

CONTINENTAL REINSURANCE (“C Re”)

ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM (AML/CFT) POLICY

(Approved by the Board of Directors on March 5, 2014)

1. **Introduction**

The C Re group is cognizant of the fact that there is a risk of its products and services being used to launder money and finance terrorism and, in compliance with applicable laws in all the jurisdictions in which the group operates which requires that processes and systems be put in place to identify, manage and mitigate the risk, the Board of Directors has put together this Anti-Money Laundering/Countering the Financing of Terrorism (“AML/CFT”) Policy which sets out the group’s approach to detection and deterrence of money laundering and terrorist financing activities and how the group complies with legislative obligations regarding AML/CFT. Breaches of the policy will lead to disciplinary action including dismissal as well as criminal and/or civil regulatory consequences.

2. **Scope**

This Policy focuses specifically on money laundering and terrorist financing issues and covers the operations of the C Re group. It sets out key money laundering and terrorist financing policies that the group will operate in, in relation to all of its business areas.

The policy should be read in conjunction with Anti-Money Laundering and Countering the Financing of Terrorism Laws, regulations and Operational Procedures in all jurisdictions in which the group operates.

2 ***Money Laundering & Terrorist Financing***

Money laundering consists of acts to hide the origin of money or other kinds of financial assets that come from a criminal activity. After a series of actions, these assets are made to look like they came from legal activities and are therefore legitimate. Terrorist financing may not come from criminal activity, but it still involves actions to hide the origin or intended use of the funds, which will later be used for terrorist purposes.

Generally, money laundering happens in three stages: (1) Placement - Cash first enters the financial system at the “placement” stage. Cash generated from criminal activities is converted into money orders, traveler’s checks, or other monetary instruments or it is deposited into accounts at financial institutions. (2) Layering - At the “layering” stage, the funds are transferred or moved into other accounts or other financial institutions to disguise the source, ownership and location of the funds. In this way, the funds from criminal activities are further separated from their criminal origin. (3) Integration - At the “integration” stage, the funds are integrated into the economy and used to purchase legitimate assets or businesses or used to fund other criminal activities.

3. **Employees**

The Policy applies to all employees in the group, including permanent staff, senior management, temporary and contract staff working in all the countries where the group’s offices are located. In addition, all employees must comply with the Anti-Money Laundering/Know Your Customer Procedure as required by the local legislation of the country where they work.

All employees:

- (i) are required to always co-operate fully with regulations and with law enforcement agents in their jurisdictions.
- (ii) Shall report any violation or suspected violation of the group’s AML/CFT compliance programme to the AML/CFT Compliance Officer in their location.

(iii) Shall make the report of a suspected violation confidential.

4. **AML/CFT Policies and Objectives**

C Re group is committed to full compliance with AML/CFT Laws and regulations applicable in all jurisdictions in which it operates. The group shall, through the following main objectives, commit itself to the prevention of money laundering terrorist financing:

4.1 **Legal & Regulatory**

- (i) complying with legislations and regulatory obligations that impose series of specific obligations on financial institutions and their employees.
- (ii) dealing with only those companies that are duly registered under the laws of each of the countries in which the group operates and which do not pose a reputation risk to the group;
- (iii) dealing with only ceding companies that are licensed or otherwise authorized to issue insurance policies, and which have warranted or otherwise confirmed that they comply with AML/CFT standards.
- (iv) complying with all AML/CFT legislations and regulations in all the countries in which the group operates;
- (v) complying with all AML/CFT regulations and guidelines as may be issued from time to time in in all jurisdictions in which the group operates.
- (vi) complying with requests made pursuant to AML/CFT subsisting legislations and providing information to the relevant Financial Intelligence Units (“FIUs”) and/or other relevant enforcement agencies in all jurisdictions in which the group operates.

4.2 **Professionalism**

Ensuring that the group is not directly or indirectly involved in recycling the proceeds of crime that would call into question its reputation, integrity and, if fraud is involved, its solvency.

4.3 **Risk-based Approach**

- (i) Implementing a risk-based preventive approach using practices that identifies, manage and mitigate money laundering and terrorist financing.
- (ii) Identifying, assessing, and understanding the money laundering and terrorist financing risks the group faces
- (iii) Monitoring business for evidence of suspicious activity and reporting immediately and without delay to the relevant FIU such activity it reasonably suspects has a link with terrorism or reasonably suspects that the source of funds is the proceeds of criminal activity.
- (iv) Conducting customer identification and verification in proportion to money laundering and terrorism financing risks posed by that customer.

