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SUMMARY OF BANQUE RAIFFEISEN'S ANTI-MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM ("AML/CTF") AND KNOW YOUR CUSTOMER ("KYC") POLICIES AND PROCEDURES

Banque Raiffeisen, société cooperative, (hereafter referred to as "the Bank") is a fully licensed Luxembourg bank, founded in 1926 and operating under the laws of the Grand Duchy of Luxembourg. As of end of Octobre 2020, the Bank was owned by more than 47.000 individuals holding each one a single social part. 23 other Luxembourg based cooperative companies have in total 181 social parts each and the most significant social parts holder with 1.006 social parts held is POST Luxembourg owned by the Luxembourg state.

Applicable legal provisions and Regulating Body

Luxembourg is one of the charter members of the Financial Action Task Force on Money Laundering ("FATF") and, as a member of the European Union, is subject to the EU regulations concerning anti money laundering and the prevention of terrorism financing ("AML/CTF"). Therefore, Luxembourg has established laws and regulations designated to combat Money Laundering and Financing of Terrorism in line with FATF standards and controls.

As an authorised credit institution operating under the Banking Law dated 5th April, 1993, the Bank is regulated by the "Commission de Surveillance du Secteur Financier" ("CSSF"), the official regulator in charge of overseeing all banks and other institutions and professionals active in the financial sector in the Grand Duchy of Luxembourg. As evidence for our banking licence, please refer to the CSSF website: https://searchentities.apps.cssf.lu/search-entities/search?&st=advanced&entType=B

The different European Anti Money Laundering Directives have been transposed into domestic Law by the amended Law of 12 November 2004 on the fight against money laundering and terrorist financing. As a regulating body, the CSSF has issued a number of regulations and circulars outlining the obligations of Luxembourg banks with regard to anti money laundering and fight against terrorism financing (please refer to the CSSF website: https://www.cssf.lu/en/regulatory-framework/?entity_type=480

Translation of legal and regulatory obligations into procedures

The Bank has established procedures regarding Know-Your-Customer ("KYC"), which include identifying and verifying the identity of the customers and of the beneficial owners on the basis of documents, data or information obtained from a reliable and independent source. The records used to identify the customers will be retained for a period of ten years after the relationship with the customer has ended.

Moreover, the Bank pays special attention to:

- understand the ownership and control structure of its customers;
- obtain information on the purpose and intended nature of business relationship; and

- monitor the business relationships, including scrutiny of transactions to ensure consistency of transactions with obtained information about purpose and intended nature of business relationship.

The respect of these procedures is checked on a recurrent basis by the Compliance function and Internal Audit as well as by the Bank's external auditor. They are required to report annually to the CSSF on the Bank's AML/CTF- and KYC framework.

The Compliance Charter, the Compliance Policy as well as the Clients Acceptance and AML/CTF Policy have been approved by the Bank's board of directors and they are reviewed on an annual basis. The Bank's policies and procedures take into account the FATF standards and recommendations.

In addition the before mentioned documents, the Compliance function guarantees that all legal and regulatory AML/CTF obligations and requirements have been translated into internal written policies and procedures and they are regularly reviewed and updated.

The Bank has implemented the so-called "three-lines-of-defence" model as requested by the Luxembourg regulator.

The first line of defence consists of the business units that take or acquire risks under the predefined policies and limits and carry out controls.

The second line is formed by the control functions, including the Compliance function which contributes to the independent risk control.

The third line consists of the Internal Audit function which provides among others an independent, objective and critical review of the first two lines of defence, including the Compliance function. The internal AML/CTF framework is audited by the Internal Audit function as well as an External Auditor on an annual basis.

The three lines of defence are complementary, each line of defence assuming its control responsibilities regardless of the other lines. The controls carried out by the first line of defence are characterized as follows:

- *Day-to-day controls carried out by the operating staff*

The internal control procedures provide that the operating staff control, on a day-to-day basis, the transactions they carry out in order to identify as soon as possible the errors and omissions that occurred during the processing of the current transactions.

