

Customer Due Diligence /  
Anti-Money Laundering Policy

Bouwfonds Investment Management

version december 2016

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## 1. Introduction

The Customer Due Diligence / Anti-Money Laundering (CDD/AML) Policy of Bouwfonds Investment Management B.V. (hereinafter: BIM) is based on the Rabobank/Rabo Vastgoedgroep's CDD/AML requirements focused on the nature of BIM's services / business relations.

Aside from the evident interest in protecting BIM's reputation (as well as that of its business relations), BIM must adhere to a CDD/AML policy since it forms part of the Rabo Vastgoedgroep, which in turn forms part of the Rabobank Group, which is obliged to adhere to current laws and regulations concerning CDD/AML. In addition, certain BIM subsidiaries have an independent obligation to have a CDD/AML policy because they operate as investment companies, investment fund managers or investment institutions.

In the context of CDD/AML, at BIM consideration must be given to all natural persons and legal entities with which a business relationship is established.

This policy will go into effect for all new BIM business relations as of 10 December 2016.

This policy applies to BIM and BIM entities in which the company has a participating interest of 50% or more. Participating interests of less than 50% will be reviewed on a case-by-case basis to determine how CDD/AML will be implemented.

### CDD/AML Policy Responsibility

BIM's Managing Board (MB) is primarily responsible for developing, implementing and executing this policy. Compliance supports the organisation in developing this CDD/AML policy and monitoring adherence. Compliance coordinates the reporting of any unusual transactions.

The relevant business units that establish and maintain business relationships are responsible for the execution of this policy (particularly the screening of business relations in accordance with the risk matrix and the monitoring of transactions).

BIM employees are obliged to comply with this CDD/AML policy. Since it is impossible to establish rules that apply to every possible situation, every employee is called upon to exercise his/her professional judgement.

In case of doubt, the employee must consult Risk Management and/or Compliance.

## 2. Definitions

### Derived Integrity Risk

BIM's integrity risk arising from a business relationship between a BIM customer and that customer's business relation in cases where the customer's business relation is engaged in property activities.

### Compliance (Officer)

BIM's Compliance Officer

### Customer Due Diligence (CDD)

The process of acquiring sufficient insight into the nature and activities of BIM's business relations. BIM carries out this CDD/AML policy on the basis of a risk-based approach on the understanding that the law and regulations require that a rule-based approach be used for certain CDD/AML components.

CDD/AML results in the effective management of the relevant risks entailed in providing and receiving services to/from business relations. As such, CDD/AML can be viewed as an essential element of risk management.

### **Managing Board (MB)**

BIM's Managing Board. On occasion this may refer to the Business Unit (BU) Managing Board.

### **EEA Member State**

Every EU member state and those member states of the European Free Trade Association that are also members of the European Economic Area (EEA).

### **Financing of Terrorism**

1. The intentional acquisition or possession of objects with a monetary value for the purpose of committing a crime.
2. The intentional supply of resources with a monetary value for the purpose of perpetrating a crime.
3. The provision of monetary support, as well as the intentional canvassing for money in support of an organisation whose aim is to perpetrate crime.

### **Identification**

The process of asking someone to identify him/herself.

### **Employee(s)**

Every person who has an employment contract with BIM or one of its affiliated legal entities covered by this policy, or temporary workers (interns, interim employees, temporary agency personnel, etc), posted and seconded employees, consultants, as well as members of the Management Board, members of Advisory Boards, etc.

### **Business relation Monitoring**

The process of assessing how BIM manages adherence to the rules; monitoring is one of the responsibilities of Compliance. Briefly stated, monitoring can be defined as 'checking to see whether everything is effectively being checked'.

In addition, the term monitoring is also used in the sense of continuously auditing the business relationship and the transactions conducted during the term of the relationship. In that case it means that an audit is performed to determine whether there are signals that necessitate a review of an unusual transaction or such a transaction to be reported.

### **Government Agencies**

All institutions that form part of government, such as administrative bodies (central government, municipalities, water boards and independent administrative bodies (such as Chamber of Commerce, Dutch National Bank)), health care and educational institutions and emergency services.

### **Politically Exposed Person (PEP)**

A PEP is a natural person who resides outside the Netherlands and with whom a relationship is established in a different capacity than his/her public function and who occupies the following prominent public function or occupied it less than a year ago:

- a) heads of state, government leaders, ministers and state secretaries
- b) members of parliament
- c) members of high courts of justice, constitutional courts and other higher judicial bodies that deliver judgements that generally cannot be appealed except in exceptional circumstances

- d) members of courts of auditors or of the management boards of central banks
- e) ambassadors, chargé d'affaires and high ranking army officers
- f) members of the administrative, management or supervisory bodies of government organisations.

Middle or lower class officials do not belong to the categories referenced under a) to f) above.

