RiverRock Securities SAS

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy

November 2020

1. Glossary

RiverRock Securities SAS ("RiverRock" or "the Investment Firm"): 145-147, Boulevard Haussmann, 75008 Paris, France

RRECP: RiverRock European Capital Partners LLP authorized and regulated by the UK Financial Conduct Authority. 11 Pilgrim Street, London, EC4V 6RN

RCSI: Responsable de la Conformité pour les Services d'Investissement – Investment Services Compliance Chief Officer. This function has been introduced by the French Arrêté du 3 November 2014 on the internal control of companies in the banking sector, payment services and investment services subject to supervision by the ACPR and is mandatory for each investment company.
AMF's Rules Book specifies that the RCSI is independent and is responsible for:

- risks identification and setting up of accurate internal policies and control to comply with laws and regulations,
- the elaboration of a Permanent Control Plan,
- the setup of an internal control system which ensures security, confidentiality, and integrity of firm's information,
- the evaluation of non-compliance risks related to a new product or activity,
- providing business advices, ensuring collaborators training, operating a regulatory and judicial watch,
- reporting production in order to keep directory and executive board informed of his mission,
- establishing remediation proposition to cover all anomalies and/or dysfunctions constated while performing compliance controls.

Within small size investment firms, this function is performed by one of the two directors. Must of the time, in order to observe RCSI's independence, the compliance function is delegated to an external provider.
At RiverRock Securities SAS, this role is played by **Mikaël Mallion** who is one of its directors.

Compliance Officer: collaborators working for Compliance and Internal Control Department and who report to Head of Internal Control and RCSI.
At RiverRock Securities SAS, this role is partly delegated to RiverRock European Capital Partners' compliance team.
The Compliance Officer oversees the Know Your Customer ("KYC") and Anti-Money Laundering and Counter-Terrorism Financing controls.

Marker Management Consulting ("Marker"): external provider to whom the internal control function is outsourced. It specialises in conducting compliance and internal control missions under the responsibility of the RCSI. Marker performs its compliance mission in accordance with the Control Framework validated by the RCSI.

Internal control: as it is referred to in Article 2 of Arrêté du 3 November 2014 on the internal control of companies in the banking sector, payment services and investment services subject to supervision by the ACPR, it includes:

- a system of control of internal operations and procedures,
- an accounting and information processing organisation,
- systems for measuring risks and results,
- systems for monitoring and controlling risks,
- a documentation and information system,
- a system for monitoring cash and securities flows.

At RiverRock Securities SAS, permanent and periodic controls are outsourced to Marker.

Permanent Control: the permanent control system ensures that:

- the specific risk analysis has been carried out rigorously and beforehand,

- the procedures for measuring, limiting and controlling the risks involved are adequate,
- where necessary, the necessary adaptations of the procedures in place have been made,
- risk monitoring, accompanied by sufficient resources for its implementation, has been set up.

Periodic Control: periodic control concerns the compliance of operations, the level of risk actually incurred, the compliance with procedures, the effectiveness and appropriateness of the compliance, the security and validation systems for carried-out operations and compliance with other due diligence procedures related to the risk management function's tasks.

Beneficial Owner: according to Article R 561-1 of the French Monetary and Financial Code, when RiverRock's client is a company, beneficial owner means the natural person or persons who either hold, directly or indirectly, more than 25% of the company's capital or voting rights or exercise, by any other means, a power of control over the company.

Information on the beneficial ownership of companies will be stored in a central register, accessible to relevant bodies such as financial intelligence units.

Customer Due Diligence (CDD): customer due diligence includes the identification and verification of the customers and the other relevant parties' identity, the assessment of the purpose and intended nature of the business relationship, and the ongoing monitoring of the business relationship.

Staff: staff are persons who are hired to work for a Group Entity in exchange for a wage, salary, fee or payment, including full and part-time employees and temporary workers.

High-Risk Third Countries: third-country jurisdictions (i.e. non-EU jurisdictions) which have strategic deficiencies in their national AML/CFT regimes that pose significant threats to the financial system of the Union as identified by EU Commission in order to protect the proper functioning of the internal market.

Know Your Customer (KYC): the Know Your Customer process is intended to enable the financial institution to form a reasonable belief that it knows the identity of each customer and other relevant parties.