- *Ongoing critical controls carried out by the staff in charge of the administrative processing of transactions*

This category of controls include *inter alia*:

- ✓ hierarchical controls;

- ✓ validation (for example dual signature) regarding the monitoring of compliance with the authorisation procedure and procedure for delegating powers adopted by the authorised management;
- ✓ monitoring of the accuracy and completeness of the data transmitted by the persons in charge of the business and operational functions with a view to an administrative follow-up of transactions;

- *Controls carried out by the members of the authorised management on the activities or functions which fall under their direct responsibility*

The members of the authorised management oversee personally the activities and functions which fall under their direct responsibility on a regular basis. These controls are carried out based on the data received in this respect from the business, support and control functions or the various business units of the institution.

The areas requiring particular attention by these persons are *inter alia*:

- ✓ risks associated with the activities and functions for which they are directly responsible;
- ✓ compliance with the internal policies and procedures established by the authorised management;

The members of the authorised management inform their colleagues of the authorised management, on a regular basis, about the exercise of their control function.

Organisation of the Compliance function

The characteristics and the responsibilities of the Compliance function are defined in the Compliance Charter. The policies implemented describe the fields of intervention directly related to the responsibilities of the Compliance function as well as the independence, objectivity and permanence of the Compliance function.

The Compliance function is under the hierarchal responsibility of the CEO of the Bank. The appointment and revocation of the Chief Compliance Officer (CCO) is approved by the board of directors and reported in writing to the CSSF.

The CCO is responsible vis-à-vis the authorised management and ultimately vis-à-vis the board of directors for the performance of his mandate. In this respect, the CCO may contact and inform, directly and on his own initiative, the chairman of the board of directors or the members of the audit committee.

Characteristics of the Compliance function

The Compliance function is a permanent and independent function with the necessary authority and support of the Executive Board and the Board of Directors. The remuneration of the staff of the Compliance function is not linked to the performance of the activities they control nor determined

according to other criteria which compromise the objectivity of the work carried out by the Compliance function.

The Compliance function is able to exercise its responsibilities, on its own initiative, express itself freely and access all external and internal data and information deemed necessary to fulfil its missions.

In order to ensure the effectiveness of the Compliance function, its members have individually and collectively high professional skills in the field of banking and financial activities and applicable standards. The individual competence includes the ability to make critical judgements and to be heard by the authorised managers of the Bank.

The Compliance function has the necessary and sufficient resources, infrastructure and budget to guarantee the execution of its tasks. Multiple "key risk indicators" have been defined to monitor the AML/FT risk of the Bank.

Controls carried out by the Compliance function in respect to AML/CTF issues

- *Acceptance of new business relations – Risk Appetite Statement*

The Board of Directors of the Bank has adopted a very strict and severe client acceptance policy containing a risk appetite statement in terms of AML/TF. The "target market" for new clients is in principle limited to Luxembourg residents and/or persons having an economic link with the Grand-Duchy of Luxembourg. The Bank does not on-board complex or tax driven structures. The main objective of the Bank is to serve and develop the local Luxembourg economy.

The Bank does not have numbered or anonymous accounts. The Bank does neither offer hold mail services or domiciliation services to its clients.

The Bank has an automated "AML risk scoring" process in place. Each relationship is classified either as "low risk", "medium risk" or "high risk" based on various objective criteria. The mandatory frequency of the reviews of the files is depending on the AML risk category of the relationship.

For all new account opening requests, our front-office employees are required to fill out a detailed KYC-questionnaire asking for precise information about the prospective customers, their type of business, the origin of their wealth and the type of operations they wish to conduct with the Bank, etc.

Prospective client's names as well as client's names are screened on a daily basis against official and internal lists in order to avoid to enter into relationship with individuals, institutions or organisations targeted by any kind of economic sanctions imposed by the EU, the United Nations or the United States of America (OFAC list) or flagged as terrorists or terrorist organisations.

