

# GOVERNANCE ASSESSMENT

To improve the implementation of the Bank's governance in a sustainable manner, Bank Mandiri conducted Governance assessment by semester. In addition, Bank Mandiri also carried out GCG assessment through independent external parties by participating in the Corporate Governance Perception Index (CGPI) ranking and fulfilling the implementation of the ASEAN Corporate Governance Scorecard (ACGS).

## SELF ASSESSMENT

Bank Mandiri conducted Governance self-assessment of bank only based on POJK No. 55/POJK.03/2016 and SEOJK No. 13/POJK.03/2017 on Governance Implementation for Commercial Banks.

### Applied Criteria

The criteria in conducting Governance self-assessment of bank only refers to OJK Circular No. 13/SEOJK.03/2017 on Implementation of governance for Commercial Banks. The self-assessment is intended to map the strengths and weaknesses of the implementation of corporate governance in terms of three aspects, namely:

#### 1. Governance Structure

The governance structure assessment aims to assess the adequacy of the Bank's Governance structure and infrastructure; hence the implementation process of corporate governance principles produces outcomes that are in line with the goals of the Company's stakeholders. The governance structure consisted of the Board of Commissioners, Directors, Committees and work units. The governance infrastructure includes policies and procedures, management information systems and the main duties and functions of each organizational structure.

#### 2. Governance Process

The governance process assessment aims to assess the effectiveness of implementation process of corporate governance principles supported by the adequacy of the governance structure and infrastructure to produce outcomes in accordance with the expectations of stakeholders.

#### 3. Governance Outcome

The governance outcome assessment aims to assess the quality of outcomes that meet stakeholders' expectations which are the results of the implementation process of corporate governance principles supported by the adequacy of the governance structure and infrastructure of the Company. Matters included in governance outcomes are qualitative and quantitative aspects, such as:

- a. Adequacy of report transparency.
- b. Compliance with laws and regulations.
- c. Consumer protection.
- d. Objectivity in conducting an assessment/audit.
- e. Bank performance such as profitability, efficiency, and capital.
- f. Enhancement/diminution of compliance with applicable regulations and resolution of issues

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faced by the Bank, such as fraud, violations of the Legal Lending Limit (LLL), violations of provisions related to bank statements to regulators.

The Governance self-assessment of bank only covers 11 (eleven) factors of governance assessment which include:

1. Implementation of duties and responsibilities of the Board of Commissioners.
2. Implementation of duties and responsibilities of the Board of Directors.
3. Completeness and implementation of duties of the Committees.
4. Handling conflicts of interest.
5. Application of the compliance function.
6. Implementation of the internal audit function.
7. Implementation of the external audit function.

8. Application of risk management including the internal control system.
9. Funding to related parties and large exposures.
10. Transparency of the Bank's financial and non-financial conditions, reports on Corporate Governance implementation and internal reporting.
11. Bank Strategic Plans.

### Assessors

The process of Corporate Governance self-assessment of bank only involves the entire Board of Commissioners, Directors and units related to the intended governance assessment factors

### Assessment Scores

In the first semester of 2023, Bank Mandiri conducted an individual Governance self-assessment with a score of 1, however OJK provided the following assessment feedback:

Nilai	Definition of Composite
2	Reflecting that in general the Company's management had implemented a good Governance. This was reflected in the adequate fulfilment of the principles of Governance. Where there were weaknesses in the application of GCG principles, in general these weaknesses were insignificant and could be resolved by regular actions by the Bank's management.

In semester II of 2023, Bank Mandiri has conducted Governance self-assessment. The OJK has not provided feedback for the self-assessment results for the Semester II of 2023. The assessment is as follows:

Nilai	Definition of Composite
1	Reflecting that in general the Company's management had implemented a very good Governance. This was reflected in the adequate fulfilment of the principles of Governance. In the event that there were weaknesses in the application of GCG principles, in general these weaknesses were insignificant and could be immediately improved by the Bank's management.

