



ANTI MONEY LAUNDERING POLICY

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1. DEFINITIONS

AML/CFT

Anti-money laundering – combating the financing of terrorism.

Chief Risk Officer

The person who is employed whose responsibilities include ensuring that the company complies with its outside regulatory requirements and internal policies. The Chief Risk Officer will also review and set standards for outside communications by requiring disclaimers in emails and examine facilities to ensure that they are accessible and safe. The Chief Risk Officer will also design or update internal policies to mitigate the risk of the company breaking laws and regulations.

Employees

All the employees of YardRisk including temporary employees.

Financial Intelligence Centre Act (“FICA”)

It establishes and maintains an effective policy and compliance framework and operational capacity to oversee compliance and to provide high quality, timeous financial intelligence for use in the fight against crime, money laundering and terror financing in order for South Africa to protect the integrity and stability of its financial system, develop economically and be a responsible global citizen.

Financial Action Task Force (“FATF”)

The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

Money Laundering

The FICA Act defines money laundering as: “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.”

It is also the process of hiding or disguising the source of illegally obtained funds, knowing that such property is derived from serious crime, to make them appear legitimate, or of assisting any person who is involved in committing such an offence or offences to evade the legal consequences of his action. Ultimately, it is the process by which the proceeds of crime are made to appear legitimate. Money laundering reduces the risk of detection and confiscation by authorities of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from serious crime.

YardRisk shall comply with all the obligations imposed by FICA, about identifying and verifying the identity of its clients and shall report suspicious or unusual transactions.

Terrorism Financing

A person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out"

- An act which constitutes an offence within the scope of and as defined in one of the treaties; or
- Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act."

2. INTRODUCTION AND SCOPE

There is relatively high risk that YardRisk can be used to launder money, finance terrorism and contributing to conflict due to the nature of our business as providers of self-insurance.

In light of this, the South African laws and applicable local laws in the jurisdictions in which YardRisk operates, requires the Company to put training, processes and systems in place to identify, manage and mitigate this risk.

This is done to protect YardRisk's reputation, to comply with relevant laws and to be a good corporate citizen. Failure to do so may result in social harm, significant penalties, including legal and regulatory action.

YardRisk is committed to the AML-CFT (Anti Money Laundering / Combating the Financing of Terrorism) laws and regulations.

3. ORGANISATION AND RESPONSIBILITIES

YardRisk's Board of Directors (the Board) and Management have ongoing oversight of the AML/CFT policy and procedures.

The ultimate responsibility for complying with FICA and regulations issued in terms of FICA is that of the Board.

Senior management are responsible for ensuring that the working methodologies and procedures in the various areas are adequate to ensure compliance with FICA and the guidelines.

All permanent and temporary employees must comply with these regulations, attend training workshops specific to their roles and report suspicious matters or behaviours.

The Chief Risk Officer with the assistance of the Compliance Officer will be responsible for monitoring the status and effectiveness of YardRisk's AML/CFT Policy, risk management and compliance and reporting it to our Senior Management.

The Chief Risk Officer is assisted by the Compliance Officer, who will assist with the AML/CFT policy framework and provide subject matter expertise and advice to the Company.

Every employee must guard against crime and unlawful practices, and report alleged or attempted unlawful or unethical activities to persons in authority without protecting anyone involved or any criminals including money launderers.

4. YARDRISK KEY AML/CFT PRINCIPLES

- Comply with recognised AML/CFT legislation and fulfil international standards as detailed in the recommendations of the Financial Action Task Force (FATF).
- Work in conjunction with the South African Government and support their objectives in relation to the prevention, detection and control of AML/CFT.
- YardRisk may decide not to accept products or services based upon decisions guided by the Risk Assessment Tool's risk appetite.
- Maintain and comply with the reporting of suspicious and unusual transactions (including the financing of terrorism and terrorist activities).
- Identification of the client and the verification thereof.

5. YARDRISK AML/CFT PROGRAM

- act in compliance with the applicable laws of the relevant jurisdiction(s);
- take preventative measures on money laundering and financing of terrorism;
- provide for the establishment and verification of identities, the keeping of records;
- reporting of suspicious clients and transactions; and
- confirm that all employees obtain comprehensible training / knowledge in the prevention of money laundering and financing of terrorism.

6. SUSPICIOUS AND UNUSUAL TRANSACTIONS AND SUPPLIERS

6.1 Suspicious transactions refers to:

- Transactions involving large cash amounts.
- Funds being "accidentally" paid into the wrong bank account.
- Constant movement of money amongst different business units without any apparent purpose.
- Requests for payments to be made to 3rd parties.
- Transfer of funds to other product providers.
- A transaction which is conducted for the purpose of avoiding giving rise to a reporting duty under FICA.
- Transactions that may be relevant to the investigation of tax, duty or levies evasion.

6.2 Suspicious clients refers:

- A client who provides vague or contradictory information or references.
- A client who has no record of past or present employment or involvement in a business but who engages frequently transactions involving large sums of money.
- A client whose business or sources of funds are ill defined, or who is reluctant to provide details about his/her business or source of funds.
- A client who operates different accounts at different branches of the same financial institution.
- A client who enters transactions that do not appear to have a legitimate business purpose or that are out of the ordinary given the client's profile.
- A client who is reluctant to reveal information concerning the nature of his/her specific business or does not seem to be fully aware of the nature of the business.
- A client who acts for an undisclosed principal.

