

POLICY NO. HFEG/CORP02

ANTI MONEY LAUNDERING AND ANTI-TERRORIST FINANCING POLICY



HERO FUTURE ENERGIES GLOBAL LTD

ANTI MONEY LAUNDERING AND ANTI-TERRORIST FINANCING POLICY

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1.0 THE COMPANY'S COMMITMENT TO ANTI MONEY LAUNDERING

1.1 Hero Future Energies Global Limited (the "Company" or "we") has in place procedures to enable it to identify, assess, monitor and manage financial crime risk (including money laundering risk) in a way that is comprehensive but proportionate to the nature, scale and impact of its activities. Regular assessments of the adequacy of these systems and controls is undertaken to ensure that we remain compliant with relevant rules and regulations.

1.2 We are committed to compliance with applicable anti-money laundering and criminal financing regimes and require all directors, officers, employees and others working for us to adhere to the relevant rules and regulations governing this.

2.0 WHAT IS MONEY LAUNDERING?

2.1 "Money laundering" is the process by which the proceeds of crime and the ownership of those proceeds is changed so that the proceeds appear to come from a legitimate source.

2.2 Money laundering covers all proceeds derived from any criminal activity irrespective of the seriousness of the crime or monetary value. It includes proceeds from offences such as fraud, theft, bribery, tax evasion, as well as the offences of terrorism and drug trafficking.

2.3 The money laundering process usually involves a series of transactions in which money is channelled through a number of institutions and jurisdictions to disguise its origin or destination.

2.4 The money laundering process usually follows three stages:

2.4.1 **Placement** – where cash generated from crime is placed into the financial system, for example into a bank account. Banks and financial institutions are at most risk here as well as businesses who hold money for clients, typically professional service providers, eg lawyers. It is at this stage when the proceeds of crime are most apparent.

2.4.2 **Layering** – where the money is moved through the system in a series of financial transactions through many different bank accounts and often in multiple jurisdictions in order to disguise the origin of the cash with the purpose of giving it the appearance of legitimacy. Detection of money laundering can be difficult at this stage.

2.4.3 **Integration** – where layered money is used to acquire legitimate assets such as real estate or an investment in a company. This is the most difficult stage at which to detect money laundering.

2.5 A person may be committing a criminal offence by being part of this process, even at the integration stage by the possession of the proceeds of crime. There does not need to be a deliberate attempt to obscure the ownership of illegitimate funds.

3.0 THE LAW

3.1 In the UK, the statutory criminal law in relation to money laundering relevant to the Company is contained in part 7 of the **Proceeds of Crime Act 2002 ("POCA")**. POCA sets out money laundering offences which apply to everyone in the UK. Similar offences in relation to terrorism are contained in the **Terrorism Act 2000 (TA)**.

3.2 It is your personal responsibility, as well as that of the Company, to ensure that you comply with applicable



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money laundering laws and regulations. If you fail to do so, you could be committing a criminal offence. If convicted, you could receive a prison sentence and / or an unlimited fine.

4.0 MONEY LAUNDERING OFFENCES AND REPORTING

4.1 It is an offence to:

4.1.1 conceal, disguise, convert or transfer criminal property or remove criminal property from England and Wales, Scotland or Northern Ireland;

4.1.2 enter into or become involved in an arrangement which you know or suspect facilitates (by whatever means) the acquisition, retention, use or control of criminal property by someone else; or

4.1.3 acquire, use or have possession of criminal property.

4.2 Criminal property includes the benefit from anything which is a criminal offence in the UK.

4.2.1 Some acts which are criminal offences in the UK are not criminal offences outside the UK. The benefit received from an act outside the UK which is not a criminal act in the country where it occurred will be treated as criminal property in the UK if the act would receive a maximum sentence of more than 12 months imprisonment if the act had been done in the UK;

4.2.2 This means that proceeds from what would be a serious criminal activity in the UK will be treated as criminal property even though it is not a criminal offence where the activity was carried out. An example of this is acts which may amount to bribery. What is an act of bribery in the UK is in many parts of the world not a criminal offence;

4.2.3 The other consequence is that regulatory breaches outside the UK which are not criminal activity where they are carried out can be ignored where they would be minor (ie carrying a prison sentence of **12** months or less) criminal offences in the UK.

4.3 If you know or suspect that money laundering offences may occur, you will not commit the above offences if you make an authorised disclosure to a person nominated by the Company to receive authorised disclosures and appropriate consent is given. The Company has appointed the group's risk officer "**Risk Officer**" as the **Money Laundering Reporting Officer** to receive these disclosures. You must report to the Risk Officer as soon as practicable after you know or suspect that money laundering may occur. The test for suspicion is that you suspect money laundering is possible and your suspicion is more than fanciful.

4.4 The Risk Officer will then consider whether it is necessary to make an external disclosure to the **National Crime Agency ("NCA")**. If no report is made, the reason will be recorded by the Risk Officer.

