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**MANUAL OF POLICIES AND PROCEDURES FOR  
THE MANAGEMENT OF THE RISK OF MONEY  
LAUNDERING, FINANCING OF TERRORISM AND  
FINANCING OF THE PROLIFERATION OF  
MASSIVE DESTRUCTION WEAPONS**



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## IMPORTANT NOTICE

This document is the property of "Aussie Investment Corp." (hereinafter RedPlus) and its reproduction, modification the partial or total substitution required by its content must be reviewed and approved by the Board of Directors, who will propose the changes that may arise for their due updating in accordance with the policies established by RedPlus as Exchange Operator of the Republic of Panama.

The updating of the Manual of Norms and Policies for the Prevention of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction, has been duly reviewed and approved in all its content by the RedPlus Board of Directors, at its meeting on January 17, 2022.



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## INTRODUCTION

Through the policies and procedures contained in this document, the transactions carried out by RedPlus, to prevent the products and services offered to customers and users in general, from being used as an instrument to hide, manage, invest or take advantage of funds from illicit activities, tending to carry out Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction.

The policies established in this document come mainly from Law 23, of April 27, 2015, which establishes the "Measures for the Prevention of the Crime of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction, in the Republic of Panama, as well as the Executive Decree 363 of August 13, 2015 that the regulation and Agreements Nos. 004 and 005 of 23 October and December 11, 2018, respectively. Similarly, the international standards applicable to our market.

These policies seek to concentrate a series of elements to strengthen controls, including "the adequate identification of clients", "due diligence" and "the nature of the resources traded to the inside the products" This with a Risk-Based approach generated by our products and services, with the purpose of adopting control measures proportional to the exposure of the risks identified for its management.

The correct and timely application of the policies contained in this document seeks to protect RedPlus and its customers, employees, and shareholders, if they fall into situations that could make them worthy of sanctions or fines. In itself, the main objective is aimed at mitigating the operational, reputational and legal risk that It follows from the use of the company as an instrument for Money Laundering, the Financing of Terrorism and the Financing of Weapons of Mass Destruction.

As an Exchange Operator and Operator of International and Domestic Remittances of the Republic of Panama, we are aware of the responsibility before the community, so we must try to avoid the use of our company for illicit activities by criminal organizations that obtain the resources illegally or allocate funds to finance terrorist actions that threaten peace and global wellness



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To achieve this goal, it is important that RedPlus officials know and properly and objectively manage the policies contained in this manual, with a high sense of awareness and responsibility, the result of which should not be anything other than being able to provide a safe and secure service. efficiently to our clients and users.

Taking into account the foregoing, the policies and procedures contained in this manual are mandatory for the directives and employees of RedPlus.





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## CORPORATE COMMITMENT

Money Laundering, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction generate great social and economic problems at a global and local level. In this sense, RedPlus reaffirms the ethical commitment of its Shareholders, Board of Directors, Senior Management and all staff to maintain due diligence and focus their controls based on the risk of being used for the commission of these crimes, the necessary care to prevent the operations it processes from being used as vehicle for the concealment of illicitly obtained money or to finance acts of terrorist groups.

We emphasize our obligation to collaborate with the authorities of the Republic of Panama, as establish the current laws. RedPlus always bears in mind the principle of maintaining high morale at work. based on the ethical, honest, and upright performance of all its personnel.

This document is a tool to strengthen the controls and the application of the "Know your client", "Due Diligence" "Nature of Funds" and "Risk-Based Approach" concepts, which will be essential in the development of the businesses that RedPlus carries out locally and internationally.



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## CORPORATE RESPONSABILITY

For the exclusive purposes of sanctions, the acts and conduct of the directives, dignitary, executive, administrative or operations of RedPlus, will be attributable in the exercise of the activities on whose behalf they act. Similarly, the natural persons who are the authors of acts and conduct related to Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction, remain subject to the civil and criminal responsibilities that may arise.



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## CHAPTER I

### GENERAL RATINGS

#### 1. OBJECTIVES

Panamanian society must be committed to combating Money Laundering and Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction, in this context, this manual aims to set the parameters within which RedPlus adopts the policies for counteract the devastating effects of this global problem. In this sense, the regulations, and the methodology necessary for the detection of unusual or suspicious operations, with the purpose of collaborate with the efforts of national and international authorities to combat these crimes.

#### 2. SCOPE

The Rules and Policies for the Prevention of Money Laundering, Financing of Terrorism, and the Financing of the Proliferation of Weapons of Mass Destruction Manual, includes from the organizational structure of the RedPlus branches, up to the description of the procedures that are carried out in them to prevent these crimes. Consequently, its use and application involve the Board of Directors, the Directives and officers of RedPlus.

#### 3. RESPONSIBILITIES

The prevention of money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction, is the responsibility of the Board of Directors, Directors and all RedPlus officials.

From RedPlus, encourage adherence to current legislation, to the rules issued on the matter by the regulatory entities, to the ethical principles that govern the conduct of the entity, the implementation of processes effective for the timely detection of the use of the company as a vehicle for illicit operations and cooperation with the authorities.

Officials are expected to report to the Compliance Officer all those operations that meet the conditions to be classified as unusual and/or suspicious, leaving proof of identification who made them.



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Of the Clients, provide reliable information and documentation that allows their identity and personal data to be verified, in such a way that the pertinent actions can be carried out to carry out the adequate Due Diligence and Extended Due Diligence that corresponds in order to achieve the adequate identification of the client, check the activities carried out and the consistency of these with the amounts traded through the operations that it processes in RedPlus.

#### 4. GENERALITIES

- For the purposes of updating the policies, standards and procedures contained in this manual, the Compliance Officer will be responsible for proposing changes or updates to the current standards to the RedPlus Board of Directors, seeking to continually strengthen the policies and established controls.
- The Compliance Officer and the Manager of each Branch must provide the necessary collaboration to the officers in charge of processing the operations, ensuring that the policies, rules and Procedures are complied with in accordance with the Law and the Prevention and Control Culture of RedPlus.
- This manual is a constant reference and guidance tool for the Board of Directors, the Directors and RedPlus officials. Therefore, it must be available to them.
- The Compliance Officer will be in charge of updating this manual, either because the regulations in force in the Republic of Panama are modified, or because internal policies so demand



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## CHAPTER II

### CONSIDERATIONS, CONCEPTS AND GENERAL PROVISIONS

#### 1. CONSIDERATIONS

The Board of Directors of RedPlus, in its commitment to timely prevent money laundering and financing of terrorism, set as its purpose to create a culture of solid compliance, within which all negotiations carried out by the entity will be governed and its main objectives will be:

- Have prevention and control procedures related to money laundering, financing of terrorism and the financing of the proliferation of weapons of mass destruction.
- Provide officials with clear concepts on money laundering, financing of terrorism and the financing of the proliferation of weapons of mass destruction.
- Adopt broad and sufficient policies regarding the knowledge of the client.
- Have the necessary mechanisms and procedures that allow their officials to detect unusual operations that could indicate that there are doubts about the persons or entities that carry them out.
- Strictly comply with national regulations, as well as international standards that regulate the issue of prevention of money laundering and financing of terrorism.
- Have the necessary technical and operational resources to avoid civil, criminal and commercial type sanctions for RedPlus and its officials.
- Protect RedPlus's, clients, directors, and employee's reputation.



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## 2. CONCEPTS

### 2.1 Money Laundering:

Set of means or procedures used to change and hide the identity of the money obtained illegally, with the purpose of giving it the appearance of legality, which includes disguising the origin and true ownership of the funds to be traded.

Money laundering has a single purpose, to legalize money from an illicit activity, which is done, among others, through different means such as:

- ◆ The banking system
- ◆ The stock market system
- ◆ The exchange system
- ◆ Purchase of shares

### 2.2 Stages of Money Laundering

To ensure that illicitly obtained money permeates the different systems of the world economy, Criminals who engage in this activity carry it out through the following stages:

- ◆ Placement
- ◆ Stratification
- ◆ Integration

#### 2.2.1 Placement Stage

Since this is the beginning of the process of legalizing illegally obtained money, the criminal introduces money into the economic system through different activities and for this he may use the following modalities:

- ◆ Deposit of large amounts in installments to evade controls
- ◆ Sending remittances in installments to evade controls.



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- ◆ Use of different financial services.
- ◆ Services of other types of institutions that allow them to filter cash for later introduce it to the banking system through different maneuvers.

### 2.2.2 Stratification Stage

At this stage, the intention is to separate the initially traded money from the crime as such, in this sense, the one who intends to launder money carries out a wide variety of operations through the means that he managed penetrate, and in this way lose the dark trail that money initially had, for this it does operations of:

- ◆ Transactions between open accounts for the purpose of laundering illicit capital.
- ◆ Buy, through the different operations generated in the accounts opened by figureheads, bonds and different monetary instruments.
- ◆ Withdraw sums of money deposited in installments, in negotiable instruments for high values, with the purpose of acquiring movable and immovable property.
- ◆ Bankrupt companies begin to generate dividends that make them look prosperous and profitable to society.

### 2.2.3 Integration Stage

Once the criminal dedicated to money laundering reaches this, the last stage of the process, he seeks that all the goods that were supplied through the initial stages, are conceived as legal and, through these, other operations are carried out that make it impossible to distinguish what is legal from what is illegal, mainly because they are, in the light of the economy, the goods and legal instruments and everything that turns to his surroundings do not generate any doubt about it



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### 2.3 Characteristics of Money Laundering

Next, a series of characteristics are described which have the vitiated operations of some type of irregularity, which have only one purpose, to hide the illicit origin of the money that is traded through of this:

- ◆ With the passage of time, clients become normal within the profile they gave to the client at beginning of the relationship with the entity.
- ◆ When the goods reach the third of the stages, it is almost impossible to detect that it is resources from illicit activities.
- ◆ The methods used by the offender engaged in this activity are sophisticated and complex to decipher.
- ◆ Due to the globalization of the economy, the criminal dedicated to the activity of money laundering uses various forms that allow it to confuse and disguise the money obtained illicitly.

