

# ***Ebbon***

— GROUP —

## EBBON GROUP LTD

# ANTI-MONEY LAUNDERING POLICY & PROCEDURE

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### Revision History

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1.0	30 <sup>th</sup> May 2023		1 <sup>st</sup> Draft	Personalised to EG
1.1	15 <sup>th</sup> June 2023	All	Reviews by TH & SM	Reduced content to make it more appropriate
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## 1 DEFINITIONS

**CEO** – Chief Executive Officer

**BCP** – Business Continuity Plan

**ESG** – Environmental, Social and Governance

**The Company** – Ebbon Group Ltd (including trading as Ebbon Automotive), Ebbon Intelligence Ltd Licence Check Ltd and DriverCheck Ltd

**Directors** – the executive fiduciary directors (currently the 2 joint CEOs), the managing directors of Ebbon Automotive & Ebbon Compliance & the group IT director

**Employees** - permanent, fixed term, and temporary staff, any third-party representatives or sub-contractors, agency workers, volunteers, interns and agents engaged with the Company in the UK or overseas

**Interested Parties** – the owners, the employees, the customers & suppliers of the Company, the relevant authorities in the territories in which the Company operates and the community at large (including charities)

**Supply Chain** – the direct suppliers to the Company and their suppliers

**NCA** – the National Crime Agency

## 2 POLICY STATEMENT

**The Company** and its employees are committed to the highest standard of money laundering and terrorist financing prevention, including anti-fraud, anti-corruption and anti-bribery policies and measures. We have robust and effective risk assessment (using the Entropy platform) and due diligence measures and controls in place to ensure compliance with the current regulations, laws and standards and ensure continuous monitoring and training for a cohesive approach.

The Company deals with transactions of more than £10,000 which is why it is covered by the money laundering legislation.

## 3 PURPOSE

The purpose of this policy is to ensure that the Company complies with the obligations and requirements set out by UK legislation, regulations and rules regarding the prevention, identification and reporting of money laundering or terrorist financing. This includes ensuring that we have adequate systems and controls in place to mitigate the risks posed to the Company and its clients, including risk assessments and checks on financial processes & transactions.

Employees will be given periodic training on anti-money laundering to ensure that they understand this policy and how to identify and stop suspicious activity.

The Company will take all reasonable and practical steps to protect its employees and clients from exposure to money laundering and terrorist financing and ensure a company-wide, risk-based approach in the prevention of financial crime. Any actual or suspected acts of money laundering will be reported to the NCA.

## 4 SCOPE

This policy applies to all Employees and the Company's Supply Chain. Adherence to this policy is mandatory and non-compliance could lead to disciplinary action.

## 5 MONEY LAUNDERING?

**Money laundering** is the term used to describe the process or act of disguising or hiding the original ownership of money that has been obtained through criminal acts such as terrorism, corruption or fraud. Such monies are then moved through legitimate businesses or sources to make it appear 'clean'.

### 5.1 RELEVANT ACTS AND REGULATIONS

The Company is cognisant of relevant, prevailing legislation. Details can be found in the appendix.

### 5.2 WRITTEN RISK ASSESSMENT

The Company has developed a bespoke risk assessment template for assessing its risk and vulnerabilities in relation to money laundering and terrorist financing. This is utilised alongside our standard risk assessment procedures to create a written risk assessment; a copy of which can be supplied to the relevant supervisory authority upon request.

## 6 OBJECTIVES

To prevent financial crime and money laundering within our organisation, the Company aims to meet the following objectives: -

- Establish and maintain policies, controls and procedures to mitigate and effectively manage the risks of money laundering and terrorist financing.
- No payment of cash will be accepted by the company
- To maintain strict controls and procedures to detect and report any suspicious activity.
- Periodic risk assessments and audits of all AML and terrorist financing controls and systems.
- Implement procedures to enable the reporting of suspicions of money laundering.
- Maintain record keeping procedures.
- Utilise employee screening during the recruitment process to ensure due diligence.

