

# Anti-Money Laundering (AML) Policy

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## **1. Introduction:**

1.1 AlMahara Oil Services ('The Company') is committed to observing the provisions of Law No. 2 of 2005 on Combating Money Laundering this Anti Money Laundering Policy ('AML Policy' or 'Policy'). This Policy aims to ensure that the Company and all its employees comply with the legislations in force and that due diligence is applied in relation to 'know your employee' principles.

1.2 This policy sets out the Company's approach to ensuring that it complies with all applicable laws and regulations to prevent money laundering and appropriately manage money laundering risks, as well as the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

1.3 The Company has a zero-tolerance policy towards money laundering, and is committed to the highest level of openness, integrity and accountability, both in letter and in spirit. The penalties for these offences are severe and can lead to imprisonment and/or an a fine for the employees and executives responsible. In addition, there would be significant reputational damage for The Company.

1.4 The Company expects the employees to speak openly and raise concerns about possible breaches of this policy with their manager, supervisor or via other available reporting channels. The Company takes concerns seriously and handles them promptly.

1.5 The Company takes breaches of its policies seriously. Depending on the severity of the breach, consequences may range from a warning to termination of employment.

## **2. Purpose:**

2.1 This policy supports the Company in its aim to comply fully with all Libyan legislations in force in relation to Anti Money Laundering and to ensure it minimizes the risk of money-laundering taking place in its operations.

2.2 For the avoidance of doubt, the Company will not do business with anyone whom it is suspects of taking part in any activity, knowingly or unknowingly, which it regards as linked with potential money-laundering.

## **3. Scope:**

3.1 This Policy applies to all staff of the Company and its subsidiary companies and applies to all income and expenditure. Any breach of this policy will be a serious matter, may result in disciplinary action and could result in an employee becoming personally liable to criminal prosecution.

## **4. Money Laundering – Defined:**

4.1 Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes criminally derived 'dirty funds' and converts them into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them.

4.2 As the Company receives significant amounts of funds from all over the Country for different services, as well as making thousands of payments, it is exposed to the risk of being unwittingly used to launder funds.

4.3 Money laundering covers a wide variety of crimes, it can include anything from which individuals or companies derive a pecuniary benefit, directly or indirectly, and can include many crimes that are not initially thought of as connected with money laundering. There is a risk where there are large volumes of cash transactions and where employee identification is not always easy, for example, cash received from overseas individuals.

4.4 Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for 'clean' money or other assets with no obvious link to their criminal origins. Criminal property may take any form, including money or money's worth, securities, tangible property and intangible property. It also covers money, however come by, which is used to fund terrorism.

4.5 Money laundering offences include:

- Possessing, exploiting, disposing, concealing, disguising, converting, transferring, removing or depositing criminal property or illicit funds with the intention of camouflaging its illegal origin.
- Disguising the source of the criminal property or illicit funds, or concealing their location, method of disposal or movement.
- Making a disclosure to a person which is likely to prejudice a money laundering investigation.
- Arranging, or becoming concerned in an arrangement, which the person who knows, or suspects, or facilitates (by whatever means), the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Obtaining criminal property or illicit funds from a crime, including crimes stipulated in the Libyan Penal Code of 1954 and other relevant international agreements to which Libya is a party.

## **5. Company's' Obligations:**

5.1 Company has a responsibility to:

- Appoint a Money Laundering Reporting Officer (MLRO) who is responsible for oversight of compliance with relevant regulations, rules and best practices. MLRO is also responsible for receiving, considering and reporting as appropriate the disclosure of any suspicious activity reported by employees.
- Implement and maintain a procedure to enable the reporting of suspicious activity.
- Establish and maintain risk-based employee due diligence, identification, verification and 'know your employee' procedures in relevant circumstances.
- Maintain adequate records of transactions.
- Provide AML training and awareness for all relevant employees.
- Maintain appropriate management information and reporting on AML matters to the Senior Management of the Company.

5.2 The Company adopts a risk-based approach towards anti-money laundering and conducting due diligence. Whilst much of the Company's financial activities could be considered relatively low risk from the prospective of money laundering, all employees need to be vigilant against the financial crime and fraud risks that the Company faces. Instances of suspected money laundering are likely to be rare at the Company but we must be aware of legislative requirements.

5.3 The Company assesses risks relevant to its operations, and puts in place the processes and procedures that it deems necessary to mitigate these risks. The Company determines the appropriate level of due diligence by looking at the geographic and employees risk factors, The Company determines the appropriate level of due diligence by looking at the geographic and employees risk factors, and analyzing the Company's potential exposure to money laundering (the source of funds).

## **6. Employee Obligations:**

6.1 Money laundering legislation applies to all Company employees. Any employee could be committing an offence under the money laundering law if they suspect money laundering, or if they become involved in some way and do nothing about it. If any employee suspects that money laundering activity is or has taken place or if any person becomes concerned about their involvement, it must be disclosed as soon as possible to the MLRO. Failure to do so could result in their becoming personally liable to prosecution. Guidance on how to raise any concerns is included in this policy document.

