Green Guarantee Company

A greener world guaranteed

Anti-money laundering and countering the financing of terrorism policy

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1. Introduction

The Green Guarantee Company Ltd. (“GGC” or the “Company”) is a legal entity incorporated under the laws of England and Wales (with registration number 13702882) and its registered office at Oriel House, 26 The Quadrant, Richmond, Surrey, TW9 1DL, United Kingdom.

GGC provides investment grade financial credit guarantees that help mobilise climate (or “green”) finance from global credit and capital markets into sub-investment grade developing countries.

GGC is managed by Development Guarantee Group Ltd. (the “Manager” or “DGG”) and Vistra UK Limited is the Company administrator (the “Company Administrator”).

The purpose of this policy is to assign roles and responsibilities in terms of anti-money laundering (“AML”) and countering the financing of terrorism (“CFT”) between governing bodies and stakeholders, including the escalation process.

2. Scope

This AML/CFT Policy provides an overview of the anti-money laundering and counter-terrorist financing requirements in relation to the business conducted by the Company and sets out how the standards are met.

These requirements are intended to prevent the Company from being misused for money laundering, terrorist financing, tax fraud, or other financial crimes.

3. What is money laundering?

Money Laundering ("ML") is a process by which criminals attempt to hide the origin of the proceeds of their illegal activities (such as drug trafficking, organized crime, embezzlement, insider trading, and tax evasion1). If the criminal is successful, the laundering process allows them to maintain control over the criminal proceeds and provides a legitimate cover for the source of income.

Money laundering is typically considered a three-stage process, as follows:

Placement: The physical disposal of the benefits of criminal conduct (e.g., cash deposited into a bank account).

Layering: The separation of the benefits of criminal conduct from their source by creating layers of financial transactions designed to disguise the audit trail (e.g., purchase and sale of investment instruments making capital markets particularly attractive to money-launderers for layering their illicit proceeds); and

Integration: The provision of apparent legitimacy to the benefits of criminal conduct. If the layering process succeeds, the integration schemes place the laundered funds back into the economy so that they re-enter the financial system appearing to be legitimate business funds (e.g., invest funds into real estate, luxury assets or business ventures).

The term "laundering" is used because by disguising any links between the original crime and the proceeds of that crime, it is turning "dirty" money into "clean" money. However, the laundering activity does not have to involve money only, proceeds of crime that are laundered can also involve any form of tangible or intangible property.

Historically, money laundering was referenced only to drug trafficking. It now incorporates all serious crimes with an emphasis on countering the financing of terrorism. The principal objective of the anti-money laundering regime is to make it more difficult for criminals to infiltrate the financial system and to take the profit out of their crimes.

4. What is CFT?

As with other criminal organizations, terrorist groups will often attempt to obscure or disguise links between themselves and their sources of funding. The methods used to achieve this objective are generally the same as for other criminal organizations and some terrorist groups are known to have well-established links with organized criminal activity. There can be considerable similarities between the movement of terrorist property and the laundering of criminal property. However, there are two major differences between terrorist property and criminal property:

- Often only small amounts are required to commit individual terrorist acts, thus increasing the difficulty of tracking the terrorist property.
- Terrorists can be funded from legitimately obtained income, including charitable donations, and it is extremely difficult to identify the stage at which legitimate funds become terrorist property.

Terrorist organizations still require significant funding and property to build and maintain a successful financial infrastructure. Terrorists often control property and funds from a variety of sources around the world and employ sophisticated techniques to manage these funds and move them between jurisdictions.

It is recognised that it can be extremely difficult to formulate a suspicion before an act of terrorism has occurred especially if the funding has derived from a legitimate source. Nevertheless, Know Your Client ("KYC") and record-keeping have become powerful weapons in countering terrorist financing and tracking down suspects.

The obligation is on firms to report any suspicious activity to the authorities. This supports the aims of the law enforcement agencies in relation to the financing of terrorism, by allowing the freezing of property or funds where there are reasonable grounds for suspecting that such property or funds could be used to finance terrorist activity. Most financial disclosures are in fact made on the basis of suspicion of criminality and may not necessarily appear to be directly related to the financing of terrorist activity at all, this highlights the important link between crime and terrorism.

