

2017

ACACIA ENERGY GROUP
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KNOW YOUR CUSTOMER POLICY
EFFECTIVE MAY 1, 2017



KNOW YOUR CUSTOMER POLICY

ACACIA ENERGY GROUP
SWITZERLAND | MALTA | NETHERLANDS | USA | UK



Message from the Founder, President & CEO

Since the inception of our company, Acacia's reputation for integrity and the highest standards of business ethics is one of our greatest assets. We recognize the utmost importance of ensuring that our business activities are managed to the highest standards.

That includes making sure that when we onboard new customers, or recertify existing relationships, we have a full understanding of their identity and aspirations, and confirm that we are a suitable partner to fulfill their needs. By doing so, we aim to ensure that our procedures are thorough and transparent, and that they enable our business to sustain lasting and valuable customer relationships.

When it comes to Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations, doing more of the same is no longer an option. Regulators are scrutinizing processes, systems and controls and are unforgiving of sub-standard corporate compliance programs and policies.

Customer background has been an area of focus of regulatory authorities working to curb the menace of identity theft, money laundering, terrorist funding, etc. As a result, many companies like Acacia Energy Group have to follow stringent KYC norms and ensure strict AML compliance.

Our Corporate KYC Policy creates the framework for customer identity verification and document validation processes to ensure quick and efficient processing of KYC and AML requirements at Acacia's locations worldwide in order to not lose potential customers.

The KYC practices allow us to vigilantly address customer legitimacy concerns. Identity verification ensures that customers are who they claim to be, business entity is legitimate, all data provided by them is complete and accurate, and the customer is not a part of any sanctions list or a member of a banned or suspect organization.

That being said, all it takes is one customer or document verification lapse in order to hurt our good reputation and seriously affect our business. This is the reason I am asking each Acacia's employee to make a personal commitment to understand and rigorously follow our Corporate KYC Policy.

Thank you for your cooperation in continuing to conduct our business according to the highest legal and ethical standards.

James W. Head
Founder, President & CEO
Acacia Energy Group

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INTRODUCTION

Due to national and international regulations for the prevention of criminal activities, money laundering and terrorism financing, Acacia Energy Group strictly implements Know Your Customer (KYC) and Anti-Money Laundering (AML) regulatory guidelines and procedures.

While we respect and honor the confidentiality of our customers, we are committed to undertaking thorough due diligence of both our customers' identities and the nature of their businesses.

Acacia's KYC Policy is based on principles of partnership: if we know and understand our customers, they know and understand us. It is our obligation not just to undertake a full and proper due diligence of our customers and their needs, but also to monitor and ensure that their business activities do not breach any national and international regulations with regards to anti-money laundering and terrorism financing.

Acacia Energy Group is committed to highest standards of KYC and AML compliance and requires management and employees to adhere to these standards in preventing the use of Acacia's products and services for money laundering or terrorism financing purposes.

Moreover, all Acacia's affiliate companies and counterparts are also expected to develop their own KYC and AML programs that are based on this Policy and encompass Know Your Customer, Know Your Transactions and Anti-Money Laundering rules considered by Acacia as minimum standards and requirements including local regulatory requirements.

UNDERSTANDING GLOBAL KYC

Record-breaking AML fines issued by regulators worldwide, notably in the UK and US, dominate the financial services landscape. This looks set to continue if regulators identify further failings in companies' compliance with anti-money laundering, sanctions and tax requirements.

Cultural changes towards compliance-driven objectives should be a key priority for companies if they wish to avoid their reputation being tarnished by similar scandals. Companies operating on a global basis will also need to demonstrate a robust compliance framework ensuring that each territory has sufficient oversight and that AML regulatory requirements are being adhered to at both a local and global level.

