



LuLu
Financial
Group

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM

Compliance Policy

September 2020

© LuLu Financial Holdings Limited

Christos Christou, CAMS, CGSS – Chief Compliance Officer

Table of Contents

Overview	2
Definitions.....	2
General Statement.....	3
Policy Statement	3
AML/CFT Compliance and Sanctions Program	3
Overview	3
Compliance with Legal and Regulatory Framework	4
Program Management and Resources	4
Risk Assessments	4
Customer and Transaction Risks.....	5
Risks Related to Products and Services	6
Training	6
Record Retention	6
Internal and External Reviews and Audits	6
Cooperation with Regulators and Law Enforcement Officials.....	7
Compliance Declaration.....	7

Overview

Lulu Financial Holdings Limited (“LFH”), trading under the name Lulu Financial Group (“LFG”), has issued and published an Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) Policy to set forth the compliance policies its subsidiaries and associated companies follow while conducting business, and in conformity with the highest business and ethical standards in all jurisdictions that LFG does business.

This is a Group-wide policy applying to all jurisdictions (unless otherwise specifically inconsistent with local law) and includes all current and future subsidiaries and associates of LFG, including LuLu Money (Philippines). The policy applies to all employees and to all individuals who support operations, whether they are consultants, contractors, vendors, or otherwise contractually related to LFG.

Definitions

Reference	Definition
AML	Anti-Money Laundering – the controls program applied to identify, investigate, report, and prevent LFG being used to execute any transaction using funds derived from any kind of illegal activity, including fraud.
CFT	Counter Financing of Terrorism – the controls program applied to identify, investigate, deter, report, and prevent sources of funding intended to be used for achieving political, religious, or ideological goals through violence or threat of violence or proliferation of arms of mass destruction.
LFH	Lulu Financial Holdings Limited , a Company registered with the Abu Dhabi Global Market (ADGM) in the United Arab Emirates, registration no. 000000186
LFG	Lulu Financial Group refers to the subsidiaries and associated companies of LFH, including LuLu Money (Philippines)

General Statement

LFG is a leading non-financial services provider group, operating currently in the GCC and APAC regions; the group currently consists of eleven (11) licensed companies in ten (10) countries, whereas its expansion plans within the next couple of years include new countries mainly in APAC and Europe. Its current product range focuses on providing money remittances and foreign currency exchange, as well as other services like salary processing, bill payments, tax and credit payments etc. LFG has created a wide network of correspondents and third-party service providers that helps its subsidiaries and associated companies to process transactions globally.

LFH is headquartered in Abu Dhabi, United Arab Emirates, and it is a private owned company; it is subject to the Laws and Regulations of the United Arab Emirates, but every company that has a shareholding interest in is regulated separately, and is subject to the Laws and Regulations of the country of its incorporation and licensing.

Policy Statement

It is the policy of LFG to develop, implement, and maintain an effective, risk-based AML/CFT compliance program – refer to as “**AML/CFT Compliance and Sanctions Program**” – which is reasonably designed to prevent LFG from being used to facilitate money laundering and the financing of terrorist activities.

AML/CFT Compliance and Sanctions Program

Overview

It is the policy of LFG not to participate in, or knowingly facilitate money laundering, terrorist financing, proliferation, or other illicit financial activity, nor to engage in any kind of violation of sanctions imposed by any sanctions regime; to this end, LFG has enacted its AML/CFT Compliance and Sanctions Program. No employee, or agent (where it applies) may complete a transaction if that employee or agent (where it applies) suspects the customer intends to use LFG products or services to conduct such activity with the intention to facilitate money laundering, terrorist financing, proliferation, or other illicit financial activity, nor to engage in any kind of violation of sanctions imposed by any sanctions regime.

Any employee or agent (where it applies) found to have assisted in the commission of any illegal activity, either knowingly or by failing to comply with the LFG policies and procedures, will be subject to disciplinary action, including suspension from duties or dismissal. Any agent (where it applies) found to assist in such illegal activity shall be subject to termination of their agency agreement with LFG.

Compliance with Legal and Regulatory Framework

It is the policy of LFG to maintain full compliance with all the applicable laws and regulations of the countries and jurisdictions where it conducts business. This includes, but not limited to, compliance with all applicable AML, CFT, sanctions, and illicit organizations related laws and regulations. LFG maintains that level of compliance by applying its AML/CFT Compliance and Sanctions Program.

LFG continuously monitors its compliance with the applicable regulatory requirements and, after executing a thorough gap analysis, updates its policies and procedures when and where necessary. LFG also obtains all licenses and regulatory approvals necessary to do business in the jurisdictions it has presence.

It is acknowledged that, failure to comply with legal and regulatory requirements, including regulatory reporting, may result in enforcement of measures that are defined in the applicable law, including financial penalties and or other enforcement actions; therefore, LFG takes every measure possible to fully comply with the legal and regulatory requirements in all jurisdictions, and implement controls in all types of its business contacts and operations.

Program Management and Resources

To implement the AML/CFT Compliance and Sanctions Program, the Board of Directors of LFH has appointed a designated Chief Compliance Officer to head the compliance efforts and who has the overall authority and responsibility to design and direct the implementation of the Compliance Function globally. The Chief Compliance Officer reports directly to the Board and is a member of the Compliance Committee of every company and associate within the LFG.

Every Company and associate of LFG provide substantial resources, according to their size and complexity of operations, to carry out the AML/CFT Compliance and Sanctions Program; it employs qualified personnel located in their head office, and there is no outsourcing of any compliance-related activities to any third party.

