



FOR INTERNAL USE

Approved by

the Decision of the Board of Directors of

Freedom Finance JSC

(Minutes dated July 12, 2024)

Effective

from July 12, 2024

POLICY

**on anti-money laundering and counter-terrorism financing, as well as
financing of proliferation of weapons of mass destruction**

Almaty

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Chapter 1. General Provisions

1. The Policy on Anti-Money Laundering and Counter-Terrorism Financing, as well as Financing of Proliferation of Weapons of Mass Destruction (hereinafter referred to as the Policy) was developed in order to ensure proper compliance with the requirements of the Law of the Republic of Kazakhstan, On Anti-Money Laundering and Combating the Financing of Terrorism (hereinafter referred to as the AML/CFT Law), the Resolution No. 96 of the Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan, dated October 12, 2020, On Approval of the Requirements for the Internal Control Rules for the Purpose of Anti-Money Laundering and Counter-Terrorism Financing, as well as Financing of Proliferation of Weapons of Mass Destruction for Professional Participants in the Securities Market and the Central Depository, and other regulatory legal acts of the Republic of Kazakhstan, in the field of anti-money laundering and counter-terrorism financing, as well as financing of proliferation of weapons of mass destruction, and taking into account the recommendations of the Financial Action Task Force (FATF).

2. The purpose of the Policy is to protect business reputation and create an internal control system in Freedom Finance Joint Stock Company (hereinafter referred to as the Company) to prevent/exclude involvement of the Company, its officials and employees in the processes of anti-money laundering and counter-terrorism financing, as well as financing of proliferation of weapons of mass destruction.

3. The requirements of the Policy are mandatory for compliance by all employees of the Company.

4. The supervisors of the Company's business units bear a personal responsibility for failure to comply or improper compliance with the requirements set out in the Policy.

5. Key concepts and terms used in the Policy are as follows:

1) shell bank - a non-resident bank that does not have a physical presence in the state (territory) in which it is registered as a bank and (or) has received a license to carry out banking activities, with the exception of the fact that such a bank is directly or indirectly owned by a banking holding company subject to consolidated supervision in the state (territory) in which it is registered;

2) Top Management – the Chairman of the Management Board of the Company and/or the Managing Director for Legal and Compliance Strategy;

3) proceeds of crime - money and (or) other property obtained as a result of committing a criminal offence;

4) business relations - relations with clients, arising in the course of the Company's professional activities;

5) client - an individual, a legal entity or a foreign structure without formation of the legal entity, receiving the services of the Company;

6) money laundering – involvement in a legal cycle of money and (or) other property obtained by criminal means, through execution of transactions in the form of conversion or transfer of the property representing proceeds from criminal offenses, or possession and use of such property, concealment or disguise of its true nature, source, location, method of disposal, movement, rights to the property or its ownership, if it is known that such property represents proceeds from criminal offenses, as well as mediation in legalization of money and (or) other property obtained by criminal means;

7) ML/FT - money laundering and counter-terrorism financing, as well as financing of proliferation of weapons of mass destruction;

8) Lists - a list of organizations and individuals associated with financing of terrorism and extremism, the list of individuals involved in terrorist activities, the list of organizations and individuals associated with financing of proliferation of weapons of mass destruction, and other lists compiled by the authorized body;

9) suspicious transaction with money and (or) other property (hereinafter referred to as the suspicious transaction) - a client transaction (including an attempt to carry out such a transaction, the transaction in the process of being carried out or the transaction that has already been carried out), in relation to which suspicions arise that the money and (or) other property used to carry it out are the

proceeds of criminal activities, or the transaction itself is aimed at money laundering, or financing of terrorism or other criminal activities;

10) AML/CFT - anti-money laundering and counter-terrorism financing, as well as financing of proliferation of weapons of mass destruction;

11) compliance control unit – a business unit that carries out daily monitoring of the Company's employees' compliance with the Rules and the applicable legislation in the field of AML/CFT;

12) Rules – Internal Control Rules for the purpose of anti-money laundering and counter-terrorism financing, as well as financing of proliferation of weapons of mass destruction, approved by the Board of Directors of the Company;

13) authorized body - a government agency that carries out financial monitoring and takes other measures for anti-money laundering and counter-terrorism financing, as well as financing of proliferation of weapons of mass destruction, in accordance with the Law on AML/CFT;

14) financial monitoring - a set of measures for collection, processing, analysis and use of data and information on transactions with money and (or) other property, carried out by the authorized body and the Company, in accordance with the Law on AML/CFT;

15) financing of terrorism - provision or collection of money and (or) other property, rights to property or benefits of a property nature, as well as gifts, exchanges, donations, charitable support, provision of information and other types of services or provision of financial services to an individual or a group of individuals, or a legal entity, committed by a person who is knowingly aware of the terrorist nature of their activities or that the provided property, information, financial and other types of services will be used to carry out terrorist activities or to support a terrorist group, a terrorist organization, illegal paramilitary forces.

