

### Explanations/ Definitions

**Beneficial Owner (BO)** – a natural person who is the owner of the client (legal entity) or who controls the client, or on whose behalf, for whose benefit or in whose interests a business relationship is being established or an occasional transaction is being executed, and it is at least:

- in case of legal entities, a natural person who owns, in the form of direct or indirect shareholding, more than 25 per cent of the capital shares or voting stock of the legal entity or who directly or indirectly controls it;
- in case of legal arrangements, a natural person, who owns, or for whose interests a legal arrangement is established created or operating, or directly or indirectly exercises control over it, including the founder, trustee or supervisor (manager) of such entity.

**Controlling Person** – a natural person who holds a position in the highest management body of a legal entity or legal arrangement, in case it is not possible to determine the Beneficial Owner.

**Resident** – a natural person registered in the Population Register of the Republic of Latvia and to whom a personal identity number has been granted, as well as a natural person, whilst they are residing in Latvia, on the basis of a permanent or temporary residence permit issued by the Ministry of the Interior of the Republic of Latvia.

**Non-resident** – a natural person who is not registered in the Population Register of the Republic of Latvia and to whom a personal identity number of Latvia has not been granted.

**Tax Residence** – the country according to the legislation of which the Customer's income is subject to taxation. For example, based on a person's place of permanent residence, length of stay (usually 183 days or more in a 12-month period), close personal or economic relationship, or other criteria for income taxation in the relevant country (for example, in the United States, a U.S. tax resident is a US citizen/holder of a US residence permit (Green Card)).

**Politically Exposed Person (PEP)** – a person who is, or has been, entrusted with prominent public functions in the Republic of Latvia or abroad, including head of state, head of a state administrative unit (municipality), head of government, minister (deputy minister or deputy minister's deputy if there is such position in the respective country), state secretary or another high-level official in the government or in a state administrative unit (municipality), parliamentary deputy or member of a similar legislative structure, member of the management structure (board) of a political party, judge (member of a judicial institution) of the constitution court, the Supreme Court or a court of another level, member of the council or the board of an audit institution of the highest level, member of the council or the board of the central bank, ambassador, authorised fling clerk, supreme commander-in-chief (superior officer) of the armed forces, member of the council or the board of the state capital company, head (director, deputy director) of an international organisation and the member of its board, or the person who holds an equivalent position in this organisation.

**Family member of a politically exposed person** – politically exposed person's spouse or a person similar to spouse status (considered as such only if the law of according state stipulate this status), child, or a child of politically exposed person's spouse or a person similar to spouse status, his spouse or a person similar to spouse status, parent, grandparent, grandchild, brother or sister.

**Person closely associated to politically expose person** – natural person who has business or other type of close relationship with politically exposed person, who is a shareholder in the same legal entity as politically exposed person, or who has sole beneficial ownership of a legal arrangement which is known to have been set up for the de facto benefit of a politically exposed person.

**International sanctions** – restrictions imposed on the subject of sanctions by the United Nations (UN) or the EU (European Union) or another international organization of which the Republic of Latvia, Republic of Lithuania, Republic of Estonia or Switzerland Confederation are members and which are directly applicable or implemented in the Republic of Latvia, Republic of Lithuania, Republic of Estonia or Switzerland Confederation, in accordance with international law, as well as restrictions adopted by Office of Foreign Assets Control (OFAC).

**Goods of strategic significance**, including software and technology, are items that can be used for both civilian and military purposes (Dual-use items). This category includes all goods that can be used in the manufacture of weapons, military equipment, weapons of mass destruction or means of delivery, etc. and are listed in Annex 1 to Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items, Annex 2 to Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, the Common Military List of the European Union, and the National List of Goods and Services of Strategic Significance of the Republic of Latvia.