



## Socialization of Gratification Policy

Socialization related to gratification control was carried out continuously to all levels of the organization to increase awareness where in its implementation UPG coordinated with Head of DCOR and Risk Business Control -AMLO. The socialization was carried out directly to the Working Units at Headquarters, Regional Offices, Branch Offices and through regular ODP/SDP classes. Throughout the year of 2018, face-to-face socialization was conducted to approximately 1,810 Bank Mandiri employees. Other media used in disseminating gratification control policies are through the installation of Gratuity Control Posters at the Regional Offices and Headquarters, sending Email Blasts, Screen Savers, Mandiri Magazine, making gratification display cabinets and urge all Bank Mandiri partners/fellows not to provide gratification related to religious celebrations and new year through national newspaper media.

## Gratification Reports In 2018

Bank Mandiri employees who receive/reject gratuities must report their receipt/rejection to the UPG via e-mail facilities no later than 5 (five) working days after receipt/rejection by filling in the reporting form accompanied by adequate supporting documents.

After receiving the report, UPG will review and classify the report on gratuities that are the authority of Bank Mandiri or the authority of the KPK. Throughout the year of 2018, numbers of reports on receipt/rejection of gratuities received by UPG were 129 reports. The receipt of reported gratuities includes in the form of bribery gratuities, perishable food/goods, goods in the framework of service, honorarium in the context of service and marriage.

## Whistleblowing System

To maintain and enhance the reputation of Bank Mandiri and in line with the second pillar of Anti-Fraud Strategy (SAF), i.e. the pillar of detection, a risk control system and means are required through the Whistle Blowing System (WBS) mechanism. Bank Mandiri has provided a media report on complaints of violations named Letter to CEO (LTC). LTC aims to detect acts of fraud or indications of fraud, encourage awareness and concern for all employees as well as improve the company's reputation in the eyes of stakeholders.

Management of LTC report receipts and administration is carried out by independent third parties to provide safe-environments that encourage employees and stakeholders to dare to report fraud or indications of fraud. Types of reported fraud include corruption, fraud, theft, embezzlement and forgery. In addition to reporting fraud or indications of fraud, LTC can also be used to report non-fraud violations such as violations of norms and ethics (code of conduct).

## Purpose and Objectives of Letter to CEO (LTC)

The LTC program as one of the Anti-Fraud Strategy (SAF) programs, aims to:

1. Detect crimes of fraud or indications of fraud with reports of employees or third parties of Bank Mandiri, which can be submitted by stating their identity clearly and anonymously, which can then be carried out by the investigation process or follow-up actions.
2. Encourage awareness or concern of all employees to participate in keeping the work unit from loss due to fraud so that the quality of supervision is better, and the sense of belonging to employees becomes higher.
3. Enhancing Bank Mandiri's reputation in the eyes of Stakeholders, especially in the context of Corporate Governance that will enhance the company's image because it has adequate anti-fraud tools.

## Management of The Whistleblowing System

The management of the Company's WBS is carried out by Internal Managers, i.e. the Compliance Work Unit and External Managers, i.e. RSM Indonesia, which is an independent third party appointed by Bank Mandiri. Management by RSM Indonesia includes the reception and administration activities of the LTC report. With the presence of External Managers, it can provide a safe-environment that encourages employees and stakeholders to dare to report fraud or indications of fraud. Types of reported fraud include corruption, fraud, theft, embezzlement and forgery. In addition to reporting fraud or indications of fraud, LTC can also be used to report non-fraud violations such as violations of norms and ethics (code of conduct).

WBS management involves independent third parties. Among others, aims to:

1. Increase stakeholder confidence in the management of the WBS
2. Provide security for reporters/whistle-blowers
3. Minimize conflict of interest risk.
4. Independent and professional.
5. The reporter can monitor the status of the follow-up of the WBS report he submitted.

### Flowchart Of Violation Reporting Submission



## Development *Letter To CEO (LTC)*

LTC has undergone development and has been refined in 2018. This is done to improve the effectiveness of its implementation, as follows:



YEAR  
2018

- LTC management involved independent party
- Reporting parties could be from either Bank Mandiri's internal or external parties
- Reported could enclose a detailed identity or anonymously (identity was only recognised by independent party)
- Reporting media were SMS/WA, e-mail, website and mail
- Extended LTC report including report of fraud/indication of fraud, non-fraud and input/idea of business process improvement

YEAR  
2013

- Not enclosing reporter's identity was allowed
- Vendor could report
- Reporting method was added with LTC website
- LTC report included fraud/indication of fraud
- WBS-LTC website was managed by internal party

YEAR  
2009

- Reporter Identity was obligatory
- Solely for employee
- The media was only through mail, e-mail and sms
- WBS-LTC website was managed by internal party

## Submission of The Violation Report

Bank Mandiri has provided reporting media for actions or indications of fraud and/or non fraud that can harm customers and Bank Mandiri as follows:

- 1. Website**  
<https://whistleblowing.tips/wbs/@bmri-lettertoceo>
- 2. Email**  
[bmri-lettertoceo@rsm.id](mailto:bmri-lettertoceo@rsm.id)
- 3. Letter**  
PT RSM Indonesia melalui PO BOX 1007 JKS 12007
- 4. Short Message Services (SMS) and Whatsapp**  
0811900777

