Finterra's Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Policy

Overview

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About Money Laundering & Financing of Terrorism

Key Terms of Reference

Term	Descriptions
What is Money Laundering ?	Money laundering is the act of engaging in specific financial transactions with the intention of concealing the identity, source and/or destination of funds. Money launderers act to alter the identity of the source of illegally obtained money to create the appearance that it originates from a legitimate source. The most common way in which this is achieved is by giving this money to an intermediary who is already legitimately taking in large amounts of cash. Cash being completely fungible, it is easily the preferred medium of exchange in the criminal world.
What is Financing of Terrorism?	The Companies understands that terrorist financing refers to the carrying out of transactions involving funds or property that are owned or controlled by terrorists or terrorist organizations or transactions that are linked to or likely to be used in terrorist activities. Terrorists or terrorist organizations require financial support in order to achieve their aims. There is often a need for them to obscure or disguise links between them and their funding sources. Therefore, the terrorist groups must find ways to launder funds regardless of whether the funds are from an illicit or legitimate source in order to be able to use them without attracting the attention of law enforcement agencies.

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Key Objectives of the AML | CFT Policy

FINTERRA AML-KYC Policy Objectives

a) To provide guidance to employees on legal and regulatory AML/CFT requirements in the jurisdictions in which the Finterra Group operate;

b) To outline the risk management framework to identify, manage, and mitigate the ML/TF risks that the Companies may face;

c) To protect the Companies from conducting business with customers who may pose an unacceptable risk to its reputation and good standing with regulators;

d) To protect the Companies and its employees from allegations of facilitating ML/TF; and

e) To avoid criminal, civil, and regulatory sanctions which might result from failure of operational controls scope and application.

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FINTERRA Company Obligations

Fulfilling: Primary AML / CFT Obligations

Principle	Descriptions
"KYC" (Know Your Customer)	To maintain satisfactory, evidence of customer's identity
Compliance with Laws	To conduct business with high ethical standards and in compliance with laws and regulations
Co-operation with law enforcement agencies	To disclose suspicious transactions to the relevant authorities through a designated person
Policies, procedures & training	To ensure necessary procedures to customer: - Identification - Retention of records - Reporting of suspicious transactions - Training of staff

** Requirements imposed by the Policy are upheld with utmost seriousness at all times, where all employees are required to familiarize themselves with the content of the Policy and communicate any question directly to the Compliance Officer and Senior Management.

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AML | CFT Policy Design & Implementation

In designing and implementing the AML | CFT Policy, the Finterra Group of Companies ("Companies"), the following core principles were adopted:

a) the Companies oppose the crimes of money laundering and terrorism financing and does not tolerate the use of the Companies products and services for either of these purposes;

b) the Companies will endeavor to comply with the AML/CTF laws, rules and regulations;

c) the Companies will endeavor to provide its products and services only for legitimate purposes to customers whose identities the Companies have been able to reasonably ascertain;

d) the Companies will take reasonable steps to ensure that sufficient resources are made available for the implementation and performance of activities as required;