It is the policy of LFG that, every Compliance Officer report directly to the Board of Directors of their Company but, will also provide information and management report to the Chief Compliance Officer on a regular basis. The regulatory reporting of every Company is strictly controlled, and no delay is accepted for the timelines defined in the regulations.

Risk Assessments

LFG evaluates the different key risk categories that relate to its business size, model, and markets it conducts business in, to identify situations and activities that are susceptible to money laundering, terrorist financing, proliferation, or illicit organizations; it also highlights areas requiring additional risk mitigation procedures. The risk assessment is performed on an annual basis, or on earlier if required, to ensure that the risks related to new products, services, transactions, changes in customer base, geographic and jurisdictions exposure, and changes to business processes are accurately reflected.

If new risks are identified or changes in the existing risks are presented, consideration is given to program modifications and new strategies to ensure an adequate risk-based AML/CFT Compliance and Sanctions Program and controls are applied. The LFG risk assessment process includes, but not limited to, the following:

1. Identification of the key and inherent risks;
2. Risk tolerance levels;
3. Existing risk management actions and controls;
4. Inherent Risk category assigned to each risk;
5. Additional risk management actions if risk triggered;
6. Residual Risk identification and categorization.

Customer and Transaction Risks

It is the policy of LFG to identify and manage its customer and transaction related risks by (not limited to):

- **Conducting Customer Due Diligence** – obtain and record a valid customer identification document, as required by the country Regulations; conduct enhanced customer due diligence where required so as to collect and verify appropriate evidences;
- **Executing Risk Assessment and Categorization** – use the data collected during the customer onboarding to execute a risk assessment and categorize our customers accordingly;
- **Perform Transaction Monitoring** – apply a profiling mechanism, by collecting data and information from customer transactions, and execute a thorough transaction monitoring to identify any possible risk related to money laundering and financing of terrorism;
- **Interdicting or preventing any illegal transaction** – follow systematic controls to identify, investigate, and preventing the execution of a transaction that potentially may be considered as illegal, e.g. fraudulent, money laundering, financing of terrorism, assist proliferation etc., or would impose any kind of risk to LFG;
- **Blocking or holding a transaction found to violate sanctions** – identify any transaction that would potentially be in violation of any government or economic sanctions requirements will be blocked and funds will be frozen as per the sanctions regime requirements.
- **Detecting and filing timely reports of suspicious transactions** – identify any suspicious transactions and report them as required to the appropriate government or law enforcement officials.

Risks Related to Products and Services

It is the policy of LFG to identify and manage risks related to products and services, by evaluating continuously all its portfolio for AML/CFT inherent risks. For new products and services, LFG is evaluating risks in addition to the associated applicable regulatory requirements before such products and services are introduced in the market and assess if additional controls are necessary.

LFG assesses frequently the geographical locations where its products and services are offered, or used in its business relations with, if these have higher money laundering and terrorist financing risks and thus may require additional compliance controls.

Training

LFG provide employees with appropriate training on AML/CFT compliance matters at different levels; for new employees, LFG provides AML/CFT training during their induction course executed within the first month from the joining date. For all other employees, there is a course with Basic Principles of AML/CFT delivered mandatorily every six (6) months (mostly through eLearning); however, there is a specially designed training module for Management and Support staff, whereas the employees working in high-risk branches receive special AML/CFT training related to the risks identified in their area of operations.

The Owners and Board of Directors receive an annual AML/CFT Training, whereas the members of the Compliance Team undergo mostly external training relevant to their domain of expertism and function.

Record Retention

LFG applies a policy to obtain and retain records required by the AML/CFT Laws and Regulations in every jurisdiction it operates in and maintains them in hard copy for at least 5 years (as a minimum) from the time of collection and in electronic form (where is applicable) for an undefined, longer period.

Internal and External Reviews and Audits

It is the policy of LFG to execute independent compliance reviews of its AML Compliance and Sanctions Program in accordance with the industry standards and any further

regulatory requirements; the review is independently executed by the Compliance Officer in every country LFG operates and the internal auditors of that company.

Moreover, every year LFG appoints a reputable external auditing firm to execute a completely independent audit mostly on agreed-upon procedures. However, where the size and complexity of the business in a country of operations is such that requires more thorough assessment of the adequacy of the AML Compliance and Sanctions Program, LFG appoint a separate external auditing firm specialized to execute a risk assessment of the entire AML/CFT policies and procedures as well as on the implementation of these.

The independent reports, either from internal or external sources, are presented to the Board of Directors which takes appropriate corrective measures to manage any gaps identified during the risk assessments, audits, or reviews of the Compliance Function.

Cooperation with Regulators and Law Enforcement Officials

It is the policy of LFG to cooperate with regulatory officials during examinations, inspections, or assessments. LFG is responsive to all regulatory requests for data and information, and provides every assistance required to law enforcement officials to carry out their responsibilities. Any regulatory and law enforcement agency request is taken as a priority by the Compliance Officer and answered maximum within 48 hours or earlier if such timeline is required.

LFG works actively with Regulators, law enforcement agencies, and appropriate government officials to develop an effective methodology to combat money laundering and financing of terrorism. LFG complies, in a timely and complete manner, with requests for information and requirements of the Legal and Regulatory Framework.

Compliance Declaration

The full compliance with the Legal and Regulatory Framework of all the countries that LFG operates in is mandatory for all owners, directors, managers and employees; failure to adhere to this policy shall result in disciplinary action.