

**ANTI-MONEY LAUNDERING, COUNTER FINANCING OF
TERRORISM AND COUNTERING PROLIFERATION
FINANCING (AML/CFT/CPF) POLICY**

NORSAD CAPITAL ANTI-MONEY LAUNDERING/ COMBATING THE FINANCING OF TERRORISM AND PROLIFERATION (AML/CFT&P) POLICY

1. Definitions/ Acronyms

AML/CFT&P - (Anti-Money Laundering/ Combatting the Financing of Terrorism and Proliferation). Detective and preventative controls against money laundering and the financing of terrorism and proliferation.

ML/TF/PF - Money Laundering, Terrorist Financing and Proliferation Financing, all generally regarded as financial offence by the Financial Intelligence legislation.

AMLCO - (Anti-Money Laundering Compliance Officer) an officer designated by an NBF (and approved by NBFIRA) to ensure preventative and detective controls against money laundering and the financing of terrorism and proliferations.

Prominent influential person - means a person who is or has been entrusted with public functions within Botswana or by a foreign country, his or her close associates or immediate member of the family or an international organisation and includes —

- (a) a President;
- (b) a Vice-President;
- (c) a Cabinet Minister;
- (d) a Speaker of the National Assembly;
- (e) a Deputy Speaker of the National Assembly;
- (f) a member of the National Assembly;
- (g) a Councillor;
- (h) a senior government official;
- (i) a judicial officer;
- (j) a Kgosi;
- (k) a senior executive of a private entity where the private entity is of such turnover as may be prescribed;
- (l) a senior executive of a public body;
- (m) a senior executive of a political party;
- (n) senior executives of international organisations operating in Botswana; or
- (o) such person as may be prescribed.

Beneficial Owner - means a natural person who ultimately owns or controls a customer or a natural person on whose behalf a transaction is being conducted and includes those who exercise ultimate effective control over a legal person or arrangement.

CDD - (Customer Due Diligence) The process of identifying, verifying and understanding particulars, behaviour patterns and financial profile of a customer, ultimate beneficial owners and related parties, before and during a business relationship.

SDD - Simplified Due Diligence

EDD - Enhanced Due Diligence

FIA - (Financial Intelligence Agency) an Agency established by the Financial Intelligence Act with primary responsibility for receiving, analysing and disseminating financial intelligence information to investigatory and supervisory authorities, for supervision and coordination of Botswana's controls against money laundering, terrorism financing, and proliferation financing.

High Risk Customer/ Business/ Jurisdiction - See section 2 of Financial Intelligence (Amendment) Act 2022

Money Laundering - See Proceeds & Instruments of Crime Act

NBFIRA - Non-Bank Financial Institutions Regulatory Authority (designated as supervisory authority under the Financial Intelligence Act).

NBFI - Non-Bank Financial Institution / ("Regulated entities") (also referred as Specified Party under the Financial Intelligence (Amendment) Act 2022).

Proliferation - Proliferation has many guises but ultimately involves the transfer and export of technology, goods, software, services or expertise that could be used in nuclear, chemical or biological weapon-related programmes, including delivery systems; it poses a significant threat to global security.

Proliferation Financing - the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, 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.

Proliferation Financing Risk - refers to the potential breach, non-implementation or evasion of the targeted financial sanctions obligations referred to in Recommendation 7.

Proliferator - an individual or group of individuals that abuse both the formal and informal sectors of the international financial system or resort to cash in order to trade in proliferated goods.

Risk Management Systems - internal policies, technologies, procedures and controls, informed by a risk assessment, that enable an NBFI to establish the risk indicators used to characterise customers, products and services to different categories of risk with the aim of applying proportionate mitigating measures in relation to the potential risk of financial offence in each category of risk established.

Terrorism (Act of) - means any act or omission which is intended to advance a political, ideological or religious cause, or by its nature or context, may reasonably be regarded as being intended to intimidate or threaten the public or a section of the public, or compel a government or an international organisation to do or abstain from doing any act, or to adopt or abandon a particular position.

UNSC - The United Nations Security Council

UNSC Sanctions List - individuals and institutions subject to sanctions measures (i.e. asset freeze, trade embargo, travel restrictions and arrest) imposed by the United Nations Security Council and to be enforced by members of the United Nations.