Across the globe, regulators and central banks have increased the focus on ensuring stringent processes in place pertaining to new customer due diligence, screening and AML to identify the real source of funds and overall risk exposure. More than 18 regulations - such as the Financial Action Task Force (FATF), Financial Crimes Enforcement Network Customer Due Diligence (FinCEN CDD) and the AML Directive - have been introduced recently to ensure companies and organizations follow stringent due diligence processes.

Thus, global regulatory landscape pertaining to KYC and AML programs has compelled companies and financial organizations to strengthen their customer due diligence processes.

North America

- Amendment to USA PATRIOT ACT (2013)- Requires all financial institutions to identify existing and new customers and monitor transactions.
- Amendment to Anti-Money Laundering (2013) (Bank Secrecy Act in the U.S.)- Every year, the Office of Foreign Assets Control (OFAC) publishes lists of individuals and organizations that U.S. citizens are prohibited to deal with. This list is called Specially Designated Nationals (SDN) list.
- Amendment to Basel II (2012) and Data Privacy Legislation- Banks should have up-to-date KYC information and maintain adequate capital reserves to minimize exposure from a potential default trading partner.

Europe

- Financial Action Task Force (2012) - Requires banks and financial institutions to focus on enhanced due diligence of corporations, more frequent risk assessment and stricter scrutiny of politically exposed persons and beneficial ownerships.
- 4th EU AML directive - Customer due diligence activities performed by banks and financial institutions should include identification of beneficial ownerships, business relationships and retention of KYC data for five years after the business relation with the customer has ended.

Asia-Pacific

- AML and Counter-Terrorism Financing Act- Requires financial institutions to conduct customer due diligence (simplified and enhanced depending on the risk category) and report suspicious activity to the Commercial Affairs Department of Singapore.
- AML and Counter-Terrorism Financing Act - Requires financial institutions to verify a customer identity with a risk-based approach and to submit various transactions reports to the Australian Transaction Reports and Analysis Centre.

KYC AS BUSINESS FUNCTION

Know Your Customer (KYC) as a business function has become increasingly important worldwide to prevent money laundering, terrorism financing, identity theft and financial fraud.

Despite KYC significantly improves risk management and reduces losses, Anti-Money Laundering (AML) non-compliance can also be expensive, as regulatory agencies have begun imposing high fines on organizations they accuse of insufficient AML practices. Counterparty risk management and KYC and AML regulatory compliance is emerging as one of the most important priorities for companies and financial institutions globally.

In the next five years, according to a recent industry reports, more than 15 percent of IT budgets of companies and organizations are expected to be focused on the financial crime prevention and risk management technology, primarily in the areas of authentication and identity management, fraud detection and management, customer onboarding and KYC, and transaction monitoring for AML.

While each of these areas is important, customer onboarding and KYC is quickly becoming a critical component of a risk management landscape. The KYC not only entails stringent regulatory oversight from a process perspective, but it also has an impact on the customer experience, especially as an organization embarks on its relationship with a new customer.

KYC FROM AML PERSPECTIVE

From an AML perspective, a KYC program is designed to achieve multiple objectives:

- Identify the customer and verify the customer's identity
- Understand the customer's status and associated money laundering risks
- Assign a risk rating to the customer
- Allow the organization to perform additional due diligence on higher risk customers, conduct ongoing monitoring of customer risk, and renew due diligence based on changes and activity that is different than expected
- Make informed decisions about customers based on perceived risks

In general, money laundering is the act of concealing or disguising the true origin of the proceeds of criminal activities so that those proceeds appear to have originated from legitimate sources.

Money laundering occurs in three stages:

- Placement stage - the cash generated from criminal activities is converted into monetary instruments or deposited into accounts at financial institutions.
- Layering stage - funds are transferred or moved into other accounts or financial institutions to further separate the money from its criminal origin.
- Integration stage - funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

KYC COMPLIANCE

In addition to covering applicable substantive laws, the KYC and AML compliance program of each Acacia's affiliate company should include guidelines related to selecting and working with its customers. The following sections of the KYC Policy highlight certain key elements that should be included as part of such guidelines, which serve to further reinforce Acacia's KYC Policy and its compliance efforts.

