Energy for generations

ESB Group Policy on Anti Money Laundering & Counter Terrorist Financing

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1. Introduction

Money laundering and terrorist financing are serious threats to society, losing tax revenue, endangering life and property and fueling other criminal activity. They are also serious criminal offences.

Irish legislative requirements in relation to anti-money laundering and countering terrorist financing are primarily set out in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended) (the "**CJA 2010**"). The Criminal Justice (Terrorist Offences) Act 2005 (the "**CJA 2005**") also sets out offences with respect to terrorist financing.

2. Purpose of this Policy

The purpose of this Anti-Money Laundering and Countering Terrorist Finance Policy ("**Policy**") is to outline:

- what Anti-Money Laundering and Counter Terrorist Finance is and how laws relating to them apply to ESB;
- how ESB complies with its obligations under CJA 2010;
- key responsibilities in this regard; and
- the steps to be followed when a possible or actual violation occur.

3. Policy Scope

This policy applies to ESB and all of its subsidiaries (ESB Group) and to all Board Members, Executive Directors and staff (including employees and contractors) of ESB Group (together referred to as "**ESB Personnel**" in this Policy). Whilst the Policy applies to all ESB Personnel, the Policy is likely to be of particular relevance to any ESB Designated Company and to Relevant Personnel (as defined below), whose business operations are based in Ireland and who provide loans, guarantees or commitments to an ESB minority owned company or other third party e.g. customers.

For regulatory reasons, NIE Networks maintains its own company policies aligned, as far as practical, to this policy. For application of this policy to non-wholly owned subsidiaries, please refer to the Group Policy for Governance of Non-Wholly owned Entities.

4. Policy Statement

It is ESB's policy to comply with all applicable laws and regulations designed to combat money laundering and/or terrorist financing ("ML/TF") when engaging in lending which brings it within scope of Irish legislative requirements in relation to anti-money laundering ("AML") and countering the financing of terrorism ("CFT").

5. Key Definitions

Designated Company

A "**Designated Company**" is an unregulated company operating in Ireland that carries out one or more financial activities listed in Schedule 2 of the CJA 2010 and is, therefore, subject to full AML/CTF obligations and Central Bank registration. Group Compliance maintains a list of Designated Companies in the ESB Group.

Relevant Persons

All Directors and designated ESB Personnel acting on behalf of the Designated Company, are under an obligation and duty to comply with the CJA 2010. The Group Compliance Manager shall maintain a register of all Relevant Persons for each Designated Company and inform them of their responsibilities.

Money Laundering

In general, money laundering consists of moving cash or other financial assets attributable to illicit activities through one or more legitimate accounts, businesses or other conduits, for the purpose of making such cash or assets appear to be attributable to legitimate activities or otherwise more difficult to trace back to their illicit source.

Terrorist Financing

Terrorist financing involves the provision, collection or receipt of funds intending or knowing that those funds will be used to carry out an act of terrorism. Financing of terrorism does not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

6. Key Principles

Each Designated Company in the ESB Group will comply with the following obligations:

- register with the Central Bank, pursuant to section 108A of the CJA 2010;
- conduct a business risk assessment to identify and assess the ML/TF risks involved in carrying out its business activities and ensure it is approved by the Board of Directors;
- carry out a customer risk assessment on customers and complete appropriate Customer Due Diligence where required;
- monitor the business relationship with the customer on an on-going basis;
- examine the background and purpose of all complex or unusually large transactions and all unusual patterns of transactions, which have no apparent or lawful purpose;
- promptly report any suspicions of money laundering or terrorist financing to An Garda Siochána and the Revenue Commissioners; and
- comply with obligations in relation to record-keeping, staff training and the maintenance of appropriate policies, procedures and controls.

7. Roles & Responsibilities

Business Unit Financial Controllers and Relevant Persons are responsible for the application and communication of this policy for their business unit and Designated Company.

The **Group Compliance Manager** promotes the objectives of this policy, provides support and guidance to the business in the fulfilment of their responsibilities, and undertake appropriate monitoring activities to provide assurance on compliance with this policy.

8. Reporting Policy Violations

ESB Personnel should raise any concerns arising in relation to Money Laundering and Terrorist Finance in the first instance with their line manager. Depending on the circumstances, they may also raise concerns: -

- with the Group Compliance Manager, Business Unit Financial Controller or Group Head of Legal; or
- where it is not possible to raise a concern internally, or where a concern continues to be unresolved following consultation, through the ESB Confidential Helpline. Further information is available in ESB's Whistleblowing and Protected Disclosures Policy.

9. Compliance

9.1 Monitoring and reporting

Compliance with this policy will be monitored by the Group Compliance Manager through period assurance reviews and review of any incidents reported as part of the quarterly and annual Internal Control attestation process.

Reporting on compliance with this policy will be through the quarterly internal control attestation process.

ESB must report to An Garda Síochána and the Revenue Commissioners any knowledge or suspicion that another person is engaged in, or attempting to become engaged in money laundering or terrorist financing.

9.2 Non-Compliance and Sanctions

Any action in breach of this Policy by an employee (i.e. an action which constitutes a breach of applicable law or regulation designed to combat money laundering and/or terrorist financing by the employee or by an ESB Group company as a result of that employee action) is a disciplinary matter and may result in disciplinary procedures being invoked. This may result in penalties being imposed (up to and including dismissal).

Any action in breach of this Policy by a contractor, casual or agency worker will be reported to the relevant person's employer and may result in termination of the contract between ESB and the relevant third-party company.

Failure to comply with the CJA 2010 and requirements set out in this policy may be a criminal offence and could result in criminal proceedings being imposed on ESB Designated Companies or ESB Personnel.

10. Related Documents

This policy should be read in conjunction with other related ESB policies including:

- ESB Group Policy on Sanctions & Related Matters
- ESB Policy on the Governance of Non-Wholly owned Entities

11. Review Cycle

This policy will be reviewed on a three year cycle or earlier as required.