

## BOARD OF COMMISSIONERS' REPORT

The advisory mechanisms to the Board of Directors were carried out by the Board of Commissioners during 2021 through 26 times of internal meetings, and 12 times of joint meetings of the Board of Commissioners and Directors. The number of each meeting of the Board of Commissioners is by the minimum provisions as stipulated in POJK No. 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks.

### Implementation of Anti-Fraud Strategy

To comply with the Financial Services Authority Regulation No. 39/POJK.03/2019 regarding the Implementation of Anti-Fraud Strategy for Commercial Banks, and as part of the improvement of the Internal Control Policy, Bank Mandiri has made improvements to these provisions. This was also carried out on every policy such as Standard Operating Procedures (SPO), Technical Operational Instructions (PTO), and other regulations. Bank Mandiri's Anti-Fraud Strategy sets out 4 pillars, which are:

#### 1) Pillar 1 (Prevention)

It is the responsibility of all levels of the Bank (work units) and is part of the Fraud Control System to reduce the potential for fraud. The programs implemented in this pillar include:

Anti-Fraud Awareness, such as the preparation and dissemination of Anti-Fraud Statements, Employee Awareness Programs, and Customer Awareness Programs. The creation of fraud awareness through email blasts to all employees and the use of social media to provide fraud awareness to customers have been carried out throughout the year.

- a) Identification of Vulnerabilities, such as the application of Risk Management principles where all policies and procedures are designed by taking into account internal control, implementation of GCG principles, and Compliance.
- b) The implementation of work by employees according to their authority and responsibility is stated in the job description of each employee, and signed by the employee concerned. In addition, the signing of the Annual Disclosure was also carried out by all employees at the beginning of the year.
- c) Know Your Employee (KYE) policies, such as Pre-employee Screening, System Qualification Selection Program, and Know Your Employee Screening. The implementation of KYE has been implemented at the time of employee recruitment carried out by Human Capital as well as employee recruitment carried out directly by the work unit.

#### 2) Pillar 2 (Detection)

It is the responsibility of all units, both 1st line, 2nd line, and 3rd line of defense, and is part of the fraud

control system to identify and find fraud in bank business activities. The programs implemented by Bank Mandiri in this pillar include:

- a) Whistleblowing, the management of whistleblowing has been carried out and is managed by an independent party to minimize conflicts of interest and provide a sense of security to the complainant.
- b) The Fraud Detection System has been implemented to support the Bank's detection activities for the retail channel and retail credit (Micro, Consumer, and SME) transaction segments.
- c) Surprise Audit, the implementation of the Surprise Audit is prioritized on business units that are high risk or prone to fraud.
- d) Surveillance System, the implementation of the Surveillance System aims to monitor and test the effectiveness of the internal control system (including the fraud control system).

#### 3) Pillar 3 (Investigation, Reporting, Sanctions, and Legal Process)

Is part of the Fraud Control System in the context of handling fraud that occurs through investigations and the results are reported to the President Director, Board of Commissioners, and Regulators, including proposals for the imposition of sanctions and legal processes for fraud perpetrators? To strengthen the function of the Third Pillar, the authority to carry out investigations and the imposition of sanctions has been delegated to each region to accelerate the process of handling cases and recovery.

#### 4) Pillar 4 (Monitoring, Evaluation, and Follow-up)

Is part of the Fraud Control System to monitor the follow-up to the results of investigations and evaluations of fraud incidents, to correct weaknesses, and strengthen the Internal Control System to prevent the recurrence of fraud due to similar weaknesses. Written reports to the President Director and the Board of Commissioners are carried out in an orderly manner to monitor the follow-up list that has been determined.

### Internal Control System Effectiveness

The Internal Control System is a control mechanism established by the Board of Directors with the approval of the Board of Commissioners on an ongoing basis to maintain and secure the Company's assets, ensuring the availability of more accurate reports, increasing compliance with applicable regulations, reducing the impact of financial losses/losses, irregularities including fraud, and violations of the precautionary principle, as well as increasing organizational effectiveness and cost efficiency. The implementation of SPI in the Company refers to the Internal Control Policy (KICN).