



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 external provisions regarding the Implementation of Internal Audit Function at Commercial Banks and International Professional Practices Framework from the Institute of Internal Auditors (IIA).

1. Definition

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Assurance is an objective examination of evidence for the purpose of providing an independent assessment on internal control, risk management, and governance for the organization.

Consulting is an advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and internal control without the internal auditor assuming management responsibility.

2. Vision, Mission, Function and Purpose

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 and 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.

d. Purpose

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, foresight, and investigative activities.

3. Commitment to Adhering to the Global Internal Audit Standards

Internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework. The Chief Audit Executive will report to the Board of Commissioners and the President Director regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

4. Scope and Types of Internal Audit Activities

- a. The scope of internal audit task covers all operational areas of Bank Mandiri, its subsidiaries, and affiliates, including the implementation of information technology conducted independently and/or by information technology service providers, to assess the adequacy of internal control quality, application of risk management, and governance processes in order to assist Bank in achieving its objectives.
- b. Types of Internal audit activities include assurance and consulting.

5. Internal Audit Mandate

a. Internal Audit 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, the Audit Committee, and the Integrated Governance 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, electronic data/information, resources and other matters considered necessary related to their tasks and functions, provided that the processing of employees' personal data shall refer to internal provisions and applicable laws and regulations concerning personal data protection.
- 6) Conducting investigative activities on cases/issues in every aspect and element of activities indicated by fraud and violation of the code of conduct within the Bank's organization, its subsidiaries, and affiliates in accordance with the applicable governance.
- 7) Participating in strategic meetings with no voting rights.

b. Independency, Status in Organization, and Reporting Relationships

- 1) 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.
- 2) 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.
- 3) The position of the Chief Audit Executive in the organization will be a direct subordinate to and directly responsible to the President Director. To support independency, ensure the smooth execution of audits, and provide authority in monitoring follow-up actions, the Chief Audit Executive 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.
- 4) The Chief Audit Executive must report independency of the internal audit function to the Board of Commissioners annually including of any potential impairments to independency and its safeguarding efforts. This is intended to support the independency of the Internal Audit organization and ensure the smooth execution of audits and the authority to monitor follow-up actions.
- 5) Internal Auditor will be responsible directly to the Chief Audit Executive.
- 6) In carrying out its duties, Internal Audit reports to the President Director or the Board of Commissioners. Reports submitted to the President Director are copied to the Board of Commissioners, the Audit Committee, and the Director responsible for the compliance function.
- 7) 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. The Integrated Internal Audit Unit reports to the Director appointed to oversee all members of Mandiri Group's Financial Conglomerate Structure, the Board of Commissioners of Bank Mandiri, and the Director responsible for the compliance function.





6. Responsibilities of the Board of Commissioners Related to the Internal Audit Function

- a. Approving and evaluating Internal Audit Policy that has obtained the approval of the Board of Directors.
- b. Ensuring that the Board of Directors and Subsidiaries have an Internal Audit that performs internal audit functions.
- c. Providing approval of the appointment and dismissal of the Chief Audit Executive as proposed by the Board of Directors, considering recommendations from the Audit Committee.
- d. Ensuring that Internal Audit has access to the necessary information and/or data about the Bank to carry out its duties.
- e. Providing approval of the Internal Audit Charter, considering recommendations from the Audit Committee, as proposed by the Board of Directors based on suggestions from Internal Audit.
- f. Together with the President Director, approving the Annual Audit Plan and budget allocation, considering recommendations from the Audit Committee.
- g. Ensuring that the Board of Directors has followed up on findings from Internal Auditors and External Auditors.
- h. Ensuring that the Board of Directors establishes and maintains an adequate, effective, and efficient Internal Control System.
- i. Reviewing the effectiveness and efficiency of the Internal Control System based on information obtained from Internal Audit at least once a year.
- j. Appointing an independent external quality reviewer to conduct a review of Internal Audit's performance, considering recommendations from the Audit Committee, at least once every 3 (three) years.
- k. Supervising and advising on the implementation of internal audit functions in accordance with regulations, the Bank's articles of association, and/or resolutions of the General Meeting of Shareholders or the Minister.

