



Anti-Money Laundering & Anti-Terrorist Financing Policy

December 2022

Policy Statement

Nunchi Marine is committed to comply with all relevant laws and regulations, which includes anti-money laundering and anti-terrorist financing, in the countries where it operates its business and/or have business dealings in. The company will not support and shall not be used as a vehicle to support, any form of money laundering activity and will not finance any form of terrorism in its business operations and activities.

Scope of Policy

This Policy applies to all staff and members of Nunchi Marine who conduct and/or engage in business in the name of the company with external parties including but not limited to suppliers, customers, agents, brokers, intermediaries and/or any other counterparties which the company has business dealings with.

This Policy shall apply to all staffs and members of the company regardless of their job and position. Every staff and member of the company is also responsible to be aware of all applicable anti-money laundering and anti-terrorist financing regulations, policies and guidelines in the countries where Nunchi Marine operates its business.

The enforcement of this Policy, in full or in part, shall extend to any natural and/or legal person associated with Nunchi Marine, including of its all clients, trading counterparts and business partners, where this may be appropriate and practicable on the account of the nature of the relationship.

Under this Policy, Nunchi Marine may, from time to time, develop a number of procedures and instructions to implement and enforce the obligations undertaken, and to bring it into line with the applicable laws and regulations in the countries in which the company operates its business.

Definition

Money laundering refers to the activity of processing money, funds or proceeds which originate from illegal and criminal source and integrate it back into the legitimate economy as though they have been acquired lawfully, without having to arouse any suspicion.

It broadly involves three phases and are as follows:

- A. **Placement** - The process of placing criminal money, funds or proceeds into the financial system.
- B. **Layering** – It involves undertaking transactions with the use of such money, funds or proceeds that has been placed in the financial system in order to conceal its criminal or illegal origin.
- C. **Integration** – The process of moving and investing criminal or illegal money into legal business activities, such as investments, loans or acquisition of

tangible assets, so as to merge such funds or proceeds with the mainstream flow of legal money and make it look legitimate.

Terrorist financing refers to the used of funds that are collected and/or raised from either legitimate or illegitimate sources with the intention to used it for the support of carrying out acts of terrorism.

Red Flags: Money Laundering & Terrorist Financing

Money laundering and terrorism financing can take a number of shape and form and it is not always possible to provide a definitive list of ways on how this can be defined. However, the following are types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of either of such activity:

- ❖ An unknown new customer, business partner or its affiliate which attempts to transact with Nunchi Marine but is unable to undertake any form of KYC or facilitate proper onboarding process.
- ❖ A secretive person or business that refuses or avoids providing requested information without any reasonable explanation or remains silent towards the requestor's question or clarification.
- ❖ Avoidance to effect payment, fund transfer or remittance via the banking channel and can only be conducted on cash basis .
- ❖ The cancellation or reversal of an earlier transaction, including the frequency of such occurrence.
- ❖ Illogical third-party transactions which involve unnecessary routing or receipt of funds from third parties and/or through third party accounts.
- ❖ Involvement of an unrelated third party without logical reason or explanation.
- ❖ Sizable overpayments or frequent occurrence of overpayments by a customer for no apparent reason.
- ❖ The inability to reveal the source and origin of the money, funds or proceeds.
- ❖ The moving of money to either a higher risk country or tax haven.
- ❖ Transactions or requests which are out of line with normal expectations from the same client in relation to the frequency of the trades, nature and/or size.
- ❖ A transaction appears irrational, inefficient and not cost effective to administer from a logical point of view.

- ❖ Fund transfer request to counterparty's affiliates, individuals or entities which has no direct relationship with the transaction and/or business.
- ❖ Suspicious transactions involving large sums of payments in cash, deposits, or withdrawals.
- ❖ Introduction of a client by a counterparty and/or its affiliate who are based in a country known to be of a higher risk profile or has a history of serious illegal activities such as smuggling, drug trafficking or any other illegal/criminal activities.

Application of this Policy

Nunchi Marine will provide adequate and appropriate resources to implement this Policy and will ensure it is communicated and understood by all staff and members of the company.

1. Risk Assessment

Nunchi Marine adopts the risk-based approach to prevent, manage and mitigate money laundering and terrorist financing incidents and it encompasses the following:

- ❖ Identification of the potential risk of being exposed to money laundering and terrorist financing activities.
- ❖ Determination of the magnitude of such exposure and the impact it can have on the company.
- ❖ Defining and implementing appropriate measures to mitigate the identified risk exposure.

Under such approach, the company takes into consideration the nature, the size of the transaction and/or business activity in question and the accompanying risk factors.

As far and as reasonably possible, the company shall examine in its best effort the background and purpose of such transaction and/or business activity, as well as all other unusual behaviour and patterns, in order to ascertain whether it is of suspicious nature.

2. Know Your Customer ("KYC")

Consistent with the risk-based approach, prior to the establishment of a new business relationship with a new trading counterpart or business partner, under Nunchi Marine's internal onboarding procedure, a KYC review process will be undertaken which includes (but not limited to):

- ❖ Identify and verify the identity of the new trading counterpart or business partner, its shareholders, as well as the ultimate beneficial owner(s); taking reasonable steps to understand the ownership and control structure of their company and/or business.
- ❖ The legitimacy of the bank account it holds with their nominated bank.

- ❖ The official business registration records and incorporation documents of the new trading counterpart or business partner.
- ❖ Its financial performance basis audited financial statements or records to ascertain any unusual financial behaviour/patterns.

All KYC and due diligence information are documented and kept on file for record purpose.

3. Monitoring and Reporting

It is a requirement for all staff and members of the company to be made fully aware that any and/or all money, proceeds or funds that are handled by the company are not to be used to finance or support any money laundering, terrorist activity, both directly and indirectly.

All staff and members of the company are made aware of the “Red Flags” which has potential signs of money laundering, terrorist financing, or anything that is out of the ordinary which appears in the transactions they are handling.

It is mandatory for all staff and members of the company to report any of such suspicious transaction to their respective team manager or head of department to review the incident, otherwise for further escalation to the Compliance Team and/or Compliance Committee for further assessment, as per the procedure spelt out under the company’s Compliance Policy.

4. Record Retention

Nunchi Marine shall retain all records and information pertaining to the transactions and business activities which the company engages in under its Information Management Policy, for as long as required by applicable governing laws, rules and regulations.

5. Cooperation with Authorities

If required, Nunchi Marine (including all staffs and members of the company) will fully cooperate with the appropriate governmental authorities who is responsible for combating money laundering and terrorist financing in the jurisdictions where the company operates its business.

Nunchi Marine Governance & Conformance

This Policy will be reviewed by the Compliance Committee on an annual basis to reflect any new legal and regulatory developments so as to ensure that the company is always adhering to the latest guidelines and good practice are always enforced in its business operations and activities.