



Internal Audit Charter

PT Bank Mandiri (Persero) Tbk.

Under the framework of securing business activities according to vision and mission of PT Bank Mandiri (Persero) Tbk, and providing foundation and guidelines for Internal Audit (IA) which constitutes a part of the Internal Control System, will be necessarily required to establish Internal Audit Charter. Internal Audit Charter is compiled based on regulatory provisions regarding the Implementation of Internal Audit Function at Commercial Banks and International Standards for Professional Practice of Internal Auditing (Standards) from the Institute of Internal Auditors (IIA).

1. Vision, Mission and Function

a. Vision

Becoming Internal Audit having a role as a strategic partner with international standards.

b. Mission

- 1) Assisting organizations in achieving their goals by providing independent and objective assurance & consulting and delivering added value.
- 2) Evaluating the effectiveness of internal control, risk management, and governance processes through the application of Risk-Based Audit.
- 3) Managing internal audit activities in effective and efficient manner (operational excellence).
- 4) Developing Internal Auditor competencies and intensifying the use of information technology.
- 5) Improving the synergy of internal audit and external audit functions.

c. Function

Internal Audit assists the organization in achieving its objectives through internal audit activities (assurance and consulting) and investigative activities to provide an independent assessment of internal control, application of risk management and good corporate governance process within company's organization.

2. Status in Organization

- a. Internal Audit is a work unit within the organization of PT Bank Mandiri (Persero) Tbk. in assisting the President Director and Board of Commissioners in performing supervisory functions for the Bank's vision and mission realization.
- b. Internal Audit will be chaired by the Chief Audit Executive appointed and dismissed by the President Director of Bank based on approval from the Board of Commissioners by taking into account recommendation from the Audit Committee and to be further reported to the Regulator.
- c. The position of the Chief Audit Executive in the organization will be a direct subordinate to and directly responsible to the President Director, and may directly communicate with the Board of Directors, the Board of Commissioners and the Audit





- Committee for informing various matters relating to internal audit and investigative activities.
- d. Internal Auditor will be responsible directly to the Chief Audit Executive.
 - e. The Chief Audit Executive is responsible for:
 - 1) Ensure the implementation of the internal audit function in accordance with the Internal Audit Professional Standards and the Internal Audit Code of Ethics.
 - 2) Selecting competent human resources in accordance with the needs in the execution of Internal Audit tasks.
 - 3) Ensure that Internal Audit members participate in continuous professional development and other training in accordance with the development of complexity of the Bank's business & activities.
 - 4) Establish and review the internal audit charter periodically.
 - 5) Define an annual audit plan and budget allocation for the implementation of the internal audit function.
 - 6) Ensure the implementation of Internal Audit in accordance with the audit plan.
 - 7) Report significant findings to the Board of Directors so that corrective action can be completed immediately.
 - 8) Monitor corrective action of significant findings.
 - 9) Report the results of monitoring follow-up improvements on significant findings to the Board of Directors and the Board of Commissioners, with a copy to the Audit Committee and the director in charge of the compliance function.
 - 10) Ensure that in the event of the use of external party services for internal audit activities to do the following :
 - a) Transfer knowledge between external parties to the Internal Auditor considering the use of expert services from external parties is temporary.
 - b) The use of external party services does not affect the independency and objectivity of the Internal Audit function.
 - c) External parties comply with the Bank's internal audit charter.
 - 11) Functions as Integrated SKAI:
 - a) Determine the strategy for implementing the SKAI audit of subsidiary companies.
 - b) Formulate audit principles which include audit methodology and steps for implementing quality control of subsidiary companies.
 - f. Internal Audit will perform its functions as the Integrated Internal Audit Unit in implementing the Integrated Corporate Governance of Mandiri Group's Financial Conglomerate Structure.

3. Scope

Scope of the internal audit tasks and duties covers all operational areas of Bank Mandiri, Subsidiaries and its affiliates pursuant with the applicable governance to determine the adequacy of internal control quality, application of risk management, and governance processes for assisting the organization in achieving its objectives.





4. Authorization and Responsibilities

a. Authorities

- 1) Conducting internal audit activities on activities of all units within the organization of Bank and its Subsidiaries and affiliates comply with the applicable good corporate governance principles.
- 2) Communicating and interacting directly to the Board of Directors, the Board of Commissioners, and the Audit Committee.
- 3) Communicating and coordinating with external parties including regulators and external auditors.
- 4) Holding regular and incidental meetings with the Board of Directors, the Board of Commissioners, and the Audit Committee.
- 5) Being authorized to the full and unrestricted access to all information, records, employees, including but not limited to employee accounts/records and resources and other matters considered necessary related to their tasks and functions.
- 6) Conducting investigative activities on cases/issues in every aspect and element of activities indicated by fraud and violation of the code of conduct.
- 7) Participating in strategic meetings with no voting rights.