7. Duties and Responsibilities of the Chief Audit Executive

- a. Plan, execute, manage, and direct internal audit and investigative activities, as well as evaluate existing procedures to ensure the Bank's goals and objectives will be achieved optimally.
- b. Ensure the implementation of the internal audit function in accordance with the Internal Audit Professional Standards and the Internal Audit Code of Ethics.
- c. Selecting competent human resources in accordance with the needs in the execution of Internal Audit tasks.
- d. 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.





- e. Establish and review the Internal Audit Charter periodically at least once every three years.
- f. Define an annual audit plan and budget allocation for the implementation of the internal audit function.
- g. Ensure the implementation of internal audit functions in accordance with the plan.
- h. Report 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, so that corrective action can be completed immediately.
- i. Monitor corrective action of significant findings.
- j. 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.
- k. Ensure that in the event of the use of external party services for internal audit activities to do the following:
 - 1) Transfer knowledge between external parties to the Internal Auditor considering the use of expert services from external parties is temporary.
 - 2) The use of external party services does not affect the independency and objectivity of the Internal Audit function.
 - 3) External parties comply with the Bank's Internal Audit Charter.
- l. As the Integrated Internal Audit Unit:
 - 1) Determine the strategy for implementing the Internal Audit of subsidiary companies.
 - 2) Formulate audit principles which include audit methodology and steps for implementing quality control of subsidiary companies.
 - 3) Monitor the implementation of the internal audit function in each subsidiary.

8. Responsibilities of Internal Audit

- a. 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.
- b. Taking steps in order to dig up information (investigation), report, and submit recommendations/conclusions regarding a certain fraud to Management.
- c. Developing and running an evaluation program and improving the quality of Internal Audit.
- d. Providing recommendations on audit results and monitors the follow-up actions on the results of internal audit, external audit, and investigative activities.





- e. Cooperating with the Audit Committee in carrying out the supervisory function.
- f. 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.
- g. Act as a System Supervisor for investigative activities, including for investigations carried out by work units outside the Internal Audit.
- h. Assisting the duties of the President Director and the Board of Commissioners in conducting oversight by outlining operationally both in the planning, implementation, and monitoring audit results.
- i. Inspecting and evaluating the efficiency and effectiveness in finance, accounting, commercial, operations, human resources, information technology and other activities through audit.
- j. Identifying any possibilities for improving and enhancing the efficiency of the use of resources and funds.
- k. Providing suggestions for improvement and objective information about the activities examined at all levels of management.
- l. Providing consultation and assurance related to strategic matters during planning or during the implementation of operational activities.
- m. Maintaining the confidential information obtained during the serves in accordance with the prevailing laws and regulations.

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.

9. Integrity and Conduct Requirements for the Chief Audit Executive

a. Possess the Integrity:

- 1) Has never been proven to engage in fraudulent activities.
- 2) Has never been responsible for significant corporate tax arrears exceeding 2 (two) fiscal years.
- 3) Has never been involved in acts or crimes that cause harm to the country or the company.
- 4) Has never been the cause of unresolved corporate credit defaults.

b. Possess the Attitude:

1) Independency

- a) Should be able to express its views and thoughts with no influence or pressure from other parties.





- b) At liberty to specify methods, scope, methods, techniques, and audit approaches.
- c) May not conduct operational activities other than the internal audit and investigative activities.
- d) May not have double job, tasks and positions in operational activities of the company, its affiliates and its Subsidiaries.

2) Objectivity

- a) 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) 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

- a) Ensure the internal audit function collectively possesses the competencies to perform the internal audit activities and maintain 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.
- b) Maintain a conducive work environment where Internal Auditors feel supported when expressing legitimate and evidence-based assignment results.
- c) Ensure that the internal audit function and individuals assisting the internal audit function comply with the same requirements of information protection, including regulations of personal data protection.

10. Code of Ethics and Profession

a. Internal Auditor's Code of Ethics

1) Integrity

Internal Auditors demonstrate integrity in their work and behavior.

- a) Honesty and Professional Courage
 - (1) Internal Auditors must perform their work with honesty and professional courage.
 - (2) Internal Auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications.
 - (3) Internal Auditors must exhibit professional courage by communicating truthfully and taking appropriate action.





b) Organization's Ethical Expectations

- (1) Internal Auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations.
- (2) Internal Auditors must encourage and promote an ethics-based culture in the organization and must report if they identify inconsistent behavior with the organization's ethical expectations.

c) Legal and Ethical Behavior

- (1) Internal Auditors must not engage to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the Bank.
- (2) Internal Auditors must understand and abide by the laws and/or regulations relevant to the Bank and jurisdictions in which the Bank operates, including making disclosures as required.
- (3) If Internal Auditors identify legal or regulatory violations, Internal Auditors must report such incidents to entities that have the authority to take appropriate action.

