

# GARANT GROUP KNOW YOUR CUSTOMER (KYC) POLICY

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## Garant Group Know Your Customer (KYC) Policy

### 1. Introduction

This Know Your Customer (KYC) policy outlines the procedures and measures that Garant Group will follow to ensure compliance with relevant regulations and to mitigate financial, sanctions, and reputational risks. This policy is essential for preventing money laundering (AML), ensuring sanctions compliance, particularly with the European Union (EU) regulations, and managing credit risk effectively.

### 2. Purpose

The primary purpose of this KYC policy is to:

- Ensure that the identity of customers is verified using trustworthy data sources.
- Prevent the use of Garant Group's services for illicit activities, including money laundering, terrorist financing, and the evasion of sanctions.
- Establish appropriate credit limits and payment terms based on thorough customer assessments.
- Define the responsibilities of personnel involved in the customer onboarding, monitoring, and compliance processes.
- Implement the European Commission's guidance on enhanced due diligence to prevent the circumvention of Russia sanctions.

### 3. Scope

This policy applies to all customers, including individuals, companies, and other legal entities. It covers all aspects of customer interaction, from initial onboarding to ongoing monitoring and transaction management.

### 4. Roles and Responsibilities

#### 4.1 Sales Quality & Compliance Officer

- Oversee the implementation of the KYC policy.
- Ensure compliance with AML regulations, sanctions lists, and other relevant laws.
- Report any suspicious activities to the relevant authorities.
- Regularly update the KYC procedures in line with changes in the regulatory environment and EU guidance.

#### 4.2 Risk Management Team

- Assess the financial risk associated with new and existing customers.

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- Set and review credit limits based on the customer's financial health and risk profile.
- Approve or reject customers based on risk assessments.
- Continuously monitor customer accounts for signs of increased risk.

### **4.3 Customer Onboarding Team**

- Collect and verify customer information using trustworthy data sources.
- Ensure all required documentation is obtained and accurately recorded.
- Escalate cases where customer identity or legitimacy cannot be verified.

### **4.4 Data Protection Officer (DPO)**

- Ensure that customer data is collected, stored, and processed in accordance with data protection regulations.
- Oversee the security of sensitive customer information.
- Conduct regular audits to ensure compliance with data protection policies.

### **4.5 Finance Department**

- Collaborate with the Risk Management Team to review and set credit limits based on the financial assessments of customers.
- Monitor payment behaviors and manage outstanding receivables.
- Implement financial controls to detect and address any potential financial irregularities or suspicious transactions.

### **4.6 Procurement Department**

- Ensure that suppliers and other third-party partners undergo thorough KYC checks before entering into business relationships.
- Work with the Risk Management Team to assess the risks associated with suppliers and third-party entities.
- Monitor and review supplier compliance with sanctions and AML regulations regularly.

## **5. Customer Identification and Verification**

### **5.1 Trustworthy Data Sources**

Garant Group will use trustworthy data sources to verify customer identity, including but not limited to:

- Government-issued identification (e.g., passport, national ID card).
- Official company registration documents (for corporate clients).

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- Credit bureaus and financial databases such as **Creditsafe** ([Creditsafe](#)) and **Creditinfo** ([Creditinfo](#)).
- Sanctions lists from relevant authorities (e.g., EU, OFAC, UN) and specialized portals like **Opensanctions Portal** ([Opensanctions Portal](#)) and the **Free Sanctions Checking Tool** ([Lexascan](#)).
- Maritime databases such as **IHS Markit** ([IHS Markit](#)) for specific industry-related checks.

### 5.2 Customer Due Diligence (CDD)

Garant Group will conduct Customer Due Diligence (CDD) on all customers to:

- Verify the identity of the customer and beneficial owners.
- Understand the nature of the customer's business and financial status.
- Assess the risk level associated with the customer.

### 5.3 Enhanced Due Diligence (EDD)

Enhanced Due Diligence (EDD) will be required for customers identified as high risk, including:

- Politically Exposed Persons (PEPs).
- Customers from high-risk jurisdictions.
- Customers involved in complex ownership structures.
- Any customer flagged for potential sanctions or financial crime risks.

## 6. Sanctions and Compliance

### 6.1 Sanctions Screening

All customers will be screened against relevant sanctions lists during the onboarding process and on an ongoing basis. Garant Group will:

- Automatically block transactions involving sanctioned individuals, entities, or countries.
- Report any matches to the relevant authorities immediately.

### 6.2 Ongoing Monitoring

Garant Group will monitor customer transactions and behavior on an ongoing basis to detect and prevent any activities that may be in violation of sanctions laws or AML regulations. This will include:

- Regular review of customer information and transaction patterns.
- Immediate investigation of any suspicious activities.

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- Updating customer profiles in line with any changes in risk status.

### **7. Credit Limits and Payment Terms**

#### **7.1 Credit Risk Assessment**

The Risk Management Team, in collaboration with the Finance Department, will assess the credit risk of each customer before setting any credit limits. Factors considered will include:

- The customer's financial statements and credit history.
- The customer's payment behavior and order history with Garant Group.
- The overall risk level determined during the KYC process.

#### **7.2 Setting Credit Limits**

Credit limits will be set based on the customer's assessed risk profile. High-risk customers may receive lower credit limits or stricter payment terms. These limits will be reviewed regularly and adjusted as necessary.

