



COMPLIANCE FUNCTION

8. Strengthening Integrated Governance

The synergy of compliance with financial institutions in the Bank Mandiri Financial Conglomerate covers several subjects, including compliance risk management, the implementation of AML - CFT and the implementation of Integrated Governance

- a. In relation to the integrated compliance risk management process, the Bank will hold a discussion forum on the compliance risks of each Financial Conglomerate, and monitor the implementation of the Financial Conglomerate compliance function in the Financial Conglomerate through regular quarterly reporting.
- b. In relation to the implementation of the integrated AML, CTF, and PPPSPM programs, Bank Mandiri is fully committed to realizing risk-based AML, CTF, and PPPSPM program implementation with integrity within the Financial Conglomerate. This commitment is demonstrated by consistently providing assistance to subsidiaries in aspects such as Organization, Policies & Procedures, and Human Resources.
- c. In relation to the implementation of Integrated Governance, Bank Mandiri conducts a self-assessment of the implementation of Integrated Governance based on OJK Regulation No. 18/POJK.03/2014 and OJK Circular Letter No. 15/SEOJK.03/2015 concerning the Implementation of Integrated Governance for Financial Conglomerates. This self-assessment is conducted twice a year (in the June and December periods) and involves all entities within the Bank Mandiri Financial Conglomerate.
- d. In relation to the implementation of Integrated Governance, Bank Mandiri urges Financial Service Institutions in Financial Conglomerate to participate in Good Corporate Governance assessment activities by independent parties, namely The Indonesian Institute for Corporate Governance (IICG) with the aim of improving the application of the principles of Good Corporate Governance in the Financial Conglomerates of Bank Mandiri.

9. Reward & Punishment in the Implementation of Compliance Functions

In order to develop the compliance function, the Internal Control Score (ICS) parameter has been prepared as one of the components of the performance assessment of Bank Mandiri's work units related to the implementation and role of the compliance function in each work unit. The evaluation is expected to improve the quality of compliance culture implementation and compliance risk management in minimizing risks that may occur due to non-compliance with prevailing regulations.

Evaluation of Compliance Function Effectiveness

The activities and performance of the Compliance Function are evaluated annually by the Compliance Director to enhance its effectiveness and address any gaps for the upcoming year. The evaluation is conducted based on several criteria, including the Annual Work Plan, Key Performance Indicators (KPI), and Non-Key Performance Indicator (Non-KPI) Work Programs or Activities.

The KPI-based assessment focuses on four key aspects, namely Financial Perspective, Customer Perspective, Internal Business Perspective, and Development Perspective

Based on the evaluation conducted in 2024, the Compliance Function demonstrated good performance in aligning with regulatory requirements and internal standards.