

# ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY

## 1 CORPORATE STATEMENT

Strateq Sdn Bhd and its subsidiaries (“Strateq”) is committed to ensuring the highest standard of integrity and reputation with regards to Anti Money Laundering and Counter-Terrorism in all the market and jurisdiction in which Strateq operates.

Strateq shall comply with relevant applicable laws, rules and guidelines pertaining to Anti-Money Laundering and Counter-Terrorism in all territories and markets under which Strateq operates.

Strateq shall ensure to adhere to strict Client Due Diligence and Know Your Customer Principles at all times against undertaking any business transaction(s) and/or client(s) that may be connected with or may facilitate money laundering or terrorism financing.

## 2 APPLICABILITY

The Policy is applicable to all operations under Strateq Sdn. Bhd. including its subsidiaries within and/or Malaysia. The framework is developed in compliance with the provisions of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLA). Strateq shall adhere to its Know Your Customer (KYC) and AMLA framework policy and keep it updated as and when a new regulatory update is issued.

## 3 DEFINITION OF MONEY LAUNDERING (ML) AND FINANCING OF TERRORISM (FT)

Money laundering covers all activities and processes to change the identity of illegally obtained money so that it appears to have originated from a legitimate source. Money laundering is defined as the act of a person who:

- a) Engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity;
- b) Acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes, uses, removes from or brings into Country proceeds of any unlawful activity;
- c) Conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, the title of, rights with respect to, or ownership of, proceeds of unlawful activity;
- d) Participate in, be an accomplice in, attempt to, aid to, exhort to, facilitate or provide counsel regarding any of the acts referred to the above.

Money laundering is also defined as the act of a person where:

- a) The person has knowledge, facts, or reason to believe that the property proceeds from any unlawful activity;
- b) Negligence in taking reasonable steps under normal circumstances to ascertain whether or not the property proceeds from any unlawful activity.

The terms and expressions used in this manual shall have the same meanings assigned to the Guidelines on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) for Trust Company Sector. The following definitions and interpretations apply:

#### **4 KYC and Onboarding process – Client Acceptance**

Strateq shall duly apply the KYC/onboarding/client acceptance process. These will comprise client identification procedures and client due diligence measures every time a new business relationship is being pursued/ entered.

Client identification procedures and client due to diligence measures shall comprise identifying the client and verifying the client's identity on the basis of documents, data, or information obtained from a reliable and independent source. It shall be noted that the identification procedure includes the following:

- a) Creation of an economic profile for the customer/beneficial owner; obtaining information on the purpose and intended nature of the business relationship.
- b) conducting on-going monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the information and data in the possession of the person engaged in financial or other business in relation to the client, the business and risk profile, including where necessary, the source of funds and ensuring that the documents, data or information held are kept up-to-date.

Strateq will apply each of the client's due diligence measures and identification procedures set out above but may determine the extent of such measures on a risk-sensitive basis depending on the type of client, business relationship, product, or transaction.

#### **Customer Due Diligence (CDD)**

In this respect Strateq will identify and verify the identities of client(s) of by verifying:

In case of natural persons:

- Full Name
- Permanent residence address; Phone number
- Date of birth. Place of birth.
- Nationality.

Primary identity documentation for identity must be obtained and retained on these clients either in an original form or must be certified appropriately. Primary identity documentations acceptable are:

- Current valid passports.
- National identity cards.
- Current valid driving licenses.

In case the client is not an individual but is a legal person or arrangement:

#### **Private Company**

- Obtain an original or appropriately certified copy of the certificate of incorporation or registration;
- Check with the relevant companies' registry that the company is validly existing;
- Obtain details of the registered office and place of business; Verify the identity of the principals of the company as (1) above;
- Verify that any person who purports to act on behalf of the company is so authorized, and identifying that person;

#### **Partnership**

- Obtain an original or certified copy of the partnership deed;
- Obtain a copy of the latest report and accounts;
- Verification of the nature of the business of the partnership to ensure that it is legitimate.
- Verifying the identity of the significant partners (10% interest) as above; Verifying that any person that purports to act on behalf of the Partnership is authorized and identifying that person.

## **5 Enhance Due Diligence**

Enhance Due Diligence (EDD) will be undertaken on the following situations:

### **I. Politically Exposed Person (PEP) match.**

Politically Exposed Person (PEP). An immediate family member of such person or a known close associate of such person also qualifies as a PEP.

In cases where Strateq enters a business relationship with or provides services to PEPs additional identification measures must be taken as the business relationship entails higher risk and keep the business relationship under constant review. The review will be carried out both on acceptance and periodically determine whether the client and the UBO (Ultimate Beneficial Owner) qualify as PEP's. The depth of the due diligence varies depending on the risk profile of the client or UBO.

All PEPs will be recorded in the PEPs Log. Any suspicious and/ or unusual transaction shall be reported to the Compliance Department or any other dedicated unit within Strateq.

