



INTRODUCTION

It is the policy of **Thaba Investment Limited** to prohibit and actively prevent money laundering any activity that facilitates money laundering or the funding of the terrorist or criminal activities by complying with all applicable requirements for Anti Money Laundering and Combating the Financing of Terrorism Policy and Process.

Money Laundering is generally defined as engaging in acts designed to conceal or disguise the true origin of criminally derived proceeds so that the proceeds appear to have been derived from legitimate origins or constitute legitimate assets.

Terrorist financing may not involve the proceeds of criminal conduct but rather an attempt to conceal either the origin of the funds or their intended use which could be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations.

Thaba Investment Limited AML/CFT and KYC policies, procedures and internal controls are designed to ensure compliance.

CHAPTER I

MONEY LAUNDERING AND COMBATTING THE FINANCING OF TERRORISM OVERVIEW

- **MONEY LAUNDERING**

- **Money Laundering**

Money Laundering is a process intended to mask the benefits derived from serious offenses or criminal conduct so that they appear to have originated from a legitimate source. Specifically, it covers all procedures to change, obscure or conceal the beneficial ownership or audit trail of illegally obtained money or valuables so that it appears to have originated from a legitimate source.

Money laundering is also used to hide all links between those who finance terrorism and those who commit terrorist acts.

- **Stages of Money Laundering**

Generally, the process of money laundering comprises three stages, during which there may be numerous transactions that could alert Thaba Investment Limited to the money laundering activity:

- **Placement** – The physical disposal of cash/property derived from criminal activity. The aim is to remove cash from the location of acquisition to avoid detection.
- **Layering** – This involves separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity.
- **Integration** – The provision of apparent legitimacy to criminally derived wealth. If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be normal business funds. It is the final stage and the process at which the money is integrated and is assimilated with all other assets in the system. Integration of laundered money into the economy is accomplished by making it appear to have been legally earned. Thus, exceedingly difficult to distinguish between legal and illegal wealth.

- **TERRORISM AND TERRORISM FINANCING**



- **Terrorist Act**
Any act intended to cause death or serious bodily injury to a civilian or any other person not taking an active part in the hostilities. Usually, the purpose is to intimidate a population or to compel a government or society to do or abstain from doing any act.
- **Terrorism Financing**
Financing terrorism can be defined as the willful provision or collection, by any means, directly or indirectly, of funds with the intention that the funds should be used, or in the knowledge that they are to be used, to facilitate or carry out terrorist acts.

CHAPTER II **POLICY SCOPE AND PENALTIES**

This Compliance Manual covers all employees, clients, affiliates and officers of Thaba Investment Limited.

Breach of this Compliance Manual by any staff, client, affiliates or officers shall constitute a disciplinary offense and Thaba Investment Limited reserves the right to take any action as it, in its sole discretion, deems fit in securing the diligent and proper implementation and enforcement of this Compliance Manual.

If Thaba Investment Limited, its personnel and/or premises are inadvertently used for money laundering or other illegal activities, Thaba Investment Limited can be subject to potentially serious civil and/or criminal penalties. Therefore, it is imperative that every member, officer, director, and employee is familiar with and complies with the policies and procedures set forth in this Compliance Manual.

CHAPTER III **PROCEDURES AND CONTROL**

Thaba Investment Limited is required to establish and implement internal control procedures aimed at preventing and impeding money laundering. Such procedures shall, among other things, ensure that such intermediaries and their employees are aware of the provisions of the law, its implementing rules and regulations, as well as all reportorial and compliance control procedures that shall be established by Thaba Investment Limited and the supervising authority.

Thaba Investment Limited shall see to it that their respective policies and procedures for dealing with money laundering, reflecting under the AML/CFT Guidelines and its implementing rules and regulations, are clearly set out and reflected in their operating manual.

Policies and procedures should cover:

- Identification, Verification and Know-Your-Customer (KYC)
- Updating of KYC information
- Monitoring of clients' activities
- Record Keeping

Detailed information on the above procedures is dealt in succeeding chapters.

