

D AND D THE CYCLE (PTY) LTD

RISK MANAGEMENT AND COMPLIANCE PROGRAMME ("RMCP")

Date last reviewed and approved

18 July 2021

1. INTRODUCTION

1.1 Policy overview and purpose

The Financial Intelligence Centre Amendment Act, 2017 ("the FIC Act"), together with the Prevention of Organised Crime Act, 1998 ("POCA") and the Protection of Constitutional Democracy against Terrorist and related activities Act ("POCDATARA") form the statutory framework to combat money laundering and suppress the financing of terrorism in South Africa. A money laundering offence may be described as the performing of any act in connection with property by a person who knows or ought reasonably to have known that the property is or forms part of the proceeds of unlawful activities and that may result in concealing or disguising the nature, source, location, disposition or movement of the proceeds of the crime, the ownership thereof or any interest anyone may have in respect thereof or enabling or assisting a person to avoid prosecution or to remove or diminish the proceeds of crime.

Regulation requires an accountable institution such as D and D the Cycle (Pty) Ltd ("D and D") to understand its exposure to money laundering and terrorist financing risks. By understanding and managing money laundering and terrorist financing risks, D and D, as an accountable institution, endeavours to protect and maintain the integrity of the business, while also contributing to the integrity of the South African financial system. The RMCP sets out the approach of D and D towards money laundering and financing of terrorist activities and how the related risks are managed.

The Risk Management & Compliance Programme ("RMCP") encompasses the processes and procedures employed by D and D Limited to identify, assess, monitor, mitigate and manage any risks related to money laundering and the financing of terrorist activities.

1.2 Policy Scope

This policy applies to D and D the Cycle (Pty) Ltd as an accountable institution.

An accountable institution is any person or entity as described in Schedule 1 of the Financial Intelligence Centre Act No. 38 of 2001 who must ensure adherence to the legal requirements and responsibilities as set out therein. An accountable institution can be split into two distinct categories:

Primary Accountable Institution: These institutions are responsible for verifying and keeping record of the identities of their clientele.

Secondary Accountable Institutions: These institutions rely on the adherence of the Primary Accountable Institutions and as such, are not required to verify the identities of the Primary Accountable Institution's clients

1.3 Risk-Based Approach

The FIC Act incorporates a risk-based approach into the anti-money laundering regulatory framework. The risk-based approach requires D and D to identify and assess the ML/TF risks it can reasonably expect to face in the course of its business. These risks may arise from various factors, such as clients, products and services, delivery channels and geographic locations. D and D should then apply its knowledge and understanding of the ML/TF risks to develop control measures to prevent, mitigate or manage those risks.

D and D follows a risk-based approach to client identification and verification regarding the type of information by means of which it will establish clients' identities and the means of verification of such information. Application of a risk-based approach implies that D and D can accurately assess the risk involved. It also implies that D and D can take an informed decision based on its risk assessment as to the appropriate methods and levels of verification that should be applied.

D and D applies simplified measures where lower risks have been identified and enhanced measures where higher risks are identified. To assess the risk factors, D and D makes use of a risk framework which forms part of the institution's policies and procedures to address money laundering and terrorist financing. All D and D clients will be assigned a risk rating as determined by Annexure A: D and D Client Risk Rating. D and D relies on both its own control environment and the control environment of the appointed administrator to mitigate the risks of potential financial crime.

1.4. Money laundering is a multi-faceted process, but often takes place in 3 stages as follows:

The placement stage – is where cash derived from a criminal activity is first placed into the system through a financial institution or is used to buy an asset.

The layering stage – is the criminal's first attempt to conceal or disguise the source of the ownership of the funds.

The integration stage – is where money is integrated into the legitimate economic and financial system and is assimilated with all other assets in the system.

1.5. The goals of money laundering

- To place illegal money in the formal financial system without arousing suspicion.
- To transfer and/or move money around in a series of complex transactions, so it becomes difficult to trace its original source. Authorised FSPs are therefore encouraged to implement proactive measures designed to determine suspicious transactions, file reports, and minimise the likelihood of their business being used as conduits to launder money.

2. DEFINITIONS

"Accountable Institutions" means but is not limited to the following list of institutions:

A management company registered in terms of the Collective Investment Schemes Control Act (Act 45 of 2002).

A person who carries on a "long-term insurance business" as defined in the Long-Term Insurance Act, 1998 (Act 52 of 1998), including an insurance broker and an agent of an insurer.

A person who carries on the business of rendering investment advice or investment broking services, including a public accountant as defined in the Public Accountants and Auditors Act, 1991 (Act 80 of 1991), who carries on such a business

A member of a stock exchange licensed under the Financial Markets Act, 2012 (Act 19 of 2012).

A financial institution as defined in section 1 of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001).

For a more comprehensive list of Accountable Institutions, please refer to Appendix E or Schedule 1 of the Financial Intelligence Act;

"Beneficial Owner", in respect of a legal person, means a natural person who, independently or together with another person, directly or indirectly owns the legal person or exercises effective control of the legal person;

"Board" means the Board of Directors of D and D Limited

"Business Relationship" means an arrangement between a client and the institution for the purpose of concluding transactions on a regular basis;

"Cash" means coin and paper money of the Republic or of another country that is designated as legal tender and that circulates as, and is customarily used and accepted as, a medium of exchange in the country of issue; travellers' cheques;

"Centre" means the Financial Intelligence Centre. The contact details for the Centre are as follows:

Address: The Financial Intelligence Centre

Private Bag X177

Centurion

0046

Tel Number: 0800 701 701 (Fraud Hotline)

Tel Number: +27 12 641 6000

Fax Number: +27 12 641 6215

"Client", in relation to the institution, means a person who has entered into a business relationship or a single transaction with the institution;

