Must notify the Banking Authority in the event of:
      - (a) Violations of financial / banking legislation;
      - (b) Circumstances / estimates of conditions which endanger the Bank's business.
- 3) Independent Commissioners, determined in the GMS based on company terms and conditions..
- 4) Committees under the Board of Commissioners:

- a) Audit Committee, to help carry out the oversight and effectiveness functions of audits by external / internal auditors.
  - b) Risk Monitoring Committee and Good Corporate Governance, to help carry out the oversight and implementation of GCG functions.
  - c) Remuneration and Nomination Committee, to help carry out the function of overseeing the remuneration & nomination policy of Commissioners and Directors
- 5) Directors:
- a) Election and Dismissal of Directors:
    - (1) Selected and dismissed by the GMS through a transparent process and committee deliberations.
    - (2) The Board of Commissioners recommends candidates for Directors in accordance with the provisions.
    - (3) Meet the requirements and pass the fit and proper test according to the provisions.
  - b) Responsibilities and Obligations of Directors:
    - (1) Carry out bank management functions in accordance with the Articles of Association.
    - (2) Implement the principles of sound banking, risk management and foster a culture of compliance and internal control systems.
    - (3) Work in a transparent, accountable, independent and fair manner.
    - (4) Comply with regulations and implement GCG practices.
    - (5) Comply with the provisions of the Board of Directors' Regulations.
    - (6) Must declare share ownership in a Bank / other company.
    - (7) Prohibited from using the Bank for personal, family, or other parties.
    - (8) Accountable for its duties to the Shareholders.
- 6) Relationship of the Board of Commissioners and Directors:
- a) The working relationship of the Commissioners and Directors is a check and balance for the progress and health of the Bank.
  - b) Commissioners and Directors are responsible for maintaining the long-term sustainability of the Bank's business, which is reflected in:
    - (1) Bank health is in accordance with criteria set by the Banking Authority.
    - (2) Risk management and internal control systems properly.
    - (3) A reasonable return for Shareholders.
    - (4) Stakeholders' interests are protected fairly.
    - (5) Good GCG implementation.
    - (6) Succession of leadership and continuity of management on all fronts.
  - c) For the implementation of the check and balance function in accordance with the provisions, the Commissioners and Directors together agree on the following:
    - (1) Vision, mission and Corporate Culture Values.
    - (2) Business targets, strategies, work plans, annual budget & CPR.
    - (3) Policies to comply with regulations, Articles of Association, prudential banking practices, and commitments to avoid conflicts of interest.
    - (4) Policies and methods for evaluating Bank performance.



- (5) Organizational structure to support the achievement of the Bank's business objectives.
- (6) Communication between the Board of Commissioners and Directors.
- 7) Director in charge of Compliance Function:
  - a) Assignments and dismissals are carried out by the President Director and the Board of Commissioners based on approval from the Banking Authority.
  - b) Directors in charge of the Compliance Function are prohibited from holding concurrent positions as President Director / other positions according to applicable regulations.
  - c) The Director in charge of the Compliance Function can be a member of each of the Directors' Committees, but does not have the right to decide on something unless otherwise stipulated.
  - d) The Director in charge of the Compliance Function has a reporting relationship to the President Director, the Board of Commissioners & the Banking Authority.
  - e) The Bank forms a Compliance Unit to assist the implementation of the duties and functions of the Director in charge of the Compliance Function.
- 8) External Auditors and Public Accounting Firms:
  - a) The appointment of the External Auditor and the Public Accountant Office is determined by the GMS according to the Board of Commissioners' recommendation based on the recommendation of the Audit Committee.
  - b) The appointed External Auditor and Public Accounting Firm obtains permission from the Ministry of Finance and is registered with the Capital Market Supervisor.
  - c) General External Auditor audits are conducted to provide fairness opinion on the Financial Statements in accordance with applicable accounting principles.
- d. Provisions relating to Information, Bank Secrets and Conflicts of Interest:
  - 1) Information, including:
    - a) The Bank submits information objectively, timely and accurately.
    - b) The Annual Report contains an Overview of Important Financial Data, Analysis and General Discussion by Management, Audited Financial Statements, Management Letters and other important information,
    - c) The Annual Report contains the reports of the Audit Committee, Risk Monitoring Committee and GCG and the Remuneration & Nomination Committee. Annual reports, events, material information and other reports, also informed through the website that is always updated,
    - d) Prohibition of Insider Trading as referred to in the applicable regulations in the Capital Market Sector is regulated in a separate provision.
  - 2) Bank Secrecy, in conducting information disclosure, the Bank still adheres to the Bank's confidentiality provisions in accordance with applicable regulations.
  - 3) Conflict of Interest:
    - a) The Board of Commissioners, Directors and Executive Officers are committed to avoiding any conflict of interest.

