

GND Advisory
ANTI FINANCIAL CRIME POLICY



Approved by:	GND Advisory Board
Approved on:	July 2021
References to external policies:	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing Banks of Lithuania Guidelines on the Prevention of Money Laundering and/or Terror Financing for Financial Market Participants (2020) Law on the Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania
References to internal policies:	Business Code of Conduct and Ethics Risk and Compliance Policy Operational Risk Management Plan Business Continuity Plan ESG/ Climate Risk Policy Personal Data Protection Policy Conflict of Interests Policy Other internal rules and regulations

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1. The Firm

GND Advisory is an autonomous investment advisory firm registered in the Republic of Lithuania. The records of GND Advisory are kept at the State Enterprise Centre of Registers.¹ GND Advisory ("GND") and each of its majority-owned subsidiaries (together with GND, the "Firm") conducts its operations in compliance with the EU Anti-Money Laundering Directive (AMLD)² and FATF Recommendations.³

2. Objectives

The purpose of this policy is to establish the general framework for GND Advisory on the fight against money laundering (ML) and financing of terrorism (FT).

GND Advisory also puts reasonable measures in place to control and to limit ML/FT risk, including dedicating the appropriate means.

GND Advisory is committed to high standards of anti-money laundering / counter the financing of terrorism (AML/CFT) compliance and requires management, employees and subsidiaries to adhere to these standards in preventing the use of its products and services for money laundering or terrorism financing purposes.

The AML program of GND Advisory is designed to be compliant with:

- International standards: recommendations and papers from the Financial Action Task Force (FATF), from the Wolfsberg Group and from the Basle Committee on Banking Supervision;
- European and Lithuanian laws and regulations related to AML/CFT, in particular:
 - EU: "Directive 2015/849 of the European Parliament and of The Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing"
 - EU: "Regulation 2015/847 on information accompanying transfers of funds"
 - EU: Various regulations imposing sanctions or restrictive measures against persons and embargo on certain goods and technology, including all dual-use goods
 - LT: "Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing"⁴

These laws and regulations may be completed on a case-by-case basis by local laws and regulations applicable in the country of residence or professional activity of the relevant client(s) of GND Advisory.

3. Money Laundering and Terrorism Financing

Money Laundering means:

- a. the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person's action;
- b. the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from criminal activity or from an act of participation in such an activity;

¹ State Enterprise Centre of Registers. https://www.registrucentras.lt/jar/index_en.php

² EU Anti-Money Laundering Directive (AMLD). https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ%3AJOL_2015_141_R_0003

³ FATF Recommendations. <https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/fatf%20recommendations%202012.pdf>

⁴ Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing. <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/26a9f270fb6511e796a2c6c63add27e9?jfwid=gtea4l8sf>

- c. the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such an activity;
- d. participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions referred to in points (a), (b) and (c).

Money laundering shall be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another Member State or in that of a third country.

Terrorism financing means:

the provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, in order to carry out any terrorist act.

4. Organization of the AML/CFT function

4.1. Corporate organization

In accordance with the AML/CFT legislation, GND Advisory has appointed a responsible at the “highest level” among its Directors for the prevention of ML/TF: The Chief Executive at Firm level.

Furthermore, an AMLCO (Anti Money Laundering Compliance Officer) is in charge of the enforcement of the AML policy and procedures within the Firm.

The AMLCO is placed under the direct responsibility of the Compliance Officer, herself/himself under the direct responsibility of the Chief Executive.

4.2. Policy implementation requirements

Each major change of GND Advisory AML policy is subject to approval by the Firm’s Management.

4.3. Enterprise-wide risk assessment

The 6th European Directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing requires financial institutions to take a risk-based approach to combating ML and TF. The risk assessment is a critical component of the GND Advisory AML/CFT compliance management programme.

As part of its risk-based approach, GND Advisory has conducted an AML “Enterprise-wide risk assessment” (EWRA) to identify and understand risks specific to GND Advisory and its business lines. The GND Advisory AML risk profile is determined after identifying and documenting the risks inherent to its business lines such as the products and services the Firm offers, the customers to whom such products and services are offered, transactions performed by these customers, delivery channels used by the Firm, the geographic locations of the Firm’s operations, customers and transactions and other qualitative and emerging risks.