“Domestic Prominent Influential Person” means an individual who holds, including in an acting position for a period exceeding six months, or has held at any time in the preceding 12 months, in the Republic-

a prominent public function including that of

- the President or Deputy President;
- a government minister or deputy minister;
- the Premier of a province;
- a member of the Executive Council of a province;
- an executive mayor of a municipality elected in terms of the Local Government: Municipal Structures Act, 1998;
- a leader of a political party registered in terms of the Electoral Commission Act, 1996;
- a member of a royal family or senior traditional leader as defined in the Traditional Leadership and Governance Framework Act, 2003;
- the head, accounting officer or chief financial officer of a national or provincial department or government component, as defined in section 1 of the Public Service Act, 1994;
- the municipal manager of a municipality appointed in terms of section 54A of the Local Government: Municipal Systems Act, 2000, or a chief financial officer designated in terms of section 80 (2) of the Municipal Finance Management Act, 2003;
- the chairperson of the controlling body, the chief executive officer, or a natural person who is the accounting authority, the chief financial officer or the chief investment officer of a public entity listed in Schedule 2 or 3 to the Public Finance Management Act, 1999;
- the chairperson of the controlling body, chief executive officer, chief financial officer or chief investment officer of a municipal entity as defined in section 1 of the Local Government: Municipal Systems Act, 2000;
- a constitutional court judge or any other judge as defined in section 1 of the Judges' Remuneration and Conditions of Employment Act, 2001;
- an ambassador or high commissioner or other senior representative of a foreign government based in the Republic; or
- an officer of the South African National Defence Force above the rank of major-general;

Any of the following positions in of a company, as defined in the Companies Act, 2008, if the company provides goods or services to an organ of state and the annual transactional value of the goods or services or both exceeds an amount determined by the Minister by notice in the Gazette-

- chairperson of the board of directors;
- chairperson of the audit committee;
- executive officer; or
- chief financial officer ; or

- the position of head, or other executive directly accountable to that head, of an international organisation based in the Republic;

“Employee” means any staff member, director, executive, temporary staff member or contract worker who receives compensation, either full or part time, from D and D in relation to the provision of services. The term also includes any consultant or contractor or family member of staff;

“Entity” with reference to Sections 3, 4, 14, 22, 23 and 25 of POCDATARA, means a natural person, or a group of two or more natural person (whether acting in the furtherance of a common purpose or conspiracy or not) or syndicate, gang, agency, trust, partnership, fund or other unincorporated association or organisation or any incorporated association or organisation or other legal person, and includes, where appropriate, a cell, unit, section, sub-group or branch thereof or any combination thereof;

Financial Intelligence Centre: The Financial Intelligence Centre is South Africa’s national centre for gathering, analysis and dissemination of financial intelligence. It was established to identify proceeds of crime, combat money laundering and the financing of terrorism and, in so doing, has a primary role to protect the integrity of South Africa’s financial system. For the purposes of abbreviation, it is also referred to as “FIC”.

Financial Sector Conduct Authority: Under the “Twin Peaks” model of financial sector regulation, the Financial Sector Conduct Authority, or “FSCA”, acts as a dedicated market conduct regulator. Its main objective is to protect financial customers through the supervision of market conduct. The FSCA was previously known as the Financial Services Board of South Africa, or “FSB”.

Financial Services Provider: Any person (including both natural and juristic persons) other than a Representative who furnishes advice or who furnishes advice and renders intermediary services. For the purposes of abbreviation, it can also be referred to as a “FSP”.

“Foreign Prominent Public Official” means an individual who holds, or has held at any time in the preceding 12 months, in any foreign country a prominent public function including that of a-

head of State or head of a country or government;

member of a foreign royal family;

government minister or equivalent senior politician or leader of a political party;

senior judicial official;

senior executive of a state owned corporation; or

high-ranking member of the military;

"ID" means any document issued by a Governmental Authority that describes and identifies a natural person by his or her personal attributes, and which attributes must at least include his or her (i) forename and middle name (or initials), (ii) surname, (iii) unique identifying number, (iv) date of birth, and (v) facial image. ID includes any of the following:

Green, bar-coded South African identity document;

South African identity card;

South African passport;

South African driver's licence; and

Foreign passport;

"Immediate Family Member" means

the spouse, civil partner or life partner; previous spouse, civil partner or life partner, if applicable;

children and step children and their spouse, civil partner or life partner; parents; and

sibling and step sibling and their spouse, civil partner or life partner;

"Institution" means D and D the Cycle (Pty) Ltd, registration number 2013/157477/07, a private company duly incorporated in South Africa.

"Legal Person" means any person, other than a natural person, that establishes a business relationship or enters into a single transaction, with an accountable institution and includes a person incorporated as a company, close corporation, foreign company or any other form of corporate arrangement or association, but excludes a trust, partnership or sole proprietor;

"Money Laundering" or "money laundering activity" means an activity which has or is likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of the proceeds of unlawful activities or any interest which anyone has in such proceeds, and includes any activity which constitutes an offence in terms of section 64 of the FIC Act or section 4, 5 or 6 of POCA;

"MLRO" Money Laundering Reporting Officer.