5. Legal and regulatory framework

The main AML/CFT rules applicable in United Kingdom are detailed as follows:

Money Laundering Regulations 2017 (as amended)

This is the primary legislation that sets out the UK's AML/CFT obligations, aligned with the EU's 4th and 5th Money Laundering Directives (still retained post-Brexit).

Key requirements include:

- Customer Due Diligence: Verifying identity of customers and beneficial owners
- Enhanced Due Diligence: For higher-risk customers (e.g. politically exposed persons or non-UK residents)
- Ongoing Monitoring: of business relationships and transactions
- Suspicious Activity Reporting ("SARs"): Obligatory reporting to the UK Financial Intelligence Unit ("FIU"), which sits within the National Crime Agency ("NCA")
- Record Keeping: Maintain records for at least five years
- Training: Staff must be trained to identify and report suspicious activity
- Risk Assessments: Firms must conduct a business-wide and customer-level AML risk assessment

Proceeds of Crime Act 2002 ("POCA")

POCA is the core piece of legislation relating to money laundering in the UK.

Offences include:

- Concealing, disguising, converting, transferring criminal property
- Failing to report suspicious activity
- Tipping off (alerting someone under investigation)

Terrorism Act 2000 (as amended)

This Act addresses terrorist financing and makes it a criminal offence to:

- Fund terrorism (knowingly or recklessly)
- Failing to disclose a suspicion of terrorist financing
- Deal with property intended for terrorism

Sanctions and Anti-Money Laundering Act 2018 ("SAMLA")

Post-Brexit, SAMLA gives the UK power to impose and enforce autonomous sanctions and related AML rules.

Relevant for:

- Screening customers and transactions against UK sanctions lists
- Freezing and reporting suspected sanctioned asset

6. Role and responsibility of the board

As a key principle, it is the responsibility of the Company's Board to develop and maintain the business of the Company in compliance with applicable AML/CFT laws and regulations.

While the Company may rely in practice on its service providers to perform and fulfill its AML/CFT tasks and duties in this matter, the ultimate responsibility to ensure that the risk of money laundering or terrorist financing is addressed and that professional obligations are met remains vested with the Company's Board.

7. AML/CFT risk appetite statement

Under AML/CFT laws and regulations, professionals are required to adopt a risk-based approach to assess and manage ML and terrorist financing ("TF") risks associated with new investors in GGC or borrower that GGC may guarantee, or service providers GGC may use. To ensure this approach is consistent and comprehensive, it must also include an AML/CFT Risk Appetite Statement ("RAS") endorsed by the governing bodies.

Accordingly, the Company has developed an AML/CFT RAS, which is reviewed and ratified by the Board. This statement, which may be updated periodically, is an integral part of the Company's AML/CFT Policy and forms a component of the broader enterprise-wide RAS.

GGC is committed to upholding the highest standards of integrity and seeks to maintain a stable and moderate risk profile, enabling it to ensure financial liquidity, manage a well-balanced guarantee portfolio aligned with its climate impact objectives, and operate in a transparent, accountable, and efficient manner.

To achieve meaningful climate impact and support developing countries in meeting their Nationally Determined Contributions ("NDCs"), GGC is prepared to accept credit risk in developing markets in exchange for climate impact potential—evaluated on a case-by-case basis. GGC actively works to mitigate such risks to ensure the success and sustainability of supported climate projects.

While GGC is willing to take on increased credit and market risk to fulfil its mission, it will minimise its exposure to reputational, compliance, and financial risks, including those related to ML/TF.

GGC recognises that its risk appetite varies across activities and is committed to fully assessing the benefits and risks of each initiative, implementing appropriate mitigation measures where appropriate. Further details outlining GGC's risk tolerance in relation to specific aspects of ML/TF can be found in the Company RAS.