The categories a) to e) referenced above also include posts at the European Community or international level. Direct family members (parents, spouse, registered partner, children and their spouses or partners) and close business associates (see below) of the above-referenced persons must also be qualified as PEP.

Close business associates of a PEP:

- a) a natural person who, together with a PEP, is known to be the joint ultimate beneficiary of legal entities or legal constructs or who has other close business relationships with the referenced person
- b) a natural person who is the sole legal beneficiary of a legal entity or legal construct of which it is known that it has been set up in support of the actual benefit of the PEP.

### **Rabobank Group**

The entire Rabobank organisation, including all of its business units, among which the Rabo Vastgoedgroep.

### **Rabobank Nederland**

The parent company of the Rabo Vastgoedgroep.

### **Rabo Vastgoedgroep**

BIM's parent company.

### **Business relation**

A natural person or legal entity with whom a business relationship is established or that requires a transaction to be executed. BIM business relations can be:

- investors (natural persons and legal entities, including institutional investors)
- buyers and sellers of property
- joint partners - i.e. parties with whom joint funds are created/managed and/or distributed
- suppliers (brokers, appraisers, accountants, civil-law notaries, contractors, service providers, etc)
- debtors
- tenants.

### **Business relation Acceptance Form**

The form in which the findings concerning a business relation are documented pursuant to a CDD/AML analysis. On the basis of this form, the risk category is established on the basis of the characteristics of the business relation, the products and the services.

### **Business relation Acceptance Analysis**

This analysis focuses on understanding the nature and background of a business relation, insofar as this is reasonably possible, in order to be able to determine whether the relationship involves circumstances that increase BIM's risk. Different circumstances and factors will play a role for every business relation. An assessment will be made on the basis of the collected information to determine whether BIM wants, or wants to continue, to do business with the relevant business relation.

## **Reputation Risk**

The risk of and caused by adverse publicity.

## **Review**

The risk category of the existing business relation will be verified for accuracy and currency on the basis of information available about the business relation at that point in time. Once a business relation has been accepted, depending on the risk profile, a regular review must be conducted. (see "Step 4" CDD process)

## **Risk Category**

Based on the characteristics of the business relation, the services and the products the business relation acquires, the business relation is assigned to one of the four risk categories established by the Rabo Vastgoedgroep: low, normal, high and unacceptable.

## **(CDD) Risks**

This includes: reputation risk, operational risk, legal risk and concentration risk.

## **Risk Classification**

The classification of business relations into the different risk categories.

## **Risk-based**

The execution of actions or conducting analysis on the basis of the risk assessment applicable to the relevant situation.

## **Risk Manager/Risk Management**

BIM's Risk Manager/Risk Management department.

## **Transaction**

Action or combination of actions of or on behalf of a business relation in connection with acquiring or providing services.

## **Ultimate Beneficial Owner (UBO)**

- a) Natural person who holds an interest of 25% or more than 25% of the capital interest or who can exercise 25% or more than 25% of the voting rights in the shareholders meeting of a legal entity, other than a foundation, or who can exercise actual control in some other way in this legal entity, unless the legal entity is listed on the stock exchange; and/or
- b) Beneficiary of 25% or more of the capital of a foundation or a trust; and/or
- c) Person who has special controlling rights over 25% or more of the capital of a foundation or trust.

## **Property**

Immoveable property (e.g. land, homes and cable networks), business rights related to immoveable property (e.g. mortgages), entitlements under the law of obligations related to immoveable property (e.g. options, development rights and tenancy/rental rights) and products derived from immoveable property (e.g. loans, debt securities and indexed products).

## **Verification**

Process to determine whether the surrendered identity matches the actual identity.

## Business Relationship

Business, professional or commercial relationship between BIM and a natural person or legal entity related to BIM's professional activities that (with the exception of buyers and sellers of immovable property) is assumed to last some time at the moment that contact is established.

## 3. Basic Principles

The general principle is that BIM does not do any business with business relations who:

1. could damage its reputation directly or indirectly
2. are subject to legal restrictions as a result of which the relationship is not permitted in the first place or is undesirable.

CDD/AML must lead to the effective management of the relevant risks inherent in the relationship. The threats posed by a business relation about which too little is known can be related to various risks, such as the integrity risk, the derived integrity risk, the risk of fraud and the risks of becoming involved in money laundering and financing terrorism.

### Primary Business Processes

To effectively execute CDD/AML it must be integrated into the existing business processes for establishing, maintaining and, if necessary, terminating business relationships. Working instructions and procedures will be developed or adjusted where necessary for the execution of this policy.

### Analysis and Classification of Business relations by Risk Category

Every new business relation will be classified into a risk category on the basis of the risk matrix. A business relation analysis will be carried out on the basis of the formulated acceptance criteria. The definitive classification will take place on the basis of the outcome of this analysis.

Criteria have been established for every risk category for the purpose of reviewing the relevant, still existing, business relation. Depending on the outcome of the review, the risk category of the business relation can change.

