



ANTI-MONEY LAUNDERING-POLICY

1. What is money laundering?

Money laundering is the attempt to turn the proceeds of criminal activity into legitimate funds by obscuring their real origin.

The schemes employed to turn 'dirty' money into 'clean' are numerous and varied, but criminals will typically try to pass their ill-gotten gains through reputable businesses so that, when the funds are returned to them, they appear to have come from a legitimate source.

Money laundering offences carry up to 10 years of imprisonment for individuals and include heavy fines for involved companies in all countries where ARVOS is active.¹

Money laundering is subject to ever more official scrutiny. For example, the European Union's Fourth Anti-Money Laundering Directive (4 MLD) came into force in 2017. It requires corporate and legal entities, trusts and other similar structures to maintain adequate, accurate and current information on their beneficial ownership to ensure that the ultimate owner is not using those entities or trusts for money laundering activities.

2. Why is money laundering important?

ARVOS is committed to conducting its business in an ethical and socially responsible manner. This includes taking active steps to prevent financial crime and ensure that ARVOS does not unwittingly facilitate criminal behavior.

There is an ongoing risk that ARVOS may be targeted by criminals for money laundering purposes. Such money laundering schemes will require ARVOS to possess or deal with criminal funds in some way and this in itself is an offence in many jurisdictions. ARVOS therefore expects all its officers and employees to be aware of the warning signs of money laundering and to remain vigilant at all times in respect of these. If you observe any of the following red flags, please alert your local Compliance Officer immediately.

¹ USA: The Money Laundering Control Act of 1986 (Public Law 99-570), Germany: Section 261 (8) No. 8 of the Criminal Code (StGB), China: Article 191 of the Criminal Code, Japan: Act on Prevention of Transfer of Criminal Proceeds, Czech Republic: Act No. 253/2008 Coll., On Certain Measures Against Money Laundering and Financing of Terrorism and Poland: Anti-Money Laundering Act of 16 November 2000 and Art. 299 of the Polish Criminal Code.

3. Money Laundering Red Flags

- A customer, agent or proposed business partner who is reluctant to provide complete information or who provides suspicious information
- Third parties acting on behalf of another where it is unclear who the actual counterparty is
- Requests to make or accept payments in cash
- Structuring of transactions to avoid record keeping or reporting obligations
- Unusually favorable payment terms
- Orders or purchases that are inconsistent with a customer's normal business purpose
- Transactions involving offshore banks, unlicensed money remitters or currency not related to the transaction
- Transactions involving jurisdictions or individuals with links to criminal or terrorist activities
- ARVOS will review this policy annually and will update it as necessary in line with any legal, regulatory or commercial developments.

Money laundering can be committed unwittingly. For example, a company's affiliate in a foreign country may have secured contracts using bribery or by violating export control laws and regulations. Those crimes may not be known to the other affiliated companies. Yet, if any proceeds from such contracts are then transferred to an affiliated company's accounts this amounts to the company moving the proceeds of crime – which is potentially money laundering.

4. What you should do if you are aware of suspicious behavior

The above-mentioned scenarios raise the issue of the legal requirements to report money laundering. A failure to report it can have serious repercussions.

As an officer or employee of the Company, you therefore have a duty to remain alert for potential criminal behavior. If you become aware of any of the warning signs listed above or have any other reason to suspect there may be improper financial behavior occurring you must immediately inform one of the Compliance Officers.

Do not tell someone that you believe they are laundering money, as this could give them a chance to destroy evidence; such warning or tipping could constitute the offense of obstruction.

A failure to report suspicions of money laundering could expose the Company to legal sanctions, as well as reputational damage. As a result, you will jeopardize your employment with the Company.

In addition, you will expose yourself to criminal sanctions which are likely to include imprisonment.

5. How to minimize money laundering and criminal financing risks

Following these steps will help limit the risk of exposing yourself or the Company to financial crime:

- Perform thorough and accurate KYC checks on all new customers, suppliers or business partners
- Consider risk factors posed when entering into a new business relationship and note where there are any increased risks (such as jurisdictional or reputational concerns)
- Maintain records of all KYC documents received and document decisions in all instances where there are money laundering 'red flags' present
- Money laundering is a criminal offence and the consequences for you personally mean that you must understand your individual responsibilities: make sure you attend training sessions relating to anti-money laundering and know who the Company's local Compliance Officer is at all times.

6. What ARVOS will do to minimize money laundering and criminal financing risks

As part of its program to reduce the risk of financial crime and money laundering, ARVOS has committed to the following measures:

- ARVOS will not have any business dealings with entities or individuals without obtaining, as soon as commercially practicable following the start of the business relationship, documents confirming their identity and / or ownership (as appropriate)
- ARVOS has appointed Compliance Officers to whom all employees will be able to report suspicious behavior
- ARVOS will ensure that all employees receive a copy of this policy and the training necessary to identify the warning signs of money laundering and financial crime
- ARVOS will regularly review this Policy and will update it as necessary in line with any legal, regulatory or commercial developments.

7. Effectiveness

This Policy enters into force on July 12, 2019 and replaces the Policy enacted on October 2, 2015.

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