2) Objectivity

Internal Auditors maintain an impartial and unbiased attitude when performing internal audit activities and making decisions.

a) Individual Objectivity

- (1) Internal Auditors must maintain professional objectivity when performing internal audit activities. Professional objectivity requires Internal Auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances.
- (2) Internal Auditors must be aware of and manage potential biases.

b) Safeguarding Objectivity

- (1) Internal Auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity.
- (2) Internal Auditors must not accept any tangible or intangible item, such as a gift, reward, or favor, that may impair or be presumed to impair objectivity.
- (3) Internal Auditors must avoid conflicts of interest and must not be influenced by their own interest or the interests of others, including the Board of Directors or others in a position of authority, or by the political environment or other aspects.





- (4) When performing internal audit activities:
 - (a) Internal Auditor must not evaluate activities in the area which previously is under their responsibility within at least a year (cooling-off period). Objectivity cannot be achieved if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous one year.
 - (b) If the internal audit function is to provide assurance activities on an area for which the Internal Auditor has previously performed consulting activities, the Chief Audit Executive must ensure that the consulting activities do not impair the individual's objectivity.
 - (c) If Internal Auditors are to provide consulting activities relating to area for which they had previous responsibilities, they must disclose potential impairments to the party requesting the activities before accepting the engagement.

c) Disclosing Impairments to Objectivity

- (1) If Internal Auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the Chief Audit Executive. If the Chief Audit Executive determines that an impairment is affecting an Internal Auditor's ability to perform duties objectively, the Chief Audit Executive must discuss the impairment with the Head of Client Work Unit, the Board of Commissioners, and/or the Board of Directors and determine the appropriate actions to resolve the situation.
- (2) If, after the engagement has been completed, an impairment is discovered that affects the reliability of the engagement findings, recommendations, and/or conclusions, the Chief Audit Executive must discuss the concern with Head of Client Work Unit, the Board of Directors, the Board of Commissioners, and/or other affected stakeholders to determine the appropriate actions.
- (3) If the objectivity of the Chief Audit Executive is impaired, the Chief Audit Executive must disclose the impairment to the Board of Commissioners.

3) Competency

Internal Auditors must possess and apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.

a) Competency

- (1) Internal Auditors must possess or obtain the competencies to perform their responsibilities. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal Auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.





- (2) Internal Auditors must engage only in those activities for which they have or can attain the necessary competencies.
- (3) Internal Auditors are responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities.

b) Continuing Professional Development

Internal Auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit activities. Internal Auditors must pursue continuing professional development including education and training.

4) Exercise Due Professional Care

Internal Auditors apply due professional care in planning and performing internal audit activities.

a) Conformance with the Global Internal Audit Standards

Internal Auditors must plan and perform internal audit activities in accordance with the Global Internal Audit Standards.

b) Due Professional Care

Internal Auditors must exercise due professional care by assessing the nature, circumstance, and requirements of the activities to be provided.

c) Professional Skepticism

Internal Auditors must exercise professional skepticism when planning and performing internal audit activities.

5) Confidentiality

Internal Auditors use and protect information appropriately.

a) Use of Information

Internal Auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the Bank's objectives.

b) Protection of Information

- (1) Internal Auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit activities or as the result of professional relationships.





- (2) Internal Auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the Bank and internal audit function.
- (3) Internal Auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so.
- (4) Internal Auditors must manage the risk exposing information inadvertently.

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 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.
- 5) Investigators may not disclose any information obtained during the investigation assignment without prior consent from the competent authority.
- 6) Investigators will report the relevant things found during the assignment otherwise it may distort facts.
- 7) Investigators will always continually improve their competency and effectiveness of investigative activities carried out/led by them.
- 8) Investigators must comply with the court order/authorities and provide true testimonies without bias or prejudice.

11. Quality Assurance & Improvement Program

- a. Quality Assurance & Improvement Program is a program established by the Chief Audit Executive to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives, and pursues continuous improvement. The program includes internal and external assessments.