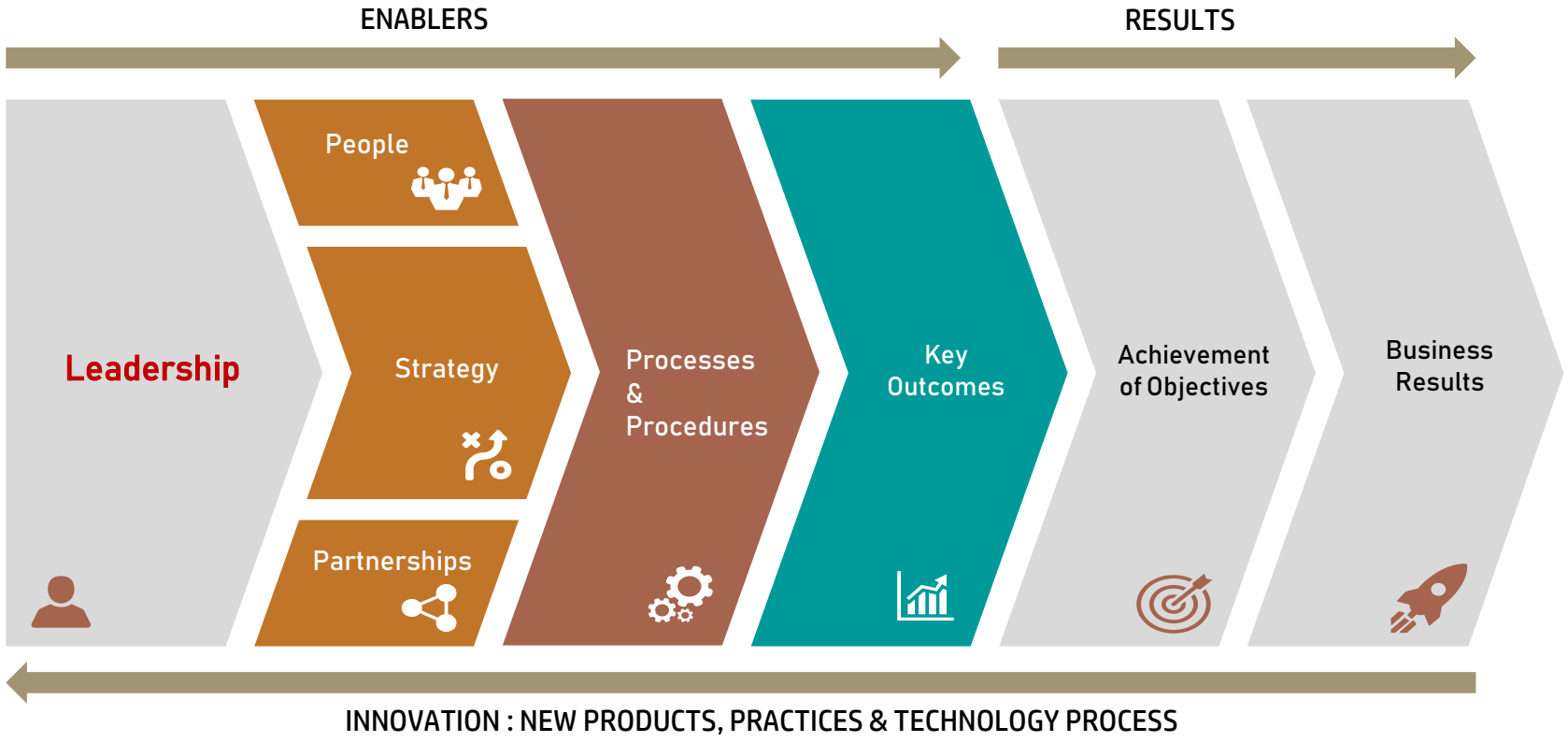
e) the Companies relevant employees are required to attend periodic AML/CTF training to understand their obligations under the relevant laws, rules and regulations; and

f) the Companies will, to the extent reasonably possible and so required, monitor its customers, their transactions, and its employees, consistent with the level of money laundering and terrorist financing risk they represent.

