

## DavisFinance OÜ AML Policy summary

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This summary represents statement of the fundamental rules and procedures contained in DavisFinance OÜ (“**DavisFinance**” or “**Company**”) AML Policy. The purpose of this summary is to provide the Company’s customers, contractors, other concerned stakeholders with an overview of Company’s Anti-Money Laundering (“**AML**”) and Counter-Terrorist Financing (“**CTF**”) compliance regime and its elements.

This is to confirm that DavisFinance has zero tolerance for money laundering, the financing of terrorism or proliferation of weapon of mass destruction. DavisFinance established AML Policy following the rules provided by the Money Laundering and Terrorist Financing Prevention Act of Estonia (“**MLTFPA**”) and International Sanctions Act of Estonia. These AML Policy applies to all employees of the Company, its board members, officers, contractors.

DavisFinance is providing financial services and falls under the notion of obliged entity for the purposes of MLTFPA. It means DavisFinance is subject to number of requirements in respect of AML/CTF and is following the procedures prescribed for obliged entities by the law.

More specifically, DavisFinance is required to identify and verify its customers' identities, conduct ongoing monitoring of their activity, maintain records of customers' activity and related documents and report to authorities in certain cases.

### Main definitions

**Money laundering** 1) the conversion or transfer of property derived from criminal activity or property obtained instead of such property 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 actions;  
2) the acquisition, possession or use of property derived from criminal activity or property obtained instead of such property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation therein;  
3) the concealment of the true nature, origin, location, manner of disposal, relocation or right of ownership of property acquired as a result of a criminal activity or property acquired instead of such property or the concealment of other rights related to such property.

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**Terrorist financing** 1) financing or knowing supporting in another manner of commission of acts of terrorism, preparation of acts of terrorism, of terrorist organisations, and making available or accumulating of funds while knowing that these may be used in full or in part for the same purposes;  
2) organisation, funding or knowing support in another manner of travel for terrorist purposes, and making available or accumulation of funds while knowing that these may be used in full or in part for travel for terrorist purposes.

<b>Beneficial owner</b>	a natural person who, taking advantage of their influence, makes a transaction, act, action, operation or step or otherwise exercises control over a transaction, act, action, operation or step. In case of legal entities, beneficial owner is the natural person who ultimately owns or controls legal entity.
<b>Business relationship</b>	a relationship that is established upon conclusion of a long-term contract by an obliged entity in economic or professional activities for the purpose of provision of a service or sale of goods or distribution thereof in another manner or that is not based on a long-term contract, but whereby a certain duration could be reasonably expected at the time of establishment of the contact and during which the obliged entity repeatedly makes separate transactions in the course of economic, professional or official activities while providing a service or official service, performing official operations or offering goods.
<b>Due diligence</b>	set of measures which obliged entity applies to gather and verify information in respect of customer, potential customer, transaction, business relationship. May be simplified or enhanced, depending on the risk factors.

### **Risk-based approach**

DavisFinance performs a risk-based due diligence and collects information and documentation on each prospective customer in order to determine the risk profile associated. Upon determining customers' risk profiles, the Company takes into account the following risk categories:

- risks relating to the customer/partner;
- risks relating to countries, geographic areas or jurisdictions;
- risks relating to products, services or transactions;
- risks relating to communication or mediation channels or delivery channels of products, services or transactions between DavisFinance and customers.

Individual risk assessment will be conducted to determine risk profile of particular customer. Risk profile determination will depend on the circumstances which increase or reduce risk. Circumstances which lead to the increase or decrease in customer risk are determined by DavisFinance internally according to Company's risk assessment and risk appetite, and are subject to amendment from time to time.

Risk profile determination is not ultimate. After the risk will be assessed and attributed to a particular customer it will be revised periodically, depending on degree of previously assigned risk category.

### **Identification**

Before establishing business relationship DavisFinance will make efforts to identify and verify:

- natural persons;
- legal entities;
- right of representation, in cases when person is acting on behalf of other (natural or legal) person;
- beneficial owner;
- purpose of a business relationship and transaction.

To complete this DavisFinance, meaning its responsible employees, will request relevant information and documents from customer directly and from independent sources when necessary for identification of verification purposes. The Company will also rely on appropriate technical solution provided by third party following appropriate quality and legal standards, in order to ensure remote identification and verification.

