

Calnex Solutions plc

Anti-Money Laundering Policy

1. Introduction

The Calnex Board is responsible for establishing this Anti Money Laundering Policy (the “Policy”) for Calnex Solutions plc and its subsidiaries worldwide (together “Calnex” or the “Company”).

In response to the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 this policy aims to ensure that the Company and its employees comply with this legislation and with the laws in all the countries in which it operates and that the highest standards of due diligence are applied in relation to ‘know your customer’ principles.

Legislation has broadened the definition of money laundering and the range of activities where this can apply. Therefore, it is not just a concern for banks and the financial sector but now applies to all companies. This policy therefore sets out the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

This Policy will be communicated to all employees of Calnex, as well as business partners and other necessary individuals and entities. It applies to all Calnex employees, permanent and temporary, officers, consultants, contractors, casual workers and agency workers (collectively referred to as “Calnex personnel” in this policy) and, to the extent relevant, to any business partners acting as agents or associates or in any similar capacity on behalf of Calnex.

It extends to our businesses and transactions in all countries in which we and our business partners operate by reference to the relevant laws and regulations applying in those countries.

It is the responsibility of each Calnex employee to familiarise themselves with this Policy and ensure compliance with its terms. This Policy does not form part of any employee’s contract of employment and Calnex may amend it at any time.

2. Responsibility For This Policy

The Calnex Board has overall responsibility for this policy. The Company’s CFO has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering money laundering.

Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.

If employees have any doubts as to how to apply this Policy, they must make contact with their relevant manager who in turn should ensure that the CFO is fully aware of any guidance given.

3. What Is Money Laundering?

Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for ‘clean’ money or other assets with no obvious link to their criminal origins.

Criminal property may take any form, including money or money’s worth, securities, tangible property and intangible property. It also covers money, however come by, which is used to fund terrorism.

Money laundering activity includes:

- Acquiring, using or possessing criminal property
- Handling the proceeds of crimes such as theft, fraud and tax evasion
- Being knowingly involved in any way with criminal or terrorist property
- Entering into arrangements to facilitate laundering criminal or terrorist property
- Investing the proceeds of crimes in other financial products
- Investing the proceeds of crimes through the acquisition of property/assets
- Transferring criminal property.

4. The Company's Obligations

The Company has a responsibility to:

- Implement a procedure to enable the reporting of suspicious activity.
- Maintain customer identification procedures to 'know your customer', in relevant circumstances.
- Maintain adequate records of transactions.

5. Employee Obligations

Money laundering legislation applies to all employees. Potentially any member of staff could be committing an offence under the money laundering laws if they suspect money laundering or if they become involved in some way and do nothing about it. If any individual suspects that money laundering activity is or has taken place or if any person becomes concerned about their involvement it must be disclosed as soon as possible to the CFO.

Failure to do so may result in that member of staff being personally liable to prosecution. Guidance on how to raise any concerns is included in this policy document.

6. Relevant Circumstances

Money laundering regulations apply to all cash transactions with agents, third parties, property or equipment, cheques, cash or bank transfers.

Precautions should also be taken in respect of refunds requested following a payment by credit card or bank transfer. In these cases, refunds should only be made by the same method to the same account. In the event of an attempted payment by credit or debit card being rejected the reason should be checked prior to accepting an alternative card. If in any doubt about the identity of the person attempting to make a payment the transaction should not be accepted.

7. Due Diligence - 'Know Your Customer'

It is important that controls are in place to undertake due diligence i.e. steps to identify on any customer or other party dealing with the Company. Satisfactory evidence of identity must be obtained. Examples include for individuals:

- Passport or visa
- Birth certificate
- Correspondence with persons at their home address

And for other third parties,

- Letters or documents proving name, address and relationship.

If an organisation is not known to the Company:

- Look for letter-headed documents
- Check web-sites
- Request credit checks
- Or aim to meet or contact key sponsors as is appropriate to verify validity of contact.

Cheques drawn on an unexpected or unusual source should always be verified with regard to validity of the source.

8. Disclosure Procedures

Where a member of Calnex personnel knows or suspects that money laundering activity is taking or has taken place, or they become concerned that their involvement in a transaction may amount to a breach of the regulations, they must disclose this immediately to their line manager. If in consultation with their line manager reasonable suspicion is confirmed a disclosure report must be made to the CFO.

The report should include as much detail as possible including:

- Full available details of the people, companies involved including Calnex members of staff if relevant.
- Full details of transaction and nature of each person's involvement in the transaction.
- Suspected type of money laundering activity or use of proceeds of crime with exact reasons as to why it has raised suspicion.
- The dates of any transactions, where they were undertaken, how they were undertaken, and the likely amount of money or assets involved.
- Any other information that may help the CFO judge the case for knowledge or suspicion of money laundering and to facilitate any report to the National Crime Agency (NCA). Once a member of Calnex personnel has reported the suspicions to the CFO they must follow any instructions provided. They must not make any further enquires unless instructed to do so by the CFO. At no time and under no circumstances should they voice any suspicions to the person(s) they suspect of money laundering.

If appropriate the CFO will refer the case to the NCA who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise those 'tipping off' may be committing a criminal offence.

9. Action & Disclosure by the CFO

On receipt of a disclosure report the CFO will:

- Note the date of receipt and acknowledge receipt of it.
- Assess and advise the individuals concerned when a response can be expected.
- Consider the report and any other relevant information, undertaking further enquires necessary to decide if a report should be made to the NCA.

Once the CFO has evaluated the case a timely determination will be made as to if:

- There is actual or suspected money laundering taking place.
- There are reasonable grounds to know or suspect that is the case.
- Consent is required from NCA for a particular transaction to proceed.

Where the CFO concludes that the case should be disclosed to NCA this needs to be done:

- In a timely manner

- In the prescribed manner on a standard report format provided by NCA

Where the CFO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report will be marked accordingly.

10. Record Keeping

By keeping comprehensive records, the Company will be able to show that we have complied with the Money Laundering Regulations. This is crucial if there is a subsequent investigation into one of our customers or transactions.

The types of record kept may include:

- Daily records of transactions
- Receipts
- Cheques
- Paying-in books
- Relevant correspondence

Records may be kept in any of the following formats:

- Originals
- Photocopies
- Microfiche
- Scanned
- Computerised or Electronic

Records must be kept for five years beginning on either:

- The date a business relationship ends
- The date a transaction is completed

In practice in the course of normal business records will be routinely created and retained and these should be sufficient for this purpose.

11. Conclusion

Instances of suspected money laundering are likely to be rare given the nature of the Company's business. However, we must be aware of the legislative requirements, as failure to comply would have serious implications for both the Company and individuals concerned.

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