

# ANTI MONEY LAUNDERING POLICY

## 1. Policy Statement Overview

Arena Sports Entertainment N.V is committed to conducting its business in a lawful and ethical manner.

Arena Sports Entertainment N.V takes a zero-tolerance approach to money laundering (ML) and funding of terrorism (FT) and is committed to upholding all laws relevant to anti-money laundering and counter-terrorist financing ('AML/CFT') in all the jurisdictions in which they operates.

ML and FT pose risks to Arena Sports Entertainment N.V's business. Arena Sports Entertainment N.V takes a measured approach to identify, assess and understand the ML and FT risks it is exposed to, and has established a tailored AML/CFT programme to manage and mitigate the risks it identifies.

Arena Sports Entertainment N.V's AML/CFT Programme is shaped by current applicable legislation, regulations and best-practice anti-money laundering standards and has been tailored to effectively manage and mitigate the ML and FT risks the organization is exposed to. It includes establishing Board-approved policies, appropriate procedures and implementing and enforcing effective systems and controls.

Not only will the effective implementation of Arena Sports Entertainment N.V's AML/CFT Programme help to counter ML and FT, it will help to protect the business, its employees, shareholders, customers and suppliers from the risks of ML and FT, maintain confidence in Arena Sports Entertainment N.V and provide for continued, successful business operations.

This document should be considered in conjunction with the relevant Terms and Conditions.

## 2. Purpose

The purpose of this Policy is to:

- Set out the responsibilities, and internal and legal obligations on Arena Sports Entertainment N.V. These responsibilities are applicable to all employees - to observe and uphold AML/CFT measures;
- Provide information and guidance to employees on how to recognise activities that may be related to money laundering and financing of terrorism and instruct, them on how to proceed in such cases.

### **3. Audience**

This Policy applies to all persons working for, or on behalf of, Arena Sports Entertainment N.V in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers and interns.

Where appropriate, the Policy applies to agents, contractors, external consultants, third-party representatives, business partners, sponsors, or any other person associated with Arena Sports Entertainment N.V, wherever located.

From time to time Arena Sports Entertainment N.V will engage third party specialists to advise on ML and FT matters. This does not, however, absolve employees from their obligations and responsibilities in relation to ML and FT.

Where local AML/CFT laws and regulations apply in any country in which Arena Sports Entertainment N.V operates, those laws and regulations must be followed in addition to the requirements of this Policy. If any such local laws are not as strict as the terms of this Policy (including the laws and regulations referenced in it), then the terms of this Policy must be applied to the extent permitted by local law.

Any breach of this Policy may result in disciplinary action, or the cessation of the business relationship as appropriate. Moreover, it may constitute a criminal offence under applicable laws which could result in prosecution.

This Policy does not form part of any employee's contract of employment and Arena Sports Entertainment N.V may amend it at any time.

### **4. Definitions**

#### **4.1 Money Laundering (ML)**

##### **4.1.1 Money Laundering**

ML can be defined as 'the process by which the proceeds of criminal activity are dealt with in a way to conceal or disguise their illicit criminal origins'.

Typically, ML consists of three stages:

- Placement: the physical disposal of criminal proceeds where the money launderer attempts to place cash into the financial system.

- Layering: the separation of criminal proceeds from their source by the creation of 'layers' or a sequence of transactions designed to disguise the audit trail and provide the appearance of legitimacy.
- Integration: the conversion of the criminal proceeds, for example, into real estate, property or investments, so that they appear to be legitimate funds or assets.

Criminal activity can include any kind of conduct that would be a criminal offence in the countries in which Arena Sports Entertainment N.V operate, including but not limited to terrorism, drug trafficking, activities of criminal organisations, corruption, fraud, theft and tax evasion or other tax related offences.

#### **4.1.2 Examples of Money Laundering Risks in the Industry**

There is the potential for a money launderer to use gambling at each of the above stages. For instance, in online gambling, where electronic transfers are required for placements, identity theft and identity fraud may enable a money launderer to move criminal proceeds with anonymity. The use of multiple internet transactions may facilitate the layering stage of ML. ML may also arise from simple criminal spend ('Proceeds of Crime'). Personnel may also facilitate ML by colluding with customers or other third parties, or dishonestly manipulating records or processes.