CHAPTER IV **IDENTIFICATION, VERIFICATION AND KNOW-YOUR-CUSTOMER PROCEDURE**

Policies and procedures set out the day-to-day measures that should be employed to ensure that Thaba Investment Limited effectively identifies, measures, monitors, and controls money laundering and financing of terrorism risks. They should therefore:

- be developed to reflect the risks implicit in Thaba Investment Limited customers, products and services, delivery channels, and geographic regions;
- be comprehensively documented and communicated to all staff;



- be subject to periodic review to ensure they are appropriate in light of changes to Thaba Investment Limited money laundering and terrorist financing risk profile; and
 - Clearly set out lines of responsibility and accountability for the execution of the risk management function and also establish effective reporting lines for all persons and business units involved in the management of money laundering and terrorist financing risks.
- **CUSTOMER DUE DILIGENCE REQUIREMENTS**
- Thaba Investment Limited shall establish, document, and maintain a written identification, verification and KYC program, (hereinafter referred to as “Customer Due Diligence”) appropriate for its size and business that, at a minimum, includes each of the requirements under KYC Checklist. The Customer Due Diligence shall be part of the Thaba Investment Limited anti-money laundering compliance program.
 - Thaba Investment Limited shall obtain and record competent evidence of the true and full identity, representative capacity, domicile, legal capacity, occupation or business purposes of clients, as well as other identifying information on those clients, whether they be occasional or usual, through the use of documents detailed in the KYC Checklist.
 - Clients should be made aware of the Thaba Investment Limited explicit policy that business transactions will not be conducted with applicants who fail to provide competent evidence of their identity, but without derogating from Thaba Investment Limited obligations to report suspicious transactions. Where initial verification fails to identify the applicant, or give rise to suspicion that the information provided is false, additional verification measures should be undertaken to determine whether to proceed with the business. Details of the additional verifications are to be recorded.
 - If during the business relationship, Thaba Investment Limited has reason to doubt: the accuracy of the information relating to the customer’s identity; or that the customer is the beneficial owner; or the intermediary’s declaration of beneficial ownership; or if there are any signs of unreported changes, Thaba Investment Limited shall take further measures to verify the identity of the customer or the beneficial owner, as applicable. Such measures may include the following:
 - referral of names and other identifying information to criminal investigating authorities; and
 - review of disciplinary history and disclosure of past relevant sanctions.
 - Thaba Investment Limited will conduct regular checks by reviewing customers name against databases to ensure that its customers’ names are not included on any sanctions list, such as those circulated by the financial intelligence unit, the supervisory authority, or the United Nations. Such checks will be conducted only on a monthly basis, unless the staffs have reasons to suspect that the customer may be involved in money laundering, criminal, or terrorism-related activities.
 - Thaba Investment Limited will not open an account or establish a relationship with a customer who gives false and/or fictitious name.
 - All prospective customers will be risk-assessed for money laundering
 - The Customer Due Diligence must include procedures for providing customers adequate notice that Thaba Investment Limited is requesting information to verify their identities.
 - Thaba Investment Limited shall maintain customer accounts only in the name of the account holder. It shall not open or keep anonymous accounts, fictitious names accounts, incorrect name accounts and similar accounts.



- Thaba Investment Limited shall ensure that they know their customers well, and accordingly, shall keep current and accurate all material information with respect to their customers by regularly conducting verification and update thereof.

A.1. INDIVIDUAL CUSTOMERS

- Thaba Investment Limited shall obtain from all individual applicants the following information:
 - Applicant's full name (as per passport);
 - Date and place of birth;
 - Nationality;
 - Physical Address;
 - Contact details;
 - Previous personal / business activities / occupation (type and volume);
 - Anticipated type and volume of company's activities;
 - Bank reference and introductory letter; and
 - Source of funds
- Thaba Investment Limited shall request individual applicants who present only photocopies of identifications and other documents to produce or show the original documents for verification purposes. The relevant documents listed in Appendix A hereof shall be obtained in respect of individual applicants.
- Wherever possible, prospective clients should be interviewed personally. Thaba Investment Limited shall take particular care in opening accounts via the internet, email, post or telephone or other such instances which may give rise to verification without face-to-face contact.
- The customer identification procedures for non-face-to-face verification should be as stringent as those for face-to-face verification. Thaba Investment Limited is duty-bound to inform such clients that identity verification measures apply as well to them.
- The following are a number of checks which can be used by Thaba Investment Limited to verify identity of prospective clients where there is no face-to-face contact:
 - telephone contact with the applicant at an independently verified home or business number;
 - subject to the applicant's consent, telephone verification of the applicant's employment with the employer's personnel department at a listed business number;
 - income or salary details appearing on recent bank statements, income tax returns or any other document evidencing income or compensation;
 - confirmation of the address through an exchange of correspondence or by other appropriate methods;
 - an initial deposit drawn on another financial institution regulated by the Central Bank (country of operation) will provide additional assurance as to identity.

