

INTERNAL FRAUD

Internal Fraud in 1 Year	Frauds Committed (Internal)					
	Members of BOC & BOD		Permanent Employees		Non-Permanent Employees	
	2022	2021	2022	2021	2022	2021
Total Fraud	-	-	62	74	33	49
Resolved	-	-	62	74	33	49
In resolving process internally	-	-	-	-	-	-
Not resolved	-	-	-	-	-	-
Followed up through legal processes	-	-	-	-	2	-

Anti-Fraud Strategy Implementation

In compliance with the POJK No. 39/POJK.03/2019 regarding the Implementation of Anti-Fraud Strategy for Commercial Banks, and as part of Internal Control Policy improvement, Bank Mandiri improved this provision. This is also carried out on every policy such as Standard Operating Procedures (SOP), Technical Operational Instructions (PTO) and other regulations.

Bank Mandiri's Anti-Fraud Strategy regulates 4 pillars, which are:

1. Pillar 1 (Prevention)

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

- a. Anti-Fraud Awareness, such as the preparation and dissemination of Anti-Fraud Statements, Employee Awareness Programs and Customer Awareness Programs. During the year, the Bank carried out promotion of fraud awareness through email blasts to all employees, and the use of social media to create fraud awareness for customers.
 - b. Vulnerability Identifications, such as the application of Risk Management principles where all policies and procedures are designed while observing the internal control as well as GCG and Compliance principles. Employee's works according to their authority and responsibility is stated in each of their descriptions, and signed by the employee concerned. In addition, the Annual Disclosure was signed 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. KYE has been implemented starting from recruitment by Human Capital as well as recruitment directly by the work unit.
- ### 2. Pillar 2 (Detect)
- The responsibility of all units as 1st line, 2nd line, and 3rd line of defense and is part of the fraud control system in order to identify and identify fraud in the bank business activities. The programs implemented by Bank Mandiri in this pillar include:
- a. Whistleblowing, has been carried out, and managed by an independent party to minimize conflicts of interest and provide a sense of security to the whistleblowers.



INTERNAL FRAUD

- b. Fraud Detection System, to support the Bank's detection activities in retail channel and retail loans (Micro, Consumer, and SME) transaction segments.
 - c. Surprise Audit, prioritized for business units that are high risk or prone to fraud.
 - d. 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 Processes)
Part of the Fraud Control System in fraud handling via investigations and the results are reported to the President Director, Board of Commissioners, and Regulators, including proposals of sanctions and legal processes for the perpetrators. To strengthen the function of this Pillar, the authority to carry out investigations and the imposition of sanctions has been delegated to each region so as to accelerate case handling process and the recovery.
4. Pillar 4 (Monitoring, Evaluation and Follow-up)
Part of the Fraud Control System to monitor the follow-up to the results of investigations and evaluations of fraud incidents, to improve on 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 predetermined follow-up list.