- b) If a member of the Board of Directors personally has an interest in a transaction, then the nature of his interests must be stated at the Board of Directors' Meeting; they have no right to vote.
  - c) If members of the Board of Commissioners personally have an interest in a transaction, then the nature of their interests must be stated in the Board of Commissioners' Meeting; they have no right to vote.
  - d) Periodically at least once a year, each member of the Board of Commissioners, Directors and Executive Officers must make a statement of whether or not there is a conflict of interest in the Bank's activities.
  - e) Members of the Board of Commissioners, Directors and Executive Officers are prohibited from holding concurrent positions as stipulated in applicable regulations.
- 4) In providing large amounts of funds, it is carried out with the precautionary principle to avoid business failures and increase independence.
6. Business Ethics, regulates the following matters:
- a. Individual Behavior:
    - 1) Personal Integrity, Bank employees (a) Uphold morals, have self-esteem and discipline, (b) Maintain personal integrity, (c) Have a commitment to maintain the Bank's image and reputation, (d) Rely on all actions and behavior to conscience, ( e) Acting respectfully, responsibly, freely and objectively, (f) Avoiding activities that may create a conflict of interest, and (g) Not engaging in activities that can reduce the integrity of the banking system either individually / in groups.
    - 2) Discrimination Treatment / Actions, Bank employees (a) Uphold human rights, (b) Prevent discriminatory practices in all its forms.
    - 3) Harassment Act, Bank officials avoid all forms of acts that violate public order and decency.
  - b. Protection of Bank Assets:
    - 1) Bank Assets, Bank employees (a) Maintain and protect all Bank assets, (b) Use Bank assets only for the benefit of the Bank, and (c) Be responsible for the use of Bank assets.
    - 2) Protection of Confidential Information, Bank employees (a) Protect and prevent valuable and confidential information, (b) Do not disseminate information about the Bank that is not intended for the public.
    - 3) Intellectual Property Rights of the Bank, the ranks of the Bank (a) Maintain intellectual property rights, (b) Dedicate their competence for the benefit of the Bank.
    - 4) Recording and Reporting, the Bank's staff is responsible for the accuracy and completeness of the records and reports presented.
  - c. Bank Business Organization:
    - 1) Mis-representation, Bank employees (a) Acting according to their capacity and authority, (b) Providing correct information, documents and reports in the right way, (c) Avoiding actions that can cause misunderstandings with other parties.

- 2) Relationships with Work Partners, Bank employees (a) Prioritize the interests of the Bank, (b) Prevent corruption, collusion, nepotism and negative images, (c) Working with partners in a professional, fair manner based on good faith.
  - 3) Behavior in Competition, Bank employees (a) Responsible for creating healthy competition in running a business, (b) Avoiding and preventing unfair competition in his career.
  - 4) Relationships with Other Organizations, Bank employees (a) Making business contacts with other organizations insofar as they provide benefits for the Bank, (b) Avoiding inappropriate collusion with other parties.
  - 5) Obtaining and Using Third Party Information, Bank employees (a) Avoiding obtaining confidential information from third parties / competitors in an inappropriate manner, (b) Not recruiting competitors' employees to obtain confidential information from competing companies.
  - 6) Relationship with Regulators, the Bank's employees uphold the ethical principles and applicable provisions in developing relationships with Regulators.
7. Code of Conduct, is a daily code of conduct related to the Bank's business relationships with customers, partners and colleagues; set the following:
- a. Conflict of Interest Provisions; all levels: (1) Maintain contact with other parties to avoid a conflict of interest, (2) It is forbidden to decide / request a boss's decision on loans, interest or other matters for the benefit of himself, his family or other parties, (3) Prohibited from working in other institutions , except because it has been assigned or has obtained approval, (4) Prohibited from becoming a partner of the Bank in the supply of goods / services, (5) Prohibited from using goods belonging to the Bank (6) Can conduct securities transactions, forex trading, derivatives as long as there is no conflict of interests and insider trading.
  - b. Confidentiality, all levels (1) Must maintain the confidentiality of information, (2) Only allowed to use the information it receives for the benefit of the Bank, (3) In submitting any information, must comply with applicable regulations, (4) Submission of information is only permitted to interested parties , (5) It is forbidden to convey information to other parties, other than the Bank's interests, related to (a) Bank Operations with the Government, (b) Working conditions & procedures, (c) Management of Information Systems, (d) Data of employees, both those who are still working / retired, and (e) Bank business activities, including activities with partners, (6) Retirement, are still required to maintain data confidentiality.
  - c. Misuse of Position and Gratification, Bank employees (1) It is forbidden to abuse authority for their own interests, family / others, (2) Prohibited from requesting, accepting or agreeing to gratuity related to their position, (3) Prohibited from asking, accepting, agreeing to receive compensation from other parties related to the procurement process, (4) If receiving a holiday gift for example, if it affects the objectivity and price of a gift above the fairness, it must be refused and returned to the giver, (5) If the prize cannot be refused and returned, the employee must report to the Head of work unit, (6) If you receive promotional items, as long as they do not affect objectivity, employees can accept them, (7) Employees must try to get the maximum price / maximum discount on the procurement process for

