Anti-money laundering and Anti-terror financing (AML/CFT) – Group Instruction

Content

1. Purpose

DNB's efforts within anti-money laundering (AML) and countering of terrorist financing (CFT) are anchored in the national and international anti-money laundering legislation and DNB's role as a responsible social actor. The goal is to promote a healthy business community, help reduce financial crime and prevent DNB from being misused in connection with financial crime. DNB shall contribute to preventing and detecting money laundering and terrorist financing through robust control measures and sound internal control.

Failure to comply with the legislation may result in loss of reputation, financial loss and administrative reactions such as an order to cease and desist from unlawful conduct, administrative sanctions and, in extreme cases, loss of licence. Regulatory breaches may also entail criminal liability, both for companies in the DNB Group and for employees personally.

This instruction sets out principles to ensure compliance with external and internal anti-money laundering legislation.

2. Scope

This document applies to all permanent and temporary employees in the Group.

In principle, it also applies to all companies in the DNB Group, including the Group's international operations.

The governing document does not apply to:

1. Companies in which DNB has no controlling influence as defined by the Norwegian Limited

Liability Companies Act, or companies that DNB owns jointly with other financial institutions. In such companies, DNB should use its owner influence in the governing bodies to work towards ensuring that the companies have governance principles in place relating to corporate responsibility and ethics that are in line with DNB's own governance principles.

2. Companies that DNB has taken over or acquired for temporary ownership. Such companies must implement and comply with principles for ethics and corporate responsibility that are in line with DNB's own governance principles.

In the event of any conflict, legislation and other binding external rules will take precedence over this document. The person responsible for implementation must notify the document owner of any such conflict.

3. Roles and responsibilities

- All employees are responsible for ensuring compliance with external and internal regulations.
- The Group Executive Vice Presidents hold executive responsibility for ensuring compliance with this instruction in the relevant business/staff/support area, in order to ensure good compliance and a low compliance risk.
- All managers are responsible for reporting deviations from the instruction to their own managers and for informing the Head of Compliance (HOC) and the local AML manager/responsible.
- All three lines of defence control and report on compliance.
- The Group Chief Compliance Officer (GCCO) is the document owner

Special roles associated with AML/CFT:

- **The Group AML Compliance Officer** is responsible for the Compliance Function of the DNB Group in the areas of AML/CFT, anti-corruption (ABC) and sanctions. The Group AML Compliance Officer is responsible for maintenance of DNB's governing documents for AML and for DNB's AML/CFT training programmes. The Group AML Compliance Officer is appointed by the GCCO in consultation with the CEO.

- **Local AML Compliance Officer/Money Laundering Reporting Officer**: As part of the Group's independent second line of defence, all business areas and support units, international branches of DNB Bank ASA, and companies in the DNB Group that are subject to the AML regulations must have a local AML Compliance Officer.

- **Group AML Manager**: In accordance with Norwegian money laundering legislation, a person at the senior management level must be appointed to have special responsibility for following up the procedures. This is understood as responsibility for drawing up procedures at the Group and compliance with such procedures. This responsibility consists of contributing to daily compliance with the AML Act. The position is part of the first line of defence. The Group AML Manager is appointed by the Group Executive Vice President of the area, in consultation with the CEO.

- **Local AML Manager**: All companies in the DNB Group that are subject to the anti-money laundering legislation must have a local AML Manager in the first line, with a reporting line to the Group AML Manager. The latter will ensure that shared meeting places are set up when needed and that they are operated

- **AML Responsible**: All business areas and international branches of DNB Bank ASA need an AML responsible in first line. With respect to support units, a decision will be made in consultation with the Group AML Manager as to whether there is a need for a local AML specialist. AML specialists must collaborate with the Group AML Manager. The latter will ensure that shared meeting places are set up when needed and that they are operated.

4. Explanation of requirements

4.1 DNB`s AML/CFT-program

DNB shall have a group-wide AML/CFT program that aims to ensure that the Group complies with the anti-money laundering regulations and contribute to a strong compliance culture and holistic approach to the Group`s compliance work, e.g DNB’s Compliance Policy. In the following, the basic elements in DNB`s AML/CFT-program will be detailed.

