



Bank Mandiri's Risk Governance Structure is developed based on four Risk Management Pillars as follows:

Board of Commissioners and Board of Directors Active Supervision

The risk management framework and governance at Bank Mandiri are structured to ensure comprehensive oversight and execution. The Board of Commissioners oversees risks through the Audit Committee, Risk Monitoring Committee, and Integrated Governance Committee. The Board of Directors is responsible for risk policy and management, facilitated through risk-related Executive Committees, including Management Committee, Asset & Liability Management Committee, Integrated Risk Committee, Credit Policy Committee, and Policy & Procedure Committee Capital & Subsidiaries Committee, and Integrated Risk Committee. Operationally, the Risk Management Unit, in collaboration with the Business Unit and Compliance Unit, carries out the functions of risk identification, measurement, mitigation, and control.

The duties, responsibilities, and authorities of the Board of Commissioners related to active supervision in Risk Management activities include, among others:

1. Evaluating and approval of Risk Management Policy;
2. Evaluating the prepared-and-determined strategies by the Board of Directors in managing risks according to the risk taxonomy;
3. Evaluating the Board of Directors' responsibility for the implementation of the Risk Management Policy;
4. Evaluating and deciding the Board of Directors' application related to transactions that require the approval of the Board of Commissioners;
5. Requesting explanation and/or accountability of the Board of Directors on Financing to certain large borrowers;
6. Providing approval on the funding to related parties;

7. Conducting active oversight, including, among others, understanding the nature and level of risks faced by the Bank, assessing the adequacy of the quality of risk management and linking the risk level with capital adequacy of the Bank, as well as providing advice on the implementation of the Risk Management function in accordance with applicable regulations;
8. Conducting active supervision related to anti-Fraud which at least includes the following:
 - a. Development of anti-Fraud awareness and culture in all levels of the organization. including anti-Fraud declarations and adequate communication on behavior categorized as Fraud;
 - b. The signing of integrity pact by all organizational ranks of the Bank;
 - c. Preparation and supervision of the implementation of a code of conduct related to fraud prevention for all levels of the organization;
 - d. Preparation and supervision of the implementation of an anti-Fraud strategy as a whole;
 - e. Development of the quality of human resources (HR). particularly those related to increasing awareness and control of Fraud;
 - f. Monitoring and evaluation of Frauds and determination of follow-up; and
 - g. Development of effective communication channels for the Bank's internal and external parties. hence all executives and employees of the Bank understand and comply with the applicable policies and procedures. including policies and procedures for fraud control.
9. Providing approval, oversight and evaluation on the implementation of the Action Plan (Recovery Plan).
10. For Resolution Plan, the Board of Commissioners shall:
 - a. Overseeing the Bank's compliance with its obligations to prepare the Resolution Plan, revise the Resolution Plan, and/or undertake corrective actions based on the results of the resolvability assessment;
 - b. Evaluating the Resolution Plan, revising the Resolution Plan, and/or updating the Resolution Plan prepared by the Board of Directors;
 - c. Approving the Resolution Plan, revising the Resolution Plan, and/or updating the Resolution Plan; and
 - d. Overseeing the implementation of plans to address potential impediments to the execution of resolution options.
11. Maintaining and monitoring the Bank's Soundness Rating and take the necessary measures to maintain and/or improve the Bank's Soundness Rating;

To implement risk management as mandated by the Evaluating the prepared-and-determined strategies by the Board of Directors in managing risks according to the risk taxonomy, the Board of Commissioners is responsible for determining the Bank's Risk Classification based on the level of Risk Intensity. This assessment considers the Bank's size and complexity dimensions, as proposed by the Board of Directors. in compliance with applicable regulations.

To implement Integrated Risk Management, the Board of Commissioners is responsible to:

1. Direct, approve, and evaluate Integrated Risk Management policies;
2. Evaluate the implementation of Integrated Risk Management policies by the Board of Directors of the Financial Conglomerate Holding Company.
3. Ensure the implementation of Integrated Risk Management is in accordance with the characteristics and complexity of the Financial Conglomeration business.