#### **4.1.3 Knowledge or Suspicion**

Personnel must report any knowledge, suspicion or grounds for knowing or suspecting ML or FT to the Money Laundering Responsible Officer (MRLO).

'Knowledge' here means having actual knowledge that the monies in question originated from criminal activity. For example, knowing that a customer is depositing monies received from the sale of drugs or monies obtained by deception. Having a 'suspicion', on the other hand, is subject to a much lower threshold. The information causing suspicion of money laundering does not have to be clear, firmly grounded or targeted on specific facts.

The suspicion need only be 'more than fanciful' in order for the requirement to report to arise and for the MLRO to consider making a report to the relevant authorities. Having 'grounds for knowing or suspecting' ML or FT is an objective test that applies to Arena Sports Entertainment N.V as it operates in the regulated sector.

If circumstances exist that would cause a reasonable person to know or suspect the existence of ML or FT, these should be reported to the MLRO, even if they do not, for whatever reason, cause the reporter personally to know or suspect ML or FT.

For ease of reference throughout this Policy, reference is made to the requirement to report knowledge or suspicion of ML or FT. This should be taken to also include having grounds for knowing or suspecting.

#### **4.1.4 Examples of Activities Which May Lead to Knowledge or Suspicion**

A non-exhaustive list of examples of conduct which may raise suspicion of ML or FT are set out below.

The existence of such conduct does not necessarily mean that ML or FT is taking place; however, it does mean that greater scrutiny is required. In these circumstances, or if you have any other cause to know or suspect that ML or FT may be taking place, a report should be made to the MLRO so that they can take any further steps that may be required. Where there is any doubt, contact the MLRO.

Evidence is not required to report to the MLRO, suspicion is enough.

- A potential customer is reluctant to provide evidence to verify their identity;
- A customer, or potential customer, is reluctant to provide information in relation to their source of wealth or source of funds;
- A customer uses multiple credit cards to deposit money within a short period of time (which may suggest the use of stolen cards);
- A customer deposits a large sum of money and makes a request to withdraw it, having engaged in minimal or no gameplay or with no discernable purpose or in unusual circumstances;
- There is a mismatch between the customer's country of residence and the location of their method of payment, such as their bank or credit card account;
- Where a customer uses one payment method to make a deposit and requests a withdrawal to be made to a different account;
- A customer engages in unusual or inconsistent gameplay activity;
- A customer uses a number of anonymous payment methods, such as pre-paid cards;
- A customer makes large or unusual settlements of transactions in cash;
- A customer instructs to credit sales proceeds to an account different to that of the original source account or to a third party;
- Any transaction which appears of a size, nature or frequency which is unusual;
- Where the investor is introduced by an overseas country and both are based in a country where drug production or drug trafficking may be prevalent.

Employees, including the Money Laundering Responsible Officer, are not expected to know or to establish the exact nature of any underlying criminal offence, or to know that the particular funds were definitely those arising from a crime or terrorist financing.

## **4.2 Financing of Terrorism (FT)**

### **4.2.1 Financing of Terrorism**

FT means the provision or collection of funds or assets, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, to carry out terrorist activities.

#### **4.2.2 Examples of Terrorist Financing Risks in the Industry**

Terrorist organisations may make use of the online gambling industry to assist in obtaining the funds required for them to plan and carry out attacks, train militants, pay their operatives and promote their ideologies.

Non-exhaustive examples of conduct which may raise suspicion of FT are set out below.

- The parties to the transaction (beneficial owners or directors) are from countries known to support terrorist activities and organisations;
- Use of false corporations, including shell-companies;
- Inclusion of the individual or entity in the sanctions lists;
- Media reports that the account holder is linked to known terrorist organisations or is engaged in terrorism;
- The use of funds by the organisation is not consistent with the purpose for which it was established;
- The transaction is not economically justified considering the account holder's business or profession;
- A series of complicated transfers of funds from one person to another as a means to hide the source and intended use of the funds;
- Transactions which are inconsistent with the account's normal activity;
- Deposits structured to avoid detection;
- Multiple cash deposits and withdrawals with suspicious references;
- Use of multiple foreign bank accounts.

