

Policies and Procedures for The Implementation of Anti Money Laundering (AML), Counter Terrorism Financing (CTF), and Countering the Proliferation Financing (CPF) PT Bank Mandiri (Persero) Tbk.

The rapid and dynamic development of innovation and technology in the Financial Services Sector fosters Bank Mandiri to carry out business transformation through digitalization. This is stated as one aspect of Bank Mandiri's long-term strategy, namely "Game Changing Technology" which needs to be balanced with the application of the principles of prudence, security, confidentiality, and adequacy of risk mitigation in preventing the Bank from being used by perpetrators of Money Laundering, Terrorism Financing, and/or Financing the Proliferation of Weapons of Mass Destruction.

In line with the results of the FATF Plenary Meeting in Paris in October 2023, Indonesia has officially become a full member of the FATF, in which case Bank Mandiri's active contribution in the MER process has yielded positive results. This also makes it a new challenge for Bank Mandiri to continue to consistently support the AML, CTF, and CPF regimes in Indonesia as a form of participation to develop the country.

In this regard, in order to strengthen the implementation of AML, CTF, and CPF programs, Bank Mandiri is guided by the Provisions, Regulations, Risk Management, Bank Business Plan, and International Best Practices to realize Bank Mandiri's aspiration "Towards the Future of the Financial Services Sector with Integrity". The commitment to realize this is carried out through a series of strategies for implementing risk-based AML, CTF, and CPF programs, focusing on aspects of Procedure & Process, System & Technology, and Human Resources in a sustainable manner.

Policies and Procedures for the Implementation of AML, CTF and CPF Programs

The Bank has policies and procedures for the implementation of AML, CTF, and CPF programs that are in line and in accordance with laws and regulations and International Best Practices which include, among others:

1. Active Supervision of the Board of Directors and Board of Commissioners;
2. Annual risk assessment of AML, CTF, and/or CPF;
3. Identification and verification of Prospective Customers, Customers, and WICs, which include, among others, the Indonesian Diaspora and Individual Companies;
4. Identification and verification of Prospective Customers, Customers, WICs, and Beneficial Owners, including Prospective Customers who claim to have no income and Government Agencies/ State Institutions/Public Companies;
5. Maintenance and updating of List of Suspected Terrorist and Terrorist Organizations (referred as DTTOT) & List of Proliferation of Weapons of Mass Destruction Funding (referred as DPPSPM) for the needs of screening for prospective customers and Bank Mandiri customers;
6. Obligation to ensure that Supporting Professional Services have implemented AML, CTF, and CPF programs, and are registered in the reporting information system managed by PPATK;
7. Pre-employee screening procedures and know your employees, Directors, and Commissioners;

8. Fund Transfer Procedure
9. Administration of Customer Documents and Transactions;
10. Customer Profile and Transaction Monitoring Procedures;
11. Implementation of AML, CTF, and PPPSPM Programs in Office Networks and Subsidiaries in Financial Conglomerations;
12. Internal Control;
13. Transaction Suspension and Transaction Temporary Suspension; and
14. Obligation to submit data for OJK supervision needs

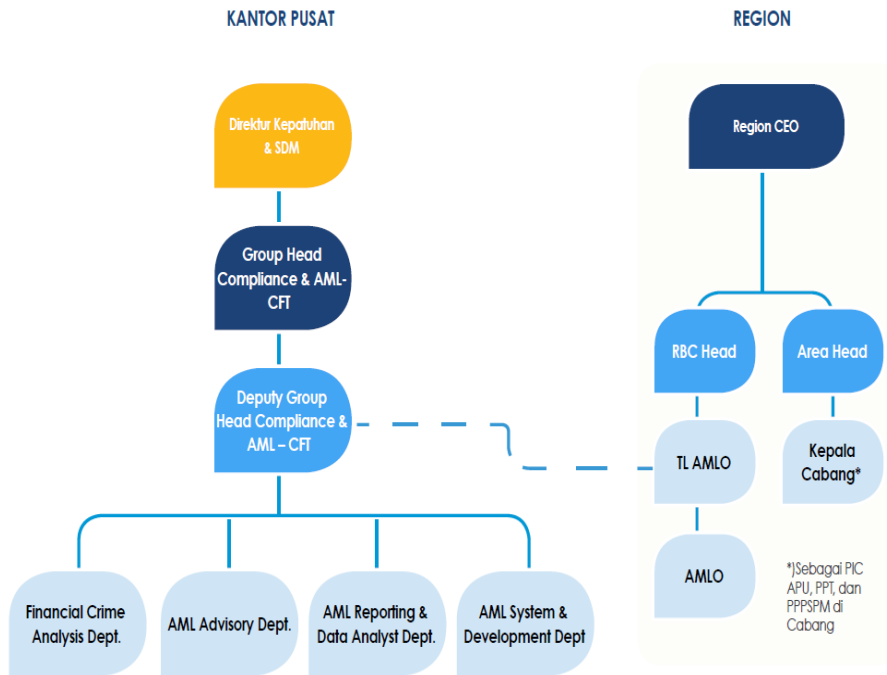
Organizational Structure of AML, CTF and CPF

The effectiveness of the implementation of AML, CTF, and CPF programs is inseparable from the active role of the Board of Directors and the Board of Commissioners which are the main keys in supervising the implementation of compliance culture including the implementation of AML, CTF, and CPF programs. The involvement of the Board of Directors and Board of Commissioners is directly manifested in the Audit Committee and Integrated Governance Committee which discusses, among others, review of policies and procedures, management of customer data quality, implementation of AML, CTF, and PPPSPM programs, governance of the Financial Conglomerate, and other programs that support the improvement of Bank Mandiri's AML, CTF, and PPPSPM programs.