### 2.4 Money Laundering Crimes

Article 254 of the Criminal Code:

“Whoever, personally or through an intermediary, receives, deposits, negotiates, transfers, or converts money, certificates, securities, goods or other financial resources, reasonably foreseeing that they come from activities related to:

- ◆ International Bribery.
- ◆ Crimes against Copyright and Related Rights.
- ◆ Crimes against Industrial Property Rights.
- ◆ Smuggling of Migrants.
- ◆ Human Trafficking



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- ◆ Organs trafficking.
- ◆ Crimes against the environment.
- ◆ Crimes of Sexual Exploitation.
- ◆ Crimes against the legal personality of the state.
- ◆ Crimes against the legal security of electronic media.
- ◆ Qualified scam.
- ◆ Robbery.
- ◆ Financial crimes.
- ◆ Kidnapping.
- ◆ Extortion.
- ◆ Murder for price or reward.
- ◆ Embezzlement.
- ◆ Corruption of public servants.
- ◆ Unjustified enrichment.
- ◆ Pornography and corruption of minors.
- ◆ Theft or international traffic of vehicles, their parts, and their components.
- ◆ Falsification of documents in general.
- ◆ Omission or falsity of the traveler's customs declaration regarding money, securities or negotiable documents.

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- ◆ counterfeit currency and other valuables.
- ◆ Crimes against the historical heritage of the nation.
- ◆ Crimes against the national treasury.
- ◆ Crimes against collective security.
- ◆ Terrorism and financing of terrorism.
- ◆ Drug-related offences.
- ◆ Piracy.
- ◆ Organized crime.
- ◆ Illicit Association.
- ◆ Gang membership.
- ◆ Possession and trafficking of weapons and explosives and appropriation and violent removal of the material beginning traffic and reception of things provident of the crime.
- ◆ Smuggling crimes.
- ◆ Customs fraud.

With the purpose of hiding, covering up or disguising its illicit origin or helping to avoid the legal consequences of these punishable acts”.

## 2.5 Financing of Terrorism

The Republic of Panama, in its commitment to counteract the actions of criminal groups that finance terrorism, sanctioned Law 50 of July 2, 2003, which adds Chapter VI, called “Terrorism”, articles 264-A, 264-B, 264-C, 264-D and 264-E, Title VII of Book II of the Penal Code and the numeral 5 to article 127 of the Judicial Code. Consequently, Article 264 A defines terrorism as



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“Who individually or belonging to, acting in the service of or collaborating with armed gangs, organizations or groups, whose purpose is to subvert the constitutional order or seriously alter public peace, carry out acts against people, property, public services or the means of communication and transportation, which cause alarm, fear or terror the population or in a group or sector of it, using explosives, toxic substances, weapons, fire, flood or any other means of violence or mass destruction, will be punished with a sentence of 15 to 20 years in prison”.

Due to the foregoing, and given that detecting the origin of the financing of terrorism has become one of the greatest challenges for the Panamanian authorities, as of July 2003, they will sanction anyone who intentionally finances, subsidizes, hides or transfers money or property to be used in the commission of any of the acts cited in Article 264A of the Criminal Code, even if it does not intervene in its execution or they are not consummated, it will be sanctioned with 15 to 20 years in prison.

Through Law 23 of April 27, 2015, the Republic of Panama adopted measures to prevent the Financing of Terrorism, introducing with it, the application of Basic Due Diligence, Expanded or Reinforced and Simplified, as well as the control approach, based on the risk of the activity.

## 2.6 Characteristics of Terrorist Financing

- ◆ The funds traded, in most cases, are for smaller amounts that do not cause any suspicion.
- ◆ The recipients of these funds are members of radical organizations that seek to commit a terrorist act.
- ◆ Fund recipients have an action plan aimed at spreading hate (Ethnic, religious, political, cultural, etc.).
- ◆ These people, for the most part, belong to an organization of International operational networks.
- ◆ The recipients of the funds transferred to finance terrorist causes are radicalists with total and absolute conviction that the plan to be executed is for a just cause that affects your conglomerate.



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- ◆ The moneys object of the financing of terrorism, in general, are the property of some member of the conglomerate, with conviction and radical beliefs.

## 2.7 Financing the Proliferation of Massive destruction weapons

The International Financial Action Task Force "FATF" defined the Financing of the Proliferation of Weapons of Massive Destruction as any act that provides funds or uses financial services, in whole or in part, for the manufacture, acquisition, possession, development, export, transfer of material, fractioning, transporting, transferring, storing or using nuclear, chemical or biological weapons, their means of delivery and other related materials (including dual-use technologies and goods for illegitimate purposes) in contravention of national laws or international obligations, when this the latter is applicable.

By virtue of the foregoing, in the 40 Recommendations published in February 2012, I include a new recommendation, identified with number 7, by which the states must adopt measures aimed at preventing, suppressing and dismantling the proliferation of weapons of massive destruction and its financing.

In particular, this recommendation is aimed at the application of financial sanctions by virtue of what is stipulated in United Nations Security Council Resolutions Nos. 1718 (2006), 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010). Although the FATF has not yet agreed on a valid working definition of the term "proliferation financing", it is understood, as published by this international group in the document.

## 2.8 Voluntary Blindness

The official who accepts funds knowing their origin and deliberately avoids asking questions, carrying out verifications or omitting to report them to the appropriate person within RedPlus, is collaborating with said activities and therefore can be accused of concealment.

## 3. GENERAL PROVISIONS

### 3.1 Obligated Subjects

*RedPlus* is a company incorporated under the laws of the Republic of Panama and is under the supervision of the Superintendence of Banks of Panama -SBP-, the Ministry of Industry and Commerce -MICI-; authorized to operate as a Foreign Exchange House in September 2013 and as a Money Remittance House through the



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resolution 241 of September 22, 2014 and has the obligation to exercise control to ensure that the policies and regulations contained in this manual, respond to the requirements of Laws 41 and 42 of October 2000 and Law 50 of July 2 of 2003 and Resolution JD-008-08 of July 24, 2008.

### 3.2 Financial Analysis Unit - UAF

Institution created in 1995, through Executive Decree No.136, dated June 9 of that year. The Financial Analysis Unit is an administrative state agency that receives financial information and reports of suspicious operations of money laundering and financing of terrorism and the Financing of the Proliferation of Weapons of Mass Destruction.

### 3.3 Knowledge of the Client

Knowledge of the client, as part of *RedPlus* policies, is a fundamental aspect of the activity of the entity. Therefore, it has established procedures and mechanisms for customer identification and determination of their economic activity to prevent money laundering and the financing of terrorism and the Financing of the Proliferation of Weapons of Mass Destruction.

Exercising a know-your-customer policy at RedPlus not only allows proper business development, but also prevents and controls the occurrence of money laundering and terrorist financing operations and the Financing of Proliferation of Weapons of Mass Destruction.

### 3.4 Unusual Operation

That whose amount and characteristics from the point of view of an Exchange House and money remittance Company, is not reasonably related to the development of the activities declared by the client once the Due Diligence has been carried out.

### 3.5 Suspicious Operation

Those transactions that, according to the uses and customs of the activity in question, as well as the experience and suitability of the persons obliged to report, are unusual and that after the pertinent justifications are required, a full justification is not found regarding the origin of the money traded. That is to say, the unusual becomes suspicious, once the official does not obtain from the client solid arguments that justify the transaction carried out.

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## CHAPTER III

### REGULATORY FRAMEWORK

The main legal regulations that regulate the subject of money laundering, the financing of terrorism and the financing the proliferation of weapons of mass destruction in the Republic of Panama are the following:

#### 1. NATIONAL REGULATIONS

REGULATIONS	DESCRIPTION
Law 41 of October 2, 2000	Addition of Chapter VI, called Money Laundering, to Titles XII and XIII, to the Book II of the Criminal Code.
Law 42 of October 2, 2000	Establishes Measures for the Prevention of the Crime of Money Laundering
Decree N°. 163 of October from 2000	The Financial Analysis Unit -UAF- is created for the Prevention of Money Laundering.
Law N°. 10 of March 31 of 2015	That modifies and adds articles to the Criminal Code (Article 254)
Law No. 23 of April 27 from 2015	That it adopts measures to prevent money laundering, the financing of terrorism and financing of the proliferation of weapons of mass destruction and dictates other provisions.
Law No. 34 of May 8 of 2015	That modifies and adds articles to the Criminal Code and dictates other provisions. (Article 254)
Executive Decree No. 587 from August 4, 2015	Which regulates the preventive freezing developed in Title VI of Law 23 of the April 27, 2015, through which measures are adopted to prevent money laundering capital, the financing of terrorism and the financing of the proliferation of weapons of mass destruction and makes other provisions.

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REGULATIONS	DESCRIPTION
Executive Decree N°. 363 from August 13, 2015	Which regulates Law 23 of April 27, 2015, which adopts measures to prevent money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, and dictates other provisions
Law N°.21 of May 10 of 2017	By which article 22 of Law 23 of 2015 is modified, adding remittance companies as an obligated subject to the supervision of the Superintendence of Banks, in matters of prevention of money laundering, financing of terrorism, and financing of the proliferation of weapons of mass destruction.
Agreement No. 08 2017 of the September 19, 2017.	That modifies numeral 1 of agreement No. 5-2015 of May 26, 2015, on the prevention of improper use of the services provided by other obligated subjects, including money remittance companies, under the supervision of the Superintendency of Banks of Panama.
Agreement No.004 of 23 October 2108	Through which the guidelines are established for the prevention of improper use of the services provided by money remittance companies.

In addition to the norms cited in the preceding table, the policies contained in this manual are supported by the provisions emerging from the main international standards on the matter, namely:

- United Nations Organization -UN-, the first international organization to undertake actions to combat money laundering.
- FATF (Financial Action Task Force) “Forty Recommendations”.
- Basel Committee, international body that formulates standards and sets guidelines for supervision, namely:
  - Declaration on the Prevention of Criminal Use of the Banking System for Money Laundering Purposes.
  - Due diligence with customers.
  - Know Your Customer Risk Management



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- ◆ Wolfsberg Group, principles issued as:
  - Declaration against corruption.
  - Statement on the monitoring of transactions.
  - Principles for the prevention of money laundering in Correspondent Banking.
  - Declaration on the suppression of the financing of terrorism
  - Principle on the prevention of money laundering in private banking

◆ Bank Secrecy Act (BSA)

Since the creation of this law in 1970, the US has oriented the controls to Prevent the Money Laundering and all international organizations have set guidelines against this scourge taking this law as a reference.

◆ USA Patriot Act.

Law enacted by the US Congress, after the terrorist acts that occurred in the year 2000, whose fundamental purpose was to fully identify the originators and beneficiaries of the operations processed in the financial system, even based on what regarding due diligence and extended due diligence that was replicated in all the world control models





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## CHAPTER IV

### ORGANIZATIONAL STRUCTURE

#### 1. BOARD OF DIRECTORS

As the main administrative body, the *RedPlus* Board of Directors will have the following direct participation in matters of Control and Prevention of Money Laundering, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction:

- ◆ Establish policies for the prevention of money laundering, financing of terrorism and the proliferation of financing weapons of massive destruction.
- ◆ Designate a Compliance Officer who is in charge of ensuring compliance with the rules, policies and provisions that govern the matter within *RedPlus*.
- ◆ Organize the technical and human resources necessary to implement and maintain operation of an adequate system for the prevention and control of money laundering, the financing of terrorism and financing of the proliferation of weapons of massive destruction.
- ◆ Discuss the reports that the Compliance Officer presents on his management.