A.2. CORPORATE CUSTOMERS

- Before establishing a business relationship, a company search and/or other commercial inquiries shall be made to ensure that the corporate/other business applicant has not been, or is not in the process of being dissolved, struck off, wound-up or terminated. In case of doubt as to the veracity of the corporation or identity of its directors and/or officers, or the business or its partners, a search or inquiry with relevant Supervising Authority/Regulatory Agency shall be made.



- Thaba Investment Limited shall obtain from all corporate account applicants the following information. The relevant documents listed in Appendix A hereof shall be obtained in respect of corporate / other business applicants.
 - Incorporated name;
 - Shareholders (in case applicant company being non-publicly traded);
 - Ultimate beneficial owners (in case applicant company is not publicly-traded);
 - Managers;
 - Signatories;
 - Country of origin ;
 - Contact details;
 - Previous business activities (type and volume);
 - Anticipated type and volume of activities;
 - Last two years audited financial statements
 - Source of funds; and
 - Bank reference and introductory letter
- If significant changes to the company structure or ownership occur subsequently, or suspicions arise as a result of a change in the payment profile as reflected in a company account, further checks are to be made on the identified of the new owners.

A.3. TRUSTEE, NOMINEE OR FIDUCIARY ACCOUNTS

- Thaba Investment Limited shall establish whether the applicant for business relationship is acting on behalf of another person as trustee, nominee or agent. Thaba Investment Limited should obtain satisfactory evidence of the identity of such agents and authorized signatories, and the nature of their trustee or nominee capacity and duties.
- Where Thaba Investment Limited entertains doubts as to whether the trustee, nominee or agent is being used as a dummy in circumvention of existing laws, it shall immediately make further inquiries to verify the status of the business relationship between the parties. If satisfactory evidence of the beneficial owners cannot be obtained, Thaba Investment Limited shall consider whether to proceed with the business, bearing in mind the "Know-Your-Customer" principle. If they decide to proceed, they are to record any misgiving and give extra attention to monitoring the account in question.

A.4. SHELL COMPANIES

- Shell companies are legal entities, which have no business substance in their own right but through which financial transactions may be conducted. Thaba Investment Limited should note that shell companies may be abused by money launderers and therefore be cautious on their dealings with them.

A.5. TRANSACTION UNDERTAKEN ON BEHALF OF ACCOUNT HOLDER OR NON-ACCOUNT HOLDERS

- Where transactions are undertaken on behalf of account holders of Thaba Investment Limited, particular care shall be taken to ensure that the person giving instructions is authorized to do so by the account holder.
- Transactions undertaken for non-account holders demand special care and vigilance. Where the transaction involves significant amounts, the customer should be asked to produce positive evidence of identity including nationality, the purposes of the transaction and the sources of the funds.

A.6. POLITICALLY EXPOSED PERSON



- Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions, for example Heads of State or of Government, senior politicians, senior government, judicial or military officials. Senior executives of state-owned corporations, important political party officials, business relationships with family members or close associates of PEPs involve reputation risk similar to those with PEPs themselves.
- All such accounts and relationships, including where a politically exposed person (PEP) is the customer or beneficial owner, are classified as higher risk, and in addition to completing the account opening procedures and standard client due diligence identification checks, inquiries will be made to establish the source of wealth and the source of funds to be used in the relationship.
- Documents required are as follows:
 - passport (certified);
 - proof of address, e.g. current utility bill
 - statement of source of wealth; and
 - media articles on the customer
- Information is collected on the following:
 - reason for opening the account;
 - expected use of the account; and
 - information on associates of the customer with whom he or she is likely to do business or otherwise
- For customers who are categorized as PEPs, as part of the enhanced due diligence process, the accounts are subject to an additional review every month, the results of which are recorded in the customer file and signed off by the compliance officer and the senior management.
- For opening of new accounts for PEPs from foreign countries, or where there are concerns about the domestic/international PEP, prior approval of the senior manager is required. The operation of the account will be kept under review by the compliance officer.

- **KNOW-YOUR-CUSTOMER (KYC) DUE DILIGENCE**

B.1. Element of Client Due Diligence

- Thaba Investment Limited is committed to carry out due diligence and ongoing monitoring of the business relationship with the client or the beneficial owner of the company or the person in effective control of the entity in issue when we do our work. Client due diligence has several elements:
 - Client identification;
 - Identifying any beneficial owners;
 - Obtaining information on the purpose and intended nature of the business relationship;
 - Risk assessment. Client due diligence and ongoing monitoring must be done on a risk-sensitive basis. The risk-based approach means that Thaba Investment Limited focus is on the areas of greatest risk;
 - Ongoing monitoring of the business relationship.

