

POLICY

Anti-Money Laundering



Purpose

This policy outlines the general guidelines for Danish Ship Finance's (DSF) preventive measures against money laundering and terrorist financing. Compliance with anti-money laundering legislation is highly prioritised in DSF, and the company is committed to identifying unusual or suspicious actions. Appropriate measures have been implemented to minimise the risk of fund misuse and involvement in money laundering or terrorist financing.

Definition

Suspicious actions are those that deviate from a customer's normal behaviour or lack a clear economic or lawful purpose. Examples include transactions that are unusually large, complex, or involve high-risk countries.

Know-Your-Customer Procedures

DSF commits to thorough customer due diligence processes and has well-established procedures to verify the identity of clients or beneficial owners. Borrowers undergo an extensive credit approval process during the loan application procedure, which thoroughly examines a borrower's financial reporting. Customers are closely monitored throughout the lending relationship, and their information is regularly updated to ensure accuracy and relevance. DSF emphasises long-term client relationships and ongoing dialogue throughout the loan period.

DSF assesses the risk of each customer and transaction to determine the likelihood of involvement in money laundering or terrorist financing. For customers with higher risk profiles, such as those with activities in high-risk countries or ultimate beneficial owners who are politically exposed persons (PEPs), DSF's due diligence procedure involves additional scrutiny and documentation.

Additionally, DSF has established internal controls, screening of relevant new employees and annual training of employees to ensure compliance with anti-money laundering regulations and to effectively identify and manage risks.

Reporting

If a customer is suspected to be using DSF's services for criminal activities, the company will take necessary action, including terminating the business relationship and reporting to the authorities.

Risk Assessment

DSF considers the risk of contributing to money laundering to be low and maintains a consistent low-risk policy. DSF only provides loans for ship financing and related services. It does not take deposits, offer credit cards, or provide self-service banking. Transactions are limited to disbursing loans and receiving instalments, fees, and interest.

DSF operates from one location in Copenhagen and negotiates all loans directly with customers through a lengthy dialogue and physical meetings. Long-term customer relationships further reduce the risk of money laundering.

Anti-Money Laundering Officer

DSF has appointed a member of the executive board with special responsibility for ensuring compliance with anti-money laundering legislation. However, this does not absolve the rest of the executive board from responsibility.

Additionally, management has appointed an Anti-Money Laundering Officer who must ensure that DSF complies with laws and regulations on measures against money laundering and terrorist financing and that the measures set out in this policy and other internal rules are implemented.

The Anti-Money Laundering Officer regularly assesses whether the company's exposure to being misused for money laundering or terrorist financing changes. If such changes occur, the Anti-Money Laundering Officer is responsible for ensuring that DSF's preventive measures are adjusted so that the residual risk remains at the same low level.

Furthermore, the Anti-Money Laundering Officer ensures the establishment of adequate written internal guidelines, evaluates and potentially approves high-risk customers, including politically exposed persons, responds to KYC inquiries about DS from third parties, and conducts annual training. The Anti-Money Laundering Officer also reports to the Board of Directors in the annual report.