4.2 Top level commitment

DNB`s management has a central role in establishing a strong compliance culture in DNB related to the anti-money laundering regulations. All managers in DNB have overall responsibility for the Group`s work with AML/CFT.

4.3 Risk assessments

The risk of money laundering and terrorist financing must be identified and assessed on an ongoing basis. A risk assessment must be prepared, that takes, inter alia, the following risk pillars into account.

- DNB`s own business, in particular the nature and size of the business
- DNB`s products, services and customer relationships
- types of customers and customer groups
- geographical factors

The risk assessment is a fundamental prerequisite for a risk-based approach and forms the basis for establishing risk-based routines, processes, and control measures. All risk assessments must be updated at least once a year.

4.4 Routines and processes

Based on the risk assessment, risk-based routines and processes shall be drawn up as part of DNB's AML/CFT program. In addition to fulfilling the legal requirements DNB is subject to, the group's routines and processes must be adapted to DNB’s business activities and the risk of money laundering and terrorist financing. Routines and processes must be documented, practical and easily accessible.

DNB must as a minimum have adequate, effective, and appropriate procedures for:

- Risk assessment, including of new products, services, and new technology
- risk classification of customers
- simplified, normal and enhanced customer due diligence
- ongoing due diligence, including of transactions
- handling termination/rejection of customer and transactions
- investigation of suspicious activities
- execution of suspicious transactions
- reporting and submission of data to the local Financial Intelligence Unit (FIU)
- use and handling of support tools, including risk scoring models, PEP lists, and electronic

monitoring systems
- assessment of the controls in the electronic monitoring system
- handling and monitoring of outsourcing
- customer due diligence performed by a third-party
- information processing, including the right to exchange information and a prohibition against disclosure
- processing, storage, and deletion of data
- internal control
- training
- suitability assessment of Group AML Manager and Group AML Compliance Officer
- handling risks and legal requirements because of correspondent relationships

4.5 Customer due diligence and ongoing monitoring

The 'know your customer' principle is the fundament of the Norwegian Anti-Money Laundering Act. It is one of the most important measures to prevent the misuse of the financial system for the purpose of money laundering and terrorist financing. DNB must perform risk-based customer due diligence based on a risk classification of the customer. The customer measures must be designed to identify, assess and manage money laundering and terrorist finance risks associated with the customer relationship.

DNB must perform risk-based ongoing due diligence of customer relationships, including regularly performing and documenting customer due diligence and monitoring transactions. DNB must also investigate matters that may indicate money laundering or terrorist financing and must report matters where there are circumstances giving grounds for suspicion of money laundering or terrorist financing to the competent authorities.

4.6 Communication and training

All employees and others who perform work on behalf of DNB must have adequate and relevant knowledge of the AML legislation and information processing, including the right to exchange information and a prohibition against disclosure. Training must be held regularly, following a risk-based approach, and it must be tailored to the participants' responsibilities and roles, and enable them to recognise circumstances that may indicate money laundering and terrorist financing.

4.7 Monitoring and follow-up

Compliance with anti-money laundering regulations and DNB`s AML program, including the risk management, shall be monitored and followed up through risk-based controls.

Periodic reporting from the various units shall give the DNB Bank ASA Board of Directors or other relevant Board of Directors in DNB necessary information about relevant matters and the status of risk management and compliance.

5. Definitions

Money laundering is defined as actions described in the Norwegian Penal Code, section 332 (receiving proceeds from crime) and section 337 (money laundering):

- receiving or obtaining for oneself or others part of the proceeds of a criminal act (receiving proceeds from crime),
- providing assistance in safeguarding the proceeds of a criminal act for another person by, for example, collecting, storing, concealing, transporting, sending, transferring, converting, disposing of, pawning or investing them, or by converting or transferring assets (money

laundering), and

- by other means concealing or obscuring where the proceeds of a criminal act one has personally committed are located or originate from, who controls them, their movements or rights associated with them (money laundering – often referred to as self-laundering).

Terrorist financing is defined as actions as described in the Norwegian Penal Code, section 135 (terrorist financing) or financing as described in section 136 a. (providing financial or other material support for a terrorist organisation).