

KYC Process (FATF and SECO)

CSI has robust anti-money laundering processes in place. We have a publicly available KYC Policy, as well as an Anti-Bribery and Corruption Policy (Compliance Guidelines). Although Carbon Standards (CSI) is not formally in scope of the Swiss Money Laundering Regulations, CSI has decided to draw from the principles set out in those Regulations and associated guidance (e.g. Joint Money Laundering Steering Group guidance). In summary, Buyers and Project Proponents seeking to use the Registry must first undergo a series of KYC checks and are then subject to ongoing monitoring to identify any suspicious activity

Scope

This document (the 'Policy') sets out the Know Your Customer (KYC) procedures required for registration with the Registry. These procedures are in place to reduce the risk of money laundering and terrorist financing. Although Isometric is not within the purview of any regulatory agency for these purposes, we have implemented these requirements as a matter of best practice. We have therefore drawn up our approach by reviewing the relevant UK legislation (e.g. the Money Laundering Regulations) and the associated industry guidance (e.g. JMLSG).

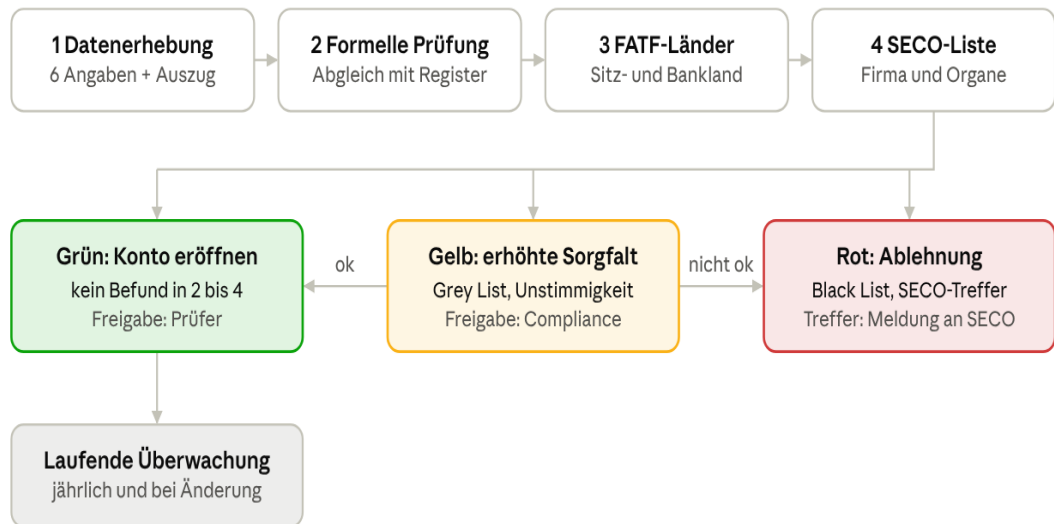
Purpose

Before any account is opened in the C-Sink Registry, we collect information about the company and assess it against the FATF country lists and the SECO sanctions list. Only then is the account authorised.

- **Applies to:** all Registry account holders, i.e. project operators (suppliers), buyers and intermediaries.
- **Objective:** to prevent money laundering, terrorist financing and sanctions violations via the Registry, and to meet the ICVCM's requirements for robust AML processes.
- **Principles:** risk-based, as streamlined as possible, without the use of paid tools, with every inspection documented in a traceable manner.
- **Legal framework:** As a Swiss company, we are bound by the SECO sanctions list. We implement the FATF inspection and the other steps as voluntary best practice.

1. Process overview

Nur Anträge ohne Befund werden direkt freigegeben



KYC onboarding · 4 verification steps, 3 outcomes

A 'yellow' case becomes 'green' or 'red' following the enhanced due diligence check. Every approved account is then monitored on an ongoing basis.

Step 1: Data collection during onboarding

The customer provides six mandatory details on the registration form. If any of these are missing, the application will not be processed further.