- the Bank, (8) It is forbidden to use positions and relationships to request something from customers / partners, (9) Prohibited from using Bank facilities for personal gain.
- d. Insiders Behavior, Bank employees: (1) Prohibited from using confidential information for personal / family / group benefit, (2) Prohibited from using internal information to conduct securities transactions, unless it has become a public consumption, (3) Prohibited from using his position and taking personal advantage / family / other parties, and (4) Prioritizing the interests of the Bank, free from the influence of insiders.
  - e. Integrity and Accuracy of Bank Data, Bank employees (1) Must present data accurately and accurately, (2) Changes in financial data are prohibited to obscure certain transactions, (3) Changes in data can only be carried out with the approval of authorized officials in accordance with the provisions, and (4 ) Prohibited from manipulating and falsifying documents.
8. Although the Bank has implemented Good Corporate Governance, it is undeniable that there are sometimes violations in its activities, for example a crime case committed by PT. Tirta Amarta Bottling Company (BAT) in Bandung amounted to Rp 1.8 trillion. This further encouraged the Bank to continue to improve Corporate Governance better in the future.
- B. The Bank, including its Subsidiaries, always strives to implement Good Corporate Governance, so that the performance and reputation of the Mandiri Group continues to improve. Therefore, the provisions in force in the Bank and Subsidiaries are issued (1) Mandiri Group Principle Guideline, (2) Mandiri Subsidiary Management Principle Guideline (MSMPG), (3) Bank Mandiri Policy Architecture, and (4) Architectural Policies of each Subsidiary. MSMPG is a guideline for Bank Mandiri and its Subsidiaries, especially in building business collaboration ecosystems through Work Culture, Good Corporate Governance, Basic Principles of Management of Subsidiary Companies, Integrated Governance, Financial Statements, Anti-Money Laundering, Prevention of Terrorism Funding, HR, Procurement, Strategy & Performance, Data Management, and Gratification Control.
- C. Some of the Bank's implementations related to Good Corporate Governance:
1. Implementation and Enforcement of the Code of Ethics, carried out with full awareness through:
    - a. Code of Ethics Compliance Statement, all levels of staff are required to read, understand and sign the Code of Ethics Compliance Statement.
    - b. Management's commitment and all employees, not to accept money or gratuity goods related to their duties.
    - c. Annual Disclosure of Conflict of Interest, all levels of each year must make an annual statement of Conflict of Interest; while the work unit is required to submit quarterly activity reports related to Conflict of Interest.
    - d. Integrity Pact, signed by authorized authorities, partners involved in the credit process, procurement of goods / services, and partner accreditation. All levels of staff must also sign the "Integrity Pact" document every year.
    - e. Awareness Program, the Bank regularly promotes Code of Conduct to existing employees and new employees consistently.