7. CELL OWNERS AND YARDRISK CLIENTS

YardRisk will ensure that all its clients and cell owners will adhere to and are compliant with the FICA Act and Regulations on anti-money laundering and terrorism.

8. CLIENT IDENTIFICATION AND RISK INDICATORS

The FIC Act and the Regulations require that accountable institutions identify all clients with whom they do business unless an exemption applies in each circumstance.

It is imperative that the money laundering risk in any given circumstance be determined on a holistic basis. In other words, the ultimate risk rating accorded to a business relationship or transaction must be a function of all factors that may be relevant to the combination of a client profile, product type and transaction. A combination of the following factors may be applied to differentiate between high risk, medium risk and low risk clients:

- product type;
- business activity;
- client attributes, for example, whether the client is on the United Nations list, duration of client relationship with the accountable institution, etc;
- source of funds;
- jurisdiction of client;
- transaction value;
- type of entity.

Before entering a business relationship or concluding a single transaction with a client, the identification of the client shall be established by obtaining the prescribed information. The identification documents are set out in the annexures attached below.

9. MONITORING AND REPORTING

The Chief Risk Officer has a responsibility to report suspicious and unusual transactions to the Financial Intelligence Centre on behalf of YardRisk.

It is the responsibility of management to ensure that:

- All employees can identify suspicious and unusual transactions, and
- Know how to report these transactions;
- Identification and verification of suppliers by applicable employees as required by FICA are complied with;
- Records of the identification and verification documents are kept as required by FICA, by the employees who are required to comply with this requirement;
- Employees receive training to enable them to comply with the legislation and the internal rules applicable to them;
- Internal rules are made available to all employees.

Any employee who knows or ought reasonably to have known or suspected that:

- YardRisk has received or is about to receive the proceeds of unlawful activities or property that is connected to an offence relating to the financing of terrorist and related activities;
- a transaction to which YardRisk is party facilitated the transfer of the proceeds of unlawful activities or property connected to an offence relating to the financing of terrorist and related activities; or has no apparent business or lawful purpose; is conducted for the purpose of avoiding giving rise to a reporting duty under this Act; or may be relevant to the investigation of an evasion or attempted evasion of duty to pay any tax;
- the YardRisk has been used in any way for money laundering purposes or to facilitate the commission of an offence relating to the financing of terrorist and related activities,

The employee must report this by utilising the whistle blowing mechanisms provided and the e-mail address (*tipoff@yardrisk.co.za*) on the company website. The information will be forwarded to the Chief Risk Officer.

This must be done as soon as possible but not later than a period of five days (excluding Saturdays, Sundays and public holidays). The Chief Risk Officer must forward the report to Senior Management immediately for assessment.

Non-compliance with AML/CFT requirements is a very serious offence and may result in dismissal or contract termination. Failure by any employee or supplier to adhere to any of the requirements and obligations contained herein shall result in disciplinary action being taken against the relevant employee in terms of the labour laws.

10. RECORD KEEPING

All information concerning the identity of the client, the verification of identity and the details of the business relationship or transaction must be kept in the prescribed manner. This information must be kept for a period of five years from the date on which the business relationship is terminated or the transaction is concluded.

11. TRAINING OF EMPLOYEES

- All existing employees will receive training on AML/CFT at least once per annum.

- All new office employees and planners will attend a training session during their induction program.

12. NON-COMPLIANCE

It must be noted that the criminal and administrative penalties for failure to comply with the obligations of the FIC Act and Regulations are severe, and directors/senior management may be held personally liable.

By not complying with the FIC Act and Regulations issued in terms of the FICA, the Company and employees within the Company can be fined the maximum of R100 million or imprisonment of up to 15 years. The necessary disciplinary action will be taken against any employee found to be in breach of any aspect of the FICA and the guidelines.

13. REVIEW

This policy document will be reviewed on an annual basis and submitted by the Chief Risk Officer to the Board for evaluation and amendment, where necessary.

ANNEXURE

Customer Due Diligence Measurement/ cell's customer due diligence:

- A. If client is a legal person, a trust or a partnership, YardRisk must establish:
- the nature of the client's business;
 - the ownership and control structure of the client;
 - the identity of the beneficial owner of the client.
- B. The identity of the beneficial owner of the client must be established by determining the identity of each natural person who has a controlling ownership interest in the client.
- i. If there is doubt as to who this might be, the identity of each natural person who exercises de facto control of the company must be established. This person might be a CEO, a director or manager.
- ii. The identity of the beneficial owner of the client must also be verified.

Additional Requirements When Dealing With Partnerships

- i. Establish the name of the partnership.
- ii. Establish the identity of every partner, including silent partners.
- iii. Establish the identity of the person who exercises executive control over the partnership.
- iv. Establish the identity of the person who is authorised to represent or bind the partnership.
- v. Verify the identities of the persons so identified.

Additional Requirements When Dealing With Trusts

- i. Establish the identifying name and number of the trust.
- ii. Establish the address of the Master of the High Court where the trust is registered.
- iii. Establish the identity of the founder of the trust.
- iv. Establish the identity of each trustee and of any person who is authorized to represent or bind the trust.
- v. Establish the identity of each beneficiary referred to in the trust deed or other document which created the trust.
- vi. If there are no named beneficiaries, establish how the beneficiaries of the trust are to be determined.
- vii. Verify the information obtained about the trust and the identities of the natural persons that have been so identified.