



**ZEP-RE
(PTA REINSURANCE COMPANY)**

ANTI-MONEY LAUNDERING AND TERRORISM FINANCE POLICY

(Approved vide Minute 5.6 of the 72nd Board meeting
held in Nairobi, Kenya on Wednesday, 27th March 2013)

ANTI-MONEY LAUNDERING AND TERRORISM FINANCE POLICY

1. INTRODUCTION

ZEP-RE (PTA Reinsurance Company) is committed to the highest standards of anti-money laundering (AML) compliance and requires the Board, management and employees to adhere to these standards to prevent use of our products and services for money laundering purposes.

ZEP-RE (PTA Reinsurance Company) will examine its Anti Money Laundering strategies, goals and objectives on an ongoing basis and maintain an effective Anti-Money Laundering program for the Company's business that reflects the best practices for a diversified, global financial services provider.

Adherence to the ZEP-RE (PTA Reinsurance Company)'s Anti-Money Laundering program is the responsibility of all employees. The program is formulated and directed by the Board of Directors of the Company. The program includes client screening and monitoring requirements, "know your customer" policies (including the requirement to establish the identity of beneficial owners), Embargo policies, record keeping requirements, the reporting of suspicious circumstances in accordance with relevant laws, and training.

2. SCOPE

2.1. Objectives

The standards set out in this Policy are minimum requirements based on applicable best practice and regulatory requirements of the jurisdictions the Company operates in and apply for the entire Company. These requirements are intended to prevent ZEP-RE (PTA Reinsurance Company), our employees and clients from being misused for money laundering, terrorist financing or other financial crime. This Policy establishes the general framework for the fight against money laundering and financing of terrorism.

2.2. Applicability

According to various regulatory requirements of the jurisdictions the Company operates under and further according to various international treaties signed by member states of the Company, ZEP-RE must ensure that the legal duties resulting from the said regulations and treaties are fulfilled by our Company, branches, subsidiaries and affiliates.

Wherever regulations are stricter than the requirements set out in this Policy, the stricter standard has to be applied. If any applicable laws are in conflict with this Policy, the relevant business unit of ZEP-RE (PTA Reinsurance Company) must consult with the legal department and the Managing Director to resolve the conflict. If the minimum requirements set out in this Policy cannot be applied in a certain country because application would be against local law or cannot be enforced due to

other than legal reasons, ZEP-RE (PTA Reinsurance Company) has to assure that it will not: -

- Enter into a business relationship,
- Continue a business relationship, or
- Carry out any transactions.

If business relations already exist in that country, ZEP-RE (PTA Reinsurance Company) has to assure that the business relationship is terminated regardless of other contractual or legal obligations.

2.3. Definition of the Term Money Laundering

Money Laundering is the participation in any transaction that seeks to conceal or disguise the nature or origin of funds derived from illegal activities such as, for example, fraud, corruption, organized crime, or terrorism etc. Predicate offences for money laundering are defined by local law.

Generally speaking, the money laundering process consists of three “stages”:

- **Placement**

The introduction of illegally obtained monies or other valuables into financial or non-financial institutions.

- **Layering**

Separating the proceeds of criminal activity from their source through the use of layers of complex financial transactions. These layers are designed to hamper the audit trail, disguise the origin of funds and provide anonymity.

- **Integration**

Placing the laundered proceeds back into the economy in such a way that they re-enter the financial system as apparently legitimate funds.

These “stages” are not static and overlap broadly. Financial institutions may be misused at any point in the money laundering process.

3. REQUIREMENTS

The Board of ZEP-RE, Management and employees will have to comply with the following basic principles: -

3.1 Ascertainment of customer/business partners identity

The Company shall ascertain the identity of its customers and or business partners when entering into a business relationship or when performing a transaction or deal.

3.2 Establishment of purpose of business relationship

When entering into a business relationship, ZEP-RE (PTA Reinsurance Company) must obtain information on the kind and purpose of the business relationship if this is not clear from the initial offer for a business relationship.

