



# Financial Crime Policy

## 1. Objective

The objective of the Financial Crime Policy (the "Policy") is to promote a strong Financial Crime compliance culture within the Danske Bank Group to prevent the misuse of the Group's infrastructure and Products for Financial Crime (FC) purposes. In doing so, it protects the Danske Bank Group, our customers and society.

## 2. Definitions

The definitions for the terms used throughout this Policy are available in Appendix 1.

## 3. Scope and target group

This Policy establishes the principles for the managing of risks associated with FC, ensuring compliance with relevant laws, regulations, guidelines and sanctions regimes.

The Policy applies to the entire Danske Bank Group, including its branches, Subsidiaries and Associated Persons. Refer to section 5 for further information on approval, implementation and adoption of the Policy.

## 4. Policy Content

### ***Principle 1: The Group maintains a robust and efficient FC Program***

Through its FC Program, the Group is committed to upholding high standards of integrity and compliance to protect the Group, its customers and society from FC. The FC Program is designed to enable the Group to safely carry out its business activities while effectively and efficiently managing the FC Risks it faces.

The FC Program consists of elements which together form a coherent FC strategy. The Program is continuously evaluated to allow the Group to proactively anticipate, plan and adapt to emerging risks and changes in relevant laws, regulations, guidelines and sanctions regimes.

The FC Program includes, but is not limited to:

- a sound FC compliance culture, strategic prioritisation of FC compliance and allocation of sufficient funding and resources,
- a three lines of defence model ensuring segregation of duties, independent oversight and consistent enforcement of the Group's governing documents across all lines of defence,



- FC Risk Tolerances, Key Performance Indicators, Key Risk Indicators and monitoring and reporting capabilities,
- an FC governance framework,
- frameworks for management of FC data and technology, including the use of new or innovative technology and maintenance of technical capabilities,
- FC Risk assessments,
- an FC Control framework,
- FC detection capabilities,
- customer and Third-Party due diligence measures,
- unusual and suspicious activity investigation and reporting,
- an FC training program, and
- reporting, escalation and whistleblowing procedures and solutions ensuring prompt response to FC.

**Roles and Responsibilities:**

- The Board of Directors, the Executive Leadership Team, Subsidiary Board and Subsidiary Executive Management are responsible for setting, communicating and monitoring the tone from the top, ensuring the effective functioning of the three lines of defence model and adequacy and strategic prioritisation of the FC Program and allocating adequate resourcing, funding and investment, also taking into consideration FC-related information or reporting delivered by internal or external parties. FC-related requirements for the Board of Directors and the Executive Leadership Team are set out in the Rules of Procedure of the Board of Directors and the Executive Leadership Team.
- First line of defence (1LoD) and Second line of defence (2LoD) are responsible for developing, implementing and maintaining the FC Program in accordance with their respective mandates and in line with the tone from the top.
- 1LoD and 2LoD are responsible for operating the FC Program according to the mandates established in the Enterprise Risk Management Policy and other relevant policies.
- Third line of defence (3LoD) is responsible for independently assessing the design, implementation and effectiveness of all elements of the FC Program across 1LoD and 2LoD as set out in the Group Internal Audit Charter.

**Principle 2: The Group maintains a governance framework for effective management of FC Risks**

The FC Risk governance framework is essential for effectively managing FC Risks and is established in accordance with the standards of the Enterprise Risk Management Policy. The framework must set clear requirements and be sufficiently operational. Detailed requirements are set out in the FC Governance Instruction.

The framework includes:

- defined roles, responsibilities and accountabilities for the management and oversight of FC Risks within the three lines of defence,
- appointment of Regulated Persons where required:
  - appointment of AML Responsible Member of the Executive Leadership Team (1LoD),
  - appointment of AML Responsible Compliance Manager of the Executive Leadership Team (2LoD),
  - appointment of AML Responsible Person (1LoD)
  - appointment of AML, CTF and Sanctions Responsible Compliance Officer (2LoD),
- governance that sets out appropriate compliance requirements, mandates, authorities and oversight standards to manage and mitigate FC Risks, including requirements for documenting actions, decisions and approvals,
- governing bodies enabling effective oversight of FC Risks, streamlined decision-making and appropriate and systematic escalation of material risks,
- adequate resources in respect of personnel, including competencies and skills, and technology to facilitate effective execution of the roles expected of these resources,
- management information and reporting requirements and capabilities to facilitate effective management and escalation of material and emerging risks, and
- proactive and transparent cooperation with authorities and participation in relevant industry initiatives.