The identification of AML/CFT risk categories is based on GND Advisory understanding of regulatory requirements, regulatory expectations and industry guidance.

The EWRA is yearly reassessed.

5. Minimum standards

GND Advisory has established standards regarding Know-Your-Customer (“KYC”). These standards require due diligence on each prospective customer before entering into a business relationship via identification and verification of his identity and, as the case may be, his representatives and beneficial owners on the basis of documents, data or information obtained from a reliable and independent source compliant with the domestic and European AML/CFT legislation and regulation.

Interpretation of the KYC principle begins with identification of the customer by means of the necessary identification documents. That identification, completed by other information gathered, enables the Customer Acceptance Policy to be applied.

In addition to these objective criteria, there are subjective elements which may arouse suspicions regarding a customer and to which particular attention should be paid.

Finally, as KYC does not involve static data, but dynamic data through the relationship with the customer, it also needs follow-up and ongoing monitoring of the customer.

5.1. Customer identification and verification (KYC)

The formal identification of customers on entry into commercial relations is a vital element, both for the regulations relating to money laundering and for the KYC policy.

This identification relies on the following fundamental principles:

- Each customer (= each individual person and/or each person involved in the case of a legal entity) must be identified by means of original supporting documents.
- These documents will be recorded in a centralised system.
- The identification must be completed by "face-to-face" contact.
- Distance identification is also authorised and possible within a dedicated acceptance process, but may limit the opportunity to carry out certain transactions or to access certain products.
- Each person identified must be registered by IT means.
- A person will not be accepted as a customer if the identification process proves to be incomplete or inexact.

5.2. Risk Profile calculation

To assist in determining the level of AML/CFT due diligence to be exercised with regard to the customer, a "Compliance" risk profile is calculated first of all on entry into relations (Low, Medium, High), and is then recalculated due to new information.

5.3. Customer acceptance policy

Several elements require the establishment of a customer acceptance policy, in particular:

- accepting as customers persons and entities with which GND Advisory may and wishes to develop commercial relations, and who correspond to the Firm's current business model, ambitions and means;
- ensuring that the Firm's personnel have a good knowledge of the customer (KYC) and can exercise the due diligence appropriate to their level of risk from the start of the customer relations;
- avoiding GND Advisory entering into business relations with persons who might involve it in money laundering or terrorism financing transactions;
- meeting a legal / regulatory requirement;
- applying the risk-based approach run by GND Advisory in categorising customers in relation to risk criteria.

Principles

The acceptance policy is applied to any person or entity asking for a financial transaction, product or service from GND Advisory or its subsidiaries.

As a general rule, customers who may be accepted by GND Advisory are persons or entities:

- fully identified in accordance with the Firm's procedures, and
- when such financial relations will be active and over the long term.

GND Advisory will not accept customer relations with persons or entities not meeting the above acceptance criteria, or whose legitimate intentions do not immediately appear to be sufficient, or included in the Lithuanian or European

Union lists of persons or entities under financial sanction, or carrying on a commercial activity which is considered by GND Advisory as particularly at risk.

5.4. Ongoing customer due diligence

For some dedicated higher risk customer categories, a periodically risk-based review is carried out to ensure that customer-related data or information is kept up-to-date.

The current KYC review process regarding the other customer categories is essentially based on an “awareness principle” following the examination of a dedicated file by the AML team. This awareness principle consists in asking the customer’s relationship manager henceforth to closely perform a periodic KYC review of the customer.

5.5. Ongoing transaction monitoring

GND Advisory does not provide transaction related services including 1) reception and transmission of orders; 2) execution of orders on behalf of clients; 3) dealing on own account; 4) management of a portfolio of financial instruments. However, in case of any transaction related service GND Advisory AML-Compliance will be designed to ensure that an “ongoing transaction monitoring” is conducted to detect transactions which are unusual or suspicious compared to the customer profile.