#### 2. COMPLIANCE OFFICER

##### 2.1 Designation

As an obligated subject, it is up to *RedPlus* to designate a Compliance Officer, who will be appointed by the Board of Directors. This official will be in charge of the obligation to ensure compliance with the policies that, in terms of prevention and control of money laundering, financing of terrorism and the financing of the proliferation of weapons of mass destruction adopts and implements the entity, ensuring that these are always oriented under the normative precepts of the Republic of Panama, as well as the international standards that govern the matter.



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## 2.2 Responsibilities

- ◆ Evaluate the actions of *RedPlus* regarding the legal requirements regarding money laundering, capital, the financing of terrorism and the financing of the proliferation of weapons of massive destruction.
- ◆ Formulate strategies to establish necessary and appropriate controls, based on the risk of exposure to which the entity is exposed in terms of money laundering, financing of terrorism and financing of the proliferation of weapons of massive destruction.
- ◆ Ensure the correct application of the specific procedures for the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of massive destruction by officials.
- ◆ Send to the authorities the information that the entity usually must send within the development of its activity, adhering to the deadlines set for that purpose.
- ◆ Report to the UAF the operations that, according to its criteria and analysis, makes them suspicious and therefore should be known to this body.
- ◆ Respond in a timely manner to requests for information that the competent authorities make on the operations processed by the entity.
- ◆ Ensure that the updating of the manual of policies and procedures for the prevention of money laundering, financing of terrorism and financing of proliferation of weapons of massive destruction is carried out in a timely manner in accordance with the regulations in force and the business environment.
- ◆ Continuously promote the culture of compliance in *RedPlus*.



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- ◆ Ensure that the information and documents inherent in the reports of suspicious operations to the UAF are kept under the necessary measures and care to attend any request from the competent authorities, after the report.
- ◆ Serve as a link between *RedPlus* and the Superintendence of Banks of Panama -SBP-, in everything related to the Policies and Procedures for the Prevention of Money Laundering, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive destruction.
- ◆ Serve as a liaison between *RedPlus*, the Directorate of Financial Companies of the Ministry of Commerce and Industries of Panama and the Financial Analysis Unit (UAF).



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## CHAPTER V

### POLITICS AND PROCEDURES

#### 1. CUSTOMER

For the purposes of Agreement 004-2018 and Agreement 005-20018 of the Superintendence of Banks, client is any natural person who establishes, maintains, or has maintained, habitually or occasionally, a contractual or business relationship with a money remittance company in the case of the first of the agreements cited and, in relation to the second, client is any natural person who establishes, maintains or has maintained, in a formal or occasional way, a contractual or business relationship with an exchange house.

##### 1.1 Knowledge of the Client

The knowledge of the client is the basic and fundamental principle so that the prevention mechanisms implemented within the products and services that *RedPlus* offers are efficient and lead in timely manner to the detection of unusual or suspicious operations of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, mainly because this will allow knowing whether or not there is congruence between the amounts traded and the activity performed by the client and/or the user. In the same way, it allows to objectively evaluate if the services that it demands have any relation with that activity.

The control objectives on which the know-your-customer principle is based are, among others, the following:

- ◆ Full identification of the client, verifying the documents provided by the client.
- ◆ Identification of the origin of the funds that he intends to transact through the entity.
- ◆ Documentation evidencing the activity carried out.
- ◆ Initially, the responsibility for knowing the client corresponds to the person who has the relationship and/or contact with him.

The foregoing allows us to identify two types of customers, namely:



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- ◆ **Eventual Customer**, which is any person who requires or requests a service of the products or services offered by RedPlus for once, it can be a tourist. It can also be distinguished as a user of RedPlus services.
- ◆ **Frequent Customer**, is any person who regularly or habitually uses the services and products offered by RedPlus. In these cases, the “Customer File” will be opened.

Based on the foregoing, individual records will be established for each operation processed in *RedPlus*, in order to obtain and keep updated the information necessary to reliably determine the identification of the client, its location and the economic activities to which it is engaged, in order to define its financial profile and adopt segmentation parameters, by risk levels, by product class or any other criterion that allows identifying unusual operations and / or suspicious.

No operations shall be carried out anonymously or in the name of people who are not sufficiently identified or who do not have their proper and legal identification (laminated identity card and/or passport in force), with fictitious names, passwords or numbers that substitute the true identity of the person.

In compliance with Law 23 of April 27, 2015, the following policies have been defined on knowledge of the clients, which must be fulfilled by the Branch and Office Operators:

- ◆ The linking of clients for any product or service offered by *RedPlus* must be made only with the completion of the service request form (according to the case for a natural or legal person).
- ◆ Carry out the identification of clients through the completion of forms Request for Services prepared in accordance with our professional practice and the corresponding Legal needs.
- ◆ Ask the client to fill out the Statement of Origin of Funds.
- ◆ Leave evidence by signing the reference check and activity log by the client



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- ◆ The documentation provided by the client will be reviewed and approved by the Compliance officer.
- ◆ The updating of customer information must be carried out at least once a year. However, within the opening contracts, *RedPlus* has included the obligation of its clients to keep the information updated, whenever changes are made or relevant modifications.
- ◆ In the case of inactive products, the update of the customer information must be performed at the time in which operations are intended to be carried out through it.
- ◆ *RedPlus* officials must deepen their knowledge of the origin of resources and the activities of the following types of customers:
  - Politically exposed persons PEPS.
  - Political campaigns.
  - Offshore Companies.
  - Casinos.
  - Nonprofit organizations.

## 2. CUSTOMER REGISTRATION

The essential basis of effective and efficient control is based on the information that is recorded from the client to know who he is and the activity on which he obtains the resources he intends to transact with *RedPlus*.

### 2.1 Requirements for Customer Registration

#### 2.1 .1 Temporary Local Natural Person

- ◆ Submit citizenship card.



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- ◆ Basic information for the registration of the operation (Mandatory).

2.1.2 Frequent Local Natural Person

- ◆ Copy of citizenship card (in front).
- ◆ Basic information for the registration of the operation (Mandatory).
- ◆ Home address, profession or trade, telephone numbers, age and activity carried out.
- ◆ A receipt proving your address, bank references.
- ◆ Fill out the origin and destination of funds form.
- ◆ Affidavit of not being involved in the crime of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction.

2.1.3 Temporary Foreign Natural Person

- ◆ Present passport.
- ◆ Basic information for registering the operation (mandatory).

2.1.4 Frequent Foreign Natural Person

- ◆ Copy of valid passport
- ◆ Basic information for the registration of the operation (Mandatory).
- ◆ Address, profession or occupation, telephone numbers, age and activity carried out.
- ◆ Fill out the origin and destination of funds form.
- ◆ Affidavit, of not lending for the crime of Money Laundering and financing of Terrorism.

The analysis of the information obtained from our clients will allow us to establish their profile, through the following data: source of income through interviews, investment experience, objectives, capacity financial and risk preference, equity analysis of the last 2 years, type, number, volume and frequency of transactions, statement of the beneficial owners of the account, and statements of related people.

2.2 Politically Exposed Persons “PEP”



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In compliance with the provisions of Numeral 18 of Article 4 of Law 23 of 2015, and ratified by the Article 17 of Agreement 004-2018 of the Superintendence of Banks, *RedPlus* will carry out a due Diligence extended to the client and ultimate beneficiary, in the case of persons classified as Politically Exposed, national or foreign, under the premise that a person has this quality from his appointment until his removal from office and for a period of two years from the time he ceases to exercise the functions and obligations for which he was qualified as a PEP.

### 3. KNOWLEDGE OF CLIENT OPERATIONS

It is the duty of the Branch Manager and the Compliance Officer, or whoever engages the client know:

- ◆ The origin of the client's resources and his economic activity.
- ◆ The country of origin of the resources and whether the country complies with international standards regarding control and fight against money laundering and financing of terrorism.
- ◆ If the person is a Politically Exposed -PEP-.
- ◆ The means by which the operations intended to be carried out in *RedPlus* will be conducted.

#### 3.1 Identification of Beneficiaries

Beneficiary is any natural or legal person who, without being a client, is the owner of the resources and is empowered to dispose of them. However, it is the responsibility of the official who process the operation, fully identify the beneficiary, in accordance with the policies and procedures established for this purpose.

#### 3.2 New Products and Services

It is the responsibility of the Board of Directors and the *RedPlus* Compliance Officer to analyze all new product or service, before offering it to the public.

#### 3.3 New Jurisdictions, Products, Services or Distribution Channels





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The incursion into a new jurisdiction or the provision of services through a new channel or the adoption within a channel of a new product/service should have the concept of the entity's Compliance Officer, prior to offering it to the public.

### 3.4 Limitations for the Linking of Clients or Provision of Services

With the purpose of preventing the products and services that *RedPlus* offers and provides to its customers and users, from being used by people whose sources of funds may involve illicit activities, for the concealment, management, investment or use of money or other assets, sources of criminal activities or to give the appearance of legality to said activities or to the transactions and funds linked to the same, will refrain from linking the following categories of clients:

- ◆ People who are included in restrictive lists, especially those allegedly linked to drug trafficking, terrorism or organized crime, issued by the regulator, local authorities and international organizations.
- ◆ People or entities that unjustifiably do not deliver the required documentation or that at binding time an alert signal is determined.
- ◆ The following categories of clients will only be accepted with compliance with the special procedure for high-risk clients:
  - Casinos.
  - House of games and chance.
  - Pawnshops.
  - Unregulated money tables.
  - Sectors of the economy that may become clients at risk of money laundering, financing of terrorism and financing of the destruction of weapons of mass destruction.

### 3.5 Customer Transactions



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At the time of processing the remittance and/or currency purchase and sale operation that the client wishes to carry out, it must be validated if, in terms of its amount, it is consistent with the commercial activity carried out by the person who intends to carry it out and, in case of noticing reasonable differences that do not justify carrying out the operation, additional measures will have to be taken.

### 3.6 Due Diligence for High-Risk Clients

In the events in which the client and/or the final beneficiary are classified as "High Risk" by the risk matrix implemented by *RedPlus*, an Extended Due Diligence will be carried out, which must be executed according to the following guidelines:

- ◆ Obtain management approval to maintain and/or maintain business relationships with the client in the events that apply.
- ◆ As they are high-risk clients, ensure continuous monitoring of the operations that process in RedPlus.

