

GOVERNANCE ASSESSMENT

EXTERNAL PARTY ASSESSMENT

In addition to carry out Governance self-assessment based on regulatory rules, Bank Mandiri actively participates in carrying out Governance assessment by External Parties to obtain feedback on the Bank's governance implementation.

CORPORATE GOVERNANCE PERCEPTION INDEX (CGPI)

In assessing the quality of governance implementation, Bank Mandiri participated in the CGPI research and rating program held by The Indonesian Institute of Corporate Governance (IICG). CGPI is followed by public companies (issuers), state-owned enterprises, banks and other private companies where Bank Mandiri has participated in the CGPI assessment for 19 (nineteen) consecutive years since 2003.

Applied Criteria

The aspects of the CGPI assessment in 2021/2022 include:

1. Governance Structure
The aspect is an assessment of the completeness of organs, structure and infrastructure to build the company's resiliency to the dynamic of changes according to governance values, principles and procedures in order to create value for the stakeholders so as to realize sustainable growth of the company in an ethical and dignified manner. The assessment indicators of governance structure include:
 - a. Shareholders and the GMS
 - b. Board of Commissioners

- c. Board of Directors
 - d. Supporting Organs of the Board of Commissioners
 - e. Supporting Organs of the Board of Directors
 - f. Functional Management

2. Governance Process

This aspect is an assessment of effective and efficient operational systems and mechanisms to build the company's resiliency to the dynamic of changes according to governance values, principles and procedures in order to create added value for stakeholders to ensure ethically sustainable and dignified growth. Assessment indicators from the aspect of the governance process include:

- a. Governance Systems and Mechanisms of Shareholders and implementation of GMS.
- b. Governance Systems and Mechanisms of the Board of Commissioners and Board of Directors.
- c. Governance Systems and Mechanisms of Organizational Behaviour.
- d. Governance Systems and Mechanisms of Disclosure and Disclosure of Information.
- e. Governance Systems and Mechanisms of Risk, Compliance and Control and Supervision.
- f. Governance Systems and Mechanisms of Building the Company's Shared Vision.
- g. Governance Systems and Mechanisms of Organizational Infrastructure.
- h. Governance Systems and Mechanisms of Creativity

and Innovation.

- i. Governance Systems and Mechanisms of Social and Environmental Responsibility.
- j. Governance Systems and Mechanisms of Business and Industrial.

3. Governance Outcome

This aspect is an assessment of the quality of achievements and benefits as well as effective to build the company's resiliency to the dynamic of changes according to governance values, principles and procedures in order to create added value for stakeholders to ensure ethically sustainable and dignified growth. Assessment indicators from the aspect of the governance outcome include:

- a. Governance Results and Impacts on the Company Organs
- b. Governance Results and Impacts on Conformity of Organization
- c. Governance Results and Impacts on Risk, Compliance, as well as Control and Supervision.
- d. Governance Results and Impacts on Social and Environmental Responsibility
- e. Governance Results and Impacts on Building the Company's Resilience

Assessors

The assessor that conducted the CGPI assessment is The Indonesian Institute for Corporate Governance (IICG).



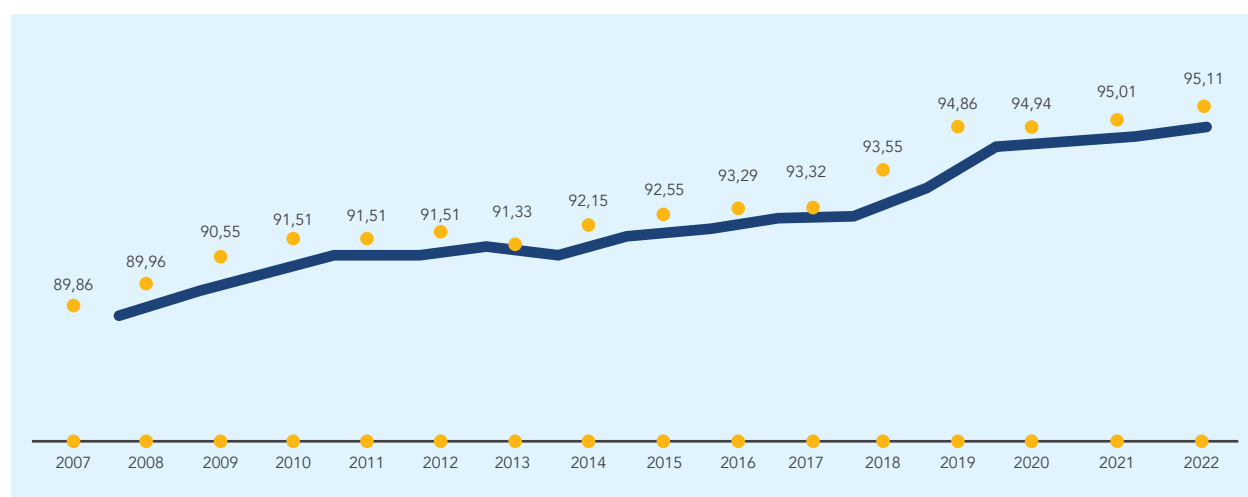
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Assessment Scores

