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APPROVED  
by the Board of Directors  
on 27<sup>th</sup> of June, 2018

Effective from 16<sup>th</sup> of July, 2018

## **ANTI-MONEY LAUNDERING POLICY**

(2<sup>nd</sup> Edition)

Riga, 2018

## 1. TERMS AND ABBREVIATIONS

- **GRUPEER** – GRUPEER SIA, registration number: 40203023192, having its legal address: Rupniecibas str.5-1B, Riga, LV-1010, Latvia;
- **Platform** – the platform placed on its homepage [www.grupeer.com](http://www.grupeer.com) and owned by GRUPEER;
- **Services** – Services provided by GRUPEER to the Investors through the Platform.
- **Responsible Board Member** – the Board Member of GRUPEER who is responsible for observance of AML legal regulation requirements.
- **Investor** – a natural person or a legal entity who has passed registration on Platform homepage and receives the services of the Platform provided by GRUPEER;
- **Identification** – research of Investors in accordance with AML legal regulation requirements.
- **Policy** – this Anti-Money Laundering Policy;
- **Law** – Latvian Law on the Prevention of Money Laundering and Terrorism Financing;
- **AML legal regulation** – Latvian, European and International legal acts on AML;
- **GDPR** – General Data Protection Regulation - REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- **Terms of Use** - Terms of Use of Platform Services, according to which an Agreement is concluded between GRUPEER and the Investor remotely after registration on the Platform homepage;
- **Registration Application** – an application for registration filled in by the Investor on Platform homepage and submitted to GRUPEER;
- **Member State** – a European Union Member State or a state of the European Economic Area;
- **Sanction lists** – lists of persons, organizations and countries with high level of AML risk and prohibited for cooperation fully or partly, drawn up by the Cabinet on the basis of the Law on International Sanctions and National Sanctions of the Republic of Latvia with the view to combat the involvement in terrorist activity or production, possession, transportation, use or distribution of weapons of mass destruction, and EU, ANO, OFAC and other applicable sanction lists;
- **Shell bank** – a credit institution or a financial institution, or another institution which performs activities equivalent to those of a credit institution or a financial institution, and which has no physical presence (including the presence of its actual management) in the country in which it is registered, and which is unaffiliated with any regulated and supervised group. Also the person who provides services equivalent to those of a credit institution by carrying out non-cash transfers on behalf of a third party, and whose operation is not controlled by a supervisory and control authority, except in cases when such transfers are performed by an electronic money institution or they are performed between commercial companies of one group which are such within the meaning of the Financial Conglomerate Law, or between commercial companies which have the one and the same beneficial owner, shall be considered a shell bank;
- **Shell arrangement** – a legal person characterised by one or several of the following indications: a) has no affiliation of a legal person to an actual economic activity and

the operation of a legal person forms a minor economic value or no economic value at all, and the subject of the Law has no documentary information at its disposal that would prove the opposite; b) laws and regulations of the country where the legal person is registered do not provide for an obligation to prepare and submit financial statements for its activities to the supervisory institutions of the relevant state, including the annual financial statements; c) the legal person has no place (premises) for the performance of economic activity in the country where the relevant legal person is registered;

- **PEP** - politically exposed person – a person who in the Republic of Latvia, other Member State or third country holds or has held a prominent public office, including a higher official of the public authority, a head of the State administrative unit (local government), the Head of the Government, the Minister (the Deputy Minister or the Deputy of the Deputy Minister if there is such an office in the relevant country), the State Secretary or other official of high level in the government or State administrative unit (local government), a Member of Parliament or a member of similar legislation entity, a member of the management entity (board) of the political party, a Judge of the Constitutional Court, a Judge of the Supreme Court or of the court of other level (a member of the court authority), a council or board member of the Supreme Audit Institution, a council or board member of the Central Bank, an ambassador, a chargé d'affaires, a high-ranking officer of the armed forces, a council or board member of a State capital company, a head (a director, a deputy director) and a board member of an international organisation, or a person who holds equal position in such organization;
- **Beneficiary** - a person that owns, or controls either directly or indirectly, at least 25 (twenty five) per cent of a merchant's equity or voting shares, or in any other way controls the merchant's operations; 2) that directly or indirectly holds title to property or directly or indirectly controls at least 25 (twenty five) per cent of a legal entity that is not a merchant. The beneficial owner of a foundation is a person or group of persons for the benefit of which the foundation has been established. The beneficial owner of a political party, association or cooperative society is the relevant political party, association or cooperative society; 3) for the benefit or in the interest of whom the business relations are being established; 4) for the benefit or in the interest of whom a transaction is being implemented without establishing business relations according to the interpretation of the Law.
- **Payment Institution** – payment institution registered and licensed in EU or Switzerland accepted by Grupeer.

