

Anti-Money Laundering
(AML) and Countering
Terrorism Financing (CTF)
Policy

Version 1 – 2023

سياسة مكافحة غسل الأموال وتمويل
الارهاب

الإصدار 1 - 2023

Legal and Compliance
Compliance Capabilities
HSA Group – Yemen Region

الشؤون القانونية والامتثال
قدرات الامتثال
مجموعة اتش اس ايه – إقليم اليمن

Contents

1	Purpose	1
2	Scope	1
3	Policy Statement	1
4	Legal Framework	2
5	Definitions	2
6	Basic Principles	3
7	Reporting violations	4

1 Purpose

This Anti-Money Laundering and Countering Terrorism Financing Policy (hereinafter collectively referred to as “AML and CTF Policy”) represents the basic AML and CTF standards governing the conduct of HSA Group-Yemen (hereinafter referred to as the “Group”), to:

- A. ensure that the Group adheres to relevant AML and CTF laws and regulations; and
- B. establish best practices to be followed by Group employees, representatives, and business partners in order not to engage in any activity which may expose the Group to liability for breach of applicable laws or otherwise create risk to and hold the Group accountable.

2 Scope

This policy applies to all Group employees, persons acting on behalf of or for the benefit of the Group or any Group company (agents and representatives) and business partners.

3 Policy Statement

HSA Group - Yemen has a strong commitment to integrity and honesty in how we work with our employees, our partners, and the communities we serve.

At all times, the Group is committed to comply with applicable AML and CTF regulations. A breach of such laws and regulations may result in legal or financial consequences for the Group and the individuals involved.

This Policy represents the basic AML principles that have been established to protect the Group and its companies from engaging in any transaction that may constitute money laundering or terrorism financing or facilitate financial crimes. Although none of the Group’s companies are regulated entities for purposes of AML and CTF laws and regulations and therefore do not fall under the direct supervision of AML and CTF regulatory authorities, the Group’s Management has chosen to take the initiative and raise awareness by applying relevant AML and CTF standards to the activities of the Group companies, confirming its commitment to integrity in the conduct of all business activities as well as the support we provide to charitable causes and to the communities we serve in Yemen.

Guided by this policy, our employees, representatives, and business partners are expected to be able to identify and act accordingly if an activity may compromise our ethical principles or damage the Group’s reputation. We expect all employees, representatives, and business partner to embrace our values that ensure compliance is much more than purely a set of rules and regulations for our organization and is embedded in our culture and ways of operating.

4 Legal Framework

This policy is prepared in accordance with the following:

- A. The Yemeni anti-money laundering and anti-terrorism financing law and its executive regulation.
- B. Instructions of the supervisory authorities in Yemen regarding anti-money laundering and anti- terrorism financing such as the Central Bank of Yemen.
- C. The relevant AML and CTF laws and regulations in the jurisdictions in which we operate.
- D. The Financial Action Task Force (FATF) recommendations for the purpose of understanding and implementing best practices given that Yemen is an active member of the Middle East and North Africa Financial Action Task Force (MENAFATF).

5 Definitions

Money Laundering: Any process or action that conceals the origin or derivation of the proceeds of crime so that the proceeds appear to be derived from a legitimate source.

Terrorism Financing: The act of providing financial support to acts of terror, terrorists, or terrorist organizations to enable them to carry out terrorist acts.

Customers: Any party that has contracted to purchase our goods or services, to obtain credit or that opens an account on our systems.

Representative: Any party chosen or appointed by the Group or any Group company to act or speak on its behalf.

Business Partner: An individual or company who has some degree of involvement with the Group's business dealings, whether as supplier, service provider or otherwise.