b. Responsibility

- 1) Planning and executing internal audit activities focused on the high-risk areas/activities and evaluating the existing procedures/control systems for ensuring the Bank's goals and objectives can be optimally and sustainably achieved.
- 2) Taking steps in order to dig up information (investigation), report, and submit recommendations/conclusions regarding a certain fraud to Management.
- 3) Developing and running an evaluation program and improving the quality of Internal Audit.
- 4) Providing recommendations on audit results and monitors the follow-up actions on the results of internal audit and investigative activities.
- 5) Cooperating with the Audit Committee in carrying out the supervisory function.
- 6) Coordinating activities with external audit activities and other assurance provider units/functions for achieving comprehensive and optimal audit results. Coordination can be made among others through periodic meetings for discussing the matters considered important for both parties.

For the implementation of functions as the Integrated Internal Audit Unit, the duties and responsibilities of the Internal Audit as the main entity will refer to the Integrated Good Corporate Governance Guidelines :

- 1) Monitoring implementation of the internal audit function in each Subsidiary Companies in the Mandiri Group's Financial Conglomerate Structure. In the implementation of its functions, the Internal Audit, as an Integrated Internal Audit Unit among others may perform:
 - a) Evaluation of the audit plan of the internal audit of Subsidiaries in Mandiri Group's Financial Conglomerate Structure with the objectives in complying with the integrated audit plans.





- b) Evaluation of the results of the internal and external audits of Subsidiaries in Mandiri Group's Financial Conglomerate Structure and their follow-up actions for preparing the integrated internal audit reports.
- 2) Carrying out either individual, joint auditing or based on the internal report of the Subsidiaries in Mandiri Group's Financial Conglomerate Structure upon the Subsidiaries in Mandiri Group's Financial Conglomerate Structure.
- 3) The Internal Audit will submit the integrated internal audit report to the appointed Director for conducting supervisory function upon all Subsidiaries in Mandiri Group's Financial Conglomerate Structure and the Board of Commissioners of Bank Mandiri as well as the Director in charge for the compliance function of Bank Mandiri.

c. Independency, Objectivity and Professionalism

Internal Audit must be independent, objective and professional in performing its tasks, therefore able to express views and thoughts with no influence or pressure from others. For further independencies, President Director will be under the obligation to provide full support and Audit Committee must supervise and coach its implementation.

1) Independency

Internal Audit has its independence in performing internal audit and investigative activities, expressing views and thoughts by its profession and the applicable standards. In maintaining its independence:

- a) Internal Audit should be able to express its views and thoughts with no influence or pressure from other parties.
- b) Internal Audit is at liberty to specify methods, scope, methods, techniques, and audit approaches.
- c) Internal Auditors and Investigators may not conduct operational activities other than the internal audit and investigative activities.
- d) Internal Auditors and Investigators may not have double job, tasks and positions in operational activities of the company, its affiliates and its Subsidiaries.

2) Objectivity

- a) Internal Auditors and Investigators should be mentally independent in performing internal audit and investigative activities as reflected in a complete, objective report and based on due care and impartial analysis.
- b) Internal Auditors and Investigators must be free from conflicts of interest over the investigated objects and activities. Otherwise, the relevant person must disclose such a conflict of interest and not be assigned to conduct an audit to the relevant objects or activities.

3) Professionalism

Professionalism will become a reference for Internal Auditors and Investigators in performing internal audit and investigative activities. Therefore the Internal Auditor and Investigator, individually or jointly must possess:

- a) Integrity, mental attitude that is independent, honest, objective, diligent, and upholds the ethics and profession of Internal Auditors including being wise





and careful in using information obtained in carrying out their duties and not using confidential information for personal interests or other matters which can cause losses for the Bank (*confidentiality code*).

- b) Competence is pursuant to the specified competency profile.
- c) The ability of effective verbal and writing interaction and communication.
- d) Willingness and ability for improving behaviorally and technically competence quality.
- e) Obligation to comply with Internal Auditor's Code of Ethics and Internal Auditor Professional Standards for Internal Auditor and Investigator's Code of Ethics and Investigator's Professional Standards for Investigators.
- f) Obligation to maintain the confidentiality of company information and/or data in carrying out duties and responsibilities of the Internal Auditor unless otherwise required by the laws or court order.

5. Code of Ethics and Profession

a. Internal Auditor's Code of Ethics

1) Integrity

Internal Auditors must possess integrity by building trust as a basis for making reliable judgments.

2) Objectivity

Internal Auditors should indicate high objectivity in accordance with the professional standards in collecting, evaluating, and communicating information concerning the investigated activities or processes.

