10. The entire process of recruitment. development and career path is carried out taking into account the competence of employees.
11. Management assigns and places employees based on job exposure. level of knowledge. ability. mastery of technical competence and application of behavior and results of employee performance assessment.
12. The Board of Directors establishes a corporate culture that reflects the values underlying the conduct of the entire Bank's levels.
13. All levels of the Bank are required to have integrity and uphold ethical values.
14. Management becomes a role model. always increases the engagement level of all employees and has a high personal commitment to the development of a sound Bank.
15. Management is obliged to improve an effective risk culture and ensure that it is inherent at every level of the organization.

For the oversight of the Board of Directors and control culture. the Bank sets strategies & objectives as requirements for an effective event identification. risk assessment and risk response process. consisting of:

1. Strategic Objectives. the high-level targets and in line with the Bank's vision and mission.
2. Operational Objectives. the derivative goals and strategic objectives at the operational level (activities. work units and others).

The Bank has standard procedures for targets setting in accordance with the vision. mission and risk appetite.

Risk Recognition and Assessment

The Board of Directors identifies events that may influence Bank Mandiri's ability to execute its strategies and achieve its objectives. This includes recognising events that may create risks requiring assessment and response. as well as opportunities that may support strategic development. In doing so. the Board considers all aspects of the organisation to ensure a comprehensive view of potential events.

Risk assessment is carried out through several activities. from identifying and analysing to measuring risks. across all processes that may pose potential losses to the Bank. Bank Mandiri has a written risk management policy established by the Board of Directors and approved by the Board of Commissioners as the foundation for effective risk management. The assessment covers both quantitative and qualitative risks. as well as risks that can be controlled and those that cannot.

The risk assessment methodology forms the basis for developing a risk profile that is periodically updated. Based on the results. the Bank determines whether a particular risk should be accepted. mitigated. or avoided by adjusting business activities. When new risks arise or existing risks remain uncontrolled. the internal control system must be reviewed through continuous evaluation of changes in conditions and the effectiveness of existing controls.

Following the assessment. the Board of Directors determines the appropriate risk response. including mitigation measures and enhancements to internal controls. to ensure that Bank operations remain secure and aligned with strategic objectives.

Control and Separation of Functions Activities

Control activities include control activities and segregation of duties. with the following description:

1. Control Activities

Control activities engage all levels of the Company. which includes planning. setting policies and procedures. implementing controls and early verification processes to ensure that policies and procedures have been consistently adhered to. and are activities that cannot be separated from every function or activity of the Bank on a daily basis. Control activities are implemented at all levels of functions according to the Bank's organizational structure. which includes:

a. Top Level Review
   The Board of Directors regularly requests reports and explanations from Unit Heads to review performance against targets. This review enables the Board to promptly identify issues. including control weaknesses. financial reporting errors. or potential fraud.

b. Functional Review
   The review is carried out by Internal Audit during examinations or regulatory reporting by assessing the risk evaluations prepared by the Risk Management Unit. analysing operational and financial data by verifying transactions against risk reports. and reviewing each unit's work plan and budget to identify significant deviations and determine necessary corrective actions.

c. Control of information systems
The Bank ensures transaction accuracy and compliance with authorization procedures. implements IT controls to maintain system and data confidentiality and integrity. and applies information system controls covering data center operations. system procurement and maintenance. servers. workstations. networks. and application controls to ensure reliable transaction processing and effective audit procedures.

d. Physical controls
Physical asset controls are implemented to ensure the security of the Bank's assets. including safeguarding records and documentation. restricting access to applications. and conducting periodic asset appraisals.

e. Documentation
The Bank properly documents all policies. procedures. systems. and work standards. updates them regularly to reflect current operations. and ensures their availability to internal auditors. external auditors. and supervisory authorities. The Internal Audit Unit evaluates the accuracy and completeness of these documents during routine and non-routine audits.

2. Segregation of Duties

a. The separation of functions is intended for everyone in his/her position to not have the opportunity to commit and hide errors or deviations in the performance of his/her duties at all levels of the organization and all steps of operational activities.

b. The organizational structure is made by separating the functions of recording. audit. operational and non-operational (segregation of duties). hence to create a system of dual control. dual custody and avoid duplication of work in every activity and avoid conflicts of interest.

c. In implementing segregation of duties. the Bank allocates key tasks to multiple individuals to reduce the risk of data manipulation or asset misuse. This separation applies not only to front and back-office activities but also to fund approval and disbursement. management of customer and owner accounts. transaction recording. customer information delivery. credit documentation review and monitoring. activities that may create conflicts of interest. and maintaining the independence of the risk management function.

d. Directors and Employees have an adequate job description that contains functions. duties. authorities and responsibilities.

e. The Board of Directors and Employees are prohibited from concurrently holding positions in the Bank's internal environment that can cause conflicts of interest.

Accountancy. Information and Communication Systems

1. Accounting System

The Bank applies an accounting system based on written policies that comply with generally accepted accounting principles. covering the methods and recording processes used to identify. classify. analyse. book. and report all transactions. This system must be implemented consistently. including monthly reconciliations between accounting data and the management information system. with proper documentation. Each unit is required to record transactions promptly and accurately. ensure alignment with the general ledger. clear suspense accounts. and use standard forms or working papers equipped with appropriate security features and adequate documentation.

2. Information

The Bank implements an information system capable of generating reports on business activities. financial condition. risk management. and compliance to support the Board of Directors and Board of Commissioners. Internal controls ensure reliable information across all functional activities. particularly high-risk areas. with secured data. monitoring by internal auditors. and adequate contingency programs. The Bank also ensures effective information security to maintain the confidentiality. integrity. and availability of all managed data.

3. Communication

The Bank maintains a communication system that delivers information to all stakeholders. both internal and external. including regulators. external auditors. shareholders. and customers. The Internal Control System ensures effective communication