

Code of Conduct – Anti-Money Laundering

Nordic Aviation Capital
NAC Corporate Legal/Compliance

Issued 1 November 2022

Introduction and Purpose

Money laundering is a criminal offence under Irish, EU, UK and US laws, amongst others, and NAC has zero tolerance for any acts by NAC Personnel that knowingly facilitate or assist in money laundering.

Money laundering is the act of concealing the source and disguising the nature of unlawfully obtained funds by making them appear legitimate. This can be done through a number of methods, such as using those funds in a series of seemingly legitimate transactions. It can potentially occur in any business relationship, including those with customers, suppliers, and any with other third parties where there are a transfer or receipt of funds.

The NAC Anti-Money Laundering Policy (the “**Policy**”) is designed to:

- (i) enable NAC to identify, assess, monitor, manage and mitigate money laundering and terrorist financing risks.
- (ii) ensure that NAC only conducts business with customers that are involved in legitimate business activities, with funds derived from legitimate sources.
- (iii) ensure that all NAC personnel understand applicable AML laws and business policies associated with jurisdictions where NAC does business.
- (iv) Report any suspicious activity to the appropriate authorities.
- (v) Ensures that NAC remains compliant with relevant legal agreements, including but not limited to Credit Agreements.

NAC Personnel means any person employed by NAC, contractors and any member of the Board while acting for NAC.

Know Your Customer (KYC) Due Diligence Roles and Responsibilities

The term “Customer” refers to any party contracts to obtain goods or services *from* NAC. In order to ensure the risk of money laundering is reasonably mitigated, KYC due diligence and checks on third parties must be completed as follows:

- by the relevant transaction or deal team manager before NAC enters into a transaction with a new Customer.
- by the ***corporate governance team (in conjunction with the applicable Risk deal team member)*** to the level of compliance risk assessment indicated by the Compliance Team regarding a transaction or Customer, including a sub-lessee where the Customer subleases or plans to sublease an aircraft; or
- by the relevant contract manager in conjunction with corporate legal when a KYC periodic review or a trigger review is required on an existing Customer.

NAC will not enter or maintain any business relationship with any parties whose true identity cannot be verified or who are the target of sanctions.

Timing of KYC for New Transactions

When planning to enter a new transaction, the relevant transaction or deal team manager must complete the relevant KYC and seek all required approvals, **before** funds are paid to or received from a prospective Customer or, if earlier, the creation of a legal obligation to pay or receive funds is created. In some instances, KYC checks may be completed after the execution of a letter of intent, however this needs to be agreed by Risk and/or Legal/Compliance.

KYC Process and Documentation

The Policy includes a list of information that must be collected from all Customers. Additional information may be necessary and requested by the deal team lawyer, the Compliance team, General Counsel and/or the Risk team, based on the Compliance Risk Rating of the Customer.

All KYC information will be kept on file for an appropriate period of time in accordance with the Policy and in accordance with applicable data privacy requirements. Prior to entering into a new transaction, the relevant deal team members must:

- (i) Understand and collect documentation about perspective Customers and business partners.
- (ii) Know who the ultimate beneficial owners of the customers are prior to commencing any activity.
- (iii) Follow KYC procedures and rules on collecting and verifying information from Customers and related parties, in accordance with the Compliance Risk Rating.
- (iv) Follow business policies regarding acceptable forms of payment.

If a check results in a particular customer or transaction being deemed inadvisable by the General Counsel, Compliance, Legal or Risk, the NAC C-group (as defined in the Policy) must decide whether or not to proceed with the transaction.

All KYC communication must be via specific channels as outlined in the Policy.

Updating KYC, Risk Assessment and Rating

The NAC AML programme requires ongoing monitoring of every business relationship. The screening programme reviews:

- Economic sanctions/ trade control lists.
- PEP screening.
- Adverse media.
- Other official criminal lists.
- Any internal customised lists.

Periodic reviews of KYC information for each Customer must also be conducted at intervals determined by that Customer's compliance risk profile ("high", "medium" and "low") or whenever NAC Personnel become aware of any relevant KYC changes, including a change of ownership or control of the Customer.

Suspicious Activity and Reporting

NAC Personnel who detect or suspect any money laundering activity must immediately inform the NAC Compliance team or submit a confidential and anonymous report via the external hotline in accordance with NAC's Global Whistleblowing Policy if appropriate. Some red flags of anti-money laundering can include, but are not limited to:

- Customers not being cooperative with the provision of the required KYC documentation.
- The provision of inaccurate or incomplete information.
- Ultimate beneficial owner cannot be determined with reasonability (private entities).
- Transactions or payments that are inconsistent with the Customers' business.
- Offers to pay in cash or overpayments followed by requests for refunds.
- Unusually complex deal structures or structures to avoid recording or reporting requirements with local authorities.
- Payments from an unrelated third party or from countries that have no known customer link (including sanctioned countries).
- Business formation documents are from a tax haven or a high-risk country.
- The involvement of politically exposed persons ("PEPs"), while not a red flag in itself, will require a more detailed review.

In the case of a confirmed Suspicious Activity, the General Counsel is responsible for informing the relevant public authorities and the transaction will be suspended until the matter has been resolved. It should be noted that all SAR activities should be kept confidential and treated strictly on a need-to-know basis, to avoid a "tipping-off" offence, which is illegal.

Reporting and Training

The Board (with support from the General Counsel and the Compliance Team) has overall responsibility for ensuring compliance with this Code of Conduct and the Policy by NAC and NAC Personnel. All NAC Personnel have day-to-day responsibility for compliance with this Code of Conduct and the Policy.

NAC's compliance program includes training (both initial and ongoing mandatory annual training for NAC Personnel), updates, and the monitoring of compliance with the Policy. NAC's Compliance Team will also deal with any internal queries and audit internal control systems and procedures (in cooperation with the General Counsel and Chief Risk Officer) to ensure that they are effective.

Reporting will be a crucial part of the Policy's awareness program. If NAC Personnel become aware of, or suspect that, a breach of law or of this Code of Conduct or the Policy has occurred, they must promptly report via the appropriate internal channels (including their manager, the next most senior supervisor, or the NAC Compliance Team), and/or via the confidential external hotline (contact details for which can be found in the "Policies & Handbooks" section on the Corporate Hub).

NAC Personnel raising concerns in accordance with the Policy will not be subjected to retaliation or penalised in any way for raising a concern. NAC will not tolerate retaliation against individuals who raise matters under this Code of Conduct or the Policy and instances of retaliation will be taken seriously and addressed appropriately.

Please also refer to NAC's Global Whistleblowing Policy concerning reporting generally.

Consequences For Failure to Comply

Failure to comply with applicable laws and regulations are serious offences and strictly prohibited both by law and by the Policy. NAC Personnel who act in breach of this Code of Conduct or the Policy may be subjected to disciplinary measures, up to and including dismissal. They also risk being prosecuted by the criminal prosecution authorities.

For further information, please refer to the full text of the Policy (and NAC's other codes of conduct and compliance policies) available in the "Policies & Handbooks" section on the Corporate Hub.