



Implementation Policy of Anti Money Laundering (AML) and Counter Financing of Terrorism (CFT) PT Bank Mandiri (Persero) Tbk.

The implementation of APU and CFT program was an obligation for all parties, especially for banks as Financial Service Providers (PJK). The entry of the globalization era and the increasingly complex advancement of information technology, encouraged the Bank to be more comprehensive in mitigating the risks of banks used by perpetrators of Money Laundering Crimes (TPPU) and Terrorism Financing Crimes (TPPT). This had to be done because the mode carried out by TPPU and TPPT actors was increasingly varied in utilizing the Bank as a means of TPPU and TPPT. Therefore, it required commitment from all parties in supporting the regime to eradicate Money Laundering and Terrorism Financing.

Money Laundering (TPPU) and Terrorism Financing Crimes (TPPT) were transnational crimes and they required extraordinary efforts in their handling. Therefore, an inter-governmental body, the Financial Action Task Force (FATF), aimed to set standards and encourage effective implementation of regulations and operations, as well as legal action to combat TPPU and TPPT or other threats impacting the integrity of the international financial system.

Bank Mandiri as one of the banks that had a network throughout Indonesia with various products and/or services, had a high potential risk of being used as a means of ML and TF. Therefore, the Bank had prepared risk prevention and mitigation efforts through the implementation of APU and CFT programs with a riskbased approach (RBA).

AML-CFT Program Implementation Policies & Procedures

The Bank had already had policies and procedures for the implementation of APU and CFT programs in line with FATF Recommendations and FSA Regulation (POJK) No. 12/POJK.01/2017 as amended by POJK No. 23/POJK.01/2019 on implementation of APU and CFT Programs in the Financial Services Sector, which included:

1. Active supervision by the Board of Directors and Board of Commissioners;
2. Customer Due Diligence (CDD) and/or Enhanced Due Diligence (EDD) Procedures for Prospective Customers/Customers/Beneficial Owner (BO)/Walk in Customer (WIC);
3. Fund Transfer Procedure;
4. Administration of Customer Documents and Transactions;
5. Customer Profile and Transaction Monitoring Procedure;
6. Implementation of APU and CFT Programs in Office and Subsidiary Networks in Financial Conglomerate;
7. Internal control
8. Procedure for Monitoring Customer Profiles and Transactions; and
9. Human resources and training.





Organizational Structure AML-CFT

In order to improve the effectiveness of the implementation of APU and CFT programs in Bank Mandiri, it was necessary to be supported by active supervision by the Board of Directors and Board of Commissioners, so as to provide motivation to work units and employees in shaping the compliance culture throughout the Company' s ranks. The supervision also applied in the risk management of TPPU and TPPT in the Network of Offices and Subsidiaries in the Financial Conglomerate.

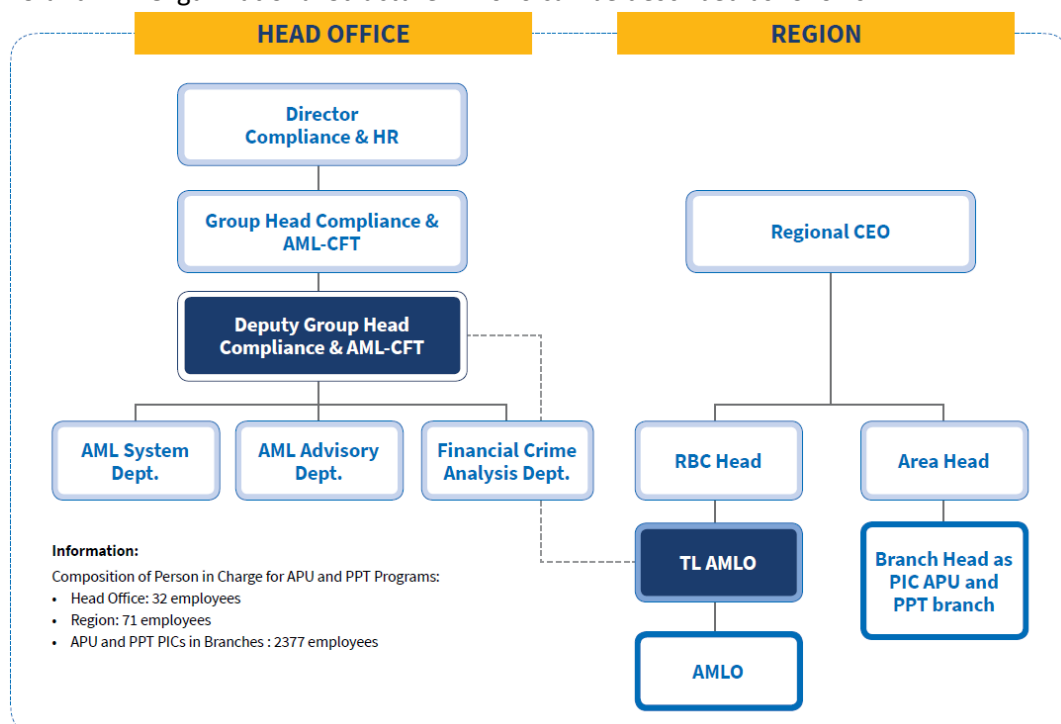
Bank Mandiri as the Main Entity had supervised the implementation of APU and CFT programs to Subsidiaries on an ongoing basis, among others, a review of the adequacy of the APU and PPT Program Implementation Procedures, APU and CFT human resources and the reliability of information management systems. In addition, Bank Mandiri also conveyed the methodology of risk level assessment of Bank ML and TF to Subsidiaries that could be used as a reference in the preparation of risk level assessment of ML and TF in each Subsidiary Company. This was expected to more effectively and efficiently help Subsidiaries in determining resource allocation (such as: human resources, funding sources, information technology, and time), risk-based internal control programs.