#### **7.3 Managing Payment Terms**

Payment terms will be established in line with the customer's credit risk and financial standing. The following guidelines apply:

- Regular payment reviews for all customers.
- Stricter payment terms for customers with higher risk profiles.
- Immediate action in case of overdue payments, including the suspension of services or legal action if necessary.

### **8. Anti-Money Laundering (AML) Measures**

#### **8.1 AML Policy Adherence**

Garant Group is committed to adhering to all relevant AML regulations. This includes:

- Implementing a robust AML program that includes regular training for all employees.
- Conducting risk-based assessments to identify potential money laundering activities.
- Reporting any suspicious activities to the relevant financial intelligence units.

#### **8.2 Training and Awareness**

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All employees involved in customer interactions will receive regular training on KYC, AML, and sanctions compliance. This will ensure:

- Awareness of the latest regulations and risks.
- Ability to recognize and report suspicious activities.
- Adherence to Garant Group's policies and procedures.

### **9. Data Protection and Confidentiality**

#### **9.1 Data Security**

Customer data will be handled in accordance with Garant Group's data protection policies. This includes:

- Encryption of sensitive data.
- Access controls to ensure only authorized personnel can view customer information.
- Regular audits to identify and address any data security vulnerabilities.

#### **9.2 Confidentiality**

All customer information will be treated with the highest level of confidentiality. Disclosure of customer information will only occur:

- To relevant authorities in accordance with legal obligations.
- With the explicit consent of the customer.

### **10. Implementation of the European Commission's Guidance**

Garant Group will incorporate the European Commission's guidance on implementing enhanced due diligence to prevent the circumvention of Russia sanctions through the following key actions:

#### **10.1 Risk Assessment**

- Regularly assess business models, geographical areas of operation, and the risk profiles of business partners.

#### **10.2 Internal Controls**

- Develop and update internal policies and control procedures to ensure compliance with EU sanctions.

#### **10.3 Due Diligence**

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- Conduct thorough checks on customers and business partners to identify potential risks of sanctions circumvention.

### **10.4 Continuous Monitoring**

- Regularly review and update risk assessments and control measures in response to new sanctions or changes in business operations.

### **10.5 Red Flags**

- Be aware of red flags that may indicate attempts to circumvent sanctions, such as unusual payment methods or discrepancies in shipping documents.

## **11. Review and Update of Policy**

This KYC policy will be reviewed annually or more frequently as needed to ensure it remains effective and compliant with regulatory changes. The Sales Quality & Compliance Officer, Jelena Dzigajeva, will be responsible for initiating and overseeing these reviews.

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## Appendix A: KYC Questionnaire for Companies

Section	Details
<b>1. Company Information</b>	
	Company Name
	Registration Number
	Country of Incorporation
	Date of Incorporation
	Registered Address
	Operating Address (if different)
	Website
<b>2. Ownership Structure</b>	
	Ultimate Beneficial Owner(s) (UBO) Name(s)
	Percentage of Ownership
	Countries of Tax Residency for UBO(s)
	Details of Parent Company (if applicable)
<b>3. Management Details</b>	
	Full Names of Directors/Officers
	Positions Held
	Contact Details (Phone, Email)
<b>4. Business Activities</b>	
	Description of Core Business Activities
	Industry Sector
	Geographic Areas of Operation
<b>5. Financial Information</b>	
	Latest Annual Revenue
	Last Three Years' Financial Statements
	Primary Bank(s) Used
	Bank Account Number(s)
<b>6. Compliance Information</b>	
	Has the company or any of its directors been subject to any legal or regulatory actions? ( <i>Yes/No, if Yes, provide details</i> )
	Is the company or any associated entities listed on any sanctions lists? ( <i>Yes/No, if Yes, provide details</i> )
	Does the company have any politically exposed persons (PEPs) in its ownership or management? ( <i>Yes/No, if Yes, provide details</i> )
<b>7. Documentation Required</b>	
	Copy of Certificate of Incorporation
	Latest audited financial statements
	Copy of identification for Ultimate Beneficial Owner(s) (UBO)
<b>Authorized Signature:</b>	
	Name and Position
	Date of Form Completion

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## Appendix B: KYC Questionnaire for Natural Persons

Section	Details
<b>1. Personal Information</b>	
	Full Name
	Date of Birth
	Place of Birth
	Nationality
	Country of Residence
	Residential Address
	Contact Details (Phone, Email)
<b>2. Identification</b>	
	Type of Identification (e.g., Passport, National ID)
	Identification Number
	Issuing Country
	Expiry Date
<b>3. Employment Information</b>	
	Current Employer
	Position Held
	Nature of Employment (e.g., full-time, part-time)
	Employer Address
	Annual Income
<b>4. Financial Information</b>	
	Primary Bank(s) Used
	Bank Account Number(s)
	Source of Wealth (e.g., salary, inheritance, investments)
<b>5. Compliance Information</b>	
	Have you ever been subject to any legal or regulatory actions? ( <i>Yes/No, if Yes, provide details</i> )
	Are you listed on any sanctions lists? ( <i>Yes/No, if Yes, provide details</i> )
	Are you or any immediate family members a politically exposed person (PEP)? ( <i>Yes/No, if Yes, provide details</i> )
<b>6. Documentation Required</b>	
	Copy of valid identification (e.g., passport, national ID)
	Proof of address (e.g., utility bill, bank statement)
	Recent bank statement or proof of income
<b>Authorized Signature</b>	
<b>Date of Form Completion</b>	

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