#### **4.3 Money Laundering Reporting Officer**

Arena Sports Entertainment N.V must appoint a nominated officer, known as the MLRO.

Selection of the MLRO is dependent on the individual having sufficient level of seniority within Arena Sports Entertainment N.V, being free to act on his or her own authority and having sufficient resources to carry out the function.

The MLRO has responsibility for, amongst other things:

- Receiving reports of suspicious activity from any employee or other person to whom this Policy applies;
- Considering all reports and evaluating whether there is any knowledge, suspicion or grounds to suspect ML or FT;
- Reporting any suspicious activity or transaction to the National Crime Agency (NCA) by completing and submitting a Suspicious Activity Report;

- Asking the NCA for consent to proceed, where appropriate, in relation to reported transactions and making sure that no transactions are continued illegally;
- Promptly responding to any reasonable requests for information made by the NCA;
- Implementing this policy, monitoring its use and effectiveness and dealing with any queries about it; and
- Auditing internal control systems and procedures to ensure they are effective.

The MLRO may engage the assistance of other suitably qualified individuals within Arena Sports Entertainment N.V in complying with his/her responsibilities.

Auditors and all employees are obligated to co-operate fully with supporting the MRLO in discharging their duties.

## **5. Policy Implementation**

### **5.1 Arena Sports Entertainment N.V' Obligations**

Arena Sports Entertainment N.V operates in the gambling industry, which is vulnerable to ML and FT risks. Arena Sports Entertainment N.V, as a regulated business, is subject to AML/CFT regulations and must identify, assess and understand the ML and FT risks it is exposed to, and establish a tailored AML/CFT Programme to manage and mitigate the risks it identifies.

Arena Sports Entertainment N.V must not commit, or assist others in committing, any ML or FT offences.

Arena Sports Entertainment N.V must comply with its obligations under the applicable AML/CFT regulations. They include, but are not limited to:

- Carrying out an annual risk assessment;
- Establishing appropriate policies and procedures;
- Conducting relevant Compliance training for its Personnel;
- Appointing a Money Laundering Responsible Officer (MRLO);
- Implementing internal controls.

These obligations are set out in detail in the following sections.

Arena Sports Entertainment N.V must ensure that it has appropriate procedures in place to ensure that employees who report breaches to the MLRO or externally to the relevant authority are protected from exposure to threats or hostile action and, in particular, from adverse or discriminatory employment actions. In the event that a person subject to this Policy breaches it, or commits an ML or FT offence, Arena Sports Entertainment N.V must take appropriate action.

## **5.2 Arena Sports Entertainment N.V' Policy and Procedure Obligations**

Arena Sports Entertainment N.V must establish and maintain appropriate group-wide policies and procedures and implement and enforce effective internal systems and controls to manage and mitigate ML and FT risks effectively.

They must be approved by senior management and be proportionate to the nature and size of Arena Sports Entertainment N.V' business. Arena Sports Entertainment N.V must regularly review and update where necessary the policies, controls and procedures.

Arena Sports Entertainment N.V must maintain a written record of:

- The policies, controls and procedures established;
- Any changes to those policies, controls and procedures made as a result of the regular reviews completed;
- The steps taken to communicate those policies, controls and procedures, or any changes to them.

## **5.3 Business Risk Assessment**

Arena Sports Entertainment N.V has adopted a risk-based approach to managing the most cost effective and proportionate way to manage and mitigate money laundering risks to the business.

The resources required will be directed proportionately in accordance with the extent of the ML/FT risks posed, so that the business, products and customers posing the highest risk receive the highest levels of attention. Arena Sports Entertainment N.V has adopted this approach in preference to a rules-based risk approach that can sometimes result in 'tick-box' focus for meeting regulatory needs as opposed to effectively combatting the risk of ML/FT.

Arena Sports Entertainment N.V must carry out an annual risk-assessment to identify, assess and understand the ML, FT and proliferation financing risks its business faces. Taking into account the nature and size of the business, the risk assessment must, among other things:

- Take into account information made available by the Gambling Commission or other relevant supervisory authorities;

- Assess risk factors related to; governance, customers, clients, countries or geographic areas in which it operates, employees, delivery channels, products or services and payments.

