

KAURIFINANCE OÜ AML MONITORING POLICY

KAURIFINANCE OÜ

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1. INTRODUCTION

This Current KAURIFINANCE OÜ Policy for Clients' General AML Monitoring Policy (hereinafter "the Policy") has been developed in accordance with the most recent and relevant global anti-money laundering standards in force, as well as applicable Estonian AML legislation.

The Policy is an external policy, which includes a set of internal rules and regulations that are used by KAURIFINANCE OÜ (hereinafter "the Company") in order to check and reveal documentation and information regarding its operation that is under obligatory control, and other operations with money or property that may be in any way connected to money legalisations (money laundering) or finance of terrorism, and the provision of such information to the state authorities.

This Policy is a document that:

- regulates the management of the activity regarding the prevention of the legalisation of illegally obtained funds (money laundering) and the financing of terrorism;

- sets the obligations and obligatory procedures for the employees regarding internal control to be applied to all procedures with the Clients' verification and the transactions made by them on the Platform.

The Company is providing the virtual assets services through the kauri.finance webpage (hereinafter "the Platform") and operates as an Estonian virtual assets regulated service provider according to the AML legislation applicable hereof.

Attention: if you do not agree with the terms and conditions of this AML Monitoring Policy, please do not enter and register at <https://kauri.finance> and do not use its Services hereof. By using the Platform services, you give your consent to be compliant with this Policy and User Agreement.

Verification of a personal account at <https://kauri.finance> is a confirmation that the User has read the terms and conditions of this AML Monitoring Policy and User Agreement and fully accepts them with possible subsequent amendments and additions hereto.

2. DEFINITIONS

Definitions are listed below in the order in which they appear in the text of the current AML Monitoring Policy.

Account	This means a User account opened, verified and maintained by the Platform Provider in the name of the User to store and transact the User's funds. All terms and conditions hereof remain applicable to inactive accounts, with the restriction on the User to access their Account.
AML	This means Anti-Money Laundering laws or procedures
AML regulations	This means the following legal acts: <ul style="list-style-type: none">- the Estonian Money Laundering and Terrorist Financing Prevention Act (MLTFPA);- the Estonian International Sanctions Act (ISA);- the Estonian Financial Intelligence Unit's general guidelines regarding measures against money laundering, terrorist financing, and the implementation of international sanctions;- Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the

	<p>prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (AMLD5),</p> <p>– Other applicable acts and regulations in the AML field.</p>
CDD	This means the Customer Due Diligence procedure
Company	This means a corporate entity with the registered details mentioned above that operates a semi-automated web platform located on the Internet at https://kauri.finance and the Kauri Finance mobile application and acts as an obligated entity in the meaning of the applicable AML legislation.
CTF	This means Counter-Terrorism Financing laws or procedures
EDD	This means the Enhanced Due Diligence procedure
Financial Institution	This means any bank/credit/payment/electronic money institution worldwide.
Funds	This means both virtual currency and fiat money when mentioned together and placed in the User's Account on the Platform. The Funds do not constitute a bank deposit, bear no interest and are not subject to any kind of state guarantee scheme.
Identification documents, Identity documents	This means official government-issued documents that verify an individual's identity. These typically include passports, bank statement, national ID cards, or residence permits containing the person's full name, date of birth, photograph, document number and other documents from official authorities.
KYC	This means the Know Your Customer procedure
Live video interview	An interview conducted between the Client and the Company and/or its third parties, in which Compliance follows the internal procedure and EDD measures.
Order	This means a User's instruction to a Company to conduct a Transaction.

Platform	This means the https://kauri.finance webpage, as well as the Kaurifinance mobile application and partners' webpages and applications;
Services	This means the Platform products are supported and provided by the Company to the User under this Agreement.
Third Party	This means any party not involved in the primary business operations flow or providing supporting services to the Platform's Users.
Transaction	This means either exchange of virtual to fiat or vice versa, or any transfer of virtual currency from the User as a payer to the recipient, and vice versa, electronically using the Platform, or any card payment operation, or a fiat funds operation executed via IBAN.
User	This means a User of the Company who has registered and duly verified their identity on the Platform. The User can be either an individual or a corporate entity.

3. ORGANIZATIONAL BASIS FOR THE CONTROL METHODS

3.1. The Company's managing board approves and updates this Policy annually. The Company also has internal guidelines for the know-your-client / know-your-business / know-your-transaction procedures and other obligatory AML procedures.

4. DUE DILIGENCE

4.1. The Company will perform KYC and CDD procedures to verify the information provided by the Client, in line with applicable AML, CTF and sanctions laws, internal policies, and other relevant AML regulations.

4.2. The Client may be asked to present their face along with an identification document via a high-quality webcam and complete additional steps as required by the Company.

4.3. In circumstances where the Company deems it necessary for the purposes of EDD, the Client may be required to participate in a live video interview conducted by the Compliance Department, during which the Client shall be obliged to visibly present their face and respond to questions in real time. The interview can also be conducted with the third parties of the Company. Failure to comply with such a request may result in the refusal to establish or continue the business relationship.

