

**Anti-Fraud Policy**  
**PT Bank Syariah Indonesia Tbk**

Honesty, trustworthiness, and integrity are the main assets in earning the trust of customers and the public. Bank Syariah Indonesia is committed to preventing corruption through internal control policies, Company Regulations, the Code of Conduct, and the implementation of the Integrity Pact across all work units within Bank Syariah Indonesia.

Bank Syariah Indonesia establishes an anti-fraud culture with Prevent, Detect, Respond, and Monitor strategies:

1. Prevent fraud from occurring within the Bank (Zero Tolerance for Fraud).
2. Detect to uncover any fraud incidents within the Bank.
3. Respond swiftly to any fraud perpetrators to maintain the Bank's healthy operations.
4. Monitor the consistency and commitment to follow up on fraud incidents.

The Anti-Fraud Policy (AFP) serves as the fundamental basis for implementing the Anti-Fraud strategy through four pillars of the fraud control system, namely:

1. Fraud Prevention;
2. Fraud Detection;
3. Fraud Investigation, Reporting, and Sanctioning; and
4. Fraud Monitoring, Evaluation, and Follow-Up.

**Active Management Oversight**



The Board of Commissioners, Sharia Supervisory Board, and the Board of Directors of Bank Syariah Indonesia are authorized and responsible for:

1. Developing a Culture of Anti-Fraud Awareness at all levels of the organization, including the declaration of an Anti-Fraud Statement and adequate communication throughout the organization about behaviors that constitute fraud.
2. Signing the Integrity Pact across all levels of the organization, including the Board of Directors, Sharia Supervisory Board, Board of Commissioners, and all Bank employees, which covers at least:
  - a. Compliance with laws and regulations;
  - b. Objectivity and adherence to ethical and moral values, fairness, transparency, consistency, and upholding honesty and commitment;
  - c. Active Participation in fraud prevention and eradication efforts and willingness to report any fraud incidents within the Bank; and
  - d. Creating a Work Environment free from corruption, collusion, and nepotism (KKN).
3. Establishing and Overseeing the Implementation of the code of ethics related to fraud prevention for all levels of the organization.
4. Establishing and Supervising the Implementation of a comprehensive anti-fraud strategy.
5. Developing Human Resources Quality, particularly related to increasing awareness and fraud control.
6. Monitoring and Evaluating fraud incidents and determining follow-up actions.



7. Developing Effective Communication Channels both internally and externally to ensure that all Bank officials and employees understand and comply with applicable policies and procedures, including those related to fraud control.
  
8. The Active Role of the Sharia Supervisory Board in enforcing and ensuring the implementation of Sharia principles (Sharia compliance) in the Bank's activities and operations. The Sharia Supervisory Board should actively:
  - a. Supervise the Implementation of the Anti-Fraud Policy, particularly concerning deviations related to Sharia principles.
  
  - b. Oversee and Ensure the development of Human Resources quality, especially related to increasing awareness and fraud control.
  
  - c. Supervise the Monitoring and Evaluation Processes and the reporting of fraud incidents, as well as determining follow-up actions, especially for deviations related to Sharia principles.

### **The Three Lines of Defense Model**

Bank Syariah Indonesia applies the Three Lines of Defense principle to mitigate the occurrence of fraud. The Bank creates a conducive environment through the application of this model so that all parties involved can effectively implement the fraud control system.

The Three Lines of Defense model distinguishes between business functions as risk owners, functions that oversee risks, and functions that provide independent assurance. Each line of defense plays a crucial role in building operational capabilities throughout the Bank's structure and business processes to reduce the potential for fraud.



The Three Lines of Defense Model is as follows:

1. 1<sup>st</sup> Line of Defense

The First Line of Defense consists of operational functions that own processes, responsibilities, and obligations to assess, control, and mitigate risks while maintaining effective internal controls.

2. 2<sup>nd</sup> Line of Defense

The Second Line of Defense involves risk management, compliance, and similar control functions that facilitate and monitor the effectiveness of risk management practices implemented by operational functions. This line also helps risk owners report all relevant risk information.

3. 3<sup>rd</sup> Line of Defense

The Third Line of Defense is the internal audit function, which provides independent assurance on the effectiveness of governance, risk management, and internal controls to the Senior Management, Board of Directors, and Board of Commissioners, including how the first and second lines of defense are functioning.

### **Fraud Prevention**

Bank Syariah Indonesia has established steps to reduce the risk of fraud, including:

1. Anti Fraud Awareness

The Bank strives to foster awareness of the importance of fraud prevention among all parties within the Bank through effective leadership. The moral and awareness of leadership should be reflected in all applicable policies and regulations.

The Bank needs to undertake the following actions to build Anti-Fraud Awareness:



- a. Formulating and Disseminating the Anti-Fraud Statement.
- b. Developing an Employee Awareness Program through discussions, training, and publications on fraud types, transparency of investigations, and follow-up actions.
- c. Creating a Customer Awareness Program with brochures, written explanations, and other means to enhance customer vigilance against potential fraud.