Politically Exposed Person (PEP): according to article L 561-10 1° of the French Monetary and Financial Code, a PEP is defined as the customer, where applicable his beneficial owner, the beneficiary of a life insurance or capitalisation contract, is a person who is exposed to particular risks as a result of the political, jurisdictional or administrative functions which he exercises or has exercised or those which are exercised or have been exercised by direct members of his family or persons known to be closely associated with him or become closely associated with him in the course of a business relationship.

A PEP is a person who performs or has ceased to perform one of the following duties in the past year:

1) Head of State, Head of Government, member of a national government or member of the European Commission,
2) member of a national parliamentary assembly or of the European Parliament, member of the governing body of a political party or grouping subject to the provisions of Law No. 88-227 of 11 March 1988 or of a foreign political party or grouping,
3) member of a supreme court, a constitutional court or another high court whose decisions are not, save in exceptional circumstances, subject to appeal,
4) member of a court of auditors,
5) head or member of the management body of a central bank,
6) ambassador or chargé d'affaires,
7) general officer or senior officer in command of an army,
8) member of an administrative, management or supervisory body of a public enterprise,
9) director, deputy director, member of the board of an international organisation created by a treaty, or a person holding an equivalent position within it.

No public function referred to in points 1) to 9) shall be understood as covering middle-ranking or more junior officials. PEP measures also apply to family members or persons known to be close associates of politically exposed persons.

The following are considered to be direct family members of the persons previously mentioned:

- the spouse or common-law partner,
- the partner bound by a civil solidarity pact or by a partnership agreement registered under a foreign law,
- children, as well as their spouse, partner bound by a civil solidarity pact or by a registered partnership contract under foreign law,
- first-degree ascendants.

Are considered as persons known to be closely associated with a PEP client (article R 561-18 III of the French Monetary and Financial Code):

- any natural person identified as the beneficial owner of a legal entity together with that customer,
- any natural person known to have close business ties with this client.

Risk-Based Approach: the risk-based approach requires that risks be identified, assessed and classified by level before mitigation measures are set up: this is known as risk classification. Based on this classification, the obliged entity determines the scope of the due diligence obligations required of it before entering into the business relationship.

Suspicious Activity: unusual customer behaviour or activity that raises suspicion that it may be related to money laundering or to the financing of a terrorist activity: may also refer to a transaction that is inconsistent with a customer's known legitimate business, personal activities, or the normal level of activity for that kind of business or account.

2. Applicable Laws

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) is a worldwide concern regulated at an international level with the following texts:

- Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (4th AML Directive),
- Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 (5th AML Directive),
- Directive (EU) 2017/541 of the European Parliament and of the Council of 15 March 2017 on combating terrorism,
- FATF (GAFI) - Financial Action Task Force Recommendations,
- Joint Committee of the European Supervisory Authorities - EBA, EIOPA and ESMA.

At French level, AML/CFT rules are framed by a dense and constantly evolving regulation:

- the French Penal Code: articles 324-1 and 324-2,
- the French Monetary and Financial Code: articles L 561-1 and followings, articles R 561-1 and followings and article R 561-38-6,
- General Regulation of the AMF ("GRAMF"): article 315-8,

The AMF requires different actions to be taken against money laundering and terrorist financing. Those requirements are listed in Book V, Title VI, Chapter 1: Obligations relating to the prevention of money laundering and terrorist financing. This chapter is divided in nine sections:

- section 1: individuals subjected to a reporting obligation to the Public Prosecutor

  Individuals carrying out, controlling or advising transactions involving capital movements in their professional activity, are required to declare to the Public Prosecutor the dubious transactions linked to sums they know to be derived from one of the offences (money laundering and terrorist financing).

- section 2: individuals subjected to the prevention of money laundering and terrorist financing obligations

  This section describes and lists all the different professional activities subjected to the French Monetary and Financial Code rules.

- section 3: customer due diligence

  This section describes the process to follow: to identify the client, to verify identification, to gather information on the business relationship objective, to constantly be wary. It also details the conditions needed to have a part done by a third party as well as which kind of vigilance measures to choose (simple, complementary, or strengthened). Related data are to be kept for 5 years after the end of the business relation or the client's account closure.

- section 4: reporting and disclosure requirements

  It underlines the necessity for the company to disclose the suspicious sums, operations representing a significant level of risk AML-CFT, to abstain from taking part in operations known to be suspicious.

