

## **Confirmation Letter: a summary of Intesa Sanpaolo's Anti-Money Laundering, Embargoes and Know Your Customer Policies**

### **Intesa Sanpaolo Bank Luxembourg SA**

Intesa Sanpaolo Bank Luxembourg SA (here after ISPBL or "the Bank") is a fully licensed Luxembourg bank founded in 1976 and operating under the law of the Grand Duchy of Luxembourg.

The Bank belongs to the primary Italian Banking Group named "Intesa Sanpaolo Group" (hereinafter the "ISP Group") and reports to the ISP Group Corporate and Investment Banking Division (hereafter "CIB Division"). Specifically, the Bank is 100% owned by Intesa Sanpaolo Holding International SA, Luxembourg which, in turn, is 100% owned by the listed company Intesa Sanpaolo Spa, Italy (the Group ultimate Parent Company).

As a part of the "ISP Group", Intesa Sanpaolo Bank Luxembourg acknowledges, the strategic significance of monitoring compliance risk and conduct risk, included in the governance system for combating money laundering and terrorist financing and for managing embargoes.

### **Applicable Legal Provisions and Supervising Authority**

As an authorized and regulated credit institution under the Banking Law dated 5<sup>th</sup> April, 1993, ISPBL is supervised by the "Commission de Surveillance du Secteur Financier" ("CSSF"), the authority in charge of overseeing all banks and other institutions and professionals active in the financial sector of the Grand Duchy of Luxembourg and, as part of a group which operates at European and International level, it is also under the supervision of the European Central Bank (ECB). The Bank's Management has been duly appointed and vetted by the ECB/CSSF in accordance with their rules.

The 4<sup>th</sup> European Anti Money Laundering Directive (Directive EU 2015/849) as well as the 5<sup>th</sup>.

European Anti Money Laundering Directive (Directive EU 2018/843) have been transposed into domestic Law, respectively, by the Laws dated 13 February 2018 and 25 March 2020, amending the Law of 12 November 2004 on the fight against money laundering and terrorist financing. In order to provide the necessary guidance to Luxembourg Banks and other professionals of the financial sector under its supervision, the CSSF has issued a number of regulations and circulars setting out their obligations with regard to anti-money laundering and the combat against the financing of terrorism.

Please refer to the CSSF website:

<https://www.cssf.lu/en/anti-money-laundering-and-countering-the-financing-of-terrorism/#documentation>

### **Bank policies and procedures implementing applicable Laws and Regulations**

The Bank has translated the legal and regulatory obligations into internal written policies and procedures regarding Know-Your-Customer ("KYC") and Anti-Money Laundering and Combating the Financing of Terrorism ("AML-CFT") as well as International Sanctions and Embargoes, which are updated on regular basis by the Compliance Department and which are reviewed and assessed on an ongoing basis by the Internal Audit Department and the Bank's external auditors. The Bank's policies covering these regulatory contexts are submitted to the approval of its Board of Directors and reviewed by the Bank's Audit Committee.

ISPBL is committed to maintaining effective policies and procedures in the field of Anti-Money Laundering and Combating the Financing of Terrorism (“AML- CFT”), and in the field of International Sanctions and Embargoes, which are designed to deter, detect and report any suspicious activities, including the misuse of its products, services and delivery channels related to money laundering or terrorist financing, bribery, corruption, breach of embargoes or other activities that may violate applicable laws and regulations covering these sensitive areas. ISPBL adheres to all applicable AML-CFT, KYC and Sanctions laws and regulatory requirements, including the guidance provided by local authorities while applying the recommendations published by the Financial Action Task Force (FATF).

For further details regarding the governance of AML/CTF/ Sanctions Risks, please refer to ISPBL’s “Wolfsberg Questionnaire” which may be downloaded on the Bank’s website:

<https://www.intesasanpaolobankluxembourg.lu/en/> in the section [About Us/Company Documents](#).

### **The Bank’s AML Program**

The Anti-Money Laundering Officer oversees the design, content and implementation of ISPBL’s global AML program, which covers money laundering, terrorist financing, bribery, corruption, and international sanctions.

The program is designed to mitigate the risk of ISPBL products or services being used for financial crime and breach of embargoes and to ensure compliance with applicable laws and regulations.

ISPBL’s AML program defines the roles and responsibilities of its employees using the three lines of defense model in order to effectively manage and mitigate risks and by ensuring that the relevant policies, guidelines and procedures are appropriately documented and accessible.

The AML program’s enterprise-wide policies and procedures establish the minimum requirements for managing the associated risks, including:

- Inherent Risk Assessments performed on an ongoing basis in order to determine and update the risk level inherent to each client relationship. These assessments take into account the activities and type of business carried out by the client, client transactions, the types products and services offered, the delivery channels, geographical risks as well as specific risks associated with the client ;
- Client due diligence and enhanced due diligence on a risk based approach paying attention to :
  - ✓ the identification and verification of the identity of the customers and of the beneficial owners on the basis of documents, data or information obtained from independent sources.
  - ✓ the understanding of the ownership and control structure of the customer.
  - ✓ the information concerning the purpose and nature of the customer relationship, the economic and geographical origin of funds and wealth.
  - ✓ the monitoring of the business relationship using a Risk Based Approach in order to apply the appropriate level of scrutiny to each transaction, allowing the Bank to verify the consistency between the transactions and the information provided by the customer.
  - ✓ Applying Enhanced Due Diligence measures to business relationships and transactions whenever indications of higher risk are present, such as the involvement of Politically Exposed Persons (“PEPs”) , clients residing in High-risk countries from an AML-CFT perspective and clients carrying out High-risk professional activities.
- Recordkeeping and retention in accordance with applicable laws and regulations (records used to identify customers are retained for a period of ten years).