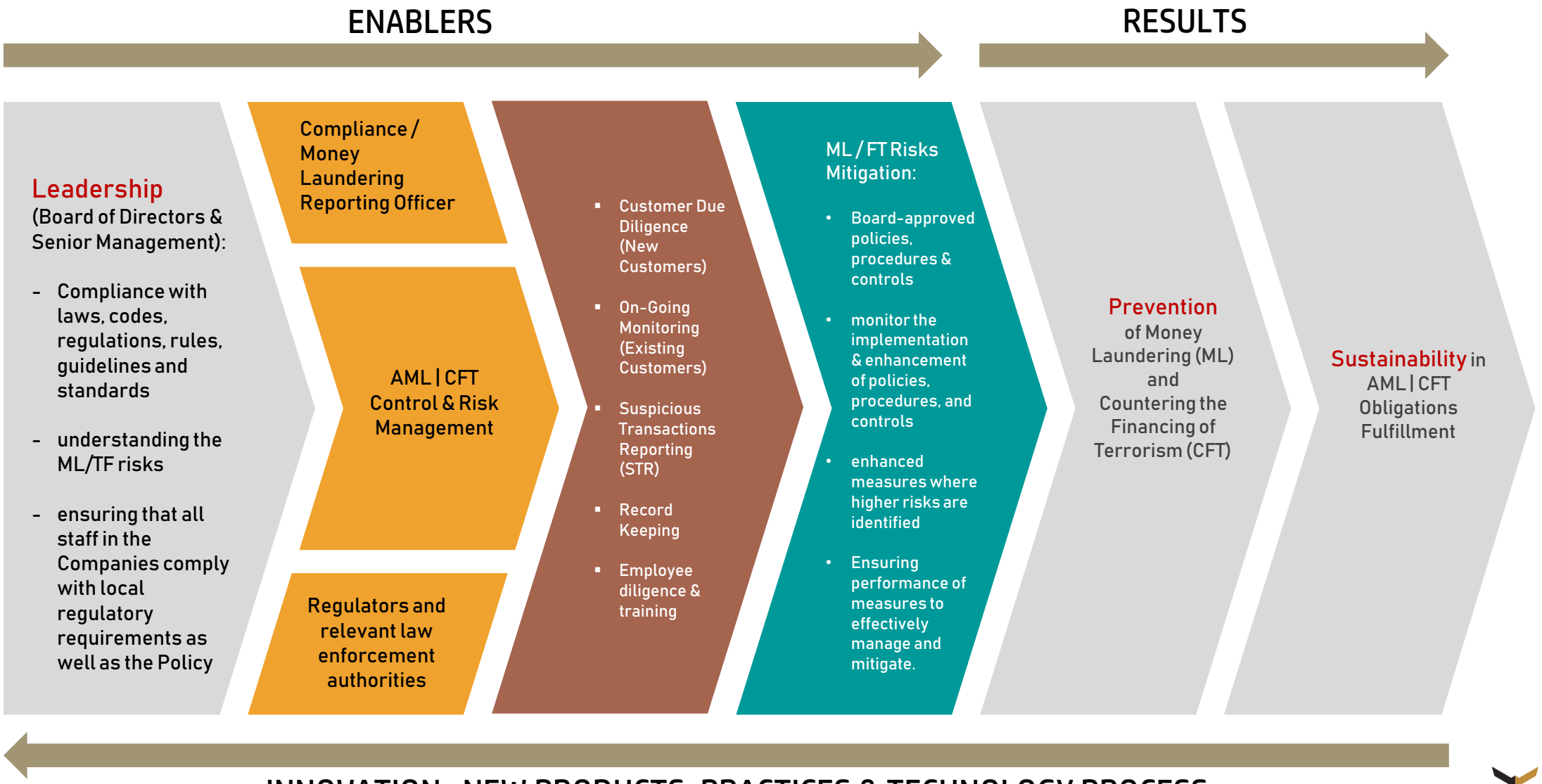
AML | CFT POLICY IMPLEMENTATION FRAMEWORK

Translating Design & Implementation principles into a **Framework** comprising:

