

Statement

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5	04.05.2023	Reviewed and restructured. Chapters on Management and Control of ML/TF risks, and Independent Testing were added.	HAJ/CLAW	23.05.2023	BoD
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*Remember to track changes, before editing, and summarize the changes in the "Document History".

If track changes are not on, the approver will not approve the updated version

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1 Purpose

Financial crime has a destructive and devastating effect on the world community; therefore, Inpay has made it a priority to contribute to the safeguarding of the global financial system.

Accordingly, Inpay will take all reasonable and appropriate measures to prevent persons engaged in money laundering, terrorist financing or other forms of financial crime, from utilizing Inpay's products and services.

Inpay is regulated by Finanstilsynet in Denmark (the Danish FSA), and as such must abide by the requirements set out in the Danish legislation and the recommendations given by Financial Action Task Force ("FATF").

Inpay adheres to the highest standards of Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) in all countries where Inpay operates. All employees of Inpay are required to adhere to these standards to protect Inpay from being misused for money laundering and/or terrorist financing or other illegal purposes.

2 AML Governance Framework

To facilitate compliance with anti-money laundering laws and regulations, Inpay has developed and implemented an anti-money laundering programme, consisting of global and local AML/CTF policies, procedures, processes, and underlying documentation and systems to ensure the proper implementation into day-to-day business activities.

The AML governance framework also ensures the appointment of designated compliance personnel responsible for coordinating day-to-day compliance. The 'Money Laundering Reporting Officer' (MLRO) reports directly to the Leadership Team, and their findings are also shared with the Board of Directors.

The MLRO submits regularly reports on the status of Inpay's AML compliance.

Inpay will review the AML Governance Framework on an ongoing basis to ensure it fits the business model, aligns with best practice, and conforms to applicable AML/CTF and other ABC regulations.

3 Management and Control of ML/TF risks

Inpay applies a risk-based approach in the management of its ML/TF risks and has established the following measures:

- A business-wide ML/TF Risk Assessment to identify, assess and mitigate ML/TF risks
- The identification of potential ML/TF risks relevant to each customer's and bank's activities
- A comprehensive KYC program ensuring identification, verification, risk rating and monitoring of customers
- Internal procedures for monitoring and reporting suspicious activities and suspicious transactions
- Relevant procedures for onward transmission of suspicious activities suspicious transactions to the designated and appropriate financial intelligence unit
- Sanctions screening
- Record keeping and data protection in accordance with local legislation
- The provision of advice and management reports to senior management regarding regulations and compliance with these regulations
- Regular staff training and awareness, including training of senior management
- An independent assurance and testing of 1st line of defense AML/CTF controls is conducted in the 2nd line of defense
- The management of regulatory inquiries and incidents
- The prohibition of entering business with customers operating in industries outside our risk appetite, which are defined in our AML/CTF Policy, updated at least annually, and approved by Inpay's Board of Directors.

3.1 Monitoring and SARs/STRs

Inpay complies with the requirements and sanction regimes of Denmark, EU (European Union) and the other regions where Inpay operates globally. Inpay screens customers, and all parties to a transaction, against relevant sanctions lists.

Inpay has a transaction monitoring system in place designed to detect unusual transactions and monitors all customer activities. If an activity, due to their specific nature, are thought to be associated with money laundering or the financing of terrorism the activity is reported to the MLRO. If the suspicion cannot be allayed, the MLRO, or the Deputy MLRO in case of absence, will report this to the relevant authority. The notification procedure for suspicious transactions to relevant authorities are in line with local legal requirements.

3.2 Correspondent Banking and other Banking relations

The AML policy and associated procedures describe the risks associated with correspondent banking relationships and provides a framework of core requirements and procedures. All correspondent banking relationships are subject to appropriate customer due diligence and review.

3.3 KYC program

Inpay has guidelines and procedures to establish the identity and nature of business of all customers with whom Inpay has entered into a legally binding agreement. The procedure includes:

- Identifying and documenting ultimate beneficial owners (UBOs), legal representatives and authorized signatories
- The identification and risk assessment of Politically Exposed Persons (PEPs)
- Name screening (sanctions, PEP (Politically Exposed Person) and adverse media)
- Document verification
- Checking reliability of information
- Evaluation of the nature of the business and funds
- Evaluation of the business model
- Enhanced due diligence for increased risk customers

The KYC guidelines not only cover the customer due diligence (CDD) but also the ongoing due diligence (ODD) and event driven reviews to ensure continuous monitoring and screening.

4 Independent Testing

An independent, external AML audit is conducted regularly and evaluates Inpay's AML/CTF program and its adherence to the Danish AML Act.