CABS SANCTIONS POLICY

Risk Sponsor
Head of Compliance

Contact
Farirayi Machawira

Version/Date
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Effective Date

This policy was approved by the CABS Board, following recommendation for approval by the Board Risk and Compliance Committee (BRCC). This policy is effective from April 2021.

Group Governance Requirements

This Policy must be read in conjunction with the requirements of the CABS Governance Framework and Enterprise Risk Management Policy.

Policy Waiver Process

The prescribed waiver process must be followed where CABS can demonstrate justification for specific alternative arrangements to meeting the Policy requirements.

1. Document History

1.1 Revision History

Revision Date	Doc Version	Summary of Changes	Author / Reviewer	EXCO Approval Date	Date noted at Board
16/03/14	1.0	Initial Draft	I. Musora	April 2014	
01/02/16	2.0	Annual Review	I. Musora F. Machawira	February 2016	April 2016
07/10/17	3.0	• Policy Governance • Screening of Ultimate Beneficial Owners • Risk Tolerance • CABS approach to Sanctions screening • Incorporation of various provisions of the Money Laundering and Proceeds of Crime Act (Ch. 9:24)			
09/9/2019	4.0	• Policy Governance • Annual review –Provisions of the Old Mutual Group Sanctions Risk policy have been incorporated.	J. Makonise I. Musora. F. Machawira.	September 2019	October 2019
14/01/20	5.0	• Annual Review of policy • Incorporation of applicable AMLCOM terms of Reference	F. Dzinoenda I. Musora F. Machawira.		
06/06/2022	6.0	• Annual Review. • Amendment to s7 to include FCM features that assist in Sanctions screening. • Amendment to s9 to include an exception on the on-boarding of Specially Designated Nationals.	F. Machawira I. Musora T.Gunda.	June 2022	July 2022
18/05/2023	7.0	• Annual Review of policy	J.Chikanga A.Makore F.Machawira	July 2023	October 2023

1. Overview

1.1 CABS (the "Society") is committed to co-operating with the global financial services community in countering money laundering and terrorist financing. To facilitate compliance with anti-money laundering laws, the Society has developed and implemented a detailed set of policies and procedures, including a specific policy relating to screening of customers and transactions against applicable Sanctions and Politically Exposed Persons ("PEPs") lists.

1.2 This Policy is issued in accordance with the relevant AML laws and regulations which apply to the Society. It sets out the principles and standards for compliance with applicable sanctions laws and regulations as well as management of sanctions risks.

1.3 The Board of Directors has the overall responsibility for compliance and management of risks associated with financial crime in CABS.

2. Purpose

This Policy outlines.

a) Principles and measures that CABS adopts to comply with sanctions legislation which include identification, mitigation and managing sanctions risks applicable to its business risk profile.

b) Guidance on the meaning of sanctions and how to comply; and

c) Consequences of failing to comply with this Policy.

3. Applicability

This policy applies to all CABS employees and management and all approved products and services.

4. What Are Sanctions

Sanctions are tools used by governments, international organisations (such as the United Nations) and supranational bodies (such as the European Union) to:

i. Limit the adverse consequences of a situation of international concern (for example, by denying access to military or paramilitary goods, or to goods, technologies or funding that are enabling the pursuit of programs such as the proliferation of weapons of mass destruction)
ii. Seek to influence those responsible for giving rise to a situation of international concern to modify their behaviour (by motivating them to adopt different policies)
iii. Penalise those responsible (for example, by denying access to international travel or to the international financial system)

iv. Deter a range of activities, which may include providing safe sanctuary for international criminals (such as terrorists), nuclear development and abuses of fundamental human rights.

v. Sanctions affect the business operations of financial institutions and their customers by placing restrictions and controls on the movement of goods, services, and funds

vi. Restrictions can include export bans, import bans and prohibitions on the provision of certain specified services; prohibiting certain commercial activities (such as joint ventures and other investment); the transfer of funds to and from a sanctioned country; targeted financial sanctions, which include freezing the assets of and prohibiting any dealings with a government, as well as corporate entities and individuals associated with the situation; travel bans; other financial restrictions.