### Documenting Relevant CDD Information

All information that needs to be documented by law or in accordance with internal rules must be documented such that it is well-organised by business relation and stored in accordance with BIM's retention policy.

### Business relation Review and Monitoring

Depending on the risk category, business relations are regularly reviewed to determine whether the business relation's risk category needs to be changed.

In addition, insofar as this is possible, the business relationship is continually monitored as are the transactions conducted by the business relation throughout the term of the business relationship, to ensure that these are consistent with the knowledge BIM has of this business relation and its risk profile. With due consideration to the nature (BIM generally is a party itself) and the frequency (generally one-off) of transactions, they are only monitored in case of payments originating from bank accounts held outside the EEA and/or designated countries. In addition, monitoring takes place by checking against sanction lists.

### Reporting

High risk business relations and unacceptable business relations are reported to the Rabo Vastgoedgroep's Compliance department using the system available for this purpose.

### Unacceptable Business relations

Business relations that according to the risk assessment are qualified as unacceptable are not accepted and/or the contracts with these business relations are terminated as soon as possible, whereby Compliance monitors the progress of this process.

### Awareness ; Training

The basic principle is that all BIM employees, insofar as this is relevant to the execution of their duties, must be familiar with the CDD/AML policy, and the integration of this policy into the working instructions to be applied by them and into the business relation acceptance and review form.

## 4. CDD/AML Risk Matrix Mode of Operation

Becoming familiar with a business relation is a fixed part of BIM's primary business process. CDD/AML is given substance by consciously thinking about risks, accepting or rejecting, and documenting these risks, taking additional measures and creating comprehensive business relation files.

The following steps provide a framework for conducting the business relation acceptance analysis. The initial classification of a business relation into a risk category first of all determines the activities to be executed. If the outcome leads to a higher risk profile, then the additional activities associated with this must also be executed.

The steps to be followed as specified in this policy (see below), are further detailed in the form of a business relation acceptance checklist for the persons executing the business relation acceptance process.

### STEP 1 - Establish business activities / initial risk classification

On the basis of the initial information from a potential new business relation in combination with the type of product/service, the initial risk classification takes place by staff of the relevant BU.

The first thing to be established is whether the potential business relation is involved in illegal and/or unethical activities, such as:

- money laundering
- activities to assist in committing tax fraud
- drug-related activities (incl. cannabis coffee shops/grow shops)
- human trafficking
- illegal/unethical trade in weapons, or
- prostitution and related activities.

These activities produce an **unacceptable risk**. No business may be conducted.

If no, check for countries on the sanction lists (OFAC/EU/FATF). If the business relation is domiciled in a country on one of these sanction lists, consult Risk Management and/or Compliance. They will advise you on the basis of the information available to them (incl. the Rabobank's 'Sanctioned Countries Catalogue').



If the above is excluded, with or without a recommendation provided by Risk Management and/or Compliance, a check on the basis of the country where the business is located follows. Determine whether the business relation is domiciled or not in an EEA/EFTA or similarly 'designated' country. If so, take the next steps in the context of this CDD/AML screening policy (see flow diagram below).

For Dutch business relations it is furthermore important to determine whether the business relation is active as a commercial property enterprise. To be able to determine for Dutch business relations whether an enterprise qualifies on the basis of the (derived) integrity risk from commercial property activities policy rule formulated by the DNB (Dutch National Bank) that went into effect in 2011, a check must be performed on the basis of the following table. If the conclusion is yes, then this (potentially new) business relation that is active as a commercial property enterprise must be checked in accordance with the high risk protocol (see steps 2, 3 and 4). For that matter, this does not necessarily mean that the final classification need be in the high risk category.

Active/Not Active as a commercial property enterprise (ZVA) table.