The Bank has procedures in place for the identification and the monitoring of politically exposed persons (PEPs). Enhanced customer due diligence is conducted on these customers. In accordance with a risk based approach, account opening requests of prospects having a "medium or high AML risk" and hence requiring an enhanced due diligence (such as PEP, clients resident in medium or high risk countries from

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a AML/CTF perspective, clients having a high risk professional activity, etc) have to be formally approved by the "Account Opening Committee" operated by the Compliance function. Relationships with "shell banks"[1] are prohibited and the Bank does not offer any correspondent banking activities to other banks.

The Compliance function has complete discretion to terminate unilaterally an existing client relationship in accordance with General Terms and Conditions of the Bank.

- *Transaction Monitoring*

The Bank has implemented various automated (by means of IT tools) and manual AML controls at Compliance level to detect suspicious transactions (live screening and "ex-post" monitoring) and to filter on an "ex-ante" approach incoming and outgoing payments against international official lists. The detection of suspicious transactions will trigger an in-depth investigation of the customer and its transactions by the Compliance function. The Bank filters transfer messages and screens its client's database. The Compliance function pays the utmost attention to respect all embargos, restrictive measures or all kind of restrictions imposed and published by the CSSF, the Luxembourg FIU, the EU, the United Nations and the OFAC.

The Bank acting as Nominee for and on behalf of our clients

Whenever the Bank subscribes as Nominee for and on behalf of its own customers ("Investors") in a fund or a similar financial instrument, the Investors are duly identified and information and documents are retained for a period of 10 years after the relationship has ended. The Bank hereby confirms that it undertake to notify immediately to the relevant involved party, to the extent permitted by Luxembourg Law, of any concerns that it may have in connection with the Investors in the context of relevant money laundering legislation/regulations, or in the event of any suspicious circumstances relating to any investors which may come to its attention.

In addition, the Bank confirms that in carrying out our function as Nominee, it will observe and comply with the provisions of the prospectus relating to the fund or a similar financial instrument.

Employee AML/CTF training

A mandatory Compliance awareness and training program has been elaborated with and implemented by the Human Resources Department in order to provide training and information to relevant employees taking into account the level of risk exposure of their respective functions and to comply with the standing legal requirements. These trainings include mandatory introductory training for new employees as well as ongoing training for existing employees, either face-to-face or through other means such as for

[1] "Shell bank" means a credit institution or financial institution, or an institution that carries out activities equivalent to those carried out by credit institutions and financial institutions, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group.

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example "e-learning training". In case of legal or regulatory changes, supplementary training and information are provided on an "ad hoc" basis to relevant employees.

Subsidiaries, associated entities (branches) and cross-border activities

The Bank does not have subsidiaries or associated entities being active in the banking industry, either in Luxembourg nor abroad. The Bank has currently 36 sales points located exclusively in the Grand-Duchy of Luxembourg. All the staff members employed in these sales points are employees of the Bank. The Bank does not have "cross-border activities"; i.e. it does not prospect potential client outside the Luxembourg borders and it does not sell products or offer advices or services outside the Luxembourg territory.

Cooperation with authorities and suspicious transaction report

One of the main objectives of the Compliance function is to prevent in the most efficient way that money laundering activities can be operated by the Bank's clients through their accounts in its books. The very restrictive client acceptance policy is a very efficient tool to limit the potential risk as of the beginning of the process. In the perspective of an "obligation of means", the Bank has put in place multiple controls and measures to prevent, detect and report, without delay and on its own initiative, any suspicious activities in the context of money laundering or terrorism financing to the Luxembourg Financial Intelligence Unit (FIU).

In accordance with applicable laws and regulations, the Bank also cooperates with governmental and law enforcement authorities on their request. In practice, the Compliance function assures to give responses without delay to any request addressed by the Luxembourg FIU or any other designated Luxembourg authority to the Bank in the context of money laundering or terrorist financing.

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