The use of other terms and abbreviations is consistent with the terms used in the Law.

## 2. POLICY STATEMENT

This Anti-Money Laundering (AML) Policy is adopted by GRUPEER in compliance with the Law. GRUPEER will actively prevent and take measures to guard against being used as a medium for money laundering activities and terrorism financing activities and any other activity that facilitates money laundering or terrorism financing or criminal activities.

The main goal of this Policy is to prevent involvement of GRUPEER, its employees and Investors into money laundering and terrorism financing activities, which is realized by undertaking actions necessary for compliance of GRUPEER with the requirements of AML

legal regulation.

To these ends:

- The identities of all new and existing Investors will be verified to a reasonable level of certainty;
- A risk-based approach will be taken to the monitoring of Investors' tax affairs;
- Identification rules are implemented in the Terms of Use of the Platform Services;
- All staff that meet or contact Investors and potential Investors of GRUPEER is required to acknowledge that the policy and procedures have been read and understood before using of the Platform services and making investments.

This Policy provides main principles of GRUPEER for preventing money laundering or terrorism financing. Detailed division of tasks for this purpose between the employees of GRUPEER is provided in the internal procedures of GRUPEER.

This Policy is binding to all the employees of GRUPEER whose job responsibilities are connected with customer service or compliance.

This Policy shall be revised and updated immediately after the respective amendments to the applicable AML legal regulation come in force.

### **3. MONEY LAUNDERING OR TERRORISM FINANCING**

**Money laundering** is any of the actions mentioned below:

1. the conversion of proceeds of crime into other valuables, change of their location or ownership while being aware that these funds are the proceeds of crime, and if such actions have been carried out for the purpose of concealing or disguising the illicit origin of funds or assisting another person who is involved in committing a criminal offence in the evasion of legal liability;
2. the concealment or disguise of the true nature, origin, location, disposition, movement, ownership of the proceeds of crime, while being aware that these funds are the proceeds of crime;
3. the acquisition, possession, use or disposal of the proceeds of crime of another person while being aware that these funds are the proceeds of crime;
4. assistance in any of the above actions.

Money laundering shall also be recognised as such if a criminal offence which is provided for in The Criminal Law and in the result of which such funds have been directly or indirectly acquired has been committed outside the territory of the Republic of Latvia and criminal liability is provided for such criminal offence at the place of its commitment.

**Terrorism financing** is the direct or indirect collection or transfer of financial funds or other property acquired by any form with a view to use them or by knowing that they will be fully or partly used to carry out terror activities or other related illegal activities stated by the Law.

### **4. ANTI-MONEY LAUNDERING PROCEDURES FOR GRUPEER**

#### **1. CUSTOMER DUE DILIGENCE**

GRUPEER'S Investors due diligence measures are based on the following risk assessment-based activities:

- identification of the Investors and verification of their identification data obtained;
- identification and verification of the Beneficiary of the Investor. If the owner of the Investor is a legal entity GRUPEER also ascertains the shareholding structure of the relevant legal entity and the way how the control of the Beneficiary over such legal entity is realized;
- obtaining the information on source of funds and business activities of the Investors;
- after establishment of the business relationship GRUPEER carries out its supervision, including inspections to confirm that transactions entered into during the course of the business relationship are being executed according to the information at the disposal of GRUPEER on the Investor;
- control of the storage, regular assessment and updating of the internal legal documents related to AML, personal data and information obtained during the course of due diligence of the Investors according to the inherent risks, but at least once per 18 months.

GRUPEER has established this Policy to ensure that the identities of all new and existing Investors are verified to a reasonable level of certainty. This will include all individual Investors, all directors, shareholders and Beneficiaries with a stake holding of 25% or more of Investors' companies. Identities will be verified online using the Platform system.

- A. The following information and documentation shall be presented by the individual Investor:
- Either a passport or ID card;
  - Information on Investor's Tax Residence;
  - Address in the country of Tax Residence;
  - Information whether Investor is Politically exposed person (PEP) or its family member or not.
- B. The following information and documentation shall be presented by the Investor's company:
- Registration Certificate;
  - Representative's (Director's or Attorney's) - ID card or passport;
  - Articles and Memorandum of Association;
  - Documents containing the information:
    - Information Directors;
    - Information on Shareholders;
    - Information on Beneficiaries (including, date of birth, address, ID card and Tax residence information);
  - Tax Certificate;
  - Address in the country of Tax Residence;
  - Power of Attorney if the representative is not the Director;
  - Information whether Investor is Politically exposed person (PEP) or its family member or not.

