

**EARLY POWER LIMITED**

**Anti-Money Laundering & Economic  
Sanctions Compliance Policies & Procedures**

**December 2018**

## **I. Statement of Policy**

Early Power Limited (the “Company”) believes in ethically conducting its business and it is the Company’s policy to prohibit and actively pursue the prevention of money laundering or the funding of terrorist or criminal activities. As such, it is the policy of Company that all of its officers, directors, employees, contractors, consultants, and agents representing the Company, as well as those of its subsidiaries and affiliates comply fully with all applicable laws and regulations regarding money laundering, terrorist financing, reporting suspicious financial activity, and economic sanctions, as well as the African Development Bank’s guidelines on money laundering and terrorist financing. In order to prevent, detect, and deter money laundering, terrorist financing and related illegal activities, Company has adopted a risk-based Anti-Money Laundering (“AML”) and Economic Sanctions Compliance Policy set forth herein.

## **II. Background on Money Laundering and Terrorist Financing**

Money laundering is the criminal process of filtering ill-gotten gains or “dirty” money through a maze or series of transactions, so that the funds are “cleaned” to look like proceeds from legal activities. Although money laundering is a diverse and sometimes complex process, it generally involves three steps, which may overlap: (i) placement of unlawful cash proceeds into legitimate financial institutions (for example, a private equity fund); (ii) layering transactions in order to separate cash proceeds from their criminal origin; and, finally, (iii) integration of laundered funds through apparently legitimate transactions, allowing the laundered funds to be disbursed back to the criminal enterprise or otherwise into the legitimate stream of commerce.

Terrorist financing laws, like money laundering laws, came to the forefront after September 11, 2001. Congress passed the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act” or “Patriot Act”) in an effort to prevent future acts of terrorism by increasing the power of the U.S. government to access information and monitor and investigate suspicious activities as well as by requiring private companies to enact programs designed to detect and prevent terrorist financing.

In May 2007, the African Development Bank and African Development Fund, released the “Bank Group Strategy for the Prevention of Money Laundering and Terrorist Financing in Africa.” Company shares the African Development Bank and African Development Fund’s desire to eliminate money laundering in Africa and agrees with the statement that:

Money laundering allows criminals and corrupt officials to enjoy the proceeds of their crime with impunity, while terrorist activities are enabled by those who finance them from the proceeds of crime or other sources. Money laundering can also be a problem in its own right, particularly for small or developing countries with weak or under-regulated financial sectors, because money laundering activities conducted on a large scale can jeopardize the integrity of a national financial system, weaken financial institutions and hinder economic development.

In addition, the United Nations, the United States, the African Development Bank, and other international multi-governmental and governmental organizations have adopted economic and trade sanctions based on geopolitical and national security goals against targeted foreign countries,

terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. In the United States, these economic sanctions programs are administered and enforced by the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze foreign assets under U.S. jurisdiction.

### **III. Administration of the Policy**

The Policy will be administered by Company’s Chief Compliance Officer (“**CCO**”) with support of the compliance staff and others she/he designates to assist in carrying out the following responsibilities:

- (1) monitoring compliance by Company with AML and sanctions laws and regulations and, to that end, compliance with these policies and procedures, as they may be amended from time to time;
- (2) receiving and responding to reports of suspicious activity from Company personnel;
- (3) reviewing, evaluating and investigating, as necessary or appropriate, existing and prospective investors;
- (4) review and update these policies and procedures as necessary;
- (5) monitoring changes in applicable AML and related laws and regulations; and
- (6) conducting periodic assessments of AML risks in light of Company’s business activities.

The CCO is responsible for maintaining these policies and procedures in a form reasonably designed to enable Company to comply with applicable AML and sanctions laws and regulations, and for recommending to the Company management any amendments that may be necessary or appropriate in light of legal developments or other events. The CCO may designate one or more other persons, under his or her supervision, to assist in carrying out these responsibilities.

