

## **Policy on Implementation of Anti Money Laundering (AML) and Combating the Financing of Terrorism Program (CFT)**

Version 8.0 – Feb 2023

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### **General Policy**

1. Bank Danamon carries out a business in conformity with a high ethical standard. The management of Bank Danamon is fully committed to observe the Laws on the Criminal Act of Money Laundering and all related laws and regulations,
2. Bank Danamon requires all employees to take the necessary action to prevent Bank Danamon from the risk of being exploited in money laundering. Financing of terrorism as well as other criminal acts.
3. In carrying out its business activities, Bank Danamon is guided by the following principles:
  - a. Bank Danamon is committed to complying with all laws and regulations pertaining to the Anti Money Laundering and Combating the Financing of Terrorism (AML and CFT) Program, including compliancy with the obligations related to the detection, investigation and prevention of Financial Crime.
  - b. Bank Danamon shall be obliged to take the necessary actions in accordance with the existing laws and regulations if the Bank were to know or guess that the funds being managed come from or were intended to support criminal acts and terrorist activities. The action may cover rejection of account openings, rejection of transactions, and termination of business relationships with a Customer and/or report submission to PPATK (Pusat Pelaporan dan Analisis Transaksi Keuangan).
  - c. Bank Danamon refuses to provide facilities and/or to assist a Customer intending to evade the process of upholding the law by hiding information, and/or preparing a wrong, misleading or incomplete information instead.
  - d. Bank Danamon gives full assistance and support to law enforcers and other authorities/agencies in fighting money laundering and the financing of terrorism.
  - e. Bank Danamon is committed to reporting all transactions in accordance with prevailing rules and regulations.

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- f. Bank Danamon reserves the right to suspend or discontinue the transaction if it is deemed inconsistent with prevailing rules and regulations.
4. In accordance with applicable regulations related to Anti-Money Laundering and Prevention of Terrorism Financing (AML and CFT) Program, Bank has implemented AML and CFT which are established and actively supervised by the Bank's Board of Directors and Commissioners, which include :
- a. Develop risk based AML CFT Policies and Procedures , which include provisions as follows :
- Customer Due Diligence (CDD) in order to identify Customers and Customer data update, including classification method to determine the risk of customers, branches and business units against potential money laundering and terrorism financing, identification of Beneficial Owners (BO), Individual Ultimate Beneficial Owners (IUBO) and customer data screening (AML & Sanctions Screening) through database on Anti Money Laundering (AML) System.
  - Conduct customer sanctions screening for customer onboarding and transactions in accordance with sanctions regulations and list issued by local and international regulators.
  - Continuous monitoring and transactions analysis to identify customer transactions in accordance with customer profiles, including business relationships termination and transactions rejection in the context of AML and CFT Programs implementation.
  - Identify, assess and mitigate money laundering and terrorism financing risk for Bank's products and services.
  - Identification and reporting of Suspicious Financial Transactions (LTKM), Cash Financial Transactions (LTKT), Foreign Financial Transactions (LTKL) and the Integrated Service User System (SIPESAT) to PPATK.
  - Employee transaction monitoring procedures as part of the implementation of Know Your Employee (KYE).

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- CDD documents administration and other documents related to AML and CFT Program for a minimum of 7 (seven) years after the end of business relationship with the Customer.
  - b. Establish AML and CFT Team at the Head Office which in its functions directly reports Compliance Director. The AML and CFT team consists of employees who have adequate banking knowledge and experience regarding risk assessment and mitigation related to the implementation of the AML and CFT Programs.
  - c. Management Information System implementation in AML and CFT Programs implementation, for monitoring customer profiles and transactions, Bank has system application that effectively able identify, analyze, monitor and provide reports regarding transactions characteristics conducted by Customers, including identification of suspicious financial transactions. This application is equipped with parameters and thresholds which are continuously evaluated in accordance with the development of Money Laundering and Terrorism Financing modus.
  - d. The Obligations of AML and CFT Training for Employees,

All Bank Danamon employees are required to understand their duties and responsibilities in accordance with the laws and regulations relating to the Anti-Money Laundering and Prevention of Terrorism Financing Programs (AML and CFT) as well as related to reports the violations that occur in accordance with applicable procedures. To support the understanding of Bank Danamon employees in AML CFT Program, all employees are required to attend AML and CFT training on a regular basis. The training method uses an interactive method with appropriate training materials for employees. In addition, specifically for employees in AML and CFT Team Head Office, they have the opportunity to participate in AML and CFT training and certification, both in in house and external training, to improve their ability to analyze and mitigate money laundering and terrorism financing risk.



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### e. Internal Control

To ensure AML and CFT program implementation has been running effectively in accordance with the determined policies, a self-assessment procedure is applied to business units and branches, which will be validated by the AML and CFT Team - Head Office before being reported to Compliance Director. In addition, the Internal Audit Unit (SKAI) conducts audits on the implementation of AML and CFT Program periodically.

f. Reporting to Regulators related to AML and CFT Programs implementation, reporting to PPATK, OJK and or other authorities and agencies in the context of AML and CFT Programs implementation is conducted by AML and CFT Team in Head Office in accordance with applicable regulations, including the provision of customer data requested by law enforcement officers.

g. Implementation of Bank Wide Risk Assessment for AML and CFT risk assessment with reference to the National Risk Assessment (NRA) and Sectoral Risk Assessment (SRA) in financial services sector.

5. This policy holds for all Bank's Activities, Products, Branch and Regional Offices as well as Working Units and Business Units, including Bank Danamon subsidiaries, activities of the Custodial Bank and Bank Danamon as Dealer, as long as not in contradiction with other laws and regulations that are specific in nature, including but not limited to the regulations of Bank Indonesia, regulations of the Minister of Finance, regulations of BAPEPAM and/or regulations of capital market.
6. All the products, services and system that have relations with the Anti-Money Laundering and Combating The Financing of Terrorism (AML and CFT) Program which will be developed in the future by Bank Danamon, must first be reviewed by Financial Crime Compliance Division (FCC) before being applied. FCC conducts analysis and risk assessment/measurement to products, services and systems

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as preventive actions and to minimize the risk of money laundering or the funding of terrorism and prevent the violation of rule-related to banking products, services and systems.

7. All Bank Danamon employees must understand their tasks and duties in accordance with the laws and regulations pertaining to the AML and CFT Program as well as report any violation that occurs in accordance with the established procedure.
8. The Management of Bank Danamon realizes that from time to time changes and developments would occur in Bank products, activities and services as well as changes in the existing regulations. As the consequence, the present existing policy might not conform to the changes and developments. If it is considered necessary, the Management will change the Policy to keep it relevant to the occurring external and internal changes.