- b. Internal assessment includes:
 - 1) Ongoing monitoring by the supervisor of the internal audit function's conformance with the Standards and progress toward performance objectives.
 - 2) Periodic self-assessments of the internal audit activities and performance by Quality Assurance Unit or other party within the organization with sufficient knowledge of internal audit practices.

The Chief Audit Executive must communicate the result of internal quality assessment to the President Director and the Board of Commissioners.

- c. External assessment should include a review of internal audit performance, to be done at least once every three years by a qualified, independent assessor or assessment team. The result of external quality assessment must be reported to the President Director, the Board of Commissioners, and the Regulator.

12. Use of External Services to Support Internal Audit Tasks

The Chief Audit Executive 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.

Internal Audit may utilize the services of external parties for internal audit functions that require specialized expertise and are temporary in nature. The temporary use of external party services may be exempted for the following:

- a. Use of external party services related to information technology and/or
- b. Use of external party services for other matters based on the approval of the Otoritas Jasa Keuangan.

In the event that external parties are engaged for internal audit activities, Internal Audit must:

- a. Ensure the independency of external parties in the implementation of internal audit, among others, is not allowed to be the team leader in the implementation of internal audit function, is not allowed to provide consulting activities on areas that contain conflicts of interest, and must meet the assignment restrictions and waiting periods (cooling-off period). Limitation on the use of external services for a maximum of 3 (three) consecutive periods and with a cooling-off period of at least 1 (one) period.
- b. Explain the reasons that internal audit function is carried out by the external parties, which require specialized expertise and are temporary in nature, to the Otoritas Jasa Keuangan.





13. Coordination with Other Assurance Service Providers and Legal Experts

- a. Internal Audit collaborates with other assurance service providers within the Bank, prioritizing the effectiveness of the assurance function. Such collaboration does not lead to the delegation of responsibility from each work unit within the assurance function.
- b. Internal Audit collaborates with External Auditor to support the provision of services by the External Auditor to the Bank. Collaboration can be done through periodic meetings to discuss matters considered important to both parties.
- c. In the event that an appropriate level of collaboration unable to be achieved with other assurance service providers, the Chief Audit Executive must raise any concern to the relevant Board members.
- d. Internal Audit collaborates with legal experts and/or the work unit appointed as the coordinator of the Bank's legal issues.

14. 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.
- b. By the enforcement of this Internal Audit Charter, the former Internal Audit Charter dated 15 February 2022 is declared no longer effective.

Jakarta, 12 February 2025

PT Bank Mandiri (Persero) Tbk.



M. Chatib Basri
President Commissioner



Darmawan Junaidi
President Director





Elucidation
On
Internal Audit Charter
PT Bank Mandiri (Persero) Tbk.

Paragraph 1

Self-explanatory.

Paragraph 2

Internal Audit provides insight and foresight through assurance and consulting activities.

Paragraph 3

Mandatory elements are standards required to be implemented as stipulated in the International Professional Practices Framework of The Institute of Internal Auditors (IIA).

Paragraph 4

Self-explanatory.

Paragraph 5

Letter a

Point 1)

Self-explanatory.

Point 2)

Self-explanatory.

Point 3)

Self-explanatory.

Point 4)

Self-explanatory.

Point 5)

In conducting the audit process, if the Auditor collects and processes personal data, they must adhere to internal provisions as well as the applicable laws and regulations concerning personal data protection.





Point 6)

Self-explanatory.

Point 7)

Self-explanatory.

Letter b

Self-explanatory.

Paragraph 6

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

The Board of Commissioners, through the Audit Committee, reviews the effectiveness and efficiency of the Internal Control System based on the audit findings reported by Internal Audit, which contain the key findings deemed significant, as follows:

a. Summary Report of Audit Findings

A quarterly report containing a summary of significant audit findings, including the status of their follow-up actions.





b. Integrated Internal Audit Report

A semi-annual report providing information on the results of monitoring the implementation of internal audits for each member of the Financial Conglomerate , in accordance with applicable external and internal regulations.

c. Annual Audit Report

Report on the realization of the internal audit function performed over the course of one year, based on the realization in accordance with the Annual Audit Plan (AAP) as well as additional activities outside the AAP.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Paragraph 7

Self-explanatory.

Paragraph 8

Self-explanatory.

Paragraph 9

Self-explanatory.

Paragraph 10

Self-explanatory.

Paragraph 11

Self-explanatory.

Paragraph 12

Self-explanatory.

Paragraph 13

Self-explanatory.



