YINSON HOLDINGS BERHAD

Anti-Money Laundering

POLICY

01	27/06/2018	Issue for Approval	Compliance Manager	Head of GRC	Board
Rev No.	Date	Reason for Issue	Prepared by	Checked by	Approved by

Document Classification: Proprietary			
Document Title:	Anti-Money Laundering Policy		
Ref No:	YHB-LE-CG-PO-0001		
Process:	Corporate Legal	**Applicable To:**	YINSON Group of Companies
Revision No:	01	**Effective Date:**	27 June 2018

Table of Contents

1 OBJECTIVE 4
2 ABBREVIATIONS & DEFINITIONS 4
3 OUR COMMITMENT 6
4 WHAT IS MONEY LAUNDERING? 6
5 WHAT ARE YOU RESPONSIBILITIES? 7
6 WHAT ARE SUSPICIOUS ACTIVITIES? 8
7 CONDUCTING DUE DILIGENCE CHECKS 9
8 WATCH LIST WHEN DEALING WITH BUSINESS PARTNERS AND THIRD PARTIES 10
9 TRAINING AND COMMUNICATIONS 10

Revision Details

Rev. No.	Section	Details
01		

1 OBJECTIVE

YINSON is committed to uphold its stakeholders' trust by adhering to the highest ethical standards of business conduct. We are committed to mitigate the risk of money laundering and terrorism financing in our business operations and that all YINSON's Personnel are aware of their obligations and the need to remain vigilant in the prevention against money laundering/terrorist activities. As such, this Policy provides a framework to comply with applicable laws and Regulatory guidelines in reporting of any suspicious transactions or activities within YINSON.

2 ABBREVIATIONS & DEFINITIONS

"AML" refers to Anti-Money Laundering;

"AML Act" refers to Anti-Money Laundering Acts for the relevant countries such as (but not limited to)

- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Malaysia);
- Prevention of Corruption Act (Singapore);
- Money Laundering Act 2009 (Norway);
- Anti-Money Laundering Act, 2008 (Ghana); and
- Anti-Money Laundering and Combating the Financing of Terrorism in Banks and Other Financial Institution in Nigeria, 2013 (Nigeria);

"Board" refers to the Board of Directors (executives and non-executives);

"Business Partners" refers to joint venture partners or associate companies;

''International Commercial Representatives'' refers to agents, sponsors, advisors and others including a person or entity that has been designated as International Commercial Representative by the Governance, Risk Management & Compliance Department or its designee;

"Personnel" refers to all employees of YINSON (permanent, temporary and interns) and members of the Board;

"Policy" refers to the Anti-Money Laundering Policy;

"Public Official" refers to persons who hold a legislative, administrative or judicial office (either appointed or elected), any person exercising a public function, including for a public agency or a public enterprise (e.g. a state-owned enterprise), any official or agent of a public international organisation;

"GRC" refers to Governance, Risk Management and Compliance ;

"Sanctions Authorities" refers to, but not limited to:

- the European Union;
- the United States of America;
- the United Nations;
- the United Kingdom;
- the respective governmental institutions and agencies of any of the foregoing including the Office of Foreign Assets Control, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury; or
- any other state, national or supranational authority or agency, as may be amended from time to time;

"Third Parties" refers to any person or entity that is independent from YINSON, which includes International Commercial Representatives, agents, suppliers, contractors, vendors or sub-contractors and other parties engaged by or on behalf of YINSON; and

"YINSON" refers to Yinson Holdings Berhad and its subsidiaries.