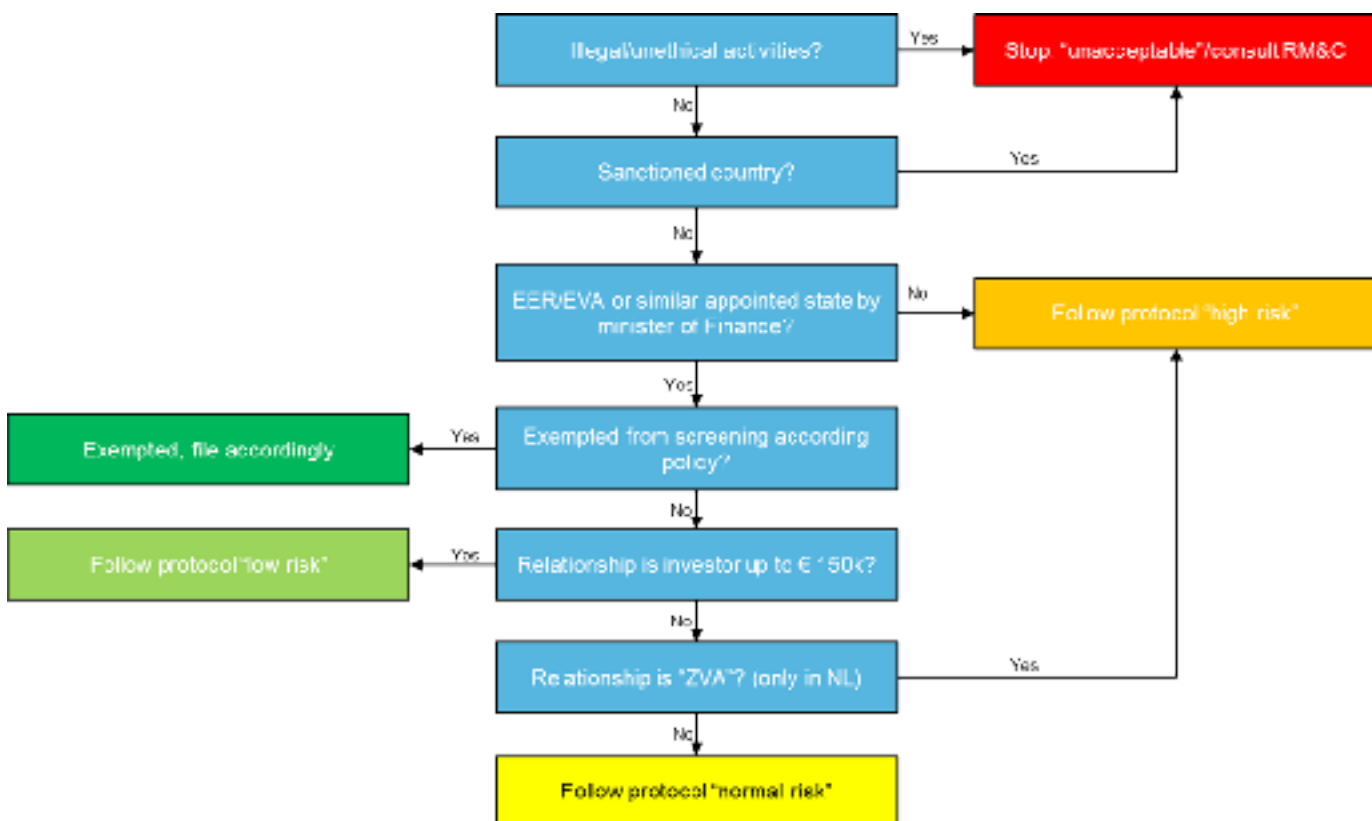
(This table is indicative; in case of doubt consult Risk Management and/or Compliance.)

Type of Business relation	Active as Commercial Property Enterprise (ZVA)	Not active as Commercial Property Enterprise (Not a ZVA)
Buyer of Property - private	Via company and/or value >€ 2,500,000	In a personal capacity and value <€2,500,000
Buyer of Property - in a commercial capacity	CoC description includes property activities*	
Seller of Property - private		No
Seller of Property - enterprise	CoC description includes property activities*	CoC does not include property activities
Participant in private fund		No
Participant in institutional fund	Yes, unless exempted**	
Financier	Yes, unless exempted**	
Property developer	Yes, unless exempted**	
Suppliers (appraisers, etc)		No
Partnerships/joint ventures	Yes, unless exempted**	
Asset property managers		No

\* per individual purchase/sale

\*\* exempted from further CDD analysis in accordance with the law (see page 10 below)

The initial classification process can be illustrated as follows:



Explanatory notes:

- The request for an investment is refused if the applicant is a legal entity that is active in the illegal weapons trade, cannabis coffee / grow / smart shops and/or prostitution.
- Exempted from further CDD analysis according to law:
  - A registered and authorised business relation in the Netherlands, in another EEA member state with similar disclosure requirements, or in an equivalent state designated by the minister as follows:
    - credit institution
    - financial institution
    - trust office
    - money transaction office
    - life insurance company, except for a life insurance company that exclusively operates as a funeral insurance company with in-kind benefits
    - investment firm
    - investment institution
    - financial services provider insofar as it acts as a life insurance broker
    - branch office in the Netherlands of one of the above-referenced companies headquartered outside the Netherlands
    - legal entities that have issued securities that are listed on a regulated market in an EEA member state or a state with similar disclosure requirements.

- Business relations that temporarily hold moneys in accounts in the name of civil-law notaries, lawyers and other independent practitioners of legal professions. Insofar that the account holders are not domiciled in a member state, this provision only applies if legal directives apply to them to prevent money laundering and financing of terrorism that agree with the provisions of this law and the information concerning the identity of the business relations is available on request to the relevant institution.
- Government agencies in an EEA member state with similar disclosure requirements
- EU institutions.