4.4. KYC and video verification processes may be carried out by third-party service providers on behalf of the Company. By proceeding, the Client acknowledges and consents to this procedure, including the processing and transfer of their personal data.

4.5. All data and materials, including video and audio recordings, are collected and processed in accordance with the Company's Privacy and Cookie Policy.

4.6. The Client must periodically update the identification information provided during registration, in accordance with legal requirements and the Company's internal policies. The Company reserves the right to suspend access to the Account and freeze any assets until the necessary information and/or documents are submitted.

5. CONTROL METHODS IMPLEMENTATION

5.1. Control methods mean a set of documents and procedures that are applied as prescribed by the AML legislation and the internal rules of the Company.

5.2. Control methods are used to:

5.2.1. verify the Clients and assess the risks during the initiation of commercial relationships with the client and during such relationships.

5.2.2. prevent and stop money laundering.

5.3. The level of control measures and due diligence measures to be applied to each client's risk category is specified in the AML legislation and internal AML rules.

5.4. The Company shall gather and process it only for the purposes stated in this Policy and shall not use the gathered data for any other purpose or disclose it to third parties unless obligated by law or if the Clients give their permission.

6. CLIENTS' VERIFICATION

6.1. The initial verification of the Client is made on the basis of the provided Client identification documents.

6.2. We check the required verification information and apply all reasonable efforts to control the accuracy of the provided data.

6.3. Regarding the legal entities, we check the corporate information as required by the AML legislation.

6.4. We use only official sources and capable service providers to check the provided information, such as state registries. If the document can not be verified by any official open sources, it shall be notarised and/or bear an apostille if applicable.

6.5. The review of information is made by the use of public registries and databases or by inquiring the state authorities.

6.6. Only an authorised legal representative may register a legal entity on our platform. The authorised representatives must provide sufficient documentation proving their authority to represent the legal entity.

7. RISK EVALUATION

7.1. Any Client and their planned transactions are evaluated regarding the risk factor of money laundering and financing of terrorism.

7.2. During the risk evaluation, the Client is assigned the risk score by means of evaluating the risk factors. If the risk is considered high, we retain the right to deny cooperation and provision of services.

7.3. Should there be any suspicion before the initiation of a commercial relationship or during the use of the control methods that the transactions may be connected to money laundering or financing of terrorism, further cooperation is impossible.

8. COMMERCIAL RELATIONSHIP WITH THE CLIENT

- 8.1. Any commercial relationship with the Client is initiated only after the Client agrees to act in accordance with the present AML policy.
- 8.2. Should there be a representative between an individual or legal entity, the Company is to ensure that there is actual contact between the Client and the authorised representative.
- 8.3. The Company has the right to apply all necessary DD measures in cases specified in the AML legislation.
- 8.4. The Company has the right not to carry out Orders or Instructions received from the Client until the Client has provided the information requested by the Company. The Company takes no responsibility for any delay where AML/CTF verifications are outstanding.

9. CORRESPONDENCE EXCHANGE

- 9.1. Should it be deemed by the management to be necessary to implement the control method, a correspondence exchange with third parties may be initiated, including banks and other financial institutions, which may allow for gathering more detailed information.
- 9.2. In scope of the current legislation, the beneficiary and the originator of the transactions from or to the unhosted wallets must be verified.

10. TRANSACTION MONITORING

- 10.1. The Company monitors all in and outgoing transactions as well as internal transactions using specific tools.
- 10.2. The Company may request the Client to provide the Company with a transaction explanation and supportive documents. The Client must provide this information and documentation to the Company within the terms specified in the inquiry.
- 10.3. If the Client, despite his obligation, did not present the required documentation in accordance with the control methods, the applicable legislation, and this policy, the Client will be denied the performance of the transaction.

11. BUSINESS RELATIONSHIP ESTABLISHMENT FAILURE OR TERMINATION

- 11.1. During the onboarding, the Company may ask the Client to submit some specific information and documents as required by the AML law and our internal rules. The Company evaluates the provided information and assigns a risk score to each Client. The Company may also evaluate the Client's behaviour throughout the whole process of cooperation and assign a new risk score to the Client based on their behaviour on the Platform in case some circumstances differ from the initial ones.
- 11.2. If the total risk score is higher than allowed by the Company's internal Risk Assessment Policy, the business relationship shall not be established, and the existing relationship shall be terminated.
- 11.3. The Company may also terminate the business relationship with any of the Clients in case of their non-compliance and/or non-cooperation as guided by the AML legislation and/or internal AML procedures.
- 11.4. In all these cases mentioned in this clause, the Company is not obligated to explain the

reason for the business relationship or its termination.

12. DOCUMENT RETENTION

12.1. All documents connected to the Client verification, as well as all the information regarding the commercial cooperation and documents hereto, must be maintained in the Company's archive for no less than 5 years after the business relationship termination.

12.2. This Policy is subject to change according to the applicable AML legislation and internal AML rules of the Company.

12.3. In case of any questions, please contact our corporate email address: kyc@kauri.finance

12.4. If the Client wishes to raise a complaint regarding any aspect of their relationship with the Company, it should be submitted via email to kyc@kauri.finance with the subject line "Client complaint."