In this context, the Bank’s Internal Audit Department performs audits on a regular basis, in order to evaluate the effectiveness of ISPBL’s AML program and of the policies and procedures in force related to AML/CTF and Embargoes. In parallel, the Compliance Department performs controls and assessments on the Bank’s procedures and on their practical implementation, with the aim to ensure that they remain aligned with its business activities, regulatory developments, industry standards and best practices.

### **Acceptance of new business relationships**

ISPBL, through its policies and procedures, has clearly defined the roles and responsibilities of the functions involved in the acceptance of new business relationships which are subject to the approval of Client Acceptance Committees of which the Compliance Officer is a permanent member. On the basis of these processes, the front-office employees are required to collect through a detailed questionnaire, all of the mandatory information on perspective customers which includes, among others, their type of business, their tax status, the origin of wealth and the type of transactions which they intend to carry out with the bank .

During the onboarding stages, and in the course of the business relationship, the names of potential customers and of all of the persons related to the new opening are screened against internal and official lists, in order to avoid entering a relationship with entities or individuals which appear on lists related to terrorism and/or other criminal activities, or against whom International Sanctions have been imposed by the UN, the EU or the United States (OFAC Lists).

The Bank has also put in place procedures which allow to identify and monitor any politically exposed persons (PEPs). Enhanced due diligence measures are conducted on these customers who, as other categories of High Risk customers, must be formally accepted by the Bank's Authorized Management and by the Compliance Officer.

ISPBL does not allow anonymous accounts, does not enter knowingly into any business with shell banks and does not allow direct use of correspondent accounts by third parties (payable through accounts).

The Bank provides correspondent relationship services only to one ISP Group entity, Intesa Sanpaolo Private Bank (Suisse) Morval SA based in Geneva.

### **Transaction Monitoring**

ISPBL uses dedicated tools to detect suspicious transactions and to filter all incoming and outgoing payments. The detection of a suspicious transaction triggers an in depth investigation on the customer, his account(s) and his transactions, carried out by the Compliance Department. The Bank uses internal and official lists provided by World Check (EU, CSSF, United Nations and OFAC Lists being among the main ones) in order to perform real-time filtering of messages which appear on all incoming and outgoing payments and also for daily screening of its customer database.

### **Cooperation with authorities: suspicious activity and suspicious transaction reports**

Whenever the Bank, through its ongoing processes, identifies a suspicious customer or a suspicious transaction, the Compliance Officer, an independent function, after performing an in depth analysis which confirms the grounds of suspicion, has the obligation to report the suspicious customer and/or transaction to the Luxembourg Financial Intelligence Unit (FIU). In accordance with applicable laws and regulations, Intesa Sanpaolo Bank Luxembourg fully cooperates with the local law enforcement authorities providing them, upon request, with any available documents and information.

### **Staff AML/CTF and Embargoes Training**

A mandatory awareness and training program covering AML/CTF and Sanctions topics is approved by the Bank's Corporate Bodies. Appropriate levels of training are delivered to all employees and to the Authorized Management and relevant stakeholders (such as the members of the Board of Directors), taking into account the level of risk exposure of their function and complying with legal requirements and Group standards. These trainings include introductory trainings for new employees as well as ongoing trainings for existing employees and "ad-hoc" updates whenever important legal or regulatory changes occur. The training sessions may be delivered in the form of classroom training) or through other means.

### Responsibility of Branches and Subsidiaries

ISPBL liaises closely, on a daily basis, with its only Branch, Intesa Sanpaolo Bank Luxembourg SA-Amsterdam Branch, in order to implement its own rules and standards, as well as the Intesa Sanpaolo Group standards with regard to the AML-CFT, KYC and Embargoes regulatory contexts. The Branch has appointed a Local Compliance Officer, who reports functionally to the Chief Compliance Officer of Intesa Sanpaolo Bank Luxembourg S.A.

The Bank also holds a subsidiary, Lux Gest Asset Management SA, a Luxembourg company specialized in discretionary management services offered exclusively to the Bank's clients, through the Bank itself. The services and activities offered, as well as the products are all subject to the Bank's AML controls, processes and procedures.

### AML Risk Appetite

Please note that the Bank has set out in a specific document, its Risk Appetite Statement (RAS) the general principles for the Bank's risk-taking, to raise risk awareness across the organization and to guide the staff regarding accepted and unacceptable behavior contributing to positively spread the Bank's risk culture among its main stakeholders. It is implemented through the Bank's operational policies and procedures, monitoring metrics, limits systems and internal controls and embedded in the Bank's core processes, affecting its operations in a holistic way. IT provides an important management tool allowing the Bank's Board of Directors and Senior Management to continuously monitor and align the Bank's risk profile with its risk appetite.

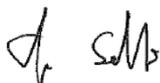
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