- section 5: TRACFIN

- section 6: process and internal control

  RiverRock Securities SAS shall set up internal organization and procedures to prevent itself from taking part in money laundering and terrorist finance. The organization and procedures should be established at a group level. It should be defined by the parent company if its registered office is in France. RiverRock Securities SAS shall provide regular information to their employees. With the same goal, they shall establish any mean of necessary training.

- section 7: control authorities and administrative sanctions

  The section describes the main authorities (ACPR, AMF and the Commission nationale des sanctions) and their sanction possibilities.

- section 8: indirect access right to data

  When personal data are processed solely for the purposes of preventing money laundering and terrorist financing, the right of access shall be granted by the Commission nationale de l'informatique et des libertés (CNIL). When communication of the data is likely to jeopardize the purpose of the operation, the CNIL, seized by the applicant, shall inform him that the necessary checks have been carried out.

- Section 9: register of beneficial owners

  RiverRock Securities SAS is required to get and to maintain accurate and up-to-date information on their beneficial owners. Without prejudice to the communication of information on the identity of the beneficial owner required by virtue of customer due diligence obligations, RiverRock Securities SAS shall file at the court, for attachment to the trade and companies register, a document relating to the beneficial owner containing the latter's identification details and personal domicile as well as the terms and conditions of the control he exercises.

It underlines that portfolio management companies shall have organizational structures and procedures that enable them to comply with the vigilance and disclosure requirements provided for in Book V, Title VI of the French Monetary and Financial Code and Article 315-8 of the GRAMF.

Concerning AMF positions:

- Position 2019-14: guidelines on risk factors detail the applicable framework.

  These guidelines set out factors that firms should consider when assessing the money laundering and terrorist financing (AML/CFT) risks associated with a business relationship or occasional transaction. They also set out how firms can adjust the extent of their customer due diligence measures in a way that is proportionate to the AML/CFT risk they have identified.

The AMF's new guidelines set out the obligations of professionals subject to AML/CFT that are placed under its supervision. The purpose is to assist them in preparing and implementing their AML/CFT prevention system. These guidelines are current with the national regulations transposing the fourth AML directive:

- position 2019-15: guidelines regarding the risk-based approach to AML/CFT,
- position 2019-16: guidelines regarding obligations of vigilance with respect to clients and their beneficial owners, which merges into a single document the previous guidelines on the concept of beneficial owner and on the concept of third-party introducer,
- position 2019-17: guidelines on the concept of politically exposed persons,
- position 2019-18: guidelines on the obligation to report suspicions to TRACFIN.

3. Objectives and Context

The purpose of this procedure is to provide information regarding money laundering and financing of terrorism to the entire staff of RiverRock Securities SAS as well as inform them of their duties and obligations in this regard.

RiverRock Securities SAS as part of its business nature, is obligated to adhere to the AML/CFT directives which are governed by the French competent authorities: Autorité des Marché Financiers (AMF) et Autorité de contrôle prudentiel et de résolution (ACPR).

The Fourth and Fifth AML/CFT Directive, Directive (UE) 2018/843, is designated to address the threat of money laundering and financing of terrorism by preventing the financial market from being misused for these purposes. Those subjected to the directive need to:

- identify and verify the identity of their customer and the beneficial owners of their customers, for example the identity of the person who ultimately owns or controls a company,
- report suspicions of money laundering or terrorist financing to the public authorities, usually the financial intelligence unit,
- take supporting measures, such as ensuring the proper training of personnel and the establishment of appropriate internal preventive policies and procedures,
- take additional safeguards such as enhanced customer due diligence for situations of higher risk such as trading with banks located outside the EU as well as for clients living in high risk countries.

To fulfil its duties and obligations and to ensure the integrity of its business relationships, RiverRock Securities SAS has put measures in place against money laundering and terrorist financing as set out in the present procedure.

4. Definitions

Money laundering

According to the Fourth AML/CFT Directive, the following shall be regarded, when committed intentionally, as money laundering:

- the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person's action,
- the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from criminal activity or from act of participation in such activity,
- the acquisition, possession or use of property, knowing that such property is derived from criminal activity or from act of participation in such activity,
- participation in association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commissions of any of the actions referred to above.