Acacia Energy Group wants to do business only with companies that share our standards of integrity and honorable business practices. Otherwise, we face the possibility that even an arm's-length association with the third parties who violate the law might harm our reputation or place Acacia or its employees in legal difficulty. For these and other reasons, Acacia's managers and employees should carefully assess the integrity of potential customers before entering into any business relationship.

AML COMPLIANCE

The following Acacia's AML compliance policies and procedures have been derived from the general principles, laws, regulations and directives for combating Anti-Money Laundering.

Acacia is taking security measures and adopted adequate policies, practices and procedures that promote high ethical and professional standards and prevent the company from being used, intentionally or unintentionally, by criminal elements.

Acacia has put in place the adequate and comprehensive KYC and AML compliance programs including risk management and control procedures:

- Customer acceptance
- Customer identification
- On-going monitoring of high risk accounts
- Risk management

Acacia is obliged not only to establish the identity of its customers, but also to monitor account activity to determine those transactions that do not conform with normal or expected transactions for that customer or type of account. Acacia's Corporate KYC Policy constitutes core features of risk management and control procedures.

CUSTOMER ACCEPTANCE

Acacia Energy Group maintains clear customer acceptance policies and procedures, including a description of the types of customer that are likely to pose a higher than average risk to the company. Before accepting a potential customer, the KYC and due diligence procedures are followed, by examining factors such as customers' background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators.

In particular, before approving any new customer for any significant volume of our products, Acacia's managers should obtain sufficient information about the customer and its business in three main areas of verification:

- An existing legal entity
- Creditworthy
- A reputable enterprise engaged in a legitimate business

All such checks should be documented and repeated periodically, including in the event of any change in control of the customer. The frequency and extent of such checks will vary according to factors such as the nature and extent of the relationship, the level of purchases and the geographic areas where that customer does business.

If there are any suspicious circumstances present or inconsistencies in information, additional due diligence should be undertaken. In any event, however, KYC and AML compliance program of each Acacia's affiliate company should require sufficient due diligence to confirm the bona fides of potential customers.

All new customers should be advised of the Acacia's KYC and AML compliance expectations. Finally, each Acacia's affiliate company should establish a procedure for maintaining appropriate customer records, which may include the following documentation:

- A customer approval form detailing the products which the customer is authorized to purchase and the market of intended destination (to be signed by a designated operating company officer)

- A policy letter regarding fiscal and trade law compliance (to be sent periodically to remind our customers of our policy)
- Due diligence checks (e.g., company search report, details of owners and principal officers, bank references and other creditworthiness checks)
- Any inquiries from and responses to government agencies regarding the customer or its business.

CUSTOMER IDENTIFICATION

Acacia Energy Group maintains a regular procedure for identifying new customers and cannot enter into a business relationship until the identity of a new customer is satisfactorily verified.

Procedures document and enforce policies for identification of customers and those acting on their behalf. The best documents for verifying the identity of customers are those most difficult to obtain illicitly and to counterfeit. Acacia pays special attention in the case of non-resident customers and in no case, short-circuit identity procedure is tolerable just because the new customer is unable to present enough documents and information to satisfy the Acacia's KYC rules and due diligence procedures followed.

The customer identification process applies naturally at the beginning of the relationship. To ensure that records remain up-to-date and relevant, Acacia undertakes regular reviews of existing records. An appropriate time to do so is when a transaction of significance takes place, when customer documentation standards change substantially, or when there is a material change in the way that the account is operated.

However, if the Acacia's Compliance Officer becomes aware at any time, through KY compliance and/or AML reviews, that it lacks sufficient information about an existing customer, he/she will take immediate steps to ensure that all relevant information is obtained as quickly as possible.