**BUMN**  
BANK MANDIRI

**mandiri**  
Saling, Terpercaya, Tumbuh Bersama Anda

**ayo lapor!**  
satu laporan Anda bermakna  
untuk sustainability Bank Mandiri

identitas Anda aman  
letter to ceo dikelola oleh pihak independen  
segera laporkan tindakan fraud melalui sarana:  
SMS & WA : 0811-900-7777  
e-mail : [bmri-lettertoceo@rsm.id](mailto:bmri-lettertoceo@rsm.id)  
website : <https://whistleblowing.tips/wbs/@bmri-lettertoceo>  
surat : PO BOX 1007 JKS 12007

## Protection For Whistleblower

As a manifestation of the Company's commitment to maintaining the confidentiality of reporting data, Bank Mandiri provides:

1. Guarantee for the confidentiality of the reporter's identity.
2. Guarantee for the confidentiality of the contents of submitted reports.

## Types of Violations That Can Be Reported

Reporting that can be delivered via LTC, among others, consists of:

1. Fraud
  - a. Corruption  
Corruption is an action taken by anyone who commits an act enriching himself or another person or a corporation that can harm the state's finance or the country's economy. Examples of actions included in the category of corruption include:
    - 1) Receive bribes.
    - 2) Position Abuse.
    - 3) Cooperating with parties outside the Bank to harm the Bank.
    - 4) Blackmail.
  - b. Fraud  
What is meant by fraud is to deceive the Bank, customers or third parties and/or falsify documents, signatures, physical evidence and/or all authentic evidence. Examples of actions included in the fraud category include:
    - 1) Manipulate loan application data.
    - 2) Deceive the customers as if it were a bank product but is actually a fictitious transaction.
    - 3) Manipulate Bank financial data.

- c. Theft  
Theft is defined as taking what is not his right to obtain personal gain or other parties against the law. Examples of actions included in the theft category are:
    - 1) Stealing Bank data.
    - 2) Stealing money from kluis/teller desk.
    - 3) System Hacking
  - d. Embezzlement  
Emblem is defined as the act of taking the property of another person in part or in whole where the control of the item already exists in the perpetrator and the possession occurs legally. Examples of actions included in the category of embezzlement are:
    - 1) Using customer funds (lapping).
    - 2) Selling Bank's stationery for personal use.
    - 3) Using petty cash for personal use.
  - e. Forgery  
Forgery is the process of making or imitating objects, data, information or documents that are made as if they were true with the intention of deceiving or tricking others. Examples of actions included in the forgery examples are:
    - 1) Falsifying customer data.
    - 2) Falsifying a certificate.
    - 3) Falsifying customer documents.
    - 4) Falsifying signatures.
2. Non-fraud, including violations of norms and ethics (code of conduct), with examples of actions include:
    - a. Opening Bank secrets for personal gain.
    - b. Insider behaviour.
    - c. Immoral acts inside and outside the Bank.
    - d. Harassment.
    - e. Drug abuse.
    - f. Being involved in prohibited community activities.

## Socialization of Whistleblowing System

In order to increase understanding of WBS at all levels of the organization, Bank Mandiri consistently and continuously socializes the system in various ways, including short video displays, placing posters around the office environment, PC screen savers and e-mail blasts to the board of directors of Bank Mandiri and using printed media that can be implemented by WBS more effectively in the future.

## Number of Violation

During 2018, the number of violation complaint reports received through LTC media via website, call center, email, faximile, and letter are as follow:



Years	Submission Medias				Report Classification			Followed-up Report	Completed Report
	Letter	Email	Website	Others	Fraud	Non Fraud	Others		
2017	0	8	0	0	5	3	0	8	8
2018	0	7	1	0	2	2	4	8	8

## Violation Reports Sanctions/Follow-Ups In 2018

Every investigated violation report and those proven as violation has received sanction based on the regulation.

## Internal Fraud

Internal Fraud is carried out by the Company's internal and internal collusion with external parties. Internal audit is carried out by Internal Audit.

Internal fraud within 1 year	Number of cases committed by					
	Members of the Board of Commissioners and Members of the Board of Directors		Permanent employee		Non-Permanent Employees and Outsourcing Personnel	
	Previous year (2017)	Current year (2018)	Previous year (2017)	Current year (2018)	Previous year (2017)	Current year (2018)
Total Fraud	-	-	68	35	34	8
Has Been Completed	-	-	68	35	34	8
In the Settlement Process in the Internal Bank	-	-	-	-	-	-
Settlement has not been attempted	-	-	-	-	-	-
Followed Through Legal Process	-	-	-	-	-	-

## Management of Reports of State Officials Wealth (LHKPN)

### Policy of State Officials Wealth Reports (LHKPN)

Bank Mandiri has a policy regarding the reporting implementation of State Officials Wealth Reports (LHKPN) based on Directors Decree No. KEP.DIR/147A/2017 dated June 21, 2017 concerning State Officials Wealth Reports (LHKPN) in the Environment of PT Bank Mandiri (Persero) Tbk. This policy regulates the Company's employees who are required to report their assets, delivery procedures, LHKPN administrator and work unit, as well as sanctions that can be imposed on employees who do not carry out their reporting obligations.

### Mandatory Report of State Officials Wealth Reports (LHKPN)

Based on the LHKPN Policy above, Mandatory Report of LHKPN are Structural Officers within Bank Mandiri, namely:

1. Member of Commissioners Board
2. Members of Directors Board
3. Senior Executive Vice President