



COMPLIANCE FUNCTION

synergy is required between Main Entity and Subsidiaries or between Subsidiaries. The compliance synergy with Subsidiaries includes various matters, such as compliance risk management, AML and CTF practices, and Integrated Governance practices.

- a. In relation with the integrated compliance risk management process, the Bank has organized a discussion forum on compliance risk for each Subsidiary, and monitoring on Subsidiaries' compliance function through regular reporting quarterly.
- b. In relation with the integrated AML and CTF practices, Bank Mandiri with all Subsidiaries are fully committed to support anti-money laundering and counter terrorism financing as stated in the prevailing laws and regulations. To that end, as an effort to foster and

improve the effectiveness of AML and CTF Program application, Bank Mandiri and Subsidiaries strive to improve the aspects of Organizations, Policies and Procedures, and Human Resources, including to always enhance good Compliance Culture.

- c. In relation with the Integrated Governance implementation, Bank Mandiri directs its Subsidiaries to participate in the GCG assessment activity by independent parties, such as The Indonesian for Corporate Governance (IICG) aiming at improving GCG principles application at Subsidiaries and to anticipate risks going forward.

Evaluation of Effectiveness of Compliance Function

The implementation of the Compliance Function's activities and performance are constantly

evaluated and assessed by the Compliance Director to improve the effectiveness of implementation in the coming year. Criteria for Compliance Function assessment based on Annual Work Plans, Key Performance Indicators (KPIs) and Non Key Performance Indicators (Non KPI) Work Programs. The assessment based on KPI covers aspects of the Financial Perspective, Customer Perspective, Internal Business Perspective and Development Perspective. To develop the compliance function, in 2021 the Internal Control Score (ICS) parameter has been prepared as a component of the performance assessment of Bank Mandiri work units related to the implementation and role of the compliance function in each work unit. The evaluation is expected to improve the quality of implementation of a compliance culture and compliance risk management in minimizing risks that may occur due to non-compliance with applicable regulations.