

Anti-Money Laundering Policy

March 2020

1. Introduction

CO-FUNDING LTD (“**CO-FUNDING**”) is a UK registered company providing an automated investment on-boarding platform between its Company Client and their Known Individual Investors. The business of CO-FUNDING is low risk in relation to money laundering owing to the pre-existing relationship and knowledge between the Client Company and Known Individual Investors, however in order to prevent the platform being used (or potentially used) for any money laundering activity, as well as any of our staff, sub-contractors and/or Company Clients being exposed to money laundering, we wish to put in place the following anti-money laundering policy.

2. Scope of the Policy

The broad definition of money laundering means that potentially anyone could commit a money laundering offence, this includes all employees, sub-contractors, Company Clients of CO-FUNDING and/or Known Individual Investors of Company Clients.

Our policy is to enable CO-FUNDING and to assist Company Clients to meet its legal and regulatory requirements in a way which is proportionate to the low risk nature of the business, by taking reasonable steps to minimise the likelihood of money laundering occurring.

3. What is Money Laundering?

The principal primary legislation is The Proceeds of Crime Act 2002 (POCA), which consolidated, updated and reformed criminal law with regard to money laundering, supplemented by the Terrorism Act 2000 and the Fraud Act 2006. The principal secondary legislation is the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019.

Money laundering can be defined as the process to move illegally acquired cash through financial systems so that it appears to be from a legitimate source. Money laundering offences include: concealing, disguising, converting, transferring criminal property or removing it from the UK (Section 327 POCA); entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328 POCA); and acquiring, using or possessing criminal property (Section 329 POCA).

There are also several secondary offences, failure to disclose knowledge or suspicion of money laundering to the Money Laundering Reporting Officer (MLRO); failure by the MLRO

to disclose knowledge or suspicion of money laundering to the National Crime Agency; and 'tipping off' whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

Any member of staff, sub-contractor and/or Company Client could potentially be caught by the money laundering provisions, if they suspect money laundering and either become involved with it in some way, and/or do nothing about it. This Policy sets out how any concerns should be raised and how any risks are fully mitigated.

4. Money Laundering Reporting Officer (MLRO)

CO-FUNDING will appoint its Director as the internal MLRO to receive disclosures about money laundering activity and be ultimately responsible for anti-money laundering activity within CO-FUNDING insofar as, provision of, and maintenance of the platform is concerned. Each Company Client will also be expected to appoint its own MLRO.

The MLRO will ensure that appropriate training and awareness is provided to new and existing employees and any sub-contractors and that this is reviewed and updated as required.

The MLRO will ensure that appropriate anti-money laundering systems and processes are in place.

CO-FUNDING/the MLRO have engaged with the following providers to provide the necessary systems and processes into the platform who conduct the required AML/KYC checks during the on-boarding process and prior to any investment between Company Clients and their Known Individual Investors:

Sum and Substance Ltd (UK) will provide the AML/KYC full check service which will be used before a Known Individual Investor is signed up to the platform and also before a Known Individual Investor is able to invest any monies into a project run by the Client Company.

MANGOPAY SA will be appointed to provide the e-wallet service within the platform in order to deposit and transfer monies between the Client Company and their Known Individual Investor. MANGOPAY SA conduct their own on-boarding processes and conduct AML/KYC checks before creating accounts and allowing the deposit of monies.

Both providers shall work in conjunction with CO-FUNDING and Client Companies to provide the relevant AML/KYC checks through the platform. To that effect, further references to the MLRO in this Policy are to be interpreted as references to the MLRO working in conjunction with Sum and Substance Ltd (UK) and MANGOPAY SA.

5. Suspicions of Money Laundering

All employees, sub-contractors and/or Client Companies must as soon as practicably possible report any knowledge of or suspicion of (or where there are reasonable grounds to suspect) suspicious activity to the relevant MLRO.

Once the matter has been reported to the MLRO, the employee and any sub-contractors must follow the directions given to them and must NOT make any further enquiry into the matter unless required to do by law or by their own internal AML policies and procedures. Where any further enquiry is made information of this enquiry should be forwarded on to the relevant MLRO.