"ML/FT" means money laundering and the financing of terrorism;

"Offence relating to the financing of terrorist and related activities" means an offence under section 4 of the POCDATARA;

"POCA" means the Prevention of Organised Crime Act 121 of 1998;

"POCDATARA" means the Protection of Constitutional Democracy against Terrorist and Related Activities Act, No 33 of 2004, as amended from time to time;

"Property" has the meaning assigned to it in section 1 of POCDATARA;

"Reportable transaction" means the following transactions or series of transactions which must be reported to the Authorities in terms of FICA:

Cash transactions above prescribed limit. Currently R25 000.00

Suspicious and unusual transactions (including requests for transactions which were ultimately not completed)

Conveyance of cash to or from the Republic of South Africa (cash in excess of the prescribed amount) - currently R 25 000.00

Electronic transfers of money to or from the Republic of South Africa (money transfers in excess of the prescribed amount) - currently R 25 000.00

Any transaction associated with or related to a suspected terrorist activity or with a PEP and means the following that must be reported to the Authorities in terms of POCDATARA:

The suspicion or knowledge that another person intends to commit or has committed an offence of terrorism or an associate terrorist activity; or

The awareness of the presence at any place of another person who is so suspected of intending to commit or having committed such an offense ; or

Transactions initiated by an entity identified by the Security Council of the United Nations under s.25 of the Act;

"Single Transaction" means a transaction other than a transaction concluded in the course of a business relationship and where the value of the transaction is not less than R5000, except in the case of section 20A (where no threshold applies);

"Suspicious clients" includes, but is not limited to the following examples of suspicious clients:

clients who provide incomplete, vague or contradictory information, or who refuses to provide information;

retail clients who use different accounts at different branches of the same bank;

clients who are known criminals or gangsters, terrorists or PEP'S; and

clients who enter into transactions that do not appear to have legitimate business purpose or are out of the ordinary, given the client's profile;

"Suspicious transaction" includes, but is not limited to the following examples:

a lump sum investment into an investment or policy or collective investment scheme, involving an unusually large amount of physical cash;

policies or units being bought and then sold again within a short space of time where the investment suffers a significant loss;

client's unwillingness to provide evidence of identification or complete documentation;

unusual method of payment or settlement;

the use of a newly opened bank account for large deposits; and

frequent selling of units where the instructions are to pay into different bank accounts at various banking institutions.

"Terrorist and related activities" has the meaning assigned to it in section 1 of POCDATARA;

"Trust" means a trust defined in section 1 of the Trust Property Control Act, 1988, other than a trust established by virtue of a testamentary disposition; by virtue of a court order; in respect of persons under curatorship or by the trustees of a retirement fund in respect of benefits payable to the beneficiaries of that retirement fund, and includes a similar arrangement established outside the Republic.

3. ROLES AND RESPONSIBILITIES

The Directors of D and D are ultimately responsible for this policy and understand their commitment to ensuring that the business is run with integrity and complies with all regulatory requirements. The Money Laundering Reporting Officer (MLRO) is the policy manager of this policy. Key roles and responsibilities as they relate to D and D's management of financial crime are detailed below.

3.1 Employees

All employees have a responsibility to help the fight against financial crime and must comply with this policy at all times. Employees are expected to be alert for financial crime risks and to keep themselves familiar with the associated procedures relevant to their roles. Employees must immediately report any suspected financial crime against D and D to: Daniel Clifford

Alternatively, concerns can be reported via the whistle blowing policy to remain anonymous. Please refer to the Whistleblowing Policy for more details. All employees, when reporting suspected financial crime and during subsequent investigations, must try to avoid doing anything which might prejudice the investigation, in particular, take care not to do anything to alert a client that suspicions about money laundering or terrorism financing have been reported or are being investigated (as this could amount to a criminal offence by the employee).

3.2 Senior Management

Senior Management are responsible for implementing this policy by ensuring that appropriate procedures are in place and that all employees and other related parties are made aware of and understand the policy and procedures implemented. Senior Management must identify, assess, and manage effectively, the risks in the business. Senior Management must ensure that D and D or the appointed administrator "knows its clients" both at acceptance and throughout the relationship with the client.

3.3 MLRO/ AML Compliance Officer

The MLRO is responsible for:

- Reporting Suspicious Activity to FIC;

- Identify relevant laws, regulations and standards that impact the business;

- Acts as the focal point for all activity within D and D relating to anti-money laundering and providing oversight of D and D's related compliance systems and controls (or those of the appointed administrator) in line with regulatory requirements;

- Liaising with FIC as appropriate on money laundering matters;

- Supports and challenges management on their application of financial crime risk management processes;

- Assesses and monitors, together with other assurance functions, key financial crime risks and reports to the Board on changes and developments;

- Provides reports, as appropriate;

- Maintain the money laundering risk management and compliance programme; and

- Carries out preliminary financial crime investigations.

3.4 Directors

The Directors is ultimately responsible for D and D's activities and for delivery of D and D's strategy without an undue exposure to financial crime risk. The Directors is responsible for setting the tone with regard to a zero tolerance of financial crime and a culture of financial crime risk awareness. The Directors is responsible for ensuring that D and D has appropriate financial crime risk policies, structures and resources in place. The Board ensures that adequate support and resources are available to the MLRO in discharge of their responsibilities.

4. CONTROL MEASURES FOR MONEY LAUNDERING AND FINANCING OF TERRORIST AND RELATED ACTIVITIES

4.1 Customer due diligence

Customer due diligence ("CDD") starts with identifying the client. D and D, or the appointed administrator, must verify the identity of its clients and, if applicable, the person representing the client, as well as any other person on whose behalf the client is acting. Practically speaking, this is carried out by the administrator, based on the risk(s) faced by D and D and the administrator with regard to facilitating money laundering and/or terrorist financing.

The administrator will undertake customer due diligence for all policy holders, in line with the risk-based approach as per annexure A. D and D will undertake customer due diligence for all service providers appointed by D and D. D and D and the administrator do not differentiate between a single transaction and a business relationship for the purposes of applying customer due diligence. Neither D and D, nor the administrator, apply a single transaction threshold for the purposes of performing a customer due diligence or the waiver of any customer due diligence.

4.1.1 Anonymous clients and clients acting under false or fictitious names

D and D may not establish a business relationship or conclude a single transaction with an anonymous client or a client with an apparent false or fictitious name. Should this become apparent during customer due diligence procedures, it should be immediately reported to the MLRO to determine the appropriate response. Where D and D is unable to proceed with account opening, D and D or the administrator will inform the potential investor in writing.

