

ESG PRACTICES AT BANK MANDIRI

Description	2022	2021	2020
Total KUM Customers	273.125	221.384	281.868
Value KUM Financing	15.409.206.313.000	13.280.922.177.000	13.049.398.076.000

Microfinancing Loans (KUR)

A part of the government's program in providing access to financing for Micro, Small and Medium Enterprises (MSMEs). KUR is provided to business groups that are productive and worthy of loans but do not have additional collaterals, or insufficient additional collaterals.

Bank Mandiri provides three types of KUR, namely:

- KUR Retail with a credit limit above Rp25 million to a maximum of Rp200 million per debtor, and a maximum period of 3 years for working capital loans and 5 years for investment loans.
- KUR Mikro with a maximum credit limit of up to Rp25 million per debtor and a maximum period of 2 years.
- KUR TKI with a maximum credit limit of up to Rp25 million per

debtor with a period adjusted to the term of the employment contract or a maximum of 12 months.

In 2022, KUR customers reached 351,635 with a transaction value of Rp39,999,760 million. KUR financing is largely dominated by Small KUR.

Description	2022	2021	2020
Total KUR customers	351,635	371,182	276,818
Small KUR Customers	150,856	176,681	134,646
Micro KUR customers	196,900	187,841	140,235
Super Micro KUR customers	3,853	6,633	1,668
KUR TKI customers	26	27	269
Value KUM Financing	62,051,987,713,000	35,000,760,540,000	24,759,610,600,000
Small KUR Customers	28,861,688,000,000	27,664,148,460,000	19,668,608,770,000
Micro KUR customers	11,100,644,000,000	7,272,147,100,000	5,070,821,160,000
Super Micro KUR customers	36,997,000,000	63,999,750,000	16,204,500,000
KUR TKI customers	431,000,000	465,230,000	3,976,170,000

Complete information on Bank Mandiri's Financial Inclusion is presented in sustainability report which is published separately but as one unit.

CONSUMER PROTECTION

As a commitment in supporting the creation of a reliable consumer protection system and realizing a sustainable, stable financial system and able to protect the interests of consumers and the public, Bank Mandiri has a Bank Operational Policy that regulates consumer

protection function, which is then re-elaborated on the internal rules in each work unit.

As of October 2022, Bank Mandiri has also established a Consumer Protection Unit as mandated by OJK Regulation No. 6/POJK.07/2022 on Consumer and Community Protection in the Financial Services Sector, which is responsible for:

1. Socializing the principles of Consumer Protection to all PUJK Employees.
2. Coordinate the planning and implementation of PUJK compliance with consumer protection provisions.



ESG PRACTICES AT BANK MANDIRI

3. Coordinate monitoring and evaluation of the implementation of PUJK compliance with consumer protection provisions.
4. Report on implementation and provide recommendations to the Board of Directors regarding Consumer Protection.
5. Coordinate the preparation and submission of reports related to Consumer Protection.

In addition to having a consumer financial protection policy, Bank Mandiri also has a debt collection policy that contains the fulfilment of debtor rights as stated in:

1. Bank Mandiri Credit Policy with the latest amendments signed by the Board of Directors and effective from 7 March 2022.
2. Standard Operating Procedures of Credit Collection & Recovery as last amended in 2022.
3. Other related internal regulations.

The regulation in general stipulates the debt collection procedures while protecting the convenience of debtors as consumers. If the collection is carried out by a Collection Service Provider, Bank Mandiri must ensure that the following among others is met:

1. Collection can only be done if the quality of the debtor's receivables has been included in the non-performing quality.
2. Inform the debtor if the collection of the debtor's obligations has been handed

over to the Collection Service Provider.

3. Collection is prohibited from using physical or verbal pressure;
4. Collection is prohibited from being made to parties other than the debtor;
5. Collection using the means of communication is prohibited from being carried out continuously that is disruptive;
6. Collection can only be made at the place of the debtor's billing address or domicile;
7. Collection can only be done from 08.00 to 20.00 time of the debtor's domicile area.