From the assessment results, the implementation of Bank Mandiri Governance in 2023 can be concluded as follows:

STRENGTH	WEAKNESS
<b>STRUCTURE</b>	
<ol style="list-style-type: none"> <li>1. Bank Mandiri organizes the Annual GMS to make changes to the Board of Directors and Board of Commissioners.</li> <li>2. All members of the Board of Directors and Board of Commissioners have passed the OJK fit and proper test.</li> <li>3. Adjustments have been made to the Committee Membership Decree under the Board of Commissioners as follows:                             <ol style="list-style-type: none"> <li>a. Risk Oversight Committee through Decree of the Board of Directors No. KEP.DIR/016/2023 dated April 11, 2023.</li> <li>b. Remuneration and Nomination Committee through Decree of the Board of Directors No. KEP.DIR/017/2023 dated April 11, 2023.</li> <li>c. Integrated Governance Committee through Board of Directors Decree No. KEP.DIR/018/2023 dated April 11, 2023.</li> <li>d. Audit Committee through Board of Directors Decree No. KEP.DIR/033/2023 dated September 12, 2023.</li> </ol> </li> </ol>	None
<b>PROCESS</b>	
<ol style="list-style-type: none"> <li>1. To carry out the duties and responsibilities of the Board of Commissioners and the Board of Directors, 30 (thirty) Board of Commissioners Meetings and 49 (forty-nine) Board of Directors Meetings were held during 2023.</li> <li>2. Bank Mandiri's 2023-2025 Bank Business Plan (RBB) was discussed at the Board of Directors and Commissioners Meetings and submitted to OJK in accordance with applicable regulations.</li> <li>3. Committee meetings have been held in accordance with the needs of the Bank. In 2023, the Committees under the Board of Commissioners have conducted meetings with the following details                             <ol style="list-style-type: none"> <li>a. Audit Committee: 28 times</li> <li>b. Risk Oversight Committee: 25 times</li> <li>c. Remuneration and Nomination Committee: 12 times</li> <li>d. Integrated Governance Committee: 6 times</li> </ol> </li> </ol>	None

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STRENGTH	WEAKNESS
<b>HASIL</b> 1. The Board of Directors has fully implemented the principles of Good Corporate Governance in carrying out the Bank's business activities at all levels of the organization, which is reflected in Bank Mandiri's success in maintaining the title of "The Most Trusted Companies" by The Indonesian Institute for Corporate Governance (IICG) for 17 (seventeen) consecutive times and receiving a score of 95.22. 2. Annual Audit Plan 2023 Internal Audit has been approved by the President Director and the Board of Commissioners by considering the recommendations of the Audit Committee. 3. The Compliance Director's report for the first semester of 2023 has been submitted to OJK on July 31, 2023.	Violations of applicable regulations were still found.

## EXTERNAL PARTY ASSESSMENT

Bank Mandiri also 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 participated by public companies (issuers), state-owned enterprises, banks and other private companies where Bank Mandiri has participated in the CGPI assessment for 20 (twenty) consecutive times since 2003.

## Applied Criteria

The aspects of the CGPI assessment in 2022/2023 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 Behavior.
  - 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

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### Assessors

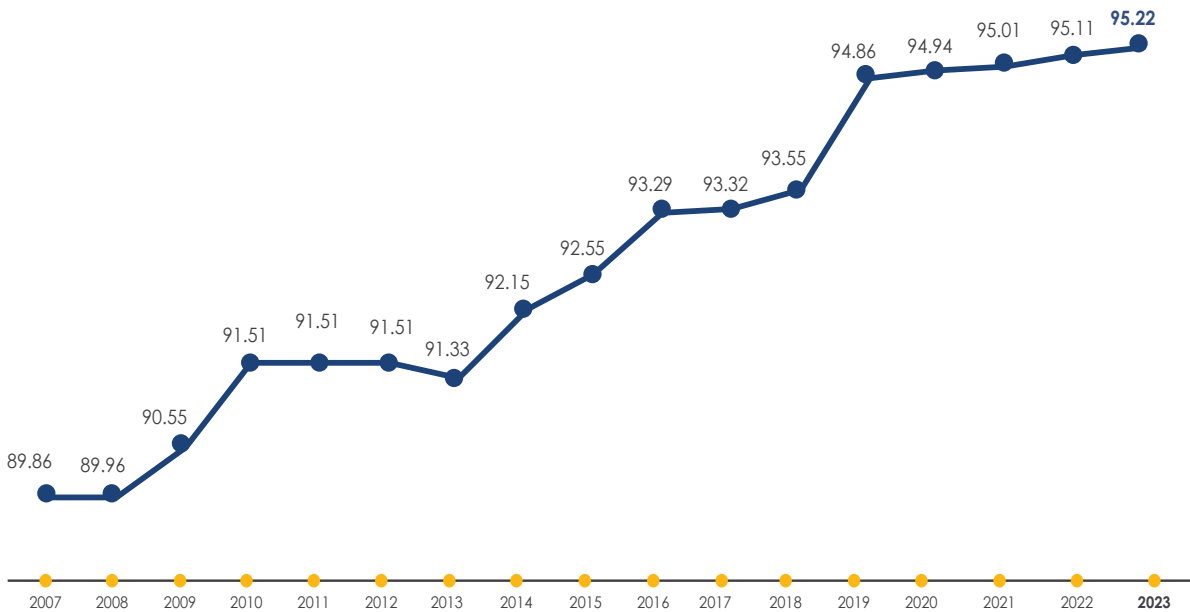
The assessor that conducted the CGPI assessment is The Indonesian Institute for Corporate Governance (IICG).

