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Due Diligence Policy

Alfred H Knight Group

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1. INTRODUCTION

Due diligence is one of the key tools in AHK's overall risk management framework which we use to help identify and manage risks that could threaten our business. It allows us to identify and understand potential risks faced when working with international third parties and ascertain if those risks can be managed to ensure our protection.

This policy applies to all AHK International group companies. The purpose of this policy is to identify certain objectives and requirements in relation to identification and assessment of risks and implementation of appropriate activities to manage bribery, corruption, money laundering and other illicit activities in order to meet applicable legal standards. To summarise, this policy is to ensure AHK does business only with ethical and acceptable third parties.

AHK is aware that it may suffer or be held liable for an act committed by third parties or any individual or entity that has some form of business relationship with AHK. Therefore, before entering into such relationships with third parties, subcontractors, joint ventures or individuals, AHK has taken active steps to draw up a policy to ensure that potential risks flowing from these relationships are responsibly evaluated and subsequently managed. This policy sets out the minimum requirements for due diligence when doing business with third parties.

1.1 REGULATORY STANDARDS

AHK is committed to ensuring that our engagement procedures incorporate key requirements of legislation such as the UK bribery Act and the US Foreign Corrupt Practices Act that may be applicable to certain AHK International entities and operations. More information on our regulatory standards can be found in our anti-bribery, anti-slavery and whistleblowing policies located at www.ahkgroup.com and StayConnected. AHK considers the following areas as risk indicators requiring additional due diligence when onboarding new third parties or customers or monitoring existing relationships.

Key Risk Indicators:

- Geographical location
- Industry
- Background
- Connection with Government officials or entities



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- Compensation structure for proposed payment
- Additional factors related to the scope of services



2. AHK'S DUE DILIGENCE PROCEDURE OVERVIEW

The essential requirement of third party due diligence is to know your customer. This means making appropriate inquiries to determine whether existing or prospective third parties conduct their business in a manner that is legal, consistent and transparent and act as an indicator that they are expected to refrain from corruption, bribery or other illicit activities.

2.1 KNOW YOUR CUSTOMER

“Know your Customer” (KYC) has a very important meaning in the business world. The process of knowing your customer is implemented into businesses to verify the identity of clients, suppliers, partners, subcontractors or individuals either before or during the time that they start doing business with them. The term can also reference the regulated bank practices that are similarly used to verify client's identities.

Banks and companies of all sizes have become supporters of KYC. It is increasingly common for banking institutions, credit companies and insurance agencies to require that their customers provide them with detailed information in order to ensure that they are not involved with any unethical practices.

The most appropriate time to conduct due diligence will vary, however, most assessments are envisaged to be commenced on a preliminary basis during the negotiation phase or whilst initiating a new business relationship. However, it is also vital to monitor existing clients and update our risk assessments where significant changes occur or new information is discovered.

The three key elements of KYC are:

- Data collection;
- Verification and validation of data; and
- Evaluation of results, including identification of red flags

Third parties who are not an existing supplier, partner, subcontractor or customer or any other similar business relationship, must complete our KYC form that holds company information and data relating to the new supplier, partner, subcontractor or customer. The Commercial, Corporate, Legal and Risk departments evaluate the KYC form. Specific client data (company name, address and registered number for example) is also sent to our external due diligence service provider who will carry out various searches to verify and gather further information on the third party. In particular, searches will be made to recover



information in relation to any imposed sanctions or the involvement of any politically exposed persons in the third party.

Our external service provider will then verify and validate the data generated by the search and provide a condensed report. This report will allow us to evaluate the risk and make a decision as to whether the third party will be on-boarded.

2.2 APPROVAL PROCESS

The responsibility of the risk assessment and due diligence processes will be with those within AHK who are looking to enter into a third party relationship in consultation with key subject matter experts in the company (e.g. corporate, legal and risk departments). The persons responsible for the risk assessment should document the rating process in reasonable detail.

Please note that if any red flags appear during the due diligence process, this does not mean that AHK will automatically refuse engagement. It may mean that we must put in place necessary measures to control the risks. However, in some circumstances, AHK must not engage in business whatsoever with a particular third party. This decision will be supported with documentation outlining the risks.

Our processes take into consideration all relevant adverse information. Whether an official document or something posted publicly on the internet, any information that pertains to money laundering or corruption must be thoroughly considered.

2.3 MONITORING

Following the on boarding of a third party, they will be monitored in the following ways:

- 24 hour update of the risk assessment;
- Recurring internet and database searches to identify any new red flags;
- A request for third parties to submit an annual acceptance of AHK policies, in particular anti-bribery and corruption; and
- Periodic review of third party's payment requests and payments.



2.4 REPORTING

If a company or institution discovers anything suspicious during the due diligence process or from ongoing monitoring, there may be regulatory or legal requirements to report such activity to the relevant authorities. AHK prides itself on its ethical and transparent processes and will always engage constructively with the relevant authorities.

By utilising consistent monitoring AHK will benefit from having the most up to date information on its third party relationships ensuring we have the most effective risk management procedures throughout our business relationships.

If there is any doubt as to the process to follow or you would like to report an issue, which you may consider suspicious or potentially suspicious, please contact legal@ahkgroup.com

2.5 COMPLIANCE WITH RELATED POLICIES

This policy should be read in conjunction with the following:

1. Anti- Bribery and Corruption Policy
2. Whistleblowing Policy
3. Anti-Slavery and Human Trafficking Policy
4. Risk Policy Statement



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