



MONEY LAUNDERING POLICY

Money laundering is the process by which individuals or entities try to conceal illicit funds, or otherwise make these funds look legitimate. Puma Energy will not condone, facilitate, or support money laundering.

Money laundering is illegal and both domestic and international laws contain numerous anti-money laundering provisions which apply to Puma Energy's business. Puma Energy's KYC procedures are designed to highlight prospective counterparties which might pose any such threat to Puma Energy.

This policy provides guidelines on identifying money laundering, and tools to aid you if you have any concerns about this issue.

1.0 Why is preventing money laundering important to our organisation?

As stated in the Code of Business Conduct, Puma Energy will not condone, facilitate or support money laundering activity.

Money laundering is illegal and both domestic and international laws contain numerous anti-money laundering provisions which apply to Puma Energy's business.

This policy is designed to mitigate the risk the Company, and all of its partners, face from becoming involved in any business activity where money laundering is taking place.

1.1 What is Money Laundering?

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities. If undertaken successfully, it also allows criminals to maintain control over those proceeds and ultimately to provide a legitimate cover for their original source.

1.2 The stages of Money Laundering

Money laundering can take an unlimited amount of forms using financial products, however, commonly it is accepted that there are three main stages: placement, layering and integration.

1.2.1 **Placement:** - *funds derived from illegal activities are deposited into the financial system.*

The proceeds of the criminal act need to be introduced into a financial system as, for example, paying for high value goods with cash money can arouse suspicion.

1.2.2 **Layering:** - *Confusing the trail in order to disguise the source and ownership of funds.*

Once the funds are in the system criminals confuse the trail to distance themselves from the funds and make it harder to find the funds.

1.2.3 **Integration:** - *Funds are reintegrated into the economy appearing legitimate.*

The funds are now integrated into the economy and are given the appearance of coming from genuine sources.

Please be aware this is a limited model used by institutions to explain money laundering simply. In the modern world money laundering becomes very complicated.



1.3 Why is money laundered?

In the event that a criminal is investigated for his/her crimes, a major factor that will lead to his/her successful prosecution will be the fact they are in possession of the stolen assets.

Therefore, a major reason why criminals launder their funds through Financial Institutions is to hide the funds they have gained from the crime. This can be done sometimes simply and at other times through extremely complex transactions and transfers.

1.4 The Money Laundering Laws

As a company operating on an international scale, Puma Energy pays heed to a number of key money laundering legislative acts including:

- The European 3rd Money Laundering Directive, 2007
- The USA PATRIOT ACT, 2002.
- UK Counter – Terrorism Act, 2008.

Puma Energy also uses the guidance issued by well established international bodies to comply with these standards, such as the FATF 49 principles as well as the guidance issued by the UK's Joint Money Laundering Steering Committee (JMLSG).

1.4.1 The Offences

A summary of the key offences under anti –money laundering regulations in the UK, and their respective punishments, are detailed below. This should be used as general guidance as to the key offences in any jurisdiction with equivalent AML legislation and also includes employee obligations as well.

Assisting a money launderer:

It is an offence to assist a money launderer in any way and as such the three principal money laundering offences are included under this umbrella:

- Concealing, disguising, converting or transferring criminal property or removing criminal property from the country of origin.
- Entering into or becoming concerned in an arrangement which the person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another;
- Acquisition, use, and possession of criminal property.

Penalty: If convicted of this offence, a person can receive a maximum of 14 years imprisonment and/or a fine. It is also a disciplinary offence. Criminal conduct is defined as an indictable offence wherever committed which would constitute an indictable offence in the UK. It is a defence if the suspicion has been reported to the relevant authorities.

Failure to report:



It is an offence not to report knowledge or suspicion of laundering activity to the Money Laundering Reporting Officer, as soon as reasonably possible, when there were 'reasonable grounds' for doing so.

Penalty: Punishment on conviction is a maximum of 5 years imprisonment and / or a fine and there may be a case under an **assistance** offence, if serious negligence is proven, which carries a maximum penalty of 14 years in prison. It is also a disciplinary offence

Tipping Off:

It is an offence to prejudice an enquiry by tipping off the launderer, or anybody else, that a disclosure has been made and an investigation into their activities is being, or may be, carried out.

Penalty: The punishment on conviction for this offence is a maximum of 5 years imprisonment and/or a fine. It is also a disciplinary offence.

1.5 Summary of our Money laundering obligations:

- **Do not 'Tip Off'** - Once employees are aware an investigation is underway then they must never disclose this to the counterparty.
- **Identify your customer** – Completing due diligence/ KYC before entering into a new relationship with a client is compulsory.
- **Sanctions Checking** – Puma Energy performs sanction list checking on all new customers before approving the relationship. All existing customers are subject to our ongoing screening procedures as well.

1.6 International Sanctions:

In order to remain compliant with international sanction regimes, Puma Energy may not trade and its employees may not act, or omit to act, in contravention of any such applicable rulings.

Furthermore, Puma Energy has a relationship with Thomson Reuters and Bankers Accuity, who both provide us with screening tools to detect any company or individual that we might enter into a relationship with that might be targeted by a sanction regime.