



AML/CTF policy



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1. Introduction

The Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft) requires a financial institution (such as defined in the Wwft) to have policies and procedures in place on AML/CTF (Anti-money Laundering and Counter Terrorism Financing). Pogona Insurance, a non-life insurance intermediary, is not regarded as a Wwft institution. Therefore it is for Pogona not mandatory to have an AML/CTF policy in place as set forth by the Wwft.

However, Pogona Insurance needs to comply with article 3:10 lid 1 sub c and article 4:11 lid 1 sub C from the Dutch Financial Supervision Act (Wft). These articles make it mandatory for Pogona to have a safe and sound business operation. As a part of this Pogona needs to have a proper functioning customer due diligence (CDD) policy in place. Pogona Insurance has laid down in its Acceptance policy for customers, version 1.0, how it deals with the principles of know your customer (KYC) by way a structured CDD.

Both Wwft and Wft are principle based laws and regulations. Principle based regulations are to be seen as a system of ethical concepts and principles that apply across multiple situations. It is up to the underlying institution how it design it instructions and working processes to meet the goal of the law and/or regulation. This is the opposite of rule based laws and regulation, where specific statements define exact requirements that needs to be met.

The Wwft and Wft are both risk based. This means that the regulator wants to see more efforts by the institutions during the CDD process and/or monitoring when necessary and less where possible.

2. Money laundering explained

Money Laundering (ML) is explained as the process whereby the proceeds of a crime are “transformed” into seemingly legitimate money or other assets, and at the same time hiding the criminal origin of the proceeds. Funds gained by crimes such as fraud, theft, drug trafficking and cybercrime are made to appear as if they were proceeds from legitimate sources. Criminals are eager to use the infrastructure of financial institutions to launder proceeds among others to expand their criminal networks, to buy luxury goods or to invest.

Within ML three basic stages can be identified:

Placement → **Layering** → **Integration**

Placement	“Dirty” money is introduced into the financial system
Layering	Illicit funds are moved around to disguise their origin by slurring the paper trail.
Integration	Money re-enters the legitimate economy through ‘clean’ investments

Example

A real estate agency has a shell company* in China. Every month all the employees of this real estate agency travel with cash money to China. The money is deposited on the account of the shell company in China. The real estate company in the Netherlands sends an invoice to China for (not delivered) products/advice). Dirty money is placed in the economic system in China and is coming (laundered) back through payment of the invoice on the bank account of the real estate agency.

*A shell company refers to a business entity that is created for non-operational purposes or to hold assets and engage in financial transactions.

3. Terrorism Financing explained

Terrorism Financing (TF) is the raising of money involving the solicitation, collection or provision of funds, with the intention that this may be used to support terrorists and/or terrorist organizations and/or terrorist activity.

Often, terrorist organizations will misuse non-profit or ecclesiastical organizations or alternative remittance systems.

The big difference between ML and TF, is that with TF the funds don't always have an illegal background.

Example

Two men start a foundation to raise money to re-open primary schools in Syria, which were destroyed due to the war.

They open a bank account where people can donate money. Instead of using the money to rebuilt primary schools, the money goes to terrorists in Syria, to buy weapons to suppress democracy.

4. Sanctions

Sanctions are political and economical instruments, which refer to a variety of measures imposed by one country or a group of countries, against another country, organization, or individual to encourage a change in behaviour, to punish non-compliance with international standards or laws, or to achieve specific political objectives.

The purpose of sanctions is to restrict the dealings/activities of countries, entities and/or natural persons in order to achieve a change in conduct or prevent undesirable conduct. There are different kind of sanctions. For this policy we name two:

Economic sanctions	Commercial and financial penalties that typically ban customary trade and financial relations. These penalties can include: Levying import duties on goods to the sanctioned country; restricting the export of particular goods from the country; blocking the sanctioned country's ports.
Diplomatic sanctions	Political measures that aim to demonstrate displeasure with or disapproval of certain actions, stopping short of taking economic or military steps. Such sanctions generally involve reducing or removing diplomatic ties, such as eliminating embassies or cancelling high-level government meetings, introducing travel restrictions, closing acces to countries economical and financial systems.

