



ANTI MONEY LAUNDERING & COMBATING FINANCING OF TERRORISM

AML/CFT POLICY STATEMENT

Policy Version Reference	2024_3.0
Policy Approver	AGF Board of Directors, following the recommendation of the Audit and Risk Committee.

1. Introduction

The African Guarantee Fund (AGF) is a Pan-African non-bank financial institution whose primary mandate is to assist financial institutions (FIs) in Africa to scale up their SME financing initiatives.

AGF contributes to the promotion of economic development, vital for the prosperity, stability and poverty reduction in Africa through provision of a mix of financial guarantees and other products which will reduce the risks supported by financial sector lending to SMEs that have insufficient collateral and support for capacity development of the partner financial institutions.

AGF is rated 'AA- 'by the globally renowned Fitch Ratings Agency.

2. Purpose

The purpose of AGF's AML/CFT Policy is to prevent, detect, and combat money laundering, terrorism financing and any other illicit activities in compliance with relevant laws, regulations and recognized international standards and practices.

3. Scope

AGF's AML/CFT Policy is applicable to all aspects of AGF's operations. The outlined requirements should be effected by Board members, Management members, all permanent and temporary staff members, interns, and any relevant stakeholders as specified. AGF is committed to ensuring that its branch offices and subsidiaries (defined as any corporate entity of which AGF holds a majority shareholding or exercises control) comply with the requirements of these policies while considering their local legislation.

4. Our Responsibilities

At AGF, we are steadfast in our commitment to preventing and combating money laundering and the financing of terrorism. AGF must ensure a strong and comprehensive AML/CFT framework as it is critical to maintaining the trust and confidence of our stakeholders, ensuring compliance with applicable laws, regulations and relevant international standards, and protecting the integrity of the financial system. Through effective implementation, we ensure that these considerations are embedded into our decision-making processes and day-to-day operations.



5. AML/CFT Governance

An effective governance system is key to building an environment of trust, transparency and accountability and specifically to facilitate the company's compliance with its AML/CFT obligations. The Board of Directors oversees and approves the company's AML/CFT framework following the positive recommendation of the Board's Audit & Risk Committee. Under the leadership of the Group Chief Executive Officer, the Group Management Committee (Senior Management) set the tone for the right culture and ensure effective implementation of AML/CFT policies & procedures across the company.

Key roles include the following:

- Compliance function responsible for the implementation and ongoing compliance of the company with internal programmes, controls and procedures with the requirements of the approved AML/CFT framework.
- Money Laundering Reporting Officer (MLRO) and/or Deputy MLRO to whom any suspicious transaction or activity is reported to and who determines whether an external disclosure is required.

AGF's AML/CFT framework undergoes regular independent audits to assess compliance with and the effectiveness of the framework, as required by applicable laws and regulations.



6. AGF Anti-Money Laundering and Countering the Financing of terrorism Guiding Principles

6.1. Risk Assessment

AGF adopts a Risk-Based Approach (RBA) to identify, assess, understand, and mitigate money laundering (ML) and terrorist financing (TF) risks. This approach involves evaluating threats across customers, countries, geographic areas, products/services, and delivery channels. The organization conducts Business Risk Assessments (BRA) and Client Risk Assessments (CRA) to manage potential risks effectively:

- **Business Risk Assessment** aims to identify the extent to which the company's business and products/services are exposed to AML/CFT risks and to take appropriate steps to ensure that any identified risks are managed and mitigated through the establishment of appropriate and effective policies, procedures and controls.
- **Client Risk Assessment** is undertaken prior to the establishment of a business relationship or carrying out an occasional transaction with or for that client.

6.2. Client Due Diligence (CDD)

AGF identifies its clients (any person legal or natural with whom a business relationship is or will be started) , and where applicable their beneficial owners and then verify their identities, which is essential to the prevention of money laundering and combating the financing of terrorism. CDD is the means by which financial institutions achieve such knowledge and is key element of any internal AML/CFT system. Based on the company's risk-based approach, the type and extent of CDD measures depend on the CRA level associated with the client.

a. Identification & Verification

On the basis of the relevant CDD information collected, AGF makes an analysis of the information provided and makes such appropriate verification using external database or source and consider whether it is appropriate to collect further CDD information. CDD information comprises both identification and verification information and customer relationship information.

