

AIA Insurance Lanka Limited

Anti-Money Laundering, Counter-Terrorist Financing and Counter-Proliferation Financing (AML/CTF/CPF) Policy

1. Policy Statement

AIA Insurance Lanka Limited (AIA SL) is committed to maintaining the highest standards of integrity and to preventing its business, products, services, and distribution channels from being misused for Money Laundering (ML), Terrorist Financing (TF), or Proliferation Financing (PF).

AIA SL adopts a zero-tolerance approach to financial crime and shall comply fully with all applicable laws, regulations, and supervisory expectations.

This Policy establishes the minimum mandatory standards for AIA SL's AML/CTF/CPF framework and forms part of the Company's overall risk management and governance arrangements.

2. Purpose and Objectives

The objectives of this Policy are,

- To establish a robust, risk-based AML/CTF/CPF framework aligned with the National Risk Assessment (NRA) of Sri Lanka.
- Ensure compliance with applicable legislation, regulatory rules and directives issued by the Financial Intelligence Unit (FIU-Sri Lanka) and the Insurance Regulatory Commission of Sri Lanka (IRC SL).
- Safeguard AIA SL from legal, regulatory, financial, and reputational risks and define clear roles, responsibilities and accountability.

3. Scope of Application

This Policy applies to,

- a. The Board of Directors and Board Committees
- b. Senior Management
- c. All employees
- d. Insurance agents
- e. Intermediaries
- f. Tied representatives
- g. Outsourced service providers

The Policy applies across all insurance products, customer segments, delivery channels, and geographic exposures.

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4. Regulatory and Legal Framework

This Policy is issued in accordance with the,

- Financial Transactions Reporting Act No. 6 of 2006
- Prevention of Money Laundering Act No. 5 of 2006
- Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
- Insurer Customer Due Diligence Rules No. 1 of 2019
- United Nations Act No. 45 of 1968

And rules, guidelines, circulars and directives issued by the FIU-Sri Lanka.

5. Risk-Based Approach (RBA)

AIA SL shall apply a Risk-Based Approach to identify, assess, mitigate and monitor ML, TF and PF risks, proportionate to the nature, size and complexity of its business, taking into account the latest Sri Lanka NRA and insurance-specific inherent risks.

The RBA shall be operationalised through enterprise-wide, customer, product, channel, and geographic risk assessments.

6. Governance and Oversight

6.1 Board of Directors

The Board bears ultimate responsibility for AML/CTF/CPF oversight, approval of this Policy and risk appetite, and ensuring adequate resources and independent oversight.

6.2 Senior Management

Senior Management is responsible for effective implementation, embedding a culture of compliance, and timely escalation of material AML/CTF/CPF issues.

6.3 Chief Risk and Compliance Officer / Compliance Officer

The Chief Risk and Compliance Officer, acting as the designated Compliance Officer under the FTRA, oversees STR reporting, sanctions compliance, policy maintenance, and regulatory engagement.

6.4 Internal Audit

Internal Audit provides independent assurance on the effectiveness of the AML/CTF/CPF framework.

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7. Customer Due Diligence (CDD)

CDD shall be conducted prior to establishing a business relationship, at policy surrender, redemption, assignment or claims payment, where suspicion arises, or where customer information is inadequate or unreliable.

8. Enhanced Due Diligence (EDD)

EDD shall be applied to higher-risk relationships, including PEPs, high-risk jurisdictions, complex ownership structures, and unusual premium or transaction patterns.

9. Politically Exposed Persons (PEPs)

Business relationships with PEPs require senior management approval, reasonable verification of source of wealth and source of funds and enhanced ongoing monitoring.

10. Ongoing Monitoring

AIA SL shall conduct ongoing monitoring to ensure transactions and policy behaviour are consistent with the customer's risk profile and the nature and purpose of the business relationship.

11. Suspicious Transaction Reporting (STR)

All employees and intermediaries shall promptly escalate suspicions to the Compliance Officer. The Compliance Officer shall submit STRs to the FIU without delay and ensure confidentiality and protection against tipping-off.

12. Counter-Terrorist Financing (CTF)

Controls shall be maintained to prevent misuse of insurance products or proceeds for terrorist financing, consistent with NRA findings.

13. Counter-Proliferation Financing (CPF) and Targeted Financial Sanctions

AIA SL shall comply with all Targeted Financial Sanctions obligations, including screening, immediate freezing without delay, prohibition of dealings, and regulatory reporting.

14. Record Keeping

Customer identification, transaction records, STRs and sanctions screening evidence shall be retained for at least six (6) years and be readily available for regulatory inspection.

15. Training and Awareness

Mandatory AML/CTF/CPF training shall be provided to all staff and intermediaries, with enhanced role-based training for higher-risk functions.

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16. Independent Testing and Review

The AML/CTF/CPF framework shall be independently tested periodically by Internal Audit or qualified external parties, with timely remediation of identified deficiencies.

17. Breach Management and Disciplinary Action

Breaches of this Policy may result in disciplinary action and regulatory reporting, in accordance with applicable laws and internal procedures.

18. Regulatory Engagement and Reporting

AIA SL shall maintain open, transparent and timely engagement with the FIU-Sri Lanka, IRCSL, and other competent authorities.

19. Policy Review and Maintenance

This Policy shall be reviewed at least annually or earlier in response to legislative changes, supervisory guidance, NRA updates or changes in risk profile.

20. Ownership and Approval

This Policy is owned by the Chief Risk and Compliance Officer and is subject to approval by the Board of Directors of AIA Insurance Lanka Limited.