

Société BOGHOS S.A.L.

METAUX PRECIEUX & CHANGE
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Capital L.L. 5 Milliards entièrement versé
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شركة بوغوص ش.م.ل.

معادن ثمينة وصرافة

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ANTI MONEY LAUNDRY/COMBATTING FINANCING OF TERRORIST AND SANCTIONS POLICY

Compliance Department
June 2021



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I. Document Purpose:

The present document provides a high level outline of the policies adopted by Boghos SAL regarding Anti Money laundering (AML) and Counter Financing of terrorism (CFT). This document is prepared for the purpose of sharing with correspondent Banks and Financial counterparties.

The following sections provide the major principles and elements of the applicable AML/CFT policies

II. Status and Role of the Compliance Department

A. Introduction:

The compliance department is an independent function, with a formal status within the company that identifies, assesses, advises on, monitors and reports on the company's compliance risk, that is the risk of legal or regulatory sanctions,, or loss to reputation the company may suffer as a result of failure to comply with applicable laws, regulations and standards of good practice, which are principally relevant to the business activities of the company. The applicable regulations include the laws and circulars issued by the central Bank of Lebanon (www.bdl.gov.lb), the Special investigation commission (www.sic.gov.lb), the banking Control Commission of Lebanon (www.bccl.gov.lb). Moreover, Societé Boghos SAL has adopted the recommendations issued by FATF and the principles on compliance developed by Basel Committee.

B. Role and Responsibilities:

The responsibilities of the compliance department regarding AML/CFT are the following:

- Implementing an affective risk-based approach methodology in order to identify money laundering and terrorist financing risks associated with the customer's profiles or their related transactions.
- Implementing appropriate and up to date policies and procedures regarding AML/CFT by giving consideration to the FATF and Basel committee recommendations, in addition to applicable regulatory requirements.
- Ensuring that a proper and adequate Know your Customer (KYC) framework is in place and perform regular testing to ensure complete compliance.
- Ensuring that adequate customer profiling and ongoing monitoring processes are implemented and effective.



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- Undertaking studies, analysis and research aiming to the enhancement of the AML/CFT framework of systems and controls.
- Establishing methods and means for spreading the AML/CFT awareness through training, e-learning.
- Undertaking periodical trainings and workshop to the head of compliance covering the latest changes in the applied fighting Money laundering and Terrorist Financing regulations and their related implemented controls in addition to new emerging financial crimes risks.
- Verifying periodically the qualifications of the employees of the company (KYE) for not practicing any suspicious activity.

III. AML/CFT Policy

The AML /CFT Policy sets the principles to which Societé Boghos adheres in its relationship with customers, correspondent banks, Financial Institutions, business counterparties, regulators and relevant stakeholders where the principles on AML/CFT emanating from FATF, Basel and local regulators should be observed.

A- Purpose of the AML/CFT Policy

The purpose of the AML/CFT Policy is to implement programs against money laundering and terrorist financing in order to:

- Protect the company from being exploited as channel for passing illegal transactions arising from money laundering, terrorist financing and any other illicit activities.
- Ensure Compliance with applicable laws and regulations and avoid legal penalties and punishments, and maintain, enhance and protect the credibility, integrity and reputation of Societé Boghos SAL.
- To minimize risk to Societé Boghos, and provide guidance to senior management as well as all concerned staff on the requirements to be constantly observed.

B- AML/CFT Principles

The following principles are adopted by Societé Boghos SAL:

- The company is committed to the preservation of its reputation and integrity through the compliance with applicable laws, regulations and ethical standards in each of the markets and jurisdictions where it operates. All employees are expected to adhere to these laws, regulations and ethical standards.



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- The Owners and the head of compliance oversee the implementation of the AML/CFT Policy, including the embeddedness of an appropriate company-wide culture and the effectiveness of systems, controls and governance mechanism.
- The Head of Compliance has a direct reporting line to the senior management.

C- Risk Based Customer Acceptance Approach

The objective of the risk based approach is to balance the compliance/cost burden with a realistic assessment of the threat of the company being used for money laundering or terrorist financing.

The customer Due Diligence (CDD) measures takes into consideration all factors related to the customers, their transactions and sources of income, the constitution of wealth, the ultimate Beneficial owner(s), the expected relationship with Boghos SAL, and any other indicators associated with customers risk according to the degree of relative risk. All elements of the customer relationship should be filtered through sanctions screening process prior to on-boarding. CDD Information must be kept up to date in line with the customer's risk profile and when a major event occurs to enable the company to recognize suspicious activity or transactions.

The company enforces Know your customer (KYC) policies to accept customers whose sources of funds can reasonably be recognized to be legitimate, and that are willing to deal with usual patterns of transactions that have apparent economic or visible lawful purpose, hence reducing the likelihood of Boghos SAL of becoming a vehicle for financial crime and suffering consequential losses and reputation damage.

In determining the Risk posed by customer, the following factors are to be considered in conjunction with each other to provide the basis of the AML/CFT risk:

- Geographic Risk
- Entity Risk
- Industry risk
- Political exposure
- Product Risk and
- Distribution Channel Risk

The company has adopted a threat assessment methodology to mitigate the risk of ML/TF and assess the risk profile of the business relationship with each customer. The methodology is designed to identify change of ML and TF risks, risks posed by products & services and sanctions and financial crime risks.