## 7 PROCEDURES AND CONTROLS

The Money Laundering Regulations and associated legislation supervising financial crime prevention requires that all firms have robust and dedicated policies, procedures and controls in place to risk assess and combat money laundering. These controls include: -

- Risk assessment
- Monitoring, management and internal communication of policies and controls
- Record keeping
- Staff awareness and training
- Reporting suspicious activity
- Compliance management
- Reporting procedures

### 7.1 ANTI-BRIBERY & CORRUPTION

The Company operates a zero-tolerance policy with regard to bribery and corruption, we have a robust **Anti-Bribery & Corruption Policy** in place and recognise the impact that bribery and corruption have on the risks to money laundering.

### 7.2 RISK ASSESSMENT

**Our risk-based approach involves: -**

- Identifying the money laundering risks that are relevant to our business.
- Recording these risks on our risk register.
- Carrying out detailed risk assessments on the risks identified and registered.
- Developing controls and procedures to directly manage and reduce the impact of the identified risks.
- Monitoring the controls and improving their efficiency.
- Keeping records of all risk assessments, reviews and improvement action plans.

**When assessing the risks of money laundering and terrorist financing, we consider: -**

- The types of customers we have.
- Where those customers are based (*i.e. FATF high-risk countries, UK high-risk countries list*).
- Transaction types and volumes.
- Products and services offered and/or activities undertaken.
- Channels for individuals/companies to become customers.
- Third-party reliance and/or use.
- Payment processing (*i.e. cash, transfers (electronic or wire) etc*).

### **7.2.1 STANDARD DUE DILIGENCE ASSESSMENT**

As a B2B solutions provider it is unlikely that the Company would deal with an entity that was not registered with Companies House. In the event that the Company did engage with another entity it will conduct appropriate background checks to ensure that there was little or no possibility of the entity being a front for money laundering.

### **7.2.2 EMPLOYEE SCREENING**

The company has bespoke employee screening procedures and controls within its HR protocols and Due Diligence processes, which can be referred to for full details.

### **7.2.3 TRANSACTION MONITORING**

Day to day transactions (incoming) are managed by the finance function – i.e. reconciled against outstanding customer invoices. Unexpected incoming money would be alerted to directors, or in the event of suspected fraud the NCA.

All payments to suppliers and employees are authorised by directors. Anything unusual requires written shareholder approval. All claims and payments for business related expenses are subject to the controls found in the Ebbon Group Anti-bribery & Corruption Policy.

Financial transactions are subject to the Company's "4 eyes" based controls and external audit by BDO the 1<sup>st</sup> tier auditor.

## **8 RECORDS MANAGEMENT**

All documents, accounts and transactions associated with clients/customers are retained as per the legal or statutory retention periods, which currently stands at 7 years. Details of the below records are retained: -

- Identification and verification records
- Transaction lists
- Audit and review records
- Staff training files and assessment logs

## **9 TRAINING**

The Company has implemented a comprehensive Anti-Money Laundering and Financial Crime training program to ensure that all staff responsible for transaction processing and/or initiating and/or establishing business relationships, undergo AML knowledge, competency and awareness training. We understand that any business failing to provide training for relevant Employees could be in breach of the regulations and are therefore at risk of prosecution.

## APPENDIX – RELEVANT REGULATIONS

The UK has numerous Acts made by Parliament and regulations that govern money laundering and terrorist funding. **These include:** -

- The Terrorism Act 2000 (*as amended by the Anti-Terrorism Crime and Security Act 2001 (ATCSA) and the Terrorism Act 2006 (TA 2006)*)
- Proceeds of Crime Act 2002 (*as amended by the Serious Organised Crime & Police Act 2005*)
- Anti-Terrorism, Crime & Security Act 2001
- The Serious Crime Act 2007
- Criminal Finances Act 2017
- Terrorist Asset-Freezing etc. Act 2010
- Counter-terrorism Act 2008 (*Schedule 7*)
- The Money Laundering, Terrorist Financing and Transfer of Funds (*Information on the Payer*) Regulations 2017 (*including amendments*)