6 Basic Principles

HSA Group-Yemen:

- Is committed to comply with applicable AML and CTF laws and regulations in the conduct of all its business transactions and in all jurisdictions in which we operate.
- Conducts business only with customers involved in legitimate business activities, with funds derived from legitimate sources.
- Understands the importance of following “Know Your Customers” procedures associated with prospective customers, agents, and business partners, when needed, as a pre-requisite procedure to ensure that they are involved in legitimate business activities and that their funds come from legitimate sources.
- Assesses controls in place to detect, investigate and report suspicious activities.
- Recognizes AML and CTF risks introduced by third parties and business partner relationships and has controls in place to mitigate those risks.
- Is always alert to signs associated with potential money laundering or other illegal activities and takes immediate corrective actions.
- We must always be mindful of and, where appropriate based on perceived level of risk, screen our business partners and other third parties who have significant commercial or other dealings with the Group or any operating company against all organizations and individuals designated as sanctioned entities or persons on the UN Sanctions lists. We must also be mindful of the local terrorist lists in the jurisdictions in which we operate.
- Examples of Signs Associated with Potential Money Laundering or Other Illegal Activities:
 - ✓ Attempts by a customer to provide false information while being registered on our systems.
 - ✓ Offers to pay in cash or offers overpayments followed by requests for refunds.
 - ✓ Orders, purchases, or payments that are unusual or inconsistent with a customer’s trade or business.
 - ✓ Unusually complex deal structures.
 - ✓ Unusual fund transfers to or from countries/banks unrelated to the transaction/customer.
 - ✓ Requests to pay parties not related to the business transaction.
 - ✓ Transactions that may have been structured to evade recording or reporting requirements.
- For payments to suppliers, the Group:
 - ✓ Only deals with suppliers proven by long term business relationships.
 - ✓ Only pays when being invoiced.
 - ✓ Uses legitimate channels (e.g., Yemeni banks) when transferring money to suppliers abroad.

- ✓ Benefits from having affiliate companies outside of Yemen and uses them to purchase goods on its behalf if necessary.
- ✓ Has its own bank accounts outside of Yemen with locally regulated banks or financial institutions to facilitate the payment process to suppliers if necessary.

Record Keeping

- The Group has internal processes and controls to ensure that records and accounts accurately and fairly reflect all business transactions.
- Effective processes and internal controls are maintained all the time to fairly reflect transactions or events, as well as to prevent or detect inappropriate transactions.
- The Group is committed to cooperate with all requests for information from government and regulatory agencies in case of any governmental audit or investigation.

Training

- Training and awareness on AML and CTF are provided to both employees who work directly with customers and to employees who work in other areas that may be exposed to money laundering and terrorism financing threats. Typically, training covers the contents of this policy, clarification related to different forms of money laundering and reporting of suspicious transactions as well as filing name matches reports or partial name matches reports whenever we encounter persons or organizations that are provided on the UN or local terrorist lists in the jurisdictions in which we operate in compliance with such local laws and regulations.
- Refreshment awareness sessions take place whenever deemed necessary.

Violating This Policy

The Group will follow all reasonable and possible legal actions against any act of corruption and wilful breach of the contents of this policy. When necessary, and in line with internally established procedures, the Group reserves the rights to **disclose** any information related to parties involved in acts of corruption

7 Reporting violations

The Group employees, representatives and business partners should seek clarification on any questions or concerns regarding conduct that may be deemed suspicious or in breach of relevant AML and CTF laws and regulations. If you are aware of any act that is in contrary to the contents of this policy report it immediately to the CFO Office-Yemen and the Regional Risk and Compliance Department.

Violations can be reported through the following:

1. Speaking up to your direct manager or another manager within your team,

2. Speaking up to the next level of management,
3. Sending an anonymous e-mail to Compliance Emails, Compliance@hsa.com.ye or Whistleblowing@hsa.com.ye
4. Visit speak-up site: www.hsa-yemen.ethicspoint.com

At all times, HSA Group will ensure that:

1. There is a ZERO tolerance for retaliation. HSA Group will not retaliate or permit retaliation against anyone who, in good faith, raises questions or concerns about possible misconduct or violations.
2. All reported incidents will be investigated thoroughly without any bias or pressure and in accordance with high level investigation standards and procedures.
3. Confidentiality is respected, and you may choose to remain anonymous after voicing your concerns. However, if you identify yourself, we will be able to follow up with you and provide feedback. Your identity and information will only be shared in line with our strict internal protocols to safeguard our employee's privacy.