Under no circumstances must the employee or any sub-contractor voice any suspicions to the person(s) whom they suspect of money laundering, as this may result in the commission of the offence of “tipping off”. They must NOT make a note on the platform file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

6. Consideration of the Disclosure by the MLRO

Once the relevant MLRO has received the report, it must be evaluated in a timely manner in order to determine whether:

- There is actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect that this is the case; and
- Whether the MLRO needs to lodge a Suspicious Activity Report (SAR) with the National Crime Agency (the NCA).

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for any on-going or imminent transaction(s) to proceed.

Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has given specific consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

All disclosure reports referred to the MLRO and reports made to the NCA will be retained by the MLRO in a confidential file kept for that purpose, for a minimum of 6 years.

The MLRO must also consider whether additional notifications and reports to other relevant enforcement agencies should be made.

The MLRO of CO-FUNDING as the platform provider will work with Sum and Substance Ltd (UK) and MANGOPAY SA to fulfil its obligations under this section.

The MLRO of Client Companies will be expected to follow their own process which should be analogous to this policy.

7. Customer Identification and Due Diligence

In order to use the platform, due diligence is performed on all Client Companies and their Known Individual Investors who must provide detailed information including, but not limited

to, full name, residential/business address, date of birth (individuals) and registration details (companies) as well as all necessary proof of ID and proof of address (e.g. driving license, passport, identity card, bills).

The information is processed by Sum and Substance Ltd (UK) and MANGOPAY SA within the platform through an automated process in order to identify users and conduct due diligence within the context of the proposed transaction. These checks will be conducted during on-boarding onto the platform and before any investments are made from the Known Individual Investor to the Client Companies.

Enhanced Due Diligence

It may be necessary for Client Companies, through CO-FUNDING and its providers, Sum and Substance Ltd (UK) and MANGOPAY SA, to carry out enhanced due diligence on certain parties where the investor or a transaction appears to be “high risk”. This means that there is a higher level of identification and verification of the investor’s identity required. The following non-exhaustive list of situations may indicate a “high risk”:

- a known but relatively recently known individual investor of the Client Companies;
- Client Companies/Known Individual Investors in known high risk industries and/or jurisdictions;
- transactions that are unusual or appear to be unusual;
- highly complex transaction or payment arrangements;
- the transaction involves a politically exposed person (“PEP”) or an immediate family member or a close associate of a PEP.

The risk will be assessed by Client Companies, Sum and Substance Ltd (UK) and MANGOPAY SA and where it is suspected that enhanced due diligence is required, this will be carried out before the on-boarding and/or transaction proceeds.

If enhanced due diligence is carried out, the Client Company must (amongst other matters as recommended by Sum and Substance Ltd (UK) and MANGOPAY SA):

- obtain additional information on the customer and on the customer’s beneficial owner(s);
- obtain additional information on the intended nature of the business relationship;
- obtain information on the source of funds and source of wealth of the customer and customer’s beneficial owner(s); and
- conduct enhanced monitoring of the business relationship.

If satisfactory evidence of identity is not obtained at the outset then the business relationship or one-off transaction(s) cannot proceed any further through the platform. A

report should be filed with the relevant MLRO who will then consider if a report needs to be submitted to the NCA.

8. Ongoing Monitoring

Client Companies should be expected to review its Known Individual Investors at regular intervals to ensure that the risk level of each customer information and information held on each customer is not only accurate and up to date but is consistent with the knowledge of the customer. Any suspicious activity must be reported to the relevant MLRO. The ongoing review of Known Individual Investors shall be covered within the full KYC check conducted by Sum and Substance (UK) Ltd as confirmed by their legal team.

9. Data Protection

Customer details must be collected in accordance with the Data Protection Act 2018. This data can be “processed” as defined under the Data Protection Act 2018 to prevent money laundering and terrorist financing.

10. Record Keeping

Customer identification evidence and details of any relevant transaction(s) for that customer must be retained for at least 6 years from the end of any business relationship with that customer.

END OF POLICY