## 2. Risk Identification

Risk identification is a risk management process to identify, analyze, and assess the potential for fraud. The Bank must clarify risks in all activities. The results of this identification are documented and communicated to relevant parties.

## 3. Know Your Employee

The Bank controls human resources to know its employees through:

- a. Establishing Effective Recruitment Procedures to obtain a complete and accurate background of potential employees (pre-employee screening).
- b. Setting Systems and Criteria for selection, promotions, and transfers based on risk assessment, with objective and transparent qualifications, including high-risk positions.
- c. Understanding and Monitoring Employee Character, Behavior, and Lifestyle.
- d. Monitoring Employee Financing.
- e. Identifying Employee Satisfaction Levels and optimizing a healthy work environment.



## Detection

Bank Syariah Indonesia has established steps to identify and detect fraud in its operations, including:

### 1. Whistleblowing Policy and Mechanism

This policy focuses on the disclosure of fraud through complaints from both internal and external sources.

The Bank has formulated a whistleblowing policy that clarifies the handling of fraud complaints, facilitates understanding and implementation, and encourages employees and officials to report fraud.

To enhance the effectiveness of the whistleblowing policy, the policy should include:

#### a. Protection for Whistleblowers

The Bank is committed to supporting and protecting fraud reporters, ensuring confidentiality of their identity and the reports.

#### b. Regulations Related to Fraud Complaints

The Bank establishes fraud complaint mechanisms in compliance with applicable regulations.

#### c. Reporting System and Follow-Up Mechanism

The Bank sets up a fraud reporting system with clear procedures, including reporting methods, channels, and responsible parties.

#### d. Whistleblower Provisions

The Bank formulates whistleblowing guidelines focusing on transparency and



consistency to build trust in the whistleblowing mechanism.

e. Rewards

Information from whistleblowers may lead to appreciation from the Board of Directors/SEVP after SKAI (Internal Audit Unit) investigates.

1. Surprise Audit

The bank establishes surprise audit procedures, particularly for business units with high-risk profiles or those prone to fraud. The purpose of the surprise audit is to increase employee vigilance in performing their duties and is conducted without the employees' prior knowledge.

2. Surveillance System

The bank develops surveillance system procedures as a means of testing or examination. The bank ensures that the party undergoing testing/examination is unaware that the surveillance system is being implemented to monitor and test the effectiveness of anti-fraud policies. The implementation of the surveillance system may involve independent parties and/or internal bank staff.

3. Line Management

In the daily operations of banking, line management performs a supervisory function through inherent supervision to detect irregularities or violations as an early detection measure in fraud prevention.

### Investigation, Reporting, and Sanctions

Bank Syariah Indonesia has established steps to gather information (investigation,



reporting system, and imposing sanctions on fraud in the bank's business activities), including:

#### 1. Investigation

The bank conducts an investigative audit for every occurrence of fraud or for any indication or suspicion of fraud to collect evidence related to the fraud incident. The investigative audit refers to applicable investigative standards and processes the perpetrators according to the prevailing regulations.

The bank develops standard procedures for investigative audits, which at a minimum include:

- a. Determination of the parties authorized to carry out the investigation, considering the independence and competence according to the needs.
- b. Mechanism for conducting investigations in order to follow up on detection results while maintaining the confidentiality of the information obtained.

#### 2. Reporting

The bank establishes an effective reporting mechanism for the implementation of investigations and findings of fraud incidents, which includes:

- 1) A reporting mechanism that includes reporting to the Board of Directors/SEVP, the Board of Commissioners, and the Banking Regulator.
- 2) A reporting mechanism where the bank has an obligation to report to the Financial Services Authority, referring to the applicable regulator's provisions, including:
  - a) Reports and/or corrections of reports on significant fraud impacts.
  - b) Reports and/or corrections of reports on the implementation of anti-fraud





strategies.

### 3. Imposition of Sanctions

The bank establishes provisions regarding the internal imposition of sanctions to follow up on investigation results to create a deterrent effect for fraud perpetrators, which at a minimum includes:

- a. Mechanism for imposing sanctions.
- b. Parties authorized to impose sanctions.

The bank applies the provisions for imposing sanctions with attention to the principles of transparency and consistency. The imposition of sanctions refers to the applicable internal bank regulations.



## PERNYATAAN PENERJEMAH TERSUMPAAH

Saya, **DICKY PRIYANA, S.Hum**, Penerjemah Tersumpah di Republik Indonesia berdasarkan peraturan perundang-undangan yang berlaku di Republik Indonesia, dengan ini menerangkan dan menyatakan, sesuai dengan sumpah jabatan saya, bahwa dokumen ini merupakan terjemahan yang benar, setia dan lengkap dari dokumen sumber yang diberikan kepada saya.

*I, **DICKY PRIYANA, S.Hum**, a Sworn Translator in the Republic of Indonesia by virtue of the applicable laws and regulations in the Republic of Indonesia, hereby state and declare, under my oath of office, that the foregoing document is a true, faithful and correct translation of the source document presented to me.*

Jakarta, 5 Juli 2024



**DICKY PRIYANA**

Penerjemah Tersumpah [Bahasa Indonesia ke Bahasa Inggris]

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