4.1.2 Identification and verification of clients

D and D interacts with a broad client base encompassing natural and legal entities, both within the Republic of South Africa. The client base can broadly be classified into two groups:

Direct Clients

Direct clients contact D and D directly, and consist mainly of individuals. D and D assumes direct responsibility for the risk assessments, AML procedures, record keeping and reporting obligations applicable to these clients.

Clients introduced by other Accountable Institutions

D and D rely on the RMCP policies and procedures of the accountable institutions concerned to identify and verify Broker-Engaged and direct Clients. While D and D rely on these policies and procedures, periodic reviews will be conducted to ensure continued compliance to the Act.

The accountable institutions will be responsible for the risk assessments, AML procedures, record keeping and reporting obligations applicable to the services being outsourced and as stipulated in the agreements. D and D will however retain overall responsibility to ensure that all requirements are met as required by regulations.

In terms of section 21 of FICA, D and D may not establish a business relationship or conclude a single transaction with a client or prospective client, unless prescribed steps are taken to establish and verify the identity of the client or prospective client. The Financial Intelligence Centre issues and update on a regular basis Targeted Financial Sanctions (TFS) lists. D and D will use the published list to compare any client information obtained and to perform the necessary verification of such information obtained.

List of documents to be obtained to know your client is as follows:

South African Citizens and Residents or Foreign Nationals (Natural Person)

- ID document.
- Proof of address (less than 3 months old).
- SARS document evidencing Income Tax Number (where applicable)
- Proof of bank statement (Where applicable)

Third Party Representing another Individual/Power of Attorney (Natural Person)

- ID document in respect of both parties.
- Proof of address (less than 3 months old).
- Proof of authority to act e.g. power of attorney, mandate, resolution or court order.
- Proof of bank statement.

South African Companies

- Certification of Incorporation (CM1) and Memorandum of Incorporation (CM2) and any other forms amending company information, as applicable (e.g. Certificate of change of name of company (CM9)); or
Registration Certificate (COR14.3) and Memorandum of Incorporation (COR15.3) and any other forms amending company information, as applicable (e.g. Amendment of memorandum of incorporation (COR15.2)).
- Notice of Registered Office & Postal Address (CM22); or
Registration Certificate (COR14.3) or Notice of Change of Registered Address (COR21), if applicable.
- Proof of business address.
- Proof of bank statement.
- SARS document evidencing Income Tax and VAT Registration Number.

- Documents required for each person authorised to establish a relationship or transact on behalf the Company:

- o Proof of authority to act on behalf of the Company e.g. certified Directors Resolution appointing authorised person(s) to act on behalf of the Company as well as enter into a business relationship with the Institution (NOTE: Resolution to be signed by all Directors and dated).

- o ID documents.

- o Proof of address (less than 3 months old).

- Documents required in respect of all Shareholders holding 25% or more of voting rights at a general meeting of the Company:

- o ID documents.

- o Proof of address (less than 3 months old).

- o Confirmation of shareholding (e.g. share certificate, shareholders register, letter from company secretary or auditor confirming shareholding). If a shareholder is an entity, please refer to the relevant entity type for details of information and documentation required for verification.

- Documents required in respect of the person who exercises executive control over the company (e.g. Managing Director or CEO):

- o ID documents.

- o Proof of address (less than 3 months old).

South African Close Corporations

- Founding Statement and Certificate of Incorporation (CK1) and Amended Founding Statement (CK2).

- Proof of business address.

- Proof of bank statement.

- SARS document evidencing Income Tax and VAT Registration Number.

- Documents required for each person authorised to establish a relationship or transact on behalf the Close Corporation:

- o Proof of authority to act on behalf of the Close Corporation e.g. certified Member's Resolution appointing authorised person(s) to act on behalf of the Close Corporation as well as enter into a business relationship with the Institution (NOTE: Resolution to be signed by all Members and dated).

- o ID documents.

- o Proof of address.

- Documents required in respect parties that are related to the Close Corporation:

- o ID documents.

- o Proof of address.

- o If a partner is an entity, please refer to the relevant entity type for details of information and documentation required for verification.

- Documents required in respect of the person who exercises executive control over the Close Corporation (if not a member):

- o ID documents.

- o Proof of address.

Foreign Companies

- Official document from foreign regulator witnessing incorporation, bearing the name, number and address.

- Proof of address.

- Proof of income tax number.

- Proof of authority to act for the company e.g. a directors' resolution.

- ID documents/valid passports in respect of the all authorised representatives and also all individuals, or legal entities holding 25% or more of the voting rights.

- Proof of bank statement

Other Legal Persons (Retirement Funds, Medical Schemes, Club, Association, Body Corporate, etc.)

- The constitution or other founding document/Regulatory approval in terms of which legal entity is created.

- Proof of address.

- SARS document evidencing Income Tax and VAT Registration Number.

- Proof of bank statement.

- Documents required for each person authorised to establish a relationship or transact on behalf the legal entity:

- o Proof of authority to act on behalf of the legal entity.

- o ID documents.

- o Proof of address.

Partnerships

- Partnership agreement.

- Names of all partners in the Partnership (including silent partners, every member if the partnership en commandite, an anonymous partnership or any similar partnership).

- ID documents in respect of the all partners and authorised representatives.

- Proof of address.

- SARS document evidencing Income Tax and VAT Registration Number.

- Proof of bank statement.

- Proof of authority to act for the partnership e.g. resolution.

Trusts

- Name of Trust.

- Clear copy of Letters of Authority from the Master (SA trust) or foreign regulator (foreign trusts).

- Clear copy of Trust Deed.

- SARS document evidencing Income Tax and VAT Registration Number.

- Documents required for each person authorised to establish a relationship or transact on behalf the Trust:

- o Proof of authority to act on behalf of the Trust as well as enter into a business relationship with the Institution.

