

Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) and OAM Compliance Policy

1. Purpose and Scope

This Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) and OAM Compliance Policy (the **Policy**) defines the principles, rules, procedures, and internal controls adopted by **Fargo S.p.A.** (the **Company**) to prevent, detect, and report money laundering, terrorist financing, and related financial crimes.

This Policy applies to:

- Fargo S.p.A.
- Members of the Board of Directors
- Management, employees, consultants, agents, and intermediaries
- All clients, counterparties, and business relationships

The Policy is mandatory and binding across all Company operations.

2. Legal and Regulatory Framework

This Policy is adopted and implemented in compliance with the following legal, regulatory, and supervisory frameworks, as applicable to Fargo S.p.A.'s activities in the precious metals sector:

Italian Legislative Decree No. 231/2007 and subsequent amendments

This Decree constitutes the cornerstone of Italy's AML/CTF regime. It establishes obligations relating to customer due diligence, beneficial ownership identification, ongoing monitoring, record keeping, internal controls, suspicious transaction reporting, and the prohibition of tipping-off. Fargo S.p.A. structures its AML framework to fully meet these statutory obligations, including enhanced measures commensurate with risk.

EU Anti-Money Laundering Directives (AMLD IV, V, and VI)

These Directives harmonize AML/CTF standards across the European Union and strengthen the prevention, detection, and sanctioning of financial crime. Fargo S.p.A. aligns its controls with the Directives' requirements concerning risk-based approaches, transparency of beneficial ownership, treatment of politically exposed persons (PEPs), sanctions enforcement, and criminal liability for money laundering offenses.

Regulations and Guidance Issued by the Bank of Italy and UIF (Unità di Informazione Finanziaria)

Fargo S.p.A. adheres to applicable supervisory guidance and interpretative notes issued by the Bank of Italy and the UIF, including expectations on internal governance, reporting quality, timeliness of Suspicious Transaction Reports (STRs), and effectiveness of internal escalation mechanisms. These guidelines inform the Company's operational procedures and staff training.

OAM (Organismo degli Agenti e dei Mediatori) Requirements, Where Applicable

Where activities fall within the scope of OAM oversight, Fargo S.p.A. applies the relevant

organizational, conduct, and reporting standards, ensuring transparency, traceability of transactions, and consistency with sector-specific supervisory expectations.

FATF (Financial Action Task Force) Recommendations

The FATF Recommendations represent the internationally recognized benchmark for AML/CTF systems. Fargo S.p.A. incorporates these principles to ensure global consistency, particularly in relation to risk assessment, customer due diligence, sanctions screening, and the handling of higher-risk relationships.

EU and UN Restrictive Measures and Sanctions Regimes

Fargo S.p.A. complies with all applicable restrictive measures, embargoes, and sanctions adopted by the European Union and the United Nations. Clients, counterparties, and transactions are subject to screening to prevent direct or indirect involvement with sanctioned individuals, entities, or activities.

Principle of the Highest Standard

Where multiple legal or regulatory standards apply, or where differences exist between domestic, EU, and international requirements, Fargo S.p.A. applies the **most stringent standard** in order to ensure robust compliance, safeguard its operations, and protect the integrity of the financial system.

3. Business Model and Risk Context

Fargo S.p.A. operates in the **precious metals sector**, with core activities focused on the **purchase and sale of physical precious metals**, primarily gold. The Company enters into structured contractual relationships for the acquisition and disposal of physical gold and manages each transaction in a manner designed to ensure transparency, traceability, and compliance with applicable anti-money laundering and counter-terrorist financing obligations.

Fargo S.p.A. coordinates the **refining process exclusively through authorized and compliant operators**, maintaining oversight to ensure that refining activities are supported by appropriate documentation, consistent chain-of-custody records, and alignment between physical metal movements and contractual arrangements. This approach reflects recognized best practices for mitigating risks associated with the transformation and legitimization of high-value commodities.

The Company further oversees **storage, logistics coordination, and transactional settlement** through regulated and transparent financial channels. Settlement structures are designed to ensure that payments are economically justified, originate from identifiable and legitimate sources, and are consistent with the client's declared risk profile. Financial flows are reconciled with physical movements of precious metals to prevent discrepancies that could indicate misuse.

In line with **FATF guidance and risk typologies**, the precious metals sector is classified as **inherently high-risk** due to several well-documented characteristics. FATF has identified that **high value density commodities**, such as gold, are particularly vulnerable to misuse because significant value can be transported, stored, or exchanged in compact and easily concealable forms. This increases the risk of undetected movement of illicit value.

FATF further highlights the **global liquidity and fungibility of gold**, which allow it to be readily converted into cash or other assets across multiple markets with limited traceability once controls are bypassed. These features may be exploited to facilitate **layering and integration stages of money laundering**, particularly through repeated buying, selling, refining, or re-characterization of the metal.

Additionally, FATF risk assessments note that precious metals can be misused as a **store of value outside the traditional financial system**, enabling criminals to shift value from regulated financial channels into physical form and later reintroduce it as apparently legitimate assets. The refining and transformation of gold, if insufficiently controlled, may further obscure the audit trail and disguise the origin of illicit proceeds.

In recognition of these FATF-identified typologies and sector-specific vulnerabilities, Fargo S.p.A. has designed and implemented this Policy to reflect a **heightened inherent risk profile**. The Policy incorporates enhanced due diligence measures, increased scrutiny of transaction structures, rigorous reconciliation between physical and financial flows, and continuous monitoring of client behavior, ensuring that risks associated with the precious metals sector are identified, mitigated, and managed effectively.

4. Risk-Based Approach

Fargo S.p.A. applies a **documented and proportionate risk-based approach** to anti-money laundering and counter-terrorist financing, in line with FATF Recommendations and EU regulatory standards. This approach ensures that the nature and intensity of due diligence, monitoring, and control measures are commensurate with the level of risk presented by each business relationship or transaction.

