



### **Its Compatibility with the Committee of Sponsoring Organizations of the Treadway Commission (COSO)**

SPI consists of 8 components which are related to each other and applied effectively by all levels in the company in order to achieve its goal. It is the development of 5 principal elements of SPI regulated by Regulator.

This development referred to the COSO Model developed by Committee of Sponsoring Organizations of the Tread way Commission (COSO) in 2008 which consists of:

1. Internal Environment
2. Objective Setting
3. Event Identification
4. Risk Assessment
5. Risk Response
6. Control Activities
7. Information & Communication
8. Monitoring

### **The Evaluation of Internal Monitoring System Implementation**

The Board of Directors are responsible for the implementation of reliable and effective SPI in which they also have to increase the culture of risk awareness effectively and ensure that those values have embedded in every level of organization.

Internal audit is responsible for evaluating and actively improving the use of SPI continuously in regard with the operational implementation in achieving the company's goals. It also conducts reviews and verifies all activities in risk taking unit and subsidiaries periodically.

### **Directors in Charge of Compliance Function**

The directors in charge the Company's compliance function during 2020 were Mr. Agus Dwi Handaya as Director of Compliance & HRM.

### **Compliance Unit**

Compliance Group is a unit having a role as Compliance Work Unit in Bank Mandiri and is directly responsible for The Board of Directors in charge for the compliance functions. As its role as Compliance Work Unit, Compliance Group has fulfilled the following requirements:

- a. Independence.
- b. Mastering the applicable rules and regulations.
- c. Do not carry out other tasks outside the Compliance Function.
- d. Have a high commitment to implement and develop a compliance culture.

Additionally, in order to implement Bank Indonesia Regulation No. 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomerates, Compliance Group also acts as an Integrated Compliance Unit to assist and evaluate the implementation of the compliance function in all members of the Financial Services Institution that is a member of the Mandiri Group financial conglomerate.

Evaluation results were submitted to the Board of Directors for follow-ups and monitoring to ensure effective implementation of the Internal Control System (SPI). To strengthen the Internal Control System, especially to control frauds, the Company implemented comprehensive and integrated anti-fraud strategies as part of the strategic policy. Based on evaluation throughout 2020, it is revealed that Bank Mandiri has a fairly good Internal Control System.

### **Compliance Function**

Recently transactions are done using technology and it requires banking industries to move forward and collaborate with others to improve its system and strategy in order to meet the needs of community. The rapid progress of technology and business development of Bank Mandiri indeed will increase the risk exposure encountered by the company including compliance risk. To overcome this exposure, the compliance function is needed to minimize offenses that may cause losses for the company.

Related with the compliance function, Bank Mandiri refers to the OJK Regulation No. 46/POJK.03/2017 about The Implementation of Bank Compliance Function. Now, Bank Mandiri has got policies and a standard of compliance procedures explaining the duties and responsibilities of Compliance Work Unit.

### **The Organisation Structure of Compliance Function**

Organizations running the compliance functions have been regulated in Compliance Policies of Bank Mandiri and it can be seen in detail in Standard of Compliance Procedure. This organizations consist of :

1. Directors in charge of the compliance function
2. Compliance Unit
3. Compliance Work Unit in the Work Unit