Field	Content	Why we need it
Company name	Full name exactly as it appears in the register	SECO inspection, cross-check against the register extract
Legal form	e.g. GmbH, AG, SARL, Ltd.	Cross-check against the register extract
Beneficial Owner (UBO; owns more than 25%)		

Field	Content	Why we need it
Registered office address	Street, postcode, town, country	FATF inspection (country of incorporation)
Company number	Company register number (AT), UID/CHE number (CH), commercial register number (other countries)	Unique identification, verification
Company register extract	PDF, no older than 3 months	Proof of existence, names of governing bodies for the SECO inspection
Bank details	Account holder, IBAN, BIC, name and country of the bank	FATF inspection (country of the bank), verification that the account holder's name matches the company name

In addition, the customer confirms via a tick box that the information **provided** is correct. Neither the company nor its directors or owners appear on any sanctions list. Any changes will be reported within 30 days. This provides us with a clear basis for blocking the account in the event of false information.

Step 2: Formal inspection of the documents

We assess whether the details are consistent and whether the company actually exists:

1. The company name, legal form, address and company number match the extract from the commercial register.
2. The extract is no more than 3 months old. The company is active, i.e. it has not been struck off the register and is not in liquidation or bankruptcy.
3. Where the register can be viewed online free of charge, we cross-check the extract there (e.g. Zefix for Switzerland).
4. The account holder for the bank details is the company itself. An account held in the name of a private individual or a third-party company will result in a query being sent to the customer.
5. The first two letters of the IBAN indicate the country of the bank. This country is included in the FATF inspection.
6. From the extract, we note down the names of the governing bodies, i.e. managing directors, board members or executive committee members. These names are included in the SECO inspection.

We clarify any discrepancies with the client. . If any of these triggers are met, an account cannot be opened (or if such a trigger is identified for an existing account, an account closure process will be initiated).

If a discrepancy cannot be resolved, the case is flagged as 'yellow' (see Step 5).

Step 3: FATF country check

We assess two countries: the country where the company is registered and the country of the bank. If either of these is on the FATF Black List, we reject the application. If either is on the Grey List, an enhanced due diligence check is carried out.

List	Countries (as at the FATF plenary meeting on 19 June 2026)	Consequence
Black List (High-Risk Jurisdictions subject to a Call for Action)	Iran, Myanmar, North Korea	Red: Rejection
Grey List (Jurisdictions under Increased Monitoring)	Angola, Bolivia, Bosnia and Herzegovina, British Virgin Islands, Bulgaria, Côte d'Ivoire, Democratic Republic of the Congo, Haiti, Iraq, Yemen, Cameroon, Kenya, Kuwait, Laos, Lebanon, Monaco, Nepal, Papua New Guinea, South Sudan, Syria, Venezuela, Vietnam (22)	Yellow: enhanced due diligence

- The Grey List does not, by design, result in rejection. The FATF does not require enhanced due diligence in these countries, but rather a risk-based approach. Furthermore, many biochar projects are located in such countries.
- The FATF updates the lists after each plenary meeting (February, June, October). The compliance officer then assesses the table above and updates it accordingly. The next update is due after the October 2026 plenary meeting.

Source: [FATF Black and Grey Lists](#)

Maintain KYC records for a minimum of five years from the date of the most recent transaction

of the account holder

- Maintain records of all transactions
- Monitor transactions for unusual or suspicious activity

Step 4: SECO sanctions check

We assess the company name and the names of all board members from the extract from the commercial register against the SECO sanctions list. A confirmed match will result in automatic rejection and a report to SECO.

Tools (both free of charge):

- SECO's SESAM search: single query, fuzzy search, also finds variant spellings.
- Internal Excel file with quick check: generated from SECO's full XML list and downloaded anew before each round of checks.

2. Procedure:

1. Enter company names without their legal form, e.g. "Muster Biochar" instead of "Muster Biochar GmbH".
2. Assess each body individually, using the surname as the search term.
3. Save a screenshot or Excel printout for each query in the client folder.

Verifying matches: A name match is initially only a possible match. We compare the country, address, registration number and, in the case of individuals, date of birth and nationality with the entry on the list.

Result	Procedure
No match	Continue to step 5
False positive (different country, different date of birth, etc.)	Record the reason in the audit report; proceed to step 5
Unclear match	Yellow: request clarification from SECO by email to sanctions@seco.admin.ch
Confirmed match	Red: Rejection, report to SECO, no details to the client

Limitations of the list: It only shows individuals and companies subject to direct sanctions. A company owned by a sanctioned individual will not appear on the list. See the outstanding points at the end for further details.

Step 5: Decision and approval

Each application ends with a traffic light indicator. Green means the person assessing the application approves it. Yellow is forwarded to the person responsible for compliance (dual-control principle). Red means it is rejected.