The results of the CGPI assessment are used by Bank Mandiri to evaluate and improve the implementation of GCG. Bank Mandiri received the “Most Trusted” Company rating in the 2021 CGPI assessment held in 2022 with a score of 95.11. This was the 16th (sixteen) awards received by Bank Mandiri consecutively. The composition of Bank Mandiri’s assessment for 4 (four) consecutive years is as follows:

Stages	2019 Scores	2020 Scores	2021 Scores	2022 Scores
Governance Structure	32,98	25,70	33,76	26,65
Governance Process	30,63	34,50	34,26	36,24
Governance Outcome	31,25	34,74	26,99	32,22
Scores	94,86	94,94	95,01	95,11

CGPI assessment results in 16 (sixteen) consecutive years were as follows:



Recommendations and Follow Ups

From the results of the 2022 CGPI assessment, there were several recommendations from the IICG on the Bank’s governance implementation. These recommendations will be used for improving governance implementation at Bank Mandiri.

Recommendations and Follow Ups Table

Recommendations	Follow-up
<p>Governance Structure</p> <p>Bank Mandiri needs to develop a special structure and/or function that is responsible for integrating and consolidating the GRC (Governance Risk Compliance) system in the group of companies.</p> <ul style="list-style-type: none"> Bank Mandiri needs to make regular and prudent adjustments to the company’s policies and strategies in every dynamic change that occurs by exploring new challenges, managing vulnerabilities, adapting to managing changes, and taking opportunities by optimizing potential so that it can achieve its objectives based on the best achievements. 	<ul style="list-style-type: none"> Bank Mandiri already has an Integrated Governance Committee consisting of Commissioners from Main Entities and Independent Commissioners as well as a Supervisory Board of Representatives of Financial Services Institutions in the Mandiri Group Financial Conglomerate. In addition, Bank Mandiri always updates policies related to Integrated Governance, including: Selain itu, Bank Mandiri senantiasa melakukan pemutakhiran kebijakan terkait Tata Kelola Terintegrasi antara lain: <ul style="list-style-type: none"> An adjustment to the Integrated Governance Guidelines has been made on 1 November 2022 and has been submitted to all financial institutions in the Bank Mandiri Financial Conglomerate on 25 November 2022. Improvements have been made to the Charter of the Integrated Governance Committee through the Decree of the Board of Commissioners No. KEP. KOM.005/2022 dated 18 November 2022; Bank Mandiri’s Strategic Plan has been prepared in accordance with the Bank’s Vision, Mission and Strategy. The management actively communicates the work plan to the Shareholders and the entire elements of the Bank.