2. Compliance Policy Statement

Norsad Capital Limited and its subsidiary, Norsad Finance (Botswana) Limited (“Norsad”) shall not be associated with money laundering, terrorist financing or proliferation financing. Therefore, Norsad has introduced policies and procedures to prevent money laundering and to ensure statutory duties and regulatory compliance with the Financial Intelligence Act (FI Act), Regulations and Proceeds and Instruments of Crimes Act, the Botswana Non-Banking Financial Institution Regulatory Authority (NBFIRA) guidelines and guidelines of any other relevant local or international regulatory body.

The policy addresses various responsibilities of Norsad employees, Directors and investee companies for:

- Creating and implementing policies, procedures and plans that curb money laundering or financing of terrorist and related activities.
- Ensuring that repayments are originating from investee company’s bank accounts with banks which are acceptable to Norsad.
- Reporting suspicious and unusual transactions in respect of payments on Norsad’s or its investee companies bank accounts.

Responsibility for the Policy

The Norsad Capital Board of Directors is responsible for approving this policy. For the purposes of implementation of this policy, Management and the AMLCO have the primary responsibility for implementation and monitoring its use and effectiveness. Management and the AMLCO are responsible for ensuring that all employees, directors, key representatives of the investee companies and Norsad partners are made aware of and understand this policy.

Definitions of Money Laundering

The Organisation of Economic Co-operation Development (OECD)

The attempt to conceal or disguise the ownership or source of the proceeds of criminal activity and to integrate them into the legitimate financial systems in such a way that they cannot be distinguished from assets acquired by legitimate means. Typically, this involves the conversion of cash-based proceeds into account-based forms of money.

Section 14 (1) – Proceeds of Serious Crime

A person shall be deemed to engage in money laundering if

- he engages, directly or indirectly, in a transaction that involves money, or other property, that is the proceeds of a serious offence, whether committed in Botswana or elsewhere, or
- he receives, possesses, conceals, disposes of, or brings into Botswana, any money, or other property that is the proceeds of a serious offence, whether committed in Botswana or elsewhere, or
- the person knows, or ought reasonably to know, that such money or other property is derived or realised, directly or indirectly, from some sort of unlawful activity.

Banking (Anti-Money Laundering) Regulations

“Money laundering” has the meaning assigned to it in section 14 of the Proceeds of Serious Crime Act, and includes-

- where the conduct is of a natural person, failing, without reasonable excuse, to take steps to ascertain whether or not the property is derived or realised, directly or indirectly, from an unlawful activity; or
- where the conduct is of a bank, failing to implement or apply anti-money laundering measures and practices.

Money can generally be laundered through a three-step process, but it is important to note that a laundering scheme will not necessarily include all stages or is it limited to these three steps. Every act committed during each stage may constitute a laundering offence in a particular jurisdiction.

Placement

This is the initial stage where cash generated from criminal activities enters the financial system and, in general, includes actions such as deposits and transfers to a financial institution. Given the nature of Norsad's operations whereby it does not conduct cash transactions with its clients, with its operations being through bank transfers and sometimes cheques, it is highly unlikely that Norsad would be used at this stage.

Layering

This is the stage where funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. Complex layers of financial transactions are created to disguise the audit trail. This stage is the most ingenious and often the most complex. This is the stage where Norsad needs to be vigilant as it can be used through transfers from unknown sources.

Integration

If undetected so far, this is the stage where funds are reintroduced into the economy and used to purchase legitimate assets so that the money will now appear to be ordinary and legitimate. Norsad can encounter dirty money at application stage of the facility in form of equity and/or collateral assets pledged.

International Initiatives on Anti-Money Laundering, terrorist financing and the financing of proliferation

The Financial Action Task Force (FATF)

The FATF is an inter-governmental body established in 1989 with a mandate to set standards and to promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and the financing of proliferation, and other related threats to the integrity of international financial system.

The FAFT Recommendations (www.fatf-gafi.org/recommendations) set out a comprehensive and consistent framework of measures which countries should implement in order to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction.

The Wolfsberg Principles

The Wolfsberg Group (www.wolfsberg-principles.com) is an association of eleven global banks, which aims to develop financial services industry standards, and related products, know-your-customer (KYC) procedures, Anti-Money Laundering and Counter Terrorist Financing policies. This association has designed an AML Questionnaire which financial institutions complete and helps to provide an overview of the institutions AML policies and practice.