4.4 **Ethical**

Taking part in the fight against crime

4.5 **Staff Training**

Providing training for all categories of staff to increase staff awareness, maintain competence and be able to recognize and report suspicious transactions. This shall be

achieved by: designing and implementing comprehensive AML/CFT training programme, providing Company-wide training, seminars and circulating procedures, media and internet information including up-dates to all relevant staff. A record of all training shall be kept appropriately.

4.6 **Reporting**

Filing all reports required by the relevant AML/CFT laws and regulations within statutorily specified periods in accordance with regulatory requirements.

5. **Adherence to procedures**

Each office in the group shall be liable for failing to report a transaction that it should ordinarily have known or suspected to be money laundered or financing of terrorism. The group shall however, be protected from being sued by clients for breach of confidentiality if it reports a suspicion of money laundering in accordance with the group's approved procedures. In addition the group will be committing an offence if it discloses to Client Company, that the client has been reported or that the client is under investigation.

Each office in the group shall apply the highest standards of diligence when handling transactions at all times in full compliance with the Money Laundering and financing of terrorism laws and regulations.

6. Red Flags: Spotting Money Laundering Activities

There are many kinds of money laundering and terrorist financing activities, so it is not possible to list all of them. However, all Employees in the group should be alert to these "red flags," which may indicate money laundering activities.

- The client/customer shows unusual concern about the group's compliance with government or Company reporting requirements and this Policy.
- The customer shows unusual concern about revealing its identity, type of business, and assets, or is reluctant or refuses to reveal any information concerning its business activities, or furnishes unusual or suspicious identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the person's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- The customer refuses to identify or fails to indicate any legitimate source for his / her / its funds and other assets.
- The customer (or a person publicly associated with him / her / it) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer seems unconcerned about the risks, commissions, or other transaction costs.

- The customer appears to be acting as an agent for an undisclosed principal, but is elusive about that person's identity for no legitimate commercial reason.
- The customer asks for exemptions from the Company's payment policy.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the mandatory reporting requirements under the laws of the Countries in which the Company operates, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- The customer is from, or has business in, a country identified as a non-cooperative country or territory that is known as a money-laundering or terrorist financing country or has been identified as such by the relevant Financial Intelligence Unit ("FIU") on Money Laundering or similar agency or organization.
- The customer requests that a transaction be processed in contravention of local laws and regulations.

7. **Whistleblower protection**

An employee, who in good faith reports a red flag or other suspected violation or attempted violation of this AML/CFT Policy or applicable AML/CFT Laws and regulations, shall be protected from victimization for making such report.

8. **AML/CFT Compliance Officers**

8.1 The Board shall designate a Senior Officer as its AML/CFT Chief Compliance Officer who shall be responsible for the implementation of the group's AML/CFT risk management and compliance and reporting it to the executive management. The AML/CFT Compliance Officer shall be assisted by another Officer who shall be designated as assistant AML/CFT Compliance Officer. There shall also be dedicated Compliance Officers in each branch office and subsidiaries in the group. The appointed Officers shall be qualified by experience, knowledge, and training to perform the following duties:

8.1.1 ***Duties of Group AML/CFT Chief Compliance Officer***

- Ensuring implementation of the group's compliance program
- ensuring that proper AML/CFT records are kept and, when warranted, that reports are filed with the appropriate authorities.
- updating the AML/CFT Policy when necessary; ensuring that this AML/CFT Policy and programs are assessed periodically by person(s) other than the AML/ACFT Policy Compliance Officer(s); periodically reporting to Senior Management about AML/CFT programs, policies, and compliance;
- coordinating staff AML/CFT awareness training and ensuring that Company Employees receive appropriate training;

- maintaining records, including due diligence, reports of potential violations, and responding to any reports of a suspected violation of this AML/CFT Policy or applicable AML/CFT Laws involving Company Employees or others affiliated with the Company.
- Co-ordination of AML/CFT internal investigation.

8.1.2 ***Duties of Compliance Officers in Regional Offices and Subsidiaries***

- Rendering all regulatory returns on AML/CFT (e.g. cash transaction Report within specified thresholds & suspicious transaction report etc) to the appropriate regulatory bodies, Financial Intelligence Units (FIUs) or other AML/CFT bodies in their locations
- Receiving and vetting suspicious transaction report from staff.
- Reporting immediately, to the relevant FIU's or other bodies in their locations, any suspicious transaction, regardless of the amount and the report shall include any action taken on the suspicious activity.
- Acting as liaison officer between the Company and the relevant FIUs and other AML/CFT regulatory bodies in their locations.