In addition to customers who, due to their condition, are classified as "High Risk", they are considered within of this category are detailed below:

- ◆ Politically exposed persons "PEP".
- ◆ Customers who carry out individual or accumulated operations in the calendar month equal to or over Ten Thousand dollars (US\$10,000.00).
- ◆ Clients with capital or partners from countries considered non-cooperative by the FATF.

### 4. REQUEST FOR SERVICES

It is important to take into account the following instructions when filling out the "Application for Services" in order to have an adequate knowledge of the client and especially of the activities that this makes:

**¡REMEMBER THAT ALL FIELDS ARE MANDATORY!**



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- ◆ Fill in all the fields indicating name, surname, date of birth, marital status, profession or trade, real and current occupation of the owner of the product and of those who appear as beneficiaries when that is the case, personal and work address, phone numbers, postal address, email and fax.
- ◆ Indicate occupation, monthly income and expenses, and total assets and liabilities, writing zero if none, the objectives of the operation and risk tolerance.
- ◆ Detail the source of income other than the main activity
- ◆ Indicate in the corresponding field if the person is a PEP and detail at the end of the format the activity, position and if he manages public resources.
- ◆ Fill out the Declaration of Origin of Funds indicating the general origin of the money that it intends to manage through the operation that it intends to carry out.
- ◆ Sign with the document number and date, as proof of understanding and the veracity of the information provided.
- ◆ Fill out by the official who performs the link, the concept of the client indicating the detailed activity, with what resources and for what purpose the product is constituted or the operation is intended to be carried out through RedPlus. This concept must be accompanied of the date, place and name
- ◆ If the connection is for a political campaign or for a client with risky activity (casino, pawn shop, among others), special procedures must be taken into account indicating the activity in the respective format.

## 5. VERIFICATION OF INFORMATION

All customer relationship must be subject to verification of the information for which they must be filled out the attached data verification formats, namely:



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- ◆ Verify the general data and labor information indicating (C) if applicable or (NC) if not applicable. Any observation in this regard should be included in the field of observations.

## 6. KNOWLEDGE OF THE INTERNATIONAL AGENT

Commercial relations with the International Agents with which *RedPlus* maintains contractual relations, will be oriented under the following guidelines:

- ◆ Filling out the form called “Knowledge of the International Agent”
- ◆ Company Incorporation Documents.
- ◆ License and/or Permit Issued by the Competent Authority to Operate as a Remittance Agent and/or Money Services Business (MSB).
- ◆ Policies for the Prevention and Control of Money Laundering and Financing of Terrorism.
- ◆ Know Your Customer Policies.
- ◆ Operations Control Policies and Due Diligence to its clients.
- ◆ Correspondent Contract (signed by the legal representative), specifying the commitment of both parties to comply with the rules of prevention and control of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, in accordance with international standards on the matter and its application in the Republic of Panama;
- ◆ Photocopy of the identity document of the legal representative;
- ◆ Evidence of the validation of the company, shareholders and legal representative by the control lists;

This policy applies to all International Agents with whom *RedPlus* has contractual relations and the person responsible for carrying out the knowledge process is the Compliance Officer, once the instruction is received from the *RedPlus* Management to start the process of linking an International Agent.

### 6.1 Linking Process of an International Agent



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- ◆ It must be verified that the "Knowledge of the International Agent" form is duly completed in each of its parts and, likewise, signed by the legal representative.
- ◆ Validate that the documents described in the check-list are in their entirety:
  - Document of Constitution of the company.
  - License from the competent authority
  - Prevention and Control Policies.
  - Know Your Customer Policies.
  - Operations Monitoring Policies and Due Diligence.
  - Contract.
  - Identity document of the legal representative.
  - Financial statements for the last fiscal year.

#### 6.2 Validation Process of the Information Provided by an International Agent

Once the required documents have been received by the International Agent, they must be organized and register in a file that contains the name of this and, likewise, register in such a way that its verification is facilitated, as follows:

#### 6.3 Chapter I

- ◆ International Agent Information:
  - Link Form.

#### 6.4 Chapter II

- ◆ Legal Information:
  - License to Operate in the respective country.
  - Constitution Documents.



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- Organization chart of the International Agent (if any).
- Information related to shareholders.
- Financial statements.
- Evidence of validation in the control lists of the company and shareholders.

### 6.5 Chapter III

- ◆ Policies:
  - Prevention and control of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Massive Destruction weapons.
  - Knowledge of the client.
  - Monitoring and Due Diligence.

The verification of the information must be carried out based on the concordance between all the documents sent by the International Agent and the consultation on the web pages of foreign regulatory entities, about information that is available for confirmation.

The Compliance Officer must validate and certify the correct completion of the International Agent Knowledge Form”, designed so that *RedPlus*, in compliance with agreement 004 of 2018, obtains adequate knowledge of the International Agent and, likewise, ensures compliance with the obligations of Article 7 of the aforementioned agreement, regarding the "Contractual Obligations Performed with International Agents”

Annually, the Compliance Officer must require the International Agent to update the following information:

- ◆ Financial statements.
- ◆ Changes in prevention and control policies.

## 7. THE CHECKLISTS



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Any person who intends to join and/or carry out an operation in RedPlus will be consulted in the lists of control including the UN and OFAC, prior to any type of commercial relationship. In the events in which the system detects any coincidence, this must be consulted with the Compliance Officer, who will be in charge of denying or authorizing the operation or customer relationship, once the analyzes and respective validations are performed.

### 7.1 Customer Base Validation vs. Control Lists

Every time the international control lists (UN, OFAC) are updated, they will be compared against the *RedPlus* customer base, which should be done in accordance with the following guidelines:

- ◆ Frequency: in real time (every time these entities make updates), the company that issued the software license must notify *RedPlus* that the international control lists (UN, OFAC) have been updated and, the Compliance Officer, validate the updated information against the *RedPlus* database, in order to verify that none of the people included in it is a client and/or has processed an operation, for which you must take into account that:
  - The *RedPlus* Client base will be converted to Excel and the names to be validated will be filtered against this file.
  - The coincidences found must be confronted and discarded in 100%.
  - In the events in which the coincidences are negative, they must have the evidence that supports the respective rejection.
  - When the matches are 100% positive, you must immediately make a report on the operations processed by the client to the UAF and immediately block the client.
  - In positive match events, you will need to write a report detailing the findings and actions taken to the Board of Directors.

### 7.2 Evidence



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Any validation of the database against the control lists must be recorded chronologically in a digital file, under the name "Database Validation", in which the following information is recorded:

- ◆ Date.
- ◆ Validated information (the names of the compared records).
- ◆ Details of the findings (coincidences).
- ◆ Discards supports (on matches).

## 8. CORRESPONDENT BANKS

Any new relationship with a correspondent bank must have an analysis that allows identifying the risks related to ML/FT/FPWMD and determine due diligence. Your approval will be made by the Compliance Officer, the General Manager and the Board of Directors, considering the following facts:

- ◆ The nature of the business of the financial entity, foreign and the market.
- ◆ The type or purpose of the agent's relationship.
- ◆ The nature and duration of the relationship.
- ◆ Determine the level of supervision and regulation of the foreign entity and the jurisdiction where it is incorporated.
- ◆ Determine that the country in which the bank is incorporated does not belong to the list of non-cooperative countries of the FATF (International Financial Action Task Force) <http://www.fatfgafi.org/>.
- ◆ Determine that the bank is not registered in countries with weaknesses in ML/TF/FPWMD policies or that are facilitators of arms or drug trafficking.
- ◆ Review the policies implemented by the bank for the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of massive destruction.

## 9. MONITORING OF OPERATIONS





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Pursuant to Agreement 004-2018, Article 23, "Monitoring Tool" it is up to *RedPlus* to have a tracking and monitoring system for customer transactions, aligned with the products, geography, channels, and related agents, which allows identifying typologies and, likewise, generate reports that include the following information:

- ◆ Customer data.
- ◆ History of transactions made by the client.
- ◆ Description of the transaction.
- ◆ Relationship between the transactions of each client with other clients.
- ◆ Historical risk categories of customers.
- ◆ Alerts generated by each client.
- ◆ Statistics of alerts generated, closed and in process, with supporting documents.

Once the relationship with the client is established, *RedPlus*, through its controls, will carry out permanent surveillance of the transactions processed by it, in order to detect any change in the client's normal operations.

The monitoring carried out by *RedPlus* to the operations processed by clients and users has guidelines that define the profile and generate alert signals that differ from the parameters with which the client and/or the user was registered.

If any difference and/or change is detected in the usual way of operating any client and/or user, information tending to justify said change must be requested immediately. If, in the opinion of the official who carries out the management, the explanations, justifications and documents of the client and/or user do not justify the operation carried out, and on the contrary, he considers that the doubts generated initially are amplified, he will inform immediately to the Compliance Officer about the unusualness and suspicion that the operation(s) have generated (is) subject to doubt, so that it, in turn, guides you on the steps to follow and makes the decisions it deems pertinent.

#### 9.1 Responsible for Operations Monitoring

In accordance with *RedPlus* structure, the person responsible for the administration of the Monitoring Tool will be the Compliance Officer, who, in addition to ensuring the proper programming of the alerts and the generation of the reports, you should inform the director and Board of Directors of *RedPlus* in your management report,



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the results of the monitoring that is regularly carried out on the operations processed by the clients and/or users

Due to the foregoing, the Compliance Officer has the duty to respond to the communications made by the Financial Analysis Unit – UAF- in relation to the suspicious operations that *RedPlus*, in the exercise of its commercial work, has reported to said entity after its controls detected some inconsistency.

By provisions and policies of *RedPlus*, in case of temporary absence of the Compliance Officer, the process remains under the responsibility of the director. It is worth noting that the omission of the report to the UAF, when an alert is generated that suggests that it is a question of suspicious operations, can be constituted as serious offense with prejudice to the legal sanctions.

To determine if a particular situation of a client deserves special attention, it is advisable to a follow-up taking as reference the warning signs that are detailed below:

- ◆ Insufficient or false information provided by or from the client.
- ◆ Cash transactions that are not consistent with the client's business activities.
- ◆ Certain characteristics or activities that are not usual in the context of the client's business.
- ◆ Structuring of transactions, which consists of constituting many operations in small amounts, to avoid being included in the reports of operations greater than 5,000 dollars or its equivalent in other currencies for remittances and 1,000 dollars for the purchase and sale of foreign currency or its equivalent in other currencies.
- ◆ Unusual transactions argued loans without any support.
- ◆ Remittances that are not consistent with the client's activities.