### **IV. Identification of Red Flags Indicating Potential Money Laundering Concerns**

Company expects that its employees and any contractors, consultants, or agents working with its investors or customers will seek to identify red flags throughout the relationship that might suggest the person/company is engaged in money laundering or other criminal activity, or that their funds might originate through any illegal enterprise. Any such red flags should be reported to the CCO, who will be responsible for directing the steps to be taken to resolve the red flags, determining whether such red flags should be reported to law enforcement or regulatory authorities, and/or whether the Company should decline the customer’s business.

Examples of potential “red flags” include:

- An investor or counter-party is a Politically Exposed Person (“PEP”)<sup>1</sup>, his or her family member or close associate;
- An investor’s or counter-party’s refusal or unreasonable reluctance to provide proper identification, information, or business documents, or their providing false, unusual or suspect counter-party information or business documents;
- An investor’s or counter-party’s lack of concern regarding investment risks or transaction costs;
- An investor’s or counter-party’s unusual concern regarding Company’s compliance policies and requirements;
- Suspicious changes in normal business patterns;
- Unusual requests for large cash-based transactions, which are prohibited in this policy unless prior, written approval is received from the CCO;
- Unusually complex business or payment transactions that reflect no discernible business purpose or feature unusually favorable payment terms;
- Fund transfers from or to unidentified third parties or entities unrelated to the transaction, from or to countries unrelated to the transaction, or transfers from a foreign government to a private person.
- Transactions involving locations that have been identified as tax havens or areas of known money laundering activities, or credit instruments issued by banks in countries on the Financial Action Task Force’s Non-Cooperative Countries and Territories list;<sup>2</sup>
- Request to transfer funds to unknown third parties or new accounts for which usual information is not supplied;
- Structuring of transactions to evade record-keeping or reporting requirements; or
- Transactions involving individuals, groups, or countries associated with terrorist activity.

## **V. Anti-Money Laundering Policies and Procedures**

The following AML and sanctions policies and procedures apply to Company and all of its affiliates and subsidiaries. Non-compliance with these policies and procedures may result in discipline or other sanctions (including termination of employment), as well as civil and criminal penalties.

### **A. Due Diligence Procedures**

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<sup>1</sup> The FATF defines a PEP as an individual who is or has been entrusted with a prominent public role, including senior government, judicial, or military officials, senior politicians, senior executives of state owned corporations, and important political party officials.

<sup>2</sup> FATF’s list of Non-Cooperative Countries and Territories changes periodically and currently includes no countries. [http://www.fatf-gafi.org/publications/fatfgeneral/documents/aboutthenon-cooperativecountriesandterritoriesncct initiative.html](http://www.fatf-gafi.org/publications/fatfgeneral/documents/aboutthenon-cooperativecountriesandterritoriesncctinitiative.html).

To ensure that the Company does not inadvertently become involved in money laundering or violate the economic sanctions that may be imposed by a variety of governments against people or companies, the Company must understand the identity and beneficial ownership of its investors and any non-governmental customers. The Company shall not accept new Investors into the Company or a project without performing appropriate risk-based Know Your Customer (“KYC”) due diligence on the potential investor, as directed by the CCO, and in compliance with the provisions below.

## **1. Initial Due Diligence**

Before a new investor is admitted to the Company, a project company or a joint venture (or a transfer of interest to a new investor is authorized), or an agreement is entered with a new customer, the CCO will assess the risks present and direct the specific procedures to be performed as part of the Company’s KYC diligence.

Because many of our customers are governmental entities, not all of our customers necessitate a formal diligence process to identify their ownership and to be reasonably certain that the sources of their funds are legitimate. To the extent a potential customer is not well known or “red flags” (as described above) are present, the CCO will direct the completion of KYC diligence, whereby reasonable steps will be taken to establish the potential counter-party’s identity, ownership, and the legitimacy of the source of the customer’s business or funds.

Company shall not admit a new investor, or enter into an agreement with a new customer, until the CCO (or his/her designee) assesses whether the admission/transfer or transaction is intended to facilitate money laundering activities, or is otherwise prohibited by any applicable economic sanctions; and the CCO (or such designee) confirms in writing to the Chief Executive Officer (“CEO”) that the AML and economic sanctions due diligence process has been completed satisfactorily.

