

Purpose and Scope

- 1.1. “Paylar” (FI) is presented with a multitude of opportunities, which are accompanied by obligations, which carry risks. The FI has obligations towards its customers, staff and the community it serves, as well as its regulators.
- 1.2. Risk appetite applies to the management of existing activities, as well as seeking out new opportunities.
- 1.3. The Risk Appetite Statement for Paylar.com (document) website is a public version of Paylar’s internal document “Risk Appetite statement “(statement). The Risk Appetite Statement summarizes the FI’s tolerance for risk in each of a whole range of activities undertaken. All of the activities undertaken by the FI can be so classified in terms of risk appetite.
- 1.4. Paylar reserves the right to reject any client, payment, or business that is not consistent with its Risk Appetite.

Accepted Business

- 2.1. As a general principle, Paylar does not onboard Clients carrying out businesses or activities that are illegal, conducted in the absence of required licenses or permissions, or which present an excessive reputational risk (which includes any material adverse media) for Paylar.
- 2.2. Paylar will not do business with groups, legal entities, bodies, and similar entities that have pleaded guilty to major offenses or have been added to any of the sanctions lists Paylar is obliged to follow.

Prohibited Clients and activities

Paylar does not onboard, nor will it process any payment flows, for the following:

- 3.1. Groups, legal bodies or similar subject to international sanctions or embargoes, in particular as issued by the European Union (“EU”), the United Nations (“UN”) or the US Office of Foreign Assets Control (“OFAC”) including the List of Specially Designated Nationals and Blocked Persons and Lithuanian Financial Crime Intelligence Unit (“FCIS”) issued list in accordance with its sanctions policy;
- 3.2. “Non-standard” or “non-transparent” activities – those carried out through special-purpose or assimilated legal entities (special purpose vehicles) (structures) or in

- jurisdictions that impede transparency, or which do not meet international banking standards in the specific country involved;
- 3.3. Traders of goods of rare scientific value or cultural objects with high religious/historical value;
 - 3.4. Shell banks: (banks based in countries where they have no physical presence involving decision-making and management and which are typically not connected to wider regulated financial groups);
 - 3.5. Shell companies; (a company with no physical presence involving effective decision-making, operations or assets other than cash or equivalents of cash);
 - 3.6. Private banking and unregulated/ unlicensed financial activity;
 - 3.7. Bearer share corporations and companies connected to a nominee or similar arrangements to hide or mask the true beneficial ownership (some trust structures may be permitted, depending on the merits of the case and there is no suggestion of untoward behavior);
 - 3.8. Physically present Adult Services – this includes, but is not limited to Escort services, sale and/or advertising or suggestion of sexual services that may imply or suggest prostitution, regardless of whether it is legal in the specific country involved;
 - 3.9. Unregulated or offshore holding/investment companies involved in managing or investing own or third-party funds;
 - 3.10. True holding companies with no business operations;
 - 3.11. Any involvement in the sale or marketing of Binary Options;
 - 3.12. Weapons of war, automatic weapons, ammunition, or defense equipment: Includes merchants involved in the sales, intermediation, or commerce of war or automatic weapons, including but not limited to chemical weapons, cluster bombs, ammunitions, or other defense equipment or similar;
 - 3.13. Virtual Currencies / Crypto Asset firms (including firms engaged in exchange services between virtual currencies and fiat currencies);
 - 3.14. Any business involved with Cannabidiol “CBD” including cannabis and any other drugs;
 - 3.15. Any services involving the sale of live animals, hunting, trapping, trade of endangered species related products and related services;
 - 3.16. Mining of chemicals, uranium or any other minerals or ores as well as extraction of any sort of gas or other material and general involvement in oil industry;
 - 3.17. Any business involving precious metals, its mining, trade or any other action;
 - 3.18. Traders of tobacco or alcohol;
 - 3.19. Any activity related to trade, manufacturing, testing or any other action in association with the unlicensed pharmaceuticals market;

- 3.20. Gambling or betting services providers;
- 3.21. Affiliate Marketing schemes including network marketing, referral marketing, multi-level marketing or any other.

Prohibited jurisdictions and businesses

- 4.1. The FI does not provide services or accept customers who have connections to FATF-evaluated jurisdictions as high risk with significant AML deficiencies. In addition, the FI does not offer services if any of companies in the company group from a potential client are from these jurisdictions. The list of these jurisdictions is continuous and changing.
- 4.2. The FI does not work with entities established in Tax heavens and Offshore jurisdictions. In addition, FI does not offer financial services and products for Tax heavens and Offshore jurisdictions. The list of these jurisdictions is continuous and changing.
- 4.3. The FI has Zero tolerance towards financial sanctions breaches and does not offer or provide services towards sanctioned individuals/ businesses and jurisdictions. The FI follows international sanctions based on OFAC, UN and EU sanction lists.
- 4.4. In addition, FI will not work with jurisdictions from Target areas as established by the laws of Republic of Lithuania. The FI will not provide services, work with customers related to these jurisdictions.

Apart from the minimum guidelines set above, the FI has created and constantly updates the internal documentation defining the risk score of each and every country. The prohibited jurisdictions are clearly defined in the aforementioned document as a result.

Restricted Client Types

The risk presented by the following types of industries is considered as 'high risk'. For these categories (but not limited to these categories), Paylar reserves the right to ask for additional documents during the relationship to better understand the nature of the business of the client.

Paylar has placed certain restrictions on the client types below:

- 5.1. Charities, social service organizations and other non-profit or political organizations:
 - These institutions must be registered, or local equivalent, in the country of incorporation

- The organization must be located in the EEA
 - The organization must be established at least a year ago
 - The organization must not sponsor or support any act of violence or hate.
- 5.2. Corporate service provider and other legal and accounting services. These must:
- Have licensing/registration in an AML/CTF regime in the EEA
 - Entity must be established at least a year ago
- 5.3. Trade or arts and antiques, other valuable commodities, sale of vehicles or other merchants dealing with high-value goods. These must:
- Entity must be established in the EEA
 - Entity must provide supporting documentation for purchases of such goods
- 5.4. IT/Marketing companies:
- The organization must be located in the EEA
 - The organization must be established at least a year ago
 - Entity must provide money flow scheme
 - Entity must provide bank statement from other financial institution
- 5.5. General “trading companies” with unclear business purposes:
- The organization must be located in the EEA
 - The organization must be established at least a year ago
 - Entity must provide money flow scheme
 - Entity must provide supporting documentation for previously traded goods
 - Entity must provide a detailed explanation on the traded goods, shipping routes and partners used for the good delivery services