

- b. To increase the risk awareness related to compliance risk in every Bank Mandiri unit, the Compliance Unit implement a compliance assessment program. It aims to encourage awareness of each individual in order to run every activity in accordance with the provisions and pay attention to the limits of risk that exist in each decision.
  - c. Additionally, the Company has also synchronized the compliance risk library with operational risk library.
3. Synchronization of Integrated Compliance Function
- As a great financial conglomeration, an optimal synergy between the Main Entity and Subsidiaries is required, as well as among Subsidiaries. The synergy is not only from the business aspect, but also from the internal control aspect. In relation with the compliance functions, this is done through alignment of compliance policy tools and compliance risk management mechanisms. In order to ensure Mandiri Group's compliance towards prevailing laws and regulations, Bank Mandiri and Subsidiaries undertake a prudential meeting that address the impact and action plan to meet the obligations on the newly-issued regulation.

#### Evaluation On Effectiveness Of Compliance Function

Implementation of The Compliance Function activities and performance is always evaluated and assessed by the Director of Risk Management and Compliance for the interest of improving the effectiveness of the implementation of the activities and performance of the Compliance Function in the coming year. Assessment criteria of Compliance Function based on Annual Work Plan, Key Performance Indicator (KPI) and Work Program/Non Key Performance Indicator (Non KPI) Work Activity. The assessment based on KPI includes the aspects of Financial Perspective, Customer Perspective, Internal Business Perspective and Development Perspective. Evaluation is expected to improve the quality of implementation of compliance culture and compliance risk management in minimizing the risks that may result from non-compliance with applicable regulations.

#### Anti Money Laundering Program (APU) and Combating Terrorism Financing (PPT) Programs

APU PPT Program Implementation is an obligation for all parties, especially for banks as a financial services company. Money laundering practices are increasingly widespread, including misuse of account use to contain terrorism financing. This requires commitment from all parties to support anti-money laundering and terrorism financing regimes.

The crime of money laundering is a complex crime, involving massive syndicates and huge amounts of money and has an impact that disrupts the economic stability of a country. Therefore, this crime has

become the world's attention until the establishment of the Financial Action Task Force on Money Laundering organization or abbreviated as FATF that plays a role to establish the necessary policies and measure through the recommendations of money laundering prevention and prevention of terrorism financing that must be effectively applied by all States.

In implementing APU PPT Program, Bank Mandiri referred to the Circular Letter of the Financial Services Authority Number 32/SEOJK.03/2017 dated 22 June 2017 on the Implementation of Anti Money Laundering and Combating Terrorism Financing Program in the Banking Sector. Bank Mandiri has a vast network, offering a wide range of products and services, making it particularly vulnerable to risks that those are used for money laundering and terrorist financing. Therefore, Bank Mandiri needs to mitigate these risks by taking various preventive measures, through the effective implementation of PPU PPT programs, such as by applying a risk based approach.

#### APU and PPT Policies

In line with the latest developments related to Anti Money Laundering and Combating Terrorism Financing (APU and PPT) programs and in connection with the new regulation issued by the Financial Services Authority, which also regulates the APU and PPT in the Financial Conglomeration corridor, Bank Mandiri has made improvements to the Implementation Policy of APU and PPT Programs, which is based on 5 (five) Pillars of APU PPT Programs Implementation, which are:

1. Active Monitoring from the Board of Directors and the Board of Commissioners;
2. Policies and procedures;
3. Internal control;
4. Management information system; and
5. Human capital and trainings.

The aims:

1. Fulfill the provisions of the Financial Services Authority Regulations (POJK) on the Implementation of APU and PPT Programs in the Financial Services Sector.
2. Giving common perception and understanding by the whole range of the Company in group about the importance of APU and PPT program implementation.
3. As a guide in mitigating risks such as legal risk, reputation risk, operational risk, and concentration risk by continuing to support the Bank's business.
4. As a guideline in the preparation of standard operating procedures for products and other banking activities based on prudential banking principles.