



# ANTI-MONEY LAUNDERING POLICY

---

VERSION 2.1 AUGUST 2019



REED & MACKAY

**CONTENTS**

Policy Statement ..... 2

Policy Scope & Compliance ..... 2

Definition ..... 2

Due Diligence Requirements ..... 2

Enhanced Due Diligence And Prohibitions ..... 2

Record Keeping ..... 3

Guidance..... 3

Identifying Potential Money Laundering ..... 3

What To Do If Money Laundering Is Suspected ..... 4

After Reporting To The Mlro ..... 4

Policy Governance, Review & Revision..... 4

Communication, Awareness, Training & Queries ..... 4

## POLICY STATEMENT

Reed & Mackay has adopted a zero-tolerance approach to all forms of fraud, bribery and corruption, including money laundering. Reed & Mackay is committed to exercising due care and diligence to ensure that it conducts its business only with reputable clients, suppliers, partners and other third parties involved in lawful activities undertaken in good faith.

## POLICY SCOPE & COMPLIANCE

This policy applies to all Reed & Mackay employees, contractors, suppliers, partners and other 3<sup>rd</sup> party organisations with which Reed & Mackay work.

Willful or negligent disregard of this policy will be investigated and may be treated as a disciplinary offence.

## DEFINITION

Money laundering means exchanging money or assets that is criminally obtained for money or other assets that are 'clean'. The 'clean' money or assets do not have a link to any criminal activity. Money laundering also includes money used to fund terrorism, regardless of how it was obtained.

Traditionally money laundering takes place in three stages. The first stage involves placing illegal funds into the financial system to conceal the original source of the funds. The second stage involves a series of transactions from one account to another to disguise the origin of the monies. During the third stage the illegal funds are integrated into the financial system as legitimate funds.

## DUE DILIGENCE REQUIREMENTS

Reed & Mackay must obtain satisfactory proof of identity:

1. before engaging in a business relationship with a new client
2. for any transaction worth 15,000 euros or 10,000.00 US dollars (approximately £10,000) or more
3. for a new commercial business relationship which is intended to become ongoing
4. of an existing business relationship that has undergone a change in ownership or management and
5. longstanding business relationship where there is a change in the type or volume of business referred to Reed & Mackay

For details of acceptable proof of identity, employees should refer to the government approved 'Proof of Identify Checklist' for the local market they operate in.

All employees are required to exercise due diligence, record and promptly report all suspicious activities to the Group CFO, who is the appointed Money Laundering Reporting Officer (MLRO). In the MLRO's absence, reporting should be made to the Finance Director, who is the Deputy MLRO.

## ENHANCED DUE DILIGENCE AND PROHIBITIONS

In some situations, Reed & Mackay will carry out additional due diligence. For example, if the Company were to work with a Politically Exposed Person (PEP), such as an overseas member of parliament, a head of state or government or a government minister. This would also include any other situation where there is a higher risk of money laundering.

In addition to the due diligence requirements listed above, the following measures apply:

1. approval from a Director for establishing a business relationship
2. additional evidence of identity
3. establish the source of wealth / source of the funds involved
4. conduct enhanced ongoing monitoring of the business relationship

Reed & Mackay prohibits transactions/relationships with or on behalf of shell banks. A shell bank is a financial institution that does not have a physical presence in any country.

## RECORD KEEPING

Records are kept of all transactions. The records include but are not limited to the following:

- Daily records of transactions
- Receipts
- Cheques
- Client Correspondence
- Supplier Correspondence

Records are retained, for seven years after the business relationship ends or a transaction is completed. All financial transactions are reviewed at least once a month by the Group CFO.

## GUIDANCE

### IDENTIFYING POTENTIAL MONEY LAUNDERING

There is no simple rule which enables anyone to spot money laundering. Speculation or gossip is not a sufficient basis for knowledge or for suspecting anti-money laundering activity. However, it is not necessary to have evidence that money laundering is taking place to have reasonable grounds for suspicion. Unusual transactions may form a sufficient basis for a reasonable suspicion of money laundering.

When two or more of the following risk factors are present, there is a higher risk of money laundering, and serious consideration should be given to reporting the incident to the MLRO. These risk factors are:

- A transaction which is unusual in size, type or frequency compared to normal dealings
- A customer or client who is an unusual customer or client for the business, because of the client's size, location or type
- A client or third party who is evasive or reluctant to provide information about their business
- Unjustified substantial payment(s) in cash
- Complex financial transactions that are designed to conceal the source and ownership of funds
- Movement of funds overseas (especially to a higher risk country or tax haven) or into or out of a foreign currency
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational
- the absence of an obvious legitimate source of the funds employed in the transaction
- The cancellation or reversal of an earlier transaction
- A new client
- Concerns about the honesty, integrity or identity of the client
- Poor business records or internal accounting controls

- A previous transaction for the same client which has been, or should have been, the subject of a report

## WHAT TO DO IF MONEY LAUNDERING IS SUSPECTED

If money laundering is suspected:

1. report it to the MLRO immediately. In the MLRO's absence, reporting should be made to the Finance Director, who is the Deputy MLRO
2. do not contact any person suspected of engaging in money laundering as they may be alerted that they are under suspicion. Such contact may be considered 'tipping off' and is a criminal offence

Failure to report known or suspected money laundering activity will result in criminal prosecution.

## AFTER REPORTING TO THE MLRO

1. Do not tip off or inform the person suspected of money laundering activity
2. The MLRO investigates and either gives consent for the transaction to proceed or if there are reasonable grounds to believe that a client or third party is involved in money laundering, the MLRO will prepare a report to the relevant authority

## POLICY GOVERNANCE, REVIEW & REVISION

The following table identifies who within Reed & Mackay is Accountable, Responsible, Informed or Consulted with regard to this policy.

<b>RESPONSIBLE</b>	Group Chief Financial Officer (GCFO), Finance Director in the absence of the GCFO
<b>ACCOUNTABLE</b>	Group Chief Financial Officer
<b>CONSULTED</b>	HR Director, Finance Director
<b>INFORMED</b>	All employees all contractors, partner, suppliers and all other 3 <sup>rd</sup> party organisations Reed & Mackay work with

This policy will be reviewed as it is deemed appropriate, but no less frequently than annually.

## COMMUNICATION, AWARENESS, TRAINING & QUERIES

As part of Reed & Mackay's commitment to the anti-money laundering regulation, Reed & Mackay will communicate this policy to all employees during their induction. Training and guidance is provided to relevant employees on how to identify and deal with transactions related to the anti-money laundering regulation. This policy is accessible to all staff via INFORM, the company's intranet. Guidance is also included within this policy.

Suppliers are assessed for their commitment to the anti-money laundering regulation during the onboarding process and during the supplier review process.

A copy of this policy will be made available to clients and other interested parties upon request.

If a member of staff wishes to discuss any matter relating to money laundering regulations, they should contact the Governance, Risk Management & Compliance department, or the Group CFO.