The Aquaculture Consortium

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# ANTI-MONEY LAUNDERING, COUNTERING FINANCING OF TERRORISM AND COUNTER-PROLIFERATION FINANCING POLICY FRAMEWORK

## Document Control:

| Item | Details |
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| Policy Owner | Compliance & Risk Office |
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## Version History

| Version | Date | Description | Approved By |
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| 1.0 | 14/10/2019 | Initial AML/CFT Policy | Board of Directors |
| 2.0 | 11/05/2025 | Expanded AML/CFT/CPF, | Board of Directors |

| | | | |
|---|---|---|---|
| | | sanctions, governance and integrity framework | |

# 1. Purpose

The purpose of this Policy is to set out The Aquaculture Consortium Limited's ("TAC") approach to preventing, detecting and responding to money laundering, terrorism financing, proliferation financing, fraud, bribery, corruption, sanctions breaches and other financial crime risks.

The company is not a financial institution. However, as an aquaculture, agribusiness, food systems and value-chain development company working with farmers, MSMEs, suppliers, buyers, financial institutions, development partners and public/private institutions, TAC recognises the importance of maintaining strong governance, transparent transactions, proper records and responsible business practices.

This Policy also supports TAC's commitment to ethical business conduct, environmental, social and governance (ESG) standards, donor and investor compliance expectations, anti-corruption principles and responsible value-chain development.

# 2. Legal and Regulatory Context

This Policy is guided by applicable laws and regulations in Kenya, including but not limited to:

- Proceeds of Crime and Anti-Money Laundering Act, 2009, as amended;
- Proceeds of Crime and Anti-Money Laundering Regulations;
- Prevention of Terrorism Act and related regulations;
- Anti-Money Laundering and Combating of Terrorism Financing Laws Amendment Acts;
- Anti-Corruption and Economic Crimes Act;
- Bribery Act, 2016;
- Data Protection Act;
- Applicable guidance issued by the Financial Reporting Centre and other competent authorities.

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TAC shall also take into account relevant international standards and best practices including:

- FATF Recommendations;
- United Nations sanctions frameworks;
- OECD anti-bribery principles;
- Responsible business conduct and ESG expectations where applicable to TAC's operations.

# 3. Scope

This Policy applies to:

- TAC directors, shareholders, senior management, employees, consultants, interns and contracted personnel;
- TAC business units, subsidiaries, affiliates and portfolio operations where applicable;
- Customers, suppliers, service providers, contractors, consultants, agents, partners and other third parties engaging with TAC;
- Transactions, contracts, grants, advisory assignments, procurement, partnerships, financing discussions and commercial relationships entered into by TAC;
- Physical, digital and mobile-money transactions involving TAC operations.

Where TAC works with portfolio enterprises, subsidiaries, branches or affiliated entities, this Policy shall guide minimum expected standards of due diligence, approval, record keeping and reporting.

# 4. Definitions

### Beneficial Owner

A natural person who ultimately owns, controls or benefits from a legal entity, account or transaction.

### Politically Exposed Person (PEP)

An individual entrusted with a prominent public position, including close associates and immediate family members.

### Suspicious Activity

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Any activity, transaction or conduct that appears unusual, unlawful or inconsistent with legitimate business purpose.

### High-Risk Jurisdiction

A country or territory associated with sanctions, conflict risk, weak AML controls or heightened corruption concerns.

### Proliferation Financing

Provision of funds or services connected to prohibited weapons or related materials.

## 5. Policy Statement

TAC maintains zero tolerance for money laundering, terrorism financing, proliferation financing, fraud, bribery, corruption, facilitation payments, sanctions breaches, cyber-enabled financial crime and knowingly dealing with proceeds of crime.

TAC shall conduct business through lawful, transparent, traceable and properly documented transactions.

The company shall take reasonable and proportionate steps to understand who it does business with, the purpose of transactions, the source of funds where relevant and any risks connected to customers, suppliers, partners or jurisdictions.

## 6. Governance and Oversight

### 6.1 Board of Directors / Management

The Board or equivalent management body is responsible for:

- Approving this Policy;
- Providing oversight;
- Ensuring adequate controls are in place;
- Reviewing material compliance concerns and breaches;

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- Supporting a culture of integrity and responsible business conduct.