B.2. Importance of Thorough Client Due Diligence

- Identification of client or a beneficial owner involves requesting the client for identity particulars including their name, legal status, address and other contact details. This information is requested in the Account Opening Form.



- Verification involves receiving the information from the client and obtaining evidence which supports this claim of identity such as copies of identity documents, certificates of incorporation, proof of residence and the like. The documents required for verification of a client's identity and other details is contained in the Account Opening Form and must where possible be certified copies of the originals.
- If there is any consistency in the documents provided by the client or beneficial owner which has been explained, such explanation must be recorded on the KYC document file for future reference and to avoid suspicion.
- The purpose of identifying beneficial owners is to understand which natural person who truly owns and controls the client, and in whose interests it is operating. Money launderers may seek to hide their identity behind nominees, or corporate trusts.
- A beneficial owner is anyone who ultimately owns or exercises controls the rights to or benefits from company or who exercises effective control over a legal person or legal department.
- If it seems the client may be a mere nominee or front for another person, insist on full and strict verification of that other person's identity. In particular, if the client is a company which is owned and controlled by three people or fewer, verify their identity just as you would for a client.

B.3. KYC Process

- Thaba Investment Limited maintains clear customer acceptance policies and procedures, including a description of the types of customer that are likely to pose a higher risk than average risk. Before accepting a potential client, KYC and due diligence procedure are followed, by examining factors such as customers' background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators.
- KYC is to be carried out according to mandatory Customer KYC checklist.
- Thaba Investment Limited is strictly forbidden to transact business with shell companies. Shell companies are institution that has no physical presence in any country, no active business and which merely exists on paper.
- An integral part of KYC process is the carrying out of applicant screening and background checking and risk assessment. Applicant screening is designed to ensure that an applicant is not listed on an international official sanction lists issued by government and departments and law enforcement agencies. Background checking is designed to identify any adverse information about the past conduct of an individual that may influence their suitability as an applicant. The risk assessment process clarifies the applicants into three risk categories: low, medium and high.
- Extensive due diligence is essential for an individual with high net worth but whose source of funds is unclear. A decision to enter into business relationships with high risk customers, such as politically exposed persons, is taken exclusively at senior management level.
- When conducting the KYC process, there shall be no reliance on third party information or "hearsay". For applicants introduced to Thaba Investment Limited by a third party, Thaba Investment Limited compliance unit must carry out and perform all identification, verification and KYC procedures.

CHAPTER VI UPDATING OF KYC INFORMATION

Know-Your-Customer is an ongoing process. The foundation of any customer due diligence and monitoring procedures lies in the initial collection of KYC information and the ongoing updating of that information. By



keeping accurate and up-to-date clients' records, Thaba Investment Limited not only manages the risk but also reassures the clients that Thaba Investment Limited cares about them.

Reasonable steps must be undertaken to ensure that KYC information and documents is updated as and when required. As a minimum standard, KYC information must be updated every year.

CHAPTER VII **MONITORING OF CLIENTS' ACTIVITIES**

Thaba Investment Limited is mandated to monitor, supervise and inspect the activities of its clients and their affiliates. As such, the Client Activity Monitoring will be undertaken to (i) collect and retain members' annual Audited Financial Statements; (ii) Reviewing the clients' annual Audited Financial Statements; and (iii) conduct inspections of clients'

premises to ensure that their operations are conducted in accordance with Ugandan Regulatory System.

CHAPTER VIII **RECORD KEEPING**

The following documents shall be considered as Thaba Investment Limited KYC Documents:

- All clients' documentation as provided in KYC checklist and/or correspondences;
- All documentation concerning a suspicious activity report concerning a client or applicant together with any response or follow up;
- Records of AML/CFT training sessions attended by Thaba Investment Limited staffs, officers and their affiliates, the dates, content and attendees.

CHAPTER IX **PERIODICAL REVIEW**

A regular review of this Compliance Manual shall be undertaken to ensure that it is functioning as designed. Such a review could be performed by external or internal resources, and should be accompanied by a formal assessment or written report.

If and when regulations are amended concerning reporting of suspicious activities, Thaba Investment Limited will amend this Compliance Manual to comply with those regulations.

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