

ENERGY AND RESOURCES COMPANY LIMITED



ANTI MONEY LAUNDERING AND COMBATING THE FINANCING TERRORISM

AML/ KYC POLICY

BY: RISK MANAGEMENT TEAM AND THE BOARD OF DIRECTORS

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1.0 Definitions

- The Bank of Ghana (BOG) and the Financial Intelligence Centre (FIC) issued Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Guideline for Financial Institutions licensed by the Bank of Ghana.
- The guidelines incorporate the:
 - Obligations on banks under the Anti- Money Laundering Act, 2008 (Act 749) as amended by the Anti- Money Laundering (Amendment) Act, 2014) Act 874
 - Recommendations made by the Financial Action Task Force (FATF) on AML standards and CFT
 - Paper issued on Customer Due Diligence (CDD) for banks by the Basel Committee on Banking Supervision
 - Other international best practice guidelines on Anti-Money Laundering and the Combating the Financing of Terrorism (AML/CFT) to provide inter alia a clear and further guidance on Know Your Customer (KYC) procedures.
 - This policy document has been prepared in line with the BOG guidelines and incorporates the Company's approach to KYC, AML and CFT issues.
 - ENERGY AND RESOURCES COMPANY LIMITED is committed to the highest standards of anti-money laundering (AML) compliance and requires management and employees to adhere to these standards to prevent the use of our products and services for money laundering purposes.

2.0 What is Money Laundering?

Section 1 of Anti –Money Laundering (Amendment), Act 2014 ACT 874 defines money laundering as

- A person commits an offence of money laundering if the person knows or ought to have known that property is or forms part of the proceeds of unlawful activity and the person
- Coverts, conceals, disguises or transfers the property;
- Conceals or disguises the unlawful origin, disposition, movement or ownership of rights with respect to the property; or
- Acquires, uses or takes possession of the property.

The FATF AML defines money laundering as any actual or attempted act aimed at concealing or camouflaging the nature of illegally or illegitimately earned property and present it as proceeds from legal sources.

FATF defines money laundering as the process by which proceeds from criminal activities are disguised to conceal their illegal origin in order to legitimize the ill-gotten gains of crime.

Criminal activities, such as drug trafficking, illegal arms sales, smuggling, human trafficking, prostitution, corruption, embezzlement, and other activities of organized crimes, tend to generate large amounts of profits for the individuals or groups carrying out the criminal act. However, by using funds from such illicit sources, criminals risk drawing the authorities' attention to the underlying criminal activity and exposing themselves to criminal prosecution. In order to benefit freely from the proceeds of their crime, they must therefore conceal the illicit origin of these funds.

- 2.1 The United Nations Vienna Convention (1988) and the United Nations Palermo Convention (2000) provisions describe money laundering as the process by which proceeds from a criminal activity are disguised to conceal their illicit origin, and may encompass three distinct, alternative acts:

The conversion or transfer, knowing that such property is the proceeds of crime;

The concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime;

The acquisition, possession or use of property, knowing, at the time of the receipt, that such property is the proceeds of crime.

3.0 Money Laundering Stages

There are three stages of money laundering which are explained as follows:

3.1 Placement:

The criminal places the funds obtained through illegal activities in the financial system.

3.2 Layering:

The criminal attempts to cover up the source of these funds and disguise the relation between the funds and their illegal source. This may be achieved through a manipulation of the financial or banking records or through the execution of a series of normal commercial transactions.

3.3 Integration:

The final link in the money laundering process is sometimes called the integration stage. This occurs when the laundered or cleaned up money is legitimately brought back into financial systems. This is accomplished through the purchase of assets, securities/ financial assets, or luxury goods, and investment in real estate or business ventures.

4.0 What is Terrorist Financing?

Terrorist financing offences extend to any person who willfully provides or collects funds by any means, directly or indirectly, with the unlawful intention that they should be used or in the knowledge that they are to be used in full or in part to carry out a terrorist act by a terrorist organization or an individual terrorist.

Terrorist financing offences can be extended to any funds whether from a legitimate or illegitimate source. Terrorist financing offences therefore do not necessarily require that the funds are actually used to carry out or attempt a terrorist-act or be linked to a specific terrorist- act. Attempt to finance terrorists/terrorism and to engage in any of the types of conduct as set out above is also an offence.