8. List of actors involved in the business of GGC's

In a guarantee transaction, particularly within development finance, credit enhancement, or blended finance frameworks, a range of stakeholders play critical roles in structuring, executing, and overseeing the guarantee. The table below outlines the principal actors typically engaged in the management of GGC or the transaction undertaken by GGC:

Party	Further details	Role / responsibilities
Funders: existing or potential Investor / Donor	Provide paid-in equity, callable capital or other hybrid capital.	• Funding the capital base of GGC. • Setting mandate and key policy objectives.
Manager	Undertakes day to day management of GGC including pipeline development and managing GGC's portfolio of guarantees.	• Day to day management. • Pipeline development. • Portfolio management.
Guaranteed Party: existing or potential Obligor / Borrower / Investee	The entity whose obligations are being guaranteed.	• Fulfilling the underlying obligation (e.g., loan repayment and payment of interest) • Providing information and complying with guarantee covenants.
Beneficiary: existing or potential Lender / Risk Holder	The party that receives the benefit of the guarantee—typically a bank, investor, or bondholder.	• Originate or hold the financial exposure. • Trigger GGC's guarantee in case of default. • Cooperate in claim procedures.
Counterparties: existing or potential Origination Partners / Assimilated (i.e., Nominee Intermediaries)	These are organisations that support GGC in carrying out its mission, including activities such as sourcing and introducing potential guarantee opportunities.	• Support with pipeline development.

Service Provider: existing or potential Advisors / Suppliers	Third-party service providers engaged by GGC offering a range of support services, including but not limited to: company administration, AML/CFT compliance checks, investment management services, audit services, legal advisory on guarantee structuring and documentation, technical due diligence, and assessments of environmental and social risks and impacts.	• Provide support services as required.

9. AML/CFT governance framework

GGC's AML / CFT responsibilities are divided among the following governing bodies and stakeholders:

AML/CFT related tasks under applicable AML/CFT laws and regulations	Board	DGG Risk and Audit Committee ("RAC")	Manager	Company administrator
AML/CFT Policy of the Company (including annual review and update)	Approve	Review and endorse	Prepare	
AML/CFT Risk Appetite Statement	Approve	Review and endorse	Prepare	
Annual ML/TF Risk Self-Assessment of the Company	Approve	Review and endorse	Prepare	
New and existing Funders assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction	Notified	Approve[2]		Prepare memo to RAC for approval
New and existing Guaranteed Party assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction	Notified	Approve[2]	Prepare memo to RAC for approval	
New and existing Counterparty assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction	Notified	Approve[2]	Prepare memo to RAC for approval	
New and existing Service Provider assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction	Notified	Approve[2]	Prepare memo to RAC for approval	
AML/CFT risk analysis on Funders and mitigation factors (quarterly report)	Approve	Review and endorse		Prepare
AML/CFT risk analysis on Guaranteed Party and mitigation factors (quarterly report)	Approve	Review and endorse	Prepare	
AML/CFT risk analysis on Service Provider and mitigation factors (quarterly report)	Approve	Review and endorse	Prepare	

10. Company AML/CFT Risk Based Approach ("RBA")

This section relates to the main AML/CFT risks associated with the Company and mitigation factors.

In most instances, mitigation factors are tasks or controls performed by the Manager and / or the Company Administrator.

The main AML/CFT-associated risks are the following:

Risk type	Description	Mitigation measures
AML/CFT risk associated with Funders	This is the risk that the Company accepts funds from Funders who are on a sanctioned list.	• Funders ML/TF risk rated. • Full AML/KYC checks performed by the Company Administrator (including ultimate beneficial owner3 "UBO" identification) and ongoing sanction screening to ensure Funders are not sanctioned. • ML/TF high risk Funders and / or Funder with politically exposed persons4 ("PEP") escalated to RAC. Approval given by RAC if the risk is within the Company's appetite. If the RAC is not comfortable approving a high risk Funder, Guaranteed Party, Counterparty or Service Provider, the matter will be escalated to the GGC Board as set out in Section 11 (AML / CFT Escalation process) of this policy.
AML/CFT risk associated with Guaranteed Party	This is the risk that the Company provides a guarantee to a Guaranteed Party who are classified as high risk and above the risk appetite of the Company.	• Guaranteed Party ML/TF risk rated. • Full AML/KYC checks performed by the Manager (including UBO identification) initially and at least annually thereafter and ongoing sanction screening to ensure Guaranteed Party are not sanctioned. • ML/TF high risk Guaranteed Party and / or Guaranteed Parties with PEPs escalated to RAC. Approval given by RAC if the risk is within the Company's appetite. If the RAC is not comfortable approving a high risk Funder, Guaranteed Party, Counterparty or Service Provider, the matter will be escalated to the GGC Board as set out in Section 11 (AML / CFT Escalation process) of this policy.

