



## APPLICATION OF CORPORATE GOVERNANCE GUIDELINES TO PUBLIC COMPANIES

## IMPLEMENTATION OF CORPORATE GOVERNANCE ASPECTS AND PRINCIPLES BASED ON GUIDELINES OF CORPORATE GOVERNANCE PRINCIPLES FOR BANKS PUBLISHED BY BASEL COMMITTEE IN BANKING SUPERVISION

The Governance Guidelines cover 12 principles of corporate governance. The Governance Guidelines are the standard of best practices applied as a reference in implementing corporate governance in banks. The description of the application can be explained, as follows:

PRINCIPLES	EXPLANATION	IMPLEMENTATION IN BANK MANDIRI
<b>Principle 1</b> <b>Responsibilities of the Board of Commissioners</b>	The Board of Commissioners has the responsibilities of amongst others approval and supervisory on the implementation of business strategy, structure and governance mechanism as well as the Corporate Culture	In the Board of Commissioners 'code of conduct, as outlined in the Board of Commissioners Decree No. KEP.KOM/008/2023, it is stated that the responsibilities of the Board of Commissioners include providing opinions and approvals on the Work Plan and Annual Budget, as well as offering advice on matters deemed important by the Company, including corporate culture.
<b>Principle 2</b> <b>Qualification and Composition of the Board of Commissioners</b>	Member of the Board of Commissioners must have the quality in accordance with duties and responsibilities as both collegial and as per individual The Board of Commissioners shall understand the roles within the supervisory and implementation of corporate governance, as well as KOM/014/2019 to conduct a sound and objective decision process.	The Board of Commissioners of Bank Mandiri does not have a financial relationship, management, share ownership and/ or family relations with other members of the Board of Commissioners, Directors and/or Controlling Shareholders or relations with the Bank, which may affect the ability to act independently as stipulated in the Implementation provisions Good Corporate Governance for Commercial Banks and has signed an Independent Statement.
<b>Principle 3</b> <b>Structure and Mechanism of the Board of Commissioners</b>	The Board of Commissioners must apply the proper governance practice and structure in performing their duties and to periodically assess its effectiveness.	The Board of Commissioners has Committees under the Board of Commissioners assisting with the implementation of the duties of the Board of Commissioners, namely the Audit Committee, Risk Oversight Committee, Remuneration and Nomination Committee and Integrated Governance Committee.
<b>Principle 4</b> <b>The Board of Directors</b>	Under the direction and supervision of the Board of Commissioners, the Board of Directors manage the Bank's activities in accordance with the business strategy, risk appetite, remuneration policy and other policies that have been approved by the Board of Commissioners.	The Board of Directors manages the Company under the direction and supervision of the Board of Commissioners, as evidenced by the company's business achievements that have increased from the previous year. All policies underlying the operations of Bank Mandiri must obtain the approval of the Board of Commissioners.
<b>Principle 5</b> <b>Governance Structure of Business Group</b>	In a business group, the Board of Commissioners of the parent company has overall responsibility on the business group and to ensure the establishment and implementation of clear governance practice related to the structure, business and risks of business group and entities. The Board of Commissioners and the Board of Directors must understand the business group organizational structure as well as the encountered risk.	The Board of Directors and Board of Commissioners of Bank Mandiri have knowledge and understanding of the core business and key risks of Bank Mandiri, as well as the entities within the Mandiri Group Financial Conglomerate, as evidenced by all members passing the Fit and Proper Test. A clear governance structure and mechanism have been established within the Mandiri Group Financial Conglomerate.

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PRINCIPLES	EXPLANATION	IMPLEMENTATION IN BANK MANDIRI
<b>Principle 6</b>  <b>Risk Management Function</b>	The Bank must have the qualified, independent risk management function that has qualified resources with access to the Board of Commissioners.	Bank Mandiri performs the Risk Identification, Measurement, Monitoring, Control and Risk Management Information System through an Enterprise Risk Management (ERM) framework. Bank Mandiri continues to improve the capabilities and knowledge of all employees, especially in terms of risk management, by holding internal training regularly through the Risk Management Academy. In addition, Bank Mandiri also routinely holds at least once a year socialization, discussion forums, internships, and programs on risk management along with the internalization of the corporate culture. Bank Mandiri communicates risk management to the Board of Commissioners through the Risk Oversight Committee and the Integrated Governance Committee.
<b>Principle 7</b>  <b>Identification of Risk Oversight and Control</b>	Risks must be identified, monitored and controlled for all activities of the Bank. The quality of risk management infrastructure and internal control must be able to keep up with changes in the Bank's risk profile, external risk conditions and industry practice.	In managing Bank Mandiri's Risk Management, bankwide identification, measurement and risk assessment has been performed by periodically developing risk profiles. Risk measurement and assessment has been able to work well according to the established Risk Management Policy that is adjusted to the level of risk faced by Bank Mandiri.
<b>Principle 8</b>  <b>Risk Communication</b>	Effective risk governance implementation requires accurate risk communication in the Bank environment both between organizations and through reporting to the Board of Commissioners and the Board of Directors.	The Risk-Based Bank Rating (RBBR) assessment, both individual and consolidated, is submitted every semester to the Risk Management Committee (RMC) and the Integrated Risk Committee (IRC). In addition, the results of the RBBR assessment are reported to the Board of Commissioners through the Risk Monitoring Committee and the Integrated Governance Committee.
<b>Principle 9</b>  <b>Compliance</b>	The Board of Commissioners is responsible for overseeing management related to the Bank's compliance risk. The Board of Commissioners must determine the compliance function and provide approval for policies and processes for identification, assessment, monitoring and reporting, and providing advice on compliance risks.	The Board of Commissioners ensures the implementation of good corporate governance in every business activity and corporate governance policies, including the implementation of compliance. The compliance risk assessment in RBBR is reported periodically to the Board of Commissioners every 6 (six) months.
<b>Principle 10</b>  <b>Internal Audit</b>	The internal audit function must report independent assurance activities to the Board of Commissioners and must support the Board of Commissioners and the Board of Directors in encouraging the implementation of effective governance processes and long-term soundness of the Bank.	Conduct objective testing of evidence provide an independent assessment of the adequacy of internal control, risk management and governance processes within the organization. Internal Audit is directly responsible to the President Director and communicates with the Board of Commissioners through the Audit Committee.
<b>Principle 11</b>  <b>Compensation</b>	The Bank's remuneration structure must support the implementation of corporate governance and risk management.	The current remuneration structure of Bank Mandiri is in accordance with POJK No. 45/POJK.03/2015 on the implementation of Governance in the Provision of Remuneration for Commercial Banks.
<b>Principle 12</b>  <b>Disclosure and Transparency</b>	The implementation of governance from the Bank must be carried out transparently to Shareholders, Depositors, other relevant Stakeholders and Market Participants	Bank Mandiri constantly updates its website <a href="http://www.bankmandiri.co.id">www.bankmandiri.co.id</a> to ensure the availability of the most updated information for stakeholders. Moreover, disclosure of Bank Mandiri information is carried out through Annual Reports, Sustainability Reports and Public Expose.