In addition, the policy also regulates the right of creditors to:

1. Obtaining sufficient explanation of the characteristics of the product.
2. Access the terms and conditions of fund products through the Bank Mandiri website.
3. Obtaining convenient transactions through branches, e-banking services or other means determined by the Bank.
4. Obtaining interest in accordance with the applicable provisions at the Bank.
5. Obtaining information on procedures for handling and resolving customer complaints.

In lending process, Bank Mandiri prioritizes the principle of prudence and regular portfolio monitoring. The application of the due-diligence process in the lending process, is reflected in

the escalation mechanism in the lending approval and monitoring process for debtors with a large scale and high risk.

In the loan monitoring process flow, the credit quality of existing debtors is verified through various ways, one of which is the Watchlist mechanism used as an Early Warning Signal in credit quality, which analyses 3 aspects, namely the debtor's future business prospects, financial performance, and repayment history.

The monitoring will indicate a possibility of a decline in quality, hence Bank Mandiri will exercise non-performing loans recovery, efforts will be made by the Bank against non-performing loan debtors who still have prospects and business performance as well as the ability to pay, with the aim at minimizing the possibility of losses for the Bank and to acquire loan recovery.

Loan recovery can be done through restructuring, which can be carried out, among others, through:

1. Lower lending rates;
2. Extension of the lending term;
3. Reduction of loans interest arrears;
4. Reduction of loans principal arrears;
5. Additional lending facilities; and/or
6. Loans conversion into temporary capital participation,

Bank Mandiri also has the Business Committee and Risk Management

ESG PRACTICES AT BANK MANDIRI

& Credit Policy Committee (RMPC) in charge of evaluating the Bank's products and services, including providing risk assessments of products and services issued by the Bank.

A complete review of the Business Committee and the Risk Management & Credit Policy Committee (RMPC) Committee is presented in the Annual Report under the, Governance Chapter of the Committees Under the Board of Directors.

Bank Mandiri has internal rules that govern the product and service communication marketing activities, which regulates the communication materials that will be delivered to the public guided by the regulations, such as POJK No. 6/POJK.07/2022 on Consumer and Community Protection in the Financial Services Sector, and OJK

Financial Services Advertising Guidelines, in which the published communication materials shall take into account the interests of consumers/ customers. In its implementation, all Communication Marketing products and services are reported periodically to the Board of Directors.

To improve people's financial literacy on finance and banking, Bank Mandiri has a financial literacy program. Some of these programs are as follows:

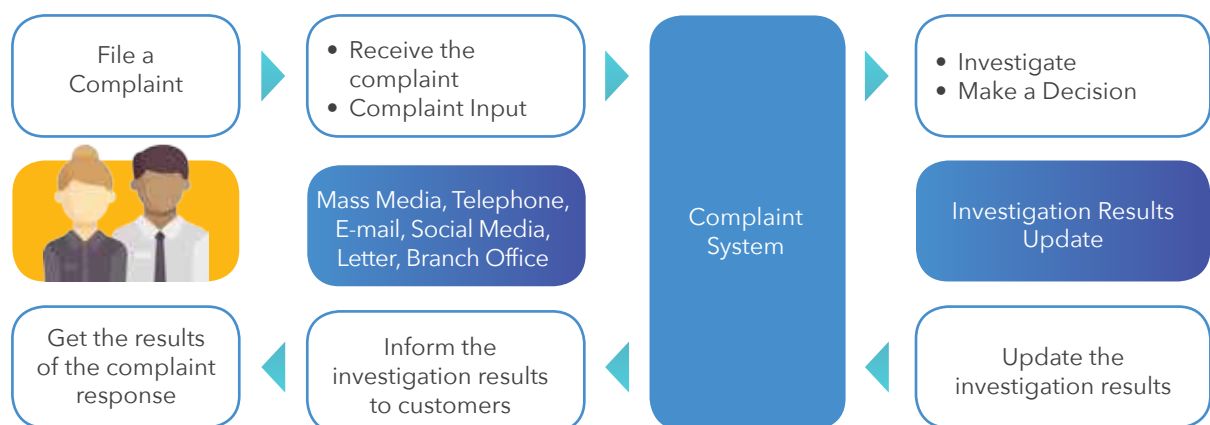
1. Education for MSMEs on Livestock – "Achieving Business Opportunities for the Poultry Farming Ecosystem"
2. Education for MSMEs to Support Infrastructure Development
3. Mandiri Education
4. Education and Socialization of *Tabungan Simpanan Pelajar* (SIMPEL) and *Satu Rekening Satu Pelajar* Program (KEJAR)