This form of business risk-based approach enables Senior Management to apply their own approach to procedures, systems and controls, in addition to those laid out in this policy, to ensure that Arena Sports Entertainment N.V is managing the risk of ML/FT on a more individual customer basis.

#### **5.4 Customer Risk Assessment**

For Arena Sports Entertainment N.V, the customer is an individual who seeks to form, or who has formed a business relationship with the company.

The risk may vary in accordance with the type of customer, based on the customer's economic activity and/or source of wealth.

The risk assessment considers information held about the customer and seeks to ensure the information is consistent, and will be verified by one or more means.

As per Arena Sports Entertainment N.V' risk approach, customers or business relationships with a perceived higher risk shall be placed under special surveillance and extended measures applied.

The commercial or professional relations, operations and transitions with persons from countries that do not fully implement international standards in countering money laundering shall be subject to special supervisions,

Where the operation or transaction does not have a reasonable economic justification or an apparently reasonable cause additional information on the circumstances surrounding the operation or transaction and its purpose shall be collected as far as possible.

Widely extended measures shall be mandatory applied in relation to customers who occupy or have held as senior state position known as Politically Exposed Persons, as well as to customers related to them.

The extensive measures with respect to these customers may be as follows:

- Making visits to the address specified by the client;
- Requiring additional documents and information from the client;
- Collecting information through another client;
- Online inquiries;
- Requirement of references by its counterparties in the country or abroad or by other obliged persons;
- Collection of information about the source of income;

- Verification of the client's activity, including by visiting his/her production or administrative premises or by collecting information from his counterparts; check with the client's employer;
- Measures contained in instructions issued by the director of the Financial Intelligence Directorate;
- Other measures deemed appropriate.

## 5.5 Customer Acceptance Policy

Based upon the customer risk assessment, the correct level of Customer Due Diligence can then be applied, taking into account all relatable risks.

## 5.6 Customer Due Diligence

### 5.6.1 Customer Due Diligence Obligations

- Arena Sports Entertainment N.V has implemented customer due diligence (CDD) processes which are appropriate, proportionate to the nature and size of its business and tailored to its various business activities.
- Arena Sports Entertainment N.V carries out CDD on all customers to mitigate the risks of ML and FT. CDD is the process of obtaining information to know your customer. It can include simplified due diligence (SDD) measures or enhanced due diligence measures (EDD).
- Arena Sports Entertainment N.V must assess whether to apply SDD or EDD on a risk-sensitive basis, taking into account a non-exhaustive list of factors, including the purpose of an account or relationship, the level of assets to be deposited by a customer or the size of transactions undertaken, the regularity or duration of the business relationship and geography.

### 5.6.2 Customer Due Diligence – Individuals

In each case of a customer engagement, Arena Sports Entertainment N.V must obtain:

- Full name
- Residential address
- Date of birth

This information must then be verified.

Documents that could be used to meet this requirement are listed below.

| Documents that identify the individual | Documents that verify the individual's address |
|----------------------------------------|------------------------------------------------|
|----------------------------------------|------------------------------------------------|

|                                                                          |                                                                                                     |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Current signed passport                                                  | Signed record of home visit                                                                         |
| Residence permit issued by home country on sight of own country passport | Recent (within the past 6-months) utility bill that has been posted to the individuals home address |
| Current photo-card driving licence                                       | Local authority utility bill (valid for the current year)                                           |
| Firearms certificate                                                     | Bank, building society statement or passbook                                                        |

The above lists are not exhaustive and here appropriate other forms of identification can be presented. Documents listed in the first column may also be used to verify the individual's address but the same document cannot be used to verify both the individual's identify and his or her address.

There are also a number of sources of electronic data that may be used but should not be relied upon as the sole means of identifying the individual.

If using electronic data as the sole means of verifying identity, then the source must be one that uses data from multiple sources collected over a period of time or incorporates checks that assess the strength of the information supplied such as one of the specialist agencies used by Arena Sports Entertainment N.V for these purposes.