DavisFinance will request the following:

For a natural person

- name;
- surname;
- citizenship;
- residential address;
- place of birth;
- date of birth or personal identification code;
- email;
- data on the field of activity;
- beneficial owner, where applicable;
- copy of identity document;
- a photo of facial image (selfie);
- a photo of facial image (selfie) along with an identity document and a paper with date;

For a legal person

- business name;
- registry code;
- address;
- place of establishment/business (country);
- contact details (email, website);
- field of activity;
- data of member of the board or other company representative (the same as for natural persons) and their authorisation;
- aim of business relationship establishment;
- data of beneficial owner/-s;

For right of representation

- data of person on whose behalf actions are made;
- basis of right of representation;
- scope of representation;
- term of validity of right of representation;
- document proving the right of representation;

For a beneficial owner

- printout of registry card showing the details of shareholders (in case of a legal entity);
- testimony and/or additional documents if necessary;

For purpose of business relationship and transaction

- data on the field of activity;
- warranties given by customer that provided data is true and correct;

The list of information requested for identification purposes is not exhaustive. Particular information requested will vary depending on the subject of identification and client risk category. DavisFinance will also verify whether a customer is a politically exposed person,

close associate of politically exposed person or subject to international sanctions in every case.

### **Simplified due diligence**

DavisFinance may apply simplified due diligence measures to a customer in the event of a low risk of money laundering or terrorist financing if there are circumstances showing a lower-than-usual risk of money laundering or terrorist financing. The basis for the application of simplified due diligence measures is the estimate of the existence of the customer's risk factors and a respective decision on the risk profile.

Simplified due diligence means that standard amount of information and documents is gathered. DavisFinance applies simplified due diligence measures only to the extent that the sufficient monitoring of transactions, acts and business relationships is ensured, so that it would be possible to identify unusual transactions and allow for reporting of suspicious transactions.

### **Enhanced due diligence**

DavisFinance applies enhanced due diligence measures in order to adequately manage and mitigate a higher-than-usual risk of money laundering and terrorist financing. Enhanced due diligence means that Company will gather more than standard amount of information and documents. Additional information and document list differs case-by-case to ensure that high risk is mitigated and any suspicion or incompleteness is eliminated.

Enhanced due diligence measures are applied always when:

- upon identification of a person or verification of information submitted by the customer, there are doubts as to the truthfulness of the submitted data, authenticity of the documents or identification of the beneficial owner(s);
- a party to the transaction is a politically exposed person (except for an Estonian politically exposed person) or their family member;
- a party to the transaction is a citizen of a high-risk third country or their place of residence or location in a high-risk third country;
- the customer's area or field of activity is risky.

### **Restrictions**

DavisFinance will not establish a business relationship or make a transaction in following circumstances:

- in a situation where, based on documents collected in the course of application of due diligence measures, money laundering or terrorist financing or an attempt thereof is suspected;
- if suspicion arise that person is subject to an international sanction or it is established that person is subject to an international sanction;
- if a customer wishes to settle in cash;
- if a customer does not submit the documents and information required for compliance with due diligence measures (incl. information on the country of origin, field of activity, beneficial owner, etc.);
- if, based on the data and documents submitted by the customer, there is suspicion of money laundering or terrorist financing or an attempt thereof, and the application of additional due diligence measures does not eliminate the suspicion;
- if a customer fails to submit the documents/data certifying the legal origin of the assets or proof of residential address or any other document requested by the Company;
- if a customer has not passed the verification procedure successfully;

- if a customer is included in the US embargo sanctions list;
- if a customer is citizen or resident of the country included in the list of high-risk or prohibited countries (See chapter “High-risk countries”);
- if identity of customer has not been established;
- if person is anonymous or fictitious and use aliases or false names;
- if person have the characteristics of a front;
- if person hide data or submit false data;
- if person was suspected/convicted of money laundering or terrorist financing before;

### **Politically exposed persons**

Politically exposed person (PEP) means a natural person who is or who has been entrusted with prominent public functions, including:

- head of State;
- head of government;
- minister and deputy or assistant minister;
- member of parliament or of a similar legislative body;
- member of a governing body of a political party;
- member of a supreme court;
- member of a court of auditors or of the board of a central bank;
- ambassador, a chargé d'affaires and a high-ranking officer in the armed forces;
- member of an administrative, management or supervisory body of a State-owned enterprise;
- director, deputy director and member of the board or equivalent function of an international organisation, except middle-ranking or more junior officials.