Money laundering shall be regarded as such even where the activities which generated property to be laundered were carried out in the territory of another State. Money laundering is generally divided into 3 phases:

- **Placement**: The money launderer places dirty money into the legitimate financial system for instance by making cash deposits at the bank. This stage is particularly risky since large cash deposits tend to attract suspicion. Criminals use different tactics such as smurfing (splitting the money into smaller amounts) or mixing legal and illegal assets.
- **Layering**: The launderer changes the form of the money initially placed with the aim to wipe any possible traces. This can be achieved by making numerous transfers between different bank accounts with different account-holder, by repeatedly changing currencies, by buying and reselling various securities, or by buying high-value goods.

- **Integration**: The launderer reintroduces the money, now seemingly legitimate, into the financial and economic system. Detecting dirty money at this stage is much more difficult since transactions appear to come from a legal source.

Terrorist financing

According to the Fourth & Fifth AML/CFT Directive, terrorist financing means the provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the offences within the meaning of Articles 3 to 10 of Directive (EU) 2017/541 of the European Parliament and of the Council of 15 March 2017 on combating terrorism.

5. Competent Authorities

According to the Fourth & Fifth AML/CFT Directive, each Member State shall require competent authorities to monitor effectively and to take the measures necessary to ensure compliance with the directive.

The AMF is the competent authority regarding anti-money laundering and the financing of terrorism issues for asset management companies regarding investment services provided.

The AMF may conduct documentary audits and on-site inspections of compliance by professionals with their anti-money laundering and combating financing of terrorism obligations and may report any breaches it observes to the AMF Enforcement Committee.

The General Regulation of the AMF specifies the obligations applicable to entities regulated by the AMF. These include obligation of vigilance and obligation to report any suspicions to TRACFIN, the French financial intelligence unit.

TRACFIN handles the processing of information and action against illegal financial circuits. It receives information on suspicious activities from individuals and legal entities. Information received is then assessed by TRACFIN and, when applicable, appropriate measures are taken.

6. Regulatory Compliance Requirements

The financial and monetary code and the AMF regulatory standards stipulate the obligations of customer due diligence which firms need to adhere.

6.1 Obligation of due diligence for the customers

RiverRock Securities SAS must apply the customer due diligence for the identification of the clients which include one-time customers and the beneficiary owners of the legal entities.
The level of due diligence (simplified, standard, enhanced) to be applied shall depend on the degree of risk incurred in matters of money laundering and financing of terrorism.
For this purpose, RiverRock Securities SAS which is regulated by the AMF shall implement a framework for the identification of the different classes of clients and evaluate the risks to which the firm is exposed to, as well as an explicit policy to manage these risks.

A risk mapping is developed to capture all the inherent risks relative to clients: service provided, transactions and distribution channels, geographical locations as well as recommendations from the European Commission and the risk analysis carried out at the national level. The risk mapping should be updated once a year or in case of any significant event impacts RiverRock Securities SAS' activities or if there is a regulatory change.

6.2 Register of Beneficial Owners

RiverRock Securities SAS which is a legal entity regulated by the AMF must draw up a list of its beneficial owners and file it with the clerk of the commercial court. Information relating to beneficial owners is kept in the Trade and Companies Register and made available to the AMF.

6.3 Audits carried out by the AMF

The AMF can carry out verifications on the spot to check documents ensuring that RiverRock Securities SAS is complying with the AML/CFT obligations and, if necessary, report any breaches to the AMF's Enforcement Committee.
RiverRock Securities SAS shall implement the necessary framework to comply with the vigilance and disclosure requirements with regard to the French supervisory regimes relating to the fight of money laundering and terrorist financing.

RiverRock Securities SAS is obliged to ensure that it is able to identify, assess, monitor and manage money laundering and terrorist financing risk, and must be able to mitigate the risk of facilitating money laundering and terrorism financing by designing, implementing, monitoring and maintaining appropriate and risk-sensitive policies and procedures relating to:

- customer due diligence measures and on-going monitoring,
- reporting,
- record-keeping,
- internal control,
- risk assessment and management,
- the monitoring and management of compliance with the internal communication of our anti-money laundering and terrorist financing policies and procedures.

The Executive Committee of RiverRock Securities SAS shall ensure that the AML/CFT policies and procedures are sufficiently robust and proportionate to the risks that are presented by the business activities and the jurisdictions in which it operates.

On at least an annual basis, the risks facing the business will be regularly reviewed and assessed with a view to corrective actions and enhanced controls being implemented.