Acacia Energy Group can be exposed to a reputational risk, and should therefore apply enhanced due diligence in vetting its new and existing customers. At least the Acacia's finance or compliance officer must approve all new customers. In case of a new high-risk customer, the final decision is taken by the President & CEO.

Particular safeguards have been put in place internally to protect confidentiality of customers and their business. Acacia ensures that equivalent scrutiny and monitoring of these customers and their business is conducted, e.g. it is available to be reviewed by Acacia's compliance officer and auditors.

Acacia maintains clear and transparent KYC and AML standards and policies, on what records must be kept on the customer's identification and individual transactions. Such practices are essential to permit the company to monitor its relationship with the customer, to understand the customer's on-going business and, if necessary, to provide evidence in the event of disputes, legal action, or a financial investigation that could lead to a criminal prosecution.

As the starting point and natural follow-up of the identification process, Acacia obtains customer identification papers and retain copies of them for at least five (5) years after an account is closed. The company also retains all financial transaction records for at least five (5) years from the date when Acacia's relationship with the customer was terminated or a transaction was completed.

General identification requirements

Acacia Energy Group obtains all information necessary to establish to its full satisfaction the identity of each new customer and the purpose and intended nature of the business relationship.

Acacia requires all new customers to be approved in accordance with the Acacia's Corporate Compliance Policy and Acacia's KYC Policy.

Here is the list of documents that are generally required by Acacia from potential customers.

- Latest company, management/investor presentation and detailed activity description
- Company organizational chart/structure, including legal entities under effective control of the group and/or of the shareholders
- Certificate of incorporation
- Official extract of the register of commerce (or equivalent authority keeping the official register of companies)
- Articles of association

- Corporate documents evidencing the full names and shareholding of all beneficial owners, including the names of the owners under any trust structure. (Please note that the beneficial owner must be a public limited company, state owned, or an individual. If the majority shareholder of a company is another privately owned company, further enquiries must take place until the ultimate beneficial owner has been identified)
- List of the persons authorized to sign for relevant transactions (including copy of their identification document, i.e. passport, and notarized certificate of signature) and corporate documents/power of attorney confirming such signature rights
- Information on past and present litigations (if no present and/or past litigations, declaration signed by the company's authorized to sign persons can be accepted).
- Financial statements and audit reports for the last 2 years (cash flow, balance sheet, loss & profit account)
- Principal bankers (name of the banks, bank branch address details, name of bank account manager & contact details, reference letters confirming fund availability correspondent to the deals requested)

Customer due diligence and identity verification procedures

Customer identification must be carried out as soon as reasonably practicable after first contact is made. Except its obligation to exercise due diligence and customer identification, Acacia must confirm that the identity info, which it holds for its customers, remains fully accurate and updated with all necessary identifications and information throughout the whole business relationship. Acacia reviews and monitors the validity and adequacy of customer identification information in its possession on a regular basis.

Notwithstanding the above and taking into account the degree of risk, if realized at any time during the business relationship that there is a lack of sufficient or reliable evidence (data) and information on the identity and financial profile of an existing customer, Acacia immediately takes all necessary actions using the identification procedures and measures to provide due diligence, in order to collect missing data and information as quickly as possible, and in order to determine the identity and create a comprehensive financial profile of the customer.

Furthermore, Acacia continuously monitors accuracy of the information about the identity and economic portrait of its customers, especially when and where one of the following events occurred:

- A significant transaction that appears to be unusual and/or significant than the usual type of trade and economic profile of the client
- A significant change in the situation and legal status of the customer as:
 - Change of directors/secretary
 - Change of registered shareholders and/or actual beneficiaries
 - Change of registered office
 - Change of trustees
 - Change of corporate name and/or trade name
 - Change of main trading partners and/or significant new business
- A significant change of operating rules of the client's account, such as:
 - Change of persons authorized to handle its account
 - Request for opening a new account in order to provide new investment services and/or financial instruments

In case of customer transaction via internet, phone, fax or other electronic means where the customer is not present, to verify the authenticity of his/her signature, or that is the person who actually owns the account, or is authorized to handle the account, Acacia established reliable methods, procedures and practices to control access to electronic means to ensure that it deals with the actual owner or authorized signatory of the customer.

