



Anti-Money Laundering and Counter-Terrorist Financing Policy

Effective Date: August XX, 2023

Introduction

Targray is committed to preventing its services and operations from being used for money laundering or terrorist financing activities. This Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Policy outlines our measures to comply with relevant AML and CTF laws and regulations and sets forth the procedures to identify, prevent, and report suspicious activities. All employees and Partners (collectively suppliers, customers, partners, and their directors, officers, employees, agents, partners, suppliers, and affiliates of Targray are required to adhere to this policy.

Legal and Regulatory Framework

Targray shall comply with all applicable AML and CTF laws and regulations in the jurisdictions where it operates. The AML and CTF policies will be regularly review and updated to align with any changes in the legal and regulatory framework.

Governance

The Chief Financial Officer (CFO) and Targray's executive team are ultimately responsible for monitoring and enforcing compliance with this Policy and, with the assistance of the Legal and Compliance Director, have the responsibility for developing and executing risk mitigation action.

Money Laundering and Terrorist Financing

Money Laundering (ML) refers to an act intended to have the effect of hiding or disguising the true origin and ownership of the proceeds from criminal activities thereby evading prosecution, conviction and confiscation of illegal funds. ML generally consists of three common stages:

1. **Placement** – the physical disposal of cash proceeds derived from illegal activities into the financial system, or conversion of funds already in the financial system into the proceeds of crime;

2. **Layering** – the separation of illicit proceeds from their source by creating complex layers of financial transactions, often with no legitimate commercial purpose, designated to disguise the origin of funds, subvert audit trails and provide anonymity; and
3. **Integration** – the return of laundered proceeds into the general financial system in a way so that they appear to be the result of, or connected to, legitimate business activities.

Terrorist Financing (TF) occurs when funds from either legitimate or criminal sources, or a combination of both, are used to plan, encourage, organize or commit an act of terrorism, participate or threaten to participate in terrorist activities, or to otherwise benefit a terrorist organization.

In TF, the focus is on the end use of funds in question; In ML, the focus is on the origin of funds.

Risk Assessment

This Policy describes procedures adopted by Targray to mitigate the risk of becoming directly or indirectly involved in actual or potential ML or TF activities which include without limitation:

- Identifying the risk of ML and TF to which it could be exposed;
- Assigning such risk in accordance with its internal risk categorization methodology; and
- Defining and implementing appropriate measures to mitigate the identified risk.

In Targray's risk-based approach to manage and mitigate its exposure to ML and TF offences, we consider the nature and size of its activities and the risk factors related to:

- The type of counterparties and ultimate beneficial owners (UBOs);
- The type of envisaged products exchanged with counterparties;
- The type of envisaged services exchanged with counterparties;
- The proposed delivery channels;
- The type of business activities to be transacted; and
- The countries and geographical locations of the counterparties' offices and operations.

Targray will conduct a comprehensive risk assessment to identify and evaluate the potential ML and TF risks associated with its trade-based activities. The risk assessment will be reviewed annually or whenever there are significant changes to the business environment.

Counterparty Due Diligence (CDD)

Consistent with its risk-based AML and CTF due diligence objectives and prior to the establishment of a business relationship or the fulfillment of a transaction, Targray will initiate the KYC process in accordance with its internal policy which involves the following:

- Review and verification of the identity of all counterparties based on documents, data and information obtained from reliable and independent sources;
- Identification of all UBOs and take reasonable steps to verify its identities including individuals, corporations, trust, fiduciaries and similar legal arrangements, adopting measures to understand the ownership and control structure of the counterparty;
- Analysis of risk with consideration to the factors on which risk level of a counterparty will be assigned; and
- Determine the intensity of the AML and CTF Counterparty Due Diligence (CDD) to be invoked seeking guidance, where necessary, from the Risk Manager, Legal team, or Finance team, as appropriate.

The following is a non-exhaustive list of variables that Targray considers in determining to what extent it will apply CDD measures:

- The purpose of the account and transaction amount;
- The intended regularity or duration of the business relationship;
- The risk profile of the counterparty; and
- The finding of Politically Exposed Persons (PEPs) results or financial sanctions or negative media screening.

Monitoring and Reporting

Transaction Monitoring

As part of the ongoing relationship with the counterparty, transaction monitoring will continue where needed or otherwise required based on AML and CTF risk in order to identify and report suspicious activity. In cases where unusual transactions, such as data changes or activities potentially linked to ML or TF are identified, a prompt investigation will be carried out. Transactions or activities inconsistent with the initially declared purpose or nature of the relationship may be further investigated.

Suspicious Activity Reporting

Any employee or agent of Targray will avoid carrying out a transaction which they know or suspect or have reasonable grounds to believe that it could be linked to ML or TF. Unusual transactions must be escalated to Risk and Compliance which will maintain an internal log documenting all escalations. The in investigations will assess the risk and report on the outcome, including whether the instance was reported to relevant authorities.

Record Keeping

All AML and CTF-related records, including counterparty identification information, transaction records, and suspicious activity reports, will be maintained securely and retained as required by law.

Training and Awareness

Targray will provide regular training to its employees, contractors, and agents to raise awareness about AML and CTF risks and the importance of compliance with this policy. New employees shall receive AML and CTF training as part of their onboarding process.

Cooperation with Authorities

In compliance with applicable laws and regulations all employees and agents are required to fully cooperate with the competent authorities during the course of an investigation. Cooperation may include the reporting on suspicious transaction and responding to authorities, or promptly notifying, on their own initiative, the appropriate authority when it becomes known, or have reasonable grounds to suspect, that ML or TF has been attempted or committed, particularly in respect of the subject counterparty, the development of the transaction, the origin of funds, the purpose, nature and procedure of the operation.

Non-Retaliation

The identity of employees and agents having provided such information is kept confidential unless disclosure is essential to ensure the regularity of legal proceedings or to establish proof of the facts forming the basis of those proceedings. Targray prohibits any form of retaliation against employees who report suspicious activities in good faith. Employees can report their concerns to Risk and Compliance.

Penalties for Non-Compliance

Non-compliance with this policy and applicable AML and CTF laws may result in disciplinary action, up to and including termination of employment or contract, as well as legal and regulatory penalties.

Policy Review

This policy will be reviewed by the Risk Committee annually or as needed to ensure that it remains effective and in compliance with the evolving legal and regulatory landscape.

By adhering to this Anti-Money Laundering and Counter-Terrorist Financing Policy, Targray aims to foster a secure and transparent business environment while fulfilling its obligations to combat financial crime.

Terence Lee

Terence Lee
Compliance Officer

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