If RiverRock Securities SAS fails to manage money laundering and terrorist financing risk, it will increase the risk to society of crime and terrorism. There is also a risk to the firm and senior management of regulatory censure and potential prosecution should RiverRock Securities SAS fail to adequately establish and implement risk-based systems and controls which enable it to mitigate the risk of the firm being used to further or facilitate financial crime.

Any connection to money laundering or other financial crime would cause significant reputational damage to the firm.

The regulatory requirements that RiverRock Securities SAS shall need to adhere are namely:

6.3.1 Risk Classification relative to money laundering and financing terrorism

RiverRock Securities SAS is obliged to have an updated risk classification pertaining to matters of money laundering and financing terrorism crime to be made available to the supervisory authorities upon request. The updated risk classification of RiverRock Securities SAS shall present concrete analysis of the AML/CFT risk classification and encapsulate all the risks involved in the business activities of RiverRock Securities SAS.

6.3.2 Due Diligence – enhanced and simplified processes

RiverRock Securities SAS is obligated to ensure that both enhanced and simplified customer due diligence processes are carried out on all the clients, third-parties business intermediaries with which RiverRock Securities SAS engages business relationships with and or has the intention to have business relationships with.

6.3.3 AML/CFT Framework Implementation

An adequate AML/CFT framework is implemented to accurately assess and monitor the risks associated to money laundering and financing of terrorism.

6.3.4 Internal control of the AML/CFT framework

Internal controls procedure comprising of periodic reviews and monitoring plans to assess and monitor existing and potential risks in order to evaluate the accuracy and soundness of the existing AML/CFT framework.
In the event the existing AML/CFT framework is unable to capture all the risks as per the evolving supervisory requirements, the framework is adjusted to accommodate for the new criteria.

6.3.5 Freezing of Assets and Restrictive Measures

In order to reinforce the fight against the financing of terrorism, the General Treasury Management department of the ACPR have adopted the European Union directives concerning the rules on the freezing of assets of the actors concerned.

The ACPR guidelines are part of the action plans of the French Government to fight against the financing of terrorism. The measures on freezing of assets are decided in view of the international financial sanction regime.

7. Customer Due Diligence

The directive of the European Parliament and of the Council imposes financial institutions to carry out due diligence process on their clients in the following circumstances:

- when establishing a business relationship,
- when carrying out a transactional transaction >EUR15,000,
- when there is suspicion of money laundering and or terrorist financing.

Prior to undertaking a transaction or business on behalf of a customer RiverRock Securities SAS must first certify that it knows who the customer is for AML purposes. The Regulations set out two different levels of due diligence that must be applied: specific higher risk circumstances require Enhanced Due Diligence (“EDD”) and lower risk circumstances allow Simplified Due Diligence (“SDD”) to be undertaken.

RiverRock Securities SAS shall ensure that the customer due diligence process including the KYC process and PEPs identification is implemented as part of the AML/CFT risk control framework.

7.1 Customers on whom RiverRock Securities SAS undertakes due diligence

RiverRock Securities SAS shall carry out the due diligence process on all its clients and third-party business intermediaries.
When undertaking business with customers, RiverRock Securities SAS is required to confirm that it knows who the client is and that their source of funds is legitimate.

RiverRock Securities SAS shall ensure that the following customer due diligence process on the clients has been properly carried out before transacting with these prospects.

- identification of the customers and verification of the identities based on documents or information obtained from a reliable and independent source,
- identification of any beneficial owners and taking a risk-based approach to verify the identity of the beneficial owner,
- obtaining information on the purpose and intended nature of the business relationship,
- obtaining other information about the client such as source of wealth and employment details.

7.2 Incorporating risk into the due diligence process

Once RiverRock Securities SAS has established who the customers are for AML purposes, RiverRock Securities SAS should assess the level of money laundering risk which it may pose to its business in order to enable us to apply the correct level of due diligence to them.

The nature of the customer will drive what level of customer due diligence should be undertaken. However, RiverRock Securities SAS must also factor in any risks that would suggest that the enhanced due diligence standard must be applied to.

