

AML / CTF compliance in 4finance

4finance Group ensures full compliance with all applicable external regulations and best market practices in the Anti-Money Laundering and Counter Terrorist Financing area.

The AML/CTF program is executed on both, group, and operating entities' levels by dedicated professional teams.

4finance Group doesn't publish the Group Anti-Money Laundering and Counter Terrorist Financing Policy to prevent violation of established controls and 4finance Group being involved in any criminal activity or 4finance Group's services being misused for money laundering or terrorism financing.

1.

4finance Group has zero tolerance for money laundering, terrorism financing, and sanction regime avoidance.

2.

The Group's AML/CTF policy is based on compliance with the 4th and 5th EU AML Directive framework which embraces a risk-based approach as the central cornerstone of the AML/CTF regime.

3.

AML/CTF compliance management consists of internal controls, clearly defined roles and responsibilities, as well as reporting to management.

4.

Risk-based customer and partner due diligence is the key element of the 4finance Group AML/CTF compliance program.

5.

The AML/CTF compliance program is part of the internal control system and consists of the following elements:

- a. ML/TF risk assessment and management;
- b. Sanctions policy;
- c. Suspicious transaction reporting;
- d. Customer due diligence (CDD) and enhanced due diligence (EDD) based on a risk-based approach;
- e. Partners' due diligence;
- f. Internal control, roles, and responsibilities, reporting and independent internal audit;
- g. Training program;
- h. Record-keeping.

6.

The AML /CTF internal control system implemented in the 4finance Group contains several elements:

- a. AML/CTF Software;
- b. Several layers of documentation, stating both – general principles and country-level specific regulations and requirements. All the relevant documentation is published and shared internally so all the employees have direct and easy access to it;
- c. Training program, having it role-specific and ensuring in-depth training for employees involved directly in AML/CTF control processes.



7.

4finance pays great attention to keeping all the documentation up to date and being reviewed regularly. The documentation covers customer full journey from the AML/CTF perspective – detailed requirements for customer identification, customer data verification and processing, customer due diligence during the customer relationship and record keeping after the customer relationship is terminated.



8.

4finance Group has established an extensive training program for all persons performing work for the Group based on employment or another relevant contract (Group personnel). It consists of several layers of training, depending on each employee's role and responsibilities. All Group personnel receive mandatory training when starting the contract with the Group and complete it at least annually:

- a.** Mandatory online training in an internal online training platform for all Group personnel, to be completed upon new employee onboarding and once per year onwards;
- b.** Online training upon MLRO and Case managers onboarding;
- c.** Individual external online and onsite training for AML employees.

9.

The extent of training depends on Group personnel's roles and responsibilities and must include the following topics at the least:

- a. Basic concepts of ML/TF and sanctions;
- b. Typical patterns of how products could be used for ML/ TF, sanctions breach or evasion;
- c. External and internal legislative framework;
- d. AML/CTF compliance function in 4finance Group,
- e. The principles of a risk-based approach and the customer due diligence process;
- f. Practical application of AML/CTF compliance program, particularly covering internal control system, risk-based approach customer due diligence, enhanced due diligence topics;
- g. The concept of politically exposed person status;
- h. Check against sanction lists;
- i. Monitoring of business relations and investigating customers and transactions;
- j. Reporting of suspicious transactions;
- k. Employees' obligations and rights regarding AML/CTF matters and responsibility for breaches of the internal and external framework;
- l. Impact of AML/CTF non-compliance on the subsidiary's operations;
- m. Whistleblowing channel reporting;
- n. Questions on record keeping and personal data protection;
- o. Prohibition of disclosure.

10.

AML/CTF compliance governance is provided by the following measures:

- a. Group-level documentation regarding the AML/CTF area;
- b. Risk Committee;
- c. Operating entity level AML/CTF regulations;
- d. Group-wide oversight and governance framework executed by headquarters function;
- e. Designated MLRO with day-to-day oversight over the AML/CTF compliance program;
- f. Case managers ensuring investigation of KYC/AML alerts in AML software;
- g. Technical solution and AML/CTF software, providing customer screening and transaction monitoring processes;
- h. Regular Group-wide training program for all Group personnel.

11.

The Group level AML/CTF compliance function ensures that the processes are implemented in all the operating entities, the best practices are shared across 4finance Group, and experiences are wisely used to improve the control processes.

12.

Each operating entity carries out an AML/CTF risk assessment to determine areas of vulnerability and appropriate control environment.

13.

A risk-based approach is applied within the customer due diligence areas of – customer identification and identity verification, treatment of PEP/RCA, monitoring of business relations (incl. transaction monitoring) and employees' training.

14.

Establishing a customer relationship with a politically exposed person or politically exposed person associate is not strictly prohibited, but requires enhanced due diligence to be performed and senior management approval to be obtained for such cooperation establishment.

15.

The extent of the measures, processes, internal controls, and allocation of resources are adapted based on the risk in specific situations aiming to have a flexible system to optimally manage the risks of the business being used for ML/TF.

16.

4finance Group operating entities perform customer screening against applicable sanction lists, and criminal and politically exposed persons lists through AML software:

- a. During the new customer's onboarding process before establishing a business relationship;
- b. For all existing customers on a daily basis.

17.

4finance Group operating entities perform customer transaction monitoring against suspicious activity patterns through AML software. 4finance Group has established strong compliant customer data management and record-keeping procedures, compliant with all relevant AML and GDPR requirements. The record-keeping period is determined as 5 years according to the best market practice.

18.

4finance Group has established a confidential, anonymous Whistleblowing Channel, which can be accessed worldwide, to report any AML/CTF-related issues. A compliant process is established within the Group to investigate reports received through this channel.

19.

Internal control of AML/CTF compliance is ensured in three layers:

- a. Operating Entity-level control and regular verification of compliance of AML/CTF processes, case management quality, and effectiveness verification performed by MLRO;
- b. HQ-level control and regular monitoring of AML/ CTF case management quality and effectiveness performed by the Group Compliance Department;
- c. Internal audit.

20.

External evaluation of 4finance Group internal control system is performed annually by reputable independent audit company.