Exempted from further CDD analysis according to this policy:

- a registered and authorised pension fund domiciled in the Netherlands, in another EEA member state or in a 'designated state'
- tenants
- private buyers of individual homes
- suppliers with an annual contract value < €100,000
- external legal & tax advisors who are mentioned on "the BIM lists of preferred suppliers" (see intranet page of BIM : "legal department / external advisors")
- debtors.

In case of doubt concerning the integrity of suppliers with a contract value below €100,000, tenants, private buyers of individual homes and debtors, these must also be subjected to a CDD analysis.

Steps 2, 3 and 4 therefore do not have to be executed for business relations that are exempted from further CDD analysis. Sufficient information must be collected to be able to determine whether the above referenced provisions apply to the business relation. You must document the aim and the intended nature of the business relationship. In addition, the representative of an exempted legal entity must still be identified and a check must be CONDUCTED to confirm that the representative is indeed authorised to represent the business relation.

Once all of this has been established the next steps can be executed.

## STEP 2 - Collecting and checking information

The initial classification entails a number of business relation acceptance measures. The activities to be executed are mandatory and result in structured and accessible documentation.

Low Risk	Normal Risk	High Risk	Unacceptable Risk
<b>Information Collection</b>			
<ul style="list-style-type: none"> <li>Regular contact with business relation concerning, among other things, aim and nature of intended business relationship</li> <li>Identification and verification of the business relation's identity</li> <li>UBO identification</li> </ul>	In accordance with acceptance activities for low risk, plus: <ul style="list-style-type: none"> <li>Additional for sellers of property: check Land Registry Office records and acquisition of title</li> </ul>	In accordance with acceptance activities for normal risk, plus: <ul style="list-style-type: none"> <li>Establish origin of capital</li> <li>Verify UBO's identity</li> <li>In addition for legal entities: acquire insight into ownership and control structure</li> </ul>	N/A
<b>Checks</b>			
Dutch business relations: <ul style="list-style-type: none"> <li>EVA (External Reference Application)/VIS (Verification Information System)/SFH (Mortgage Fraude Prevention Foundation) check (SHF check only for natural persons)</li> <li>Rabo Vastgoedgroep internal risk register check</li> <li>Google parties</li> </ul> Business relations domiciled in other countries: <ul style="list-style-type: none"> <li>Determine whether business relation is PPP (Politically Prominent Person)/PEP</li> <li>Determine whether UBO's originate from or are domiciled in a sanction country</li> <li>Google parties plus consult Accuity</li> <li>Consult any local applications</li> </ul> In case of anything unusual <sup>2</sup> <ul style="list-style-type: none"> <li>Upgrade business relation to normal risk or high risk and execute the associated additional screening activities</li> </ul>	Dutch business relations: <ul style="list-style-type: none"> <li>Screening<sup>3</sup> by FEC Rabobank NL;</li> <li>Additional for sellers of property: assess Land Registry Office records and acquisition of title</li> </ul> Business relations domiciled in other countries: <ul style="list-style-type: none"> <li>Local Google check; local screening by, for example, dedicated lawyers (who have a firm grasp of the language) and/or consult specific applications</li> <li>Additional for sellers of property: assess Land Registry Office records and acquisition of title</li> </ul> In case of anything unusual: <ul style="list-style-type: none"> <li>Upgrade business relation to high risk</li> </ul>	Dutch business relations: <ul style="list-style-type: none"> <li>If FEC RN screening outcome gives reason to do so:               <ul style="list-style-type: none"> <li>Comprehensive screening by FEC Rabobank NL<sup>3</sup></li> </ul> </li> <li>Business relations domiciled in other countries:               <ul style="list-style-type: none"> <li>Check with FEC Rabobank NL to see whether they can conduct comprehensive analysis; otherwise involve third parties (from Rabobank NL or external)</li> </ul> </li> </ul>	

<sup>1</sup> Identification and verification of the business relation's identity is explained in the pages following this table. Exceptions are included in the section below the identification and verification table.

<sup>2</sup> Circumstances that can be considered unusual and therefore require further analysis or the risk category to be upgraded include:

- A circumstance (on its own or in combination with other factors) in which a legal entity is active in sectors such as the gambling industry, call shops, catering ESTABLISHMENTS, car trade sector, temporary employment agencies, art galleries, beauty/massage parlours, debt counseling / income management or fundraising
- An indication that the origin of the capital is not legitimate
- PPP/PEP involvement

<sup>3</sup> The FEC (Financial Expertise Centre) department of Rabobank Nederland makes a distinction between two types of analysis: simple screening and comprehensive screening.

### STEP 3 - Definitive Classification

The definitive classification takes place on the basis of the outcome of the business relation acceptance analysis. The substantiation of the definitive classification must be documented.