The risk-based assessment conducted by Fargo S.p.A. considers, at a minimum, the following interconnected risk factors:

Client Risk

Client risk is assessed based on the nature, profile, and characteristics of the client, including whether the client is a natural person or legal entity, the complexity and transparency of ownership structures, the presence of beneficial owners, and whether the client or related parties qualify as politically exposed persons (PEPs). Additional consideration is given to the client's business activity, transaction behavior, and consistency with the Company's services.

Geographic Risk

Geographic risk is evaluated by reference to objective risk indicators such as international AML standards, sanctions exposure, and the level of transparency and regulatory oversight associated with the locations connected to the client, counterparties, or transaction flows. This assessment is conducted without reliance on a single factor and without automatic exclusion, ensuring a balanced and evidence-based evaluation.

Product and Service Risk

Product and service risk reflects the inherent vulnerabilities associated with the Company's offerings in the precious metals sector. Factors considered include the nature of physical gold transactions, the value density and liquidity of the products involved, and the extent to which a product or service could be misused to facilitate the movement or concealment of illicit value.

Transaction Risk

Transaction risk is assessed by examining the size, frequency, structure, and economic rationale of transactions. Particular attention is paid to transactions that are unusually large, repetitive, inconsistent

with the client's known profile, or structured in a manner that could obscure the true purpose or origin of funds.

Delivery and Settlement Methods

Delivery and settlement risk considers how transactions are executed and settled, including the use of cash versus non-cash methods, involvement of third parties, timing of payments, and alignment between physical deliveries, contractual documentation, and financial flows. Preference is given to transparent, traceable settlement methods through regulated financial channels.

Based on the combined assessment of these risk factors, clients and business relationships are categorized as **Low Risk, Medium Risk, or High Risk**. Fargo S.p.A. applies **graduated and proportionate controls** accordingly, ranging from simplified due diligence and periodic monitoring for lower-risk relationships to enhanced due diligence, senior management approval, and increased monitoring frequency for higher-risk clients and transactions.

This risk-based framework is dynamic and subject to ongoing review. Risk classifications are updated whenever material changes occur in the client profile, transaction behavior, or external risk environment, ensuring that AML/CTF controls remain effective, current, and proportionate.

5. Cash and Non-Cash Exposure

5.1 Cash Transactions

Cash transactions are recognized as presenting an **elevated inherent risk** from an anti-money laundering and counter-terrorist financing perspective, due to their reduced traceability and increased vulnerability to misuse for the placement of illicit proceeds. Accordingly, Fargo S.p.A. applies a **highly restrictive and controlled approach** to the acceptance and handling of cash.

Cash acceptance is **strictly limited in accordance with applicable Italian legal thresholds** and is permitted only where legally allowable and commercially justified. Any cash-based activity is subject to **enhanced scrutiny**, including a detailed assessment of the client's risk profile, transaction rationale, and consistency with the established business relationship.

For all cash transactions, Fargo S.p.A. requires **documented and verifiable evidence of the source of funds**, proportionate to the transaction amount and the client's overall risk classification. Cash transactions are not executed where the source of funds cannot be adequately substantiated or where documentation is incomplete, inconsistent, or implausible.

The Company expressly **prohibits transaction structuring**, including the artificial splitting of transactions or repeated cash operations designed to evade legal thresholds, reporting obligations, or internal controls. Any indicators of such behaviour are treated as red flags and trigger immediate internal escalation and enhanced review in accordance with this Policy.

5.2 Non-Cash Transactions

Fargo S.p.A. **strongly prefers non-cash transaction methods**, including bank transfers and payments executed through regulated financial institutions, as these channels provide greater transparency, auditability, and traceability.

All non-cash payments must originate from **accounts held in the name of the client** with whom Fargo S.p.A. has an established contractual relationship, unless an exception is expressly approved following enhanced due diligence. Payments involving third-party accounts, intermediaries, or complex payment chains are subject to heightened scrutiny and may be refused where they lack clear economic or contractual justification.

Non-cash transactions are systematically **screened for unusual patterns**, anomalies, or behaviours inconsistent with the client's known profile, including unexpected changes in payment instructions, timing irregularities, or unexplained involvement of additional parties.

Fargo S.p.A. reconciles all non-cash financial flows against **contractual documentation, invoices, and physical precious metal movements**, ensuring consistency between the agreed transaction terms, the financial settlement, and the underlying economic purpose. Any discrepancies identified during reconciliation are investigated promptly and, where appropriate, escalated in accordance with internal reporting procedures.

6. Customer Due Diligence (CDD)

CDD is mandatory prior to establishing any business relationship.

6.1 Individual Clients – Required Documentation

Prior to establishing any business relationship with an individual client, Fargo S.p.A. conducts **full customer due diligence** in order to verify the client's identity, assess the legitimacy of the relationship, and evaluate the associated AML/CTF risk.

At a minimum, the following documentation is obtained and verified:

- **Valid government-issued photo identification**, such as a passport or national identity card, which must be current, legible, and issued by a recognized authority. Identification documents are reviewed for authenticity and consistency with other client information.
- **Proof of residential address**, such as a utility bill, official correspondence, or equivalent documentation, issued within an acceptable timeframe and clearly linking the client to the declared address.
- **Tax identification number**, where applicable, or an equivalent fiscal identifier, in order to support tax transparency and consistency checks.
- **Declaration of source of funds**, describing the lawful origin of the funds used in transactions with Fargo S.p.A., including employment income, business activities, asset disposals, or other legitimate sources, as appropriate to the client's profile.

Where necessary, additional documentation or clarification may be requested to resolve inconsistencies or to support enhanced due diligence measures.

6.2 Legal Entities – Required Documentation

For legal entities, Fargo S.p.A. applies customer due diligence measures designed to establish the **legal existence, ownership structure, management, and control** of the entity, as well as to identify the natural persons who ultimately own or control it.