Local Initiatives on Anti-Money Laundering, terrorist financing and the financing of proliferation

Financial Intelligence Agency

The Financial Intelligence Agency is an institution constituted by the Financial Intelligence Act of 2009. It is an autonomous body under the Ministry of Finance and Development Planning that shall be the central agency for requesting, receiving, analysing and disseminating information on financial disclosures relating to suspicious transactions. The Agency is only one of the many stakeholders whose responsibility is to combat financial crimes, in particular Money Laundering and the Financing of Terrorism.

Financial Intelligence (Amendment) Act, 2022

An Act to provide for the establishment of the Financial Intelligence Agency; to establish a National Coordinating Committee on Financial Intelligence; to provide for the reporting of suspicious transactions and other cash transactions; to provide for mutual assistance with comparable bodies outside Botswana in relation to financial information and for matters connected therewith and incidental thereto.

Terrorism Act 2014

An Act to provide for measures to prevent and combat acts of terrorism including financing of terrorism; to establish the Counter-Terrorism Analysis and Fusion Agency and to provide for matters related thereto.

Norsad Capital Limited and its subsidiary, Norsad Finance (Botswana) Limited (“Norsad”) will adhere to legislation in Botswana and applicable international initiatives aimed at combating financial improprieties. Norsad will not maintain business relationships with any individual(s) or undertaking(s) which it knows, or is expected to know, constitute a terrorist or criminal organisation, or which are affiliated to, or support or finance such an Organisation.

3. Framework

The AML policy is reviewed and aligned to Norsad Risk Management Framework. The risk management framework provides the foundation that underpins the entire risk management structures and systems of Norsad Capital.

The Risk Appetite statement for Norsad is approved by the Norsad Board of Directors. By definition, risk appetite is the level of risk that Norsad is willing to accept in pursuing its business objectives. The risk appetite for Norsad is aligned to the risk targets and each principal risk has a stated Risk appetite Statement.

AML CFT policy falls within the Norsad Risk Principal risk of Legal and Compliance. The Risk appetite for ‘**Legal and Compliances**’ reads ‘**Norsad has zero tolerance for breaches in regulation or Laws and taking into account that such incidents cannot be completely avoided.**’

4. AML/CFT Compliance Principles

Norsad Compliance Principles:

- Our commitment to fighting financial crime whilst aspiring for our financial goals
- Our goal is to have an effective and relevant AML /CTF compliance program
- Our intention is to maintain positive status and interactions with our Regulators. Where remediation is required, we want to demonstrate our effort and evidence sufficient progress to our Regulators.

Principles applicable to all staff:

- Strong emphasis on the risk management framework is placed on individual accountability
- Read and understand and practice AML/CTF policy
- Commitment to on-going compliance training.

Principles applicable to the AMLCO and CEO:

- Awareness of AML/CTF applicable laws or regulations and future developments
- Establishing if the entity has adequate controls and whether the controls are operating effectively
- Establishing high risks areas and managing them.

5. AML/ CFT Compliance Standards & Guidelines

i. AML/CFT Governance

The roles and responsibilities of the designated AMLCO include but are not restricted to;

- Acting as the contact point responsible and liable for all AML/CFT compliance duties within the entity;
- The implementation of the internal AML/CFT compliance programmes and procedures, including reporting and proper maintenance of records;
- Ensuring that internally identified suspicious transactions are reported to the Financial Intelligence Agency (FIA);
- Carrying out ongoing monitoring of ML/TF within the entity including setting up of structures that will allow for continuity of ML/TF monitoring in the compliance officers absence;
- Ensuring that there is on-going training of staff on AML/CFT and keeping records of the said training and attendees; and
- Having full and timely access to customer identification data, transaction records and other relevant information at all times.

ii. AML/CFT Risk Management Systems & Controls

Activities pertaining to compliance are covered in policies;

- KYC/AML Policy
- Investment Policy

iii. Training

The objective of AML training is to engage, inform and inspire employees to obtain a robust knowledge and understanding of the following:

- The common methods and trends of Money Laundering (“ML”) and Terrorism Financing (“TF”) relevant to the organisation
- The organisation’s AML/CFT policies, procedures, systems and controls
- The ability to identify potential suspicious behaviours or activities and reporting these events to the AMLCO.