**The Proceeds of Crime Act 2002 (POCA)** came into effect on January 1, 2003 and provides for the confiscation or recovery of any proceeds from crime and contains the main money laundering legislation. It sets out the legislative scheme for the recovery of criminal assets, with criminal confiscation being the most commonly used power, which occurs after a conviction has taken place. Other means of recovering the proceeds of crime which do not require a conviction are provided for in the Act, namely civil recovery, cash seizure and taxation powers.

The money laundering provision in this Act, which is referred to in Part 7, is supported by The Money Laundering, Terrorist Financing and Transfer of Funds (*Information on the Payer*) Regulations 2017 (*including amendments (hereinafter referred to as the Money Laundering Regulations)*). Part 7 provides for various money laundering offences whereby a person commits an offence if they:

- conceal, disguise, convert or transfer criminal property or remove it from England, Wales, Scotland or Northern Ireland.
- enter in to or becomes concerned in an arrangement which he or she knows, or suspects facilitates the acquisition, retention, use or control of criminal property.
- acquire, use or have possession of criminal property.

**The Serious Organised Crime & Police Act 2005** came into effect on April 7, 2005 and created the National Crime Agency (NCA). Firms who are subject to the Money Laundering Regulations and laws should be familiar with the NCA as they are the agency associated with reporting suspicious activity and transactions. Suspicious Activity Reports (SARs) are made by a Money Laundering Reporting Officer (MLRO) or Nominated Officer (NO) to the NCA.

The NCA is responsible for gathering intelligence regarding the proceeds of crime and financial information arising from suspicions of money laundering.



**Anti-Terrorism, Crime & Security Act 2001** came into effect on December 14, 2001 and was initially introduced into Parliament after the 9/11 attacks in New York. Part 12 of the Act contains legislation regarding bribery and corruption and define what constitutes an offence.

**The Serious Crime Act 2007** created serious crime prevention orders and contains provisions for information sharing where fraud is a concern. It contains a schedule of what is classed as a serious crime in the UK, **which includes:** -

- *Money Laundering*
- *Fraud*
- *Corruption*
- *Bribery*
- *Tax Evasion*

In the UK, relevant laws and regulations regarding money laundering became effective in 1994 (*subsequently amended in 2003, 2007, 2017, 2019 and 2020*). The Money Laundering Regulations 2007 came into force in the UK on 15/12/2007 and The Money Laundering (Amendment) Regulations 2012 extended the scope of the Regulations. However, with the progression of technology and the digital age, a more risk-based approach was needed to combat terrorist financing and financial crime.

**Criminal Finances Act 2017** came into force in 2017 and supports the existing money laundering and financial crime legislation. It provides powers and capabilities for recovering the proceeds of crime, tackling money laundering, specific rules on tax evasion and corruption, and combating the financing of terrorism.

In June 2015, the European Union's **Fourth Anti-Money Laundering Directive (EU) (2015/849)** (MLD4) came into force, requiring all EU Member States to update their current money laundering regulations and transpose the changes into local law. In response to this Directive, the UK drafted **The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017**, effective from 26th June 2017 and repealing previous money laundering legislation. The MLR17 was further amended in 2019 to comply with the **Fifth Anti-Money Laundering Directive (EU) (5MLD)**.

As the UK is no longer a member of the EU, the MLR17 was further amended to ensure that the Money Laundering Regulations fit the UK's financial crime approach and framework. The amendments have been enforced under The Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019.

The new regulations place a higher emphasis on a risk-based approach, with risk assessments being pivotal in the prevention of financial crime. They also expand upon the previous customer due diligence requirements, providing extensive details of the measures to be taken and further clarification on simplified and enhanced due diligence.

The regulations also see the expansion of the Politically Exposed Persons (PEPs) definition and the introduction of a central register for beneficial owners.