

**Northern Gas & Power Ltd  
Anti-Money Laundering Policy  
October 2019**

### Introduction

Under the Money Laundering Regulations 2017, we are required to put in place appropriate systems and controls to forestall money laundering. This policy contains information and procedures that we have developed to comply with these obligations.

Money laundering is the process by which the proceeds of criminal conduct are dealt with in a way to disguise their criminal origins and appear to be from a legitimate source.

Our capacity to be exposed to money laundering is relatively low when compared to many businesses. In a typical transaction, we broker a contract between customers based in the territory and an energy provider based in the territory. The energy provider will:

- Perform money laundering compliance checks on the money that the customer uses to pay its bills (ordinarily out of a bank account within the territory); and
- Pay our commission out of those cleared funds.

Our primary exposure comes if the energy provider receives un-cleared funds, such as the proceeds of crime, to pay its bill and then uses that money to pay us; we would be handling the proceeds of crime.

Whilst we would normally (and reasonably) rely upon the energy provider to verify the source of those funds and indeed we would say that the energy provider did not pay us out of those specific funds; we must remain vigilant.

### Offences: Proceeds of Crime Act 2002

The offences that might happen are these:

- **Basic money laundering offence** (section 327, POCA): to conceal, disguise, convert, or transfer the proceeds of crime, or to remove the proceeds of crime from the jurisdiction of England and Wales.
- **Aiding and abetting offence** (section 328, POCA): to enter into, or become concerned in an arrangement, in which the person knows or suspects the retention, use or control of the proceeds of crime
- **“Handling of stolen goods” offence** (section 329, POCA): to acquire, use, or possess the proceeds of crime
- **Failure to disclose:** failing to make an SAR to the Nominated Officer can be a defence to a principle money laundering offence. Failing to do so, where you know or suspect money laundering can be punishable by up to five years’ imprisonment, a fine, or both.
- **Tipping off:** you will commit an offence if you disclose to the person to whom the disclosure relates that you, or anyone else, has made an SRA. (This is only an offence *after* an SRA is submitted, not if it is just being considered)

- **Prejudicing an investigation:** you will commit a prejudicing an investigation offence if you disclose that an investigation is being considered or carried out, and that disclosure is likely to prejudice that investigation.

This requires knowledge or suspicion:

- An offence can only be committed if the person has either knowledge or suspicion of money laundering
- Suspicion does not have to be clear, or firmly grounded and targeted on specific facts, but must be more than merely fanciful.
- Knowledge or suspicion catches both “front line” criminals, and those facilitating or benefiting from crime (for example, professional individuals laundering for criminals, couriers, and family members living a lavish lifestyle)

### **Principles**

In order for us to protect ourselves from potential involvement in money laundering:

- Due diligence must be performed on all customers, before establishing a business relationship with them, who must provide basic information including:
  - Name
  - Address
  - Registration details
  - Corporate bodies
- When introducing new customers or customers who are known to be from high risk industries, unusual transactions, and highly complex transactions, you may wish to seek additional evidence of identity. This may include;
  - Checking organisation website to confirm the identity of personnel, business address and other details
  - Searching telephone directory
  - Evidence of the personal identity of the key contact officer (passport, photo, driving licence...)
- If satisfactory evidence is not obtained from the outset, the business relationship, or transaction, cannot proceed any further.

In the event that any suspicion arises:

- The Company will have appointed a Money Laundering Reporting Officer to receive disclosures about money laundering activity and be responsible for anti-money laundering activity within the Company.
- The MLRO will ensure that appropriate training and awareness is provided to new and existing employees.
- All employees must immediately report any suspicious activity to the MLRO in the prescribed form
- Once any matter has been reported to the MLRO, the employee must not make any further enquiry into the matter.
- Once the MLRO has received a report, it must be evaluated promptly to determine whether:
  - There is actual or suspected money laundering taking place; or
  - There are reasonable grounds to know or suspect this is the case; and

- Whether the MLRO needs to lodge a Suspicious Activity Report (SAR) with the National Crime Agency (NCA)
- When concluded that there is no reasonable grounds to suspect money laundering then consent will be given for any on-going or imminent transaction(s) to proceed
- All disclosure reports referred to the MLRO and reports made to the NCA will, and must, be retained by the MLRO in a confidential file for a minimum of 5 years after the transaction is completed
  - For avoidance of doubt, this will be 5 years after any contract concludes, so could be retained for up to 10 years following the initial suspicion.

### **Breach of Policy**

The Employee is reminded that any failure to adhere with the principles outlined this policy will not only be considered Gross Misconduct, but may also amount to a criminal offence.

This offence is governed by and construed in accordance with the laws of England, and any offences will be subject to exclusive jurisdiction of the English Courts.

### **Policy Review**

This policy will be reviewed regularly and at least annually.

**This policy has been approved & authorised by:**

**Name:** Chris Baty

**Position:** Group Finance Director

**Signature:**