In a situation where a person participating in a transaction, a person using a professional service, a customer or their beneficial owner is a politically exposed person, a family member of a politically exposed person or a person known to be a close associate of a politically exposed person, DavisFinance is required to apply enhanced due diligence measures. These measures are not discriminative in nature, since it is internationally recognized that a PEP may be in a position to abuse their public office for private gain and a PEP may use the financial system to launder the proceeds of this abuse of office.

Local politically exposed person means a natural person who is or who has been entrusted with prominent public functions in Estonia, another contracting state of the European Economic Area or an institution of the European Union. In the case of a local politically exposed person, usually the same additional due diligence measures as in the case of a politically exposed person are applied. However, DavisFinance may not rely on enhanced due diligence measures, if the PEP status is the only circumstance characterizing higher-than-usual risk for local PEP.

### **International sanctions**

Person subject to an international sanction means a natural person or a legal entity, authority, civil law partnership or legal arrangement explicitly specified in a legal instrument establishing or applying the international sanction and against whom measures provided for in the legal instrument establishing the international sanction are taken.

Every customer must undergo sanction screening (sanctions imposed by the European Union, United Nations Organisation), since it is prohibited to enter business relationship or make a transaction without sanction check. If it turns out that the person is the subject of international sanctions, DavisFinance will not establish business relationship, make transaction or will terminate the existing relationship.

## **High-risk countries**

Some countries according to credible sources and evaluations pose great risks of money laundering and terrorist financing compared to other jurisdictions. The Company wishes to avoid this risk, that is why Davis Finance will not establish a business relationship or make a transaction with citizens or residents of high-risk countries.

The list of high-risk countries is subject to changes from time to time as the result of continuous evaluation of countries by competent bodies. DavisFinance in particular follows the list published by the European Commission according to Directive (EU) 2015/849 and lists published by the FATF ("black list" and "grey list").

At the time of writing this Summary, the following list of High-risk countries applies:

- 1) Afghanistan
- 2) Albania
- 3) Barbados
- 4) Burkina Faso
- 5) Cameroon
- 6) Cayman Islands
- 7) Croatia
- 8) Democratic People's Republic of Korea
- 9) Democratic Republic of the Congo
- 10) Gibraltar
- 11) Haiti
- 12) Iran
- 13) Jamaica
- 14) Jordan
- 15) Mali
- 16) Mozambique
- 17) Myanmar
- 18) Nigeria
- 19) Panama
- 20) Philippines
- 21) Senegal
- 22) South Africa
- 23) South Sudan
- 24) Syria
- 25) Tanzania
- 26) Trinidad and Tobago
- 27) Turkey
- 28) Uganda
- 29) United Arab Emirates
- 30) Vanuatu
- 31) Vietnam
- 32) Yemen

## **Suspicious activity**

Where the Company identifies in course of ordinary work an activity or facts whose characteristics refer to the use of criminal proceeds or terrorist financing or other criminal offences or an attempt thereof or with regard to which the Company suspects or knows that it constitutes money laundering or terrorist financing or the commission of another criminal offence, DavisFinance must report it to the supervisory authority (Financial Intelligence Unit of

Estonia) immediately, but not later than within two working days after identifying the activity or facts or after getting the suspicion.

#### **Collection and retention of data**

DavisFinance collects and retains data on a customer and persons related to the customer, which is learned upon performance of the due diligence duties in accordance with rules arising from the GDPR and Privacy Policy (the latest version can be accessed on [davisfinanceou.com](https://davisfinanceou.com)).

#### **Contact for AML related questions**

The Company cooperates with supervisory and law enforcement authorities in preventing money laundering and terrorist financing, thereby communicating information available to the Company and replying to queries within a reasonable time, following the duties, obligations and restrictions arising from legislation. For any relevant requests please contact us at [info@davisfinanceou.com](mailto:info@davisfinanceou.com).