

## Anti-Fraud

The Company is committed to apply business activities honestly, fairly and without corruption or bribery and trustworthiness. This commitment is built because the Company is aware that negative actions will greatly affect the Company's name, brand, reputation and business sustainability. (GRI 103-1)

For the Company's, every violation of anti-corruption and fraud policies are serious matter and are taken firmly according to the policies and regulations in force. The implementation of anti-corruption and fraud is regulated by the Directors Circular No. 22 / DIR / IAD / 2014 dated 28 May 2014 concerning the Standard Operating Procedure of the Company's Anti-Fraud Strategy . This anti-corruption and fraud policy apply to all permanent and contract employees, the Company's management, the Board of Commissioners and the Board of Directors who act on behalf of the Company. (GRI 103-2)

To uphold integrity, the Company implements Zero Tolerance to Fraud and Zero Defect program which are guided by the Application of Anti-Fraud Strategy for Commercial Banks , as stipulated in the provisions of Bank Indonesia Circular Letter Number 13/28/DPNP dated December 9, 2011. Implementation of Zero Tolerance to Fraud Program and Zero Defect in 2019 are prevention acts through awareness or dissemination program of the Zero Tolerance to Fraud and Defect programs in Branches and Regional Offices. The awareness or dissemination program of the Zero Tolerance to Fraud and Defect program in 2018 has been conducted in several Branches with priority order of implementation based on consideration of potential operational risks and fraud risks (based on historical data).(GRI 103-2)

Meanwhile, to ensure that every effort made to mitigate the risk of fraud is effective, the Company continues to increase BTNers' awareness of compliance aspects through ongoing socialization of anti-fraud programs and forming an Anti- Fraud Team. The Anti Fraud Strategy is supported by the implementation of 4 (four) pillars namely (a) Prevention; (b) Detection; (c) Investigation, Reporting and Sanctions; and (d) Monitoring, Evaluation and Follow-up. Furthermore, the anti- fraud commitment is also demonstrated by the submission of the Clean Commitment Declaration letter to all stakeholders of the Company. "Clean Commitments" includes clearing of bribery, corruption, collusion and nepotism (KKN), and the practice of extortion (illegal levies), mark ups and all other acts that lead to KKN. (GRI 103-3)

The other prioritized program to enhance anti-corruption and anti-fraud cultures is that the Company regularly engages its employees in training and seminars related to anti-corruption and fraud, both organized by nongovernmental institutions and government agencies, such as the Financial Services Authority (OJK) and other parties. This policy was taken with the aim that the implementation of anti-corruption prevention policies within the Company can be carried out properly in accordance with applicable standards and regulations. (GRI 103-3, 205-2)

During 2020, two Directors have participated in anti-corruption workshops, namely:

- Pahala N. Mansury, 12 February 2020 in Jakarta, Anti Bribery Management System workshop;
- Elisabeth Novie Riswanti, 12 February 2020 in Jakarta, Anti Bribery Management System workshop;

Meanwhile, the total number and percentage of employees who took part in anti-corruption training, including the division of employees per work area, are as follows:

### WBS BTN SIIPS

Location	Number of Participants	Number of Employees	%
Headquarters	2.097	2.292	91,49%
Regional Office 1	1.850	1.964	94,19%
Regional Office 1	1.635	1.844	88,66%
Regional Office 1	1.318	1.357	97,12%
Regional Office 1	1.343	1.454	92,36%
Regional Office 1	1.331	1.355	98,22%
Regional Office 1	1.054	1.074	98,13%
<b>Total</b>	<b>10.628</b>	<b>11.340</b>	<b>93,72%</b>

Meanwhile, the efforts taken by the Company to emphasize the anti-corruption stance, including to operating partners, were carried out on June 8, 2020, when Bank BTN introduced the Whistle Blower System entitled "WBS BTN SIIPS and e-Mitra Operation" in front of stakeholders including , REI, APERSI, Himperra, IPPAT and around 800 BTN partners. They

were present as webinar participants at the Business Partnership Gathering. The socialization of WBS BTN SIIPS is an effort by Bank BTN to increase productivity, compliance and corporate governance to make it more transparent and efficient. In addition, web-based e-Mitra Operation is expected to be used to accelerate the business processes of BTN's partners, especially during the Covid-19 pandemic.

**Table of internal fraud for 2020 (GRI 205-3)**

Internal Fraud	Total Cases by					
	Administrators		Permanent Employee		Non-permanent Employees	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Number of internal fraud	-	0	38	11	1	0
Resolved	-	0	22	6	1	0
In internal settlement process	-	0	16	5	-	0
No resolution has been attempted yet	-	0	-	0	-	0
Has been followed up through a legal process	-	0	5	4	-	0

## Internal Control System

The Company is committed to reduce the risk of financial losses, irregularities and violations of the prudential principle. For this reason, the Company has implemented an effective internal control system in line with Bank Indonesia regulations and the Implementation of Standards for the Implementation of Commercial Bank Internal Audit Functions. The Internal Control System of the Company line with Bank Indonesia regulation and application of the Internal Audit Standards for Commercial Banks in order to reduce the risk of financial loss, abuse and violation of the prudential principle.

In addition, the internal control system of the Company has also been prepared in accordance with regulations regarding Internal Control System Guidelines for Commercial Banks and best practices of the Committee of Sponsoring Organizations of The Treadway Commission (COSO) framework . With such a policy, the supervision mechanism has been established by the Company's management on an ongoing basis to safeguard and secure the Company's assets , ensure the availability of accurate reports, increase compliance with applicable regulations, reduce the impact of financial losses, irregularities including fraud and violations of prudential aspects, as well as increasing organizational effectiveness and increasing cost efficiency.

## Violation Report

Policy of Whistleblowing System (WBS) of the Company is guided by Bank Indonesia Regulation No.5/8/PBI/2003 Sustainability Report 2019 88 89 amended by PBI Number 11/23/PBI/2009 and Bank Indonesia Circular Letter Number 13/28/DPNP concerning Anti-Fraud Policy. WBS of the Company is part of the internal control system in preventing the occurrence of irregularities and aims to detect early and prevent the occurrence of irregularities or violations and gradually create a work environment that is open, transparent, fair and accountable in the Company.

WBS mechanism in the Company ensures that every report receives appropriate responses and follows-up, including enforcement of sanctions that can provide a deterrent effect for violators and also for those who intend to do so.

WBS aims to strengthen internal control mechanisms to support business growth.

1. Early detection and prevention of irregularities or violations;
2. Gradually creating an open, voluntary, truthful and responsible work culture in the Company.