5.6. Embargos and sanctions screening

To ensure compliance with the applicable sanctions against persons and entities, GND Advisory has put in place a list matching system in order to compare the names of its customers with official lists from Lithuanian, the European Union, the OFAC or the UN.

In addition to the above and in order to provide all business lines with up-to-date information related to jurisdictions under embargo, GND Advisory internally edits and maintains a Country Watchlist (“CWL”) including the following jurisdictions:

- Jurisdictions subject to EU export sanctions (including the sanctioned goods);
- Jurisdictions subject to EU import sanctions (including the sanctioned goods);
- Jurisdictions subject to US sanctions (including the sanctioned goods or transactions);
- Jurisdictions designated by officials (like FATF) as subject to a higher money laundering risk;
- Jurisdictions considered as fiscal paradise by the Lithuanian authorities.

6. Principles of internal anti-financial crime compliancy

6.1. Principles of financial crime and sanctions risk management

GND Advisory has created Anti-Financial Crime Policy to define the framework, guidelines and principles that set the minimum baselines for the following:

- Set policies, guidelines and processes that prevents Financial Crime activities and ensures compliance with applicable regulations;
- Implement and continuously maintain Know Your Customer (KYC), regular Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) processes as part of the compliance program;
- In the process of KYC identify and later on maintain, Politically Exposed Persons (PEPs) and their Related persons;
- In the process of KYC identify and later on maintain, Source of Wealth (SoW) and Source of Funds (SoF);
- Implement and continuously maintain customer risk scoring models and classification based on the risk of customer.
- Ensure continuous investigation and if relevant escalation and reporting of suspicious activity or potential violation of Sanctions;
- Collect, retain and protect data according to the relevant regulations;
- Provide relevant and applicable Anti Financial Crime training to all Employee groups.

6.2. Principles of Anti-Bribery and Anti-Corruption

Bribery and corruption are illegal and increase the reputation risk, damage reliability of the company and negatively affect market competition. GND Advisory Employees carry a responsibility to prevent and report any kind of bribery and corruption situations according to the following rules:

- Do not accept any form of benefit, monetary or non-monetary gift or event invitation, that would not be in line with the regular business activity and may create any misunderstanding or other kind of expectations, and such offers must be reported;
- Do not offer any form of benefit, monetary or non-monetary gift or payment, or solicit business by offering bribe, to existing or potential Customers, partners, vendors or any other third party;
- Do not treat Related persons in a business activity any differently than any other Customer;
- Report any breaches or possible breaches of this Policy.

6.3. Principles of whistleblowing

GND acts in a transparent and compliant business environment where ethical and professional behaviour is compulsory. Hence, the Firm supports and protects the right of Employees, partners or other third parties to notify and report confidentially about any breaches of the internal and/or external policies or regulations.

The whistleblowing principles is created to encourage the prevention and proactive detection of any possible breaches or violations.

7. Organization of control

7.1. Suspicious transactions reporting

GND does not provide transaction services to its customers or clients. However, in its internal procedures, GND Advisory describes in precise terms, for the attention of its staff members, when it is necessary to report and how to proceed with such reporting. If knowledge is gained about suspicious transactions during KYC checks on the basis of the information gathered, the AML team:

- will decide whether it is necessary or not to send a report to the Lithuanian Authorities.
- will decide whether or not it is necessary to terminate the business relations with the customer.

7.2. Procedures

The AML/CFT rules, including minimum KYC standards, have been translated into operational guidance or procedures that are available on the Intranet site of GND Advisory.

7.3. Record keeping

Records of data obtained for the purpose of identification must be kept for at least ten years after the business relationship has ended.

7.4. Training

GND has developed ways of training and awareness in order to keep its staff aware of the AML/CFT duties.

The training and awareness programme is reflected in its usage by:

- a mandatory AML e-learning training programme in accordance with the latest regulatory evolutions;
- academic AML learning sessions for all new employees. The content of this training programme has to be established in accordance with the kind of business the trainees are working for and the posts they hold. These sessions are given by an AML-specialist working in GND Advisory AML team.

7.5. Auditing

Internal audit regularly establishes missions and reports about AML/CFT activities.