

TMC Metal Group Guidance in identifying Suspicious Transactions

This guidance is prepared to assist employees of TMC Metal Group in obtaining a practical and comprehensive approach to identify suspicious transactions while performing their respective daily work.

Suspicious Transaction arise from the suspicion created by a specific transaction, which creates the knowledge or belief that the transaction may relate to the legitimization of proceeds from illegal activities. Suspicious transactions can be identified both during the on-boarding or ongoing due diligence of a client as well as during the transaction monitoring process and may be raised by any employee of TMC Metal Group.

Money launderers are always developing new techniques, no list of suspicious indicators can be fully comprehensive. All circumstances surrounding a transaction should be reviewed. As the transaction occurs, employees of TMC Metal Group have to assess whether there are reasonable grounds to suspect that a transaction is related to money laundering offense or activity.

A suspicious transaction may involve several factors that may on their own seem insignificant, but together raise suspicion that the transaction is related to the commission of an offense or any other serious offense.

There are four main elements employees of TMC Metal Group need to think about in identifying suspicious transactions. They are:

- the types of customer/client, especially if some are politically exposed persons (PEPs)
- the type of designated services provide/receive
- how TMC Metal Group provides/receives those services
- the foreign countries or regions – known as foreign jurisdictions – customer/client operates in or does business in.

When developing customer/client identification and verification procedures, employees of TMC Metal Group must also consider the risk posed by:

- the beneficial owner/s of the customers/client
- whether customer/client or their beneficial owners are PEPs
- customer/clients' source of funds and wealth
- the nature and purpose of business relationship with customer/client
- the control structure of customer/client who aren't individuals, such as companies and trusts.

Employees of TMC Metal Group must also review customer/clients' level of risk when there are certain changes to customer/clients' circumstances. These are:

- a change in the nature of TMC Metal Group's business relationship with a customer/client
- the customer/client beneficial owner changes
- changes to a customer/clients' corporate structure or other control structures.

Employees of TMC Metal Group are required to check regularly the information regarding customers/clients under his/her responsibility:

- taking reasonable measures to conduct more analysis of the source of the customer/clients' and each beneficial owner's wealth and funds
- Verify and reverify customer/clients' below information:
 - If the customer/client is an individual, must verify or re-verify their full name and either their date of birth or residential address so TMC Metal Group are satisfied they are who they claim to be.
 - If the customer/client is a company, trust, association, partner or government body, employees of TMC Metal Group must also verify or re-verify information.
 - Make sure checks are based on reliable and independent documentation or electronic data.

Employees of TMC Metal Group are required to check regularly customer/client for below suspicious transaction indicators:

- Customer/client provides fake addresses and/or fake identity.
- Customer/client frequent changes in the legal structure and/or the customer has no clear Justifications.
- Customer/client has complex corporate structures which obscure the ultimate beneficial ownership.
- Customer/client comes from jurisdictions which lack appropriate AML/CFT laws, regulations or other counter-measures.
- Customer/client comes from jurisdictions where corruption or other criminal activities are of significant concern.
- Customer/client over/under invoicing of goods/services.
- Customer/client is "politically exposed persons" (PEPs) or their relatives/friends.
- Customer/clients' Inability, failure or reluctance of a customer/ client to provide necessary due diligence.
- Customer/client uses internet addresses at free e-mail services.
- Customer/clients' address is different from the billing address or a post office box or an office address, this is often associated with fraud.
- Customer/client uses third parties to make wire transfers.
- Customer/client uses an accountant or lawyer to make transactions.
- Payments are sent to or come from a person

If above suspicious indicators are identified, a report of suspicious transactions must be

reported within twenty-four hours after the information comes to attention via email to ethics@tmc-metal.com or it may be delivered by hand. If submitted by hand, the report should be sealed in an envelope, marked 'Confidential' and addressed to P.O Box 22-36, Fengshan District, Kaohsiung, 83199, Taiwan, ROC.



Danny Tsao
TMC Group Chairman
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