



# International House Trust Limited

(t/a International House London or IH London)

## Anti-Money Laundering Policy

### Document Control and Revision History:

Review every two years with approval via Finance, Audit, Risk and General Purpose Committee

Author	Summary of changes	Version	Authorised & Date
Vimala Jayaraman	<i>Created policy from inception</i>	1, May-Aug 2022	Sep 2022

Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It converts criminally derived 'dirty funds' into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them.

As International House London receives revenue from all over the world, for teaching, assessments, accommodation, and other services, it is exposed to the risk of being unwittingly used to launder funds.

IH London policy and aim is to fully comply with all UK legislation in relation to Anti Money Laundering, and to ensure it minimises the risk of money-laundering taking place in its operations. The risk mitigations are enumerated in clause 5 of this document.

## **1. Purpose**

The purpose of this document is to make staff and associated stakeholders of the organisation aware of the strict money laundering policy that we follow. IH London is committed to high standards of openness, transparency and accountability and to conducting its affairs in accordance with the requirements of regulatory bodies. As such, IH London has a zero-tolerance approach to money laundering and the policy applies to all activity undertaken by the organisation, both at home and abroad.

## **2. Definitions & Legislative Context**

The Money Laundering, Terrorist Financing & Transfer of Funds Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations (MLR 2007). The UK Anti-Money Laundering (AML) framework also incorporates the Proceeds of Crime Act 2002. MLR 2017 adopts a more risk-based approach towards anti – money laundering and how due diligence is conducted.

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There are three stages in money laundering; placement, layering and integration. Placement is where the proceeds of criminal activity enter into the financial system; layering distances the money from its illegal source through layers of financial transactions; finally, integration involves the re-introduction of the illegal proceeds into legitimate commerce by providing an apparently genuine explanation for the funds.

Office of Financial Sanctions Implementation (OFSI) maintains two lists of those subject to financial sanctions:

- 1) The Consolidated List of Asset Freeze Targets (the Consolidated List), which lists all asset freeze targets listed under UK autonomous financial sanctions legislation and UN sanctions; and
- 2) The list of persons named in relation to financial and investment restrictions, which is a separate list of entities subject to specific capital market restrictions OFSI publishes these lists to help businesses and individuals comply with financial sanctions.

### 3. Scope

This policy applies to all stakeholders dealing with IH London including staff, Directors, Trustees, students, and to third parties, including suppliers and contractors, undertaking business on behalf of IH London.

Money laundering is a criminal offence. In the UK, penalties include unlimited fines and/or terms of imprisonment ranging from two to 14 years. Offences include:

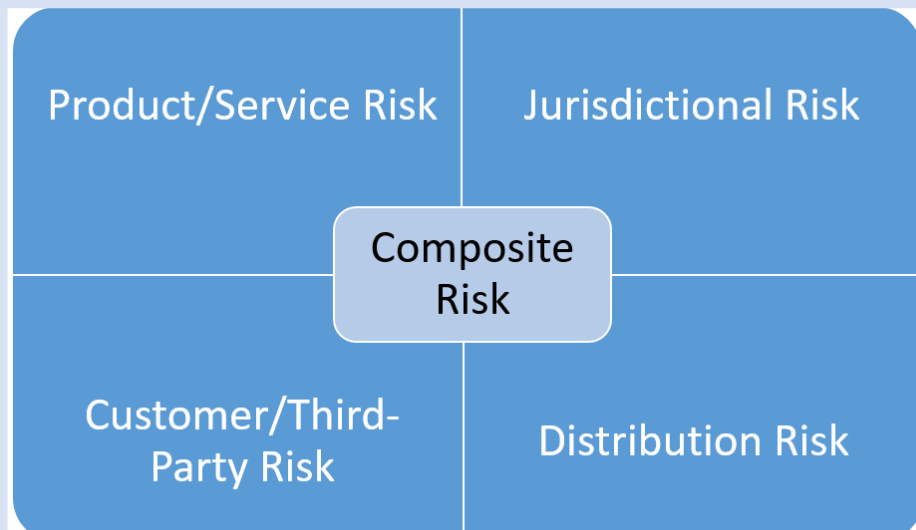
- Failing to report knowledge and or suspicion of money laundering
- Failing to have adequate procedures to guard against money laundering
- Knowingly assisting money launderers
- Tipping-off suspected money launderers
- Recklessly making a false or misleading statement in the context of money laundering

