

## The Evaluation of Internal Monitoring System Implementation

The Board of Directors are responsible for the implementation of reliable and effective SPI in which they also have to increase the culture of risk awareness effectively and ensure that those values have embedded in every level of organization.

Internal audit is responsible for evaluating and actively improving the use of SPI continuously in regard with the operational implementation in achieving the company's

goals. It also conducts reviews and verifies all activities in risk taking unit and subsidiaries periodically.

The evaluation results are submitted to the Board of Directors for followed up and monitored for implementation ensure the SPI has been running effectively. Board The Commissioner in particular through the role of the Audit Committee play an active role in evaluating SPI by doing review the results of evaluations by Internal Audit. Based on evaluations that have been conducted during 2018, obtained the results that the SPI at Bank Mandiri **has been adequate**.

## Compliance Function

Recently transactions are done using technology and it requires banking industries to move forward and collaborate with others to improve its system and strategy in order to meet the needs of community. The rapid progress of technology and business development of Bank Mandiri indeed will increase the risk exposure encountered by the company including compliance risk. To overcome this exposure, the compliance function is needed to minimize offenses that may cause loses for the company.

Related with the compliance function, Bank Mandiri refers to the Financial Services Authority Regulation No. 46/POJK.03/2017 concerning The Implementation of Bank Compliance Function. Now, Bank Mandiri has got policies and a standard of compliance procedures explaining the duties and responsibilities of Compliance Work Unit.

## The Organisation Structure of Compliance Function

Organizations running the compliance functions have been regulated in Compliance Policies of Bank Mandiri and it can be seen in detail in Standard of Compliance Procedure. This organizations consist of :

1. Directors in charge of the compliance function
2. Compliance Work Unit
3. Compliance Work Unit in the Work Unit

## The Directors In Charge of Compliance Function

The Directors in charge of the compliance function for 2018 are as follow:

1. Ahmad Siddik Badruddin as The Director of Risk Management & Compliance, for the period of January - 12 September 2018.<sup>\*)</sup>
2. Agus Dwi Handaya sebagai as The Director of Compliance, for the period of 12 September 2018 - present.

<sup>\*)</sup> As the follow up of the effective position of Agus Dwi Handaya as The Director of Compliance per 12 September 2018, so the company has informed the changing of this Director to the FSA via letter on 12 September 2018

## Compliance Unit

Compliance Group is a unit having a role as Compliance Work Unit in Bank Mandiri and is directly responsible for The Board of Directors in charge for the compliance functions. As its role as Compliance Work Unit, Compliance Group has fulfilled the following requirements:

- a. Independence.
- b. Mastering the applicable rules and regulations.
- c. Do not carry out other tasks outside the Compliance Function.
- d. Have a high commitment to implement and develop a compliance culture.