vii. Sanctions regimes may be subject to frequent and sometimes sudden change. They can also be imposed at any time by any country, international organisation or supranational body, and in general the effect is immediate. Financial institutions must ensure that their business operations comply with applicable sanctions regimes. If CABS fails to execute its responsibilities under applicable sanctions regimes, it could be subject to significant regulatory enforcement action, fines, serious reputation damage and criminal charges in Zimbabwe or elsewhere.

5. CABS' approach to sanctions

This section sets out the key principles and requirements that govern CABS approach to sanctions and the key obligations imposed on its employees and contractors.

5.1In carrying out its compliance obligations, CABS relies on information derived from various sanctions screening mediums/tools as well as information provided to it by its customers and business partners unless it is aware or suspects that those customers and business partners, or the information provided, is unreliable or dishonest.

5.2 CABS reports any breach of a sanction's laws to the appropriate authority in a timely manner and in accordance with law.

5.3 CABS exercises due care in designing and refining business rules and processes to ensure that no individual transaction involves a knowing breach of applicable sanctions obligations.

5.4 The operational approach occurs within the context of industry practice, the level of information ordinarily available in financial transactions, and the generality of the language detailing sanctions obligations.

5.5 CABS undertakes several initiatives to strengthen its ability to ensure its compliance with the requirements of this policy. These include:

a) Continuously assessing its existing systems and making necessary changes to be most effective in accordance with the risk-based approach

b) Continuously monitoring changes in watch lists and customer information and ensuring up-to-date compliance protection

c) Using a Risk-based approach in matching data. This entails using the degree of matches made in conjunction with configurable risk variables such as country, occupation, and relationship risks, to provide better risk assurance and fewer false positives.

d) Frequently updating lists to ensure potential and existing customers, as well as involved parties like beneficial owners, directors, guarantors, and those with special power of attorney, are screened against the latest lists.

e) Using multiple risk factors to provide more accurate indicators of a potential match and highlighting the highest risks by mapping detection typology to the correct risk classifications.

f) Obtaining prior approval from the AML Committee, before entering a business relationship with an identified high-risk customer as per the applicable customer risk categories.

6. Employee obligations

This section sets out obligations of CABS employees. Employees must read and apply this Policy.

Employees must remain vigilant to ensure compliance with this Policy. If an employee suspects a potential breach of CABS obligations under this Policy, they must report that potential breach to the Compliance Department.

Under no circumstances may an employee act to avoid sanctions obligations or detection of a transaction in breach of this Policy. CABS and its employees cannot advise customers on how transactions should be structured or presented to evade applicable sanctions. This includes, but is not limited to, advising customers and counterparties to amend their instructions to include details that may be false or misleading, or changing, removing or omitting information from a transaction that would otherwise lead to detection.

Any attempt by a customer to evade sanctions laws must also be reported.

7. Sanctions Compliance – Screening

CABS has a screening solution, Financial Crime Mitigation (FCM) which is integrated with the Society's core banking system, T24. FCM is a Sanctions screening solution that offers Risk Matrices, Sanctions Alert Management, Profiling solutions and Suspicious Activity Identification. Used in conjunction with Dow jones, the solutions ensure that CABS is compliant with all sanction's regulations.

8. Transaction Screening

CABS conducts real-time transaction screening on all cross-border payments, swifts and cheques in relation to relevant lists of named terrorist and sanctioned entities. CABS uses SWIFT Transaction Screening System for screening all cross-border transactions.

9. **Customer Screening**

The customer screening solution ensures that all-natural persons as well as legal entities and their UBOs, are screened against the relevant lists of named terrorist and sanctioned entities.

Natural persons and legal entities designated by the UN, OFAC and EU shall be highlighted and may be subject to asset freezing with subsequent reporting to appropriate authorities.