The AML, CTF, and CPF functions at Bank Mandiri are carried out by the Special Work Unit of AML, CTF, and CPF at the Head Office which is responsible to the Director in charge of the compliance function. The measurement of the effectiveness of the implementation of AML, CTF and CPF programs in Branches is carried out by Anti Money Laundering Officer (AMLO) in each Region, which routinely coordinates with UKK AML, CTF and CPF at the Head Office as the coach of the AML, CTF, and CPF programs at Bank Mandiri.

Bank Mandiri also supervises the effectiveness of AML, CTF, and CPF program implementation in a network of offices domiciled overseas and Subsidiaries as the main entity in the Financial Conglomerate which is carried out continuously through risk-based AML, CTF, and CPF programs in 5 (five) pillars, which are carried out with on-desk review methods and periodic discussion forums.

The Organizational Structure of AML, CTF and CPF can be described as follows :



Komposisi UKK, APU, PPT dan PPPSPM
 • Kantor Pusat : 33 Pegawai
 • Region : 70

AML, CTF and CPF Programs in 2023

Bank Mandiri’s commitment in supporting the National AML, CTF, and CPF regimes has been outlined in riskbased AML, CTF, and CPF work programs, including the following:

1. The updated risk assessment of AML, CTF, and CPF Bank (Individual Risk Assessment/IRA) which refers to the results of the latest national risk assessment (NRA) and sectoral (Sectoral Risk Assessment/SRA) which assesses based on 4 (four) factors, customers, countries or geographic areas, products, services, transactions or distribution networks;
2. Drafting, adjusting, updating, and ensuring the adequacy of AML, CTF, and CPF in all internal Bank Mandiri regulations in accordance with applicable regulations;
3. Review and evaluation of the adequacy and effectiveness of the implementation of AML, CTF, and CPF programs perform by Work/Business Units, Branches, and Overseas Branches (CLN);
4. Implementation of Quality Quotation Test for Suspicious
5. Quality improvement and monitoring of reporting obligations related to AML, CTF, and CPF, including Suspicious Financial Transaction Reports (LTKM), Cash Financial Transaction Reports (LTKT), Financial Transaction Reports of Fund Transfer From and to Abroad (LTKL), and Integrated Service User Information Systems (SIPESAT), including obligations to report AML, CTF, and other PPPSPM in accordance with the provisions and do not exceed Service Level Agreement (SLA) determined by the Regulator
6. Improvement of systems and applications supporting the implementation of AML, CTF, and CPF programs, including:
 - a. Development of an internal goAML application system used for reporting obligations in

- accordance with goAML PPAATK requirements;
- b. Enhancement to existing AML System applications and supporting applications;
 - c. Enhancement of New AML System to be able to follow technological developments in the application of AML, CTF, and CPF and reporting obligations according to Regulatory requirements;
 - d. Developing the Mandiri Screening Portal (MSP) application which is a screening tool for profiles of prospective customers and Bank Mandiri customers against the sanction list database (DTTOT, DPPSPM, OFAC, EU, and UN), PEP, and Bank Mandiri's internal negative information.
 - e. Improvement of the Suspicious Credit Card Transaction Monitoring application system;
7. Increasing awareness and competence in implementing AML, CTF, and CPF programs for all levels of Bank Mandiri employees, especially UKK AML, CTF, and CPF at the Head Office and Region, including through certification, refreshment, socialization, and training;
 8. Appointment as a Subject Matter Expert (SME) related to the implementation of AML, CTF, and CPF programs in the implementation of Benchmarks with other companies in the financial services sector;
 9. Improving Customer Data Quality through data improvement and/or updating programs that focus on the availability of Comprehensive, Accurate, Current, and Complete Customer information;
 10. Establish and foster cooperation and coordination with Regulators, Law Enforcement Officials, and other stakeholders, in order to increase the effectiveness of AML, CTF, and CPF implementation;
 11. Supervision of the implementation of AML, CTF, and CPF programs in the Financial Conglomeration (Integrated) through:
 - a. Review the provisions of the AML, CTF, and CPF programs of Subsidiaries and Overseas Branches.
 - b. Monitoring the implementation of AML, CTF, and CPF programs in Subsidiaries and Overseas Branches related to reporting obligations, fulfillment of audits related to AML, CTF, and CPF, and adjustment of internal provisions with applicable AML, CTF, and CPF regulations.
 - c. Implementation of working group discussion on the implementation of AML, CTF, and CPF programs with Subsidiaries and Overseas Branches.
 - d. Discussion Forum of the Board of Directors and Board of Commissioners on the implementation of AML, CTF, and Integrated CPF.
 - e. Monitoring the implementation of AML, CTF, and CPF of Subsidiaries and Overseas Branches through regular quarterly reports.
 12. Taking an active role in work programs or activities organized by the Regulator, including:
 - a. Implementation of Financial Integrity Rating on Money Laundering and Terrorist Financing (FIR on ML/TF) Year 2023 to Financial Service Providers.
 - b. Appointment as a Respondent related to the preparation of Sectoral Risk Assessment of Criminal Act of Money Laundering Crime and Criminal Act of Terrorism Financing Derived from Criminal Act of Trafficking in Persons, Criminal Act of Migrant Smuggling Crime, and Labor Smuggling Crime in 2023.
 - c. Appointment as a respondent in the preparation of Indeks Effectiveness PPAATK 2023.

- d. Subject Matter Expert (SME) in the implementation of Benchmarking, webinars and Forum Group Discussion (FGD) organized by OJK, PPATK and other agencies.