5. Financial Management and Planning for Payroll Customers
6. Personal Finance Webinar Financial Education Portal for Payroll Customers

To improve the ability of employees to provide consumer protection, Bank Mandiri held various trainings more information is presented in this Annual Report and Sustainability Report under the Human Resources Chapter.

Moreover, the Bank has a complaints submission mechanism for any issues on customers transactions, as well as other claims and grievances. Bank Mandiri established a dedicated work unit, namely the Customer Care Group to provide the best service. The main task of this unit is to resolve all customer complaints in accordance with the established Service Level Agreement (SLA).

Customer Complaints Handling





ESG PRACTICES AT BANK MANDIRI

The customers are given easy access for complaint services through selection of both oral and written media, such as the following:

 Mandiri Call Service 24 hours via Line 14000 .	 Website www.bankmandiri.co.id by selecting the "contact us" .	 Email: mandiricare@bankmandiri.co.id .
 Akun Twitter @mandiricare and @bankmandiri	 Akun Facebook "Mandiri Care" dan "Bank Mandiri"	 Akun Instagram @bankmandiri
 Livechat Whatsapp 0811-8414-000	 Official letters addressed to Bank Mandiri, whether delivered directly, or are sent by mail.	 Bank Mandiri Branch Offices throughout Indonesia.

In addition to the mechanism above, Bank Mandiri also provides a customer reporting media called Letter to CEO (LTC). LTC is managed by an independent third party with the aim of:

1. Being independent and professional.
2. Minimizing the risk of conflict of interest.
3. Providing a sense of security for whistleblowers.
4. Increasing stakeholder trust in LTC management.
5. The Whistleblowers can monitor the follow-up status of the LTC report submitted.

Complete information on the customer reporting system and mechanism is presented in this Annual Report under the Governance Chapter, and in the Sustainability Report under the Customer Service and Satisfaction Chapter.

DATA PRIVACY AND SECURITY

Bank Mandiri sets the priority on maintaining customer data privacy as part of human rights (HAM). Bank Mandiri safeguard customers' personal information through technological, process & administrative, organizational and physical security steps. Bank Mandiri develop code of ethics/ business conduct including standards on how employees must protect customer confidential information.

Therefore, when customers open an account in Bank Mandiri Group, customers are required to fill and check Customer consent form according to the applicable regulations. Customers are also allowed to withdraw customers consent form at any time. Furthermore, Bank Mandiri requires Non-Disclosure Agreement

(NDA) for third parties if there is cooperation that requires customer data, and will only send customer data according to Customer's consent form. The bank also ensures that a campaign covering customer consent is delivered.

The governance of customer data management has been formed in operational policies, namely Standard Data Management Procedures and Operational Technical Guidelines for the provision of internal and external data. Further information regarding the privacy policy and data security (including our subsidiaries) can be accessed through Bank Mandiri and its subsidiaries' official website.

In addition, in order to perform the data harmonization process in the subsidiaries, including data privacy and security, Mandiri Subsidiary Management Principle Guideline (MSMPG) has regulated provisions on data management that can be

ESG PRACTICES AT BANK MANDIRI

adopted and harmonized by the subsidiaries. Issues and discussion topics related to data management, including data privacy and security, are reported and discussed at the board-level committee, namely the Data Steering Forum. The Data Steering Forum is held at least once a year attended by the Director of Risk Management, Director of Compliance, Director of Finance and Strategy, and Director of IT.