Low Risk	Normal Risk	High Risk	Unacceptable Risk
<b>Classification Based on Outcome of CDD Analysis</b>			
Business relation that meets <b>all</b> of the following characteristics is classified as low risk: <ul style="list-style-type: none"> <li>• Nothing unusual from regular contact with business relation</li> <li>• Business relation successfully identified and identity verified</li> <li>• Identity of UBO is known</li> <li>• For Dutch business relations: Business relation unknown in EVA / VIS / SHF or business relation known in VIS but with a plausible explanation</li> <li>• Business relation unknown in Rabo Vastgoedgroep internal risk register</li> <li>• Nothing unusual from other checks (Google, Accuity, any local applications)</li> <li>• No reason to doubt the legitimate origin of the capital</li> </ul>	Business relation that meets <b>all</b> of the following characteristics is classified as normal risk: <ul style="list-style-type: none"> <li>• Nothing unusual from regular contact with business relation</li> <li>• Business relation successfully identified and identity verified</li> <li>• Identity of UBO is known</li> <li>• For Dutch business relations: Business relation unknown in EVA / VIS or business relation known in VIS but with a plausible explanation</li> <li>• Business relation unknown in Rabo Vastgoedgroep internal risk register</li> <li>• Nothing unusual turned up by simple screening by FEC RN</li> <li>• Nothing unusual from other checks (Google, Accuity, any local applications) No reason to doubt the legitimate origin of the capital</li> </ul>	Business relation that meets <b>one or more</b> of the following characteristics is classified as high risk: <ul style="list-style-type: none"> <li>• Business relation and UBO successfully identified <b>and</b> verified</li> <li>• Unusual circumstances from regular contact with business relation leading to high risk</li> <li>• For Dutch business relations: Business relation is known in EVA resulting in high risk</li> <li>• Business relation is known in Syfact resulting in high risk</li> <li>• Unusual circumstances resulting from internal risk register check, Google, Accuity and consultation of any local applications as a result of which the risk is high</li> <li>• Insight into origin of capital results in high risk</li> <li>• Failure to provide additional information on time</li> <li>• Purchase of conspicuous size in relation to company size or not consistent with business operations</li> <li>• Unusual circumstances from comprehensive analysis by FEC RN and/or analysis by third parties resulting in high risk</li> </ul>	Business relation that meets <b>one or more</b> of the following characteristics is classified as unacceptable risk of the above referenced analysis results in: <ul style="list-style-type: none"> <li>• Unusual circumstances from regular contact with business relation from which it is evident that the business relation is unacceptable</li> <li>• Business relation and/or UBO not successfully identified or identity no successfully verified</li> <li>• Dutch business relations: Business relation is known in EVA resulting in unacceptable risk (e.g. business relation included on sanction list)</li> <li>• Dutch business relations: Business relation known in VIS without plausible explanation</li> <li>• Dutch Business relation: Business relation known in Syfact as unacceptable business relation</li> <li>• Additional for legal entities: organisation not demonstrably transparent resulting in unacceptable risk</li> <li>• Unusual circumstances resulting from incident register check, Google, Accuity and consultation of any local applications as a result of which the risk is unacceptable</li> <li>• Insight into origin of capital results in unacceptable risk</li> <li>• Failure to provide additional information</li> <li>• Illegal and unethical activities, such as money laundering, activities to assist in committing tax fraud, drug-related activities, human trafficking, illegal trade in weapons, animals, etc.</li> <li>• Business relation originates from or is domiciled in a sanction country</li> <li>• Persons using fake or forged identity and other documents</li> <li>• Business relations whose change in risk profile during the term of relationship causes the assessed risk to increase in an unacceptable level</li> </ul>
<b>Acceptance by:</b>			
Regular staff, minimum 4 eyes	Regular staff and Risk Management	BU Director and Head of Risk Management	BU Director and Head of Risk Management with escalation to BIM CEO

**STEP 4**

Once a business relation has been accepted, depending on the risk profile, a regular review must be conducted to determine whether the risk assessment has changed. In the event of a shift to a higher risk category, the review comprises the screening activities required for acceptance (see Step 2 & 3) associated with the relevant risk category, with the exception of the identification and verification of the business relation. However: in the event of an expansion of the business relationship/partnership or activities undertaken with a business relation/legal entity, a new extract from the Trade Register must be requested.

In addition, continuous attention must be devoted to monitoring business relations.