The level of KYC diligence and specific steps involved will be determined by the CCO from the facts and circumstances present, and the associated risk. Such diligence may include some or all of the following, as applicable:

- Requesting documentation to show the person’s or company’s identity and, if applicable, those they represent in the transaction;
- Making reasonable efforts to identify the beneficial owners of a prospective investor, transferee, or customer, where such parties are corporate bodies;
- Obtaining information on the nature of the prospective investor’s, transferee’s or customer’s business;
- If appropriate and necessary, requesting adequate documentation from the prospective investor, transferee or customer to establish the legitimate nature of their business or the source of the funds;

- Considering whether the investment or transaction poses “red flags” (as described above) suggesting the prospective investor, transferee or customer is engaged in money laundering or other criminal activity;
- Taking appropriate steps to determine whether the prospective investor, transferee, customer or any related person, has been sanctioned or designated as a prohibited counterparty by the U.S. or another government, such as those people or companies designated on any of the following lists, or otherwise is owned, controlled, or acting on behalf of such people or companies:
  - Specially Designated Nationals and Blocked Persons List (also known as the SDN List), the Executive Order 13599 List, and the Foreign Sanctions Evaders List, each of which is maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury ([www.ustreas.gov/ofac](http://www.ustreas.gov/ofac));
  - list of prohibited persons (i.e., Taliban and Al Qaida) maintained by the United Nations Security Council Committee organized under U.N. Resolution 1267 ([www.un.org/Docs/sc/committees/1267/1267ListEng.htm](http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm));
  - if applicable, the SEC Control List; and
  - FBI Ten Most Wanted List and the FBI Most Wanted Terrorists List: (<http://www.fbi.gov/wanted/topten>); ([http://www.fbi.gov/wanted/wanted\\_terrorists](http://www.fbi.gov/wanted/wanted_terrorists));
- When warranted, undertaking additional due diligence regarding the identity, business operations and affiliations of the prospective investor, transferee or customer. For example, the CCO (or his/her designee) may direct additional due diligence where the person/company is a governmental agency or official, a person related thereto, or a citizen of, or incorporated in, a high-risk jurisdiction identified in advisories issued by the Financial Crimes Enforcement Network (FinCEN), or by the U.S. Department of State in its *International Narcotics Control Strategy Report* or by the Financial Action Task Force on Money Laundering in its list of Non-Cooperative Countries and Territories. Such additional diligence may include, for example:
  - LEXIS/NEXIS searches for news reports regarding the investor;
  - investigation of investor references; and
  - background checks and other inquiries by private detective firms or other consultants.

The Company shall not admit a new investor into the Company, a project company or a joint venture (or authorize a transfer of interest to a new investor), or enter an agreement with a new customer, without the express consent of the CCO, after consultation with the CEO, if such person

or entity is domiciled or organized in a Sanctioned Country. A “Sanctioned Country” is a country or territory for which the U.S. has a pending economic or trade sanctions program as listed by the Office of Foreign Assets Control of the U.S. Department of the Treasury, or the transaction involves one or more of those countries. (<http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>). This includes, but is not limited to, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine.

## **2. Periodic Due Diligence or Audits**

The CCO will ensure that all existing investors and customers are subject to periodic due diligence or audits to identify irregularities or any new or changed red flags, and to ensure that the investor or customer has not been sanctioned or designated as a prohibited counterparty by the U.S. or another government since diligence was last performed. This desktop audit should entail a search of available databases identified above in Section V(A) (1). Publicly traded companies and government entities do not require regular desktop audits but should be reviewed on an as-needed basis, based upon any of the red flags described below or other information suggesting that they have some link to criminal activity.

## **3. For-Cause Diligence**

Any transaction, including transactions involving existing investors and counter-parties, that raise red flags, no matter who the counter-party is, should cause an employee or consultant to reevaluate that counter-party to ensure that it does not participate in money laundering or terrorist financing. Any employee or consultant who has concerns about the legitimacy of a transaction or has a transaction that raises red flags should immediately consult the CCO, who will determine the appropriate extent of for-cause due diligence that should be conducted. Depending on the circumstances, such due diligence might include some or all of the due diligence steps identified above in Section V(A)(1).