- o ID documents.

- o Proof of address.

- Documents required in respect parties that are related to the Trust (Donor/Founder, Trustees, Named Beneficiaries):

- o ID documents.

- o Proof of address.

- o If a partner is an entity, please refer to the relevant entity type for details of information and documentation required for verification.

- Proof of bank statement

Direct Clients and Outsourced Agreements

Prospective clients desiring to transact with D and D are required to complete the necessary application per product. Each application requires a number of supporting documents to be provided pertaining to the prospective client's identity.

Upon receipt of the completed application and supporting documents, the information is reviewed to ensure consistency, completeness and accuracy. Should D and D be in any way dissatisfied with the provided documentation, have any doubts as to the identity of the prospective client, be unable to resolve any noted inconsistencies or should the prospective client be unwilling to provide the required supporting documents, D and D shall not establish a business relationship with the prospective client, or conclude any transactions on their behalf.

Other accountable Institutions

When interacting with other Accountable Institutions, it is the policy of D and D to obtain a “CDD Confirmation Certificate” from the accountable institution concerned. The certificate provides written confirmation from the accountable institution that D and D may rely on the identification, verification, record keeping processes and procedures of the accountable institution. D and D will conduct on-site reviews of the other Accountable Institutions FICA processes. On-site reviews will be conducted at the discretion of the D and D. The on-site review process is outlined as follows:

D and D will select an appropriate audit sample from the accountable Institutions customer base. The audit sample will be reflective of the customer base’s composition and will be compiled using a mixture of sampling methodologies.

The accountable Institution will be contacted and the time and date of the review will be arranged. The accountable Institution will be given sufficient time to compile the auditing sample and any supporting documentation.

The audit will be conducted by a representative of D and D at the time and date as arranged. A audit report will be compiled detailing any and all findings, including shortfalls in FICA documentation. The audit report will be filed for record keeping purposes.

Upon completion, D and D will relay the audit findings to the accountable institution.

The Institution shall have opportunity to respond to the findings and rectify any shortcomings in the FICA documentation. Proof of such action shall be forwarded to D and D for record-keeping purposes

If issues detailed in the audit report are not addressed in a reasonable amount of time, D and D CEO will take appropriate action to protect the interests of D and D.

4.1.3 Risk rating

To determine the risk profile of each client, the risk factors as per Annexure A should be assessed. A risk assessment is performed in order to assign a risk rating to the investor. Investors will either be rated as low/medium risks customers, in which case a standard due diligence (“SDD”) will be performed, or high-risk customers, in which case an enhanced due diligence (“EDD”) will be performed. Monitoring procedures (transaction monitoring, screening checks, etc) provide a feedback loop into the client’s risk rating. Where a client or related party appears on a sanctioned/ screening list, or where the nature of the transactions indicates that there may be higher risk, the MLRO will need to re-assess the client’s risk rating and determine an appropriate response, based on the regulatory framework, guidance and input from D and D CEO, based on D and D’s risk appetite.

Where a policyholder is regarded as high risk, the administrator will inform the MLRO, who will in turn inform the D and D MLRO or D and D CEO, who will make a decision regarding whether D and D will decline the account opening at that point, or proceed with enhanced due diligence (e.g. verifying the source of funds). D and D is not prohibited from entering into a business relationship or transaction with a high-risk customer, should the enhanced due diligence provide sufficient comfort that D and D is not being used as a conduit for money laundering or terrorist financing.

Where the risk is unacceptable, or where D and D is unable to proceed with the account opening for any other reason, D and D or the administrator will inform the potential investor in writing.

Factors which will escalate a client's risk rating include, but are not limited to the following:

- A client's unreasonable resistance or unwillingness to provide requested CDD documentation;
- Inconsistencies between provided CDD documentation and client information on record;
- Suspicious account activity and/or transactions;
- Being flagged against sanction watch lists;
- Being identified as a Political Exposed Person or as a family member or associate of a Political Exposed Person

4.1.4 Enhanced customer due diligence

Enhanced Due Diligence ("EDD") means the standard customer due diligence measures are insufficient in relation to the money laundering or terrorist financing risk, and that additional information should be obtained. For clients who present a higher risk for ML/TF, an enhanced due diligence must be performed. An enhanced due diligence will be conducted if a client is risk rated as high risk. Some of the additional information required may include but is not limited to:

- an understanding of the origin of the customer's wealth;
- requesting bank references and financial statements, where applicable;
- certificate of good standing and other information relating to the client, and screening of various sanctions lists.

The following are examples of such clients:

Senior foreign political figures and their immediate family members and close associates (collectively known as Domestic Prominent Influential Persons ("DPIPs") or Foreign Prominent Public Officials ("FPPOs");

Offshore partnerships, trusts, associations.

Obtain and verify additionally:

- Identification information on clients and any beneficial owner;
- Information on the intended nature of the business relationship; and
- Information on the reasons for a transaction.

Update customer due diligence information held on file for clients and any beneficial owners on an annual basis.

Verify information on Client Source of Funds and Wealth.

Increase the degree and nature of monitoring of the business relationship, in order to determine whether a client's transactions or activities appear unusual or suspicious. Obtain approval of D and D CEO to establish the business relationship with DPIPs/FPPOs and other High-Risk Customers.

4.1.5 Reliance on third parties

D and D is permitted to enter into arrangements to rely on the anti-money laundering control environments of third parties (e.g. to carry out client identification and verification procedures). D and D may rely on another institution, in terms of the service level agreement, to carry out the following in terms of policyholders/clients:

Risk identification (where relevant);

Customer due diligence (upfront and ongoing), including investor identification and verification procedures;

Awareness and training of administrator staff;

Record keeping;

Reporting channels/ processes (where relevant);

Operational oversight and monitoring (includes transaction monitoring, where appropriate);

Approval process for high risk transactions and relationships (requires consultation with D and D prior to acceptance);

Adequate operational supervision for higher risk transactions and business relationships;

Monitoring procedures.