Except where approved by the CABS Anti-Money Laundering Committee (AMLCOM), CABS shall terminate any services offered to natural persons and legal entities designated as Specially Designated Nationals (consideration shall also made for in-country PEPs listed as such under the relevant sanctions watchlists).

10. **Reporting**

Where screening identifies a potential match (for example between a customer and a name on a sanctions list), CABS Compliance Officer conducts investigations to determine whether the match is true.

If the match is true, CABS will not establish business relationships with the person or process an international fund transfer on their behalf.

Such matches must be immediately reported to the Financial Intelligence Unit of Zimbabwe (FIU) as prescribed by the Money Laundering and Proceeds of Crime Act (Chapter 9:24).

CABS should notify customers and the Financial Intelligence Unit of Zimbabwe (FIU) of freezing or other action in relation to sanctions obligations as soon as is practicable after the action has been taken.

11. **Training and Awareness**

All CABS employees and senior management must be made aware of the CABS sanctions programme through relevant training which will be conducted annually.

Sanctions training will be provided to employees based on the nature, scale and complexity of their role.

Training will include but will not be limited to the following:

1. Local legal obligations and any relevant international obligations
2. The importance of sanctions compliance to CABS and CABS commitment to compliance with its sanction's obligations
3. CABS sanctions policy and operational compliance procedures.

12. **Record Keeping**
The society will maintain a record of the Sanctions Policy, evidence of screening as well as identified matches that are reported to the Financial Intelligence Unit (FIU). These records will be retained for FIVE (5) years from the date of creation.

13. **Independent Assurance**
Group Internal Audit will assess the extent to which risk management and governance practices are effective and that systems of control are functioning as intended, in line with perceived risk.

14. **Ongoing Risk Monitoring**
The Society must remain alert to changes to the local and international sanctions obligations that might impact its compliance obligations.

15. **Risk tolerance**
i. CABS does not tolerate any breach of the sanctions laws requirements. Any material or systemic breaches should be reported to Compliance.
ii. The Society will not accept either natural person or legal entities as customers (both existing and new customers) if they are subject to financial sanctions.

iii. To comply with financial sanctions regulations, CABS must be able to verify the identity of its customers. Therefore CABS, its employees and agents have an obligation to adhere to set due diligence processes and procedures.
iv. No part of this Policy or its supporting processes should be interpreted as contravening or superseding any other legal and regulatory requirements imposed upon CABS.
v. If other legal regulations impact this area, CABS will examine all legal possibilities to satisfy the legal requirements above and, at the same time, comply with all the other applicable regulations. Should a conflict arise between the requirements within this Policy and any other regulation, Compliance should be contacted.
vi. CABS will take all relevant steps to discontinue the provision of products and services to natural persons and/or legal entities where the Society has a reason to suspect that the natural person and/or the legal entity is or will use the Society's products and/or services for financial crime.

16. **Consequences of non-compliance**
Failure to comply with AML laws and regulations and breaches of financial sanctions can have serious consequences which include punitive fines, injunctions, criminal proceedings, damaged reputations, loss of customers and sanctioning.

All employees are responsible for understanding how this Policy applies to their role.

17. **Policy breaches**
All Policy incidents and breaches must be reported to the Money Laundering Reporting Officer and the Compliance Officer. CABS will take appropriate action after consideration of all the relevant details.

18. **Policy implementation**

The Compliance Officer is responsible for developing a suitable communication plan to publicise the Policy, and its key features, to all employees.

19. **Policy Governance**

This Policy is reviewed annually by the Compliance Officer to ensure it is up to date and aligned to the Society's business risk profile. Material proposed amendments are submitted to the Executive Committee for approval and the BRCC for noting. Nonmaterial amendments are approved by the Head of Compliance, with appropriate oversight from the Executive Committee. In addition, this Policy is reviewed following any substantive changes to sanctions legislation or internal and external factors, including regulatory feedback.