**Roles and Responsibilities:**

- The Board of Directors, the Executive Leadership Team, Subsidiary Board and Subsidiary Executive Management are accountable for ensuring compliance with applicable FC-related laws, regulations and guidelines enabled by the Group's FC Governance framework, promoting a strong FC Risk management culture and ensuring that this is reflected in the Group's strategic objectives.
- The Board of Directors is responsible for approving the FC Policy.
- The Board of Directors is responsible for approving the appointment of the AML Responsible Member of the Executive Leadership Team (1LoD) and the AML Responsible Compliance Manager of the Executive Leadership Team (2LoD) informed by a recommendation from the Executive Leadership Team.
- The Executive Leadership Team is responsible for facilitating the appointment of the AML Responsible Member of the Executive Leadership Team (1LoD) and the AML Responsible Compliance Manager of the Executive Leadership Team (2LoD)



by providing the Board of Directors with a recommendation based on an assessment of the qualifications of and resources available to those persons.

- The Executive Leadership Team is responsible for appointing the AML Responsible Person (1LoD) and the AML, CTF and Sanctions Responsible Compliance Officer (2LoD).
- The AML Responsible Member of Executive Leadership Team (1LoD) is responsible for ensuring that all elements of the FC Program are implemented and comply with applicable FC-related laws, regulations and guidelines.
- The AML Responsible Compliance Manager of Executive Leadership Team (2LoD) is responsible for ensuring that the Executive Leadership Team is aware of the impact of FC risks towards the Group and for ensuring that that this Policy, FC-related instructions, procedures and Controls are adequate and proportionate.
- The AML, CTF and Sanctions Responsible Compliance Officer (2LoD) is responsible for endorsing this Policy, approving its underlying instructions and independently assessing the effectiveness of all elements of the FC Program.
- The AML Responsible Person (1LoD) is responsible for approving this Policy, FC-related instructions and Controls and approving certain high risk customer relationships as further detailed in the FC Governance Instruction.
- 1LoD is responsible for establishing, implementing and owning the 1LoD FC governance framework which effectively governs the management of FC Risks.
- 2LoD is responsible for establishing and implementing the governance framework for 2LoD and overseeing the adequacy of the FC governance framework of 1LoD.

### ***Principle 3: The Group maintains a framework for management of FC data and technology***

The FC data and technology management framework ensures appropriate governance, quality, efficiency and effectiveness of data and technology in execution of FC risk management and compliance. This includes, but is not limited to:

- defined roles, responsibilities and accountabilities for the management and oversight of FC data and technology,
- requirements for the management and oversight of FC data, solutions, technical features and capabilities, and
- management information and reporting requirements to facilitate effective management and escalation of FC data and technology risks.

#### **Roles and Responsibilities:**

- 1LoD and relevant Group Functions are responsible for managing FC data and technology in accordance with the Group's data and technology management framework.
- 2LoD is responsible for establishing the Group's minimum requirements for FC-related data, solutions, technical features and capabilities. Additionally, 2LoD is responsible for providing advice and oversight of 1LoD's management and implementation of these requirements.

### ***Principle 4: The Group assesses FC Risks and applies a risk-based approach***

The Group establishes and manages its FC Risk in line with the Risk Tolerance framework. It identifies and assesses its FC Risks to enable an effective design and implementation of proportionate Controls to manage and mitigate these risks. This includes, but is not limited to:

- execution of the Group-Wide Risk Assessment for FC,
- FC Risk assessment of new and amended Products,
- FC Risk assessment of new and amended technologies,
- ongoing customer FC Risk assessment,
- ongoing FC Risk assessment of Third Parties, and
- other risk assessments where required by relevant regulation.