D and D will only rely on third parties who are themselves accountable institutions and are therefore supervised by the FIC and are required to have client identification and verification measures in place. Adequate steps will be taken by D and D in order to satisfy itself that reliance can be placed on the third party.

4.1.6 Ongoing due diligence

D and D must conduct ongoing due diligence in respect of a business relationship which includes monitoring of transactions undertaken throughout the course of the relationship, including, where necessary:

The source of funds, to ensure that the transactions are consistent with the institution's knowledge of the client and the client's business and risk profile;

The background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent business or lawful purpose; and

Keeping information obtained for the purpose of establishing and verifying the identities of clients up to date.

This ongoing transaction monitoring and screening of policyholders are carried out by D and D. Any results that raises concerns must be reported to the MLRO and D and D CEO.

4.1.7 Doubts about veracity of information obtained

The MLRO and D and D CEO will verify on a case by case basis, should there be any doubts about the authenticity of information supplied by the client. Where reasonable assurance cannot be obtained regarding the veracity of information or documentation supplied, D and D may not establish a business

relationship or conclude as single transaction with that client. The MLRO must also determine whether any reporting is required regarding the proposed transaction or business relationship.

4.1.8 Inability to conduct customer due diligence

Where D and D is unable to establish and verify the identity of a client or other relevant person, obtain the required information or conduct ongoing due diligence, it may not establish a business relationship or conclude a single transaction with a client; may not conclude a transaction in the course of a business relationship, or perform any act to give effect to a single transaction; or must terminate an existing business relationship with a client as the case may be, and consider making a report under section 29 of the FIC Act.

4.1.9 Foreign prominent public official

A Foreign Prominent Public official, as defined above, who holds the relevant position or has held the position in a foreign country for a period of at least 12 months after the date on which that person ceased to hold the position will be regarded as high risk. D and D, carries out screening checks as part of the monitoring procedures to identify foreign prominent public officials.

Should D and D or its administrator determine that a prospective client with whom it engages to establish a business relationship, or the beneficial owner of that prospective client, is a foreign prominent public official, D and D must:

- obtain senior management and Board approval for establishing the business relationship;
- take reasonable measures to establish the source of wealth and source of funds of the client; and
- conduct enhanced ongoing monitoring of the business relationship.

4.1.10 Domestic prominent influential person

Domestic prominent influential persons, as defined above, are not inherently high risk and D and D is not prohibited from doing business with DPIPs. However, D and D will rate an investor as high risk if they are a DPIP.

D and D, through the administrator, carries out screening checks as part of its monitoring procedures to identify DPIPs. Should D and D, determine that a prospective client with whom it engages to establish a business relationship, or the beneficial owner of that prospective client, is a DPIP, D and D must:

- obtain senior management approval for establishing the business relationship;
- take reasonable measures to establish the source of wealth and source of funds of the client; and
- conduct enhanced ongoing monitoring of the business relationship.

4.1.11 Family members and known close associates

The requirements set out above in relation to foreign and domestic prominent persons apply to immediate family members and known close associates of foreign and domestic prominent persons, as the case may be.

4.2 Duty to keep records

All information and documentation is retained electronically by D and D, from the date on which the business relationship or single transaction is concluded until termination and for a further period of five (5) years after termination of the single transaction or business relationship. Any updates to the information must be retained, from the date of receiving the information up until five years after termination of the business relationship or single transaction with the client. Records should be sufficient to provide adequate evidence for management and authorities to conduct an audit trail for all reportable transactions in their investigations.

4.2.1 Obligation to keep customer due diligence records

D and D, retains all verification of:

the client's identity or if the client is acting on behalf of another person, retain all verification of that person's identity;

the intended purpose and nature of the business relationship; and

source of funds which the prospective client is expected to use in concluding transactions in the course of the business relationship.

4.2.2 Obligation to keep transaction records

D and D, retains a record of every transaction, single and concluded in the course of business relationship with the client. Information retained includes but not limited to:

the amount involved and the currency in which it was denominated;

the date on which the transaction was concluded;

the parties to the transaction;

the nature of the transaction; and

business correspondence.

5. REPORTING DUTIES AND ACCESS TO INFORMATION

5.1 Reporting obligations to advise Centre of clients

If an authorised representative of the Centre requests D and D, an accountable institution, to make a report in terms of section 29 of the FIC Act to advise:

whether a specified person is or has been a client

whether a specified person is acting or has acted on behalf of any client

whether a client is acting or has acted for a specified person

whether a number specified by the Centre was allocated to a person with whom the accountable institution, reporting institution or person has or has had a business relationship or

on the type and status of a business relationship with a client

D and D must inform the Centre accordingly.

5.2 Powers of access by authorised representative to records

An authorised representative of the Centre has access during ordinary working hours to any records kept by or on behalf of the institution in terms of the FIC Act, and may examine, make extracts from or copies of, any such records for the purposes of obtaining further information in respect of a report made or ought to be made in terms of the FIC Act. The authorised representative of the Centre may, except in the case of records which the public is entitled to have access to, exercise these powers only by virtue of a warrant. D and D must without delay give to an authorised representative of the Centre all reasonable assistance necessary to enable that representative to exercise the abovementioned powers.

5.3 Cash threshold reports (“CTR” and “CTRA”)

The FIC Act provides for the obligation on accountable and reporting institutions to report cash transactions above a prescribed threshold to the Centre. The prescribed amount of cash above which a transaction must be reported to the Centre under section 28 of the Act is R24 999,99 or an aggregate of smaller amounts which combine to come to this amount, if it appears to the institution that the transactions involving those smaller amounts are linked to be considered fractions of one transaction.