Pogona Insurance checks whether sanctions have been imposed on their customers. They do so by means of sanctions lists: lists of all persons and organizations against which sanctions are in force.

Pogona Insurance performs these checks on a regular basis, not just when an individual or organization wants to become a customer. Pogona Insurance checks the:

- o Nederlandse Terrorismelijst (Dutch terrorism list)
(<https://www.rijksoverheid.nl/documenten/rapporten/2015/08/27/nationale-terrorisielijst>)
- o EU Sanctions Map
(<https://www.sanctionsmap.eu/#/main>)



- o United Nations Security Council Consolidated list
<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>
- o [OFAC Sanctions list](#)
-



[\(https://sanctionssearch.ofac.treas.gov/\)](https://sanctionssearch.ofac.treas.gov/)

Pogona Insurance will not enter into a relationship with any individual or organization which is on one of the sanctions lists. Pogona Insurance will take measurement when an existing customer appears during the business relation on one of the sanctions list.



5. Customer Due Diligence

Pogona Insurance identifies every individual or organization before entering into a relationship.

In case of a natural person Pogona Insurance permits the following identification documents:

- a valid passport
- a valid Dutch Identity Card
- a valid identity card from another EU Member State
- a valid Dutch driver's license

Pogona Insurance obtains the following details of the natural person as customer:

- full name (i.e. first name(s) and surname(s))
- date of birth
- nationality and/or citizenship
- address of permanent residence
- type, number, date and place/country of issue of the identification document with which the identity of the customer is identified

Pogona Insurance complies with the GDPR (General Data Protection Regulation).

As Pogona Insurance is not a Wwft institution it needs not to verify the details.

For the customer being a legal entity, the following details are identified:

- full legal name
- trading name(s) when applicable
- registration number at the Chamber of Commerce
- proof of existence

5.1 UBO

Pogona Insurance identifies the Ultimate Beneficial Owner (UBO). An UBO is a natural person with more than 25% of the shares, ownership interest or voting rights. Or the person who exercises the effective control of the company if a UBO cannot be identified.

Example

Real estate Huizenzeker has 3 partners, Jim, Luis and Caren. Jim and Caren have both 40% of the shares, Luis 20%.

Jim and Caren are the UBO in this case, Luis not.

Identification of UBO's consist of obtaining the following details:

- full name(s) (i.e. first name(s) and surname(s))
- date of birth
- country of permanent residence
- percentage on shares, ownership interest or voting rights



Pogona Insurance cannot obtain information of the UBO-register with the Chamber of Commerce. Therefore Pogona Insurance will perform the due diligence which include asking for an organizational chart from the legal entity as well as a self-declaration form. The UBO's will submit a document showing that they are registered in the UBO-register by the Chamber of Commerce.



6. Low risk tolerance

Pogona Insurance and employees are fully aware of the impact that money laundering, terrorism financing and breach of Sanction law has on the credibility of the financial markets. Pogona Insurance takes its role as gatekeeper to prevent criminals to misabuse the financial system serious.

Therefore Pogona Insurance will not enter into a relationship with:

- an individual or entity who will not share all the necessary information
- an individual or entity who is not willing to provide the data of the UBO
- an individual or entity who is listed on one of the (above named) sanctions lists
- an individual or entity who is suspected of money laundering or terrorism financing
- an individual or entity who is involved in child labour
- an individual or entity who is involved in forms of corruption or fraud
- an individual or entity who is involved in something that also has to do with weaponry
- an individual or entity who is involved with bribery
- an individual or entity who is involved with cybercrime
- an individual or entity who is involved with conflict of interest
- an individual or entity who is involved with socially inappropriate behaviour
- an individual or entity who is involved in adverse media

Will not accept any cash payments from individuals or entities of business

Will perform supplier due diligence