## **B. Mandatory Contractual Representations**

Each new investor or transferee must make representations and undertakings substantially to the effect set forth in Exhibit B-1. These may be set forth in the investor’s investment agreement (or, in the case of any transferee of an interest, in a separate certificate delivered to the CCO), in any applicable agreement, or as otherwise determined to be appropriate. Company will seek to include representations and undertakings substantially similar to those contained in Exhibit B-2 in agreements with its customers, agents, consultants, and other third parties with which it contracts. Any modifications to these undertakings or alternative provisions must be approved by the CCO.

## **VI. Prohibition on Cash, Minerals, or In-Kind Payments**

Unless the CCO’s prior written approval is obtained, Company prohibits its employees and consultants from accepting any cash payment on the Company’s behalf, as well as the acceptance of any unusual or untraceable monetary instruments, such as: bearer bonds; financial instruments drawn to the order of cash, bearer, or similar payees; money orders or other monetary instruments

that do not bear the customer's name or payment account information; or gift certificates or other cash equivalents.

Additionally, unless the CCO's prior written approval is obtained, Company prohibits its employees and consultants from accepting other untraceable or difficult-to-trace assets as payment for any obligations owed to the Company, such as minerals, gemstones, petroleum products, equipment, machinery, or other similar assets.

## **VII. Mandatory Reporting for Large Cash Transactions**

In accordance with the Bank Secrecy Act of 1970, as amended, Company must file a formal notification with the Internal Revenue Service (using Form 8300) within 15 days of the occurrence of a cash transaction exceeding \$10,000. If a cash payment of less than \$10,000 is received, but a subsequent cash payment within one year of the first payment causes the total cash received from the party to exceed \$10,000, Company must file the Form 8300 notification within 15 days of the payment causing the total cash received to exceed \$10,000. "Cash" for purposes of this requirement means the coins and currency of the US or a foreign country. "Cash" does not include personal checks drawn on the account of the writer, or cashier's checks, bank drafts, traveler's checks or money orders with a face value of *more than* \$10,000.

It is Company's policy to file a Form 8300 notification if an employee or consultant knows or suspects that a party is making a payment using a cashier's check, bank draft, traveler's check, or money order with a face value of \$10,000 or less in attempt to avoid the Form 8300 reporting requirement.

Whenever a Form 8300 notification is required to be filed, Company must, by law, notify the party causing the Form 8300 report in writing *before January 31* of the year that immediately follows the year the payment was made.

The CCO, in coordination with the Company's accounting department, shall be responsible for tracking the receipt of cash payments and for directing the filing of the Form 8300 using the BSA E-Filing system, available at <http://bsaefiling.fincen.treas.gov/main.html>, or by using an approved paper form. The CCO shall also be responsible for ensuring any required written notifications are provided to the customer. The CCO shall maintain any Form 8300s filed, as well as any resulting written notifications, for a period of five years from the date filed in accordance with IRS guidance.

## **VIII. Voluntary Reporting of Suspicious Transactions**

In addition to the voluntary reporting of suspected attempts to avoid the Company's filing of a Form 8300 notification, described above, it is Company's policy to report suspicious transactions suggesting the commission of illegal activities. Voluntary Suspicious Activity Reports may be filed by submitting a Form 8300 notification with the "Suspicious Transaction" box checked, or by calling the IRS Criminal Investigation Division Hotline at 800-800-2877, or the local IRS Criminal Investigation unit.



## **IX. Miscellaneous Provisions**

### **A. Record Retention**

The CCO or his or her designees shall retain all agreements and other documentation from the approval of a new investor, transferee or customer, and from for-cause diligence (in original or electronic form) for not less than five years.

### **B. Distributions**

Distributions of Company assets will be made only to the owner of the interest as identified in Company books and records, unless otherwise approved in writing by the CCO. Any investor request to direct distributions to another party must be referred to the CCO for consideration and prior approval before any distribution is so made.