Failure to obtain CDD will cause the client account to be frozen and relationship termination process to be initiated.

### 5.6.3 Customer Due Diligence – Companies and Other Incorporated Entities

An incorporated entity is identified by:

- It's registered number;
- It's registered corporate name and any trading names used;
- It's registered address and any separate principal trading addresses.

When identifying a corporate, employees should also obtain information about:

- It's directors or partners (as appropriate);
- It's owners and shareholders;
- The nature of the business.

Documents that could be used to meet these requirement are listed below.

| Documents Suitable for Verifying Corporate Identity |
|-----------------------------------------------------|
| Certificate of Incorporation                        |
| Certificate of Registration                         |
| Memorandum and Articles of Association              |

|                                 |
|---------------------------------|
| Partnership Agreement           |
| Shareholder Register            |
| Most Recent Report and Accounts |

Employees should ask to see at least two of these documents.

For each Corporate client, employees should obtain a list of all directors and shareholders or partners. the identify of at least two executive directors or partners should be verified. At least one of these must be the person authorised by the client to instruct Arena Sports Entertainment N.V. The identity of the major shareholders (anyone with an interest of 25% or more) should also be obtained and verified.

Failure to obtain CDD will cause the client account to be frozen and relationship termination process to be initiated.

## 5.7 Enhanced Due Diligence

EDD measures include CDD as described in Section 5.6 and further measures as detailed below:

- Specific controls for business relationships or transactions involving high-risk third countries;
- Seeking additional independent, reliable sources to verify information provided or made available to us;
- Gathering further information about the customer to better understand the nature of the customer's business or their financial situation, and to determine the customer's reputation from publicly available information;
- Examining the background and purpose of the transaction, as far as reasonably possible, and taking steps to be satisfied that the transaction is consistent with the purpose and intended nature of the business relationship;
- Taking adequate measures to establish the source of wealth and source of funds that are involved in the business relationships or transactions with the customer;
- Assessing a corporate customer's AML/CFT controls;
- Increasing the degree and nature of monitoring of the business relationship in which the transaction is made, to determine whether the transaction or the relationship appear to be suspicious;
- Obtaining approval from MLRO before establishing or continuing a business relationship.

## 5.8 On-going Monitoring

Arena Sports Entertainment N.V must, on a risk-sensitive, ongoing, basis, scrutinise transactions undertaken throughout the course of the relationship with the customer (including, where necessary, the source of funds) to ensure that the transactions are consistent with its knowledge of the customer, the customer's activities and risk profile.

Arena Sports Entertainment N.V must also undertake reviews of existing records and keep the documents or information obtained for the purposes of applying CDD up to date. Particular regard should be had to transactions that are complex, large and unusual or part of an unusual pattern, or concern customers identified as 'high risk'.

## **5.9 Reliance on Third Parties to Perform Customer Due Diligence**

Using ID Verification/Fraud Prevention tools in order to check specific customers and verify ID documents Some of the services offered by this tool are:

- Verifying ID cards/Driving license/International passports
- Access to terrorist database
- Address verification
- Telephone number verification

Once third-party verification or manual check has verified the identity of a customer, the verification is stored on the system.

## **5.10 Reporting of Suspicions and Unusual Transactions**

### **5.10.1 Employee Responsibilities for Reporting**

All client transactions will be subject to ongoing monitoring and review by the MRLO. Where the MRLO decides that a particular client or transaction should be subjected to additional investigation, employees are expected to comply with such investigations including the provision of additional information.

Employees, including the MRLO, are not expected to know or to establish the exact nature of any underlying criminal offence, or to know that the particular funds were definitely those arising from a crime or terrorist financing.

Any employee who has any suspicion of money laundering by a person with whom Arena Sports Entertainment N.V has any business dealings must immediately report the matter to the MRLO in writing with the full details of the suspicions. Having made such a report, the employee has then met their legal obligations under the regulations.

Examples of suspicious transactions are provided in Section 4.1.5 of this policy.

Any employee who is discovered to have failed to report a transaction, which they knew to be suspicious or to have potentially involved money laundering, will be subject to

disciplinary action and will potentially be liable to prosecution unless the employee can provide just cause for not reporting the concerns to the MRLO. Employees are therefore encouraged to report all suspicions, no matter how slight, to the MRLO.