#### **Roles and Responsibilities:**

- 2LoD is responsible for:
  - maintaining a framework for and executing the Group-Wide Risk Assessment for FC to ensure that the Group identifies and assesses all relevant Inherent and Emerging FC Risks, evaluates the design and effectiveness of Controls to determine the Group's residual risk exposure, and that the findings inform the design of the Group's FC Control Measures. This includes reporting the findings and mitigating measures to the Executive Leadership Team and the Board of Directors,
  - developing and maintaining frameworks to identify and assess the FC Risks associated with relevant elements of the Group's operations, such as customers, industries, countries and Products,
  - supporting the development of FC Risk Tolerances, establishing key FC Risk and performance indicators and maintaining compliance oversight and reporting measures linked to FC Risk Tolerances.
- 1LoD is responsible for:
  - supporting 2LoD in performing the Group-Wide Risk Assessment for FC and performing associated risk and Controls assessments in accordance with the framework, including for Branches and Subsidiaries,



- identifying and assessing the FC Risks associated with specific elements of the Group's activities in accordance with established FC Risk assessment frameworks, and
  - setting FC Risk Appetite within the FC Risk Tolerances.
- The Board of Directors, the Executive Leadership Team, Subsidiary Board and Subsidiary Executive Management must be informed about the outcome of the Group-Wide Risk Assessment for FC and oversee that necessary mitigating measures are taken.
- The Board of Directors is responsible for setting and overseeing FC Risk Tolerances taking into consideration information and advice received from 1LoD and 2LoD.

**Principle 5: The Group maintains an effective Control framework to manage the inherent FC Risks**

The Group maintains a comprehensive and coherent FC Control framework to effectively manage and mitigate the inherent FC Risks to which it is exposed. The framework consists of a broad range of preventive, detective and corrective Controls to enable efficient risk mitigation and facilitate data-driven and evidence-based decision-making. To ensure continuous FC Risk mitigation and coverage, the Group performs ongoing assurance and testing of its Control framework and has business continuity and contingency plans in place.

**Roles and Responsibilities:**

- 1LoD is responsible for developing and implementing Controls that appropriately and holistically address the FC Risk associated with the Group's activities, including ensuring that Controls are regularly tested and improved based on changes in the Group's Inherent Risk exposure and any identified Control weaknesses.
- 2LoD is responsible for:
  - setting the minimum standards for the Group's FC Control framework,
  - reviewing and reporting on the effectiveness of the Control framework and performing assurance, testing and technical validation activities, and
  - developing and implementing Controls owned by 2LoD.
- The Executive Leadership Team, Subsidiary Executive Management and the Regulated Persons are responsible for overseeing and monitoring the implementation of the Group's FC Control framework and ensuring its effectiveness.
- The Board of Directors must be informed by the Executive Leadership Team, Subsidiary Executive Management and the Regulated Persons about any significant gaps and non-compliance related to the FC Control framework and oversee that necessary mitigating measures are taken.

**Principle 6: The Group applies due diligence measures when establishing and maintaining relationships with customers and Third Parties**

Prior to establishing a relationship, the Group ensures that all customer, correspondent, Third Party and relevant non-customer relationships, such as network banks, are subject to appropriate FC due diligence measures. Risk-based due diligence is performed on an ongoing basis throughout the relationship's duration. The due diligence measures must be completed prior to allowing access to Products or executing any transactions. Third Parties are subject to specific Third Party FC due diligence measures and Third Party contracts must include anti-FC Risk provisions.

**Roles and Responsibilities:**

- 1LoD is responsible for:
  - developing and implementing operational procedures and associated governance that adhere to the Group minimum standards for customer, Third Party and correspondent due diligence, including ensuring that timely and efficient due diligence measures and processes are in place for the duration of the relationship, and
  - overseeing FC-related contractual clauses.
- 2LoD is responsible for setting the Group's minimum due diligence standards for customers, Third Parties, correspondents and relevant non-customers and for ensuring that timely and efficient due diligence measures and processes are in place for the duration of the relationship, where owned by 2LoD. The minimum standards for Third Party FC due diligence must align with the Group requirements for Third Party Risk Management.

**Principle 7: The Group detects indications of FC**

The Group develops and implements capabilities to detect indications of FC by continuously evaluating, adjusting and enhancing monitoring, screening, intelligence and analytics-based Controls. FC Risks and activities relevant to the Group must be considered, including trends and Emerging FC Risks.