Where the customer refuses or fails to provide Acacia with the required documents and information for identification and creation of economic portrait, before entering into the business relationship, or during the execution of an individual transaction without adequate justification, Acacia will not proceed in a contractual relationship or will not execute the transaction.

This can lead to a suspicion that the customer is engaged in money laundering and terrorism financing, and Acacia will report the customer and transaction to FATF and OFAC. If during business relationship the customer refuses or fails to submit all required documents and information within reasonable amount of time, Acacia has the right to terminate the business relationship and close the accounts of the customer. The Acacia's compliance officer and legal department will also examine whether to report the case to FATF and OFAC.

Key components of customer due diligence and Acacia's KYC requirements:

Customer onboarding

- Review customer profile and documentation for completeness
- Perform customer identification and verification checks
- Run AML checks and real-time screening for new customer
- Perform enhanced due diligence (EDD) and risk profiling

Remediation

- Check completeness of profile and KYC documentation via gap analysis
- Perform customer identification procedures according to applicable guidelines
- Identify beneficial shareholders and provide background screening
- Provide risk profiling and EDD, if necessary

Screening

- Structured database: Sanction screening, bad press, politically exposed person
- Unstructured database: Screening through social media sources and through news outlets

COMPLIANCE MONITORING

On-going customer monitoring is an essential aspect of the effective KYC procedures. Acacia can only effectively control and reduce the risk if it has an understanding of normal and reasonable account activity of its customers so that it has means of identifying transactions which fall outside the regular pattern of customer activity. Without such knowledge, it is likely to fail in its duty to report suspicious transactions to the appropriate authorities in cases where Acacia is required to do so.

The extent of the monitoring needs to be risk-sensitive. For all customers, Acacia has systems in place to detect unusual or suspicious patterns of activity. This can be done by establishing limits for a particular class or category of customers. Particular attention is paid to transactions that exceed these limits.

Certain types of transactions alert to the possibility that the customer is conducting unusual or suspicious activities. They may include transactions that do not appear to make economic or commercial sense (big transactions), or that involve large amounts of cash deposits that are not consistent with the normal and expected transactions of the customer.

There is intensified monitoring for higher risk accounts. Acacia has set key indicators for such accounts, taking note of the background of the customer, such as the country of origin and source of funds, the type of transactions involved, and other risk factors.

On an ongoing basis, Acacia's managers should maintain a high degree of awareness of our customers' business practices and be alert to the possibility of detrimental changes in a customer's business practices, as well as signs of questionable conduct including suspicious transactions.

For example, if a press report alleges that a customer or a customer's customer is involved in illegal trade practices, or if a customer's orders suddenly increase dramatically without any clear justification based on market conditions, further inquiries may be appropriate. Any indications of possible violations should be reported to Acacia's management and legal department.

CUSTOMER RELATIONS

Acacia Energy Group respects the commercial freedom of its customers and recognizes that antitrust and competition laws may restrict the extent to which control can be exercised over resale prices or other conditions under which our customers resell our products.

Consistent with these and other principles, and in accordance with the Acacia's Code of Conduct and Corporate Compliance Policy, employees should neither own a substantial interest in a customer or organization seeking to become a customer unless approved in writing by the responsible Acacia's manager, nor become involved in directing or managing a customer's business affairs.

Moreover, in no circumstances should an employee assist any person in any conduct involving our products that violates fiscal, trade or anti-money laundering laws and regulations, including evasion of applicable taxes or import duties. Nor should any employee facilitate or participate in any activity that subverts this KYC Policy, including, for example, by agreeing to interpose an existing or new customer to act as an intermediary purchaser, which will resell Acacia's products to another firm that has not been approved as a customer.