The following trainings shall be arranged by the AMLCO as required:

AML Induction Training: For new employees who have recently joined the organisation.

AML Refresher Training: Periodic ongoing training for existing employees.

AML Special Purpose Training: Training on new regulation/internal policy.

The AMLCO and reporting staff shall undertake money laundering training at least annually. The AMLCO shall also ensure that at a minimum staff and Directors are trained at least once every two years on money laundering. However, the following factors should trigger an additional need for training: new staff joining the business; change in staff job/role; change in legislation; change in the level of risk occurs.

iv. Due Diligence

With reference to international best practice and KYC procedures, all our potential clients and investee companies shall be subjected to these procedures and their identity verified. In addition, all monetary transactions with the potential clients and investee companies shall be from and to a bank account with a reputable bank acceptable to Norsad.

Before deciding about whether or not a customer should be accepted, and in order to comply with the customer acceptance policy, the Analysts shall check the Management team, Directors, Shareholders and Ultimate beneficiaries, using the watchlists. If a customer is found to be on one of the watchlists, all ties of that potential customer with Norsad shall be terminated and a report to the Financial Intelligence Agency will be issued. External sources of information like social media, news articles, legal prosecution or similar content that may affect the potential client's final risk by revealing their involvement in ML, terrorism, fraud, tax evasion, or other types of crimes shall also be used to verify that the company, its directors, executive management and ultimate beneficial owners do not have adverse or criminal records. The due diligence and identification means to identify the corporate bodies, individual investors, origin of the funds and legitimacy of the bank accounts are presented below.

Companies

Identification documents include, but are not limited to the following:

- Constitutional documents of the investee company.
- Details of registered office and place of business.
- Investee company's board of directors resolutions on:
 - approving loan/investment, interest/fees and security; and
 - authorised signatories to loan account.
- Duly signed sponsor worksheet from all main investors holding 15% or more of the project's equity which should indicate *inter alia*, source of funds for contribution to the investee company and acknowledgement of the commitment to comply with Norsad policies.
- Shareholders should be identified and provide the following information:
 - For individual shareholders:
 - Copy of valid national identity card and/or passport or refugee ID card;
 - residential address confirmed with copies of utility bills or by other means;
 - passport sized photos; and
 - details of bankers.
 - For corporate body shareholders:
 - constitutional documents;
 - company registered office and place of business;
 - details of bankers;
 - AML/CFT/CPF compliance status report of the client from their banker (the report will highlight whether the client has violated any AML/CFT/CPF provisions and whether suspicious transactions have been raised against the client over the last 3 years; and
 - identify the natural persons behind the company and proceed as in individual shareholders requirements above for individuals holding 15% or more of shareholding.
- The bank account held in a reputable bank acceptable to Norsad shall be verified by a bank reference letter.

Financial Intermediaries

Identification documents for intermediaries regulated by the Central Bank or other recognised financial regulators include, but are not limited to the following:

- Constitutional documents of the financial institution.
- Details of registered office and place of business.
- Banking/regulatory authority licence.
- Copy of the institution's AML policy.
- Completed Wolfsberg Principles AML Questionnaire.
- Report from the AML/CFT/CPF regulator in country of operation (equivalent of NBFIRA in Botswana).
- Financial institution's board of directors resolutions on:
 - approving the terms of the facility and security if any; and
 - authorised signatories to the facility account.

A further enhanced due diligence (EDD) request beyond the above may be triggered when dealing with prominent influential persons (PIPs), a customer from a high-risk jurisdiction or at the instance of an international organisation, or a transaction of a high-risk business and in such instances specific additional documentation and information required will be guided by the AMLCO.

An assessment shall be carried to determine whether the type of business the client is engaged in possess potential proliferation financing risk and whether the end user of the client product is a listed military or research company connected with high-risk jurisdiction or proliferation activities.