At a minimum, the following documentation is collected and verified:

- **Certificate of incorporation or registration**, or equivalent official documentation, confirming the legal existence of the entity and its registration details.
- **Articles of association or constitutional documents**, used to understand the entity's legal form, purpose, governance structure, and authorized activities.
- **Register of shareholders or equivalent ownership records**, sufficient to identify direct and indirect ownership interests and to assess the transparency and complexity of the ownership structure.
- **Identification of directors and authorized signatories**, including valid identification documents and verification of signing powers, to ensure that individuals acting on behalf of the entity are properly authorized.
- **Beneficial ownership declaration**, identifying the natural person or persons who ultimately own or control the entity, in accordance with applicable AML definitions and thresholds.

Where ownership or control structures are complex, additional documentation may be requested to ensure full transparency and to support enhanced due diligence.

Verification and Relationship Establishment

All documentation provided is subject to **verification and consistency checks** prior to the establishment of any business relationship. Fargo S.p.A. does not initiate or continue a contractual relationship until identity verification and due diligence requirements have been satisfactorily completed. Incomplete, inconsistent, or unverifiable documentation results in the refusal or suspension of the onboarding process in accordance with this Policy.

7. Enhanced Due Diligence (EDD)

Enhanced Due Diligence is applied by Fargo S.p.A. whenever a business relationship or transaction is assessed as presenting a **heightened risk** of money laundering or terrorist financing. EDD measures are designed to provide a deeper understanding of the client, the origin of funds and wealth, and the purpose of the relationship, and to mitigate risks that cannot be adequately addressed through standard due diligence alone.

EDD is applied, at a minimum, in the following circumstances:

- **Politically Exposed Persons (PEPs)**, including domestic and foreign PEPs, as well as their immediate family members and known close associates, due to the increased risk of corruption, abuse of public office, or undue influence associated with such positions.

- **Complex or opaque ownership and control structures**, including multi-layered entities, trusts, or arrangements that may obscure the identity of the ultimate beneficial owner or the true source of funds.
- **High-value, unusual, or non-routine transactions**, particularly where the size, frequency, or structure of transactions is inconsistent with the client's known profile, declared business activity, or expected transaction behaviour.

When Enhanced Due Diligence is required, Fargo S.p.A. applies additional risk-mitigating measures, which may include one or more of the following:

- **Independent verification of source of funds and source of wealth**, using reliable and, where appropriate, external or third-party information sources. This verification seeks to establish not only the immediate origin of funds used in a transaction, but also the broader accumulation of the client's wealth over time.
- **Senior management approval** prior to establishing or continuing the business relationship or executing high-risk transactions. This ensures that elevated risks are formally acknowledged and accepted at an appropriate governance level.
- **Increased monitoring frequency and depth**, including more frequent reviews of client information, enhanced scrutiny of transactions, and ongoing assessment of consistency between the client's profile, contractual arrangements, and transactional behaviour.

Enhanced Due Diligence measures are **documented and proportionate** to the level of risk identified. The application of EDD does not automatically imply wrongdoing but reflects Fargo S.p.A.'s commitment to managing higher-risk relationships in a controlled, transparent, and compliant manner. EDD assessments are reviewed periodically and updated whenever there is a material change in risk factors or client circumstances.

8. Prohibited Relationships

Fargo S.p.A. maintains a zero-tolerance approach toward business relationships that present **unacceptable AML/CTF risk** and cannot be adequately mitigated through due diligence or enhanced controls. Accordingly, the Company does not establish or maintain relationships in the following circumstances:

- **Anonymous or fictitious clients**, including situations where the true identity of the client, beneficial owner, or controlling person cannot be reliably verified. Fargo S.p.A. does not accept anonymous accounts, nominee arrangements lacking transparency, or relationships based on incomplete or unverifiable identification information.
- **Shell entities or arrangements lacking economic substance**, including legal entities that have no genuine commercial activity, no physical presence, or no legitimate business purpose consistent with the proposed relationship. Particular scrutiny is applied to entities that exist solely to hold assets, conduct pass-through transactions, or obscure ownership and control without demonstrable operational rationale.
- **Sanctioned individuals, entities, or activities**, including any person or organization subject to applicable restrictive measures, embargoes, or sanctions adopted by the European Union,

the United Nations, or other relevant authorities. Fargo S.p.A. conducts sanctions screening at onboarding and on an ongoing basis to prevent direct or indirect involvement with sanctioned parties.

- **Structures designed to obscure beneficial ownership or control**, including complex, circular, or multi-layered arrangements that intentionally hinder the identification of ultimate beneficial owners or the tracing of funds. Relationships are prohibited where transparency cannot be achieved to a level consistent with applicable AML standards, regardless of the formal legality of the structure.

Where such circumstances are identified during onboarding or in the course of an existing relationship, Fargo S.p.A. refuses to establish the relationship or takes appropriate steps to suspend or terminate it, in accordance with applicable legal obligations and internal procedures. Such decisions are documented and, where required, escalated internally and reported to competent authorities.

9. Ongoing Monitoring

Fargo S.p.A. applies **continuous and risk-based monitoring** to all client relationships for the duration of the business relationship. Ongoing monitoring is a fundamental component of the Company's AML/CTF framework and is designed to ensure that transactions and client behavior remain consistent with the information obtained during onboarding and subsequent reviews.

Ongoing monitoring includes, at a minimum, the following elements:

- **Transaction behaviour analysis**, whereby transactions are reviewed to assess their size, frequency, structure, and economic rationale. Particular attention is given to transactions that are unusual, complex, inconsistent with the client's known profile, or that deviate from expected patterns based on the client's business activity or prior behaviour. Discrepancies between financial flows, contractual terms, and physical precious metal movements are investigated and documented.
- **Periodic KYC refresh**, conducted at intervals proportionate to the client's risk classification. Client identification data, beneficial ownership information, and source-of-funds declarations are reviewed and updated to ensure continued accuracy and relevance. Higher-risk relationships are subject to more frequent and comprehensive reviews, while lower-risk relationships are reviewed at longer intervals.
- **Trigger-based reviews**, initiated when specific events or indicators suggest a change in the client's risk profile. Triggers may include significant changes in transaction volume or patterns, modifications to ownership or control structures, requests for new or atypical services, adverse media findings, sanctions or PEP status changes, or inconsistencies identified during routine monitoring.