Where legally permissible, detection Controls must include:

- transaction and activity monitoring for money laundering ("ML")/terrorist financing ("TF") risks,
- screening for ML/TF risks,



- sanctions screening,
- fraud monitoring and detection.
- adverse media searches or screening,
- observation lists screening and trigger events and incidents monitoring,
- export control compliance monitoring, and
- thematic reviews and investigative deep dives.

**Roles and Responsibilities:**

- 1LoD and 2LoD are responsible for developing and implementing operational procedures, processes and associated governance that adhere to the Group minimum standards for FC detection, including efficient escalation processes to ensure timely reporting of identified suspicion.
- 1LoD owns the Group's detection solutions and is responsible for ensuring that indications of FC are identified and acted upon in a timely manner by implementing effective and efficient detection solutions covering the Group's business activities and Products and for maintaining the efficiency of the solutions through ongoing tuning, calibration and testing.
- 2LoD is responsible for setting the minimum standards for, as well as monitoring and overseeing the FC detection solutions applied. This includes testing the effectiveness and efficiency of the detection Controls and identifying, analysing and communicating trends and FC Risks related to the 1LoD-owned detection framework.

***Principle 8: The Group prohibits engagement in Products or relationships that are illegal or out of tolerance***

The Group does not offer Products or engage in relationships that are prohibited by law and generally does not offer Products or engage in relationships that are out of its FC Risk Tolerance. Additionally, the Group does not engage in business activities with customers, Associated Persons, Third Parties or counterparties operating in or with links to jurisdictions that are comprehensively restricted by law. Where a Product, relationship or business activity is out of FC Risk Tolerance, the legal obligation to provide such must be considered independently.

**Roles and Responsibilities:**

- 1LoD is responsible for identifying such Products, relationships and jurisdictions and setting the 1LoD Risk Appetite within the Group's FC Risk Tolerance and the Group's FC Risk Position<sup>1</sup>.
- 2LoD is responsible for overseeing compliance with international and national legal and regulatory regimes, the Group's FC Risk Tolerance and the Group's FC Risk Position.

***Principle 9: The Group investigates and reports on suspicious activities, incidents of FC and potential FC violations***

The Group maintains effective processes and Controls to ensure that suspicious activities, incidents of FC or potential FC violations are reported to the relevant competent authorities and followed up internally without undue delay.

**Roles and Responsibilities:**

- Employees are responsible for reporting potential FC incidents, violations and unusual activities and escalating those to 2LoD in a timely manner in accordance with the Group's governing documents to enable prompt reporting to the relevant competent authorities.
- 1LoD is responsible for managing risks following the identification of unusual and suspicious activity and must have procedures and processes to ensure risks are managed and escalated in a timely manner.
- 2LoD is responsible for having procedures and processes for investigating and reporting potential FC incidents, violations and suspicious activities to the Financial Intelligence Unit or other competent authorities and must inform the 1LoD risk owner when FC Risk has been identified.

***Principle 10: The Group ensures that its infrastructure and Products are not misused by Employees for FC purposes***

Employees are prohibited from advising, facilitating, engaging or participating in activities that misuse the Group's infrastructure or Products for FC purposes or otherwise circumvent requirements imposed by this Policy and its underlying governing documents. The Group achieves this through:

- appropriate pre- and in-employment screening, due diligence and monitoring of Employees for indications of FC Risks, where legally permissible,

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<sup>1</sup> See Appendix 3 for 2LoD Financial Crime Risk Position Statement.



- implementation of Controls to identify, investigate and apply appropriate disciplinary actions to Employees engaging in activities or behavior that leads to the misuse or potential misuse of the Group's infrastructure or Products for FC purposes, or who are grossly negligent in complying with this Policy,
- setting requirements, thresholds and Controls on the giving and receipt of gifts and hospitalities and
- adherence to the Group requirements on reporting actual or perceived Conflicts of Interest in accordance with the Conflicts of Interest Policy, as far as they apply to the identification and management of FC Risks.

#### **Roles and Responsibilities:**

- the Group is responsible for implementing and maintaining processes and Controls to manage the FC Risks associated with its Employees.
- Employees are responsible for adhering to the Group's FC compliance requirements and for escalating FC concerns or violations in accordance with the Group's governing documents.
- Human Resources is responsible for implementing and maintaining documented processes for ensuring that FC Risks are considered in recruitment and talent acquisition processes and throughout the employment lifecycle.