Low Risk	Normal Risk	High Risk	Unacceptable Risk
<b>Review</b>			
<ul style="list-style-type: none"> <li>In case of an incident or incidents. An unusual or questionable transaction in particular comes to mind here. The decision to conduct a review or not depends on the nature and the seriousness of the incident</li> <li>Negative publicity</li> <li>As soon as a business relation exhibits the characteristics of a relationship as associated with a normal, high or unacceptable risk</li> <li>In the event of the expansion of the business relationship/partnership or activities</li> <li>Once every 3 years</li> </ul>	<ul style="list-style-type: none"> <li>In case of an incident or incidents. An unusual or questionable transaction in particular comes to mind here. The decision to conduct a review or not depends on the nature and the seriousness of the incident</li> <li>Negative publicity</li> <li>As soon as a business relation exhibits the characteristics of a relationship associated with a low, high or unacceptable risk.</li> <li>In the event of the expansion of the business relationship/partnership or activities</li> <li>A new partnership within 2 years after stopping a previous (good) partnership (after 2 years a new and full CDD analysis)</li> <li>Once every 2 years</li> </ul>	<ul style="list-style-type: none"> <li>In case of an incident or incidents. An unusual or questionable transaction in particular comes to mind here. The decision to conduct a review or not depends on the nature and the seriousness of the incident</li> <li>Negative publicity</li> <li>As soon as a business relation exhibits the characteristics of a relationship associated with a low, normal or unacceptable risk</li> <li>In the event of the expansion of the business relationship/partnership or activities</li> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>Once every six months</li> <li>If possible, phase out relationship</li> </ul>
<b>Monitoring</b>			
<ul style="list-style-type: none"> <li>Monthly check of sanction list</li> <li>Payments via non-European banks<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Monthly check of sanction list</li> <li>Payments via non-European banks<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Monthly check of sanction list</li> <li>Payments via non-European banks<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Monthly check of sanction list</li> <li>Payments via non-European banks<sup>4</sup></li> </ul>

<sup>4</sup> If transactions are to be executed abroad via a local bank, then this must solely be a local bank that appears on a list established by the Bank Analysis or Credit Risk Management departments of the Rabobank Group. Because these local banks fall under the supervisory authority of the local Central Bank, a simplified CDD analysis suffices for these banks. However, it must be determined whether or not these banks comply with the EU, OFAC or UN provisions concerning filtering on the basis of sanction lists. The CDD analysis for these banks must demonstrate that the relevant bank has filter systems designed to screen payment transactions on the basis of sanction lists and furthermore has a procedure that guarantees that BIM will be informed on a timely basis as soon as there is a 'hit'. The CDD analysis documents must be submitted to BIM Risk Management for review to confirm that the specified requirements are indeed met.

## **BIM Types of Identification and Verification**

BIM uses the following methods:

1. Face-to-face identification and verification of natural persons
2. Identification of legal entities on the basis of a certified extract of the CoC or a notarial deed
3. Outsourced identification (as defined in Article 10 of the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft)
4. Derived identification (as defined in Article 8(2) of the Wwft)
5. Transfer of identification and verification (as defined in Article 9 of the Wwft)

*Re 1* Identification and verification of the identity of natural persons is conducted on the basis of:

- Dutch or foreign passport
- European identity card
- Dutch driving license
- Aliens identity card.

The employee, if possible, makes a copy of the document, adds the text 'copy of original', his/her name and signature, and the date.

*Re 2* Identification of legal entities is effected as follows:

- On the basis of a certified recent CoC extract or on the basis of an extract requested by BIM from the online CoC register. If it is not possible to identify the UBO by means of a CoC extract, the business relation must be asked to provide this information (extract).
- On the basis of a deed prepared by a civil-law notary established in the Netherlands.
- For foreign legal entities, use can be made of a civil-law notary established abroad or a similar official, or a certified extract of a foreign chamber of commerce or similar register.

The natural persons representing the legal entity in its dealings with BIM are also identified; this identity is verified and the power of representation is established.

*Re 3* It is permitted to involve third parties, for example a civil-law notary, to perform the basis identification and verification tasks. The contracting organisation, however, always remains responsible for this process. If the contracting is of a structural character, then this mandate must be established in writing.

*Re 4* If a natural person is not physically present for identification, it is possible to make use of an earlier identification by a supervised credit institution. The business relation sends a copy of the identity document. Next, the initial transfer must originate from a bank account of this business relation in a EU country or in the US. Finally, the identity is verified through means of a comparison with the details on the copy of the identity document and the details provided on the first deposit. In this regard, it is necessary that the bank account from which the transfer is made carries the same name, address and city/town details as those provided to BIM.

*Re 5* It is possible to make use of an earlier identification by a supervised credit institution, a lawyer or a civil-law notary. The Compliance Officer must be contacted in advance for this purpose.

Exempted from compulsory identification:

In accordance with the law:

- A registered and authorised business relation in the Netherlands, in another EEA member state or in an equivalent state designated by the minister as follows:
  - o Credit institution
  - o Financial institution
  - o Trust office
  - o Money transaction office
  - o Life insurance company, except for a life insurance company that exclusively operates as a funeral insurance company with in-kind benefits
  - o Investment firm
  - o Investment institution
  - o Financial services provider insofar as it acts as a life insurance broker
  - o Branch office in the Netherlands of one of the above-referenced companies headquartered outside the Netherlands.
- Legal entities that have issued securities that are listed on a regulated market in an EEA member state or a state with similar disclosure requirements.
- Business relations that temporarily hold moneys in accounts in the name of civil-law notaries, lawyers and other independent practitioners of legal professions. Insofar that the account holders are not domiciled in a member state, this provision only applies if legal regulations apply to them to prevent money laundering and financing of terrorism that agree with the provisions of this law and the information concerning the identity of the business relations is available on request to the relevant institution.
- Dutch government Agencies
- EU institutions.