Terrorist financing offences are predicate offences for money laundering.

Terrorist financing offences therefore apply, regardless of whether the person alleged to have Committed the offence is in the same country or a different country from the one in which the terrorist/terrorist organization is located or the terrorist act occurred or will occur.

Bank of Ghana requires strict compliance with UN and FATF directives. If FABL has any reason to believe that an individual, commercial establishment or an organization is, by any means, directly or indirectly, providing or collecting funds in the knowledge that such funds will be used for illegal purposes, FABL will refrain from entering into such transactions and a report made to the FIC as prescribed by the Anti-Money Laundering (Amendment) Act 2014 and the BoG/FIC AML/CFT Guidelines and the Anti- Money Laundering Regulations (L.I)

5. Processes of Terrorist Financing

From a technical perspective, the methods used by terrorists are essentially the same as those used to conceal money laundering, however, the main differences between the two are:

Often small amounts are required to commit individual terrorist acts, making it difficult to track the terrorist funds; and

Terrorists can be funded from legitimately obtained income, making it difficult to identify the stage at which legitimate funds become terrorist funds.

Terrorists may derive their income from a variety of sources, often combining both lawful and unlawful funding. The forms of financing can be categorized into the following types:

Financial Support

- i. This funding could be in the form of charitable donations, community solicitation and other fund-raising initiatives, which may come from entities or individuals.

Criminal Activity

- ii. This funding is often derived from criminal activities such as money laundering, fraud and other financial crimes.

Legitimate Source

- iii. This form of funding may originate from legitimate business activity, established to fully or partially fund these illegal activities.

6. What is Proliferation financing?

- i. FATF defines Proliferation financing as the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.

7. Compliance with Legislation

ENERGY AND RESOURCES COMPANY LIMITED shall observe high ethical standards within the confines of the laws and regulations guiding its operations.

In particular, ENERGY AND RESOURCES COMPANY LIMITED is required to ensure full compliance with the Bank of Ghana- issued Guidance Notes on Money Laundering and the BOG AML/CFT Regulation 2011 in order to enhance the effectiveness of the provisions of the Anti-Money Laundering Act.

- i. The Company is aware of these requirements and will ensure that all its businesses comply accordingly and Cooperate with Law Enforcement Authorities.
- ii. ENERGY AND RESOURCES COMPANY LIMITED will give full cooperation to law enforcement authorities within the limits of the rule governing confidentiality. For instance, where the Bank is aware of the facts that certain funds lodged in an account was derived from criminal activity or intention, the Bank is expected to observe the stipulated procedures for disclosure of suspicious transactions by reporting to the FIC immediately.
- iii. It is pertinent to note that the AML Act 2008 requires reporting to the Financial Intelligence Centre. FABL is aware of the need to promptly comply with all requests made in pursuant of the law and cooperate with law enforcement authorities by providing required information in their continuous efforts to fight money laundering and terrorist financing.

Compliance Officers

- iv. Appointment of Anti-Money Laundering Reporting Officer and Duties
- v. ENERGY AND RESOURCES COMPANY LIMITED, in accordance with Regulation 5(1) of L.I.2011 has appointed a person of senior status with the necessary skills and competence as an anti-money laundering reporting officer (AML/CFT Reporting Officer - AMLRO) who in addition to other duties, receives suspicious or unusual transaction reports from staff handling transactions for the bank.
- vi. Additionally, the AMLRO has access to other information that may be of assistance to him/her in consideration of a suspicious or unusual transaction report.
- vii. The Business ~~has established~~ a compliance program which clearly specifies the structure and framework of the Compliance Team
- viii. The Team shall be manned by suitably qualified people who ensure that the business activities are conducted according to high ethical and legal standards, reflecting a positive image and minimizing reputational risk. They include:
 - a) Human Resource Representative in charge of Risk Controls;
 - b) Risk Monitoring and Evaluation Officer
 - c) The Company's Corporate Lawyer