## 9.2 Unusual Operations

In the events in which Unusual Operations are detected, the Compliance Officer must obtain additional information that allows him to corroborate or rule out the unusualness, for which he must leave written evidence related to the conclusions, as well as the supports on which the verification performed is based. The analysis should contain at least, but not limited to, the following information:

- ◆ Name and identification of the client.
- ◆ Economic activity.



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- ◆ Customer transaction history.
- ◆ Description of the transaction under analysis.
- ◆ Conclusion and recommendation of the case under analysis.

The investigations carried out as a result of an Unusual Operation will be recorded chronologically by the Compliance Officer, along with the evidence supporting the decision not to have made a report about suspicious transaction.

### 9.3 Suspicious Transactions

In the events in which the Compliance Officer determines that the unusual operations acquire the character of suspicion due to the non-clarification by the client and/or user of the atypical circumstances within the remittance and/or currency purchase and sale transactions that are usually processed by clients and/or *RedPlus* users, you must make a Suspicious Operation Report to the Analysis Unit Financial, for which you must generate a record containing the following information on the operation:

- ◆ Date.
- ◆ Amount.
- ◆ Type of operation.
- ◆ Observations related to the operation.
- ◆ Report it to the UAF in accordance with the established forms.
- ◆ The reporting time should not exceed 15 days from the detection of the suspicious transaction.
- ◆ Record in the case file, the date of notification to the UAF, as well as the date and number of the response note from this Unit.
- ◆ If necessary, attach graphs and any additional information to the file that allows visualizing and/or better understanding the operation object of the report.

### 9.4 Suspicious Transaction Treatment

Any fact, transaction or operation that is suspicious in relation to the client's profile and after applying the criteria for its detection, or that due to its complexity is outside the market, must be reported by the Compliance Officer to the Financial Analysis Unit. within fifteen calendar days from the arrest of the fact. However, an extension of fifteen days may be requested



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additional calendar for sending the supporting documentation, in cases where there is a complexity in the collection.

In addition to the report of the operation that the Compliance Officer considers must be reported to the Financial Analysis Unit, he must, subsequently, exercise strict control over the operations subsequently made by the natural or legal person involved in the respective report.

9.5 Criteria for the Report of Suspicious Transactions to the UAF

Reports on suspicious transactions to the Financial Analysis Unit must be made based on the following precepts:

- ◆ Transactions that turn out to be unusual in terms of amount.
- ◆ Unjustified capital increase.
- ◆ Falsity in the documents provided.
- ◆ Evidence that they are acting under the influence of third parties, with the intention of serving as a figurehead.
- ◆ Impersonations so that the transactions are processed on behalf of third parties, taking advantage of their quality as a client and proximity that they may have with *RedPlus* officials.
- ◆ That the relationship of the person who intends to carry out the transactions with criminals is evident.
- ◆ That links has been established with assets of illicit origin.

9.6 Conflicts of Interest Regarding Unusual and Suspicious Transactions

All officers must promptly report transactions that are considered unusual by clients to the Compliance Officer and will refrain from covering up and collaborating with illicit acts. The same abstention falls on the officials responsible for the determination and reporting of operations suspicious.

In the event that the official is faced with a situation that generates a conflict of interest, he must inform the Compliance Officer of the facts that generate the presence of the conflict, so that he decides the actions to be taken, which must be presented to the Board of Directors



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#### 9.7 Customers blocking

In the events in which the Compliance Officer considers that he should block a client and/or user for a suspicious transaction reported, must, within a term not exceeding 10 business days from the date of the blockade, notify the UAF about this, through a complementary document to the initial report about the suspicious transaction.



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## CHAPTER VI

### COMPLIANCE WITH RULES AND PROCESSES

#### 1. VERIFICATION OF COMPLIANCE

All areas of *RedPlus* are responsible for exercising control to ensure compliance with the policies and standards established in this manual through which it responds to the requirements of the regulation in force in Panama on the matter and international standards on prevention and control of money laundering, financing of terrorism and financing of the proliferation of weapons of massive destruction.

#### 2. INTERNAL CONTROL

##### 2.1 Independent Audit

In accordance with Article 30 of Agreement 004-2018 of the Superintendence of Banks, it corresponds to *RedPlus*, hire a suitable and trained External Auditor in Money Laundering Prevention and Control issues, capital, financing of terrorism and financing of the proliferation of weapons of mass destruction, to carry out an independent audit of the internal control system and the management of risk management policies.

In accordance with the aforementioned standard, *RedPlus* annually submits its system of prevention and control of money laundering, financing of terrorism and the financing of the proliferation of weapons of mass destruction, which is practiced by an international consulting firm expert in the subject, with the purpose that its controls not only comply with the regulations in force in the Republic of Panama, but rather that they identify with the best international practices on the matter.

Once the Independent Audit report is presented by the contracted firm, it will be discussed at a meeting of the Board of Directors and, if there are findings that must be adjusted, modified and/or implemented, the Compliance Officer will be notified that in no time more than 15 calendar days, you must design an Action Plan aimed at correcting and/or implementing the recommendations made, under the following structure:



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- ◆ Monitoring of operations.
- ◆ Finding of the consulting firm.
- ◆ Comments from the Compliance Officer.
- ◆ Improvement actions.
- ◆ Solution date.

Once the Compliance Officer finalizes the action plan, he must send it to the Board of Directors and monthly update the status and progress of the improvements made, until its completion.

Once the adjustments recorded in the action plan have been completed, the Compliance Officer must render a report destined for the Board of Directors, in which supported evidence of the actions carried out and the solution of each of the indications of the Independent Audit report.

This evaluation will allow the prevention and control system to be continuously strengthened, with the purpose of minimizing the risks to which RedPlus may be exposed within its commercial activity.

## 2.2 Compliance Officer

*RedPlus* has a Compliance Officer, who performs the functions indicated by current regulations in the Republic of Panama. This official is responsible for the implementation and updating of the prevention and control mechanisms that make up the program for the prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction implemented by the entity. The Compliance Officer will be autonomous in his decisions and will also be responsible for reporting to the UAF any operation that he considers suspicious due to the conditions in which was done.

## 2.3 Committee for the Prevention of Money Laundering

In accordance with Agreement 004-2018, Article 4, it is up to RedPlus to constitute a committee of Prevention of Money Laundering, when they have more than 25 employees, which will report directly to the Board of Directors or to the legal representative of the person holding the registration before the Superintendence of Banks and that must be integrated at least by the General Manager, the person in charge of operations and the Compliance officer



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In accordance with the requirements of the aforementioned article and given that *RedPlus* does not have the number of people related to the requirement of this committee, it will not be created because it does not expressly comply with the requirements of the norm for the constitution of said committee. Consequently, and for the purpose of adjusting the controls in effectively and efficiently, it is determined that the Compliance Officer must present a report to the director of *RedPlus* every six months, in which the management carried out by it in matters of prevention of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction will be reflected, which must, among others, refer to the following topics:

- ◆ Monitoring of Operations:
  - Number of alerts per month.
  - Number of investigations.
  - Reports to the UAF.
  
- ◆ Training:
  - Employees.
  - Compliance Officer.
  - Board of Directors.
  
- ◆ Reports to the UAF.
- ◆ Requirements of Authorities.
- ◆ Requirements of International Agents.
- ◆ Bank requirements (local and international).
- ◆ Results of inspections.
- ◆ Results of external audits.

### 3. GENERAL PROHIBITIONS

Internal control policies prohibit opening products if the applicant or his activity is incompatible with the standards and objectives set forth in this manual. If there is any doubt, it should be reported immediately to the Compliance Officer who will adopt the decision he deems appropriate, protecting the interests of *RedPlus*, under the precept that the know-your-customer policy prevails over any





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commercial purpose and if it is not fully fulfilled, neither the beginning of a commercial relationship nor the process of any operation is viable, since it does not admit exceptions of any kind.

Products will not be opened or operations will be processed to people who do not have adequate and valid means of identification, such as:

- ◆ Certificate.
- ◆ Passport.

In addition to the above, another personal identity document may also be provided that allows the full identification of the person(s) requesting any of the services that RedPlus offers.

You should tend to keep folders with complete documentation. It is the responsibility of the official that processes the operations, ensure that this purpose is fulfilled. It is prohibited to accept as identification Easily obtained documents such as: nationality certificates, credit cards, social security card, driver's license and card of student or professional associations.

No business relationship will be established with any potential client if they unjustifiably refuse to provide information that is necessary in the processing of any service or product and that is necessary to complete the required documentation.

#### 4. REVISION, UPDATING AND CONSERVATION OF DOCUMENTS

The supporting documents of the operations processed by RedPlus, as well as those that evidence the full identity of the subjects who have carried them out or who have established business relationships, They must be kept for a period of 5 years, as established in Article 29 of Law 23 of April 27, 2015 and ratified by Agreement 004-2018, which specifies that:

*“RedPlus must keep updated all records of information and documentation obtained in the Due Diligence process. In the same way, you must keep by any means authorized by the Law, for a period of not less than 5 years counted from the end of the contractual relationship with the client, a signed copy of the due diligence forms or the electronic record of the data that is obtained from the natural person, copy or digitization of the documents obtained, through the process of due diligence, the documents that support the operation or transaction and any other document that allow a reconstruction of the operation or individual transaction of its clients, if necessary...”*



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In accordance with the foregoing and given the nature of the services that *RedPlus* provides to its clients and/or users in general, the information provided by them for the procedure of an operation, will be updated each time the services are used, under the premise that the requirement to update the information and documents related to their identity and the origin of their resources will not be feasible.

By regulation, the Executive Branch may vary the retention period for the documents referred to in this numeral”.

Due to the foregoing and in compliance with current regulations, *RedPlus* will have all the technical and operational resources for the preservation of documents and information for the period ordered by the aforementioned agreement of the Superintendence of Banks and other legal provisions.

#### 5. CONFIDENTIALITY OF INFORMATION

No official may disclose or deliver customer and/or user information without doing so through the regular channels (excerpts, listing movements) for their own benefit. No official may modify the personal data of the clients in the applications without their prior authorization.

The information of *RedPlus* and its clients is private and confidential, so it cannot be used for own benefits or for academic purposes. Any use other than the organizational one must be endorsed by the President and Board of Directors.