## 6.2 Compliance Officer / Responsible Officer

TAC shall designate a responsible officer to:

- Coordinate implementation of this Policy;
- Maintain compliance records;
- Support due diligence processes;
- Conduct compliance monitoring;
- Escalate red flags;
- Coordinate sanctions screening where appropriate;
- Support internal investigations;
- Coordinate reporting where necessary.

The Compliance Officer may escalate material concerns directly to senior management or the Board where appropriate.

## 6.3 Finance Department

The finance team is responsible for:

- Ensuring payments and receipts are properly supported, approved, recorded and reconciled;
- Maintaining proper audit trails;
- Applying segregation of duties;
- Conducting payment verification and reconciliation controls;
- Supporting transaction monitoring activities.

## 6.4 All Staff and Consultants

All staff and consultants are responsible for:

- Reporting suspicious activity;
- Following approval procedures;
- Maintaining proper records;
- Completing mandatory compliance awareness training;

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- Cooperating with investigations and reviews;
- Avoiding relationships or transactions that may expose TAC to financial crime risk.

## 7. Customer, Supplier and Partner Due Diligence

TAC shall apply proportionate due diligence based on the type and risk level of the relationship.

For companies, organisations and institutions, TAC may request or verify:

- Certificate of incorporation or registration;
- PIN/tax registration where applicable;
- Physical and postal address;
- Directors, shareholders and beneficial ownership information where relevant;
- Nature of business and purpose of engagement;
- Bank account details in the name of the contracting party;
- Licences or permits where relevant;
- References, contracts, purchase orders, grant agreements or supporting documents.

For individuals, TAC may request or verify:

- Full legal name;
- National ID or passport;
- Contact details;
- Role or purpose of engagement;
- Payment details in the person's own name;
- Supporting documentation for services or transactions.

For farmers, fisherfolk, MSMEs and value-chain actors, TAC may apply simplified or proportionate due diligence using available identification, registration, profiling, training, group membership, BMU/cooperative records, transaction records and field verification.

TAC may apply enhanced due diligence measures for high-risk relationships, including additional verification, source-of-funds review, source-of-wealth review, senior management approval and ongoing monitoring.

TAC may periodically re-screen counterparties during the relationship lifecycle based on risk exposure.

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## 8. Beneficial Ownership Verification

TAC shall take reasonable steps to identify and verify beneficial ownership information where appropriate, especially for higher-risk relationships, complex ownership structures, cross-border transactions and entities operating in high-risk jurisdictions.

TAC may refuse to engage with counterparties where ownership transparency is inadequate or intentionally obscured.

## 9. Risk Assessment

TAC shall assess AML/CFT/CPF and integrity risk using factors such as:

- Type of customer, supplier or partner;
- Country or region involved;
- Transaction value and frequency;
- Whether the counterparty is a public official, PEP or related party;
- Source of funds or source of goods;
- Use of cash;
- Unusual payment requests;
- Negative media, sanctions or regulatory concerns;
- Complexity or lack of transparency in ownership;
- Delivery channels and cybersecurity risks;
- ESG and reputational concerns.

Relationships may be categorised as low, medium or high risk depending on the nature of exposure.

Higher-risk relationships may require senior management approval, enhanced due diligence, additional documentation, ongoing monitoring or refusal of engagement.

## 10. Politically Exposed Persons

TAC shall take reasonable steps to identify whether a customer, supplier, shareholder, beneficial owner, director, partner or key counterparty is a Politically Exposed Person, close associate or family member of a PEP.

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PEP status does not automatically prevent a relationship. However, such relationships may be subject to:

- Enhanced due diligence;
- Source-of-funds verification;
- Documented approval;
- Enhanced monitoring;
- Periodic reassessment.

## 11. Sanctions and Restricted Parties

TAC shall not knowingly engage with individuals, entities or organisations subject to applicable sanctions, including sanctions issued by the United Nations, United States, European Union, United Kingdom or other relevant authorities.

Where screening tools are available, TAC may use them. Where formal screening tools are not available, TAC shall apply reasonable checks using official public sanctions lists, partner due diligence, banking checks and available open-source information.

Potential sanctions matches shall be escalated immediately to the Compliance Officer or senior management for review.

TAC may suspend or decline transactions involving sanctioned individuals, entities, jurisdictions or restricted activities.

TAC may periodically re-screen counterparties and business relationships based on risk exposure.

## 12. Payments and Cash Controls

TAC shall prioritise payments through recognised banking and mobile money channels that provide an audit trail.