4.5 Appropriate consent is where you receive consent from the Risk Officer to continue with the suspected money laundering offence. Risk Officer consent will be given (a) if the Risk Officer does not receive NCA refusal to give consent within **7** working days of receiving the disclosure; or (b) if the Risk Officer receives NCA refusal within **7** working days of receiving the disclosure, at the expiry of **31** days after receipt of NCA refusal receives consent from the NCA (unless in that time the NCA have taken other steps to prevent the money laundering occurring which prevents the Risk Officer from giving consent).

4.6 It is also a criminal offence for a person to make a disclosure which is likely to prejudice a confiscation, civil recovery or money laundering investigation if he knows or suspects that an officer is acting on an investigation which is being or is about to be carried out. If you suspect that the NCA is going to investigate a third party in relation to a disclosure you have made you must not inform the third party that you have made a disclosure of suspected money laundering, where that information is likely to prejudice the investigation.



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5.0 TERRORIST FINANCING

5.1 Terrorist financing is the process of legitimate businesses and individuals choosing to provide funding to resource terrorist activities or organisations. This could be being done for ideological, political or other reasons.

5.2 It is an offence under the TA for the Company and for you to:

5.2.1 be involved in fund raising if you know or have reasonable cause to suspect that the money or other property raised may be used for terrorist purposes;

5.2.2 use or possess money or other property for terrorist purposes or which you have reasonable cause to suspect may be used for terrorist purposes;

5.2.3 become involved in an arrangement as a result of which money or other property is available to another if you know or have reasonable cause to suspect that it may be used for terrorist purposes; or

5.2.4 enter into or become concerned in an arrangement which facilitates the retention or control of terrorist property by or on behalf of another person by concealment, removal from the jurisdiction, transfer to nominees or in any other way.

5.3 If you believe or suspect that another person has committed any of these offences based on information received in the course of your employment or services for the Group, you must disclose your belief or suspicion and the relevant information to the Risk Officer. You will commit a criminal offence if you do not disclose your knowledge or suspicion.

5.4 There are criminal offences for making funds or economic resources available directly or indirectly to designated persons in connection with terrorism activities. HM Treasury designates persons to which this restriction applies and who are listed on the sanctions list. HM Treasury can issue licences permitting transactions to be undertaken. DA search of the HM Treasury Designated Persons list (at: <http://hmt-sanctions.s3.amazonaws.com/sanctionsconlist.xls>) will confirm if the group is dealing with a suspected terrorist.

6.0 INTERNAL PROCEDURES TO PREVENT MONEY LAUNDERING

6.1 The Company is exposed to a significant risk of reputational damage if it is associated with money laundering or terrorist financing activity. You must follow the Company's procedures to protect yourself and the Company from involvement in the criminal offences set out above.

6.2 To prevent the Company from engaging in activities relating to money laundering and terrorist financing the Company will establish appropriate and risk-sensitive policies and procedures (in addition to the current group policies and procedures which protect against money laundering) relating to:

6.2.1 Customer and vendor due diligence measures (including measures to establish identity and ownership and activities (which will include checking HM Treasury Designated Persons list (at:<http://hmt-sanctions.s3.amazonaws.com/sanctionsconlist.xls>) and anti- money laundering risk associated with the jurisdiction in which the customer or vendor is based) as part of group procurement policies;

6.2.2 Risk assessment when entering into a new business territory and particularly one which is at higher risk of money laundering; production or trafficking of drugs; or sponsors of or safe havens for terrorism as part of group new business risk assessment procedures.

6.2.3 Where the group is considering engaging with customers or vendors operating in a high risk jurisdiction, the group will as part of its risk assessment and due diligence, as relevant to the proposed engagement:

6.2.3.1 determine if the customer or vendor is a branch or subsidiary of an entity which is established



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- in the European Economic Area and which is subject to and supervised for compliance with EU money laundering directives, and if it is, whether there is a requirement for further due diligence, applying a risk-based approach;
- 6.2.3.2 seek additional independent, reliable sources to verify information provided or made available to the group;
 - 6.2.3.3 take additional measures to understand the background, ownership and financial situation of the customer or vendor;
 - 6.2.3.4 take further steps to be satisfied that the transaction is consistent with the intended nature of the relationship; and
 - 6.2.3.5 increase the monitoring of the business relationship.
 - 6.2.3.6 Monitoring of compliance with and the internal communication of the above policies and procedures.
- 6.3 The group's procurement policies are designed to highlight:
- 6.3.1 a reputation for involvement in criminal activities including money laundering, bribery, terrorism, tax evasion and slavery; and
 - 6.3.2 unusual contractual arrangements including where the commercial rationale for a transaction is unclear.
- 6.4 All employees are required to comply with this policy and all other group compliance policies, but this policy does not form part of any employee's contract of employment and we may amend it at any time.
- 6.5 The Company will also provide training to ensure that all staff are kept up to date on their obligations and the Company's policies and procedures.
- 7.0 BREACHES OF THIS POLICY
- 7.1 Any employee who breaches this policy will face disciplinary action (up to and including dismissal) and, where appropriate, legal action.
 - 7.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.