Where monitoring activities identify anomalies, red flags, or increased risk, Fargo S.p.A. applies enhanced scrutiny and, where appropriate, escalates the matter internally in accordance with its Suspicious Transaction Reporting procedures. Ongoing monitoring activities and outcomes are documented to ensure auditability, accountability, and effective oversight.

10. Suspicious Transaction Reporting (STR)

Any employee, consultant, agent, or representative of Fargo S.p.A. who **knows, suspects, or has reasonable grounds to suspect** that funds, transactions, or activities may be related to money laundering, terrorist financing, or associated criminal conduct is required to **immediately escalate the suspicion internally** to the appointed **AML Compliance Officer**.

Internal escalation must occur **without delay**, regardless of the transaction amount, client status, or perceived commercial importance of the relationship. Staff are not required to determine whether criminal activity has occurred; the obligation is triggered by suspicion or reasonable grounds for concern based on observed facts, behaviour, or inconsistencies.

Upon receipt of an internal report, the AML Compliance Officer conducts an independent assessment, taking into account all relevant information, transaction history, and supporting documentation. Where the assessment concludes that a suspicion is well-founded, Fargo S.p.A. submits a **Suspicious Transaction Report (STR)** to the **Unità di Informazione Finanziaria (UIF)** promptly and without **undue delay**, in accordance with applicable legal requirements.

All STR-related processes are carried out in strict compliance with the **prohibition of tipping-off**. Under no circumstances may the client or any third party be informed that a suspicion has been raised, reviewed, or reported to competent authorities. Breaches of the tipping-off prohibition are treated as serious violations of this Policy and may result in disciplinary action and legal consequences.

Fargo S.p.A. ensures that internal reporting mechanisms are confidential, secure, and accessible, and that staff who report suspicions in good faith are protected from retaliation. All internal reports, assessments, and external submissions are appropriately documented and retained in accordance with record-keeping obligations.

11. Record Keeping

All AML-related records are retained for a **minimum of 10 years** following termination of the relationship or execution of a transaction.

12. Governance and AML Compliance Officer

The Board of Directors of Fargo S.p.A. appoints an **AML Compliance Officer** with overall responsibility for the implementation, maintenance, and effectiveness of the Company's AML/CTF framework. The AML Compliance Officer operates with **full functional independence**, ensuring that compliance considerations are not subordinated to commercial or operational pressures.

The AML Compliance Officer has **direct and unrestricted access to the Board of Directors** and senior management, enabling timely escalation of material AML/CTF issues, significant risk

exposures, or systemic weaknesses. This reporting line ensures that the Board remains adequately informed and able to exercise effective oversight of the Company's AML/CTF obligations.

The AML Compliance Officer is vested with the **authority to halt, delay, or refuse transactions** where there are reasonable grounds to suspect money laundering, terrorist financing, sanctions violations, or other compliance concerns. This authority may be exercised independently and without prior approval from operational or commercial functions, where immediate action is necessary to mitigate risk or comply with legal obligations.

In addition, the AML Compliance Officer is responsible for:

- Overseeing customer due diligence and enhanced due diligence processes
- Assessing and escalating suspicious activities and determining whether STRs must be filed
- Ensuring the adequacy of internal controls, procedures, and staff training
- Monitoring regulatory developments and updating the AML framework accordingly
- Acting as the primary point of contact with competent authorities and supervisory bodies

The independence, authority, and responsibilities of the AML Compliance Officer are formally documented and supported by adequate resources, ensuring the role is effective, credible, and aligned with regulatory expectations.

13. Training

Fargo S.p.A. provides **mandatory and ongoing AML/CTF training** to ensure that all relevant personnel are adequately informed of their legal obligations, internal procedures, and individual responsibilities under this Policy. Training is a core component of the Company's AML framework and is designed to promote a strong culture of compliance and risk awareness across the organization.

AML training is delivered at the following stages:

- **Upon onboarding**, where all new employees, consultants, agents, and relevant representatives receive initial AML/CTF training. This training introduces the Company's AML Policy, customer due diligence requirements, internal escalation procedures, and the obligation to report suspicious activity without delay.
- **Periodically thereafter**, through refresher training conducted at regular intervals and whenever material changes occur in applicable laws, regulations, or internal procedures. Periodic training reinforces key principles, updates staff on emerging risks and typologies, and ensures continued awareness of evolving AML/CTF expectations.
- **With role-specific focus**, whereby training content is tailored to the nature and risk exposure of each role. Personnel involved in client onboarding, transaction execution, compliance, or management receive enhanced and targeted training, including practical guidance on identifying red flags, applying due diligence measures, and handling higher-risk situations.

Training programs are documented and attendance is recorded. Fargo S.p.A. maintains evidence of training completion for audit and supervisory purposes. The effectiveness of training is periodically

reviewed and updated to ensure it remains relevant, proportionate, and aligned with the Company's risk profile and operational activities.

14. Disciplinary Measures

Any violation of this Policy, whether intentional or resulting from negligence, failure to follow procedures, or wilful blindness, may result in **disciplinary action** proportionate to the severity of the breach and the associated risk or impact.

Disciplinary measures may include, as appropriate:

- Formal warnings or reprimands
- Mandatory retraining or enhanced supervision
- Suspension of duties or access to systems
- Termination of employment, consultancy, or agency relationships

Where violations involve potential breaches of AML/CTF laws, regulatory obligations, or internal controls, Fargo S.p.A. reserves the right to **report the matter to competent authorities** and to cooperate fully with any investigations or supervisory actions. Such reporting may occur independently of internal disciplinary measures and does not require prior notice to the individual concerned, where prohibited by law.

Disciplinary decisions are taken in a manner that is **fair, documented, and consistent**, taking into account the individual's role, level of responsibility, intent, and prior conduct. Fargo S.p.A. emphasizes that compliance with this Policy is a fundamental condition of engagement, and failure to adhere to AML/CTF obligations undermines the integrity of the Company and the financial system.