## **7. Know Your Employee (KYE) and Employee due diligence (EDD):**

7.1 The Company must be reasonably satisfied as to the identity of an employee, customer or third party and satisfactory evidence of identity must be obtained and retained.

7.2 The Company's employee due diligence follows the principles of Know Your Employee (KYE). The three components of KYE are:

- Ascertaining and verifying the identity of the employee and\ or customer i.e., knowing who they are and confirming that their identity is valid by obtaining documents or other information from sources which are independent and reliable. In order to satisfy the requirements, identity checks for money laundering purposes are interpreted as obtaining a copy of photo-identification (such as a passport) and proof of address (such as a recent utility bill).
- Ascertaining and verifying (if appropriate) the identity of the beneficial owners of a business, if there are any, so that the Company knows the identity of the ultimate owners or controllers of the business.
- Information on the purpose and intended nature of the business relationship i.e., knowing what the Company is going to do with\ for them and why. Examples include:
  - For employees:
    - Passport and/or Visa.
    - Birth Certificate.
    - Home address.
  - For other customers or third parties:
    - Letters or documents proving name, address and relationship.
  - For organizations not known to the Company, the following evidence can be helpful:
    - Letter headed documents.
    - Invoices that show a company's registered office.
    - Checking on limited company authenticity with Companies House.
    - A credit check.

7.3 The Company has procedures for performing employee due diligence ("EDD"), and transaction monitoring arrangements on a risk-managed basis.

5.4 EDD records must be retained for five years from the date on which reliance commences as failure to do so is a criminal offence.

## **8. Money Laundering Reporting Officer (MLRO):**

8.1 The Company has appointed a Money Laundering Reporting Officer (the “MLRO”), and a Deputy MLRO, who is to act in his absence. The MLRO is the officer nominated to receive disclosures in respect of suspected transactions or activity within the Company.

## **9. Disclosure Procedure to be followed by Employees:**

9.1 Where an employee knows or suspects that money laundering is taking or has taken place, or becomes concerned that his\her involvement in a transaction may amount to a breach of the regulations, he\she must disclose this immediately to the MLRO.

9.2 Employee’s report should include as much detail as possible, including:

- Full details of the people and/or companies involved, including the employee, and other employees if relevant.
- Full details of the transaction and nature of each person’s involvement in the transaction.
- Suspected type of money laundering activity or use of proceeds of crime with exact reasons as to why the employee is suspicious.
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assets involved.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering that may help to facilitate any report to the National Committee for Combating Money Laundering (NCCML).

9.3 Once the employee reports his\her suspicions to the MLRO he\she must follow any instructions given to them. Also, an employee must not make any further enquiries unless instructed to do so by the MLRO. At no time and under no circumstances should the employee voice any suspicions to the person(s) he\she suspect of money laundering, nor should they discuss this matter with any colleagues.

9.4 If appropriate the MLRO will refer the case to the NCCML who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to ‘tip off’ the individuals concerned, otherwise employee may be committing a criminal offence. The penalty for tipping off is imprisonment and/or fine of no more than 10.000 LYD and not less than 500 LYD (Paragraph 2 of Article of Law No 2 of 2005).

## **10. Action and Disclosure by the MLRO:**

10.1 On receipt of a disclosure report the MLRO will:

- Note the date of receipt and acknowledge receipt of it.
- Assess and advise the individuals concerned when a response can be expected.
- Consider the report and any other relevant information, undertaking further enquiries if necessary to decide if a report should be made to the NCCML.

10.2 Once the MLRO has evaluated the case, a timely determination will be made as to whether:

- There is actual or suspected money laundering taking place.
- There are reasonable grounds to know or suspect that is the case.
- Consent is required from NCCML for a particular transaction to proceed.

10.3 Where the MLRO concludes that the case should be disclosed to NCCML this needs to be done:

- In a timely manner.
- In the prescribed manner on a standard report format provided by NCCML.

10.4 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report will be marked accordingly.

## **11. Record-Keeping:**

11.1 By keeping comprehensive records the Company is able to show that it complies with the Money Laundering Regulations. This is crucial if there is a subsequent investigation into one of the employees, customers or transactions.

11.2 The types of record kept may include:

- Daily records of transactions.
- Receipts.
- Cheques.
- Customer correspondence.
- Employee identification evidence.

11.3 Records may be kept in any of the following formats:

- Originals.
- Photocopies.
- Scanned.

- Computerized or Electronic.

11.4 Records must be kept for five years beginning on either:

- The date a business relationship ends.
- The date a transaction is completed.

11.5 The MLRO will retain any disclosure reports and any associated relevant documents in a confidential file for a minimum of five years.

11.6 The Company is required to retain records for at least seven years after ceasing to transact with an employee or customer including records of risk assessment, identity and verification and ongoing monitoring. These records are required for other purposes, such as tax compliance, as well as anti-money laundering.

## **12 Communication and Training:**

12.1 This policy ensures employees understand their responsibilities under the AML regime, the Company's due diligence procedures and how to report suspicious activity. The policy is published on the Company's website and communicated to employees via internal communication.

## **13 Equality and Diversity:**

13.1 There are no equality and diversity impacts of this policy.