In accordance with this policy:

- Registered and authorised pension funds domiciled in the Netherlands, in another EEA member state or in a 'designated state'
- Tenants
- Private buyers of individual homes
- Suppliers with an annual contract value < €100,000
- External legal & tax advisors who are mentioned on "the BIM lists of preferred suppliers"  
(see intranet page BIM : ("legal department / external advisors"))
- Debtors.

Sufficient information must be collected to be able to determine whether the above-referenced provisions apply to the business relation. You must document the aim and the intended nature of the business relationship. In addition, the representative of an exempted legal entity must still be identified and a check must be conducted to confirm that the representative is indeed authorised to represent the business relation.

### **Business relation Acceptance**

The analysis, determination of the risk profile and acceptance of the business relation must be performed by an employee with the right knowledge, skills and authorities. Acceptance of normal and high risk business relations must always take place in consultation with Risk Management.



### **Business relation already known to a different Rabobank business unit**

In the event of a simplified CDD analysis, FEC Rabobank NL checks the business relation in Syfact. If from this it is evident that the business relation has already been qualified as a business relation with a high or unacceptable risk by another Rabobank business unit, then this information must be included in the analysis.

In addition, during the simplified CDD analysis, FEC Rabobank NL checks whether the business relation is known to other business units. This approach not only identifies the business relations with a high or unacceptable risk, it also identifies the business relations that are qualified as low and normal risk by other business units.

### **New and Existing Business relations**

All new BIM business relations are analysed, accepted or rejected using the approach described in the risk matrix. If it turns out that an existing business relation displays characteristics of a higher risk category, the additional acceptance measures of the relevant category must be executed.

### **Changing a Risk Category**

With the exception of exceeding or dropping below the €150,000 boundary, as a result of which the business relation is automatically transferred to a higher or lower risk category, respectively, every reduction in risk category must be submitted to Risk Management for approval. The acceptance policy detailed in the risk matrix must be applied when there is an increase in risk category.

## **5. Reporting Unusual Transactions**

Monitoring for unusual transactions (unusual in the sense that there is a risk of money laundering or financing of terrorism or a risk of unethical business management) forms part of monitoring the business relation.

On the basis of objective and subjective indicators established by or pursuant to law, an assessment is conducted to determine whether there are any unusual transactions.

Both intended and executed transactions by new as well as existing business relations can be unusual and may need to be reported. BIM's Compliance Officer reports unusual transactions without delay to the Management Board, the relevant reporting centres, the Head of Compliance of the Rabo Vastgoedgroep and the Rabobank Nederland's FEC department. The Compliance Officer is responsible for handling the reported incident.

During the implementation of this policy only the following (subjective) indicator is relevant for BIM: suspected money laundering transaction or financing of terrorism.

Areas for attention include:

- Amounts originating from foreign bank accounts, not being EU member states
- Origin of money is not clear
- Significant deviation between acquisition/disposal price and market value (for example, see Acquisition and Disposal process description)
- Resale of property within a reasonable period of time with a lack of clear fluctuations in selling prices
- If the business relation's pattern of conducting business suddenly changes or the nature of the transaction does not match the business relation's nature and size
- External sources, including publications that indicate potential money laundering practices.

## 6. Duty to Document and Retain

The information to be registered concerning the business relation's identity, as well as the outcome of the various checks, reviews and monitoring activities must be recorded by the relevant department.

All information concerning the CDD/AML classification of the business relation must be filed such that it is easily accessible.

The quality of the recorded data must be such that it provides a clear and reproducible picture of the considerations and decisions related to the CDD/AML classification and any internal control measures.

The working instructions and the business relation acceptance form identify the business relation details that are required and how these are to be documented.

The above-referenced information must be stored in accordance with BIM's retention policy.

## 7. Safeguarding Required Knowledge and Skills

The Management Board and the Management Boards of domestic as well as international BIM business units ensure that management and employees acquire and maintain the requisite level of CDD knowledge and skills by providing education, training and courses. Where feasible, workshops and presentations are used.

## 8. Reporting and Notifications

The Compliance Officer reports high risk business relations and unacceptable business relations to the Management Board and to the Head of Compliance of the Rabo Vastgoedgroep.

Every quarter, as part of BIM's management reporting by the Risk Manager, BIM reports to the Management Board concerning business relations with a high or unacceptable risk by type of business relation and the amount of invested capital in money, if necessary.