#### ***Principle 11: The Group encourages and facilitates prompt reporting and escalation of FC-related concerns***

The Group establishes a framework and multi-channel approach for prompt reporting and escalation of FC-related concerns, ensuring multiple avenues for safe and effective communication. Employees, Third Parties and external parties are encouraged to escalate their concerns through line management chains or dedicated reporting channels for Unusual Activity Reporting. However, there may be instances where this is not possible or where a reporter may require protection or anonymity. In such cases, the whistleblowing scheme must enable prompt reporting and escalation of FC-related concerns, always protecting the identity and rights of the whistleblower. The requirements, roles and responsibilities related to the operation of the Group's Whistleblowing channels are detailed in the Whistleblowing Policy.

#### **Roles and Responsibilities:**

- The Group is responsible for developing and maintaining a robust escalation framework to manage and respond to FC-related concerns effectively. This includes ensuring that Employees are provided anonymity and protection in accordance with applicable regulatory and internal whistleblowing requirements and that easily accessible reporting channels are available.
- Employees are responsible for being aware of and escalating FC concerns through the designated reporting channels and must escalate potential breaches, FC concerns, non-compliance with applicable legislation and any warnings on FC incidents identified during their employment to the AML Responsible Person (1LoD) or AML, CTF and Sanctions Responsible Compliance Officer (2LoD) without undue delay.
- The AML, CTF and Sanctions Responsible Compliance Officer (2LoD) is responsible for ensuring an adequate FC training framework is in place to enable effective training of Employees and relevant Third Parties acting on behalf of the Group.
- The AML Responsible Person (1LoD) is responsible for ensuring that Employees in 1LoD are provided appropriate training to understand FC Risks and relevant procedures and processes considering their role-specific training needs.
- The Executive Leadership Team and Subsidiary Executive Management must report any material FC concerns to the Board of Directors.

## **5. List of appendices**

### **Appendix 1 – Definitions**

### **Appendix 2 – Author and input providers**

### **Appendix 3 - 2LoD FC Risk Position Statement for Comprehensively Restricted Territories**

**Appendix 1 – Definitions**

The below definitions apply to the terms used throughout this *Policy*.

Definitions	
<b>Associated Person</b>	any natural person or legal entity, either incorporated or unincorporated, who performs services for or on behalf of the Group.
<b>Board of Directors</b>	the Board of Directors of Danske Bank A/S.
<b>Control</b>	any action/activity or process, designed to detect and/or prevent Financial Crime Risks that might otherwise impact the achievement of the business objectives of the Group.
<b>Control Measure</b>	policies, instructions, business procedures and Controls designed to achieve effective prevention, mitigation and management of Financial Crime Risks
<b>Employee</b>	covers: <ul style="list-style-type: none"><li>• an individual who is employed by the Group on a permanent or temporary basis</li><li>• an individual who is working for but is not directly employed by the Group (including consultants, contractors, agency workers, etc.)</li></ul>
<b>Emerging Financial Crime Risk</b>	new or evolving existing Financial Crime Risk that may result in a potential negative financial and/or non-financial impact to the Group, expected to materialise beyond a 12-month time horizon.
<b>Financial Crime</b>	the generic term for money laundering, terrorist financing, sanctions, bribery, corruption, fraud, tax evasion and facilitation of tax evasion as defined in the Group's Enterprise Risk Management framework.
<b>Financial Crime Risk</b>	the risk of internal or external parties using the Group's infrastructure and Products to move and conceal proceeds of criminal conduct, defraud, manipulate or circumvent applicable rules, laws and regulations in the areas of Financial Crime, including where the intention is to directly or indirectly benefit the Group or its customers.
<b>Group</b>	Danske Bank A/S including its Branches and Subsidiaries.
<b>Group Functions</b>	refers to and covers areas in the Group such as: <ul style="list-style-type: none"><li>• CFO area</li><li>• Group Human Resources ("HR")</li><li>• Group Internal Audit</li><li>• Group Legal</li><li>• Group Risk Management</li><li>• Group Compliance</li><li>• Group Sustainability, Stakeholder Relations, Communications &amp; Marketing</li><li>• Technology &amp; Services</li></ul>
<b>Inherent Risk</b>	the exposure to Financial Crime Risk that exists before any Controls are implemented.
<b>Product</b>	a collective term covering: <ul style="list-style-type: none"><li>• products and services offered by the Group to Customers of the Group or to any other person or legal entity</li><li>• products and services that are offered by a Third Party (including partnerships) and distributed by the Group</li></ul>
<b>Regulated Person</b>	person holding a financial crime related role which is required under applicable AML laws, regulations or European Banking Authority guidance, including Money Laundering Reporting Officers and AML Responsible Persons, Sanctions Responsible Persons or equivalent.
<b>Risk Appetite</b>	business'/1 LoD articulation of the level of risk it is willing to take in pursuit of its commercial strategy/plans while staying within the outer boundaries (Risk Tolerance) defined by the Board.
<b>Risk Tolerance</b>	the aggregate level of risk the Group is willing to accept in pursuit of its long term objectives while maintaining a stable financial position.
<b>Subsidiary</b>	any undertaking over which Danske Bank A/S exercises control. For the purpose of this definition "control" means any of the following: <ul style="list-style-type: none"><li>• direct or indirect ownership of more than fifty per cent (50%) of the share capital or other ownership interest in any other person,</li><li>• the direct or indirect right to exercise more than fifty per cent (50%) of the votes in any other person,</li><li>• the direct or indirect contractual right to designate more than half of the members of such person's board of directors or similar executive body,</li><li>• direct or indirect ownership of fifty per cent (50%) or less of the share capital or other ownership interest in any other person, where such minority ownership according to local law is considered controlling interest.</li></ul>