Suspicious Transaction

A suspicious transaction is one which is unusual because of its size, volume, type or pattern or otherwise suggestive of known money laundering and financing of terrorism methods, and may include transactions that are inconsistent with a policy holder's known legitimate or normal business, personal activities and activities that lack obvious economic rationale

8.2 ***Sanction Desk***

The AML/CFT Chief Compliance Officer shall designate a sanction desk officer in each regional office and subsidiaries to always confirm or ascertain whether the name of a person or entity that wants to undertake business relationship with the group is on sanction lists that may be issued by the appropriate local and international authorities which lists shall also be used to monitor an already established business relationship with any person or entity on an ongoing basis.

9. **Government-Provided Lists of Terrorists and Other Criminals**

If any office in the group receives a government-issued list of known or suspected terrorists or other criminals, within a reasonable period, it will determine whether any of its customers or clients appear on any such list of known or suspected terrorists or terrorist organizations. The office will refuse to conduct business or transact in any way with such person, will contact government authorities as appropriate, and will ensure that the group AML/CFT Compliance Officer is notified in order to take additional, appropriate measures.

10. **Checking the Office of Foreign Assets Control (“OFAC”) List and Other Lists**

Each office in the group will on a regular basis monitor customers and clients to check that they do not appear on Treasury’s OFAC “Specifically Designated Nationals and Blocked Persons” List (“SDN List”) (www.treas.gov/ofac), and that they are not from embargoed countries and regions listed on the OFAC Web Site. In the event that a customer or client is on the SDN List or is engaged in transactions with a person or entity located in an embargoed country or region, the office will reject all transactions with that customer or client, comply with applicable laws, consult with legal counsel where appropriate, and take appropriate measures with law enforcement officials.

11. ***Identification and Verification Program***

The group will establish, document, and maintain a written customer Identification and Verification Program for the regional offices and subsidiary companies that includes collecting certain minimum identification information of its customers and clients based on appropriate, risk-based circumstances and in line with the relevant Anti Money Laundering/Know Your Customer Procedure. Regional offices and subsidiaries will not engage in transactions with a third party prior to identifying the underlying person(s) for whom the third party is acting. If a potential or existing customer or client refuses to provide such information or appears to have intentionally provided misleading information, or when the office cannot be reasonably sure that it knows the true identity of a customer or client, the office or company will not conduct any new business with that customer or client. In addition, after considering the risks involved, the office or company will consider terminating any existing and future relations with that customer or client. The AML/CFT Policy Compliance Officer will be notified and may take other appropriate action.

12. **Management and Control Structure**

The Board of Directors of the group takes ultimate responsibility for the group’s AML/CFT compliance program. The Board delegates responsibility for the implementation and management of money laundering and terrorist financing issues to the Management, who in turn delegates this to the Chief Compliance Officer who is responsible for the day-to-day management of money laundering issues and the periodic review of policy/procedures.

13. **Reporting**

After receiving a credible report of a possible violation of this AML/CFT Policy or applicable laws in their locations, the AML/CFT Compliance Officer(s) will notify the Chief AML/CFT Compliance Officer who will in turn (i) notify Senior Management, (ii) undertake an internal investigation, with the assistance of outside legal counsel if appropriate, to determine whether or not such a violation took place, and (iii) help determine what remedial measures shall be taken. If for any reason such investigation and potential remedial measures pose a conflict for the AML/CFT Chief Compliance Officer, Senior Management will seek help from outside counsel to perform these functions. Senior Management will also inform the Board of Directors of any credible report of such a violation within 48 hours.

14. **AML Telephone Hotline**

The AML/CFT Chief Compliance Officer will maintain an anti-money laundering telephone Hotline or other forms of communication for Company Employees, agents, representatives, and others to report immediately and anonymously suspicious activity, suspected violations of this

AML/CFT Policy, or suspected violations of applicable anti-money laundering, terrorism prevention laws. If the AML/CFT Chief Compliance Officer receives a credible report of a potential violation, the Officer will follow the procedures set forth in Section 13.

15. **Procedures**

As part of the group's commitment to combating money laundering, the group has put in place procedures that are designed to cover not only the provisions of the relevant AML/CFT Laws and regulations (Including the principles of Know Your Customers (KYC), Cash Transaction Report (CTR), and Suspicious Transaction Report (STR) etc. but also reflect best industry practices.

16. **Up-dating Procedures**

As operational policies and money laundering regulations and practices change, the money laundering procedures shall be up-dated.

When an up-date becomes necessary the amendment will be prepared and presented to Management for approval.

17. **AML/CFT Audit**

The internal audit department shall carry out a quarterly review of the group's AML/CFT programme and submit its report to the Executive Management. The report shall comment on the robustness of the internal policies and processes and suggestions where necessary, to strengthen the policy.

BOARD APPROVAL

The Board of Directors has approved this AML/CFT Policy as reasonably designed to achieve and monitor the group's ongoing compliance with AML/CFT laws and ethical and best business practices.