D and D must as soon as possible but no later than 2 working days after becoming aware of a cash transaction, report to the Centre the prescribed particulars concerning a transaction concluded with a client if in terms of the transaction an amount of cash in excess of R24 999,99:

is paid by the accountable institution or reporting institution to the client, or to a person acting on behalf of the client, or to a person on whose behalf the client is acting; or

is received by the accountable institution or reporting institution from the client, or from a person acting on behalf of the client, or from a person on whose behalf the client is acting.

Cash transactions include transactions conducted at D and D’s premises and direct deposits should be considered. This does not include electronic fund and interbank transfers. If the administrator or a D and D employee receives a cash transaction as per the definition of cash above, then he/she must immediately report this to the MLRO. The MLRO Officer will then furnish the FIC with the full particulars and readily available information via the online reporting platform of the Centre.

In respect of the transaction or aggregated transactions for which a report is made, the report must contain as much of the following information as is readily available:

the date and time of the transaction, or in the case of a series of transactions, the time of the transactions in the 24 hour period;

the description of the transaction or series of transactions;

the amount of the funds per transaction or series of transactions;

the currency in which the funds were disposed of; and

the purpose of the transaction or series of transactions.

Section 64 of the FIC Act provides that “any person who conducts, or causes to be conducted, two or more transactions with the purpose in whole or in part of avoiding giving rise to a report duty under this Act is guilty of an offence”. If a person files a report with the Centre in terms of section 28, the

institution may elect to continue with the transaction as provided for in section 33 of the FIC Act. The Centre may under certain circumstances, direct the institution not to proceed with the carrying out of that transaction or proposed transaction or any other transaction in respect of the funds affected by that transaction or proposed transaction for a period not longer than 10 working days as determined by the Centre.

5.4 Property associated with terrorist and related activities

A report under section 28A must be sent to the Centre as soon as possible, but not later than 5 working days after an accountable institution had established that it has in its possession or under its control property owned or controlled by or on behalf of, or at the direction of:

any entity which has committed, or attempted to commit, or facilitated the commission of a specified offence as defined in the POCDATARA Act.

a specific entity identified in a notice issued by the President, under section 25 of the POCDATARA Act.

A report filed in terms of section 28A is based on the knowledge of an accountable institution that it has property related to the financing of terrorism in its possession or under its control. The knowledge about the origin and ownership of the property in question should be based on fact and should be acquired with reference to an objective set of circumstances or fact. The failure to file a report with the prescribed information and within the prescribed period constitutes an offence in terms of the FIC Act. The Director may direct the institution which has made such a report to report at intervals determined in the direction, that it is still in possession or control of the property in respect of which the report had been made and any change in the circumstances concerning its possession or control of that property. An accountable institution that fails to comply with a direction by the Director in accordance with section, is guilty of an offence. When filing a report with the Centre in terms of section 28A, it is an offence to continue dealing with that property in any way (section 4 of POCDATARA).

The administrator or D and D employee must report knowledge or suspicion of terrorist activities and transactions to the MLRO for further reporting. The MLRO Officer will then furnish the FIC with the full particulars and readily available information via the online reporting platform of the Centre.

The Centre may under certain circumstances, direct the institution not to proceed with the carrying out of that transaction or proposed transaction or any other transaction in respect of the funds affected by that transaction or proposed transaction for a period not longer than 10 working days as determined by the Centre.

5.5 Suspicious and unusual transactions (“STR”)

Section 29 requires all accountable institutions, their managers and employees, to identify and report suspicious and unusual transactions to the Centre. Failure to file such a report amounts to an offence.

The administrator or D and D employee must within 5 days of becoming aware of the suspicious or unusual transaction, report knowledge or suspicion of terrorist activities and transactions to the MLRO for further reporting. The MLRO Officer will then furnish the FIC, within 15 days of becoming aware, with the full particulars and readily available information via the online reporting platform of the Centre. The administrator or a D and D employee must immediately provide a written report to the MLRO if the administrator/employee knows or reasonably suspects that:

the business received, or is about to receive the proceeds of crime, or property associated with the financing of Terrorist Activities; or

the Business is party to one or more transactions that -

- o facilitated, or will likely facilitate, the transfer of the proceeds of crime, or property associated with the financing of Terrorist Activities; or
- o are complex or involve abnormally large amounts of money, are not business-like, or do not appear to serve any legal purpose; or
- o were effected so as not to trigger a reporting duty on the business' part; or
- o may pertain to an investigation into actual or attempted tax evasion; or
- o are associated with the financing of Terrorist Activities; or

the business has been, or is about to be, used for ML/FT in any manner whatsoever.

A person involved in the making of a STR may not inform anyone, including the client or any other person associated with a reported transaction, of the contents of a STR or even the fact that such a report has been made. The contents may however be disclosed:

within the scope of the powers and duties of that person in terms of any legislation

for the purpose of carrying out the provisions of the FIC Act

for the purpose of legal proceedings, including any proceedings before a judge in chambers or

in terms of an order of court.

If a person files a report with the Centre in terms of section 29, they may elect to continue with the transaction as provided for in section 33 of the FIC Act. The Centre may under certain circumstances, direct the institution not to proceed with the carrying out of that transaction or proposed transaction or any other transaction in respect of the funds affected by that transaction or proposed transaction for a period not longer than 10 working days as determined by the Centre.

5.6 Protection of persons making reports

No action, whether criminal or civil, lies against an accountable institution, reporting institution, supervisory body, the South African Revenue Service or any other person complying in good faith with the FIC Act provisions relating to reporting duties, access to information, measures to promote compliance and compliance and enforcement, including any director, employee or other person acting on behalf of such institution.