### **C. Training**

The Company will provide all Company personnel with these policies and procedures and ensure relevant Company personnel receive appropriate training as necessary relating to Company's AML and sanctions legal obligations generally.

## **Exhibits**

B-1 Form 1 of Investor Representations and Undertaking

B-2 Representations and Undertakings for Third Party Contracts

## Exhibit B-1

[ ] (“Investor”) The Investor represents, warrants and agrees as follows:

(a) Investor hereby represents and warrants that it does not now, has not in the past, and will not during the term of this Agreement, participate in, foster, or support in any way any money laundering or terrorist-financing activities, as those terms are defined under U.S. laws or the laws of any jurisdictions applicable to this Agreement, including the jurisdiction controlling this Agreement and the jurisdiction of Investor’s citizenship, residence, incorporation, or formation. Investor further represents and warrants that Investor has not been named as an actual or suspected money launderer or terrorist financier by any government, international body or intergovernmental organization which compiles lists of suspected money launderers or terrorist financiers.

(b) Neither the Investor, nor any of its Affiliates or direct or indirect beneficial owners, nor Investor’s shareholders, directors, officers, and employees, nor, to Investor’s knowledge, any agents, representatives, and each other person acting for, or on behalf of Investor is a person, or owned or controlled by, or acting on behalf of, a person, that is: (i) identified on any list of sanctioned, blocked, or restricted persons or entities maintained by the U.S. government, or any other comparable list of persons subject to trade restrictions and/or sanctions imposed or administered by any governmental authority in any jurisdiction in which Investor is organized, located, or operates; or (ii) organized, incorporated, established, located, resident or born in, or a citizen, national, or the government, including any political subdivision, agency, or instrumentality thereof, of, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, or any other country embargoed or subject to substantial trade restrictions by a governmental authority in any jurisdiction in which Investor is organized, located, or operates (collectively, “Restricted Person”).

(c) The Investor further represents and warrants that the Investor: (1) has conducted thorough due diligence with respect to all of its beneficial owners, (2) has established the identities of all direct and indirect beneficial owners and the source of each of such beneficial owner’s funds and (3) will retain evidence of any such identities, any such source of funds and any such due diligence. Pursuant to anti-money laundering laws and regulations, the Company may be required to collect documentation verifying the Investor’s identity and the source of funds used to acquire an Interest before, and from time to time after, acceptance by the Company of this Agreement. The Investor further represents that the Investor does not know or have any reason to suspect that the monies used to fund the Investor’s investment in the Interests have been or will be derived from or related to any illegal activities, including, without limitation, money laundering activities, or the proceeds from the Investor’s investment in the Interests will be used to finance any illegal activities.

(d) Investor and its shareholders, directors, officers, and employees, and, to Investor’s knowledge, any agents, representatives, and each other person acting for, or on behalf of, Investor currently are compliance with applicable provisions of, and have not been and are not subject to, and have not engaged and are not engaging in activities that may cause them or Client to become subject to, any penalties, sanctions, or loss of tax benefits under, U.S. trade laws or any laws relating to international trade administered by a governmental authority in any jurisdiction in which Investor is organized, located, or operates (collectively, “Trade Laws”).

(e) Investor hereby represents and warrants that no action, suit, proceeding or investigation by or before any court, governmental authority or arbitrator involving Investor that relates to allegations of money laundering or terrorist financing or any violation of Trade Laws is pending, or to the knowledge of Investor, threatened.

(f) The Investor will provide to the Company at any time during the term of his or her investment such information as the Company determines to be necessary or appropriate (A) to comply with the anti-money laundering laws, rules and regulations of any applicable jurisdiction and (B) to respond to requests for information concerning the identity of Investors from any governmental authority, self-regulatory organization or financial institution in connection with its anti-money laundering compliance procedures, or to update such information.

