



BGS REFINERY (FZC)

AML/CFT GOVERNANCE FRAMEWORK

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The Pillars of our AML/CFT and Sanctions Compliance include:

- A. Adoption of Risk Based Approach
- B. Assessment of Entity-Wide Risks and Client Risks
- C. Implementation of Risk-based Procedures and Internal Control to prevent and deter ML/TF and Sanctions Avoidance
- D. Undertaking Customer Due Diligence for all clients and Enhanced Due Diligence for High-Risk Clients and PEPs
- E. Appointment of a Compliance Officer
- F. Employee Screening and Staff Training
- G. Dissemination of Suspicious Activity Indicators to employees
- H. Identification of Suspicious Activity and reporting of Suspicious activity to the Financial Intelligence Department through GOAML Portal
- I. Record-keeping
- J. Adherence to Sanctions Compliance
- K. Independent Review of AML/CFT/Sanctions Compliance program

1. OBLIGATIONS FOR DNFBPS

DNFBPs play a key role in protecting financial systems and economic from ML and TF risks as Gatekeepers, they are exposed to tremendous amounts of information, and act on behalf of their customers in many transactions. Some of these transactions are highly vulnerable to ML/TF risks due to the nature of the product or service offered by DNFBPs.

DNFBPs are defined in Article 3 of Cabinet Resolution No. 10 of 2019 concerning the implementation of the AML Law ('Implementing Regulations') encompassing a range of activities and sectors.

DNFBPs includes the below:

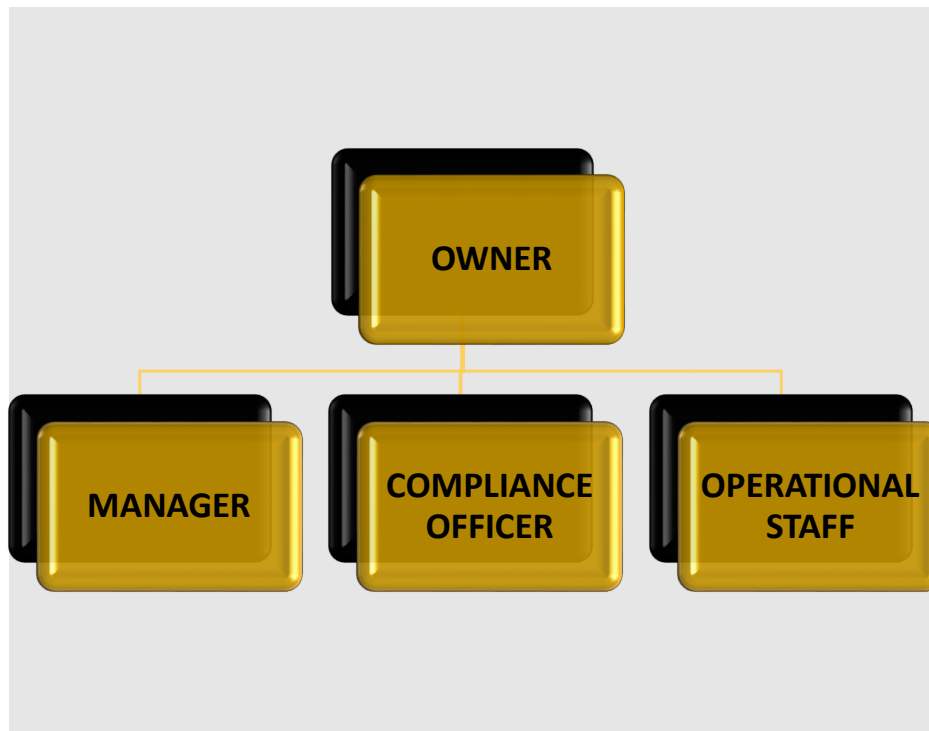
- Brokers and real estate agents
- Dealers of precious metals and gemstones
- Independent accountants and auditors
- Corporate service providers, etc.

As is required for financial institutions, countries should ensure, either by law or enforceable means that Designated Non-Financial Businesses & Professions (DNFBPs) are required to:

- A. Identify, assess, monitor, manage and take effective action to mitigate ML/TF risks using a risk-based approach that requires enhanced measures when risks are higher.
- B. Carry out Customer Due Diligence (CDD) with respect to the customer, beneficial ownership, and business relationship either themselves and/or with reliance on third parties that fulfil specific criteria.
- C. Take additional measures and precautions for politically exposed persons (PEPs).
- D. Maintain records on CDD information and transactions.

- E. Identify, assess, manage, and mitigate ML/ TF risks that arise when developing new products, business practices or delivery channels or when using or developing new technologies.
- F. Implement policies, procedures, and internal controls against ML/TF risks.
- G. Apply enhanced due diligence (EDD) when dealing with customers or entities from high risk and sanctioned countries.
- H. Report suspicious activities & transactions to the financial intelligence unit (FIU). DNFBPs should be protected by law from criminal and civil liability for the breach of any confidentiality clause made in this regard. Note that lawyers, notaries, other independent professionals & accountants are not required to report suspicious activities if the information was obtained in circumstances where they are subject to professional secrecy or legal professional privilege.
- I. Not tip off clients when an STR is filed with the FIU. Tipping off should be prohibited by law.
- J. Have access to and share information on beneficial ownership and control of legal persons & arrangements.
- K. Provide records and information to competent authorities to aid in ML/TF investigations carried out by them, or as a consequence of mutual legal assistance (MLA) requests.

