

STATEMENT ON THE MONEY
LAUNDERING, FINANCING OF
TERRORISM AND FINANCING
OF THE PROLIFERATION OF
**WEAPONS OF MASS
DESTRUCTION RISK
MANAGEMENT SYSTEM
SARLAFT**



Corficolombiana

Trabajamos e invertimos
en el progreso del país

Certification of the Money Laundering and the Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction Risk Management System, implemented by Corporación Financiera Colombiana S.A.

GENERAL

Corporación Financiera Colombiana S.A. is an entity duly incorporated in Colombia, with registered office in Bogotá.

As a monitored institution, it has implemented the Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction Risk Management System – SARLAFT, which contemplates the Colombian Organic Statute of the Financial System “EOSF” (Decree 663/1993) and the standards issued by the Finance Superintendence of Colombia, in addition to the recommendations and best international practices, mainly those of the Financial Action Task Force “FATF”.

The control policies and procedures implemented within a risk management concept are guidelines that seek due diligence to prevent the use of the entity by criminal elements. This mainly includes knowledge of the client and its operations, of the market segments served, the monitoring of transactions, the training of personnel and collaboration with the authorities.

The procedures and rules of conduct on the application of all control mechanisms and instruments are contemplated in the SARLAFT Manual and in the Code of Ethics and Conduct approved by the Board of Directors, which are mandatory for all officials of the entity.

CUSTOMER KNOWLEDGE

The knowledge of the customer, as a control mechanism for the prevention of the risk of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction, hereinafter MLFT/FPWMD, is aimed at adequately knowing their identity, economic activity, characteristics and amounts of transactions, and establishing coherence between the volume and movements of funds compared to their economic activity; likewise, that the origin of its resources come from lawful activities.

The Corporation establishes commercial, legal or contractual relationships as long as the necessary information has been collected to advance the procedure of due knowledge of the customer; such information is obtained whether or not in person through the use of digital or electronic channels.

Likewise, the Corporation contemplates mechanisms to obtain the necessary information and carry out the procedures of knowledge of the customer using data and information from reliable and independent sources, for which it uses public databases, digital citizen service providers, its own databases and/or

external databases, in order to individualize the potential customer through the verification of their identification data, as long as the provisions of Law 1581/2012 on the processing of personal data and other regulations that modify, complement, replace or add to them are complied with.

On the other hand, taking into account that Politically Exposed Persons (PEP'S) suggest a higher level of exposure to MLFT/FPWMD risks, the Corporation applies enhanced due diligence measures, including among others, the authorization of senior management, to establish and maintain commercial, legal or contractual relationships with such persons.

Finally, the information of the customers is verified and the necessary steps are taken to keep it updated in accordance with current regulations; this information is kept for at least five years and is available to the competent authorities.

MONITORING SYSTEM

The entity monitors customer risks and transactions. Generally speaking, monitoring seeks to identify unusual trades from warning signs. For certain types of customers, with a high risk profile, a more thorough monitoring scheme has been established.

As a result of the above activities, decisions are made to establish, maintain or terminate the business relationship.

In the course of monitoring activities, if the analysis determines that unusual operations are suspicious, they are reported to the competent authorities (UIAF¹), as established by the regulations.

STAFF TRAINING

Corporación Financiera Colombiana S.A. recognizes that staff training activities are fundamental for the application of prevention and control mechanisms in the field of prevention against MLFT/FPWMD, such training facilitates the understanding and fulfillment of the responsibilities assigned to each and every one of the officials of the Organization so that they are not immersed in issues related to these crimes. Aspects such as due knowledge of the potential customer and customer, customer monitoring tasks, customers categorized as Politically Exposed Persons PEP'S, final beneficiaries, cross-checking information with precautionary lists, relevant news related to MLFT/FPWMD, among others, require to be made known to the staff that executes the commercial and/or operational tasks of the entity.

¹ Financial Information and Analysis Unit of the Ministry of Finance and Public Credit.

Thus, the training activities provide guidance and relative information on the prevention of MLFT/FPWMD risks, provide and reinforce knowledge about the operation of the tools available to SARLAFT for the safe execution of procedures and generate a culture of institutional internal control and governance in the field of risk prevention against the MLFT/FPWMD ensuring the minimum knowledge that employees must have about the standards, policies and procedures that frame a proper knowledge and identification of customers, suppliers and employees.

COMPLIANCE OFFICER

For the development of the management functions of the risk management system, the Board of Directors has appointed a Compliance Officer with his respective alternate, who have taken office before the Finance Superintendence of Colombia; the officials also have the responsibility to ensure the implementation and observance of the policies and procedures to prevent the use of the entity for illicit operations, in accordance with the provisions of the Organic Statute of the Financial System, the rules of the Finance Superintendence and the decisions of the Board of Directors and senior management.

For this purpose, the Compliance Unit of the entity has the human and technical resources necessary for the adequate fulfillment of its responsibility.

AUDIT AND CONTROL

As an entity supervised by the Finance Superintendence of Colombia, the entity is subject to inspection visits by that surveillance and control body in the field of prevention. As a result of these evaluations, corrective measures are applied that allow continuous improvement in this area and facilitate the entity's mitigation of the risks associated with money laundering and the financing of terrorism.

On the other hand, the Internal Audit has implemented specific programs to verify compliance with the control policies and procedures contained in the SARLAFT of the entity, which are executed through the application of the auditing standards of general acceptance.

Likewise, in development of the instructions that the Finance Superintendence of Colombia has given on the matter, the Statutory Auditor of the entity has implemented the follow-ups to the controls in such a way that they allow it to detect breaches of the instructions for the prevention of money laundering are enshrined in the EOSF and other legal rules.

Sincerely,

Compliance Officer

SUPERINTENDENCIA FINANCIERA
DE COLOMBIA

VIGILADO

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