

Excerpt from strategy and policy for managing compliance risk 2024

Last revised	<i>Adopted by the Board of Directors 15/12/2023</i>
Owner	<i>Chief Compliance Officer</i>
Person responsible	<i>Chief Compliance Officer</i>

1. INTRODUCTION

This document contains a summary of the main aspects in the bank's governing document on compliance risk. The full version of the document is available for internal use by the bank only.

The bank's governing document on compliance risk is revised annually. The current version was adopted by the Board of Directors of the bank on 10/12/2021.

1.1 Purpose

The purpose of the compliance risk strategy is to provide guidelines for the Group's attitudes to and overall objectives for managing this risk.

This governing document covers the management of Group-wide compliance risk, including the bank's securities activities.

1.2 Central guidelines and frameworks

The compliance risk strategy must support the Group's principal strategy, as well as the risk and capital management strategy and the corporate social responsibility and sustainability strategy.

The following regulations provide important guidelines and principles that shall form the basis for proper compliance risk management (non-exhaustive overview):

- The Financial Enterprises Act and related regulations
- The Financial Contracts Act and related regulations
- The Securities Trading Act and related regulations
- The Insurance Distribution Act and related regulations
- The Financial Supervisory Authority Act and related regulations
- The Anti-Money Laundering Act and related regulations
- The Personal Data Act with regulations
- Relevant recommendations, circulars and guidelines issued by the Financial Supervisory Authority of Norway, the Norwegian Data Protection Authority, The Consumer Authority, EBA, ESMA and EIOPA.
- Relevant sector legislation for the individual subsidiaries

1.3 Definitions and terms

The following are key terms in this area:

- *Operational risk*
Risk of losses resulting from inadequate or failed internal processes or systems, human error or external events.
- *Compliance risk*
Risk that the bank will lose licences or incur other public sanctions, penalties, other criminal sanctions, loss of reputation or financial losses as a consequence of failure to comply with laws, regulations, official guidelines and mandatory public orders. Compliance risk can be considered as a sub-category of operational risk.
- *Conduct risk*
Risk of loss of licence, other public sanctions or criminal sanctions, loss of reputation or financial loss as a consequence of the bank's business methods or employees' conduct materially jeopardising customers' interests or the integrity of the market. Conduct risk can be regarded as partially overlapping with operational risk and compliance risk.

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Some of the Group's *direct* exposure related to sustainability factors (ESG) is linked to compliance risk, including:

- E: the risk of non-compliance with regulatory requirements relating to climate and the environment
- S: the risk of non-compliance with regulatory requirements relating to human rights, labour rights, consumer protection, data protection, product governance, proper conduct and customer's sustainability preferences related to investment advice.
- G: the risk of non-compliance with regulatory requirements relating to governance and control, disclosures and reporting, anti-money laundering/terrorist financing, corruption, competition law, taxes and data protection

2. STRATEGIC OBJECTIVE AND FRAMEWORK

The Group shall have such effective risk management and monitoring that no events caused by compliance risk alone or in conjunction with any other risk should significantly affect the Group's financial strength, results or reputation. The Group shall have a culture in which all employees have a good knowledge of compliance risk within their area of responsibility.

3. CRITICAL SUCCESS FACTORS

The following are considered the most important critical success factors:

- Good attitudes and good culture in relation to regulatory compliance
- Continuous monitoring of regulatory development, including impact assessments
- Effective and adequate processes for adapting to regulatory changes
- Updated and available routines and guidelines
- Training of employees
- Effective first-line control
- Effective reporting of regulatory violations
- Good follow-up of/learning from undesired incidents and customer complaints
- Unified and standardized method for identifying risks
- Preventive and revealing compliance checks in the second line