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The following principles apply to CDD:

1. We, Boghos S.A.L., do not tolerate nor profit, assist, facilitate or contribute to any sort of torture, forced labour, human rights abuse, war crimes, or any form of criminal activity including but not limited to money laundering. In particular, we do not tolerate the worst form of child labour (as defined by the International Organization Convention No.182).
2. We do not tolerate any direct or indirect support to non-state armed groups or their affiliates who illegally control any point in the supply chain.
3. We commit to eliminated however possible direct or indirect support to public or private security forces that illegally control mine sites or any other points in the supply chain.
4. We do not tolerate any forms of bribery or corruption.
5. We commit to uphold high standards of environmental protection and sustainability.
6. We support efforts and contribute to the elimination of money laundering. We check if there is any indication of money laundering and terrorist financing such as:
 - a- Transferring or receiving large amounts of banknotes that are not proportional with the size of the customer's economic activity, unless it is an unusual process and has been justified and documented.
 - b- Unusual customer movement, such as transferring or receiving large amounts of banknotes in short periods and repeatedly.
 - c- The customer or beneficiary of the operation is affiliated with a country that is known for financing terrorism or whose money laundering is high.
 - d- Exchanging large quantities of small paper currency for larger paper currency of the same currency or others.



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- e- Doubts about the exactitude of the information made by the customer.
- f- Transactions shall not be provided to any natural or legal persons who is not adequately identified.
- g- Particular consideration should be given when dealing with higher risk customers such as Politically Exposed Persons (PEP), High Net Worth individuals, Non Profit Organizations, Non Resident Customers, Offshore Entities, cash Driven Businesses, whereby Enhanced Due Diligence should be adopted. High risk relationships should be reviewed and approved by the compliance Department prior to on-boarding
- h- It is strictly forbidden to establish deal with anonymous customers, undertake a business with shell banks or companies.
- i- Transactions for unlicensed and unregistered (MSB) Money Service Business (money exchange, money dealers, and money remitters), credit counters and their related shareholders or participants shall not be proceeded.

D- Sanctions

Societe Boghos SAL implemented a sanctions management framework that intend to:

- Protect the company's reputation from being involved or conducting business with or on behalf of sanctioned individuals or entities.
- To prevent the company from incurring financial risks by being subject to penalties linked to breach of applicable sanctions programs.

Société Boghos SAL is committed to adhering to local and international sanctions regimes including compliance with Lebanese blacklisted names issued by the SIC , United Nations (UN), United States Treasury (OFAC), European Union (EU) and United Kingdom (HMT) Sanctions Regimes. Moreover, as part of the Company's sanctions system, additional screening includes mainly FBI, Interpol, enforcement, pep, embargo.



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We are also committed to continually observe the Anti-Money Laundering requirements by providing our foreign correspondent banks and agents due-diligence information on transaction in line with the guidelines and recommendations of the Financial Action Task Force (FATF) and when required. We have a well-

Documented Anti-Money Laundering policy and procedures in place, which are updated periodically. The company shall not also deal with Un-Cooperative Tax Havens as classified by OECD.

It is prohibited to execute a transaction for, on behalf of, or for the benefit of, a sanctioned individual, entity, country or organization in violation of the sanctions regulations in place. Transactions with Iran, North Korea, Cuba, Syria and Sudan are prohibited. Transactions with countries under restrictions should abide by the scope of these restrictions issued by EU, UN, and treasury. Transactions with high risk countries, identified as per FATF and Basel AML Index, are subject to enhanced due diligence, to validate the nature and legitimate purpose of the transaction.

E- On-going Monitoring

Customer relationships should be subject to ongoing monitoring. Customer -facing staff act as first line of defense by ensuring that customers' transactions are in line with the customer profile, align to the approved behavior and consistent with the sources of funds.

Enhanced due diligence is exerted on transactions involving higher risk countries.

The compliance department, acting as second line of defense is responsible for implementing systems and controls for the monitoring of customers' activities. In this regards scenarios and exception reports are developed to track customers' transactions. These scenarios intend to capture possible customer behavior such as inconsistent historical behavior, change of activity pattern, inconsistency with KYC information.

The company applies preventive and verification mechanisms to monitor employee activities, especially the activities of those who are involved in customer-facing relations.

F- Internal and External Suspicion Reports

Based on Local and international regulations, all officers and employees of the Company have direct access to the compliance Department to report any suspicion of money laundering or terrorist financing.



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It is also a regulatory obligation that all officers and employees remain vigilant and report any knowledge or suspicion of money laundering or terrorist financing activity, and that failure to do so can result in severe penalties.

The compliance department is responsible for investigating the internal STRs and is also accountable towards ensuring the embeddedness of a framework for the effective monitoring of the customers' profiles and transactions. The compliance Department shall ensure that a comprehensive investigation is undertaken and documented, based on which a decision is taken to submit an external STR to the regulatory authority (SIC).

G- Tipping –Off

Tipping off is prohibited by regulatory requirements. Therefore, the company's directors, and employees should abide by the law or otherwise be subject to legal punishments and disciplinary actions.

H- Document Retention

In compliance with local regulations, the company shall maintain records of its customers and transactions, whether on physical, digital or electronic mediums, for a period not less than 5 years. These records shall include legal identification documents, correspondence, accounts transactions with supporting documents and any other relevant documentation.

I- Training

Continuing education and training of employees at all levels is a significant element of an effective Compliance Program and an essential pillar of the internal controls structure.

Comprehensive training and awareness programs are implemented by Société Boghos covering Regulatory Compliance and AML/CFT, and communicated to senior Managers and staff through internal and external trainings and via awareness mediums that are issued from time to time.