The company shall avoid unusual cash transactions and ensure that all payments and receipts are supported by proper documentation such as invoices, contracts, receipts, delivery notes, payment approvals and bank confirmations.

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Payments should generally be made to bank accounts or mobile money accounts held in the name of the approved customer, supplier, employee, consultant or partner.

Controls may include:

- Segregation of duties;
- Approval thresholds;
- Payment verification;
- Reconciliation controls;
- Audit trail requirements.

Cash transactions above internally approved thresholds may require enhanced approvals and documentation.

TAC shall not process payments intended to conceal the true beneficiary, split transactions to avoid controls or move funds without legitimate business purpose.

## 13. Shell Banks and Anonymous Accounts

TAC shall not open, maintain or conduct business through accounts or relationships with shell banks.

A shell bank is a bank incorporated in a jurisdiction where it has no physical presence and is not affiliated with a regulated financial group.

TAC shall only maintain banking relationships with licensed and regulated financial institutions.

TAC shall not knowingly maintain anonymous accounts or relationships under fictitious or misleading names.

All company bank accounts must be opened in the company's legal name or the legal name of the approved entity and supported by proper account-opening documents, mandates and authorised signatories.

## 14. Ongoing Monitoring

TAC shall monitor business relationships and transactions in a proportionate manner.

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Monitoring may include reviewing:

- Unusual payment patterns;
- Unexplained third-party payments;
- Inconsistent invoices or delivery documents;
- Payments to unrelated accounts;
- Sudden changes in payment instructions;
- Dealings involving high-risk jurisdictions;
- Adverse media or reputational concerns;
- Procurement anomalies;
- Cyber fraud indicators;
- Suspicious mobile-money patterns;
- Rapid movement of funds;
- Inconsistencies between the transaction and known business purpose.

Any concern shall be escalated to the Compliance Officer or senior management.

## 15. Red Flags

Examples of red flags include:

- Refusal to provide identification, registration or ownership information;
- Unclear source of funds or unexplained funding;
- Requests to pay unrelated third parties;
- Use of multiple accounts without explanation;
- Pressure to bypass approval procedures;
- Unusually high-value transactions inconsistent with the relationship;
- Links to sanctioned parties or high-risk jurisdictions;
- Negative media involving fraud, corruption, terrorism financing, trafficking or organised crime;
- Fake, altered or inconsistent documentation;
- Invoice fraud or procurement irregularities;
- Suspicious mobile-money activity;
- Unexplained changes in ownership;
- Transactions with no clear commercial or operational purpose.

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## 16. Reporting Suspicious Activity

Any employee, consultant or officer who suspects money laundering, terrorism financing, proliferation financing, fraud, bribery, corruption, cyber-enabled financial crime or other suspicious activity must report the matter internally to the Compliance Officer or senior management immediately.

Concerns should be escalated promptly and, where practicable, within 24–72 hours of identification.

Where required by law, suspicious transactions or activities may be reported to competent authorities including the Financial Reporting Centre.

Employees must not alert or "tip off" the subject of a suspicious transaction or investigation.

## 17. Internal Investigations

TAC may conduct internal investigations where suspicious conduct, fraud, corruption, sanctions concerns or other financial crime risks are identified.

Investigations may involve:

- Transaction review;
- Interviews;
- Document analysis;
- Internal escalation;
- Referral to legal counsel or competent authorities where appropriate.

Investigation records shall be maintained confidentially.

## 18. Whistleblower Protection

TAC encourages good-faith reporting of misconduct and prohibits retaliation against whistleblowers.

No employee, consultant or reporting party acting in good faith shall suffer retaliation for reporting concerns.

Reports may be made confidentially through designated reporting channels.

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## 19. Record Keeping

TAC shall maintain records of:

- Customer, supplier and partner due diligence;
- Contracts and invoices;
- Payment records and approvals;
- Transaction records;
- Training records;
- Investigation records;
- Compliance reviews and related correspondence.

Records shall generally be retained for at least ten years or longer where required by law, donor/investor requirements, audit obligations or internal policy.

## 20. Training and Awareness

TAC shall provide appropriate AML/CFT/CPF and business integrity awareness to relevant staff, especially those involved in finance, procurement, partnerships, sales, contracting, programme implementation and senior management.