The duties, responsibilities, and authorities of the Board of Directors related to Risk Management activities include:

1. Developing and proposing Risk Management policies and strategies in writing and comprehensively;
2. Responsible for the implementation of the Risk Management Policy and risk exposure taken by the Bank as a whole;
3. Evaluating and deciding transactions that require the approval of the Board of Directors;
4. Developing a culture of Risk Management at all levels;
5. The active supervision of the Board of Directors related to anti-Fraud is the same as that of the Board of Commissioners as stated in the duties and responsibilities of the Board of Commissioners;
6. Ensuring the improvement of human resource competencies related to Risk Management;
7. Ensuring that the Risk Management function has operated independently;
8. Conducting periodic reviews to ensure;
 - a. Accuracy of risk assessment methodology;
 - b. Adequacy of Risk Management information system implementation;
 - c. Accuracy of Risk Management policies and procedures, as well as setting risk limit and/ risk threshold.
9. Conducting active supervision includes, among others, understanding the nature and level of risks faced by the Bank, assessing the adequacy of the quality of risk management, and linking the risk level with capital adequacy of the Bank;
10. Developing and implementing the Bank's Recovery Plan, which includes:
 - a. Developing a realistic and comprehensive Recovery Plan;



- b. Submitting the Recovery Plan to shareholders at the GMS for approval;
 - c. Communicating the Recovery Plan to all ranks or levels of the Bank's organization;
 - d. Evaluating and testing (Stress Testing) the Action Plan (Recovery Plan) periodically; and
 - e. Implementing the Recovery Plan effectively and in a timely manner.
11. Developing and implementing a Resolution Plan which includes:
- a. Preparing the Resolution Plan, revising the Resolution Plan, and/or undertaking corrective actions based on the results of the resolvability assessment in accordance with the principles of completeness, accuracy, timeliness, and integrity;
 - b. Ensuring the accuracy and completeness of data, information, and/or documents in the preparation, revision, and/or corrective actions related to the Resolution Plan based on the resolvability assessment results;
 - c. Submitting the Resolution Plan, its revisions, and/or updates to the Board of Commissioners for approval;
 - d. Submitting the Resolution Plan, its revisions, and/or corrective actions based on the resolvability assessment results to the Indonesia Deposit Insurance Corporation in accordance with the deadlines set by the regulator; and
 - e. Implementing plans to address potential impediments to the execution of resolution options. Maintaining and monitoring the Bank's Soundness Rating and take the necessary measures to maintain and/or improve the Bank's Soundness Rating;
12. Maintaining and monitoring the Bank's Soundness Rating and take the necessary measures to maintain and/or improve the Bank's Soundness Rating;
13. Implementing other Risk Management functions in accordance with laws and regulations, articles of association, and/or decisions of the General Meeting of Shareholders (RUPS)/ Head of the Policy and Regulation Agency for State-owned Enterprises (SOEs).

To comply with risk management regulations set by the SOEs Policy and Regulatory Agency, the Board of Directors is responsible for classifying subsidiary company risks based on the level of risk intensity. This classification considers the dimensions of size and complexity in alignment with applicable regulations.

To implement Integrated Risk Management, the Board of Directors is responsible to:

1. Develop an Integrated Risk Management Policy in writing and comprehensively;

2. Implement the established Integrated Risk Management Policy;
3. Develop a risk culture as part of the implementation of Integrated Risk Management in Financial Conglomerates;
4. Ensure the effectiveness of human resource management which includes the competence, qualifications, and adequacy of human resources in the Main Entity to carry out the Integrated Risk Management function;
5. Ensure that the implementation of Integrated Risk Management has been carried out independently;
6. Periodically evaluate the results of the Integrated Risk Management Unit review of the Integrated Risk Management process;
7. Ensure the implementation of Integrated Risk Management in accordance with the characteristics and complexity of the Financial Conglomerates business.

To enhance the effectiveness of supervisory duties and responsibilities in implementing Risk Management, the Board of Commissioners and the Board of Directors may establish committees in accordance with applicable regulatory provisions.

Bank Mandiri's risk management elements consists of:

1. Board of Commissioners
2. Committee under the Board Commissioners
3. Board of Directors
4. Committee under the Board of Directors
5. Director in charge of Risk Management function;
6. Risk Management Unit (SKMR);
7. Operational Unit (risk-taking unit);
8. Internal Audit Unit (SKAI);
9. Compliance Unit.

The Risk Management Unit (SKMR), the Internal Audit Unit (SKAI) and the Compliance Unit concurrently serve as an Integrated Unit.

Adequacy of Policies, Procedures, and Limits Setting

Bank Mandiri implements risk management guided by its Risk Management Policy, which serves as the primary framework for managing risks. For specific business areas such as credit, treasury, and operations, the Bank has detailed policies and procedures that define limits for activities at both the portfolio and transactional levels. These policies and procedures are integrated into every aspect of the Bank's operations, evaluated, and updated annually. In line with SEOJK 34/SEOJK.03/2016 on the Implementation of Risk Management for Commercial Banks, the Bank's policies and procedures are based on a Risk Management Strategy by taking into account the level of risk to be taken (Risk Appetite). Risk Appetite represents the type and level of risk the Bank is willing and able to take, within its risk capacity, to achieve or exceed its business objectives.