We expect our customers to comply with all applicable laws when they resell our products, and we expect that our customers will, in turn, seek to ensure that their customers resell our products in the market of intended destination. We reserve the right to stop supplying products to any customer shown to have been involved in illegal trade or distribution of our products. We expect our customers to do the same in relation to their own customers.

RECORD KEEPING

Acacia Energy Group is required to keep records for a period of at least five (5) years by the law. The 5-year period is calculated from the time of finished transactions or the end of business relationship.

The following records must always be kept in file:

- Copies of the evidential material of the customer identity
- Relevant evidential material and details of all business relations and transactions, including documents for recording transactions in the Acacia's accounting books and records
- Relevant documents of correspondence with the customers and other persons with whom they keep business relations.

All Acacia's documentation and information must always be kept in an ideal order and promptly available to the senior management, audit or authorities' requests. Acacia's documents and information must be originals or certified true copies of documents, and be kept in hard copy, or other format such as electronic form, given that they can be available at any time and without delay.

Acacia Energy Group will retain copies of any SAR or OFAC report filed and all supporting documentation for five (5) years from the date of filing. Pursuant to our confidentiality obligations, we reserve the right to refuse any subpoena requests for SAR or SAR related information and will notify FinCEN immediately of such request.

Acacia employees should also retain relevant information illustrating their customer's identity for a minimum of five (5) years. Acacia employees and counterparts should retain copies of any SAR filed or reported to Acacia Energy Group for five (5) years from the date of filing or reporting the SAR.

RISK MANAGEMENT

Acacia Energy Group follows effective KYC risk management procedures for proper management, oversight, systems and controls, separation of duties, training and other related policies.

Acacia designated specific responsible persons for the KYC and AML compliance management to ensure that the company's policies and procedures are managed effectively and are in accordance with international and local compliance practices. The channels for reporting suspicious customers and transactions are clearly specified and communicated to all employees.

If there is clear evidence of fraud or immediate financial loss to Acacia Energy Group but questionable transaction has not yet triggered a match on the SDN list, the transaction should not be processed. Any suspicions should not be conveyed to the customer or its agent. The employee processing a potentially questionable transaction should immediately notify the Acacia's Compliance Officer.

Employees should not attempt an investigation on their own. In-depth investigations must be left to the Acacia's Compliance Officer and senior management. After an investigation, the Compliance Officer will decide if a SAR or OFAC report should be filed.

It is critical for Acacia that all employees fully understand the need for and implement KYC and AML policies consistently. A culture that promotes such understanding is the key to a successful KYC Policy implementation.

REPORTING

Acacia Energy Group will monitor several areas through automated internal reports to ensure compliance with this KYC Policy on a weekly basis. Acacia will first monitor all forms of payment to ensure that the source of funds complies with the Acacia's acceptable forms of payment. Acacia also monitors all transactions to ensure that our products are not being used for money laundering.

OFAC Compliance

To protect U.S. national interests and security, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury identifies countries and individuals considered as hostile.

As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called Specially Designated Nationals (SDNs). Their assets are blocked and U.S. persons and businesses are generally prohibited from dealing with them.

Before working with a new customer, Acacia Energy Group will check the SDN list to ensure that a customer or business does not appear on the list and is not from, or engaging in transactions with persons or entities from countries and regions on the OFAC SDN list.

Acacia will run the name of every individual and business in the company database against the SDN list. This includes any and all entities or individuals associated with Acacia Energy Group. The SDN list will be run each week and a report will be generated at that time.

Acacia employees under the supervision of the Compliance Officer will review the reports in a timely fashion. Anyone on the report will be investigated by the Compliance Officer and reported to the proper authorities if necessary. This activity will be done in strict confidentiality. This review process shall be conducted on each and every business day a report is run.

If Acacia Energy Group identifies the individual and/or business matching the SDN list or is from or transacting with a person, entity, country, or region on the SDN list, Acacia will block the transaction and contact OFAC within one (1) week of discovery.

