ANTI-MONEY LAUNDERING POLICY

1. Introduction

1.1 What is money laundering?

Money laundering is the illegal process of disguising the origins of money obtained from criminal activities, making it appear to come from legitimate sources.

1.2 Money laundering process

Money laundering involves three main stages: placement, layering, and integration.

- **Placement:** The initial stage where illicit funds are introduced into the financial system. This can involve depositing cash into banks, purchasing assets, or using cash-intensive businesses to obscure the source of the money.
- **Layering:** Obscuring the origins of the money through a series of complex transactions. This can include transferring money between different accounts, using shell companies, or converting cash into other forms of assets like real estate or luxury goods.
- **Integration:** The laundered money is reintroduced into the economy, appearing to be legitimate. At this point criminals can use the funds without raising suspicion, as they seem to originate from lawful activities.

1.3 Risks to Aubrey Barker Fund

Involvement in money laundering usually takes the form of assisting those knowingly involved to achieve one of the three stages outlined above. As its primary activity is the payment of grants rather than receiving payment for goods or services, the risk of Aubrey Barker Fund ("ABF") becoming unwittingly involved in money laundering is not high. However, it has entered into an arrangement under which funding for specific projects is to be paid through ABF, and there are also aspects of anti-money laundering legislation and areas of risk relating to the making of payments, as outlined in the following section.

1.4 This legislation does not apply to ABF as it is not part of the "regulated sector". However, given that its main activity is passing funds to developing countries, potentially including those included in the list of "high-risk third countries" ("HRTCs") [Section 2 below], it is good practice to follow the legislative requirements.

1.5 Accordingly, because of the potential relevance of the legislation to the making of grants to individuals and organisations in developing countries, and the possible risks involved, the Trustees will follow the requirements of the Regulations set out below in every case where the circumstances in regulation 27 [paragraph 3.1 below] apply.

2. Money laundering and terrorist funding

2.1 2017 Regulations

The *Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017* (the "MLRs") require the UK regulated sector to apply **customer due diligence** in certain circumstances where a financial transaction is to take place. The MLRs also require **enhanced customer due diligence** in relation to HRTCs. The main purpose of this aspect of the MLR is to mitigate the risk of unwitting involvement in terrorist funding. Parties to whom ABF provides, or from

whom it receives, funding are “customers” in the context of the MLRs and this policy.

2.2 The current list of HRTCs is set out in **Appendix 1** to this policy. The list is updated three times a year, in February, June and October, and should be kept under regular review.

3. Customer due diligence

3.1 Regulation 27 of the MLRs includes the following provisions:

“(1) A relevant person must apply customer due diligence measures if the person—

(a) establishes a business relationship;

(b) carries out an occasional transaction that amounts to a transfer of funds within the meaning of Article 3.9 of the funds transfer regulation exceeding 1,000 euros; [para. 3.2 below]

(c) suspects money laundering or terrorist financing; or

(d) doubts the veracity or adequacy of documents or information previously obtained for the purposes of identification or verification.

(2) A relevant person who is not [types of organisation not relevant to Aubrey Barker Fund] must also apply customer due diligence measures if the person carries out an occasional transaction that amounts to 15,000 euros or more, whether the transaction is executed in a single operation or in several operations which appear to be linked.”

3.2 “*Transfer of funds*” is defined as “*any transaction at least partially carried out by electronic means on behalf of a payer through a payment service provider, with a view to making funds available to a payee through a payment service provider*, irrespective of whether the payer and the payee are the same person and irrespective of whether the payment service provider of the payer and that of the payee are one and the same …” [Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015]

3.3 Regulation 28 of the MLRs provides that, where a “person” is required under regulation 27 to carry out customer due diligence:

“(2) The relevant person must—

(a) identify the customer unless the identity of that customer is known to, and has been verified by, the relevant person;

(b) verify the customer's identity unless the customer's identity has already been verified by the relevant person; and

(c) assess, and where appropriate obtain information on, the purpose and intended nature of the business relationship or occasional transaction.

(3) Where the customer is a body corporate—

(a) the relevant person must obtain and verify—

(i) the name of the body corporate;

(ii) its company number or other registration number;

(iii) the address of its registered office, and if different, its principal place of business;

(b) subject to paragraph (5) [company listed on a regulated market], the relevant person must take reasonable measures to determine and verify—

(i) the law to which the body corporate is subject, and its constitution (whether set out in its articles of association or other governing documents);

(ii) the full names of the board of directors (or if there is no board, the members of the equivalent management body) and the senior persons responsible for the operations of the body corporate.”

3.4 It is likely that the circumstances set out in regulation 27(1) will apply in every case where a grant is paid; those set out in 27(2) may apply to larger grants including those paid in stages. Consequently a customer due diligence check is likely to have to be carried out in almost every case before a

commitment is made to pay or receive funding.