- Enablers
- Results
- Innovation



AML | CFT POLICY IMPLEMENTATION FRAMEWORK



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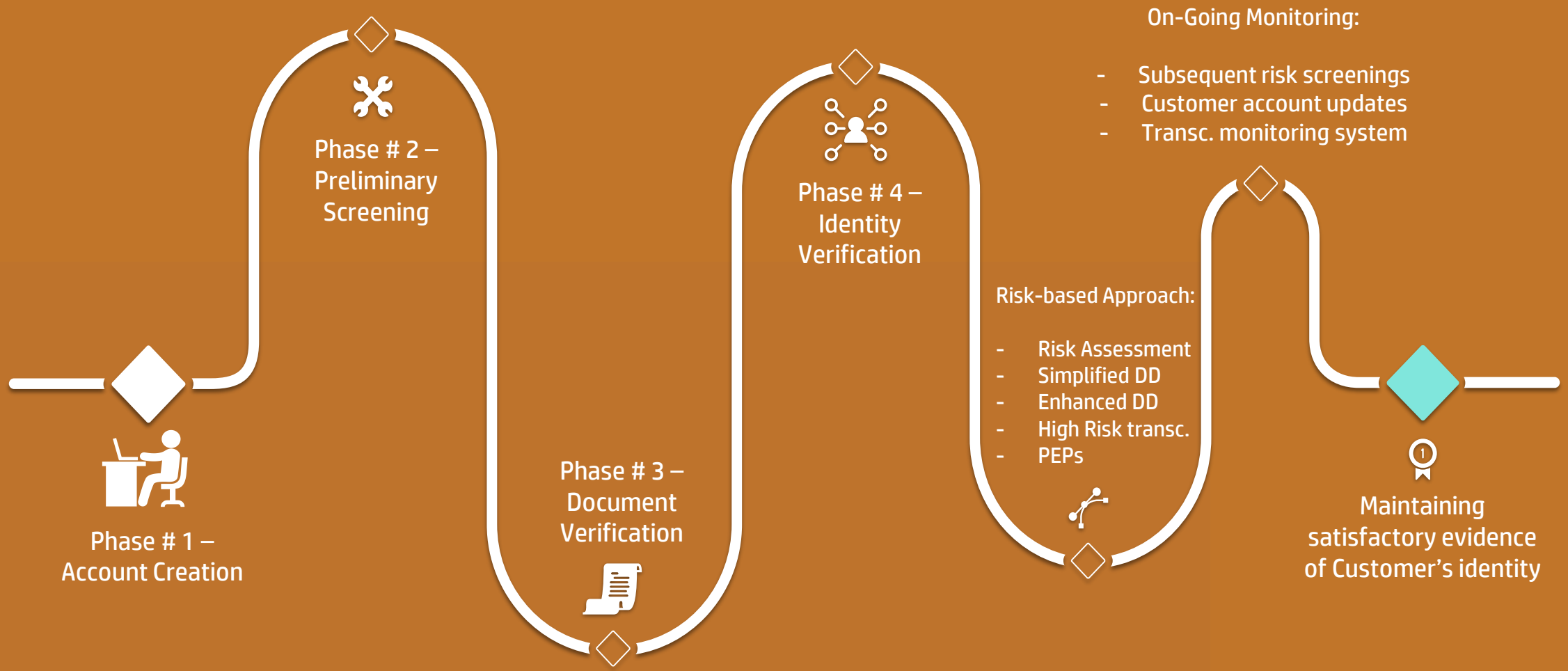
Processes: Incorporating Due Diligence (KYC) in our Customer's Journey



** The responsibility of knowing the customers always lie with the Senior Management – this includes customer on-boarding and throughout the life of the business relationship with the customer.

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Procedure: Suspicious Transactions Reporting (STRs)

Reporting

Report immediately to the Compliance Officer and senior management

Storage of STR Reports

Compliance Officer will then prepare a STR report for the relevant authority in the format provided by the CAD immediately,

STR's must be filed no later than fifteen (15) business days of the case being referred by the relevant employee or officer, unless the circumstances are exceptional or extraordinary

Decision by Compliance Officer

Relevant information, from both the ordering institution and beneficiary institution (review).

Storage of STR Reports

STR reports are sent to the relevant authorities must be kept for 5 years

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Processes: Record Keeping

STEP 1

Consolidated all potentially suspicious transactions that include transactions that are not reported to STRO

STEP 2

Maintain a register of any original documents which is released to the STRO or other relevant authorities.

STEP 3

Relevant competent authorities in the countries the companies operate and external auditors of the Companies are given access as required.

STEP 4

Documents for a period are retained for at least five (5) years following the termination of business relation for customer identification information.

STEP 5

Transaction records relating to a transaction, including any information needed to explain and reconstruct the transaction are kept for at least five (5) years;

STEP 6

Retain records pertaining to a matter which is under investigation or which has been the subject of an STR to be made available upon request from any relevant authority.

<u>Types of Records</u>:

- Account Relationships
- Transactions
- Wire Transfers
- Results of Screening
- Companies assessment of screening result
- Account files
- Business Correspondence

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