Financial Crime Risk Statement

Introduction

The Bendigo and Adelaide Bank Limited (BEN) Designated Business Group (Group) is committed to ensuring the protection of the Bank and our customers by adhering to all legal and regulatory requirements related to financial crime risk. The Bank does so by maintaining the below policies which stipulate how we manage and mitigate the associated risks faced by the Bank:

- Anti-Money Laundering (AML) & Counter Terrorism Financing (CTF) Policy
- Sanctions Policy
- Anti-Bribery and Corruption Policy

The principles and purpose of each policy is summarised below.

AML & CTF Policy

The AML/CTF Policy sets out the AML/CTF Program Part A and B which applies to all BEN entities. The policy covers all aspects of AML/CTF including:

- Oversight of the AML/CTF Program
- ML/TF risk assessment
- Training & Awareness
- Employee Due Diligence
- Reporting Obligations (TTR, SMR and IFTI)
- Independent Review
- Customer Due diligence and Ongoing Customer Due Diligence
- AUSTRAC relationship and Feedback
- Prohibited and high-risk customer tolerance

The principles set out in the AML/CTF policy are used to establish the AML Program Part A and B of the Group. The primary purpose of Part A of the AML/CTF Program is to identify, mitigate and manage the risk that each BEN DBG member may reasonably face, that the provision of Designated Services might involve or facilitate money laundering or terrorism financing (ML/TF).

For Part B the primary purpose of is to set out applicable customer identification procedures including Know Your Customer (KYC) identification and verification requirements, appropriate risk-based systems, and controls for determining whether any additional KYC information should be collected and / or verified for each customer and to respond to any discrepancy arising while verifying KYC information.

The Sanctions Policy

This Policy establishes the minimum expectations for the Group's management of its sanctions compliance obligations and sets out the Group's approach, including:

- principles that the Group follows to comply with sanctions programs and to identify, mitigate and manage sanctions risk;
- guidance about the meaning of sanctions and how to comply; and
- consequences of failing to comply with this Policy.

The Group is committed to compliance with its obligations under the Charter of the United Nations Act 1945 (COTUNA), Australian autonomous sanction programs and relevant economic and trade sanction laws in countries through which services are facilitated.

- The Group complies with the requirements of the Australian sanction laws and with non-Australian sanction programs where they are applicable to the Group based on the service provided.
- The Group Head of Financial Crime Risk & Money Laundering Reporting Officer (MLRO) is nominated as the Group Sanctions Officer and is accountable for the activities outlined in the Governance section.
- Products and services may not be offered where the sanctions risk has been assessed as outside of the Group's risk appetite.
- The Group does not permit the establishment of correspondent banking relationship with a Shell Bank or a with a correspondent bank that holds a relationship with a Shell Bank.
- The Group does not permit the establishment of a correspondent banking relationship that involves a downstream (or nested) service to another financial institution.
- The Group does not offer payable through accounts as a client of a correspondent bank.
- The Group does not in the ordinary course of business provide foreign exchange or international transfer services to remittance providers or digital currency exchanges, except where appropriate controls may be implemented, and approval has been provided by the Head of Financial Crime Risk & MLRO and relevant Business Unit Head.
- The Group will apply appropriate due diligence over the following key areas of sanctions risks:
    - Customers
    - International Payments
    - Trade Finance Transactions
    - Third Parties
- The Group will not engage in any activity involving the structuring of transactions for the stated or apparent purpose of avoiding sanctions prohibitions or restrictions.
- The Group will provide staff with the appropriate training to support the policy principles and requirements outlined
- The Group review and assess any breach of a sanction's regime and meet applicable obligations to report to the appropriate authority in a timely manner and in accordance with the law.

Anti-Bribery and Corruption Policy

The purpose of this policy is to set out the enterprise-wide requirements for the Group's ABC framework, including the clear prohibition of bribery and corruption (including facilitation payments). The policy includes the following key principles:

- The Group must not give, offer, authorise, accept, receive or request a bribe and must not engage in corruption. It is irrelevant whether the bribe is accepted or ultimately paid.
- The Group must not offer or make a *facilitation payment* of any kind, regardless of the provisions of applicable law.
- The Group must have systems and controls in place to manage the risk of bribery and corruption in its interactions with public officials (domestic or foreign)
- The Group must not engage in improper accounting or concealment of complete and accurate financial activity. The *Group* has an anonymous channel for bribery and corruption concerns to be raised

- The Group must comply with relevant ABC legislation that applies to it

Based on the principles above, the AB&C Policy imposes the below requirements, to ensure compliance with applicable AB&C legislation with respect to the below (including but not limited to)

- Gift and Entertainment
- Political Donations
- Transparency and Record keeping
- Marketing and Sponsorships
- Conflict of Interest
- Employment practices
- Training and Awareness

Compliance and Disciplinary Action

Any staff member who knowingly or recklessly breaches any of these Policies and associated supporting standards and procedures can be subject to disciplinary action.

If required, steps will be taken to comply with any law that requires such matters to be reported to a law enforcement agency.