Internal Auditor shall make a balanced-judgment by considering all relevant circumstances and not affected by personal or other people's interests.

3) Confidentiality

Internal Auditor respects value and ownership of information received and will not disclose the information without authorization unless based on laws or professional obligation for disclosing such information.

4) Competency

Internal Auditors must be based on their knowledge, expertise, and experience in carrying out audit tasks.

Internal audit activities must be carried out using necessary expertise and professional knowledge, skills and other competencies required for carrying out their responsibilities.

b. Investigator's Code of Ethics

Investigators must possess work ethics in carrying out their tasks according to the profession and applicable standards:

- 1) Investigators will always show their commitment to professionalism and prudence in carrying out investigations.
- 2) Investigators may not involve in illegal actions or violating the code of ethics or any activities resulting in a conflict of interest.





- 3) Investigators must always show high integrity in every investigation and only accept investigative assignment supported with proper confidence that such assignments can be accomplished with its professional competency.
- 4) Investigators must comply with the court order/authorities and provide true testimonies without bias or prejudice.
- 5) Investigators must obtain evidence or other documentation during the investigation as an adequate basis for delivering the opinion, but not express an opinion whether a certain person/entity is guilty or not guilty.
- 6) Investigators may not disclose any information obtained during the investigation assignment without prior consent from the competent authority.
- 7) Investigators will report the relevant things found during the assignment otherwise it may distort facts.
- 8) Investigators will always continually improve their competency and effectiveness of investigative activities carried out/led by them.

c. Independency and Objectivity

Internal Audit must be independent and objective in carrying out internal audit and investigation activities.

1) Organizational Independence

CAE will be responsible to the President Director. To support independence and ensure the smooth audit and authority in monitoring the follow-up measures, CAE may directly communicate with the Board of Commissioners and the Audit Committee.

Internal Audit must be free from interference from any parties in determining the scope, implementation and report on the results of the internal audit and investigative activities.

2) Objectivity

Internal Auditors and Investigators must be objective, impartial and avoid the potential conflict of interest.

In order to maintain objectivity, the newly recruited Internal Auditors and Investigators from a certain unit must avoid internal audit activities in the area which previously is under their responsibility within at least a year (cooling-off period).

3) Obstacles of Principles of Independence and Objectivity

If the principles of independence and objectivity cannot be achieved either based on facts or perception, it must be disclosed to the President Director and the Board of Commissioners. The technical and details of such disclosure will depend on the reasons for non-compliance with the principles of independence and objectivity.

d. Use of External Services to Support Internal Audit Tasks

CAE must obtain advice and assistance from the other competent parties if the Internal Audit has no specific knowledge, skills, and competencies to carry out a part or all parts of its audit.

In the event that the internal audit requires special expertise, external parties may use the services of an external party and are temporary, except:



- 1) Use of external services related to information technology.
- 2) Use of external party services for other matters based on the approval of the Otoritas Jasa Keuangan.

The use of external services for internal audit activities must pay attention to:

- 1) There is a transfer of knowledge between external parties to internal audit.
- 2) The use of external party services does not affect the independence and objectivity of the internal audit function; and
- 3) External parties comply with the internal audit charter.
- 4) Independence, among others, is not allowed to be the team leader in the implementation of internal audits, is not allowed to provide consulting services on activities that contain conflicts of interest, and must meet assignment restrictions and waiting periods (*cooling-off period*). Limitation on the use of external services for a maximum of 2 (two) consecutive periods and with a *cooling-off* period of at least 1 (one) period.
- 5) In the event that the audit is carried out by the services of an external party of a temporary nature, the reasons must be submitted to the Otoritas Jasa Keuangan.

e. Coordination with Other Assurance Service Providers and Legal Experts

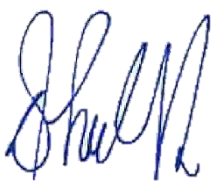
- 1) One of the responsibilities of Internal Audit is coordinating its activities with external audit and other *assurance provider units/functions* activities, in order to achieve comprehensive and optimal audit results (*counterpart function*). Coordination can be done through periodic meetings to discuss matters considered important to both parties.
- 2) Coordinate with legal experts through the work unit appointed as the coordinator of the Bank's legal issues.

6. Miscellaneous

- a. At least once in three years, adequacy of this Internal Audit Charter will be assessed by the President Director and the Board of Commissioners by considering Audit Committee recommendation, therefore the implementation of the internal audit activities will always be at the optimal level.
- a. By the enforcement of this Internal Audit Charter, the former Internal Audit Charter dated 9 October 2019 is declared no longer effective.

Jakarta, 15 February 2022

PT BANK MANDIRI (PERSERO) Tbk.



M. Chatib Basri
President Commissioner



Darmawan Junaidi
President Director