The following factors are considered when assessing whether a client poses a higher level of risk to carry out an Enhanced Due Diligence process or lower level of risk which entails the process of Simplified Due Diligence, (but are not limited to):

- background and origin of the client,
- type of client with which RiverRock Securities SAS is dealing (e.g. corporate, individual etc.),
- nature of the client's business,
- type of service used by the client,
- beneficial ownership structure of the client (where applicable),
- purpose of the transaction where a transaction is complex and unusually large or there is an unusual pattern of transactions,
- if the transaction has no apparent economic or legal purpose,
- whether there is a substantial connection to geographical location or industry that poses higher risk either directly or through the client's beneficial owners,
- client's source of wealth and funds,
- whether the client is a politically exposed person,
- whether the client features on a sanctions list.

7.3 Implementation of due diligence process

The due diligence process is based on the different risk classifications and is carried out on those involved in the business activities of RiverRock Securities SAS.

7.3.1 Lower risk customers where Simplified Due Diligence (SDD) applies

Under the simplified approach RiverRock Securities SAS is not required to apply full customer due diligence measures in circumstances in which they have reasonable grounds for believing that:
The customer is:

- a credit or financial institution,
- a company whose securities are listed on a regulated market (or an equivalent market) which is subject to specified disclosure obligations,
- an independent legal professional and the service/ product is an account into which monies are pooled,
- a public authority in France.

RiverRock Securities SAS must be able to demonstrate "reasonable grounds" for using SDD and will continue to conduct on-going monitoring on the business relationship with the customer.

7.3.2 Higher risk customers where Enhanced Due Diligence (EDD) applies

For those listed market corporate clients that RiverRock Securities SAS consider have higher risk based on the criteria identified below, it will apply specific additional measures that RiverRock Securities SAS consider appropriate to the risk presented.
Enhanced customer due diligence measures are required in the following circumstances:

- complex transactions,
- unusually large transactions,
- unusual patterns of transactions,
- Politically Exposed Person (PEP) - where a firm proposes to have a business relationship or carry out an occasional transaction with a PEP,
- non-residents,
- transactions with no apparent or economic purpose,
- customer is in a high-risk third country as identified by the European Commission,
- customer has not been physically present for identification purposes because business is conducted via internet,
- any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

8. KYC Due Diligence Screening Obligations

The list of documents required for the identification for each category of client transacting with RiverRock Securities SAS with regard to the different activities is listed below:

- Identification of individual client:
  - Identity card/ passport,
  - Proof od address,
  - Verified signature.

- Identification of third parties – business intermediaries with which RiverRock Securities SAS shall engage into business relationships:
  - Certificate of the legal status of the company,
  - Kbis/ certificate of the legal entity (identity card of the company),
  - Consolidated annual report of the previous year (publicly available),
  - Status certificate (information about the financial health of the company).

9. Politically Exposed Person (PEP)

The complexity of the international issues and the reality of some countries' situations (political, financial, economic or social) have an impact on the AML risks.

Indeed, because of the influence that the holders of important jobs or their close relations may have, the risks in terms of financial support for terrorism, attempted bribery or the circulation of fraudulent capital for money laundering, justify particular vigilance measures by professionals with respect to their PEP clients.

According to article L 561-10 1° of the French Monetary and Financial Code, a PEP is defined as the customer, where applicable his beneficial owner, the beneficiary of a life insurance or capitalisation contract, is a person who is exposed to particular risks as a result of the political, jurisdictional or administrative functions which he exercises or has exercised or those which are exercised or have been exercised by direct members of his family or persons known to be closely associated with him or become closely associated with him in the course of a business relationship.

- A PEP is a person who performs or has ceased to perform one of the following duties in the past year:

- Head of State, Head of Government, member of a national government or member of the European Commission,
- member of a national parliamentary assembly or of the European Parliament, member of the governing body of a political party or grouping subject to the provisions of Law No. 88-227 of 11 March 1988 or of a foreign political party or grouping,
- member of a supreme court, a constitutional court or another high court whose decisions are not, save in exceptional circumstances, subject to appeal,
- member of a court of auditors,
- head or member of the management body of a central bank,
- ambassador or chargé d'affaires,
- general officer or senior officer in command of an army,
- member of an administrative, management or supervisory body of a public enterprise,
- director, deputy director, member of the board of an international organisation created by a treaty, or a person holding an equivalent position within it.

The following are considered to be direct family members of the persons previously mentioned:

- the spouse or common-law partner,
- the partner bound by a civil solidarity pact or by a partnership agreement registered under a foreign law,
- children, as well as their spouse, partner bound by a civil solidarity pact or by a registered partnership contract under foreign law,
- first-degree ascendants.