Regarding the management of confidentiality and security of personal data, Bank Mandiri has in place and implemented the Data Governance Framework adopted from the best practice framework. Several practices applied include:

1. Customer can add/complete and change (rectify, change, control) personal data through branch or call center,
2. Masking sensitive data process,
3. Safeguarding against data leakage through Data Loss Prevention (DLP) tool,
4. Periodic Security Awareness to educate employees and customers on the importance of maintaining the confidentiality and security of personal data,
5. Protection of personal data from loss, leakage, damage through adequate security controls.

In order to minimize the misuse of customer data, Bank Mandiri has launched Livin' Super Apps with liveness detection and face recognition features so the customer can make financial

transactions through mobile banking. With this feature, customer data is directly stored in the system without going through a physical form. Livin' customers can change/rectify their personal data, open savings accounts & apply credit cards, withdraw cash without a card, quick pick favourite transactions, instant e-money top up, and online shopping payments. Furthermore, Bank Mandiri ensure customer rights to rectification and control the personal data can be done in all branches or via call center 14000.

Bank Mandiri conducts regular audits to perform the assurance function of all information security activities, including customer protection, data privacy, and fraud management, which are implemented in accordance with internal and regulatory regulations. The audit is divided into the following activities:

1. Internal Audit
The internal audit process is carried out at least once a year by a special unit of IT Security Audit which is under the supervision of the IT Audit Unit (SKAI - Internal Audit Unit).
2. External Audit
The external audit process is carried out at least once every years by reputable international consultants (external independent parties). The external audit process is also carried out to be in compliance with the regulator

(BI) for the issuance of PBI No. 23/6/PBI/2021 on Payment Service Providers. In 2022, an external audit has been carried out by an international reputable consultant (external independent party) which has been completed on 16 December 2022 with audit coverage including customer protection, information security & data privacy, and fraud management.

In addition, an assessment has been carried out by an independent external assessor, namely the State Cyber and Password Agency (BSSN) related to:

1. Cyber Security Maturity (CSM) assessment with maturity level results of 5 - **"Optimal"** (highest score). CSM assessment is an instrument of BSSN to assess the level of cybersecurity maturity of an organization, including an assessment of the maturity of management and protection of personal data confidentiality (data privacy).

2. Measurement of Incident Handling Maturity Level (TMPI) with maturity level of 5 - **"Optimise"** (highest value) result. TMPI is a tool to map the level of organizational readiness in the countermeasures and recovery of cybersecurity incidents, including in detecting and responding to any incident of personal data leakage due to system security loopholes.



ESG PRACTICES AT BANK MANDIRI

Bank Mandiri's seriousness in monitoring information security is expressed by the direct involvement of the Board of Commissioners and Board of Directors through the Risk Monitoring Committee, Audit Committee and Integrated Governance Committee, which are carried out periodically. The agenda for discussion at the committee meeting included reporting on ESG initiatives on quarterly Privacy & Data Security aspects, Bank Mandiri's multi-layer defense mechanism, and fulfilment of Mandiri Group's security requirements standards.

Security Awareness Program to expand awareness on information security in daily behaviour which eventually becomes the culture of the bank. Bank Mandiri certifies security awareness every year to all employees (all levels of employees in domestic and overseas units), as well as third parties/contractors. In addition, a routine security awareness campaign program is also carried out in various media, namely newsletters (monthly), posters (quarterly), podcasts (quarterly), and phishing drills (semester). Some of the topics of security awareness campaigns that have been carried out include data security protection, maintaining data confidentiality, the latest

cyberattack trends, how to identify and avoid phishing, and the security of online transactions.

Bank Mandiri also continues to enhance customer security awareness with educational programs through various official Bank channels, such as websites, social media (Instagram, Facebook, Twitter), and YouTube. An example of education through the bankmandiri.co.id website with a Digital Transaction Security link that contains education on maintaining the confidentiality of personal data such as PIN, card validity period, 3 CVV numbers on the back of the card, card limit, User ID, password, and OTP.