### Assessment Scores

The results of the CGPI assessment are taken by Bank Mandiri to evaluate and improve GCG implementation. Bank Mandiri received the title of "The Most Trusted" Company in the 2022 CGPI assessment held in 2023 with a score of 95.22. This award is Bank Mandiri's 17th (seventeen) consecutive award. The composition of Bank Mandiri's assessment for the last 4 (four) consecutive years is as follows:

Stages	2020 Scores	2021 Scores	2022 Scores	2023 Scores
Governance Structure	25.70	33.76	26.65	31.53
Governance Process	34.50	34.26	36.24	31.24
Governance Outcome	34.74	26.99	32.22	32.45
<b>Scores</b>	<b>94.94</b>	<b>95.01</b>	<b>95.11</b>	<b>95.22</b>

CGPI assessment results in 17 (seventeen) consecutive years were as follows:



### Recommendations and Follow Ups

From the results of the 2023 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.

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## Recommendations and Follow Ups:

RECOMMENDATIONS	FOLLOW-UP
<b>GOVERNANCE STRUCTURE</b>	
<p>The Bank needs to periodically monitor and evaluate the adequacy, completeness and effectiveness of organizational structures that are in line with the realization of adaptive, strong, agile and efficient corporate strategies in supporting sustainable company growth.</p>	<p>Bank Mandiri has conducted regular monitoring and evaluation of the adequacy, completeness and effectiveness of the organizational structure. To support Bank Mandiri's aspirations as the customer's preferred financial partner and also the realization of corporate strategy, Bank Mandiri groups the work units in its organizational structure into 3 large groups, namely:</p> <ul style="list-style-type: none"> <li>• Business Units</li> <li>• Support Functions</li> <li>• Business &amp; Network</li> </ul>
<p>Bank Mandiri needs to optimize HR competencies, particularly for key positions in organizational structures with national and international standard certifications.</p>	<p>Bank Mandiri has optimized HR competencies in key positions and also the Bank's elements in other functions with national and international standard certifications. In addition, to continuously improve the quality, capacity and capability, Bank Mandiri's human resources continued to attend training that is relevant to the current development of the banking industry.</p>
<p>Bank Mandiri needs to make adjustments to corporate policies and strategies periodically and prudently in every dynamic of change that occurs by exploring emerging challenges, managing vulnerabilities, adapting to managing changes, and taking opportunities by optimizing potential to ensure it can achieve its goals based on the best achievements.</p>	<ul style="list-style-type: none"> <li>• The process of adjusting and improving Bank Mandiri's policies has always been carried out by taking into account aspects of prevailing regulations, Bank Strategy and also business needs.</li> <li>• Bank Mandiri's strategy is prepared comprehensively in accordance with the Bank's Vision, Mission and Strategy, considering external and internal factors and paying attention to the principle of prudence and also the application of risk management.</li> </ul>
<b>GOVERNANCE PROCESS</b>	
<p>Bank Mandiri can optimize compliance management systems and mechanisms by considering adopting or implementing the ISO 37301:2021 standard concerning Compliance Management System Bank Mandiri may consider implementing ISO 37000:2021 Governance of Organization guidelines. Bank Mandiri can optimize the whistleblowing system and mechanism (WBS) by considering adopting or implementing the ISO 37002:2021 standard concerning Whistleblowing Management System.</p>	<ul style="list-style-type: none"> <li>• Bank Mandiri has optimized compliance, risk and governance management systems and mechanisms in an integrated manner including management in the Mandiri Group</li> <li>• Bank Mandiri has carried out compliance, risk and governance in accordance with prevailing legal regulations.</li> <li>• Bank Mandiri has optimized the Whistleblowing System (WBS) and continuously improves the effectiveness of its implementation. In 2023, improvements have been made to the WBS, namely integration with the KPK's WBS.</li> </ul>
<p>Bank Mandiri needs to optimize the strengthening of the quality, capacity and capability of human resources who are always ready to adapt quickly, accurately and appropriately to the dynamics of change; with good spirit and lively; and equipped with appropriate competency certifications.</p>	<p>Bank Mandiri is committed to continuously improving, developing and strengthening the quality, capacity and capability of human resources, enabling Bank Mandiri's human resources to have high competitiveness and resilience, and are able to anticipate development trends in the industry, particularly in the digital era. Improvement, development and strengthening are carried out through:</p> <ul style="list-style-type: none"> <li>• Face-to-face and virtual training</li> <li>• E-learning</li> <li>• National and international certifications to support its function in the company's lines.</li> </ul>
<p>Bank Mandiri needs to identify and map the company's stakeholders, including by considering the adoption of the 2015 AA1000SES criteria (Stakeholder Engagement Standard) in order to carry out effective engagement and foster sustainable value creation for company stakeholders.</p>	<p>Bank Mandiri strives to implement corporate governance practices as a foundation in creating sustainable added value for all stakeholders. Bank Mandiri also continues to transform into a strategic partner that is able to innovate and provide added value to all stakeholders.</p>
<p>Bank Mandiri needs to develop a reliable structure and system related to consumer protection and empowerment</p>	<p>As a form of Bank Mandiri's commitment in supporting the creation of a reliable consumer protection system and realizing a financial system that grows sustainably, stably and is able to protect the interests of consumers and the public, Bank Mandiri has a Bank Operational Policy that regulates the implementation of consumer protection functions. Bank Mandiri has also established a Consumer Protection Unit.</p>
<b>GOVERNANCE OUTCOME</b>	
<p>Bank Mandiri needs to foster a resilient and agile culture with the ability to quickly adapt and respond to changes and manage challenges in order to become opportunities to compete.</p>	<p>In building a Resilient Mandiri, Bank Mandiri implements the core values of AKHLAK (Trust, Competent, Harmonious, Loyal, Adaptive &amp; Collaborative) through cultural programs held to shape the mindset and behavior of each employee, to ensure that Mandirian can always quickly adapt and create a strong Mandirian character.</p>