AML/CFT risk associated with Counterparties	This is the risk that Company enters business transactions with excluded parties	• Counterparties ML/TF risk rated. • Full AML/KYC checks performed by the Manager (including UBO identification) initially and at least annually thereafter. • ML/TF high risk Counterparties and / or Counterparties with PEPs escalated to RAC. Approval given by RAC if the risk is within the Company's appetite. If the RAC is not comfortable approving a high risk Funder, Guaranteed Party, Counterparty or Service Provider, the matter will be escalated to the GGC Board as set out in Section 11 (AML / CFT Escalation process) of this policy.
AML/CFT risk associated with Service Providers	The party that receives the benefit of the guarantee—typically a bank, investor, or bondholder.	• Service Provider ML/TF risk rated. • Full AML/KYC checks performed by the Manager (including UBO identification) initially and at least annually thereafter. • ML/TF high risk Service Providers and / or Service Providers with PEPs escalated to RAC. Approval given by RAC if the risk is within the Company's appetite. If the RAC is not comfortable approving a high risk Funder, Guaranteed Party, Counterparty or Service Provider, the matter will be escalated to the GGC Board as set out in Section 11 (AML / CFT Escalation process) of this policy.

11. AML/CFT escalation process

The following escalation process should be complied with in relation to the following actors:

Escalation model for Funders – to be initiated by the Company Administrator.

Any Funder (or their UBO) assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction should be escalated by the Company's Administrator to the RAC for approval prior to the Funder being permitted to invest in GGC.

In addition, any individual associated with the Funder who exercises significant control and qualifies as a PEP, including indirect PEPs5, must be identified and brought to the attention of the RAC by the Company Administrator for approval.

If the RAC is not comfortable approving a high risk Funder, the matter will be escalated to the GGC Board for further consideration. Any decision made by the Board, including required remedial actions, will be communicated back to the RAC, along with any instructions for follow-up action by the RAC, Company Administrator, or Manager.

Additionally, the Company Administrator will escalate to the GGC Board any confirmed (true positive) results from adverse media or sanctions screenings. The RAC will also be informed of these findings, along with any actions requested by the Board for implementation by the RAC, Company Administrator, or Manager.

Escalation model for Guaranteed Party – to be initiated by the Manager.

Any Guaranteed Party (or their UBO) assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction should be escalated by DGG to the RAC for approval.

In addition, any individual associated with the Guaranteed Party who exercises significant control and qualifies as a PEP, including indirect PEPs, must be identified and brought to the attention of the RAC by DGG for approval.

If the RAC is not comfortable approving a high risk Guaranteed Party, the matter will be escalated to the GGC Board for further consideration. Any decision made by the Board, including required remedial actions, will be communicated back to the RAC, along with any instructions for follow-up action by the RAC or Manager.

Additionally, DGG will escalate to the GGC Board any confirmed (true positive) results from adverse media or sanctions screenings. The RAC will also be informed of these findings, along with any actions requested by the Board for implementation by the RAC or Manager.

Escalation model for Counterparties – to be initiated by the Manager.

Any Counterparties assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction should be escalated by DGG to the RAC for approval.

In addition, any individual associated with the Counterparty who exercises significant control and qualifies as a PEP, including indirect PEPs, must be identified and brought to the attention of the RAC by DGG for approval.