15. Policy Review

This Policy is subject to **regular review and ongoing maintenance** to ensure that it remains effective, accurate, and aligned with applicable legal, regulatory, and supervisory requirements.

At a minimum, the Policy is **reviewed annually** by the AML Compliance Officer and, where appropriate, senior management, to assess its continued adequacy in light of the Company's risk profile, business activities, and operational practices. The annual review includes an evaluation of the effectiveness of existing controls, lessons learned from internal monitoring, audit findings, and any suspicious transaction reporting activity.

In addition to the scheduled annual review, the Policy is **reviewed and updated without delay** whenever there are material changes in:

- Applicable laws, regulations, or supervisory guidance
- The Company's business model, products, or services
- Transaction patterns, delivery or settlement methods

- The Company’s risk exposure or internal organizational structure

Any amendments to the Policy are formally documented, approved at the appropriate governance level, and communicated to relevant personnel in a timely manner. Where changes materially affect operational procedures or staff responsibilities, targeted training or guidance is provided to ensure effective implementation.

Fargo S.p.A. maintains records of all Policy reviews, updates, and approvals to support auditability, regulatory inspections, and bank onboarding requirements.

ANNEX A – Client Risk Scoring Matrix

| Risk Factor | Low | Medium | High |
|---------------------|--------------------|-------------|------------------------|
| Client Type | Private individual | SME | Complex entity / trust |
| Transaction Size | Low | Moderate | High |
| Ownership Structure | Transparent | Multi-layer | Opaque |
| Payment Method | Bank transfer | Mixed | Cash-heavy |

ANNEX B – CDD Checklist

This checklist is used to ensure that customer due diligence is performed in a **consistent, documented, and verifiable manner** prior to the establishment of any business relationship and, where applicable, during periodic reviews.

A. Individual Clients

Before onboarding an individual client, the following checks must be completed and documented:

- **Identity verification completed**
Valid government-issued photo identification (e.g. passport or national identity card) has been obtained, reviewed for authenticity, and verified against the client’s personal details. Identification is current, legible, and issued by a recognized authority.
- **Residential address verified**
Proof of address documentation has been obtained and reviewed, confirming the client’s declared residential address. The document is recent, reliable, and consistent with other information provided by the client.
- **Source of funds declared and assessed**
The client has provided a written declaration describing the lawful origin of the funds used in transactions with Fargo S.p.A. The declared source of funds is reasonable and consistent with the client’s profile, occupation, and expected transaction activity.

- **Risk classification assigned**
The client has been assessed and assigned a risk category (Low / Medium / High) in accordance with the Company's risk-based approach.

B. Legal Entity Clients

Before onboarding a legal entity, the following checks must be completed and documented:

- **Legal registration verified**
Official documentation confirming the legal existence and registration of the entity has been obtained and verified, including company name, registration number, legal form, and registered address.
- **Ownership and control structure identified**
Shareholding and ownership documentation has been reviewed to identify direct and indirect ownership interests and to assess the transparency and complexity of the structure.
- **Beneficial owners identified and verified**
All ultimate beneficial owners have been identified in accordance with applicable AML definitions and thresholds. Beneficial owners' identities have been verified using reliable documentation.
- **Directors and authorized signatories verified**
Directors, officers, and authorized signatories acting on behalf of the entity have been identified and verified, including confirmation of signing powers and authority.
- **Source of funds / business activity assessed**
The nature of the entity's business activities and the expected source of funds have been assessed for consistency with the proposed relationship and transaction profile.
- **Risk classification assigned**
The entity has been assigned a risk category (Low / Medium / High) based on client, ownership, transaction, and service risk factors.

CDD Completion Requirement

All items in this checklist must be satisfactorily completed **before** establishing a business relationship or executing transactions. Incomplete, inconsistent, or unverifiable information results in refusal, suspension, or escalation for Enhanced Due Diligence in accordance with this Policy.

ANNEX C – EDD Checklist

This checklist applies where a client, transaction, or business relationship is assessed as **High Risk** and requires Enhanced Due Diligence in accordance with this Policy. EDD measures are applied **in addition to** standard CDD requirements and must be fully documented.

A. Trigger for Enhanced Due Diligence

EDD has been triggered due to one or more of the following factors (tick all applicable):

- Client or beneficial owner qualifies as a Politically Exposed Person (PEP), family member, or close associate
- Complex, opaque, or multi-layered ownership or control structure
- High-value, unusual, or non-routine transaction(s)
- Inconsistencies identified during standard CDD
- Adverse media or reputational concerns
- Other heightened risk indicators (specify)

B. Client and Ownership Review

- **Enhanced identity verification completed**
Additional identification or corroborating documentation has been obtained and reviewed to confirm the identity of the client and, where applicable, beneficial owners and controlling persons.
- **Ownership and control structure fully mapped**
A clear and documented understanding of the ownership and control chain has been established, including intermediate entities, voting rights, and control mechanisms.
- **PEP status assessed and documented (if applicable)**
The nature of the political exposure, position held, duration, and level of influence have been assessed and documented.

C. Source of Funds and Source of Wealth

- **Source of funds independently verified**
Documentary evidence has been obtained to support the declared origin of the funds used in the transaction(s), such as contracts, financial statements, asset sale records, or equivalent reliable sources.
- **Source of wealth assessed and corroborated**
The origin of the client's overall wealth has been assessed and corroborated to ensure consistency with the client's profile, business activities, and transaction behaviour.
- **Consistency checks performed**
Source of funds and source of wealth are consistent with each other and with the nature and scale of the proposed relationship.

D. Transaction and Purpose Assessment

- **Economic rationale assessed**
The purpose of the relationship and the economic rationale of the transaction(s) have been evaluated and documented, including expected transaction size, frequency, and structure.
- **Transaction structure reviewed for red flags**
Transactions have been reviewed for indicators of layering, structuring, third-party involvement, or attempts to obscure ownership or value flows.