Enhanced due diligence ("EDD") will be conducted when dealing with:

- (a) entities established in, or having a significant presence in countries that are subject to UN sanctions or other high-risk countries identified by FATF; or
- (b) transactions associated with those countries;

Examples of EDD measures include, but are not limited to:

- (a) Identifying beneficial owners below the 25 percent threshold;
- (b) Requiring the customer to sign a warrant or other agreement that it complies with all UN sanctions;
- (c) Requiring customers to submit a list of important suppliers and customers, and conducting basic due diligence and public records searches on these entities;
- (d) Reviewing the customer's customer acceptance policy, sanctions policy, and any policies related to export controls, and requiring the customer to make changes if these policies are not sufficient; and
- (e) Reviewing the customer's transactions on a more frequent basis to identify irregular transactions, changes in the customer's behaviour, or new counterparties.

It should be noted that Norsad's investee companies are required to maintain bank accounts with reputable banks. Banks are obligated by the regulatory authorities in the regions in which they operate to carry out detailed Know Your Customer (KYC) procedures and AML procedures. All commercial banks are regulated by respective regulators mainly in the form of Central Banks or Reserve Banks. Most of the financial intermediary clients of Norsad are regulated by Central Banks or Reserve Banks and are obligated to sign up to International Initiatives on Anti-Money Laundering. Other financial intermediary clients, like development financial institutions, may not be regulated as such but are clients of the banking industry and thus can be considered to have been subjected to KYC and AML procedures. Norsad maintains internal loan or investment accounts through which transactions relating to the loan

or investment are recorded. These transactions are mainly disbursements, payments of interest, fees and charges, dividends, as well as loan or investment principal repayments.

Notwithstanding the foregoing, Norsad shall require the following specific information that may be required for a money laundering investigation:

- The form of instruction or authority supplied to Norsad on company letterhead and signed by authorised signatories and signatures verified by Norsad.
- Verification for legitimacy, sources of sponsors financial contribution and/ or collateral offered.
- Destination of funds disbursed which should typically be to a bank account in the name of the investee company designated in the country of the project, if not, valid reason should be given as to why payee differs from the investee company or why the domicile is different.
- Information relating to origin of funds in respect of repayments. Norsad shall investigate source of funds if funds are emanating from a source other than the investee company.

Norsad shall apply the anti-money laundering and terrorism financing standards based on the current FATF Recommendations for financial institutions published in February 2012 and as amended from time to time in its background checking of its potential investee companies and financial intermediaries.

Norsad shall incorporate clauses in the loan, credit facility and investment agreements relating to AML and that the investee company shall institute and maintain adequate procedures for the purposes of preventing the investee company from becoming an instrument for money laundering, fraud, or other illegal activities.

Screening Procedures when hiring employees

Norsad is obliged to develop and implement adequate screening procedures to ensure high standards when hiring employees. In this regard, the Human Resources Manual contains the screening measures that the Company undertakes which include the evaluation of personal, employment and financial history of potential employees.

v. Transactions and Monitoring

Ongoing due diligence

This shall be conducted annually with respect to an existing business relationship which is subject to the requirements of customer identification and verification, including periodic review of accounts to maintain current information and records relating to the customer and beneficial owners. CDD shall be undertaken at least once every 2 years for low risk clients.

One of the following risk categories is given to each client based on the perceived risk of the client being exposed to money laundering activities:

- a) Low Risk,
- b) Medium Risk, or
- c) High Risk

On an annual basis the risk based system will be reviewed by the Compliance Officer. The review will assess:

- a) the existing factors used to allocate clients into risk categories and,
- b) the risk categories to determine if they remain within the legal requirements stipulated by any regulator in assessing customers exposed to money laundering activities, and

effective in determining if a customer could be exposed to money laundering activities. If the review finds that the factors or risk categories need to be amended the changes will be approved by the Portfolio and Risk Director and the Chief Executive Officer.

Norsad must conduct ongoing monitoring of the business relationship with its clients. Ongoing monitoring of a business relationship includes:

- a) scrutiny of transactions undertaken throughout the course of the relationship (including the source of funds) to ensure that the transactions are consistent with Norsad's knowledge of the client, their business and risk profile;
- b) Ensuring that the documents, data or information held by Norsad are kept up to date.

Ongoing monitoring of business relationships helps identify unusual activity. If unusual activities cannot be rationally explained, they may involve money laundering or terrorist financing. Monitoring customer activity and transactions that take place throughout a relationship helps Norsad know its customers, assist it to assess risk and provides greater assurance that Norsad is not being used for the purposes of financial crime. Where Norsad is unable to obtain the information required during the on-going due diligence, the existing business relationship with a customer shall be terminated upon written notice to the customer.

