

LEGAL POLICY, COMPLIANCE, ANTI-MONEY LAUNDERING, TERRORIST FINANCING PREVENTION, AND PREVENTION OF WEAPONS OF MASS DESTRUCTION PROLIFERATION FINANCING (APU, PPT, AND PPPSPM) PT BANK SYARIAH INDONESIA, Tbk

Disclaimer

PT Bank Syariah Indonesia Tbk committed to implementing Legal Policy, Compliance Policy, Anti-Money Laundering, Terrorist Financing Prevention, and Prevention of Weapons of Mass Destruction Proliferation Financing serve as the foundation for strengthening the Bank's governance and risk management framework. These policies are established to ensure that all business activities of the Bank are conducted in accordance with sharia principles, the provisions of law, and the applicable regulatory authorities.

Introduction

In order to strengthen the implementation of Good Corporate Governance (GCG) and comply with regulatory requirements, PT Bank Syariah Indonesia, herein referred to as "BSI", ensures the availability of comprehensive policy in the areas of law, compliance, and APU, PPT, PPPSPM. Legal Policies are formulated as guidelines for management in accordance with Bank's strategy and business activities. Compliance Policy serves to align the Bank's commercial interests with its obligations to comply with regulations and sharia principles. Meanwhile, APU, PPT, PPSPM policies are established to prevent and avoid the misuse of the Bank as a means of money laundering, terrorism financing, or weapons of mass destruction proliferation financing. The implementation of this integrated policy is a manifestation of BSI's commitment to maintaining the integrity, reputation, and operational sustainability of the Bank. PT Bank Syariah Indonesia has agreed to implement this integrated policy as a form of commitment to strengthening the Bank's governance, compliance, and risk mitigation.

Legal Basis

1. Law of The Republic of Indonesia No.40 of 2007, on Limited Liability Companies;
2. Law of the Republic of Indonesia No. 11 of 2008, on Electronic Information and Transactions;
3. Law of The Republic of Indonesia No. 8 of 2010 on the Prevention and Eradication of Money Laundering;
4. Law of The Republic of Indonesia No. 3 of 2011 on Fund Transfers;
5. Law of The Republic of Indonesia No. 21 of 2011 on the Financial Services Authority;
6. Law of The Republic of Indonesia No. 9 of 2013 on the Prevention and Eradication of Terrorism Financing Crimes;
7. Law of the Republic of Indonesia No. 27 of 2022 on Personal Data Protection;

8. Law of the Republic of Indonesia No. 23 of 1999 on Bank Indonesia, as amended from time to time, most recently by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law);
9. Law of the Republic of Indonesia No. 21 of 2008 on Sharia Banking, as amended from time to time, most recently by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law);
10. Bank Indonesia Regulation No. 11/33/PBI/2009 on the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units;
11. Bank Indonesia Regulation No. 14/23/PBI/2012 on Funds Transfer;
12. Financial Services Authority Regulation No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management for Financial Conglomerates;
13. Financial Services Authority Regulation No. 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomerates;
14. Financial Services Authority Regulation No. 65/POJK.03/2016 on the Implementation of Risk Management for Sharia Commercial Banks and Sharia Business Units;
15. Financial Services Authority Regulation No. 46/POJK.03/2017 on the Implementation of the Compliance Function of Commercial Banks;
16. Financial Services Authority Regulation No. 42/POJK.03/2017 on the Obligation to Formulate and Implement Bank Credit or Financing Policies for Commercial Banks;
17. Financial Services Authority Regulation No. 45/POJK.03/2020 on Financial Conglomerates;
18. Financial Services Authority Regulation No. 8 of 2023 on the Implementation of Anti-Money Laundering, Counter-Terrorist Financing, and Counter Proliferation Financing of Weapons of Mass Destruction Programs in the Financial Services Sector;
19. Financial Services Authority Letter No. S-15/D.03/2013 regarding the Transfer of Regulatory and Supervisory Functions, Duties, and Authorities in the Banking Sector from Bank Indonesia to the Financial Services Authority;
20. Financial Services Authority Circular Letter No. 29/SEOJK.01/2019 on Guidelines for Immediate Freezing of Customers in the Financial Services Sector Whose Identities Are Listed in the Proliferation Financing of Weapons of Mass Destruction List;
21. Compilation of Fatwas issued by the National Sharia Council (DSN) – Indonesian Ulema Council (MUI), particularly those related to Sharia Banking;
22. The Bank's Articles of Association.

References

Legal Policy, Compliance Policy, Anti-Money Laundering, Terrorist Financing Prevention, and Prevention of Weapons of Mass Destruction Proliferation Financing.