E. Monitoring and Control Measures

- **Enhanced monitoring measures defined**
Increased transaction monitoring frequency and depth have been established, proportionate to the identified risk level.
- **Review frequency determined**
The timing and scope of periodic reviews have been defined and documented.

F. Senior Management Approval

- **Senior management approval obtained**
Formal approval has been obtained from senior management prior to establishing or continuing the relationship or executing high-risk transactions.
- **Risk acceptance documented**
The decision to accept or continue the relationship, including the rationale and mitigating measures, has been documented.

G. Final EDD Outcome

- **EDD completed:** Yes No
- **Risk classification confirmed:** High
- **Relationship approved:** Yes No
- **Conditions or limitations imposed (if any):**
 - Transaction limits
 - Enhanced reporting
 - Other (specify)

EDD Completion Requirement

No high-risk relationship or transaction may proceed until all applicable EDD measures have been completed, documented, and approved. Where EDD cannot adequately mitigate identified risks, the

relationship must be refused or terminated and, where appropriate, escalated in accordance with Suspicious Transaction Reporting procedures.

ANNEX D – PEP and Sanctions Screening Procedure

This procedure defines the measures adopted by Fargo S.p.A. to identify and manage risks associated with **politically exposed persons (PEPs)** and individuals or entities subject to **sanctions or restrictive measures**, in accordance with applicable AML/CTF requirements.

A. Screening at Onboarding

Prior to establishing any business relationship, Fargo S.p.A. conducts **mandatory PEP and sanctions screening** of:

- Individual clients
- Legal entity clients
- Beneficial owners
- Directors, officers, and authorized signatories
- Where relevant, known close associates and immediate family members

Screening is performed using **reputable, reliable, and regularly updated databases** capable of identifying PEP status, sanctions designations, and other relevant risk indicators.

The onboarding process is not completed, and no business relationship is established, until screening results have been reviewed and cleared.

B. Ongoing Screening

PEP and sanctions screening is conducted on an **ongoing basis** throughout the duration of the business relationship to ensure that changes in status are promptly identified. Ongoing screening includes:

- Periodic rescreening of existing clients and related parties, with frequency proportionate to the assigned risk classification
- Event-driven screening triggered by changes in ownership, management, transaction patterns, or adverse information
- Monitoring for newly imposed or updated sanctions, restrictive measures, or changes in PEP status

Ongoing screening ensures that Fargo S.p.A. remains aware of evolving risks and can respond promptly to changes affecting existing relationships.

C. Handling of Matches and Escalation

Any **potential or confirmed match** identified during screening is **immediately escalated** to the AML Compliance Officer for review and assessment.

The AML Compliance Officer assesses:

- The accuracy and relevance of the match
- The nature and extent of the PEP exposure or sanctions designation
- The associated AML/CTF and sanctions risk

Where a match is confirmed:

- **Sanctioned individuals or entities:** The relationship is refused or suspended, and transactions are halted in accordance with applicable legal obligations.
- **PEPs:** Enhanced Due Diligence measures are applied, including senior management approval and increased monitoring.

All decisions, assessments, and actions taken in response to screening results are **documented** and retained for audit and supervisory purposes.

D. Prohibition of Tipping-Off

Under no circumstances may a client or third party be informed of the existence, outcome, or internal handling of PEP or sanctions screening results where such disclosure is prohibited by law. Any communication with clients must comply strictly with tipping-off prohibitions.

E. Record Keeping and Auditability

Fargo S.p.A. maintains records of:

- Screening dates and results
- Databases and tools used
- Assessments and decisions made
- Escalations and approvals

These records are retained in accordance with applicable record-keeping requirements and are made available for internal audit, bank onboarding, and supervisory inspections.

ANNEX E – Internal Suspicious Transaction Report (STR) – Internal Template

CONFIDENTIAL – INTERNAL USE ONLY

This form must be completed immediately upon identification of a suspicious activity and submitted to the AML Compliance Officer.

1. Reporting Person

- Name and role:
- Department:
- Date of report:
- Contact details:

2. Client / Counterparty Details

- Full legal name:
- Client ID / Reference:
- Client type (Individual / Legal Entity):
- Risk classification (Low / Medium / High):
- Beneficial Owner(s):

3. Transaction Details

- Date(s) of transaction(s):
- Transaction amount(s):
- Currency:
- Payment method (cash / bank transfer / other):
- Precious metal involved (type, weight, purity):
- Related contract or invoice reference:

4. Description of Suspicion

Provide a clear, factual description of:

- The activity or behavior triggering suspicion
- Any deviation from the client's known profile
- Any unusual structuring, urgency, or third-party involvement

(Attach supporting documents where applicable)

5. Initial Assessment

- Suspicion relates to:
 - Money Laundering
 - Terrorist Financing
 - Sanctions Evasion
 - Other (specify)
- Immediate risk identified: Yes No

6. Actions Taken

- Transaction executed, delayed, or refused:
- Internal escalation date:
- Temporary measures applied (if any):

7. AML Compliance Officer Section

(To be completed by AML Compliance Officer)

- Assessment outcome:
- STR filed with UIF: Yes No
- Date of external submission (if applicable):
- Reference number:

Tipping-off is strictly prohibited.

ANNEX F – Gold Transaction Red Flags

The following non-exhaustive indicators may suggest heightened AML/CTF risk in precious metals transactions and require immediate escalation:

Client Behaviour Red Flags

- Reluctance or refusal to provide identification or source-of-funds documentation
- Inconsistencies between client profile and transaction size or frequency
- Unusual urgency to conclude transactions
- Attempts to influence or bypass standard procedures

Transaction Structure Red Flags

- Repeated transactions just below reporting thresholds
- Requests to split transactions without economic rationale
- Use of third parties not contractually linked to the transaction
- Frequent changes to payment instructions

Payment and Settlement Red Flags

- Preference for cash without legitimate justification
- Funds originating from or destined to unrelated third-party accounts
- Payments inconsistent with declared source of funds

Precious Metal–Specific Red Flags

- Gold characteristics inconsistent with declared origin or documentation
- Requests for rapid resale without price sensitivity
- Transactions lacking clear economic purpose beyond value transfer
- Discrepancies between weight, purity, and invoicing data

Any red flag **does not automatically imply wrongdoing** but **must be documented and assessed** under this Policy.

