



Reviewed. In addition, the Compliance Work Unit also seeks to convey regulations that must be understood by employees in the region through the OPERA (Operational Risk Awareness) socialisation program in collaboration with the Supervisory Work Unit of Operational Risk Management.

c. **Awareness Enhancement of Data/Information Quality**

As an effort to increase employee awareness on the importance of data/information quality that could impact the risk of compliance, the Company has conducted an awareness enhancement program through the creation of a booklet and video guidance to improve the quality of data/information and to socialize it to all employees.

d. **Compliance Risk Management**

Compliance risk management is carried out continuously to minimize the compliance risk to occur. The process of compliance risk management that will be carried out is:

- 1) Analysis of new provisions as a basis for the compliance risk drafting and conducting a prudential meeting with related work units to discuss the fulfilment of obligations on new regulations.
- 2) Dissemination of resume of new provisions to all employees through electronic media.
- 3) Conducting control testing of bank activities that have a high risk to prevent the disobedience to occur.

**2. Synergy Strengthening with Subsidiaries**

As a large financial conglomerate, an optimal synergy between the Primary Entity with the Subsidiaries and between Subsidiaries is necessary. The compliance synergy in question includes several matters, including compliance risk management, APU-PPT and implementation of Integrated Governance.

With regard to integrated compliance risk management, the Company makes alignment of compliance policy sets, organizes discussion forums on the risks of each Subsidiary Company, and monitors the implementation of the Subsidiary's compliance function through regular reporting.

In order to ensure the Mandiri Group's compliance with applicable laws and regulations, Bank Mandiri

as the Main Entity conducts things as follows:

- a. Compiling and reviewing Compliance Reports and Subsidiary Compliance Risk Profile Reports on a quarterly basis.
- b. Discussing the compliance issues of Subsidiaries along with their mitigation and preparing a risk profile outlook on a quarterly basis.
- c. Delivering a list of compliance of new regulations to the Subsidiaries, to ensure the fulfilment of obligations in the new regulations that have a significant impact and have a substantial sanction.

In relation to the implementation of the Integrated APU-PPT, the Bank will prepare a scheme and mechanism for the exchange of information between Bank Mandiri and its Subsidiaries and assistance to all Subsidiary Companies and Overseas Offices so that the application of the APU-PPT becomes more synchronized.

In terms of relation to the implementation of Integrated Governance, the Bank will direct the Subsidiary Company to participate in GCG assessment activities by an independent party namely The Indonesian for Corporate Governance (GCG) with the aim of increasing the application of GCG principles in the Subsidiary Companies and anticipating risks that will be encountered in the future.

## 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 for the purpose of increasing 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 / Work Programs. The assessment based on KPI covers aspects of the Financial Perspective, Customer Perspective, Internal Business Perspective and Development Perspective. 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.