

INTERNAL FRAUD

The implementation of Anti-Fraud at Bank Mandiri is based on a strategy of 4 pillars, namely (1) prevention, (2) detection, (3) Investigation, Reporting, Sanctions and Legal Processes, and (4) Monitoring, Evaluation and Follow-up. Anti-Fraud Strategy is part of Bank Mandiri's fraud control system in order to reduce the potential for fraud

ANTI-FRAUD STRATEGY IMPLEMENTATION

Bank Mandiri has implemented the Anti-Fraud Strategy in accordance with POJK No. 39/POJK.03/2019 for the General Bank. As part of the improvement of the Internal Control Policy, Bank Mandiri continues to improve the provisions. 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 socializing the Anti-Fraud Statement, Employee Awareness Program, and Customer Awareness Program. Employees are trained, socialized, and made aware of fraud awareness through internal media channels of the bank that reach all employees, as well as being required to take block leave. The Customer Awareness Program is implemented by utilizing social media effectively, periodically, and dynamically.
 - 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) is a principle applied by the Bank to know each employee well, both in terms of ability and personality. KYE is carried out through the selection of candidates as well as monitoring the character and lifestyle of employees.
2. Pillar 2 (Detect)

The responsibility of all units as first line, second line, and third 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 System-Letter to CEO, which has been carried out and managed by an independent party to minimize conflicts of interest and provide a sense of security to the whistleblowers.

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- b. Fraud Detection System, which has been implemented to support bank detection activities, including transactional and non-transactional fraud.
 - c. Surprise Audit, which is prioritized for business units that are high-risk or prone to fraud.
 - d. Surveillance System, which is aimed at monitoring and testing 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.

Internal Fraud in 1 Year	Frauds Committed (Internal)					
	Members of BOC & BOD		Permanent Employees		Non-Permanent Employees	
	2023	2022	2023	2022	2023	2022
Total Fraud	-	-	49	62	39	33
Resolved	-	-	49	62	39	33
In resolving process internally	-	-	-	-	-	-
Not resolved	-	-	-	-	-	-
Followed up through legal processes	-	-	1	-	1	2