Acacia will not resume normal operations with the identified individual and/or business, or proceed with transaction until all necessary steps have been taken and cleared with the OFAC. Different from the Suspicious Activity Report (SAR) regulations, under the OFAC guidelines, Acacia may notify the identified individual and/or business that transaction has been blocked.

CORPORATE AUDIT

The Acacia's Compliance Officer will be responsible for maintaining and overseeing an internal audit process every year or as needed for providing guidance and assistance in the development and implementation of Acacia's KYC and AML compliance programs.

The Acacia's internal audit department shall conduct a review of the KYC Policy and associated internal programs on an annual basis or as needed.

RED FLAGS

Situations that signal possible money laundering activity include:

- Customer exhibits unusual concern regarding the Acacia's compliance with government reporting requirements and the company's KYC and AML policies, perhaps with the customer's identity, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business identification.
- Customer wishes to engage in transactions that lack business sense or apparent financial strategy, or are inconsistent with the customer's stated business or financial strategy or needs.
- The transfer of the product to an apparently unrelated third party.
- Little concern by the customer of the purchase price or the buy-back conditions.
- Information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the company's policies relating to the deposit of cash and cash equivalents.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the \$10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Action Task Force (FATF) and OFAC.

- The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- The customer's account shows numerous cashiers check transactions aggregating to significant sums.
- The customer's account has a large number of wire transfers to unrelated third parties.
- The customer's account has wire transfers that have no apparent business purpose to or from a country identified as money laundering risk or a financial secrecy haven.
- The customer makes a funds deposit followed by an immediate request that the purchase be cancelled with no concern for cancellation fees.
- The customer requests that a transaction be processed in such a manner to avoid the company's normal documentation requirements.

GOVERNMENT INQUIRIES

From time to time, Acacia may be served with legal process or receive written or oral requests for information from law enforcement or other government agencies for records or information about customers or business associates who may be under investigation or who may be associated with a third party that is under investigation.

As set out in the Acacia's Corporate Compliance Policy, it is Acacia's responsibility to cooperate fully in these inquiries within the confines of applicable privacy and other laws and to respond to each lawful request in a timely fashion. Any employee who receives such a request should follow the procedures of the Acacia's Corporate Compliance Policy, including immediate reference to the Acacia's legal department for review.

In keeping with our long-standing policy of supporting government actions against illegal trading, we are asked from time to time to assist in tracing the country and source of a particular product and our customer for that product based on our other records. Each Acacia's affiliate company should have such tracing systems which, with related documentation, will allow us to assist governments with their attempts to identify purchasers of our products, and the dates and locations of production.

Also, any employee who becomes aware of any attempt to tamper with documentation for our products or any attempt to falsify invoices or other import documents should promptly report these occurrences to the legal department.

VIOLATIONS

Any indications of possible violations of the Acacia's KYC Policy or Corporate Compliance Policy or of suspicious activity by customers should be reported promptly to the legal department of the relevant Acacia's affiliate company for appropriate action.

Actions that may be appropriate include monitoring a customer's activity, a possible management decision to suspend or sever the business relationship in accordance with Acacia's KYC Policy and/or a determination of whether to report the activity to the appropriate government authorities.

The Acacia's legal department of each affiliate company shall implement a procedure to ensure that the identify of any person reporting violations of this KYC Policy or Corporate Compliance Policy or any suspicious activity by customers will be kept confidential if the reporter of that information so requests.

Consistent with the Acacia's Code of Conduct and legal procedures, any employee who fails to comply with this KYC Policy or the Corporate Compliance Policy, and policies that have been and will be promulgated by the Acacia's affiliate companies, may be subject to disciplinary action, which may include termination and loss of employment-related benefits.

Any suspected violations of fiscal, trade or anti-money laundering laws by customers, licensees or contract manufacturers should be reported in accordance with the procedures set out above.