If the RAC is not comfortable approving a high risk Counterparties, the matter will be escalated to the GGC Board for further consideration. Any decision made by the Board, including required remedial actions, will be communicated back to the RAC, along with any instructions for follow-up action by the RAC or Manager.

Additionally, DGG will escalate to the GGC Board any confirmed (true positive) results from adverse media or sanctions screenings. The RAC will also be informed of these findings, along with any actions requested by the Board for implementation by the RAC or Manager.

Escalation model for Service Providers – to be initiated by the Manager.

Any Service Providers assessed as ML/TF high risk (residual risk) or located in high-risk AML/CFT jurisdiction should be escalated by DGG to the RAC for approval.

In addition, any individual associated with the Service Provider who exercises significant control and qualifies as a PEP, including indirect PEPs, must be identified and brought to the attention of the RAC by DGG for approval.

If the RAC is not comfortable approving a high risk Service Provider, the matter will be escalated to the GGC Board for further consideration. Any decision made by the Board, including required remedial actions, will be communicated back to the RAC, along with any instructions for follow-up action by the RAC or Manager.

Additionally, DGG will escalate to the GGC Board any confirmed (true positive) results from adverse media or sanctions screenings. The RAC will also be informed of these findings, along with any actions requested by the Board for implementation by the RAC or Manager.

12. High-risk jurisdictions for AML/CFT and applicable sanctions lists

High-risk jurisdictions for AML/CFT purposes are the following:

Countries listed in at least one of the following lists - as updated from time to time:	Considered as high-risk jurisdictions	Links
Financial Action Task Force (FATF) Lists	• Jurisdictions under Increased Monitoring, and / or • High-Risk Jurisdictions subject to a Call for Action	https://www.fatf-gafi.org/en/publications.html
European Union (EU) AML/CFT High-Risk Third-Countries	Jurisdictions identified at EU level as having AML/CFT strategic deficiencies	https://finance.ec.europa.eu/financial-crime/high-risk-third-countries-and-international-context-content-anti-money-laundering-and-countering_en
EU list of non-cooperative jurisdictions for tax purposes	The countries that refused to engage with the EU or to address tax good governance shortcomings	https://taxation-customs.ec.europa.eu/common-eu-list-third-country-jurisdictions-tax-purposes_en
Corruption Perceptions Index	Countries with a Corruption Perceptions Index score of 30 or less	https://www.transparency.org/en/cpi/2022

Sanction lists applicable to GGC include:

Countries listed in at least one of the following lists - as updated from time to time:	**Considered as high-risk jurisdictions**	**Links**
European Union (EU)	Any economic, financial and trade restrictive measures and arms embargoes issued by the European Union pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union, as available in the official EU websites	https://eeas.europa.eu/headquarters/headquarters-homepage en/8442/Consolidated%20list%20of%20sanctions,
Office of Foreign Assets Control of the US Department of Treasury (OFAC)	Any economic, financial and trade restrictive measures and arms embargoes issued by the Office of Foreign Assets Control of the US Department of Treasury (OFAC) as available in the official OFAC	https://www.treasury.gov/resourcecenter/sanctions/SDN-List/Pages/default.aspx
United Nations Security Council	Any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter as available in the official UN	https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidatedlist
Foreign Exchange and Foreign Trade Act of Japan (FEFTA)	Any economic, financial and trade restrictive measures and arms embargoes or other embargoes or other restrictive measures or sanctions under the Foreign Exchange and Foreign Trade Act of Japan (FEFTA), each of the foregoing as amended and supplemented from time to time	

13. Training

In terms of training, the GGC Board and DGG Credit Committee and Risk and Audit Committee members should receive annual training on AML/CFT matters to ensure they remain informed of regulatory expectations, emerging risks, and best practices.

The Manager will be responsible for arranging and coordinating this training in line with industry standards and evolving regulatory requirements. In addition, the Manager will monitor and assess training needs on an ongoing basis, taking into account changes in the legal or risk environment, updates to internal policies, or shifts in the roles and responsibilities of the individuals concerned.

Training records will be maintained to ensure compliance and support continuous improvement in GGC's AML/CFT framework.