3.3 Identification of Ultimate Beneficial Owner

Whenever ZEP-RE (PTA Reinsurance Company) is required to identify a customer, it must establish and verify the identity of the ultimate natural person,

- Who owns or
- Controls the customer or its assets or
- On whose behalf the transaction is carried out or the business relationship is established

3.4 Client account monitoring

A permanent monitoring of clients' accounts must be implemented to detect unusual/suspicious transactions. Monitoring must be effected for applicable business areas using adequate processes and systems.

3.5 Reporting of suspicious circumstances/transactions

Such circumstances/transactions must be reported to the competent authorities according to local law. The Managing Director must also be informed about all suspicious events.

3.6 Staff reliability

ZEP-RE (PTA Reinsurance Company) must not appoint Directors or employ members of staff who are deemed not reliable. ZEP-RE will develop internal procedures for assessing whether employees taking up key positions meet fit and proper requirements in respect to verification of the identity of the person involved and verification whether the information and references provided by the employee are correct and complete.

ZEP-RE (PTA Reinsurance Company) will maintain records on the identification data of the employees in key positions. The records will demonstrate due diligence performed in relation to the fit and proper requirements.

3.7 Anti-Money Laundering controls

The Anti-Money Laundering department as designated by the Managing Director must ensure through implementation of adequate customer and business related controls that all applicable AML requirements are being adhered to and security measures are properly functioning.

3.8 Anti-Money Laundering Training

All employees (including trainees and temporary personnel) responsible for carrying out transactions and/or for initiating and/or establishing business relationships must undergo anti money laundering training.

The training will entail: -

- The nature and processes of money laundering, including new developments and current money laundering techniques, methods and trends,
- The underlying legal obligations contained in the relevant laws and jurisdictions, and
- The nature of the Company's anti-money laundering policy and system, with particular emphasis on verification and the recognition of suspicious customers or transactions and the need to report suspicions to the anti-money laundering officer.

3.9 Anti Money Laundering Risk Analysis

ZEP-RE (PTA Reinsurance Company) shall set up a system to assess the level of risk exposure considering product and client risk and derive appropriate security measures from this analysis.

3.10 Embargo Requirements

ZEP-RE (PTA Reinsurance Company) will adhere to all applicable embargo requirements and will check clients and transactions against applicable embargo lists.

To this end the Company shall strive to comply with all legally sanctioned embargo lists including the United Nations Sanctions list, the African Union sanctions list, the European Union sanctions list and the United States OFAC sanctions list.

The lists outlined above are not conclusive and shall be updated from time to time as the Company receives or takes cognizance of the respective embargoes that require adherence to international obligations on anti-money laundering and terrorism finance matters.

4. ROLES AND RESPONSIBILITIES

4.1 Board of Directors

- Shall be in charge of the general oversight and policy formulation.
- Shall determine the structure and resource levels of AML companywide.

- Shall ensure resources are deployed effectively to support the business operations of the Company in mitigating AML risks.

4.2 Managing Director

- Shall chair the Company's AML Executive Committee.
- Shall be responsible for the corporate AML Strategy and oversees all AML change projects.
- Shall drive communication to the Board and other stakeholders with respect to issues concerning AML.
- Shall submit AML compliance reports to the Board as appropriate.
- Shall maintain relationships with the Company's external auditors, regulatory and other authoritative bodies.
- Shall control, manage and administer the Company's AML budget and resource planning process.

4.2 Business Heads

- Shall have a solid reporting line to the Managing Director.
- Shall represent their departments at AML meetings.
- Shall formulate departmental overlay to the corporate AML strategy.
- Shall execute the departmental aspect of the Company's AML strategy.
- Shall input to the Company's AML strategy.

4.3 Legal Department

- The Legal department is responsible for the fulfillment of all requirements imposed by this policy, local laws and or regulations as well as global minimum standards.

5. RECORD RETENTION

Records must be kept of all transaction data and data obtained for the purpose of identification, as well as of all documents related to money laundering topics (e.g. files on suspicious activity reports, documentation of AML account monitoring etc.).

These records must be kept for a minimum of 7 years.

6. COMMENCEMENT

This policy shall come into effect upon approval by the Board of Directors.

7. **REVIEW AND AMENDMENTS**

This policy may be reviewed and or amended from time to time by the Board of Directors.