Failure to file a match on the SDN list with the OFAC may lead to substantial civil and criminal penalties. Criminal penalties can include fines ranging from \$50,000 to \$10,000,000 and imprisonment ranging from 10 to 30 years for willful violations. Civil penalties can include fines ranging from \$250,000 to \$1,075,000 for each violation.

Acacia's employees are urged to consider the spirit of this KYC Policy to act accordingly. It is vital that we maintain our commitment both to observing and abiding by the laws governing our business and to the protection of our good name and reputation. Any questions regarding this policy statement should be referred to the Acacia's legal department.

PERSONNEL

Acacia Energy Group has appointed the Compliance Officer, who is fully responsible for implementation and on-going execution of all Acacia's corporate policies, codes and standards including KYC, and AML programs. The Compliance Officer works as part of the Acacia's legal team and reports directly to the President & CEO.

Compliance Officer

- Ensuring the Company's compliance with the requirements of the Regulations
- Establishing and maintaining internal AML program
- Establishing an audit function to test its anti-money laundering and combating the financing of terrorism procedures and systems
- Training employees to recognize suspicious transactions
- Receiving and investigating internal suspicious activity and transaction reports from staff and making reports to the FIU where appropriate
- Ensuring that proper AML records are kept
- Obtaining and updating international findings concerning countries with inadequate AML systems, laws or measures.

Employees

All Acacia employees, managers and directors who are engaged in the KYC and AML related duties must be suitably vetted. This includes a criminal check done at the time of employment and monitoring during employment. Any violation of this KYC policy and related internal procedures must be reported in confidence to the Compliance Officer, unless the violation implicates the Compliance Officer, in which case the employee must report the violation to the Acacia's President and CEO.

TRAINING

Employees who work in areas that are susceptible to the money laundering or financing terrorism schemes must be trained in how to comply with this KYC Policy or the AML programs. This includes knowing how to be alert to money laundering and terrorism financing risks and what to do once the risks are identified.

Acacia Energy Group provides KYC, AML and Countering the Financing of Terrorism (CFT) training to employees who will be dealing with customers or will be involved in any AML checking, verification or monitoring processes.

The Company may conduct its training internally or hire external third party consultants. Each person employed within Acacia is assigned a supervisor who teaches him or her in relation to all policies, procedures, customer documentation forms, KYC/ AML/CFT requirements, etc. There is a training plan for each new employee and tests that are being held for 2-3 months (depending on level within the business).

Acacia's KYC and AML training program is aimed to ensure its employees to receive appropriate training level with regards to any possible AML risks. The Company's AML and risk awareness training includes the following content:

- The Acacia's commitment to the prevention, detection and reporting of AML and CFT crimes
- Examples of money laundering (ML) and terrorism financing (TF) that have been detected in similar organizations, to create an awareness of the potential ML and TF risks which may be faced by the Acacia's employees
- Well known or recognized typologies, especially where made available by the FATF or AML supervisors
- The consequences of ML and TF for the company, including potential legal liability
- The responsibilities of the company under the AML and other regulations
- How to identify and report unusual activity that may be a suspicious transaction or attempted transaction
- The rules that apply against unlawful disclosure of suspicious transactions ("tipping off")

NOTES

EMPLOYEE NAME:

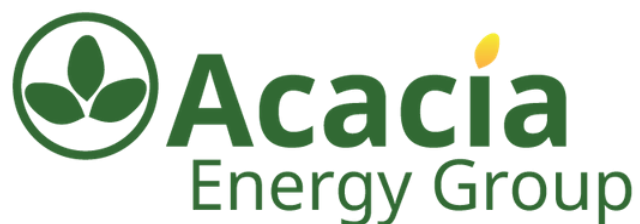
EMPLOYEE SIGNATURE:

DATE:



2017

EFFECTIVE MAY 1, 2017



**KNOW YOUR
CUSTOMER POLICY**

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