***It is important to point out that "all information communicated to the Financial Analysis Unit or to the authorities of the Republic of Panama, in compliance with Law 23 of April 27, 2015 or the provisions that regulate it, by natural or legal persons and their officers, directors, employees, or representatives, will not constitute a violation of professional secrecy or restrictions on disclosure of information, derived from the confidentiality imposed by contractual means or by any legal or regulatory provision, and will not imply any responsibility of the natural or legal entities indicated in the aforementioned law or for its dignitaries, directors, employees or representatives***



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## CHAPTER VII

### ON PROCEDURES FOR PREVENTION AND CONTROL OF ML/FT/FPWMD

#### 1. SUBMISSION OF THE REPORTS TO THE FINANCIAL ANALYSIS UNIT

The Compliance Officer must make, in a timely manner, the transaction reports listed in the Article 53 of Law 23 of April 27, 2015.

##### 1.1 Registration of Transactions

Transactions carried out through *RedPlus* will have records that will be stored in the database for operations with occasional and frequent clients, as ordered by current regulations in the Republic of Panama. In addition, files will be kept for frequent customers, duly identified for a period of not less than 5 years from the date on which the registration of the first operation is determined.

The computer systems that will be used in the entity have the capacity to maintain all the customer and/or user transactions and personal information for a period greater than previously mentioned. When these records are related to ongoing investigations, *RedPlus* must retain them until you receive confirmation from the competent legal authority that the case has been closed.

##### 1.2 Statement of Cash or Near Cash Transactions

In accordance with Article 19 of Agreement 004-2018, *RedPlus* must declare in the forms established by the Financial Analysis Unit -UAF-, the operations detailed below are made in or from the Republic of Panama, as well as any other information related to these operations:

- ◆ Individual operations carried out by natural persons for an amount of Ten Thousand Dollars (US\$10,000.00) or more. Operations in foreign currency must be equivalent to the exchange rate



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- ◆ Successive money operations on close dates that, although individually less than Ten Thousand Dollars (US\$10,000.00), at the end of the day or week add up to a total of Ten Thousand Dollars (US\$10,000.00) or more. If this is the case, *RedPlus* will declare the operation for its accumulated value at the close of said work week, through the means provided by the Superintendence of Banks for such purpose. *RedPlus* will keep in its records, provision of the Superintendence of Banks, the documents that certify the timely delivery and truth of the data contained in the declarations mentioned in this point.

1.3 Preventive Freezing Reports According to Law 23 of April 27, 2015 and Executive Decree 587 from August 4, 2015

It corresponds to *RedPlus* to execute the procedures for the identification and application of measures for the preventive freezing of funds or assets, through the report of the form for preventive freezing.

1.4 Reports to the Financial Analysis Unit – FAU

Register the pertinent information of the transaction, which must include details of the accounts involved, dates of the operations, amount, and type of operation. Investigations will be documented duly by the Compliance Officer, to later be sent to the Financial Analysis Unit -FAU-, using the formats already established by said entity. This notification must be made immediately after the transaction has been documented or the nature of the transaction has been fully identified suspicious operation.

Subsequently, it will be documented, recording the date and the number of the form that has been delivered to the Financial Analysis Unit -FAU-, as well as the number assigned by said entity to the case, in response to our report. All the documentation sent and received from the UAF will rest in the client's file.

*RedPlus*, as a regulated entity, must refrain from disclosing to the client and third parties that information has been transmitted to the Financial Analysis Unit -FAU- or that any transaction or operation is being examined on suspicion that it may be linked to the crimes of money laundering, financing of terrorism and financing of the proliferation of weapons of massive destruction. Consequently, officials must abide by said legal system, otherwise they could be subject of sanctions, including dismissal with just cause, in addition to criminal and administrative sanctions in which they would be involved



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### 1.5 Notifications to the Authorities

The Compliance Officer and the Manager must attend to all requests and queries made by the authorities, namely:

- ◆ Superintendency of Banks.
- ◆ Public Ministry.
- ◆ Financial Analysis Unit -FAU-.

In order to meet in a timely manner, the requirements made to RedPlus by the aforementioned entities or any other authority of the Republic of Panama, it will keep a record of each of the clients and/or users with whom they carry out operations. The report must contain the following data:

- ◆ Date of the operation (day-month-year).
- ◆ Type of Operation.
- ◆ Operation number.
- ◆ Customer name.
- ◆ Amount of the operation.
- ◆ Type and number of securities, currencies, or instruments object of the operation.
- ◆ Form and source of payment.

Any request from the competent authorities will be answered immediately and the respective records will be left in a special folder, in which both the request and the response to it by RedPlus will be recorded in chronological order. In the event that the competent authority requests it, RedPlus will send to it the details about the operations carried out by a certain client, the identification of the same, of those involved and beneficiaries of said operations, attaching a copy of the documents necessary to allow the verification of the information provided.

Within the reservation and limitations established in the legal system and those of the business, RedPlus will make its best efforts to coordinate with the competent authorities everything related to the investigations that they carry out, in accordance with the reservation that the current legal system in the Republic of Panama mandates.



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## CHAPTER VIII

### GENERAL POLICIES ON PREVENTION AND CONTROL

#### 1. ORGANIZATIONAL COMMITMENT

*RedPlus* will carry out its activities and meet its commercial goals, always maintaining an observance of ethical principles. It is essential to generate a culture oriented towards applying and having conviction, the rules established for the prevention and detection of money laundering operations, financing of terrorism and financing of the proliferation of weapons of mass destruction.

Ethics refers to the set of policies, rules and behaviors established in this manual, which are based on the corporate values detailed below:

- ◆ The administration, the Compliance Officer and all officials must ensure compliance with the internal regulations and other provisions related to the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of massive destruction.
- ◆ It is the duty of officials to put compliance with policies on money laundering risk management, financing of terrorism and the financing of the proliferation of weapons of massive destruction before the achievement of commercial goals.
- ◆ It is an institutional and social commitment to collaborate with the authorities by promptly reporting the occurrence of irregular events, and also by providing the information that they require for investigative and evidentiary purposes.
- ◆ Respect the rules regarding professional secrecy and restrictions on the disclosure of information



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- ◆ Establishes and recognizes the consequences generated by non-compliance with the policies established for the prevention of money laundering, the financing of terrorism and financing the proliferation of weapons of massive destruction.
- ◆ It will make greater demands on customer engagement, which will be oriented towards the profile or the activities they carry out, determining the greater or lesser degree to which the entity against the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of massive destruction is exposed.
- ◆ It will establish the guidelines on the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of massive destruction, in accordance with the selection and identification of clients and/or users, their knowledge, their economic activities, the level of transactions and their monitoring.
- ◆ Evaluate their risks before the market launch of any product in order to ensure that they have the necessary controls to mitigate the risk of money laundering, the financing of terrorism and the financing of the proliferation of weapons of massive destruction.

## 2. RULES OF CONDUCT

The Board of Directors, the Manager, Compliance Officer and *RedPlus* employees in general, must attend the following rules of conduct:

- ◆ Act with rectitude and honesty both in interpersonal relationships and in relationships with customers, with the entity and with other market agents.
- ◆ Deal with customer concerns and complaints with kindness, moderation and prudence.
- ◆ Explain to customers how each of its services operates, inform them of the possibilities that the entity has to meet its commitments and the variation of the terms of the contractual relationship



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- ◆ Refrain from accepting excessive gifts and hospitality, or money no matter how small amount, or concessions in prices or other preferential treatment of the client or suppliers that may give rise to special reciprocal concessions.
- ◆ Refrain from placing yourself in situations in which your personal interests come into conflict with their relationships with the entity, as well as in the establishment of relationships commercials that involve products and services of the entity where family members and relatives.
- ◆ Refrain from using the entity's information for their direct, indirect, or personal benefit. third parties.
- ◆ Refrain from providing information to third parties about personal data and those matters subject to reservation of its clients.
- ◆ Maintain reserve in workplaces, at home, social engagements, and other public places, avoiding making comments that could harm the interests of the entity, its employees or those of its clients.
- ◆ Keep in strict confidence the information provided by customers about the identity of the final beneficiaries and/or effective owners of the operations, which can only be provided to the national judicial or administrative authorities duly empowered to request them, under the protection referred to in Article 3 of Law No. 042 of October 02, 2000.

In addition to the rules set forth, RedPlus adopted a Code of Conduct through which it is set the guidelines under which the Board of Directors and other officials must guide the relations with clients and, likewise, the sanctions to which they will be exposed in the event of a violation of the policies and procedures adopted to Prevent and Control Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction, under the premise that the fulfillment of these must prevail over the commercial goals of the entity.





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### 3. COLLABORATION WITH THE AUTHORITIES

RedPlus will continuously collaborate with the Superintendency of Banks, the Financial Analysis Unit FAU and the Public Ministry of Panama, if required or the special bodies that the Government designates, considering the duty of the regulated subjects to refrain from disclosing, to the client and to third parties, that has transmitted information to the FAU or that a transaction or operation is being examined for suspicion that it may be linked to the crime of money laundering, the financing of terrorism and the financing the proliferation of weapons of mass destruction.

Any request made by a competent authority in relation to a client for possible links with criminal activities related to money laundering, financing of terrorism and financing the proliferation of weapons of mass destruction, must be informed, and attended by the Compliance officer.

The officials of the areas responsible for archiving and keeping documents have the obligation to support in obtaining the information of the clients and their operations within the times defined by the requests made by the competent authorities and the Compliance Officer. For those events in which the authorities in charge of the fight against money laundering, the financing of the terrorism and the financing of the proliferation of weapons of mass destruction, identify in a particular and request through the Superintendence of Banks or the FAU a special monitoring of certain types of operations or clients, the Compliance Officer will attend to said requests and report its results as requested.

Collaboration with foreign judicial and police entities will be done through the competent national authorities, in accordance with relevant international standards.

### 4. TRAINING

RedPlus, aware that the Training of Officials is perhaps the main mechanism of Prevention and Control of Money Laundering, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction, has a training program aimed at allowing its employees know the local and international regulation on the subject, the global and local implications of this criminal practice and, likewise, to update them on the different typologies that affect the industry of remittances and the purchase and sale of foreign currency. In this sense, the training to officials will be provided under the following precepts



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#### 4.1 New Officials

Every employee who joins *RedPlus* must receive a copy of this manual from the Compliance Officer for reading and application, the content of which must be used as a guide for the development of all activities within the company. In addition, it will provide you with the basic information on Prevention and Control of Money Laundering, Financing of Terrorism, and the Financing of the Proliferation of Weapons of Massive Destruction, which you must read and, in a time not exceeding 15 calendar days, after his/her admission, he/she must present the proof of knowledge that will be registered in the file of the employee.

The material delivered by the Compliance Officer will be oriented so that the new *RedPlus* official has basic knowledge about:

- ◆ General concepts on ML/TF/FPWMD.
- ◆ Current regulations on the matter.
- ◆ Policies and Procedures on ML/TF/FPWMD.
- ◆ Process of Due Diligence and Knowledge of the Client.
- ◆ Warning signs and typologies.
- ◆ Criminal, administrative and internal responsibilities and sanctions.