Are considered as persons known to be closely associated with a PEP client (article R 561-18 III of the French Monetary and Financial Code):

- natural persons who, together with the PEP, are beneficial owners of a legal person, a collective investment, a trust or a comparable legal arrangement under foreign law,
- natural persons who are the sole beneficial owners of a legal person, collective investment, trust or comparable legal arrangement under foreign law known to have been established for the benefit of the PEP,
- any natural person known to have close business ties with the PEP.

The professional is obliged to implement additional vigilance in addition to standard due diligence measures, namely:

- Define and implement procedures adapted to the AML / CFT risk to determine if their client is a "PEP" person within the meaning of Article R. 561-18 of the aforementioned code. This may be a specific procedure or part of the customer contact / acceptance procedure.
- Impose that the decision to enter into a business relationship with this person is the responsibility of a member of the executive body or any person authorized for that purpose by the executive body.
- Research, for the AML/CFT risk assessment, the origin of the assets and funds involved in the business relationship or the transaction.

10. Ongoing monitoring

RiverRock Securities SAS must compare its Clients' transactions to its expectations, which are based on the initial due diligence performed at the outset of the relationship. Where their transactions deviate from its expectations, RiverRock Securities SAS must report its concerns immediately to the RCSI.

11. Recognition of Suspicious Activity

When RiverRock Securities SAS has direct contact with Clients (including potential clients), the Investment Firm should ensure that Staff is suitably knowledgeable and skilful to recognise suspicious activities where this would have been expected form someone working in a firm like RiverRock Securities SAS. Annual training teaches Staff to work through the potential warning signs in addition to cross referencing to this policy.

RiverRock Securities SAS aims to understand the purpose and intended nature of the business relationship or transaction (where applicable). To be able to form an expectation of what might be normal activity, RiverRock Securities SAS will need to have both a general idea of its clients' normal activities as well as one for each client.

RiverRock Securities SAS should be alert by any behaviour or activity which is outside the "norm". Examples of suspicious transactions could be:

- transactions having no apparent purpose, making no obvious economic sense, or apparently involving unnecessary complexity,
- the use of non-resident accounts, companies or structures where the customers' needs do not make it necessary,
- dealing with customers not normally expected in their line of the business,
- transfers to and from high risk jurisdictions, without reasonable explanation,
- where a series of transactions are structured just below a regulatory threshold, and
- unnecessary routing of funds through third party accounts.

12. Training

The RCSI requires all Staff to undergo annual anti-money laundering training, to ensure that all Staff are aware of their individual obligations and alerted to potential AML risks relating to its business model.
New joiners will receive the RiverRock Securities SAS Compliance Manual upon joining the Investment Firm, in addition to receiving AML training.
The key elements of the RiverRock Securities SAS awareness and training are:

- all Staff will be given a copy of RiverRock Securities SAS' Compliance Manual upon joining the company and will be required to sign an Undertaking confirming they have read the manual,
- relevant Staff will be provided this Anti-Money Laundering and Combating Financing of Terrorism policy,
- formal anti-money laundering training will be provided to all Staff on a regular basis. Frequency of training may be increased if changes to its business make it necessary, e.g. its scope of activities, number of Clients etc, and also upon whether or not there have been any changes to the law, regulations or rules.

The requirements for training will also apply to any agents/contractors that provide services to RiverRock Securities SAS and whose work is relevant to its compliance with the AML regulations or is capable of contributing to the identification/mitigation of AML/CFT risks or the prevention/detection of money laundering or terrorist financing.

13. Record keeping

The Compliance Department is responsible for the maintenance of all records required by the regulation and rules. Specifically, the RCSI will be in charge of maintaining records of:

- clients – evidence that the identity has been obtained, including the relevant checklist, where applicable, and all supporting documentation,

- reliance on others – where RiverRock Securities SAS has relied on any other entity for the verification of identity of clients, the basis for this reliance,
- reports – details of all reports made,
- training – details of training provided, content (e.g. a copy of the agenda or presentation), dates given, names of attendees, attendees signatures,
- general – all supporting documentation, records, file notes and other information relating to any of the above.

All such records will be retained for a period of at least 5 years (where applicable, for 5 years after the client relationship ends).