Training may cover:

- Due diligence;
- Red flags;
- Sanctions;
- PEPs;
- Record keeping;
- Reporting suspicious activity;
- Anti-bribery and corruption;
- Procurement integrity;
- Cyber fraud awareness;
- ESG and responsible business conduct.

## 21. Third Parties and Outsourcing

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Where TAC relies on third parties, agents, consultants, service providers or implementation partners, the company shall apply appropriate due diligence and ensure that roles, responsibilities, payment terms and expected standards of conduct are documented.

Contracts may include:

- AML/CFT compliance clauses;
- Sanctions warranties;
- Audit rights;
- Termination rights for misconduct or non-compliance.

TAC shall not knowingly use third parties to avoid legal, tax, AML/CFT, sanctions, procurement or approval requirements.

## 22. Anti-Bribery and Corruption Controls

TAC prohibits bribery, kickbacks, facilitation payments, procurement manipulation and improper inducements.

TAC further prohibits procurement collusion, bid manipulation, vendor favoritism and undisclosed related-party procurement arrangements.

Employees, consultants and partners must disclose actual, potential or perceived conflicts of interest and avoid improper influence in procurement, contracting and partnership decisions.

## 23. Cybersecurity and Digital Fraud

TAC recognises the growing risk of cyber-enabled financial crime including payment fraud, phishing, invoice fraud and digital transaction abuse.

TAC may implement appropriate digital security, payment verification and transaction monitoring controls to reduce exposure to cyber-related financial crime risks.

## 24. Confidentiality and Data Protection

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Information collected for due diligence and compliance purposes shall be handled confidentially and used only for legitimate business, legal, compliance, audit, investor, donor or regulatory purposes.

Personal data shall be handled in line with applicable data protection requirements.

## 25. Independent Review and Audit

TAC may periodically conduct compliance reviews, risk assessments and internal audits to assess the effectiveness of this Policy and related controls.

Findings may be escalated to management and the Board where appropriate.

## 26. Human Rights and ESG Commitment

TAC supports responsible business conduct and rejects forced labour, trafficking, exploitative labour practices, gender-based exploitation and unethical sourcing practices.

Compliance activities shall align with TAC's broader ESG and integrity commitments.

## 27. Breaches and Disciplinary Action

Violations of this Policy may result in disciplinary action, suspension, termination of contracts or employment, regulatory reporting or legal action where appropriate.

## 28. Review and Updates

This Policy shall be reviewed at least annually or when there are significant changes in applicable law, company operations, ownership, risk exposure, investor/donor requirements or regulatory expectations.

## 29. Approval

This Policy has been approved by the Board of Directors of The Aquaculture Consortium Limited.

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| Name | Position | Signature | Date |
|---|---|---|---|
| Felix Omondi Osok | Board Chair |  | 27/02/2026 |

## Appendix A : AML/CFT Risk Classification Matrix

| Risk Level | Indicators | Response |
|---|---|---|
| Low Risk | Local verified counterparties with transparent ownership | Standard due diligence |
| Medium Risk | Cross-border transactions or higher-value engagements | Additional verification and monitoring |
| High Risk | PEPs, sanctioned jurisdictions, unclear ownership, unusual transactions | Enhanced due diligence, senior approval and ongoing monitoring |

## Appendix B : Due Diligence Checklist

Due diligence may include verification of:

- Identity documents;

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- Company registration documents;
- Tax registration;
- Beneficial ownership;
- Bank account ownership;
- References;
- Contracts and purchase orders;
- Source of funds where appropriate;
- Sanctions and adverse media screening;
- Conflict of interest declarations.

## Appendix C : Red Flag Indicators

Examples include:

- Unusual payment instructions;
- Excessive use of cash;
- Requests to bypass procedures;
- Unexplained third-party payments;
- Procurement irregularities;
- Sudden changes in ownership or control;
- Inconsistent documentation;
- Pressure to expedite transactions without justification.

## Appendix D : Suspicious Activity Escalation Flow

1. Staff member identifies suspicious activity.
2. Concern escalated to the Compliance Officer or senior management.
3. Preliminary review conducted.
4. Decision made on escalation, investigation or reporting.
5. Where required, matter reported to competent authority.
6. Records maintained confidentially.

# Appendix E : Sanctions Screening Process

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TAC may conduct sanctions screening using:

- Official sanctions lists;
- Banking checks;
- Open-source searches;
- Third-party screening tools where available.

Potential matches shall be escalated immediately for review before transactions proceed.