3 OUR COMMITMENT

To combat money laundering and terrorism financing this Policy ensures the following: -

- **Compliance with laws**: YINSON ensures that local laws and regulations in relation to money laundering and terrorism financing requirements, where we have presence in, are in compliance and that business is conducted in conformity with ethical standards.
- **Co-operation with law enforcement agencies**: YINSON is committed to collaborate with relevant law enforcement agencies. This includes taking appropriate measures such as timely disclosure of information to the relevant law enforcement agencies, where required.
- **Establishing internal controls**: YINSON is committed to issue and adopt policies and procedures, which are consistent with the principles set out under the AML Act. Appropriate training programmes will be conducted to keep the Board and employees abreast on matters under the AML Act.
- **Risk-based approach**: YINSON will ensure the depth and breadth of its policies and procedures to identify, assess, monitor, manage and mitigate money laundering and terrorism financing risks commensurate with the nature, scale and complexity of its activities. Whenever in doubt of any suspicious transactions, we will take the necessary actions and steps in reporting. YINSON is committed to deny any form of service if the transactions are found to be associated with money laundering and terrorism financing activities.
- **Due Diligence**: YINSON will have an effective due diligence process performed on the relevant parties to its business operations such as its clients, Business Partners, Third Parties, International Commercial Representatives and stakeholders, with the aim to obtain satisfactory evidence to verify their identities and background.

4 WHAT IS MONEY LAUNDERING?

Money laundering is a criminal practice of converting or filtering “dirty money” or “ill-gotten gains” through a maze of transactions, so that the funds are “cleansed” or “laundered” to hide its true identity or origin, and to give it a legitimate appearance.

Terrorism financing is an act of providing financial support, funded from either legitimate or illegitimate sources, to terrorists or terrorist organisations benefiting them or enabling them to carry out terrorist acts.

In this sense, it implies a predicated crime such as fraud, corruption, terrorism, drug and/ or human trafficking, tax evasion, embezzlement, money forgery, piracy and etc. Money laundering and terrorism financing activities do not necessary involve cash transactions at every stage of the process.

5 WHAT ARE YOU RESPONSIBILITIES?

Money laundering and terrorism financing activities are serious crimes and the laws governing this type of crime can have extra territorial effect. The penalties for breaching AML legislation are severe and can include extradition and imprisonment in foreign jurisdiction. Involvement in such activities damages our reputation and integrity. Therefore, to strengthen AML governance, it is your responsibility to:

- Attend adequate training and compliance programs to ensure understanding and strict compliance to any internal AML policies, applicable requirements under the local laws and regulations;
- Be properly acquainted with the applicable laws and regulations relating to money laundering and terrorism financing activities especially for Personnel who is frequently involved in decision making process concerning Business Partners, Third Parties and International Commercial Representatives, particularly in matters relating to financial transactions;
- Be attentive and remain vigilant on unusual or suspicious transactions or other activities, and to report these transactions or activities through proper reporting channels;
- Be aware and report any complex payment arrangements or business transactions such as payment in cash, payment to third parties (e.g. business or individual), payments made by third parties not mentioned in the contract/ agreement, payments to accounts in other countries, and requests for upfront payment for expenses or other fees; and
- Comply with any due diligence requirements specified by YINSON to ensure that we know who we are doing business with.

If you have any knowledge that a transaction involving YINSON is suspicious and may involve a breach of AML Act, you must promptly report the suspicious activity or transaction to YINSON's GRC Department and/ or Legal Department. Alternatively, you could raise your concerns following YINSON's Whistleblowing Policy guidelines.

If you are unsure whether a particular act or transaction constitutes as a suspicious activity under this Policy, please seek advice or guidance from your immediate superior, GRC Department and/ or Legal Department.

6 WHAT ARE SUSPICIOUS ACTIVITIES?

In considering whether a transaction is suspicious, you must take into account, among others, the following factors:

- The nature or unusual circumstances surrounding the said transaction, for instance, the described nature of transaction does not match with the nature of the ongoing project;
- The business background of the person conducting the said transaction, for instance, the supplier background does not match the supplied goods or services to YINSON;
- The production of seemingly false identification in connection with any transaction, for instance, the use of aliases and a variety of similar but different addresses;
- The behaviour of the person or persons conducting the said transactions;
- Payments made by third persons not mentioned or related to the contract or agreement;
- Extraordinary payments requested that are not provided for in the contracts or agreements and
- The person or group of persons with whom YINSON is dealing, for instance, dealing persons who are involved in illegitimate business.