6. TRAINING

D and D is required to provide its employees with ongoing training to enable them to comply with the FIC Act and its Risk Management Compliance Programme ("RMCP"). D and D will ensure that all employees receive relevant training on a regular basis as part of the induction programme and refresher training throughout their careers. The RMCP will be accessible to all staff at all times.

7. PENALTIES

The Centre or a supervisory body may impose an administrative sanction on D and D when satisfied that the D and D has failed to comply with a provision of the FIC Act or any order, determination or directive made in terms of the FIC Act. It may also impose an administrative sanction if D and D has failed to comply with a condition of a licence, registration, approval or authorisation issued or

amended. It may furthermore impose an administrative sanction if D and D has failed to comply with a directive or has failed to comply with a non-financial administrative sanction. Administrative sanctions may include a financial penalty not exceeding R10 million in respect of natural persons and R50 million in respect of any legal person. The Centre or supervisory body may direct that a financial penalty must be paid by a natural person or persons for whose actions the relevant institution is accountable in law, if that person or persons was or were personally responsible for the non-compliance.

Summary of potential penalties: Offence	Penalties
Failure to give assistance to inspections	15 years imprisonment/R100 million fine
Obstruction of official in performance of functions	15 years imprisonment/R100 million fine
Failure to provide training	5 years imprisonment/R10 million fine
Failure to appoint a MLRO	5 years imprisonment/R10 million fine
Failure to report to the Centre	15 years imprisonment/R100 million fine
Failure to identify client	15 years imprisonment/R100 million fine
Failure to keep records	15 years imprisonment/R100 million fine
Failure to formulate and implement the RMCP	5 Years imprisonment/R10 million fine

8. NON-COMPLIANCE

Failure to comply with any part of this policy and associated procedures may lead to disciplinary action and possible dismissal.

9. APPENDICES

9.1 Relevant policies

This policy should be read in conjunction with the following:

Whistleblowing Policy

9.2 Document Control

Version	Date	Author	Summary of changes
0.2	July 2021	Daniel Clifford	Incorporating KYCDD

ANNEXURE A

Below methodology will be applied by the administrator when risk rating of a policyholder.

Life Insurance Policies/Products

Risk Assessment	Living Annuity	Endowment Individual	Endowment Corporate	Umbrella Funds registered in terms of the Pension Funds Act
Risk Rating	Low Risk	Low Risk	Low Risk	Low Risk
Customer Type	Pensioners, retirees who have purchased product with retirement funding	Retail individual investors only	Companies purchasing a 5 year investment policy	Employers and their employees pay contributions as a salary deduction
Business Activities	Pension provision, non-cash activity	Contribution activity, savings vehicle for SA investors with limited contributions per year.	Contribution activity, savings vehicle for corporates	Contribution activity, retirement savings deducted from salary
Country	All SA resident	All SA resident	All SA resident	All SA resident
Service	Income Payments	Discretionary savings vehicle with a 5 year fixed term, and rules around surrenders and additional contributions	Discretionary savings vehicle with a 5 year fixed term, and rules around surrenders and additional contributions	Retirement Savings with contribution being defined in terms of registered rules, rules allow for cash withdrawal. All contributions declared to SARS through compulsory submission to SARS
Product	Linked life insurance product can be purchased with compulsory funding only	Linked life insurance product can be purchased with discretionary money	Linked life insurance product can be purchased with discretionary money	Pension Fund product can be purchased with salary deductions and voluntary contributions
Ultimate Beneficial Owner	Insurer	Insurer	Insurer	Umbrella Fund

Our Approach	Load all policyholder names and ID numbers on KYCDD only. Run the policyholders against the AML, PEP and Sanctions screening only. Should any policyholder be flagged thereafter, D and D will review and provide the way forward.	With the rules surrounding endowment policies, it will be difficult for investors to launder money, as restrictions apply to withdrawals within the 5 year restriction period. Load all policyholders and run them against Sanctions/PEP screening. D and D will monitor the activity of the endowment policy holders in terms of the withdrawals, and the additional contributions and do the full KYCDD screening only at the time of	With the rules surrounding endowment policies, it will be difficult for investors to launder money, as restrictions apply to withdrawals within the 5 year restriction period. Load all retail policyholders and run them against AML, PEP and Sanctions screening. D and D will monitor the activity of the endowment policyholder's in terms of the withdrawals, and the additional contributions and do the full KYCDD screening only at the time of such an activity.	With the rules surrounding umbrella funds, it will be difficult for investors to launder money, as restrictions apply to contributions and withdrawals. Load all members and run them against Sanctions/PEP screening. D and D will monitor the activity of the endowment policy holders in terms of the withdrawals, and the additional contributions and do the full KYCDD screening only at the time of such an activity.
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Risk Assessment	Retirement Annuity Funds	Preservation funds		
Risk Rating	Low Risk	Low Risk		
Customer Type	Single retail investor and Employers	Retail individual investors only		
Business Activities	Contribution activity, retirement savings paid via EFT or debit order, or a	Contribution as a result of exit from an umbrella fund or company own fund		

	transfer from another RA			
Country	All SA resident or foreign	All SA resident or foreign		
Service	Retirement Savings	Retirement savings preservation		
Product	Pension Fund Product	Pension Fund Product		
Ultimate Beneficial Owner	Fund	Fund		
Our Approach	<p>With the rules surrounding retirement annuity funds, it will be difficult for investors to launder money, as restrictions apply to withdrawals. Load all members and run them against Sanctions/PEP screening. D and D will monitor the activity of the members in terms of the withdrawals, and the additional contributions and do the full KYCDD screening only at the time of such an activity.</p>	<p>With the rules surrounding preservation funds, it will be difficult for investors to launder money, as restrictions apply to contributions and withdrawals. Load all members and run them against Sanctions/PEP screening. D and D will monitor the activity of the members in terms of the withdrawals, and the additional contributions and do the full KYCDD screening only at the time of such an activity.</p>		