#### 4.2 Annual Training

Annually *RedPlus* will provide training to its officials, related to the prevention and control measures implemented, in accordance with Article 47 of Law 23 of April 27, 2015, ratified by Agreement 004-2018 Article 22 "Obligation to Train its Employees", which must be carried out under the following guidelines:

- ◆ Procedures adopted to comply with the provisions of Agreement 004-2018.
- ◆ Current regulations and the implications of not complying with them for both *RedPlus* and its collaborators.
- ◆ Responsibilities of the Audit, the Compliance Officer and the person in charge of the *RedPlus* business area



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- ◆ Recommendations of international organizations on the matter.
- ◆ Typologies and recurring cases of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, within the activity;
- ◆ The work of the Compliance Officer and the importance of having adequate communication with him and the type of relevant information to be provided within the investigations that may be necessary to perform in RedPlus.

At the end of each training, the Compliance Officer will make an evaluation regarding the topics covered in it, in order to know the level of perception by the officials and will also reinforce those topics in which the expected knowledge has been achieved.

The Compliance Officer will leave a copy of the training program as evidence, in addition to the list of the people who attended it. A record will be left in each official's file that he or she was trained on the given date, as well as the topics discussed on that day.

#### 4.3 Compliance Officer Training

At least during the year, the Compliance Officer will attend 1 congress, course, workshop, seminar or conference on Prevention and Control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Massive Destruction. Once attending the event on behalf of RedPlus, the Compliance Officer should:

- ◆ Provide the administration with a brief summary of the topics discussed, as well as a copy of the material received.
- ◆ The topics that you consider relevant and of immediate application for the strengthening of the control of the policies of Prevention and Control of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction, must be communicated to the employees referring to the subject and the form of its application.



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- ◆ The topics considered relevant for the strengthening of the policies must be addressed with the Management and propose the changes considered should be made.

The Compliance Officer will leave a copy of the training program as evidence, in addition to the list of the people who attended it. A record will be left in each official's folder that he/she was trained on the given date, as well as the topics discussed on that day.

## 5. EMPLOYEE KNOWLEDGE

For the hiring of personnel, there are procedures for verifying the data and information provided by the applicant, as well as the references of previous jobs that they present.

Information must be requested from other regulated entities when it is known that the applicant has previously worked in an entity supervised by the Superintendence of Banks, National Securities Commission or Superintendence of Insurance and Reinsurance in Panama.

It will be the responsibility of the Compliance Officer to supervise the behavior, possible changes in customs and standard of living of the *RedPlus* employees, which must be consistent with the information provided at the time of admission, as well as with the remuneration they receive. In the same way he will pay attention to the use of their vacations and the receipt of gifts by customers. This will be done with the purpose of guaranteeing not only the integrity and honesty of all officials, but also due diligence on the part of RedPlus in their knowledge and behavior.

The Compliance Officer must validate the names of the officials against the local and international control lists (UN, OFAC) and the records of said validation must be kept in the file of each official. This information will be validated annually and its record must be kept in chronological order in the respective file.

### 5.1 Update of Information

*RedPlus* employees must inform the administration of any change in their place of residence or fact that they consider modifies any aspect of the information recorded at the time of joining the entity. Similarly, annually they must fill out the form attached to this manual, called "Information Update" in which it will record, among others, the following information:

- ◆ Names and surnames



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- ◆ Identification number.
- ◆ Charge.
- ◆ If assets varied during the last year.

The Compliance Officer must validate the information registered by the employee through the completed form and, in the same way, will sign it as a sign of receipt and validation, which must rest in the employee's file.

## 5.2 Employees for Services

The Compliance Officer will verify that the employees who provide services to *RedPlus* through Outsourcing companies have been hired in compliance with the requirements made through the contract signed between the parties and, likewise, that those hired for their particular service comply with the agreed requirements and, in the same way, that this document is accompanied by the respective identity document.

In any of the cases, without any exception, the information, both the company that provides employees by Outsourcing and of the employee and of those who provide services directly through a contract for a specific job, the Compliance Officer must validate the names of these persons (legal and physical) against the local and international control lists (UN, OFAC) and the records of said validation, must rest in the respective file



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## CHAPTER IX

### SANCTION REGIME

Every situation of non-compliance with the Policies and Procedures implemented by *RedPlus* for the Prevention of Money Laundering, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction, which is considered serious by an official, will be directed to the Compliance Officer, to evaluate and propose to the Board of Directors the pertinent internal sanctions, which may lead to dismissal with just cause, under penalty of the sanctions established in Chapter IV of Title VII Book II of the Penal Code of the Republic of Panama, namely:

❖ **Article 254:**

“Whoever, personally or through an intermediary, receives, deposits, negotiates, converts or transfers money, securities, goods or other financial resources, reasonably foreseeing that they come from activities related to international bribery, Crimes against Copyright and Rights related, against Industrial Property Rights or Rights against Humanity, drug trafficking, illicit association to commit drug-related crimes, qualified fraud, financial crimes, illegal arms trafficking, human trafficking, kidnapping, extortion, embezzlement, homicide for price or reward , against the environment, corruption of public servants, illicit enrichment, acts of terrorism, financing of terrorism, pornography and corruption of minors, trafficking and commercial sexual exploitation, theft or vehicle international trafficking, with the purpose of hiding, concealing or disguising its illicit origin, or helping to avoid the legal consequences of such punishable acts, will be sanctioned with a penalty of five to twelve”.

❖ **Article 255:**

“Whoever: 1) Without having participated, but knowing its origin, conceals, conceals or prevents the determination, origin, location, destination or ownership of money, will be sanctioned with the same penalty referred to in the previous article, securities, assets and other financial resources, or help ensure their benefit, when they come from or have been obtained directly or indirectly from any of the illicit activities indicated in the previous article or, in any other way, help to ensure the benefit of it. 2) Carry out transactions personally or through an intermediary natural or legal person in banking establishments, financial, commercial or of any nature, with money, securities, goods or other financial resources from some of the illicit activities provided for in the previous article. 3)

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Personally or through an intermediary person, natural or legal, supply another person or establishment banking, financial, commercial or of any other nature, false information for the opening of accounts or to carry out transactions with money, securities, goods or other financial resources, coming from some of the activities foreseen in the previous article”.

❖ **Article 256:**

"Whoever, knowing its origin, receives or uses money or any financial resource from money laundering, for the financing of a political campaign or of any other nature, will be sentenced to five to ten years in prison."

❖ **Article 257:**

"Whoever, knowing the origin of it, uses his function, employment, trade or profession to authorize or allow the crime of money laundering, described in article 250 of this Code, will be sanctioned with imprisonment from five to eight years."

❖ **Article 32 Agreement 004-2018:**

"Notwithstanding the sanctions provided for in Law 23 of 2015, which adopts measures to prevent money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, non-compliance with the provisions of this agreement will be sanctioned by the Superintendent with a fine of five thousand dollars (US\$5,000.00) up to a maximum of one million dollars (US\$.1,000,000.00), according to the seriousness of the fault or the degree of recidivism”



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## CHAPTER X

### RISK MATRIX

#### 1. GENERAL CONCEPT

The Program for the Prevention and Control of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction implemented by *RedPlus* is based on an assessment of the risks to which the entity is exposed, taking its size as a reference, base of customers, products, services and geographic location.

The Program seeks to adequately mitigate the risks of *RedPlus* in the different areas and operations. Risk assessment helps to effectively identify and manage your risks and is fundamental in the development of applicable internal controls, as established in Article 11 of Agreement 004-2018 of the Superintendence of Banks, regarding the "Method for Classification of Risk Of customers". The risk assessment should include a review of all relevant factors to determine *RedPlus* particular risk profile.

#### 2. METHOD FOR CLASSIFYING CUSTOMER RISK

*RedPlus* will advance its activities and meet its commercial goals, always maintaining an observance of ethical principles. The generation of a culture aimed at applying and enforcing, by conviction, the established norms for the prevention and detection of Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Massive Destruction operations is essential.

##### 2.1 Criteria

Although any type of client is potentially vulnerable to Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction, due to the nature of their occupation or commercial activity, certain clients may present specific risks, such as:





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- ◆ Senior local and foreign political figures and their immediate family members and close associates (collectively known as Politically Exposed Persons (PEPs)).
- ◆ Non-resident alien
- ◆ Deposit brokers, particularly foreign deposit brokers.
- ◆ People who handle a lot of cash.
- ◆ Professional service providers (for example, lawyers, accountants, doctors, or real estate brokers).

It is important to emphasize that *RedPlus* should not define or treat all members of a specific category of clients as presenting the same level of risk. When assessing risk to the client, it is essential that other variables, such as services sought, source of funds, and geographic location, should be taken into account.

## 2.2 Description of the Classification and Risk Categories of Clients

The Risk Matrix implemented by RedPlus to adequately control its clients was based on objective and subjective variables that will allow mitigating the associated and inherent risks. Therefore, once the matrix has been applied, according to the information provided by the recurring client and/or the prospect of client that intends to process a transaction, this will determine the risk in which it must be classified, namely:

- ◆ Low Risk;
- ◆ Medium Risk;
- ◆ High risk.

In accordance with the classification determined by the risk matrix, the control and the requirement of documents and information required for an exhaustive control of the client will be carried out and, consequently, in the events in which said result yields "High Risk", it should, in accordance with the specific policy, carry out an expanded and/or reinforced due diligence, with the purpose of adequately justifying the client's action, regarding the transaction it is intended to carry out.



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### 2.3 Design and Description of the Risk Matrix

Taking as reference the guidelines established through Article 11 of Agreement 004-218 of the Superintendence of Banks, regarding the Customer Risk Classification Method, RedPlus designed a risk matrix that did incorporate into its payment system, and will be completed prior to processing a transaction, taking as a source the information provided by the client, specifically related to the following profiles:

a. Of the transaction

- ◆ Destination or origin of the operation.
- ◆ Origin of money.
- ◆ Amount of the operation.
- ◆ Frequency of the operation.
- ◆ Accumulated in amounts of the operations carried out by the client.

b. The client

- ◆ Profession.
- ◆ Occupation.
- ◆ Country of birth.
- ◆ Country of residence.

### 2.4 Definition of the Procedure

The Risk Matrix Implemented by *RedPlus* to classify the risk of its clients and/or prospects of clients, will be registered as an annex to this manual and will be an integral part of the Prevention and Control of Money Laundering, the Financing of Terrorism, and the Financing of the Proliferation of Massive destruction weapons.