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<b>Third Party</b>	a legal entity or natural person separate from Danske Bank A/S which Danske Bank A/S engages with in relation to partnerships or donations, provision of goods or services or performance of activities, functions, processes or tasks to or for Danske Bank A/S. The Third Party may also be a Subsidiary <sup>2</sup> .
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**Appendix 2 – Author and input providers**

Information regarding the author and input providers in Appendix 2 is intended for internal use only and has been excluded from the external version of the Policy. This ensures that sensitive internal details are safeguarded while maintaining transparency in publicly shared documents.

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<sup>2</sup> By also including natural persons, the definition of a Third Party in Financial Crime Compliance differs from the Group's definition. This definition is aligned with Financial Crime-related legal and regulatory requirements and enables the Group to manage Financial Crime Risks when engaging with natural persons in Third Party arrangements.



## Appendix 3 – 2LoD FC Risk Position Statement for Comprehensively Restricted Territories

When evaluating the overall FC Risks from specific geographical areas and regions, the Group has determined it necessary to generally avoid any direct or indirect activities involving the following jurisdictions, unless explicitly permitted and approved in accordance with requirements set out in the Group's governing documents:

- Iran
- North Korea
- Syria
- Belarus
- Non-government controlled Ukrainian areas
- Cuba
- Russia

These countries and regions are comprehensively restricted due to a combination of significant risk factors, including:

- sanctions risks,
- bribery and corruption risks,
- tax evasion risks,
- fraud risks,
- terrorist financing risks,
- money laundering risks,
- involvement in cyber-attacks,
- involvement in the proliferation of weapons of mass destruction and
- involvement in cryptocurrency mining.

Some activities, such as educational activities, activity relating to humanitarian assistance and disaster relief, non-commercial personal remittances, diplomatic missions, intellectual property or government repatriation payments facilitated through Danske Bank Products, may be carried out if strict criteria are fulfilled. For further detail, please refer to underlying instructions as well as jurisdiction-specific Financial Sanctions guidance.

### Exceptions

Activity outside the Group's 2LoD FC Risk Position Statement for Comprehensively Restricted Territories may be carried out only in exceptional circumstances, subject to FC Compliance review and approval in accordance with the Group's sanctions exception process and any other relevant governance processes.

### Breaches and Escalation Requirements

Potential or actual breaches of the Group's 2LoD FC Risk Position Statement for Comprehensively Restricted Territories must be reported in accordance with the Group's sanctions risk event process and any other relevant governance processes.