UNSC Sanctioned persons/ jurisdictions

The United Nation Security Council (UNSC), OFAC, and the EU, amongst others publish the names of entities that:

- a) Commit, or attempt to commit any terrorist and related activity or participate in or facilitate the commission of any terrorist and related activity; or
- b) Member states of the United Nations must take the actions specified in the UNSC Resolutions in order to combat or prevent terrorism and related activities.

Norsad will monitor and be on high alert for any future dealings or relationships with listed entities and/or individuals of all circulars that have been disseminated to date and will continuously and timeously familiarize itself with updates made by the United Nations Security Council (UNSC) and the Financial Action Task Force (FATF) in their respective websites.

In addition, Norsad will view the FATF website at <http://www.fatf-gafi.org/countries/#high-risk> for updates on high risk and non-cooperative jurisdictions for better insight and awareness relating to potential customers in such countries.

Norsad is required to report to the National Counter Terrorism Committee (NCTC) within 8 hours of receiving the UNSC List on any action taken, including:

- (a) any accounts frozen;
- (b) any transactions carried out, stopped, held or blocked related to the funds and assets;
- (c) all screening performed; and
- (d) any other efforts to comply with sanctions

If no matches have been identified then a Nil return should be submitted to the NCTC. Further, Norsad is required to send an acknowledgement of receipt of the designation list to NBFIRA within 7 days.

vi. Reporting obligations and Cash Transactions

Reporting on Suspicious Transactions

Suspicious transaction" means a transaction which;

- Is inconsistent with a customer's known legitimate business operations and personal activities;
- Gives rise to a reasonable suspicion that it may involve a financial offence;
- Gives rise to a reasonable suspicion that it may involve property connected to the financing of an act of terrorism, or to be used to finance an act of terrorism or proliferation of arms of war; whether or not the property represents the proceeds of an offence;
- Is made in circumstances of unusual or unjustified complexity;
- Appears to have no economic justification or lawful objective;
- Is made by or on behalf of a person whose identity has not been established to the satisfaction of the person with whom the transaction is made; or
- Gives rise to suspicion for any other reason.

All Norsad employees and Directors have an obligation to promptly report in writing to the AMLCO or the CEO all cases where the individual becomes aware, has knowledge or suspects or has reasonable grounds to believe that a Norsad employee, Director, investee company or potential client, or other partner has been or is involved in money laundering and terrorist financing or is in breach of provisions in this policy.

At the investment appraisal phase, Norsad's investment officers shall verify for legitimacy, sources of funds used to purchase assets, existing assets pledged as security, as well as equity contributed or to be contributed to the investee company. The sponsor worksheet duly signed by the sponsors of a potential client and investee company shall be kept in the Norsad records.

All clients' loan and investment accounts at Norsad are operated by the Finance Department. Thus, the Finance Department is mandated to monitor source of funds in respect of loan/credit facility repayments or other payments into the accounts. All funds emanating from sources other than investee company's bank accounts should be brought to the attention of respective investment or portfolio officer who in turn shall seek a written explanation from the client. Depending on client's response following further action may be undertaken:

- Review by the AMLCO, who may further investigate the matter and report identified issues of substance to the Financial Intelligence Agency (FIA).
- To ensure that Norsad properly complies with requirements for co-operating with the relevant law enforcement and regulatory authorities, all reporting to external authorities must be made through the CEO's office, unless there are reasonable grounds to believe that the CEO is in breach of provisions of this policy.

Norsad is required to, immediately and within 5 days, report to the FIA a Suspicious Transaction Report (STR) related to the identified and frozen funds and assets. The STR must however be filed with the FIA within 48 hours where it involves wire transfers into and out of Botswana. Penalties for non-compliance include a fine, revocation of trading license or both.

Tipping Off

In compliance with the FI Act, it is totally forbidden to disclose either the communications or the identity of the reporting officer before a court unless the person testifies at the proceedings. As such, all this will be strictly confidential. In turn, all members of the Company who know or suspect that a suspicious transaction report is being made to the Agency shall not disclose to any other person information or any other matter which is likely to prejudice any proposed investigation or disclose that the Agency has requested further information.