The application of the risk matrix to the client and/or prospective client will be carried out each time the client intends to process a transaction, under the precept that the service provided by RedPlus is determined by factors related to the exchange rate and transaction costs, which encourages or discourages the



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client and/or user for the use of our channels for sending and/or receiving remittances to and from abroad and/or buying and selling foreign currency.

## 2.5 Approval Method

As the Risk Matrix is a determining element within the controls that RedPlus performs on its clients, it must be approved by the Board of Directors and an update will be made annually, on whose changes the respective supports will be left and, in the same way, in compliance with Article 11 of Agreement 004-2018, once the changes are approved, it will be sent by the Compliance Officer to the Superintendence of Banks, since, due to RedPlus not having a minimum number of officers for the creation of a Compliance Committee, it will correspond to this official to carry out said work.

## 2.6 Risk Weighting

### a. Low risk

- ◆ Recurring customer.
- ◆ Customers with low-risk activities.
- ◆ Origin and destination of funds from jurisdictions classified as low risk.
- ◆ Operations destined for the same beneficiary.

### b. Medium risk

- ◆ Occasional customers.
- ◆ Transactions for low amounts regularly.
- ◆ Operations aimed at medium-risk jurisdictions.

### c. High risk

- ◆ Occasional customers.
- ◆ Operations for large amounts that exceed regular operations.
- ◆ Transactions originating from or destined for high-risk jurisdictions.
- ◆ Operations of different senders.



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- ◆ Transactions to different beneficiaries



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## CHAPTER XI

### RISK ASSESSMENT OF THE COMPANY

#### 1. GENERAL CONSIDERATIONS

The RedPlus Prevention and Control Program is based on an assessment of the risks of Money Laundering, Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction to which it is exposed due to its size, customer base, products, services and geographical location. This program seeks to adequately monitor, control and mitigate these risks in the different areas of business and operations of *RedPlus*.

The risk assessment helps *RedPlus* to effectively identify and manage its risks of Money Laundering, Financing of Terrorism and the Financing of Proliferation of Weapons of Massive Destruction and is essential in the development of applicable internal controls, as required by the regulation in force in the Republic of Panama, mainly Law 23 of 2015 and Agreement 004-2018 of the Superintendency of Banks and other applicable regulations. The BSA/AML risk assessment must include a review of all relevant factors to determine *RedPlus*'s particular risk profile.

#### 2. PRODUCTS AND SERVICES

Certain products and services may present a higher risk of Money Laundering, Financing of Terrorism and the Financing of the Proliferation of Weapons of Massive Destruction, depending on the nature of the specific product or service offered by *RedPlus*. Such products and services may provide a greater degree of anonymity or involve the handling of large volumes of currency or currency equivalents.

Although any type of client is potentially vulnerable to Money Laundering, Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction, due to the nature of their business, occupation or activity, certain clients may present specific risks, such as



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- ◆ Senior foreign political figures and their immediate family members and close associates (known as politically exposed persons) (PEPs).
- ◆ Non-resident foreigner.
- ◆ Professional service providers (for example, lawyers, accountants, doctors, or real estate brokers).

It is important to emphasize that *RedPlus* should not define or treat all members of a specific category of clients as presenting the same level of risk. In assessing the risk to the client it is essential that good judgment is used and that other variables, such as the source of funds and the geographic location.

### 3. GEOGRAPHICAL LOCATION

Identifying the geographic locations that present a higher risk is essential for the Prevention and Control Program implemented by *RedPlus*. In this sense, you must understand and evaluate the specific risks associated with doing business, sending and/or receiving remittances for clients or facilitating transactions that involve certain geographic locations. However, geographic risk alone does not always determine the level of risk to an individual or the transactions he or she intends to engage in, either positively or negatively. High-risk international geographic locations generally include:

- ◆ Countries subject to UN, FATF, sanctions, etc., including state sponsors of terrorism.
- ◆ Countries identified as supporters of international terrorism.
- ◆ Other countries identified by *RedPlus* as high risk due to their previous experiences, transaction history or other factors (for example, legal considerations or complaints of official corruption).

To complete risk assessments, a comprehensive review is conducted, using product and customer specific data, of the risk characteristics as well as the amount of risk associated with



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*RedPlus'* products and services, customer base and transactions in high-risk geographic areas. Neither the risk assessments nor the Manual for the Prevention and Control of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Massive Destruction are static documents. Each one of them is a dynamic tool that should be re-evaluated and updated, at least once a year, to address the risks associated with each area of review. As new products and services are introduced, existing products and services change, or RedPlus expands, the risk assessment should evolve accordingly.

#### 4. OPERATION AMOUNT

The operations that an exchange operator such as RedPlus regularly processes are not usually for large amounts, except in exceptional cases, therefore it is important to take this risk factor into account when evaluating the risk of the products and services offered to its clients and users. For this it is convenient to assess aspects such as:

- ◆ Average amount in remittance operations.
- ◆ Average amount in foreign currency purchase and sale operations.
- ◆ Origin of operations.
- ◆ Destination of operations.



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## GLOSSARY

**CICAD - Inter-American Drug Abuse Control Commission:** established by the General Assembly of the Organization of American States in 1986.

**Client:** any natural or legal person on whose behalf the operation is carried out with the regulated entity, once occasionally or on a regular basis, regardless of the existence of contractual relationships.

**Quasi-cash:** includes cashier's checks, traveler's checks, payment orders issued to bearer, with blank endorsement and issued or received or deposited on the same date or on a date close to the same working week and/or by the same drawer or drawers of the same place.

**Beneficiary Client:** natural person who receives money or securities through a money remittance company.

**Sender Client:** natural person who transfers money or securities through a money remittance company.

**Money Remittance Companies:** any person, natural or legal, that has an authorization from the Ministry of Commerce and Industry of Panama, to operate a money remittance company that lends money transfer services, inside and outside the country, whether or not it is its main activity.

**Banking Establishments:** entities whose main function is to capture resources in current account bank, as well as the capture of other demand or term deposits, with the primary purpose of carry out active credit operations.

**Financial Crimes Enforcement Network -FinCEN- Financial Crimes Enforcement Network** (translation into Spanish): is the US Financial Intelligence Unit.

**Financing of Terrorism -TF-:** is a crime defined as "the one that directly provides, collects, delivers, receives, manages, contributes, safeguards or keeps funds, assets or resources, or performs any other act that promotes, organizes, supports, maintains, finances or economically sustains armed groups outside the law or terrorists





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**International Financial Action Task Force -GAFI-**: intergovernmental organization whose purpose is the development and promotion of national and international policies to combat money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. The GAFI is thus a "political body" that works to generate the necessary political will to carry out legislative and regulatory reforms in these areas.

**International Financial Action Task Force for the Caribbean-GAFIC-**: regional organization for the Caribbean that ensures compliance with international recommendations.

**Financial Action Group of South America -GAFISUD-**: regionally based intergovernmental organization that brings together the countries of South America to combat money laundering and the financing of terrorism, through the commitment to continuous improvement of national policies against both issues and deepening the various cooperation mechanisms between the member countries.

**Group -EGMONT-**: international organization that brings together the Financial Intelligence Units of the World that facilitates the exchange of information to combat Money Laundering and the Financing of Terrorism.

**Money Legitimation**: modality through which criminal organizations seek to give the appearance of legality to resources resulting from their illicit activities.

**Office of Foreign Assets Control -OFAC-**: Office of the United States Department of the Treasury that identifies countries, terrorists, and drug traffickers punishable in accordance with US law. This office issues the OFAC list, also known as the Clinton list.

**Compliance Officer**: in charge of ensuring that the entity, its Directors, Officers, and other people who work in it comply with the obligations and regulations, as well as with the laws applicable to them in the Republic of Panama to mitigate money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

**Unusual operations**: those transactions whose amount or characteristics are not related to the customer's economic activity.



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**Suspicious operations:** the comparison of operations detected as unusual, with information about customers and markets, must allow, in accordance with the good judgment of the Compliance Officer and the guidelines of Agreement 01 of Law 42 of October 02, 2000, identify if a transaction is suspicious.

**Politically Exposed Persons -PEP-:** individuals who perform or have performed prominent public functions, for example, heads of state, high-ranking politicians, high-ranking government, judicial or military officials, senior executives of state-owned companies, important political party officials.

**Related Persons:** in case of natural persons, the term includes: the spouse and relatives within the fourth degree of consanguinity, or second degree of affinity; and in the case of legal persons, the companies related as subsidiaries and affiliates.

**Compliance Program:** policies and procedures adopted by the entity to mitigate the risk of money laundering and financing of terrorism and that are the basis and guidance for officials to comply with current legal provisions and internal policies.

**Effective Owner:** when used in relation to a security, it means the person or persons who, whether or not they are registered as owners, have directly or through intermediaries the right to receive, alienate or dispose of, and to receive the product of the sale or disposition of said money.

For the purposes of determining the number of effective owners of money, when two or more persons have the aforementioned rights. All such persons will be counted as one beneficial owner.

**Remittances:** activity or service offered by money remittance companies, through which a person transfers money or values to another person.

**Foreign Remittance:** transfer of money or securities from Panama abroad or vice versa.

**National Remittance:** transfer of money or securities sent and received within the Republic of Panama.

**Alert signal:** these are facts, situations or events that make natural and legal persons operate out of the usual and that make the prevention mechanisms implemented by the entity to prevent money laundering and financing of terrorism activate and demand to inquire about the operation to be carried out



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**Related Sub-Agent:** any natural or legal person that provides money transfer services on behalf of a money remittance company, either through a contractual relationship or with institutions of the money transfer service provider.

**Terrorism:** criminal acts intended or calculated to provoke a state of terror in the public in general, a group of people or private individuals for political purposes; are unjustifiable under any circumstances, whatever the political, philosophical, ideological, racial, ethnic, religious or of any other nature that may be invoked to justify them”, Res. 51/210 UN General Assembly.

**Financial Analysis Unit – UAF:** central, national agency in charge of receiving (and, as permitted, requesting), analyzing and disseminating to the competent authorities, the disclosure of financial information: (I) in relation to alleged proceeds of crime legitimization of capital and financing of terrorism.



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## ANNEXES

- ❖ Risk matrix.
- ❖ Risk Assessment



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## CERTIFICATION

Document Code	Name and surname	Position	Signature
AIRP-02-2021	Nicolas Giordano	Manager	
	Leydi Tejada	Compliance officer	

The foregoing is a true and accurate translation into English of the document presented before me in Spanish. Panama February sixteen (16<sup>th</sup>) Two thousand twenty two (2022)