In consideration of the above factors, should one has reasonable grounds to suspect that the transaction or the payment received/ utilised involves proceeds of an unlawful activity or is related to money laundering and terrorism financing, the Personnel should not inquire on his or her own with the relevant party/ individual. The Personnel should report this suspicious transaction/ activity immediately to your immediate superior, GRC Department and/ or Legal Department.

6.1 FAQ – Suspicious Activities

Question: What are suspicious transactions?

Answer: Instances of suspicious transaction are, but not limited to, the following:

- Vague and inaccurate transaction description written on the invoice/ billing issued by the supplier/ sub-contractor subsequently, for example, payment of unusual consultation fees but description of the consultation provided was not described and there were no contractual terms to support the invoice/ billing;
- Description of transaction does not reflect the actual business activity of the sub-contractor;
- The invoice/ billing may indicate the address of the shipment to a location/ country, in which YINSON does not have business dealings with; or
- Instruction from sub-contractor to make payments for services or goods to a bank account held by an individual.

7 CONDUCTING DUE DILIGENCE CHECKS

In carrying out the business operation, YINSON is exposed to contractual relationships, and possibility of occurrence of transactions relating to corporate social responsibilities, sponsorship and donations with its Business Partners and Third Parties.

Therefore, in our obligation to "know our partners", we require all Third Parties (excluding International Commercial Representatives) to register via our Vendors' Registration Platform which includes providing information on their business background in the registration and justifying with supporting documents for the information disclosed. Business Partners and International Commercial Representatives would need to submit ***Appendix E – Questionnaire*** with a background information of the company.

Subsequently, we will undertake a due diligence on Business Partners and Third Parties to understand the business, financial capabilities, Board of Directors and key management personnel of these counterparties and to determine the source and destination of money, property and services.

The due diligence process would require assessment in:

- the business purpose/ justification for the services requested;
- criteria and rationale for selection of this counterparty;
- compensation that the counterparty will receive (e.g. incentives, gifts, expenses reimbursement, equipment, monetary or non-monetary considerations, success fees);
- potential conflict of interest identified, interactions with government or Public Officials, potential legal or ethical compliance; and
- red flags identified relating to the counterparties.

Please refer to YINSON's ***Policy and Procedure on Dealings with Business Partners and Third Parties*** and ***Policy and Procedure on Dealings with International Commercial Representatives*** for more information on due diligence checks conducted.

8 WATCH LIST WHEN DEALING WITH BUSINESS PARTNERS AND THIRD PARTIES

AML covers sanctioned list and politically exposed persons as they are parties identified with primary money laundering concerns.

8.1 Sanction List

Sanctions mean economic, trade or finance restrictions, embargoes, or other restrictions imposed by the related sanctions laws and regulations including Sanctions Authorities against persons, entities or countries.

In line with YINSON's commitment to abide by all sanctions related laws and regulations (including economic restrictions imposed by Sanctions Authorities), all YINSON's Personnel is prohibited from dealings with any persons, entities, organisations or countries under the sanctions list published by the Sanctions Authorities. The Legal Department must be informed of such occurrences that YINSON has.

If you are aware or made aware of any dealings and transactions, which relates to a sanctioned country or individual, please inform the GRC Department and/ or Legal Department immediately.

8.2 Politically Exposed Persons

A high degree of risk exists when we interact with government or Public Official who may be in a position (actual or perceived) to make or influence decisions that affect our business. Therefore, we will take reasonable measures to assess the level of money laundering and terrorism financing risks posed by the business relationship with the domestic politically exposed person based on sufficient and appropriate information gathered through public available information or other reasonable means.

Where there are higher risks identified, in addition to applying the due diligence measures, the Personnel shall require obliged entities to conduct enhanced scrutiny of the entire business relationship with the GRC Department and/ or Legal Department and if the payments made for the transaction is within reasonable business arm's length.

9 TRAINING AND COMMUNICATIONS

AML legislations will be communicated and made aware to YINSON Personnel. AML specified training will be provided to the relevant personnel, where appropriate, to create awareness and provide guidance on how to proceed if they encounter such situations.