Anti Fraud Strategy Application

Bank Mandiri has several policies related to Corruption Prevention, including internal control policies, Employee Discipline Regulations, Code of Conduct, Business Ethics and has been reflected in the Corporate Culture Values to instill the value integrity of every level of Bank Mandiri. The Board of Directors has periodically reported the realization of the anti-fraud program as well as the progress of improvements that have been made. We are of the opinion that the internal control system, the anti-fraud strategy that has been implemented has been effective, supported by the adequacy of the organization, internal regulations, and tools to detect indications of fraud. including the Whistleblowing System / Letter to CEO. The Company also has guidelines that specifically regulate issues of corrupt practices, namely the Code of Conduct. The guideline regulates, among others, the following:

1. Comply with internal and external regulations.
2. Prohibition on all levels of the Company from requesting or receiving, agreeing to receive a gift or reward from a third party who obtained or sought to obtain facilities from the Company in the form of a credit facility "cash loan and non cash loan", or in the context of purchasing or discounting letters - money orders, promissory notes, checks and trading papers or other evidence of obligations, or other facilities related to the operations of the Company or those relating to the procurement of goods and services from the Company.
3. Prohibition on all levels of the Bank from abusing authority and taking advantage, either directly or indirectly, from the knowledge obtained from the Company's business activities for personal gain, benefits for family members and benefits for other parties.
4. Imposing sanctions from mild to severe for violators of the prohibition.
5. In the field of credit, any credit disbursement with authority categories had to be carried out through discussions in the Credit Committee Meeting forum as a means of implementing the four-eyes principle as well as a check and balance process between the Business Unit as the initiating unit and Risk Management as the Risk Mitigation Unit. In this committee, the Legal Group and Compliance Group had to always be present to provide opinions from the legal and compliance side in order to strengthen aspects of independence, avoid domination of one unit, avoid conflict of interest and ensure objective and pressure-free decision making. To speed up the process and improve credit performance, Bank Mandiri also set limits on credit approval authority based on credit exposure and risk levels. The greater the exposure, the greater the quorum of authority holders consisting of members of the Credit Committee that functioned as Risk Management and members of the Credit Committee who functioned as Business Units.

6. All levels of the Bank had to make an annual disclosure that contained all circumstances or situations that might lead to violations / non-compliance with this code of conduct.
7. All levels of Bank Mandiri provided input to improve performance, strengthen good corporate governance and prevent fraud, through a Letter to CEO (LTC). In the Cooperation Agreement with contractors / suppliers / partners, there was a clause that stated the party's commitment not to engage in corrupt and gratuitous practices that contained elements of bribery.

As an implementation of this commitment, Bank Mandiri had done the following actions:
1. Establishing a Gratification Control Unit which became a part of the Compliance work unit as the coordinator of gratuity control at Bank Mandiri.
2. Issuing the provisions regarding the gratuity control program within Bank Mandiri, which every year or according to the needs of the Company, were constantly being made improvements in line with the Company's development and / or compliance with statutory provisions and most recently as revised in 2020.
3. Socializing the gratuity control program to all levels of employees and stakeholders of Bank Mandiri.

The Effectiveness of The Internal Control System

We always provide direction to promote an effective risk awareness culture and must ensure that it is embedded at every level of the organization by implementing an internal control system. We are of the opinion that the internal control system that has been implemented has been running effectively, but it still needs to be improved in line with the development and complexity of the business.

The Internal Control System (SPI) became a supervisory mechanism established by the Company's management on an ongoing basis. Effective SPI became an important component in the management of the Company and forms the basis for sound and safe operational activities of the Company. An effective SPI could assist us and the Board of Directors in safeguarding the Company's assets, ensure the availability of reliable financial and managerial reports, increase the Company's compliance with laws and regulations, and reduce the risk of losses, irregularities and violations of prudent aspects. The implementation of SPI in the Company referred to the Internal Control Policy (KICN).

As a process carried out by all levels of the Company's organization, the SPI was applied in determining strategies in all work units and was designed to be able to identify the possibility of an event that might affect the company, and to manage risk so that it remained within tolerance limits (risk appetite), to provide adequate confidence in the achievement of company goals.