ANNEX G – Contractual AML Alignment Clause (Internal Reference)

The following principles are reflected consistently across client contracts and agent agreements:

- Mandatory compliance with AML/CTF laws and this Policy
- Right of Fargo S.p.A. to request KYC, source-of-funds, and transaction documentation at any time
- Right to suspend or terminate relationships in case of AML concerns
- Obligation to cooperate fully with internal reviews and authorities
- Explicit acknowledgment of tipping-off prohibitions

All contractual documentation must reference this Policy directly or by incorporation.

Approval

Approved by the Board of Directors of Fargo S.p.A.

Fargo S.p.A.

Via Monte Sabotino, 2
24121 Bergamo, Italy

ONBOARDING AML PACK

Section 1

Subject: Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF) and OAM Compliance Framework – Fargo S.p.A.

Fargo S.p.A. hereby provides this AML/CTF Compliance Pack in support of bank onboarding, periodic review, and ongoing relationship management.

Fargo S.p.A. operates in the precious metals sector and has adopted a robust, risk-based AML framework fully aligned with:

- Italian Legislative Decree 231/2007
- EU AML Directives (AMLD IV, V, VI)
- UIF guidance and supervisory expectations
- FATF Recommendations
- OAM requirements, where applicable

Given the inherent risk profile of precious metals trading, Fargo S.p.A. applies enhanced controls covering:

- Client due diligence and beneficial ownership verification
- Source-of-funds and transaction justification
- Cash exposure limitation and monitoring
- Precious-metal-specific transaction risk indicators
- Continuous monitoring and internal escalation procedures

This pack includes:

1. The full AML/CTF & OAM Compliance Policy
2. Operational annexes (risk scoring, CDD/EDD, STR, red flags)
3. Contractual AML alignment principles

Fargo S.p.A. confirms that:

- AML controls are actively applied in daily operations

- Staff receive periodic AML training
- Suspicious activities are escalated internally and reported to UIF where required

We remain available to provide any additional documentation or clarification required.

Kind regards,

The Board of Directors

Fargo S.p.A.

Section 2 – Contents of AML Pack

- AML / CTF / OAM Compliance Policy (main body)
- Annex A – Client Risk Scoring Matrix
- Annex B – Customer Due Diligence (CDD) Checklist
- Annex C – Enhanced Due Diligence (EDD) Checklist
- Annex D – PEP and Sanctions Screening Procedure
- Annex E – Internal Suspicious Transaction Report (STR) Template
- Annex F – Gold Transaction Red Flags
- Annex G – Contractual AML Alignment Principles

ANNEX H – AML CLAUSES FOR CLIENT CONTRACTS

The following clauses are designed to be inserted verbatim into client agreements.

1. AML / CTF Compliance Obligation

The Client **represents, warrants, and undertakes** that all funds, assets, precious metals, and other value transferred, delivered, or otherwise involved in any transaction with Fargo S.p.A. **derive exclusively from lawful activities** and are not, directly or indirectly, connected to money laundering, terrorist financing, sanctions evasion, or any other criminal or unlawful activity.

The Client further declares that neither the Client nor any beneficial owner, controlling person, director, officer, or authorized representative is involved in, associated with, or acting on behalf of any individual or entity engaged in activities that would constitute a violation of applicable anti-money laundering or counter-terrorist financing laws or regulations.

The Client undertakes to **comply at all times** with all applicable anti-money laundering, counter-terrorist financing, and sanctions laws and regulations and acknowledges that this obligation is a **material condition** of the contractual relationship with Fargo S.p.A.

The Client acknowledges and accepts that Fargo S.p.A. relies on the accuracy and completeness of these representations in establishing and maintaining the business relationship and that any breach, misrepresentation, or omission in this respect may result in the suspension or termination of the relationship, without prejudice to any rights or remedies available to Fargo S.p.A. under applicable law.

2. Customer Due Diligence and Information Duty

The Client undertakes to **provide promptly, accurately, and in good faith**, upon request by Fargo S.p.A., all documentation, information, and declarations required for the purposes of customer due diligence, enhanced due diligence, ongoing monitoring, and compliance with applicable anti-money laundering, counter-terrorist financing, and sanctions obligations.

Such information may include, without limitation:

- Identification and verification documents of the Client and, where applicable, beneficial owners, directors, officers, and authorized representatives
- Information regarding ownership, control, and governance structures
- Declarations and supporting documentation relating to the **source of funds** and, where required, **source of wealth**
- Transaction-related information necessary to establish the economic rationale and purpose of the relationship

The Client acknowledges that Fargo S.p.A. is legally required to collect, verify, and periodically update such information and that the scope and frequency of requests may vary depending on the Client's risk profile and applicable regulatory requirements.

Failure, refusal, or undue delay by the Client in providing the requested information, or the provision of incomplete, inconsistent, or misleading information, constitutes a **material breach** of this Agreement. In such cases, Fargo S.p.A. reserves the right, without liability, to suspend transactions, restrict services, or terminate the contractual relationship in whole or in part, in accordance with applicable law.

The Client further acknowledges that Fargo S.p.A. may be required by law to take such actions without prior notice and that Fargo S.p.A. is prohibited from disclosing certain reasons for such actions where tipping-off restrictions apply.

3. Source of Funds and Transactions

The Client declares and warrants that all payments, funds, assets, and precious metals involved in transactions with Fargo S.p.A. originate from **legitimate, lawful, and identifiable sources** and are consistent with the Client's declared financial profile, business activity, and the purpose of the contractual relationship.

All payments made to Fargo S.p.A. shall originate **exclusively from accounts held in the Client's own name**, unless expressly approved in writing by Fargo S.p.A. following appropriate due diligence.