Supervision of the implementation of APU and CFT programs in the Financial Conglomerate, was under the coordination of the Special Work Unit (UKK) APU and PPT, which was structurally under the Compliance Task Force (SKK) of the Head Office, which had direct responsibility to the Director who carried the compliance function at Bank Mandiri.

APU and PPT programs were also implemented by Anti Money Laundering Officer (AMLO) domiciled in Regional Office. AMLO played a role to carry out the supervision function of the implementation of APU and PPT programs in branches conducted by the Branch Head as PIC of APU and PPT. In the implementation of its functions, AMLO assigned to control operational activities carried out by the Branch in accordance with the provisions of the implementation of APU and PPT programs.

As a commitment to improving the implementation of APU and PPT programs in 2020, a formation of Deputy Group Head Position had been carried out for supervising the implementation of Bank Mandiri APU and PPT and AMLO Supervisory Positions (Team Leader) dedicated throughout the Region.

The APU and PPT Organizational Structure in 2020 can be described as follows:





AML-CFT Program In 2020

Bank Mandiri's commitment in supporting the National APU and CFT regime had been outlined in the risk-based APU and PPT work programs, among others as follows:

1. Assessment of Risk of Bank ML and TF with risk-based approach (RBA) reviewed periodically;
2. Preparation and/or adjustment of internal provisions related to the implementation of APU and CFT programs following applicable regulations;
3. Implementation of On Desk and/or On-Site Review & Monitoring of Work/ Business Units, Branches, and Overseas Branch Offices (KCLN) for the implementation of APU and PPT programs;
4. Implementation of Quality Picking Test of Suspicious Financial Transactions Indication Report of Branch Offices on desk basis;
5. Preparation of suspicious financial transaction checklist (TKM) as AMLO tools to speed up the process of identifying Customer's suspicious financial transactions;
6. Improvement of the quality and monitoring of the submission of Suspicious Financial Transaction Reports (LTKM), Cash Financial Transaction Reports (LTKT), Financial Transaction Reports of Fund Transfers From and To Abroad (LTKL), and Integrated Service User Information Systems (SIPESAT) following the provisions and not exceeding the Service Level Agreement (SLA) determined by the Regulator;
7. Improvement of systems and applications supporting the implementation of APU and PPT programs, among others:
 - a. Development of internal application system that would be used for reporting obligations following PPATK goAML requirements.
 - b. development of LTKL Extract Transfer Loading System.
 - c. Development of BDS and eMAS for non-GNC sender data information.
 - d. Development of Cash Financial Transaction monitoring system (TKT) to identify cash transactions using physical banknotes and metals.
 - e. Monitoring of Suspicious Credit Card Transactions.
 - f. System development to identify PEP/HRC customers as KYC implementation in AML System, BDS, and Gold.
8. Improvement of AMLO's competence in analyzing Suspicious Financial Transactions (TKM);
9. Enhancement of competence and awareness of all employees of Bank Mandiri, especially APU and CFT employees related to the implementation of APU and PPT programs, through certification, refreshment, socialization, and training;
10. As Resource Persons in benchmarks related to the implementation of APU and CFT programs with other companies in the financial services sector, as well as in in-house training related to Financial Data Analysis at the Corruption Eradication Commission (KPK);
11. Awareness enhancement of customer data quality to Employees and Customers, namely through the delivery of Data Quality Awareness videos, email blasts, flyers on Employee Desktop PCs and utilization of Bank channels, among others: ATM, Mandiri Online, Social Media, Bank Mandiri Website, Mandiri Cash Management, Mandiri Internet Business, ATM Receipts, SMS Transaction Notification, and Credit Card Bill Statement;
12. Establishing and fostering cooperation and coordination with regulators and law enforcement officials, especially in fulfilling customer data and/or information requests;
13. Supervision of the implementation of APU and CFT programs in the Financial Conglomerate (Integrated) through:





- a. Review of the provisions of APU and CFT programs of Subsidiaries and Overseas Branch Offices (KCLN).
 - b. Implementation of assessment and on desk review of implementation of APU and CFT programs of Subsidiaries and KCLN.
 - c. Implementation of working group discussion on the implementation of APU and PPT program with Subsidiaries and KCLN.
 - d. Discussion Forum of the Board of Directors and The Board of the Commissaries on the implementation of Integrated APU and PPT.
 - e. Monitoring implementation of APU and CFT Subsidiaries and KCLN regular reports on a quarterly basis.
14. Intensive program preparation for the implementation of 2020-2021 Mandiri Group Mutual Evaluation Review (MER) of, among others:
- a. Preparation of MER Hand Book as guidance.
 - b. The implementation of mock up interviews.
 - c. Administration of forums and refreshment MER.
 - d. Awareness enhancement through AML-CFT news Update blast.
15. Playing an active role in work programs or activities organized by regulators, among others:
- a. Implementation of Research related to National TPPU/TPPT Risk related to the Covid-19. Pandemic.
 - b. Preparation of National Risk Assessment (NRA) and Sectoral Risk Assessment (SRA) of ML and TF.
 - c. Implementation of PPATK Financial Integrity Rating (FIR).
 - d. Preparation of Regional Red Flag Indicator Study on Money Laundering derived from Transnational Corruption Origin Crimes.
 - e. Management of Special Account of 2020 PILKADA Campaign Fund (RKDK).
 - f. Subject Matter Expert (SME) in various government projects, namely APOLO, ANTASENA, Public Private Partnership (PPP), and PEP Database Provision.