(g) In the event that the Investor is, receives deposits from, makes payments to or conducts transactions relating to a non-U.S. banking institution (a “Non-U.S. Bank”) in connection with the Investor’s investment in Interests, such Non-U.S. Bank: (i) has a fixed address, other than an electronic address or a post office box, in a country in which it is authorized to conduct banking activities, (ii) employs one or more individuals on a full-time basis, (iii) maintains operating records related to its banking activities, (iv) is subject to inspection by the banking authority that licensed it to conduct banking activities and (v) does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a registered affiliate.

(h) The representations and warranties set forth in this Section will be deemed repeated and reaffirmed by the Investor to the Company as of each date that the Investor is required to make a Capital Contribution to, or receives a distribution from, the Company. If at any time during the term of the investment the representations and warranties set forth in this Section cease to be true, the Investor will promptly so notify the Company in writing.

(i) The Investor understands and agrees that the Company may not accept any amounts from a prospective Investor if such prospective Investor cannot make the representations set forth in this Section. If an existing Investor cannot make these representations or fails to comply with information requests, the Company may require the withdrawal of such Investor’s Interest pursuant to the Agreement. The Investor further understands and agrees that the Company may be obligated to “freeze” the Investor’s Capital Account (e.g., by prohibiting additional Capital Contributions from the Investor or suspending other rights the Investor may have under the Investment Agreement) and the Company may also be required to report such action or failure to comply with information requests and to disclose the Investor’s identity to governmental authorities, self-regulatory organizations and financial institutions, in certain circumstances without notifying the Investor that the information has been so provided.

## **Exhibit B-2**

### **Representations and Undertakings for Third Party Contracts**

1.1 Consultant hereby represents and warrants that he/she does not now, has not in the past, and will not during the term of this Agreement, participate in, foster, or support in any way any money laundering or terrorist-financing activities, as those terms are defined under U.S. laws or the laws of any jurisdictions applicable to this Agreement, including the jurisdiction controlling this Agreement, the jurisdiction of Consultant's citizenship, residence, incorporation, or formation, and the jurisdiction(s) in which Consultant will perform work pursuant to this Agreement. Consultant further represents and warrants that Consultant has not been named as an actual or suspected money launderer or terrorist financier by any government, international body or intergovernmental organization which compiles lists of suspected money launderers or terrorist financiers.

1.2 Consultant hereby represents and warrants that neither Consultant, nor Consultant's shareholders, directors, officers, and employees, nor, to Consultant's knowledge, any agents, representatives, and each other person acting for, or on behalf of Consultant is a person, or owned or controlled by, or acting on behalf of, a person, that is: (i) identified on any list of sanctioned, blocked, or restricted persons or entities maintained by the U.S. government, or any other comparable list of persons subject to trade restrictions and/or sanctions imposed or administered by any governmental authority in any jurisdiction in which Consultant is organized, located, or operates; or (ii) organized, incorporated, established, located, resident or born in, or a citizen, national, or the government, including any political subdivision, agency, or instrumentality thereof, of, Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, or any other country embargoed or subject to substantial trade restrictions by a governmental authority in any jurisdiction in which Consultant is organized, located, or operates (collectively, "Restricted Person").

1.3 Consultant and its shareholders, directors, officers, and employees, and, to Consultant's knowledge, any agents, representatives, and each other person acting for, or on behalf of, Consultant currently are compliance with applicable provisions of, and have not been and are not subject to, and have not engaged and are not engaging in activities that may cause them or Client to become subject to, any penalties, sanctions, or loss of tax benefits under, U.S. trade laws or any laws relating to international trade administered by a governmental authority in any jurisdiction in which Consultant is organized, located, or operates (collectively, "Trade Laws").

1.4 Consultant hereby represents and warrants that no action, suit, proceeding or investigation by or before any court, governmental authority or arbitrator involving Consultant that relates to allegations of money laundering or terrorist financing or any violation of Trade Laws is pending, or to the knowledge of Consultant, threatened.

1.5 Client shall have the right to unilaterally and immediately terminate this Agreement, without penalty, should it be found, at any point during the pendency of the Agreement, that Consultant or any agent or representative of Consultant participates in money laundering or terrorist financing activities, becomes a Restricted Person, or is alleged to have violated any applicable Trade Laws.