Scope and Implementation of Policies

The implementation of Legal, Compliance, and APU, PPT, and PPPSPM policies covers the regulation of roles, responsibilities, principles, and risk control mechanisms as follows:

1. Roles and Responsibilities

Supervision and policy implementation are carried out by the Board of Commissioners, the Board of Directors, the Director in charge of Compliance, the Sharia Supervisory Board, and the Legal, Compliance, and APU, PPT, and PPPSPM Work Units. Each party is responsible for ensuring active supervision, consistent policy implementation, and compliance with sharia principles and regulatory requirements.

2. Legal and Compliance Principles

Legal Policy governs BSI's legal position as a limited liability company engaged in Islamic banking and the Bank's legal relationship with customers and other related parties. Compliance Policy serves as a control framework to ensure that all of the Bank's activities are in line with regulations, Islamic principles, and good corporate governance.

3. APU, PPT, and PPPSPM Policies

The APU, PPT, and PPPSPM policies at the Bank essentially regulate how the Bank effectively implements its Anti-Money Laundering (APU), Counter-Terrorism Financing (PPT), and Counter-Proliferation Financing (PPPSPM) programs through strong governance, including:

- a. Active Supervision by the Board of Directors and Board of Commissioners;
The Board of Directors and Board of Commissioners are required to ensure the proper implementation of the APU, PPT & PPPSPM Programs through:
 - 1) Ensuring that the Bank has APU, PPT & PPPSPM Policies and Procedures in place;
 - 2) Approving the Policies and Procedures for the implementation of the APU, PPT, and PPPSPM programs;
 - 3) Monitoring the compliance of Work Units in implementing the APU, PPT and PPPSPM Programs;
 - 4) Establishing a special Work Unit to implement the APU, PPT and PPPSPM Programs and/or appointing an official responsible for the APU, PPT and PPPSPM Programs;
 - 5) Discussing the implementation of the APU, PPT and PPPSPM programs in Board of Directors meetings.

- b. Policies dan Procedures:
 - 1) Have implementation guidelines for managing and mitigating ML, TF, and/or PFP risks identified in accordance with risk assessments;
 - 2) Implement a Risk-Based Approach by grouping Prospective Customers, Customers, and Beneficial Owners based on Low/Medium/High risk levels regarding the possibility of money laundering, terrorism financing, and weapons of mass destruction proliferation financing.
 - 3) The implementation guidelines for APU, PPT, and PPPSPM programs must refer to the provisions and regulations related to APU, PPT, and PPPSPM that have been established.
 - 4) Submit Cash Transaction Reports (LTKT), Suspicious Transaction Reports (LTKM), Foreign Financial Transaction Reports (LTKL), and Other Reports on the implementation of APU, PPT, and PPPSPM programs as stipulated in the Law (UU), Financial Services Authority Regulations (POJK), PPAATK Regulations, and other regulations related to APU, PPT, and PPPSPM.
- c. Internal Control:
 - 1) Have an effective and independent internal control system.
 - 2) In ensuring the effectiveness of the implementation of the APU, PPT, and PPPSPM programs by the Bank, the Bank is required to optimize the existing Internal Audit work unit.
- d. Management Information System:
 - 1) Have an information system that can effectively identify, analyze, monitor, and provide reports on the characteristics or patterns of transactions conducted by Bank Customers.
 - 2) Have and maintain an integrated Customer profile (Single Customer Identification File).
 - 3) The Bank's Management Information System must consider information technology factors to manage and mitigate risks that could potentially be exploited by perpetrators of TPPU, TPPT, and/or PPSM.
- e. Human Resources and Training:
 - 1) Implement Know Your Employee (KYE) in the context of hiring new employees, as well as introducing and monitoring employee profiles.
 - 2) Conduct training at least once a year on:
 - a) Implementation of APU, PPT & PPPSPM Regulations & Legislation;
 - b) Techniques, methods, and typologies of money laundering, terrorism financing & proliferation financing of weapons of mass destruction;
 - c) APU, PPT & PPPSPM policies and procedures.

4. All of the Bank's activities in its business, provisions, operational guidelines, products, fund collection mechanisms, fund distribution, and services must comply with sharia principles as stipulated in the fatwas of the National Sharia Council, Indonesian Ulema Council (DSN-MUI).

Conclusion

Bank Syariah Indonesia is committed to implementing Legal Policy, Compliance Policy, Anti-Money Laundering, Terrorist Financing Prevention, and Prevention of Weapons of Mass Destruction Proliferation Financing in an integrated manner to strengthen the Bank's governance, compliance, and operational integrity. These policies are formulated based on sharia principles, laws and regulations, regulatory authorities, and internal provisions to ensure effective control of legal, compliance, and operational risks. Bank Syariah Indonesia continues to improve the quality of implementation through active supervision, system strengthening, human resource competency enhancement, and procedure updates in line with regulatory developments and industry complexity, as a manifestation of its commitment to conducting safe, compliant, transparent, and Sharia-compliant operations.