Payments involving third-party accounts, intermediaries, or alternative settlement structures may be refused where they lack clear economic justification or are inconsistent with applicable AML/CTF requirements.

The Client undertakes not to structure, split, or otherwise arrange transactions in a manner intended to circumvent legal thresholds, reporting obligations, or internal controls. Fargo S.p.A. reserves the right to review, delay, or refuse any transaction that appears unusual, inconsistent, or insufficiently justified in relation to the Client's known profile or contractual arrangements.

The Client acknowledges that Fargo S.p.A. may request additional information or documentation relating to individual transactions, including explanations of purpose, supporting commercial documentation, and evidence of the source of funds. Failure to provide such information in a timely and satisfactory manner may result in the suspension or non-execution of the relevant transaction.

Where required by applicable law or internal compliance assessments, Fargo S.p.A. may withhold execution of transactions pending completion of internal reviews or regulatory obligations. The Client accepts that such measures are implemented to ensure legal compliance and do not constitute a breach of contract or give rise to any liability on the part of Fargo S.p.A.

4. Right of Suspension and Termination

Fargo S.p.A. reserves the right, at its sole discretion and **without prior notice where required by law**, to suspend, restrict, delay, or refuse the execution of any transaction and/or to terminate this Agreement, in whole or in part, with immediate effect, where such action is necessary to comply with applicable anti-money laundering, counter-terrorist financing, sanctions, or other regulatory obligations.

Such measures may be taken, without limitation, where:

- The Client fails to provide documentation or information required for customer due diligence, enhanced due diligence, or ongoing monitoring
- Information provided by the Client is incomplete, inconsistent, misleading, or no longer accurate
- Transactions are inconsistent with the Client's declared profile, contractual arrangements, or stated economic purpose
- Fargo S.p.A. identifies suspicions of money laundering, terrorist financing, sanctions violations, or other unlawful activity
- Fargo S.p.A. is required to act pursuant to instructions, requests, or obligations imposed by competent authorities or applicable law.

The Client acknowledges that Fargo S.p.A. may be legally prohibited from disclosing the reasons for suspension or termination, including in circumstances where disclosure would constitute prohibited tipping-off.

Any suspension or termination exercised under this clause shall not give rise to any liability, damages, or compensation claims against Fargo S.p.A., provided that such action is taken in good faith and in compliance with applicable legal obligations.

The exercise of rights under this clause is without prejudice to any other rights or remedies available to Fargo S.p.A. under this Agreement or applicable law, including the right to report suspicious activities to competent authorities where required.

5. Reporting and Tipping-Off

The Client acknowledges and accepts that Fargo S.p.A. is subject to statutory obligations to **monitor transactions and report suspicious activities** to competent authorities in accordance with applicable anti-money laundering, counter-terrorist financing, and sanctions laws and regulations.

Where Fargo S.p.A. knows, suspects, or has reasonable grounds to suspect that funds, transactions, or activities may be related to money laundering, terrorist financing, sanctions evasion, or other criminal conduct, Fargo S.p.A. may be required to submit reports, including **Suspicious Transaction Reports (STRs)**, to the relevant authorities.

The Client expressly acknowledges that Fargo S.p.A. is subject to **strict legal prohibitions on tipping-off** and, as a result, Fargo S.p.A. may be legally prohibited from informing the Client or any third party of:

- The existence of a suspicion or internal review
- The submission or intended submission of a report to competent authorities
- Any related investigation, inquiry, or regulatory action.

The Client agrees that the submission of reports, the withholding of information, or the suspension or termination of transactions or the contractual relationship in connection with AML/CTF obligations **shall not constitute a breach of this Agreement**, nor give rise to any claim for damages, compensation, or indemnification against Fargo S.p.A.

The Client further undertakes not to take any action, directly or indirectly, that would seek to induce Fargo S.p.A. or its personnel to violate tipping-off prohibitions or to interfere with the Company's legal reporting obligations.

6. Cooperation Clause

The Client undertakes to **cooperate fully, promptly, and in good faith** with Fargo S.p.A. in connection with all matters relating to anti-money laundering, counter-terrorist financing, sanctions compliance, and related regulatory obligations.

Such cooperation includes, without limitation:

- Responding promptly to requests for information, documentation, or clarification made by Fargo S.p.A. for due diligence, enhanced due diligence, ongoing monitoring, or transaction review purposes

- Providing accurate, complete, and up-to-date information concerning the Client's identity, ownership and control structure, beneficial owners, business activities, and transactions
- Assisting Fargo S.p.A. in understanding the purpose, nature, and economic rationale of transactions, where requested.

The Client further undertakes to cooperate, where lawfully required, with competent authorities in connection with any regulatory inquiry, investigation, or request relating to transactions conducted under this Agreement.

The Client acknowledges that failure or refusal to cooperate, or the provision of false, misleading, or incomplete information, may constitute a **material breach** of this Agreement and may result in the suspension or termination of the contractual relationship in accordance with applicable law and the terms of this Agreement.

Nothing in this clause shall require Fargo S.p.A. to disclose information where such disclosure is prohibited by law, including under applicable tipping-off restrictions, nor shall it limit Fargo S.p.A.'s right to take any action required to comply with its legal and regulatory obligations.

7. Survival

The representations, warranties, undertakings, and obligations set forth in Clauses 1 through 6 of this Section shall **survive the termination, expiration, or completion** of this Agreement, regardless of the reason for such termination or completion.

In particular, the Client's obligations relating to:

- The lawful origin of funds and assets
- Customer due diligence and information duties
- Cooperation with Fargo S.p.A. and competent authorities
- Reporting and tipping-off prohibitions

shall remain in full force and effect to the extent necessary to enable Fargo S.p.A. to comply with applicable anti-money laundering, counter-terrorist financing, sanctions, record-keeping, and regulatory obligations.

Termination or expiration of this Agreement shall not affect Fargo S.p.A.'s right to retain documentation, report suspicious activities, or cooperate with competent authorities as required by law, nor shall it limit any rights or remedies available to Fargo S.p.A. under applicable law.