### **II. Questionable jurisdiction connection.**

The person is a citizen of a country of questionable repute or without adequate anti money laundering strategies or resides there. The countries which qualify as "questionable" are determined by the Compliance Department and/or Legal

Counsel from time to time, having regard to several resources, including the Financial Action Task Force (“FATF”) recommendations.

### **III. Questionable business activity**

The person is involved in industries that are of questionable reputation, such as casinos or pornography, or is involved in a business that is highly cashed intensive. Which business activities are questionable are determined by the compliance department from time to time, having regard to several resources, including the FATF's recommendations.

## **6 Ongoing Monitoring**

### **Risk-based Approach**

Strateq will apply appropriate measures and procedures, by adopting a risk-based approach, so as to focus its effort on those areas where the risk of AML appears to be comparatively higher.

In this respect, each Business Unit Heads shall monitor and evaluate, on an ongoing basis, the effectiveness of the measures and procedures that are in place. Such measures include:

- Identifying and assessing the AML risks emanating from clients or types of clients, financial instruments, services, and geographical areas of operation of its clients.
- Managing and mitigating the assessed risks by the application of appropriate and effective measures, procedures, and controls.
- Continuous monitoring and improvements in the effective operation of the policies, procedures, and controls.

The application of appropriate measures and the nature and extent of the procedures depend on different indicators. Such indicators include the following:

- The nature, scale and complexity of the services offered;
- Geographical spread of the services and clients;
- The distribution channels and practices of providing services; the volume and size of transactions;
- The degree of risk associated with each area of services; the country of origin and destination of clients' funds; deviations from the anticipated level of transactions;
- The nature of business transactions;

The following, *inter alia*, are sources of risks, that Strateq faces with respect to AML:

- Companies incorporated in offshore centres;
- Politically Exposed Persons (“PEPs”);
- Clients from high-risk countries or countries known for high level of corruption or organised crime or drug trafficking;
- Clients included in the leaked documents of Mossack Fonseca (Panama Papers) or Pandora Papers
- Clients convicted for a predicate offence (and already served their sentence);

- Unwillingness of client to provide information on the Beneficial Owners of a legal person.

## 7 Red Flags

Unwillingness of client to provide information on the Beneficial Owners of a legal person.

### Red Flags related to Due Diligence

- clients who exhibit unusual concern in regard to compliance, with reporting requirements and Strateq's anti-money laundering policies, particularly with respect to his/her identity, type of business and assets, reluctance or refusal to reveal any information concerning business activities;
- Clients who (or a person publicly associated with the client) have a questionable background or are the subject of news reports indicating possible criminal, civil, or regulatory violations;
- Unsatisfactory or incomplete identification evidence;
  - reluctance or a refusal by a client to provide complete identification evidence;
  - clients asking staff to "bend" the rules.
  - Unwillingness to disclose the identity of ultimate beneficial owners
  - any action or request by a client which is inconsistent with your experience or
  - knowledge of their business, affairs, income or previous history;
  - the receipt or transmission of funds in circumstances that appear to have no commercial
  - logic or perhaps involve jurisdictions that are renowned for money laundering.

### Red Flags related to Excessive Secrecy

- Unnecessary granting of powers of attorney, in particular, wide-ranging powers of attorney.
- Using different trading accounts to transfer the funds directly.
- A client tries to persuade an employee not to file required reports or maintain required records.
- A client is reluctant to provide the information needed to file an internal report, in compliance with the requirements of the legislation.

### Red Flags related to Public Officials.

- Clients who are public officials conducting business in the name of a family member who begins making large transfers not consistent with the known legitimate sources of income of the family;
- Clients who are related to public officials and make large transfers not consistent with his/her own legitimate sources of income.

## 8 Suspicious reporting Mechanism

All employees in Strateq are to inform the Compliance Department of any suspicious activity within the organization or in any business relationship to where Strateq is a party to. Reporting can be done by emailing [Compliance@strateqgroup.com](mailto:Compliance@strateqgroup.com) directly or by using the Whistleblower Report Form.

The Compliance Department shall then lodge a report to the Group Managing Director and the Chief Financial Officer of the organization. In addition, appropriate measures shall be taken to safeguard Strateq, its assets and liabilities, and its reputation.

## 9 Employee Training and Awareness Program

All employees of Strateq shall undergo AML& KYC training annually.

Strateq shall make available its KYC & AML Framework, policies, all forms, and references for all employees via hardcopy and softcopy for employee reference.

## 10 Record Keeping

Strateq shall maintain records of all clients and accounts, including those obtained during KYC, CDD and EDD. The records shall remain up-to-date and relevant. These records shall be made available as and when required by the Compliance Department and/or the Senior Leadership team for review purposes.

## 11 Reference

- Act 613: Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
- Whistleblower Policy
- Vendor/Client Due Diligence Checklist: AML/CFT\_CDD