- f. Policy on Increasing Information Openness; information provided by the Bank is not only limited to information regulated by law, but also other information related to companies that need to be known by shareholders or investors. Information is available on the website, Phone Banking, Mobile Banking, online news websites and social media such as Whatsapp, Instagram, and so on.
  2. Anti Fraud Strategy and Gratification Control Policies, among others, set the 4 Pillars of anti-fraud strategies, namely (a) Prevention, (b) Detection, (c) Investigation, Reporting, Sanctions, (d) Monitoring, Evaluation and Follow-up. The Bank also implements the Gratification Control System implemented by the Gratification Control Unit under the leadership of the Compliance and HR Director.
  3. Policies related to Prevention of Insider Trading.
    - a. Employees who have insider information are prohibited from providing information to other parties to conduct stock sales or purchase transactions.
    - b. Employees other than Directors and Commissioners conducting insider trading are subject to disciplinary sanctions in accordance with the provisions.
    - c. Directors, Commissioners and parties who because of their position conducting insider trading are subject to witnesses in accordance with the provisions.
  4. Policy on Fulfilling the Rights of Creditors / Depositors of Funds, (a) Right to obtain Deposit Safety, (b) Obtain Interest, (c) Right to Obtain Explanation of Product Characteristics, (d) Right to Access Terms and Conditions of Fund Products, and (e) Ease of Transaction through branches, e-banking services or other means.
  5. Whistleblowing Protection Policy, since 2009, the Whistleblowing system has been implemented, through the "Letter To CEO" abbreviated as LTC, with the explanation:
    - a. Means for employees, partners / community to report fraud / indication of fraud.
    - b. Violations / fraud that can be reported include corruption, fraud, theft, data manipulation, omission, violations of professional ethics and other violations.
    - c. The bank guarantees the confidentiality of the reporter, therefore can submit a report without naming (anonymous).
  6. Policy on Procurement of Goods / Services Needs through Third Parties.
    - a. The Bank already has a partner selection criteria and recommended partners to be invited in a process of procurement of goods / services.
    - b. Partner performance evaluation is carried out through two models, namely Project performance evaluation and Periodic Evaluation.
    - c. Regular vendor gatherings to get input on the improvement of goods / services procurement process so that an effective procurement process is created.
- D. The Bank's commitment to implementing Good Corporate Governance has received a positive response from the public; This is reflected in the Bank's continued growth. The success in implementing Good Corporate Governance has resulted in awards from various assessment institutions implementing Good Corporate Governance; Bank Mandiri for the past 13 years has been successively awarded the company title "Highly Trusted", as in Table 1 below:

**Table 1- Bank Mandiri's Awards List**

Year	Award	Institution
2015	The Most Trusted Company	IICG
	Best Financial, Corporate Governance	IICD
	BUMN Award – 3 <sup>rd</sup> Tranparancy	BUMN Track
2016	Best GCG Bank Book IV	Economi Review
	Best Gratification Controls system	Komisi Pemberantasan Korupsi
	The Most Indonesia Trusted Company	IICG & Majalah SWA
2017	The Best Bank in Indonesia	Alpha Southeast Asia
	The Most Trusted Company	IICG
2018	Best Gratification Controls System	Komisi Pemberantasi Korupsi
	Responsive Giving Customer Protection	Otoritas Jasa Keuangan
	The Most Trusted Company	AsiaMoney
2019	Indonesia Most Trusted Company	IICG & SWA Network
	Best Strategy CSR in Indonesia	Alpha Southeast Asia
	The Best Bank for 10 Years	Infobank
	Best Bank Book IV	Majalah Investor

E. The Bank's performance is growing well and consistently, this proves that Good Corporate Governance has a good impact on "Goods Ethics, Good Business". Organizational commitment has a significant effect on performance (Suryadi, 2019). Following in Table 2, three parameters that show the Bank's performance continues to increase, namely Net Profit, Market Capitalization and CGPI.

**Table 2- Bank Mandiri's Performance**

Performance Parameters	Years and Performance				
	2015	2016	2017	2018	2019
Net Profit (IDR)	18,37T	19,28T	22,28T	25,88T	28,45T
Market Capitalization (IDR)	215,83T	270,10T	373,33T	344,16T	358,16T
CGPI (index range 1 - 100)	92,88	93,29	93,32	93,86	94,86

F. The financial performance of 31 December 2019 compared to the 31 December 2015 position, each parameter has increased, as follows:

1. Net Income ..... 54.87% or an average of 10.96% per year
2. Market Capitalization ... 65.94% or an average of 13.18% per year
3. CGPI ..... 1.98% or an average of 0.39% per year

## CONCLUSION AND SUGESTION

In accordance with the facts, data, interpretation and the results of the discussion above, the following conclusions are made:

- A. Bank Mandiri has implemented Good Corporate Governance so that for 13 consecutive years it has been named the "Most Trusted Company".
- B. Bank Mandiri and all its subsidiaries always apply the principles of Good Corporate Governance. Therefore, in order to have guidelines for implementing the same GCG, the Mandiri Group Policy Architecture has been published which must be understood, adhered to and implemented by all levels of the Bank and Subsidiary Companies.
- C. Commitment of the Bank to implement Good Corporate Governance, get a positive response from stakeholders; reflected by the Bank's three performance parameters namely Net Profit, Market Capitalization and CGPI which continue to grow from year to year.

D. The Bank continues to strive to improve Good Corporate Governance, so that banking crime can be reduced to the lowest point. In this case, the author's suggestion is that supervision activities in the work unit be carried out better in the future.

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