Governance Structure for AML/CFT Compliance



2. GOVERNANCE STRUCTURE

The Governance of a Company broadly refers to mechanisms and processes by which the Company is managed, controlled, and directed. The Governance structures and principles has been identified and the distribution of powers and responsibilities within the management structure of the Company has been comprehensively provided below for ease of understanding.

2.1 ROLES AND RESPONSIBILITIES OF OWNER

- The Owner shall be overall responsible for ensuring effective implementation of a robust AML/CFT compliance program.
- The Owner shall ensure that adequate resources are deployed for effective implementation of AML/CFT Program in the Company.

- The Owner shall review and approve the enterprise-wide AML/FT risk assessment of the Company and any amendments there onto.
- The Owner shall approve the AML & CFT Compliance Policy and Procedures of the Company and any amendments there onto.
- The Owner shall review the bi-annual compliance report on the effectiveness of AML/CFT Compliance Program.
- The Owner shall review the AML & CFT compliance issues raised by the CO and ensure to mitigate any such risks involved immediately upon review.
- The Owner shall approve the compliance expenses to implement the AML/CFT Policy and Procedures and required systems in the Company.
- The Owner shall ensure an internal audit function is implemented and maintained and act promptly to address audit findings and regulatory compliance issues, both internal and external.
- Owner is responsible for the effective implementation of a risk framework of money laundering and terrorist financing risk.
- Where higher risks are identified, based on the Company`s risk assessment, the staff must take extra measures and senior management should ensure that the staff fully understand and implement the requirements of the policies and procedures.

2.2 ACTIONS REQUIRED BY THE OWNER

Owner Must

- Carry out a risk assessment, which should be reviewed and updated on a regular basis, identifying where the business is vulnerable to money laundering and terrorist financing.
- Based on the risk assessment, develop internal policies, procedures, and controls to combat money laundering and the financing of terrorism.
- Ensure staff effectively implement the internal policies, procedures, and controls and receive appropriate training; and
- Monitor the implementation of the company policies, procedures, and controls and make improvements where required on the basis of changes to the company`s money laundering and terrorist financing risk assessment or as recommended by the regulatory authority and/or the financial intelligence unit.

2.3 ROLES AND RESPONSIBILITIES – COMPLIANCE OFFICER

The Anti Money Laundering Officer is responsible for the following actions:

- Receiving inputs from staff and making suspicious transaction reports to the financial intelligence unit and regulatory authority.

- Developing and maintaining the anti-money laundering and counterterrorist financing policy and internal procedures of the company in line with regulatory requirements.
- Assisting the management in developing and maintaining an effective anti-money laundering and counterterrorist financing compliance culture.
- Ensuring adequate documentation of the **BGS REFINERY FZC's** risk management policies regarding prevention of money laundering and terrorist financing, risk assessments, and their application.
- Determining and updating, in consultation with the senior management, a risk-based approach regarding money laundering and terrorist financing and the risk assessment of the Company's customers, products, services, delivery channels, and geographic reach.
- Ensuring that all internal suspicious activity reports received are investigated without delay.
- Submitting suspicious transaction reports to the financial intelligence unit through goAML System
- Providing initial and updated training for all relevant staff, including all staff who handle transactions, and customer receipts and payments transactions.
- Providing awareness training to the staff and the senior management.
- Ensuring that the staff are aware of and complying with their obligations under the law and the Company's policies and procedures and that the basis for the risk-based approach to managing money laundering and terrorist financing risks is understood and applied.
- Presenting reports to the Owner, making recommendations, if any, for action to remedy any deficiencies in the policies, procedures, systems, or controls and following up on those recommendations.

2.4 ROLES AND RESPONSIBILITIES OF FRONT-LINE STAFFS

- Read, comprehend, and apply the AML & CTF Policies and Procedures of the Company on a daily basis while processing transactions, and be alert to probable instances of money laundering and terrorism financing red flags and indications.
- Attend and complete all obligatory Compliance trainings within the allotted time frame.
- Notify the CO of any cause for suspicion and submit an STR as soon as possible.
- Upon completion of induction training, provide an Employee undertaking to the Compliance Team to assure the Company of the employees AML Compliance Obligations.

3. DISCIPLINARY ACTIONS

BGS REFINERY FZC is committed to follow strict compliance with the law and a corporate culture that values and promotes honesty and integrity in operations. **BGS REFINERY FZC** has taken measures to detect and prevent fraud, abuse, and other non-complaints practices. The Compliance Program's Disciplinary Policy applies to all employees including executives, functional heads and managers who are active participants.

4. STAGES OF DISCIPLINARY ACTION

4.1 STAGE 1 – IMPROVEMENT NOTE: UNSATISFACTORY PERFORMANCE

If the performance does not meet the acceptable standards, the employee will be given for an improvement note. The note will mention what improvement is required, the timescale and any help if needed. This is the first stage of performance improvement plan advised to the individual. The same will be recorded and kept for 6 months unless considered spent subject to satisfactory performance improvement showcased.

4.2 STAGE 2 – FIRST WARNING: FAILURE TO COMPLY

If the employee fails to comply with any of the guidelines in this policy or does not meet acceptable standards, then the employee will be given a written warning. The warning will also mention the nature of violation and the type of improvement needed. It will also inform the employee that a final warning may be considered provided the employee does not show any sustained satisfactory improvement.

4.3 STAGE 3 – DISMISSAL

The employment will be dismissed, if the employee's performance or conduct continues to be unsatisfactory - even after the final warning. Only the general manager can make the decision to dismiss an employee. The employee will receive the full written confirmation of the decisions that led to his/her termination along with the date of termination. The letter will also set out the employee's right to appeal. The letter will be recorded in the employee's HR file.