Role and Responsibilities of the Compliance Team

- i. The Roles of ENERGY AND RESOURCES COMPANY LIMITED Compliance Unit includes:
 - ii. Reviewing and approving detailed policies and procedures on the prevention, detection and control of money laundering;
 - iii. Supervising the company's money laundering monitoring and reporting activities;
 - iv. Receiving periodic reports concerning potential or suspected money laundering activities;
 - v. Adjudicating over any issues raised in relation to the AML programme within the Company;
 - vi. Verifying on an annual basis that procedures adopted by the Company are sufficient to ensure the proper identification and

- reporting of suspicious and potential money laundering activities;
- vii. Verifying on an annual basis, compliance with the Company's policies, procedures, and controls relating to money laundering activities; and
 - viii. Satisfying the board that the various BoG & FIC requirements and other applicable regulations and procedures are properly discharged.

Responsibilities of Management

- ix. It is important that all managers emphasize to staff in their respective areas that the pursuit of any new business that poses a money laundering risk to the Company or failure to monitor unusual customer transactions or report suspicious activities or transactions to Compliance is prohibited and will expose the Company to an unacceptable level of reputational and regulatory risk.
- x. Management is furthermore responsible for ensuring that all employees comply with procedures as well as ensuring proper training is provided by nominating staff for AML training in line with their job requirements.
- xi. Immediate reporting to Compliance and effective follow-up action must be taken by Management to address any breakdown of money laundering controls or breaches to ensure that the business unit complies with the Company's requirements.
- xii. Aiding in the process of money laundering or benefiting in any way from money laundering is prohibited and a serious criminal offence that carries serious penalties, which could include termination of employment, a prison sentence or both.

All ENERGY AND RESOURCES COMPANY LIMITED Employees must therefore:

NOT assist anyone that they know or suspect of laundering money or being engaged in terrorist activities or financing of proliferation of weapons of mass destruction. However, may continue to serve those customers who are under suspicion, so as to not to alert them and risk criminal prosecution for tipping them off;

Report to the AML Unit in Compliance any transaction, that they suspect might be related to laundering money, terrorism or financing the proliferation of weapons of mass

destruction. Not reporting a reasonable suspicion is an offence, punishable by management;

NOT to reveal in any way to any one that a customer is being investigated, or going to be investigated, or that they have been the subject of a report (tipping off), except to Compliance.

- xiii. Failure to adhere to this Manual may subject the employee (s) to disciplinary action up to and including termination of employment. Violations of money laundering laws also may subject employee (s) to imprisonment and, together with the Bank, fines, forfeiture of assets, and other serious punishment.

The Role of the Head of Compliance Team in ENERGY AND RESOURCES COMPANY LIMITED

- xiv. The lawyer of Compliance Unit is responsible for:
- xv. Overseeing the development of policies and procedures on the prevention, detection and control of money laundering and terrorist financing.
- xvi. Assisting Business Unit in the development of operational procedures regarding the prevention, detection and control of money laundering.
- xvii. Ensuring compliance with policies and procedures.
- xviii. Checking that such procedures and work instructions are consistent with the Board's policy on the prevention, detection and control of money laundering and with this Anti Money Laundering Policy.
- xix. Management and coordination of continuous training and awareness of money laundering policies and procedures to all relevant staff, approving training programs and material and ensuring training is appropriate for Company needs.
- xx. Receiving notification of unusual or suspected money laundering activities and transactions from the Business
- xxi. Reporting all such unusual or suspected money laundering activities and transactions to Management/regulatory authorities as appropriate.

b. The Role of the Anti-Money Laundering Team:

- i. The AML Unit is responsible for:
- ii. The implementation and general oversight of the Company's anti-money laundering policies and procedures;
- iii. Providing support and guidance to the business units on laws and regulations issued by BoG & FIC, assisting all departments with the Company on the review and reporting of suspicious transactions and acting as a liaison unit with BoG & FIC;
- iv. Ensuring that controls and procedures established for the monitoring and reporting of suspicious transactions are adhered to within the office
- v. Ensuring that adequate anti-money laundering training and awareness exists throughout the Company.
- vi. Reviewing investigations performed on suspected money laundering activities and transactions on a timely basis;
- vii. Reviewing transaction advisory department's reports of suspected money laundering activities and other huge bullion transactions
- viii. Notifying the FIC of any activities and/or transactions considered to be the result of or indicative of money laundering;
- ix. Liaising with relevant regulatory authorities in relation to any AML/CFT Compliance breaches.
- x. Notifying the Board committee on Risk Management immediately of any failure in, or lapse in compliance with procedures and controls relating to money laundering transaction reporting.