The Investors shall provide the information on origin of the funds invested using the Platform and keep this information up to date.

If GRUPEER can not verify the identity of an Investor with reasonable certainty or to receive the reliable information on origin of the funds it will not establish a business relationship or proceed with investing. If a potential or existing Investor either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, GRUPEER shall refuse to commence a business relationship or proceed with the transaction requested.

## **2. RISK ASSESSMENT AND ONGOING MONITORING**

GRUPEER shall take a risk-based approach in monitoring the financial activities of its clients.

GRUPEER will actively not accept high-risk Investors that are identified as follows:

- Investors with complex business ownership structures with the potential to conceal underlying Beneficiaries;
- PEPs;
- Shell banks or shell arrangements;
- Investors included in national or international sanction lists (<http://sankcijas.kd.gov.lv/>).
- Investors based in or conducting business in jurisdiction outside the Member States or in jurisdiction with known higher levels of corruption, organised crime or drug production/distribution, included in national or international sanction lists (<http://sankcijas.kd.gov.lv/>).

GRUPEER does not accept payments from financial institutions outside the Member States, which gives the additional certainty on the Investor's acceptability in accordance with AML legal regulation, as the previous due diligence has been already made by the respective AML compliant financial institutions.

The payments from the payment institutions shall be followed by the confirmation issued directly by the respective payment institution to GRUPEER confirming the person owning the funds transferred.

GRUPEER will conduct ongoing monitoring of business relationships with Investors to ensure that the documents and information held evidencing the Investor's identity are kept up to date.

Whenever there is cause for suspicion, the Investor will be asked to identify and verify the source or destination of the transactions, whether it is individual or Investor's company's Beneficiary.

## **3. MONITORING AND MANAGING COMPLIANCE**

GRUPEER will regularly monitor the following procedures to ensure they are being carried out in accordance with the AML policies and procedures of the business:

- Investor identity verification;

- Reporting to responsible institutions in accordance with the Law;
- Record keeping.

GRUPEER will also monitor any developments in the European and Latvian AML field and the requirements of the AML legal regulation. Changes will be made to this policy and procedures of GRUPEER when appropriate to ensure compliance.

GRUPEER establishes such an internal control system (“ICS”), which makes initial acceptance and further monitoring of the Investors efficient and AML compliant. GRUPEER provides regular, at least once per 18 months, ICS efficiency of operation assessment in compliance with AML legal regulation. This assessment includes check of the approved internal AML related documents, IT systems, employees’ knowledge in AML, review and update of AML risk assessment related to the Investors, their country of residence (registration), economic or personal activity of the Investors, services and products used and the transactions made using the Platform.

#### **4. RECORD-KEEPING**

Records of all identity checks will be maintained for up to 5 years after the termination of the business relationship or 5 years from the date when the transaction was completed unless the AML legal regulation, GDPR or other applicable regulation require another term. GRUPEER will ensure that all documents, data or information held in evidence of Investor’s identity are kept up to date.

All records will be handled in confidence, stored securely, in strict accordance with GDPR and GRUPEER Personal Data Protection Policy.

#### **5. TRAINING**

All affected employees of GRUPEER are provided with training that explains AML legal regulation requirements and gives strict directives on how these requirements shall be met.

GRUPEER teaches its employees to identify AML risks and transactions those direct or indirect goals are connected with money laundering or terrorism financing and to act in compliance with the Law if such transactions are found.

GRUPEER undertakes all the available measures in order to ensure that the responsible employees are aware of the risks related to money laundering and terrorism financing, AML legal regulation, in order to develop an ability of the employees to discover indications of an unusual transaction and suspicious transactions and to carry out the activities provided for in the ICS.

### **5. CONTROL AND RESPONSIBILITY**

All the GRUPEER employees are responsible for AML legal regulation and this Policy requirements observance and have an obligation to inform the Responsible Member of the Board on all the situations where money laundering or terrorism finance may occur.

The Responsible Board Member controls the fulfilment of AML procedures and organizes all the necessary actions, including revision and update of internal documents, due

diligence of the Investors, monitoring of the investment transactions on the Platform and trainings of the employees in order to comply with AML legal regulation.