Protection against persons making reports

No action, whether criminal or civil, will be taken against any person for having reported in good faith, any suspicion he or she may have had, whether or not the suspicion proves to be well founded following investigations. A person who has made, initiated or contributed to a STR who has furnished additional information concerning such a report is required but not compellable, to give evidence in criminal proceedings arising from the report.

Norsad shall apply Botswana measures for countering commission of financial offences on;

(a) a foreign branch; or

(b) a majority-owned subsidiary operating in a foreign country, where Botswana anti-money laundering, counter-financing of terrorism and counterfinancing of proliferation measures are stricter than the measures of the foreign country.

Where the laws of the foreign country does not permit the application of Botswana measures for countering commission of financial offences on the foreign branch or on a majority owned subsidiary operating in a foreign country, Norsad shall;

(a) inform its supervisory authority; accordingly, and

(b) take measures to handle the risk of commission of financial offences effectively.

UNSC Sanctioned persons/ jurisdictions

Norsad will upon receipt of the UN Sanction list from the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) immediately search their database for any existence, dealings and relationship with the listed entities from the UNSC Sanctions lists and report any positive matches, near matches or no matches to the Financial Intelligence Agency (FIA) without delay.

Reporting cash transactions

Norsad has an obligation to report to the FIA any cash transaction concluded with a customer where the amount is equal to or above P10 000. Norsad however does not make or receive cash payments equal to or above P10 000 or an equivalent amount in foreign currency and any such received amounts will be reported accordingly.

Reporting of wire transfers

Norsad also has an obligation to report direct receipts into or direct payments out of Botswana through wire transfers which are equal to or above P10 000 to FIA. All wire transfers are made or received through approved Banks, who report transactions directly to FIA. The instruction letters to the bank for payments and bank statements for receipts are kept and filed by Norsad.

vii. Record Keeping

Copies of all documents related to Norsad's Client Identification Procedures will be kept for twenty (20) years from date a transaction is concluded and after the termination of a business relationship. The documents Norsad retains are copies of documents reviewed in connection with Client Identification Procedures or enhanced due diligence procedures, Client identification checklists, if any, or similar due diligence documentation, and any other documents required to be retained by applicable anti-money laundering legislation. Norsad shall, however, retain those records for longer period where transactions, customers or

accounts involved litigation, or it is required by court or other competent Authority. Norsad shall satisfy, on timely basis, any enquiry or order from the relevant competent authorities including Law enforcement agencies and Financial Intelligence Agency for supply of information and records as per law.

Where Norsad appoints a third party to keep records on their behalf, Norsad shall provide the Financial Intelligence Agency with the identification and contact details of the third party (including the registered name, physical address where the records are kept, full name and contact details of the individual who liaises with the third party on behalf of Norsad concerning the retention of the records).

viii. Norsad Capital Anti-Money Laundering Policy

With the implementation of this policy, employees and Directors of Norsad will assist in minimising potential losses derived from fraudulent transactions as well as combating crime in general. Norsad needs to ensure that employees and Directors are:

- aware of anti-money laundering initiatives and legislation; and
- aware of and understand and abide by this policy.

Norsad shall ensure that its investee companies and partners are aware and committed to act within the parameters of this policy.

Independent Reviews

Independent reviews of Norsad's money laundering controls will be conducted by a third party who will provide reports to the AMLCO on the level of compliance with the relevant money laundering control and combating of financing of terrorism legislation.

The key areas of focus in this regard will be:

- a) compliance with this Policy;
- b) implementation of training (for employees and Directors) on money laundering control and the combating of financing of terrorism;
- c) adoption of internal rules (including relevant processes, systems and training /guidelines) for Suspicious Transaction Reporting (STR's);
- d) adoption of internal rules (including relevant processes, systems and training /guidelines) for Know Your Customer (KYC) rules, and
- e) adoption of internal rules (including relevant processes, systems and training / guidelines) for record keeping.

Monitoring and Review of the Policy

The AMLCO and Management will monitor the effectiveness and review the implementation of this policy. The suitability, adequacy and effectiveness of the policy shall be referenced with NBFIRA requirements, as well as international guidelines and regulations, and shall be done on a regular basis. This policy shall be reviewed at least annually, or as soon as the need is identified or as and when there are reasonable changes in relevant legislation.