ANTI-MONEY LAUNDERING (AML) COMPLIANCE POLICY

1. Policy Statement and Scope

This Anti-Money Laundering (AML) Compliance Policy establishes a comprehensive internal control and compliance framework to prevent and detect money laundering and terrorist financing within all business operations of Transcontinental Group International Limited. This policy is applicable across all divisions, with a particular emphasis on freight forwarding, logistics, and supply chain operations in the United States, European Union, and Asia.

The company acknowledges that the transportation and movement of goods across borders present elevated risks of abuse by criminal enterprises attempting to launder money through trade-based schemes, undervaluation, over-invoicing, and other trade manipulation techniques. As such, this policy outlines enhanced controls to safeguard the integrity of our services and meet the compliance requirements of all relevant jurisdictions.

2. Objectives

The primary goals of this policy include:

- Preventing misuse of our freight forwarding and logistics platforms for money laundering, trade-based money laundering (TBML), terrorist financing, and other financial crimes;

- Enhancing company-wide awareness of AML risks in the logistics sector;

- Creating a consistent, risk-based approach to compliance that satisfies U.S. Bank Secrecy Act (BSA) requirements, EU AML Directives, and the Hong Kong Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO);

- Ensuring the company and its employees operate within the legal frameworks of all countries in which it operates, while cooperating with competent authorities worldwide;

- Building a culture of compliance through education, transparency, and accountability.

3. Risk-Based Approach and Jurisdictional Responsibilities

A. United States:

- Compliance with the Bank Secrecy Act (BSA), USA PATRIOT Act, and FinCEN guidance on trade-based money laundering;

- Mandatory reporting of suspicious activity via SARs (Suspicious Activity Reports) to FinCEN;

- Maintenance of Customer Identification Program (CIP) records and adherence to Know Your Customer (KYC) standards;

- Identification of shell companies, misdeclared shipments, and layered financial transactions.

B. European Union:

- Conformance with EU AMLD6 (6th Anti-Money Laundering Directive) and country-specific implementations (e.g., Germany's GwG, France's Tracfin obligations);

- Centralized Beneficial Ownership Register checks;

- Monitoring of complex shipping arrangements that may obscure the origin or value of goods;

- Engagement with Financial Intelligence Units (FIUs) across the EU zone.

C. Asia & Hong Kong:

- Compliance with the Hong Kong AMLO and Customs & Excise Department AML/CTF Guidelines for Money Service Operators;

- Specific screening protocols for high-risk jurisdictions and dual-use goods;

- Vigilant control of third-party logistics (3PL) providers and agents;

- Support for cross-border enforcement actions and trade documentation validation.

4. AML Controls Specific to Freight Forwarding & Logistics

- Verification of cargo documentation, invoices, and transport contracts to detect over/undervaluation;

- Analysis of trade routes, country risk, and consistency with declared goods and financial arrangements;

- Implementation of red flag detection (e.g., frequent changes to shipment destinations, suspicious consignor/consignee activity, unusual payment terms);

- Screening of clients and goods against OFAC, EU, UN, and other sanctions and export control lists;

- Deployment of customs clearance checks for anomalies in valuation, weight, or classification;

- Partner audits and supplier due diligence for logistics networks;

- Use of blockchain or digital ledger tools (where available) for shipment traceability.

5. Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD)

- Tiered customer risk classification based on nature of goods, trade routes, jurisdiction, and financial behavior;

- Mandatory identification of beneficial ownership for all corporate clients and freight intermediaries;

- Use of third-party databases and proprietary algorithms for transaction anomaly detection;

- EDD measures for high-risk clients, politically exposed persons (PEPs), and clients operating in sanctioned countries;

- Periodic KYC refresh cycles based on risk score and transactional behavior.

6. Monitoring, Reporting, and Recordkeeping

- Real-time and retrospective transaction monitoring systems for all freight-related transactions;

- Filing of SARs and currency transaction reports (CTRs) where thresholds or patterns are triggered;

- Secure storage of shipping, financial, and KYC documents for a minimum of 5–7 years, or longer if legally required;

- Implementation of data integrity protocols for electronic records;

- Timely responses to regulatory inquiries, audits, and international cooperation requests.

7. Governance and Internal Controls

- The AML Compliance Officer oversees daily program implementation, supported by regional compliance managers;

- A dedicated Trade Compliance Committee meets quarterly to review cases, policy updates, and jurisdictional alerts;

- Annual internal audits and independent AML effectiveness assessments;

- Development of internal reporting channels for whistleblowing and anonymous red flag reporting;

- Incident escalation and response procedures for confirmed or suspected violations.

8. Training and Culture of Compliance

- Annual mandatory AML training for all staff, with enhanced training modules for those in trade operations, customs, and finance;

- Role-specific sessions addressing red flags in shipping, documentation fraud, and trade diversion;

- Monitoring of training completion and periodic employee knowledge assessments;

- Leadership endorsement of compliance culture through board-level oversight and accountability.

9. Policy Review and Continuous Improvement

- This AML Policy is reviewed and approved annually;

- Updates are implemented based on new regulatory developments, emerging risks, and audit feedback;

- Benchmarking of practices against industry standards and peer organizations to ensure continuous advancement.

10. Implementation Steps and Execution Procedures

To ensure the effectiveness and practical execution of this AML Policy, the following step-by-step implementation plan is established:

Step 1: Appointment of AML Compliance Officer

- Assign a qualified AML Compliance Officer (CO) responsible for oversight and enforcement of AML measures across the company.

- Define reporting lines.

Step 2: Policy Communication and Dissemination

- Distribute this AML Policy to all employees and stakeholders.

- Ensure the policy is included in onboarding packages and made accessible on internal platforms.

Step 3: Client Onboarding and KYC Process

- Implement a standardized Customer Identification Program (CIP).

- Collect and verify identity documents for all clients and beneficial owners.

- Assign risk scores based on customer type, geography, goods shipped, and financial profile.

- Apply enhanced due diligence (EDD) where required.

Step 4: Screening and Risk Categorization

- Conduct sanctions screening against OFAC, UN, EU, and national watchlists.

- Use automated tools to categorize clients and transactions by risk level.

Step 5: Transaction Monitoring

- Deploy transaction monitoring software tailored to logistics and freight flows.

- Calibrate system to detect anomalies (e.g., unusual shipment patterns, repetitive below-threshold payments).

- Flag and review transactions triggering alert criteria.

Step 6: Suspicious Activity Reporting (SAR)

- Investigate flagged transactions using compliance team resources.

- Escalate and submit SARs to appropriate Financial Intelligence Units (FIUs) where warranted.

- Maintain documentation supporting SAR decisions.

Step 7: Recordkeeping and Audit Trail

- Store KYC files, SARs, invoices, and related documents securely for at least 5–7 years.

- Maintain logs of all monitoring activity, staff training, and audits for inspection.

Step 8: Staff Training and Awareness

- Launch mandatory annual training programs tailored to business units.

- Include trade-based money laundering red flags in freight forwarding, invoicing, and documentation.

- Track completion and comprehension.

Step 9: Internal Controls and Reporting

- Conduct regular compliance reporting to senior management.

- Review and approve AML metrics, incident logs, and open issues.

- Perform random checks and compliance walkthroughs.

Step 10: Review and Improvement

- Schedule quarterly compliance committee meetings.

- Incorporate feedback from internal audits, external reviews, and regulatory updates.

- Continuously refine procedures and update training accordingly

Approved by:

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May 27, 2025