Chapter 2. Main Goals, Objectives and Principles of the Policy

6. The main objective of this Policy is to ensure compliance by the Company and its employees with the requirements of the applicable AML/CFT legislation and to prevent the involvement of the Company, its officials and employees in the ML/FT processes.

7. The following are the basic principles of the Policy:

1) responsibility: involvement of all employees of the Company, regardless of their positions, within the scope of their competence in AML/CFT processes;

2) inadmissibility of participation of the Company's employees in assisting clients and other persons in actions aimed at evading financial monitoring procedures;

3) risk-based approach: risk assessment and management based on the analysis of risks associated with clients, products and/or services provided to clients, as well as their jurisdiction.

4) confidentiality: protecting client data and complying with confidentiality requirements, when collecting, processing and storing information.

5) cooperation and interaction: active interaction with the regulator, the authorized body and other government agencies, regarding the AML/CFT issues.

8. The main objectives of the Policy are as follows:

1) creation and maintenance of up-to-date internal policies and procedures on AML/CFT;

2) application of effective procedures for assessing risks associated with ML/FT, as well as development of proposals for their minimization;

3) identification and verification of clients: development and implementation of procedures for identification and due diligence of clients (their representatives) and beneficial owners;

4) monitoring and reporting: ensuring completeness and timeliness of submission, to the authorized body, of information and data stipulated by the applicable legislation of the Republic of Kazakhstan.

5) employee training: regular training and advanced training of the Company's employees, in the field of AML/CFT.

6) internal control and audit: conducting regular checks and audits to assess the effectiveness of AML/CFT measures and identify areas for improvement.

Chapter 3. Internal Control, in the field of Anti-Money Laundering and Counter-Terrorism Financing, as well as Financing of Proliferation of Weapons of Mass Destruction

9. The Company has developed and implemented internal documents regulating the procedure for managing the risk of ML/FT and implementing internal control for AML/CFT purposes, including:

1) the Company's internal control procedures for AML/CFT purposes, including the functions and procedures for interaction between the Company's business units, when implementing internal control, for AML/CFT purposes;

2) information on automated information systems and software used to implement internal control for AML/CFT purposes and transfer data and information to the authorized body;

3) a management program and a methodology for assessing the risk of ML/FT;

4) a procedure for accepting clients for service (taking into account risk factors), including the procedure, grounds and timeframes for making a decision to refuse to establish a business relationship and (or) to conduct a transaction, or to terminate a business relationship;

5) procedures for proper verification and identification of clients (their representatives) and beneficial owners, including recording information, storing documents and information obtained within the framework of internal control for AML/CFT purposes;

6) procedures for monitoring and studying client transactions;

7) procedures for submitting information to the authorized body;

8) provisions on ensuring safety of confidential information;

9) a program for training and education of the Company's employees, regarding the AML/CFT issues;

10) a procedure for informing the Company's employees about facts of violation of the Rules, the internal documents and the AML/CFT legislation that have become known to them;

11) a list of management reports submitted to the senior management, the Management Board and the Board of Directors of the Company, as well as the procedure for preparing and submitting management reports based on the results of assessment of effectiveness of internal control for the AML/CFT purposes by the internal audit unit of the Company.

10. Internal documents defining implementation of internal control for AML/CFT purposes are regularly reviewed, in order to improve AML/CFT processes, bring them into compliance with the changed requirements of the applicable legislation, the internal documents and (or) in connection with other changes in the Company's activities.

11. The Company's internal documents regulating the procedure for managing the risk of ML/FT and implementing internal control for the purposes of AML/CFT are not subject to disclosure to the third parties, except in cases stipulated by the applicable legislation of the Republic of Kazakhstan and the Company's internal documents.

Chapter 4. Know Your Customer Policy

12. One of the key principles of the system for preventing and detecting operations (transactions) aimed at ML/FT is due diligence of the client (its representative) and the beneficial owner. The Company's employees shall have sufficient information about the clients (their representatives) and the beneficial owners from the moment of interaction with them and/or during the period of a separate operation/ transaction.

13. The Company carries out due diligence on clients (their representatives) and beneficial owners in the following cases:

1) establishing business relations with the client;

2) carrying out transactions with money and (or) other property, including suspicious transactions, transactions with characteristics corresponding to typologies, schemes and methods of ML/FT, completion of an unusual operation (transaction) by the client;

3) presence of grounds for doubting reliability of previously obtained information about the client (its representative), the beneficial owner.