Traffic light	Trigger	Action	Approved by
Green	Documents in order, not a FATF	Open account	Assessor

Traffic light	Trigger	Action	Approved by
	country, no SECO match		
Yellow	Registered office or bank in a grey-listed country, discrepancy not resolved, bank account held in a third party's name, unclear SECO match	Enhanced due diligence (see below), followed by a green or red decision	Compliance officer
Red	Headquarters or bank in a blacklisted country, confirmed SECO match, false information, client refuses to provide information	Rejection; in the event of a SECO match, report to SECO	Compliance officer

Increased due diligence for 'Yellow' cases:

- Obtain the names and countries of the beneficial owners (with a stake of 25% or more) and also assess them against the SECO list.
- Obtain a brief explanation of the business model and the source of funds.
- Conduct a web search on the company and its governing bodies using the terms 'fraud', 'money laundering', 'sanction' and 'corruption'.
- Record the decision and the reasons for it in the audit report.

Communication in the event of rejection: The client receives only a general rejection without any specific reason being given. This enables us to avoid disclosing any suspicions ('tipping off').

Ongoing monitoring

A single inspection during onboarding is not sufficient. Existing accounts are assessed at least once a year and again whenever there is a change to the list.

Triggers	What we assess	How
Annually, on a fixed date	All accounts against the SECO list and FATF lists	Download the latest XML master list; cross-check the customer list using the Excel quick check

Triggers	What we assess	How
After each FATF plenary session (February, June, October)	Country assessment of all accounts	Check newly listed countries against customers' countries of domicile and countries where their banks are based
SECO news service reports new listings	Check new names against the customer list	Subscribe to the news service at seco.admin.ch
Client reports a change (name, registered office, governing bodies, bank)	Relevant details	Repeat steps 2 to 5 for the amended details
Suspicious transaction	Account and counterparty	Yellow, exercise increased due diligence as in step 5

Examples of **suspicious transactions** include:

- Volumes significantly exceeding the project's plausible production capacity
- Transfers to third parties with no apparent business connection
- Immediate onward transfers directly after disbursement
- Many transactions just below an internal threshold

If an account in the portfolio meets a red flag criterion, it is blocked and the case is handled as described in step 5.

Documentation, roles and retention

Without the tool, the inspection log is our only evidence for the ICVCM and during inspections. Every inspection is therefore recorded in full.

Audit log (one row per inspection, Excel):

- Date, person assessing the situation, customer name and company number
- Country of incorporation, country of the bank, FATF result
- Names checked (company and officers), status on the SECO list, result per name
- Reason for false-positive matches
- Traffic light system, actions to be taken in the event of a 'yellow' result, approval granted by, date of approval

Filing: Extract from the commercial register, screenshots of queries and correspondence in the client file.

Role	Role
Assessor (Onboarding)	Steps 1 to 4, approval when 'Green'
Compliance Officer	Decision in the event of 'Yellow' or 'Red', reporting to SECO, maintenance of the FATF table, annual re-screening
Management	Approves this process, annual review

Retention: at least 10 years from the end of the client relationship, in line with the retention period for business records under Article 958f of the Swiss Code of Obligations.

Review: The process is reviewed annually, and additionally whenever there are changes to the law or if a case highlights gaps in the process.

Outstanding issues and recommendations

The biggest gap: without details of the ultimate beneficial owners (UBOs), a company owned by a sanctioned person remains undetected. The SECO list does not show such ownership structures.

- ☐ **Record UBOs on the form:** An additional field for the name and country of persons holding a stake of more than 25 per cent. No document required; the names are simply assessed against the SECO list. Effort involved: one additional form field and one extra query per customer. Recommendation: implement.
- ☐ **Clarify AMLA coverage:** Have a legal assessment carried out to determine whether the registry, as a financial intermediary, falls under the Anti-Money Laundering Act. This becomes relevant as soon as we process payments or trade certificates.
- ☐ **Include self-declaration and reporting obligations in the Terms and Conditions** so that account suspensions in the event of false information are contractually safeguarded.
- ☐ **Set a threshold for a screening tool:** e.g. switch to an automated tool once there are 50 accounts or 10 new customers per month.
- ☐ **Update the FATF table following the October 2026 plenary session.**
- ☐ **Appoint a compliance officer.**