4. Enhanced customer due diligence

4.1 Regulation 33 of the MLRs includes the following (the provisions omitted do not, or are highly unlikely to, apply to Aubrey Barker Fund):

"(1) A relevant person must apply enhanced customer due diligence measures and enhanced ongoing monitoring, in addition to the customer due diligence measures required under regulation 28 and, if applicable, regulation 29, to manage and mitigate the risks arising -

(b) in any business relationship with a person established in a high-risk third country or in relation to any relevant transaction where either of the parties to the transaction is established in a high-risk third country;

(3) (b) a "relevant transaction" means a transaction in relation to which the relevant person is required to apply customer due diligence measures under regulation 27; [paragraph 3.1 above]

(c) being "established in" a country means—

(i) in the case of a legal person, being incorporated in or having its principal place of business in that country, or, in the case of a financial institution or a credit institution, having its principal regulatory authority in that country; and

(ii) in the case of an individual, being resident in that country, but not merely having been born in that country.

(3A) The enhanced due diligence measures taken by a relevant person for the purpose of paragraph (1)(b) must include—

(a) obtaining additional information on the customer and on the customer's beneficial owner;

(f) conducting enhanced monitoring of the business relationship by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination."

5. Carrying out a due diligence check

5.1 The first stage in every case should be:

i) to check whether the person or body receiving funds from, or paying them to, ABF is established in a HRTC (1.4 above) – in which case enhanced due diligence is required – by checking the list in Appendix 1; and

ii) to check that they are not on a debarred or sanctions list – in which case there should be no dealings with them. This check should be made at:

- World Bank: https://www.worldbank.org/en/projects-operations/procurement/debarred-firms
- UK Govt: https://search-uk-sanctions-list.service.gov.uk/

5.2 The specific details that constitute 'customer identity' depend on whether the client is an individual, a company, a partnership, a trust or some other legal entity. However, an entity is always run, controlled and financed by individuals, so the verification of individual 'customer identity' is the basis for all due diligence checks.

5.3 The components of individual identity that must be verified are:

- Full legal name
- Principal residential address and
- Date of birth

This information should be verified from two documents: one for name and one for address. These can comprise a passport, driving licence and bill from a utility provider or similarly traceable entity.

5.4 In the case of dealings with a company or some other entity a check should be made where possible on

company registration, charitable status etc.

5.5 The key steps to be taken when carrying out customer due diligence on a company are to obtain:

- the name of the organisation;
- its company number or other registration number;
- the address of its registered office, and if different, its principal place of business;
- the law to which it is subject, and its articles or constitution;
- the full names of the board of directors (or if there is no board, the members of the equivalent management body);

and assess whether any risk attaches to the individual(s) – in particular by carrying out the checks in 3.1 above.

5.6 In the case of a university, check that at the very least it has a functioning website.

5.7 As it is unlikely that the originals of individuals' documents will be provided, copies must be certified by a person in a position of trust whose existence and identity can be checked: for example someone in a senior position at a university or similar institution.

5.8 The certified document should have the following information on it:

- a statement that it is "Certified to be a true copy of the original seen by me" and where appropriate, "This is a true likeness of the person";
- the identity of the person certifying, and indication of professional status;
- their occupation and address or telephone number; and
- their signature and the date.

5.9 Where practicable and appropriate the required information and evidence should be requested at the time an offer of funding is made and (where deemed appropriate) before any funding is accepted ABF.

5.10 Where enhanced due diligence is required, undertaking one or more of the following will demonstrate this:

- using additional verification of identity methods;
- subjecting the 'customer' to more frequent reviews;
- undertaking the checks irrespective of whether the amount of the payment to be made or received exceeds the MLRs' thresholds (par. 3.1 above);
- obtaining 'sign-off' by ABF's Compliance Officer.

5.11 In the event that consideration is given to making a grant to an individual or entity established in one of the countries shown in italics in Appendix 1, Trustees must satisfy themselves that, in all the prevailing circumstances, the payment of a grant would be appropriate.

5.12 Guidance to carrying out due diligence checks is set out in **Appendix 2** to this Policy.

This version approved by Trustees on 26 February 2026

APPENDIX 1

"High Risk Third Countries" as at October 2025

Algeria
Angola
Bolivia
British Virgin Islands
Bulgaria
Cameroon
Côte d'Ivoire
Democratic People's Republic of Korea
Democratic Republic of the Congo
Haiti
Iran
Kenya
Lao PDR
Lebanon
Monaco
Myanmar
Namibia
Nepal
Nigeria
South Sudan
Syria
Venezuela
Vietnam
Yemen

Those shown in italics are subject to financial sanctions measures which require additional measures to be taken.

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