14. Due diligence of clients (their representatives) and beneficial owners includes the following measures:

1) recording information necessary for identifying an individual, a legal entity (a branch, a representative office), or a foreign structure without forming a legal entity;

2) identifying the beneficial owner and recording the information necessary for its identification;

3) establishing an intended purpose and a nature of the business relationship;

4) conducting ongoing audits of business relationships and studying the transactions carried out by the client;

5) obtaining and recording information about the client's sources of funds and wealth;

6) verification of accuracy of information required to identify the client (its representative), the beneficial owner, and updating information about the client (its representative) and the beneficial owner.

15. In the process of identifying a client (its representative) and beneficial owner, the Company checks for the presence of such client (its representative) and beneficial owner in the Lists.

16. In the process of identifying a client (its representative) and identifying the beneficial owner, the Company checks whether such client (its representative) and the beneficial owner are public officials, their spouses and close relatives.

17. The Company does not open or maintain anonymous accounts or the accounts in obviously fictitious names or bearer accounts, and does not make transfers on behalf of the clients to such accounts.

18. The Company does not establish business relations with persons included in the Lists. In case of inclusion of a client in the Lists, the Company takes measures to freeze transactions with money and (or) other property, as provided for by the Law on AML/CFT.

19. The Company does not establish or maintain business relationships with a shell bank or the bank that allows its bank accounts to be used by the shell bank.

20. The Company carries out identification of the client (its representative) and the beneficial owner before establishing a business relationship.

21. The Company refuses to establish/continue business relations with the client, in conducting transactions with money and (or) other property, in the manner and cases stipulated by the applicable legislation of the Republic of Kazakhstan and the internal documents of the Company.

22. The Company does not provide services or establish business relations with the persons included in the sanctions lists published by OFAC (US), OFSI (UK), EU, UN and the authorized body, in accordance with the Company's IRD regulating the special economic policies.

Chapter 5. Assessing a Risk of Money Laundering and Counter-Terrorism Financing, as well as Financing of Proliferation of Weapons of Mass Destruction

23. The Company implements the AML/CFT procedures, taking into account a risk-based approach by applying measures provided for by law and the Company's internal documents.

24. In order to organize ML/FT risk management, the Company has developed a ML/FT risk management (risk assessment) program, which includes, but is not limited to:

1) the procedure for organizing the management of ML/FT risks of the Company, in terms of its business units;

2) a methodology for assessing ML/FT risks, taking into account the main risk categories (by type of a client, a country risk and a risk of services/products), in relation to the following:

a client risk level;

a degree of exposure of the Company's services (products) to ML/FT risks;

3) the procedure for implementing regular monitoring, analysis and control over the risks of clients and the degree of exposure of the Company's products (services) to ML/FT risks, providing for a list of preventive measures, the procedure and timing of implementation, and monitoring of the results, in accordance with the measures taken;

4) the procedure for assigning, timing and grounds for revising client risk levels.

25. As part of implementation of the ML/FT risk management program, the Company applies measures to classify clients, taking into account categories and risk factors, in accordance with the Company's internal document regulating ML/FT risk management issues.

26. The risk level of a client (a group of clients) is established by the Company, based on the results of an analysis of the Company's available data and information about the client (its representative) and the beneficial owner and is assessed using a risk level determination scale, which consists of three levels, including a high level, a standard (normal) level and a low level.

27. The procedure for conducting ML/FT risk assessment is determined by the Rules and other internal documents of the Company.

Chapter 6. Organization of Work and Responsibility of the Company's Employees, when Implementing the Policy

28. In accordance with the procedure established by the internal documents of the Company, a person from among the Company's executive employees or other supervisors of the Company not lower than the level of the supervisor of the relevant business unit of the Company is appointed, responsible for implementation and compliance with the internal control rules (hereinafter referred to as the Designated Employee in charge of AML/CFT), who meets the following qualification requirements:

- 1) higher education;
- 2) work experience, in the Company, of at least one year, or work experience, in the field of AML/CFT, of at least two years, or work experience, in the field of provision and (or) regulation of financial services, of at least three years;
- 3) presence of an impeccable business reputation, in accordance with the Law on the Securities Market, facts confirming professionalism, integrity, and the absence of an unremoved or unexpunged criminal record.

