IGUAKO CAPITAL · Group policy

Know Your Client and Client Due Diligence

Client due diligence is the principal defence against financial crime, and this policy fixes what must be known about a client before capital moves. It sets identification standards, beneficial ownership thresholds, source of wealth evidence, risk rating and refresh cycles for every relationship across the six divisions. It applies equally to institutions, intermediaries, founders and the 61 private-wealth families.

CODE	CATEGORY	VERSION
IGC-FC-002	Financial crime	5.3
EFFECTIVE	**REVIEW**	**OWNER**
2025-06-16	Annual, and on any recalibration of the client acceptance model	Group Head of Client Onboarding

1. Purpose and scope

A client file records who a client is, who ultimately owns and controls it, where its money came from and what it intends to do with the group. This policy fixes the evidence required for each of those four questions and the point in the relationship at which the answers must be in place.

Scope covers new relationships, existing relationships, co-investors admitted to a vehicle and counterparties to a bilateral facility. It covers the 47 portfolio positions held through group vehicles. Correspondent and counterparty institutions meet the same standard with an additional institutional questionnaire.

Suppliers of goods and services are assessed under IGC-DT-006 rather than here, and prospective employees are outside scope entirely. The obligation begins at the first substantive contact with a prospect, not at the signing of documentation, and it does not pause while terms are negotiated.

2. Definitions

Client due diligence means identification, verification, understanding of ownership and control, understanding of purpose, and assessment of source of wealth and source of funds. Identification is what the client states. Verification is what the group confirms independently. The two are recorded separately on the file.

Source of wealth explains how the whole of the wealth of a client was accumulated. Source of funds explains the origin of the specific money entering the relationship. A private-wealth relationship requires both. A corporate counterparty ordinarily requires source of funds and audited financial statements.

A high-risk relationship is one rated high by the client acceptance model, which scores jurisdiction, ownership complexity, sector, product, delivery channel and adverse information. Ratings are high, medium or low. The rating drives the depth of diligence and the length of the refresh cycle.

- Identification data is what the client provides about itself.
- Verification data is what the group obtains from an independent source.
- Screening data is what the group obtains from adverse information and designation checks.

3. Client acceptance principles

The group declines business it cannot explain. Where ownership cannot be traced to natural persons, where the commercial rationale is unclear, or where a prospect resists reasonable questions, the relationship is refused. A refusal is recorded with reasons and is visible to every division.

Diligence is proportionate but never absent. No product, vehicle or introducer removes the obligation to know the client. An introduction from a long-standing counterparty shortens the time taken to gather evidence. It does not reduce the evidence required, and reliance on a third party is permitted only where the group holds the underlying records.

Knowledge is refreshed rather than archived. A file three years old and untouched is treated as incomplete. Periodic review is a control in its own right and is resourced accordingly, with 41 people in the group compliance function supporting onboarding, refresh and screening work.

4. Due diligence requirements

Requirement 4.1. Identity is verified from an independent source before the first transaction. For a natural person the group verifies full name, date of birth, residential address and nationality. For a legal person it verifies legal form, registered office, constitutional documents and the identity of directors.

Requirement 4.2. Beneficial ownership is traced to every natural person holding 20 per cent or more, or exercising control by other means. Where a chain passes through three or more layers, an ownership diagram is prepared, dated and signed by the relationship owner.

Requirement 4.3. Source of wealth is evidenced for every private-wealth relationship and for every principal committing more than US$5 million. Evidence includes sale agreements, audited accounts, tax filings or professional confirmations. A narrative alone is not evidence and is not accepted.

Requirement 4.4. Enhanced due diligence applies to politically exposed persons, to clients connected to jurisdictions scored high, and to any relationship where adverse information is found. Enhanced files are approved by the Client Acceptance Committee, which meets weekly and records its decisions.

5. Ongoing review and refresh

High-risk files are refreshed every 12 months, medium-risk files every 24 months and low-risk files every 36 months. A refresh re-tests ownership, screening, source of wealth and the stated purpose of the relationship. It is completed by the relationship owner and checked by compliance before it is signed off.

An event-driven review is triggered by a change of beneficial owner, a change of jurisdiction, a material change in transaction pattern, adverse information, or the appearance of a connected party on a designation list. Event-driven reviews take priority over scheduled ones and start on the day of the trigger.

A relationship with a refresh more than 30 days overdue is restricted. Restriction blocks new subscriptions, new drawdowns and outbound payments other than returns of capital. Only compliance lifts a restriction, and the fact of restriction is reported to the division head that week.

6. Roles and responsibilities

The Group Head of Client Onboarding owns this policy and the client acceptance model. The relationship owner named on each file is accountable for its accuracy and completeness, and that accountability is personal. It does not transfer when the relationship owner moves desk or office.

The Client Acceptance Committee approves high-risk relationships and any exception to this policy. It is chaired by the Group Head of Financial Crime and reports to the Compliance & Conduct Committee. Exceptions expire after 90 days unless renewed in writing with fresh reasons.

- The relationship owner gathers the evidence and signs the file.
- Compliance checks the file and records the risk rating.
- The Client Acceptance Committee approves high-risk relationships and time-limited exceptions.
- Internal Audit samples closed files each year against the requirements above.

7. Monitoring and reporting

Compliance reports monthly on files opened, files refreshed, files overdue, restrictions applied and exceptions granted. The report separates the six divisions. An overdue rate above 2 per cent of the population for two consecutive months requires a written remediation plan with dates.

The quarterly report to the Compliance & Conduct Committee adds trend commentary, the count of relationships declined and the count exited for diligence reasons. Client files, supporting evidence and decisions are retained for 10 years after the relationship ends.

8. Breaches and review

Opening a relationship without a completed file is a serious breach. It reaches the General Counsel and Group Head of Compliance within 24 hours, the relationship is suspended, and the file is completed or the relationship is exited within 30 days of the report.

This policy is reviewed annually and whenever the client acceptance model is recalibrated. Version 5.3 took effect on 16 June 2025 and set the beneficial ownership threshold at 20 per cent in place of 25 per cent. The 2026 review confirmed the standard and set the next review for June 2027.

Key controls

- Identity is verified from an independent source before the first transaction on every relationship.
- Beneficial ownership is traced to every natural person holding 20 per cent or more.
- Source of wealth is evidenced in writing for all 61 private-wealth family relationships.
- Every file carries a risk rating produced by the acceptance model and checked by compliance.
- Refresh cycles run at 12, 24 and 36 months by risk rating and are tracked centrally.
- A relationship more than 30 days overdue for refresh is restricted until the file is complete.
- High-risk relationships and exceptions are approved by the Client Acceptance Committee.
- Client files and supporting evidence are retained for 10 years after the relationship ends.

Related policies

- Anti-Money Laundering and Counter-Terrorist Financing (IGC-FC-001)
- Sanctions and Embargoes (IGC-FC-003)
- Client Classification and Eligibility (IGC-CC-001)
- Records Management and Retention (IGC-DT-003)

Colophon

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