8.0 Regulatory Framework

Ghanaian Businesses are regulated for Anti-Money Laundering compliance under provisions of various regulations which are highlighted below:

- a. Anti-Money Laundering Act 2008 (Act 749).
- b. Anti-Money Laundering (Amendment) Act 2014 (Act 874).
- c. Anti-Money Laundering/Combating the Financing of Terrorism Guidelines, 2011
- d. Anti-Money Laundering Regulation, 2011
- e. Anti-Terrorism Act
- f. Anti-Terrorism (Amendment Act), Act 2012 (Act 842)
- g. Banking Act 2002 (ACT 612)
- h. Banking Act, 2004 (Act 673)
- i. Banking Act, 2007 (Act 738) as Amended
- j. Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930)
- k. Foreign Exchange Act 2006 (Act 723)
- l. Borrowers and Lenders Act 2008 (Act 773)
- m. Credit Reporting Act 2007 (Act 726)
- n. Corporate Governance

The Institutions that enforce compliance with the Acts are:

Bank of Ghana

The Financial Intelligence Centre

The Economic and Organized Crimes Office, Accra

9.0 Risk Assessment

- xi. In compliance with BoG & FIC AML/CFT & P guideline, ENERGY AND RESOURCES COMPANY LIMITED has adopted a risk-based approach to effectively and justifiably manage and mitigate the money laundering, terrorist financing and financing of proliferation of weapons of mass destruction risks faced by the Company.

9.1 Risk Identification

In order to implement a reasonable risk-based approach, ENERGY AND RESOURCES COMPANY LIMITED identifies the criteria to assess potential money laundering risks. Identification of money laundering, terrorist financing and financing the proliferation of weapons of mass destruction risks, of customers or categories of customers, and transactions will allow the company to determine and implement proportionate measures and controls to mitigate these risks. While risk assessment should be performed at the beginning of a customer relationship, for some customers a comprehensive risk profile may only become evident once the customer has begun transacting business with the company.

Monitoring of customer transactions and on-going reviews is a fundamental component of a reasonably designed risk-based approach.

The Company may also have to adjust its risk assessment of a particular customer based upon information received from the competent authority.

Country/Geography Risk

Country or geographic risks can be defined as risks posed by countries whose nationals have a significant minority of citizens who have engaged in fraudulent behavior or money laundering and those countries which fall into the following category have been considered by the Company as 'High Risk':

1. High Intensity Financial Crime Area;
 2. High Intensity Drug Trafficking Area;
 3. Office of Foreign Asset Control sanctioned governments and entities;
 4. Countries Identified by FATF as non-Cooperative;
 5. Drug-Producing and Transshipment Countries;
 6. Secrecy jurisdictions/tax havens; and
 7. Countries with a High Degree of Corruption
- xii. The Compliance Unit will provide a detailed list of 'High Risk Countries'.
- xiii. As such, all business relations and transactions with persons, including companies and institutions that are located or from these countries will be regarded as "High Risk". Gold Trading and

marketing staff must exercise additional due diligence and receive pre-approval from senior management before any business of this nature can be initiated. Customer Risk

- xiv. Customer risks are those that a particular customer or a category of customers may create due to their activities or behavior.

Business and Entity Risk

- xv. Criminals can attempt to disguise and obscure their beneficial ownership of assets by creating complex structures of companies in a number of different jurisdictions. In addition to these, companies can be used by criminals as front companies for their money laundering activities, by mixing dirty money with legitimate funds generated from business. Some businesses are more prone to the risk of money laundering than others e.g., high value goods and cash intensive businesses.
- xvi. The Compliance Unit shall issue a list of all businesses and companies which are considered by the Company as ‘High Risk’.
- xvii. Where businesses fit into the ‘High Risk’ category, High Risk due diligence should be followed at all times.

Prepared by	Reviewed by	Approved by
Corporate Human Resource & Administrative Manager	Risk Monitoring and Evaluation Officer	Board Chairman