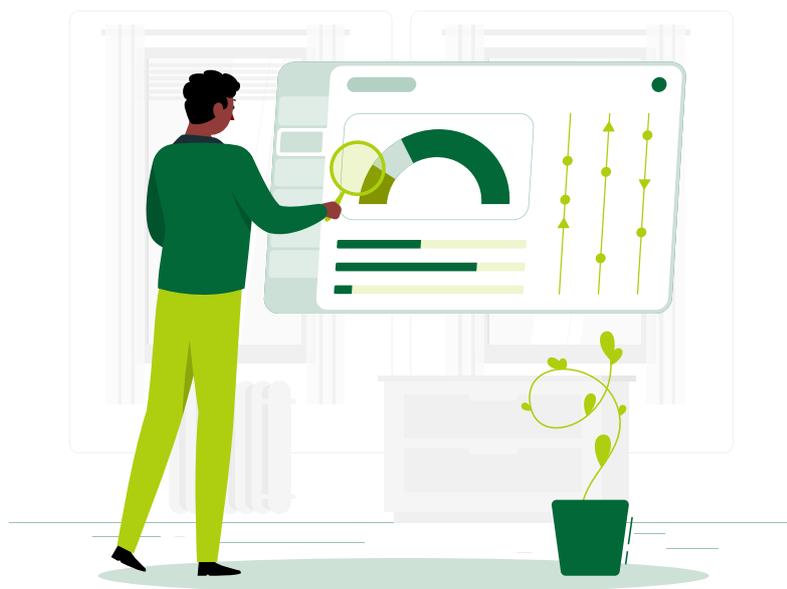
b. Politically Exposed Person (PEP) and Prominent Influential Person (PIP)

Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions foreign, domestic and international organization PEP, as well as the close relatives and associates of such persons. Due to their position and influence, it is recognized that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (ML) offences and related predicate offences, including corruption and bribery, as well as conducting activity related to terrorist financing (TF).

Prominent Influential Persons (PIPs) refers to individuals (themselves or relatives or close people) who hold or have held a high-ranking role or exert substantial influence within an organization or society at large. PIPs often include key figures in major corporations as well as in broader community settings. Given their level of influence and exposure, these individuals are deemed to present a higher compliance risk, particularly under AML/CFT regulations, due to the increased potential for involvement in corruption, bribery, or abuse of authority.

In the event of business relationship with a PEP/PIP is considered, specific measures where appropriate will be applied such as:

- Enhanced client due diligence
- Board of Directors and/or Audit & Risk Committee approval of the relationship (where appropriate) following appropriate clearance by Compliance function
- Enhanced ongoing monitoring.



6.3 Monitoring

The regular monitoring of a business relationship, including any transactions and other activities carried out as part of that relationship, is one of the most important aspects of effective ongoing CDD measures.

Therefore, AGF continuously monitors its clients and their transactions and activities within the business relationship to ensure compliance with AML/CFT regulations:

- **Client:** This aims to ensure that AGF continues to have a good understanding of its clients and their beneficial owners.
- **Transactions and Activities,** which occur on a day-to-day basis within a business relationship: this aims to ensure that these remain consistent with AGF's understanding of the clients and our products or services provided to the clients.

Based on the company's risk-based approach, the type and extent monitoring depend on the live CRA level associated with the client.

6.4. Suspicious Transactions/Activities Reporting

Suspicious transactions or activities, include those that reasonably suspect involvement in money laundering, terrorism financing or the proceeds of any crime, or use by proscribed organizations; are unusually or unjustifiably complex ; lack economic justification or lawful objective; are conducted by unidentified individuals; or raise suspicion for any reason, and should be determined objectively, recognizing that an offense may occur even if undetected.

The Company's officers and employees have the obligation and duty to protect the assets of the Company as well as its clients. In order to fulfil this duty, each officer and employee is required to report any serious incident as soon as it occurs or has been identified. The responsibility for reporting rests on each and every officer and/or employee in the Company.

AGF has appointed a MLRO and his/her Deputy which play a critical role in handling STRs or SARs.

6.5. Employee Screening and Training

AGF ensures that its employees are appropriately screened and trained with respect to the AML/CFT requirements.

Training programs include induction training and ongoing training (At least every year) for Directors (Board members), Officers and Employees:

- to maintain awareness of the laws & regulations related to AML/CFT
- to assist them in recognizing transactions /activities and actions that may be linked to AML/CFT and relevant procedures to apply in such cases.

6.6 Sanctions

An AGF Person involved in money laundering (ML) or financing of terrorism (FT) will be subject to disciplinary action and may also face civil or criminal legal proceedings as per the applicable laws and regulations.





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