29. The functions of the Designated Employee and the compliance control unit include, but are not limited to:

- 1) ensuring availability of the developed and approved Rules and (or) amendments (additions) to them, as well as monitoring their compliance in the Company;
- 2) organizing submission and monitoring the submission of reports to the authorized body, in accordance with the Law on AML /CFT;
- 3) informing the Board of Directors and/or the Management Board of the Company about the identified clients included in the Lists, and the measures taken to apply targeted financial sanctions;
- 4) making decisions on recognizing client transactions as suspicious and the need to send reports to the authorized body, in accordance with the Law on AML /CFT;
- 5) making or coordinating with the Top Management decisions on suspension or refusal to conduct client transactions, in cases stipulated by the Law on AML /CFT, the Rules and (or) the internal documents of the Company;
- 6) sending requests to the Top Management to make a decision on establishing, continuing or terminating business relationships with clients, in the cases and in the manner stipulated by the Law on AML /CFT and (or) the Rules;
- 7) informing the Board of Directors and the Management Board of the Company about identified violations of the Rules, in the manner prescribed by the Rules;
- 8) preparation and coordination, with the Board of Directors and/or the Management Board of the Company, of information on the results of implementation of the Rules and the recommended measures to improve the systems of ML/FT risk management and internal control for AML/CFT purposes, for formation of reports to the Board of Directors of the Company;
- 9) coordination of collection of quantitative and qualitative indicators to assess the risk of the Company's involvement in ML/FT processes and transfer of the requested information to the authorized body for regulation, control and supervision of the financial market and financial organizations annually, no later than February 5 of the year following the reporting year;

- 10) ensuring implementation of internal control programs for AML/CFT purposes;
 - 11) ensuring assessment of ML/FT risks, taking into account the main risk categories (by type of a client, a country risk and a risk of services/products);
 - 12) monitoring effectiveness of AML/CFT systems and strengthening controls, where necessary;
 - 13) ensuring compliance of the Rules with internal standards and the requirements of external regulatory bodies;
 - 14) ensuring that the Rules are communicated to all employees of the Company and that they are observed;
 - 15) providing relevant recommendations/explanations to employees of the Company's units (within the limits of their competence);
 - 16) ensuring that all employees of the Company receive appropriate training to enhance their awareness of AML/CFT and ensure compliance with the Rules;
 - 17) representing the Company's interests regarding the AML/CFT issues, in external authorized/regulatory and supervisory bodies;
 - 18) other functions, in accordance with the applicable legislation of the Republic of Kazakhstan, in the field of AML/CFT, the Rules and the internal documents of the Company.
30. The Company's employees, within the scope of their authorities, comply with the requirements of the AML/CFT legislation of the Republic of Kazakhstan, the Rules and other documents of the Company, regulating the procedures in the field of AML/CFT.
31. The Company's employees are obliged to comply with the requirements of the Policy, the Rules and other internal documents of the Company, regulating AML/CFT processes, and are responsible for failure to comply and (or) improper compliance with these requirements.
32. The supervisors of the business units of the Company are responsible for not reflecting internal control programs in the internal documents and other documents of the Company, regulating establishment of business relations and implementation of transactions with money and (or) other property subject to financial monitoring, in accordance with the requirements of the Policy and the Rules.
33. The Company's employees are obliged to assist the compliance control unit in carrying out its functions, in accordance with the Company's internal documents, including identifying the Clients, identifying suspicious transactions, and reporting any facts that have become known to them, regarding possible involvement of the Company client or the transaction being carried out in ML/FT.
34. The Company's employees whose duties include client service are required to continuously monitor the client's activities throughout the entire period of business relations with them. If significant discrepancies are detected in relation to the expected activities, the results of this monitoring shall be communicated to the compliance control unit.
35. The Company's employees are prohibited to:
- 1) inform clients and other persons about AML/CFT measures taken, in relation to the clients and other persons, with the exception of informing the clients about the measures taken to freeze transactions with money and (or) other property, about refusal to establish and terminate business relations, as well as about refusal to conduct transactions with money and (or) other property;
 - 2) inform clients and other persons about the specifics of organization of internal control in the Company, for AML/CFT purposes;
 - 3) provide direct or indirect assistance to clients or other persons in evading financial monitoring and due diligence procedures.
36. Employees of the Company, who become aware of facts of violations by the employees of the Law on AML/CFT, regulatory legal acts of the Republic of Kazakhstan and internal documents of the Company, in the field of AML/CFT, are obliged to immediately report this by e-mail or other means of communication, adopted by the Company to the compliance control unit.
37. The compliance control unit monitors the compliance of the Company's activities with this Policy.
38. The supervisors of business units are responsible for timely, complete and high-quality implementation of the tasks and functions of the business unit, defined in the Policy and the internal documents of the Company, regulating the procedures in the field of AML/CFT.

Chapter 7. Final Provisions

39. In everything that is not directly regulated by the Policy, it is necessary to be guided by the norms and requirements of the applicable AML/CFT legislation of the Republic of Kazakhstan, the Rules and other internal documents of the Company, regarding the AML/CFT.

40. Any changes or additions to the AML/CFT legislation of the Republic of Kazakhstan entail the changes or additions to this Policy by its owner.

41. If, as a result of changes in the legislation of the Republic of Kazakhstan, certain clauses (norms) of the Policy come into conflict with the legislation, these clauses (norms) lose force and, until the relevant changes are made to the Policy, the Company is guided by the applicable legislation of the Republic of Kazakhstan.