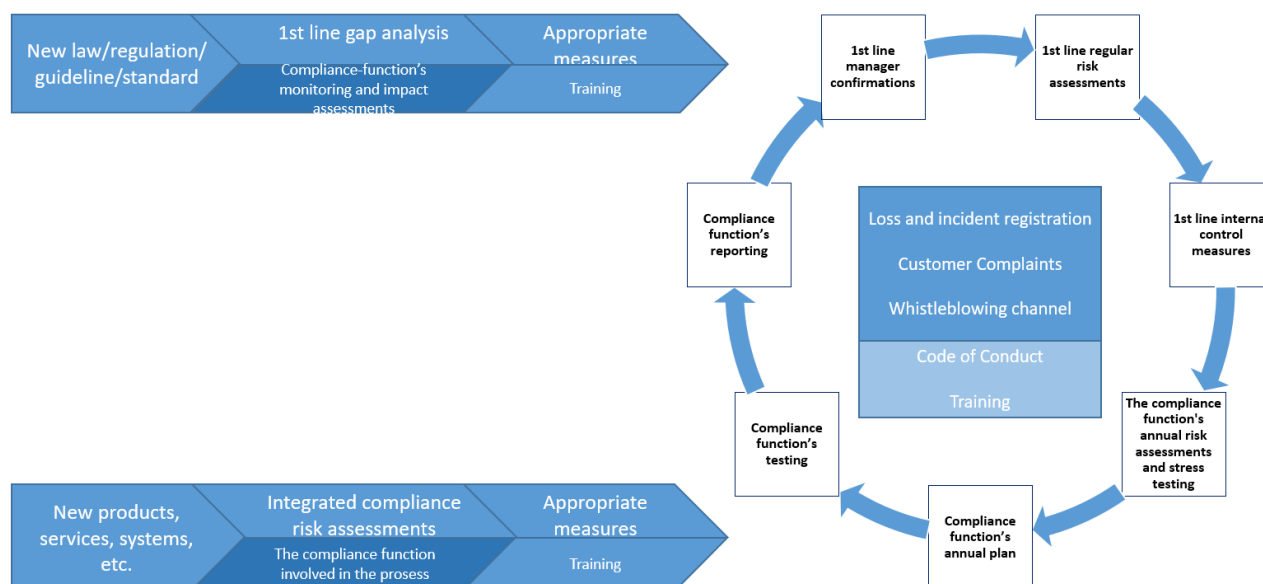
4. MANAGEMENT AND SUPERVISION STRUCTURE

There must be processes that ensure compliance with applicable laws and regulations, as well as public orders and government regulations, so that the Group does not incur the risk of loss of licenses, sanctions, loss of reputation or financial losses due to violations thereof. This shall be achieved by:

- Clearly defined core values and code of conduct, which have been clearly communicated and understood throughout the organisation.
- Guidelines and procedures for recognising, assessing and communicating changes in laws and regulations, as well as implementing necessary measures and changes.
- Guidelines and procedures for following up and reporting compliance with laws and regulations, as well as public orders and government-issued guidelines.

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The Group's central processes for managing and controlling compliance risk shall be as follows:



The practical management of compliance risk in the Group is based on the following main activities:

- Code of conduct
- Manager confirmation
- Losses and adverse events, as well as customer complaints
- Whistle-blowing
- Continuous improvement
- Monitoring regulatory development and impact assessments
- Establishment of or changes to significant products, etc.
- Risk analyses
- Integrated internal control to ensure regulatory compliance
- Compliance annual plan and compliance checks
- Information and training

4.1 Key roles and areas of responsibility

The following roles with their subsequent description of responsibilities are key:

- The Board of Directors has overall responsibility for ensuring that the Group has a suitable framework for compliance risk and for ensuring that both legislation and internal frameworks in the area are complied with in the organisation.
- The CEO shall ensure that established frameworks are implemented and adhered to throughout the organisation and, if necessary, ensure that any serious incidents are reported to the Board of Directors promptly.
- Managers, including the ultimate manager of the investment company, are responsible for the implementation of and compliance with the Group's framework within their respective areas and for conducting risk assessments and establishing adequate internal control measures.
- All employees have an independent responsibility to comply with applicable laws and regulations, including the intention/purpose of the regulations, in their work on behalf of the Group.
- Legal has the overall legal responsibility in the Group.

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- The compliance function shall play an active role and be a driving force in the Group's work on prevention, control and evaluation of compliance risk.