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RECOMMENDATIONS	FOLLOW-UP
Bank Mandiri needs to optimize the company's capabilities, capacity, and main competencies through the achievement of adaptive, strong, agile and efficient strategy implementation in supporting sustainable company growth	<ul style="list-style-type: none"> <li>Bank Mandiri focuses on becoming a leading wholesale bank by utilizing Bank Mandiri's strength as a wholesale bank that is able to acquire potential new sources of income.</li> <li>Bank Mandiri has consistently continued innovation in sharpening strategies in every business segment.</li> </ul>
Bank Mandiri needs to optimize 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 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 properly handle all current legal cases and strive for optimal risk mitigation for lawsuits, as well as prevent legal cases from happening again.	Bank Mandiri already has a system and mechanism in place for handling and resolving legal issues of the Company as well as mitigating the risk of lawsuits.

In CGPI 2022 held in 2023, 3 (three) Subsidiaries received "The Most Trusted" Rating, 4 (four) Subsidiaries with the "Trusted" rating and 1 (one) Sub-Subsidiary with the "Trusted" rating, with the following scores:

No.	Subsidiaries	Ratings	Scores
1.	PT Bank Syariah Indonesia	"Most Trusted"	91.50
2.	PT Bank Mandiri Taspen	"Most Trusted"	90.06
3.	PT Mandiri Sekuritas	"Most Trusted"	85.78
4.	PT Asuransi Jiwa Inhealth Indonesia	"Trusted"	84.02
5.	PT Mandiri Tunas Finance	"Trusted"	83.10
6.	PT AXA Mandiri Financial Services	"Trusted"	83.04
7.	PT Mandiri Utama Finance	"Trusted"	81.55
8.	PT Mandiri Manajemen Investasi	"Trusted"	82.20

## 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 is included in the list of companies that received the title of ASEAN Asset Class Public Listed Companies in the ASEAN Corporate Governance Scorecard assessment.