An employee may first discuss their suspicions with their Line Manager who may then accept responsibility for presenting the report to the MRLO. Any Line Manager who is approached by an employee to discuss a suspicious transaction or one known to involve money laundering must ensure that:

- The Line Manager makes a report to the MRLO, or;
- The Employee who made the approach reports to the MRLO, or;
- The Line Manager records their reasons for not making a report to the MRLO.

Any employee who has discussed a suspicious transaction or one known to involve money laundering with their Line Manager may choose to still file a report with the MRLO, even if the Line Manager has chosen not to do so.

All employees who handle investment transactions of any variety, including back office staff, will be provided with training in the recognition and handling of suspicious transactions. This training will ensure that all employees are aware of their individual responsibilities and have the confidence to follow the policy and procedures, as described in section 5.10.5 of this policy.

### **5.10.2 MRLO Responsibilities for Reporting**

Upon receiving a report from an employee highlighting suspicious activity or a transaction potentially involving money laundering, the MRLO will decide whether or not to report the matter to the authorities.

The reporting of the suspicion of money laundering to the authorities is not a breach of duty or confidentiality to the client, but instead provides a safeguarding system for Arena Sports Entertainment N.V. position.

If Arena Sports Entertainment N.V.'s MLRO decides that it is appropriate to report the matter, it must be reported to the relevant authority as soon as practicable.

Arena Sports Entertainment N.V.'s MLRO must record their decision to report or not to report and the reasons for their decision in writing, attaching any supporting documentation.

If a report is made, Arena Sports Entertainment N.V.'s MLRO must act in accordance with the relevant authority's instructions. In evaluating and determining whether to submit a SAR, the MLRO will consider, among other things:

- Details of the grounds for knowledge or suspicion of ML/FT;

- Any information in Arena Sports Entertainment N.V's possession that could be relevant, including customer due diligence information, knowledge of other parties involved and, where possible, whether the transactions concerned are in line with the relevant account's past activity, its purpose, profile, or normal course of business;
- Any information in the public domain that could be relevant, including negative news, political exposure, exposure to sanctions or the existence of prior investigations, etc;
- Further information obtained from the customer, if necessary. Any approach to the customer should be made sensitively and probably by someone already known to the customer, to minimise the risk of alerting the customer, or an intermediary, that a disclosure to the relevant authority is being considered.

### **5.10.3 Annual Report**

The MRLO will conduct an annual review of Arena Sports Entertainment N.V systems and procedures in relation to ML and FT, and will prepare a report to the Board containing the findings. The report will include;

- An assessment of the company's compliance with its money laundering obligations and the effectiveness of the company's systems and controls;
- Indicate how new information or changes to protocol from the Government and other appropriate authorities in relation to money laundering has been reflected through the company's systems and controls in the past year;
- Presents the number of reports made by employees to the MRLO.

The Board will consider the report, and take any necessary steps to remedy deficiencies identified.

### **5.10.4 Blocking of Accounts**

The freezing or blocking of accounts will be managed in accordance with the customers Term's and Conditions of play, the adherence to CDD and in line with Arena Sports Entertainment N.V policies and procedures for managing the risk of ML and FT.

### **5.10.5 Employee Training**

All employees must be aware of their obligations and responsibilities relating to ML and TF.

All employees must be aware of who the current MLRO is.

Relevant employees must undergo AML/CTF training. AML/CTF training will be conducted face-to-face or online as appropriate and as part of broader compliance training. Employees must demonstrate that they have understood the requirements of this policy.

Arena Sports Entertainment N.V's must maintain a written record of all training provided and awareness measures taken.

#### **5.11 Anti-money Laundering Compliance Programme**

Arena Sports Entertainment N.V's AML/CFT Programme is shaped by current applicable legislation, regulations and best-practice anti-money laundering standards and has been tailored to effectively manage and mitigate the ML and FT risks the organization is exposed to.

The programme includes establishing Board-approved policies, appropriate procedures and implementing and enforcing effective systems and controls such as those detailed within this policy.