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Recommendations	Follow-up
Governance Process	
Bank Mandiri needs to optimize all resources to build corporate resilience through a program to strengthen the fundamentals and resilience of the company integrated with the group of companies.	<ul style="list-style-type: none"> The Board of Directors and the Board of Commissioners have developed strategies and efforts built in accordance with the dynamics of the external (adaptive) and internal environment in order to integrate to realize the resilience outlined in the Sustainable Finance Action Plan (RAKB) and the Bank's Business Plan (RBB). Bank Mandiri has also incorporated sustainability values into the Bank's Vision, Mission and Strategy as a response that business activities will be improved and sustained if the Bank takes into account the Environmental, Social and Governance (ESG) aspects.
<ul style="list-style-type: none"> Bank Mandiri can optimize compliance management systems and mechanisms by considering to adopting or implementing the ISO 37301:2021 standard on Compliance Management System Bank Mandiri may consider the implementation of ISO 37000:2021 guidelines on Governance of Organization. 	<ul style="list-style-type: none"> Bank Mandiri has optimized the system and mechanism for managing an integrated compliance, risk and Governance, including management in the Mandiri Group. Bank Mandiri has carried out compliance, risk and governance in accordance with applicable laws and regulations.
Bank Mandiri needs to optimize the application of ESG (Environmental, Social, and Governance) concepts that are integrated in all business lines and consolidated throughout the group of companies so as to provide sustainable added value	<ul style="list-style-type: none"> Bank Mandiri has incorporated sustainability values into the Bank's Vision, Mission and Strategy in response that business activities will be improved and sustained if the Bank takes into account the Environmental, Social and Governance (ESG) aspects. Bank Mandiri already has a special ESG unit, thereby the application of the ESG concept can be improved and integrated.
Bank Mandiri can optimize the whistleblowing system and mechanism (WBS) by considering to adopting or implementing the ISO 37002:2021 standard on Whistleblowing Management System	The management of the acceptance and administration of WBS-LTC reports is carried out by independent third parties to provide a safe-environment that encourages employees and stakeholders to be able to report fraud or indications of fraud.
Bank Mandiri needs to optimize the knowledge management system and mechanism on an ongoing basis for all knowledge, expertise, lesson learned in facing the challenges and dynamics of change, allowing it to be effective and supports the company's resilience.	<ul style="list-style-type: none"> Bank Mandiri has optimized the knowledge management system and mechanism on an ongoing basis for all knowledge, expertise, lesson learned in facing the challenges and dynamics of change, allowing it to be effective and supports the company's resilience, through 3 (three) main strategies that include capability enabler, learning to business alignment, and learning experience design. Capability enabler is an effort to produce the best leaders who provide excellent performance in Bank Mandiri, learning to business alignment is a strategy in aligning the learning system to support Bank Mandiri in achieving organizational goals, and earning experience design to foster a sustainable learning culture for all Mandirian, by developing learning culture through the "leaders as teachers" program to accommodate leaders in conducting knowledge sharing to Bank Mandiri employees, as well as internalizing the core values of "AKHLAK".
Governance Outcome	
Bank Mandiri needs to foster a culture of resilience with the ability to quickly adapt and respond to changes and manage challenges so that it can be an opportunity to compete.	In building a Resilient Mandirian, Bank Mandiri has Talent Development and AKHLAK Culture, so that Mandirian can always quickly adapt and respond to changes and manage challenges.
Bank Mandiri can develop measurements of excellent performance achievements based on the Baldrige Performance Framework criteria.	<i>Bank Mandiri already has a system and mechanism for measuring excellent performance achievements that are assessed periodically through, among others, the 360 Degree Survey.</i>
Bank Mandiri needs to foster a culture of resilience with the ability to quickly adapt and respond to changes and manage challenges so that it can be an opportunity to compete.	Bank Mandiri has optimized the improvement of the company's digital capabilities that can support efficient business development and sustainable business growth, as well as make the company a major part of the digital ecosystem.
Bank Mandiri needs to develop follow-up handling and resolution of legal issues faced by the Company.	Bank Mandiri already has systems and mechanisms for handling and resolving legal problems faced by the Company.

In the 2021 CGPI held in 2022, 3 (three) Subsidiaries received the rating of "Very Trusted" and 4 (four) Companies received the rating of "Trusted" with the scores as follows:

No.	Subsidiaries	Ratings	Scores
1.	PT Bank Syariah Indonesia	"Most Trusted"	90,00
2.	PT Bank Mandiri Taspen	"Most Trusted"	89,06
3.	PT Mandiri Sekuritas	"Most Trusted"	85,02
4.	PT Asuransi Jiwa Inhealth Indonesia	"Trusted"	83,62
5.	PT Mandiri Tunas Finance	"Trusted"	82,03
6.	PT AXA Mandiri Financial Services	"Trusted"	81,95
7.	PT Mandiri AXA General Insurance	"Trusted"	81,60



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ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS)

One of other assessments carried out related to GCG implementation at Bank Mandiri is the ASEAN Corporate Governance Scorecard, which is a parameter for measuring governance practices agreed upon by the ASEAN Capital Market Forum (ACMF). These parameters are based on the OECD Principles and are expected to increase investor confidence in listing companies in ASEAN.

Applied Criteria

The assessment components of the ASEAN Corporate Governance Scorecard are as follows:

1. Shareholders' Rights.
2. Equal Treatment of Shareholders.
3. Role of Stakeholders.
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors and Board of Commissioners.

Assessors

The assessor that conducted the ASEAN CG Scorecard assessment is the ASEAN Capital Market Forum (ACMF).

Scores of Independent Party Assessments

Bank Mandiri was included in the Top 50 Big Capitalization Public Listed Company in the ASEAN Corporate Governance Scorecard (ACGS) ranking.

Recommendations and Follow Up

On the ASEAN CG Scorecard assessment, there were no recommendations from the Regulators, and the Bank strives to align governance practices by adopting the governance implementation and principles developed by the OECD as has been agreed upon by the ASEAN CG Scorecard.