IH London could also face a range of sanctions for non-compliance, imposed by HM Revenue and Customs (HMRC) and /or the Financial Conduct Authority (FCA) in addition to action from Charities Commission.

Therefore, disciplinary action may be taken against members of staff who fail to comply with this policy.

### 4. Risk Assessment

MLR 2017 requires organisations to undertake a risk assessment and assess its exposure to money laundering. There are 4 main areas that need to be considered to assess its overall risk.



**Product / Service Risk** – This is the risk associated with delivery of activity including teaching, assessments, booking of other services including conferences and meetings.

**Jurisdictional Risk** – This is the risk associated with IH London’s operation out of different countries, location of students and customers, suppliers and agents.

**Customer/Third-Party Risk** – This is the risk associated with the people and/or organisations that we undertake business with including customers/third-parties, beneficial owners, agents,

contractors, vendors and suppliers. Politically Exposed Persons (PEP's) and Sanctioned Parties are also considered within this risk.

**Distribution Risks** - This is the risk associated with how we undertake business, including direct and indirect relationships (e.g. via an agent or third-party), face-to-face, digital/online and telephonic.

IH London's financial activity could be considered relatively low risk from the perspective of money laundering, however all staff need to be vigilant against the financial crime and fraud risks that the organisation faces day-to-day.

Possible signs of money laundering include:

- An individual or company makes a large unexpected payment but fails to provide evidence confirming their identity and reason for payment.
- An individual or company attempts to engage in "circular transactions" where a payment is made to IH London followed by an attempt to obtain a refund. For example, a student pays a significant sum, then withdraws and seeks a refund.
- A person or company undertaking business with IH London fails to provide proper paperwork (examples include charging VAT but failing to quote a VAT number or invoices purporting to come from a limited company, but lacking company registered office and number).
- A potential supplier submits a very low quotation or tender. In such cases, the business may be subsidised by the proceeds of crime with the aim of seeking payment from IH London in "clean money".
- Involvement of an unconnected third party in a contractual relationship without any logical explanation.

This list is not exhaustive and money laundering can take many forms. If there are any concerns, then these should be raised with IHL Governance by sending an email to [IHLGovernance@ihlondon.com](mailto:IHLGovernance@ihlondon.com) or anonymously through Whistleblowing. **Employees have a duty and responsibility to report anything suspicious, however minor.**

## 5. Risk Mitigation

IH London has a number of policies and procedures to minimise the risk of money laundering some of which are enumerated below:

- IHL has predominantly moved to a cashless operating model where cash is not accepted for fees and services.
- It provides, in this policy, and in regular meetings with relevant departments a helpful list of "warning signs" for anyone who suspects money laundering is taking place.
- IHL has introduced a number of key controls to reduce the risk of money-laundering including identification, which involves a robust "know your customer".

The Customer Experience and Sales departments are regularly updated on perils to avoid on money laundering. They have a clear route to report to a SMT member when anyone suspects money-laundering is taking place.

See last page for further proactive fortification initiatives planned for the future.

For the avoidance of doubt, International House London will not do business with anyone whom it suspects of taking part in any activity, knowingly or unknowingly, which it regards as linked with potential money-laundering.

Discussions are underway with a due diligence software to integrate with the CRM system as a further fortified preventative measure. This will be considered in 2023-24 when post-pandemic trading is fully recovered.

## 6. Know Your Customer and Supplier

Anti-Money Laundering Regulations requires that the organisation is reasonably satisfied with the identity of the customer and other stakeholders they are engaging with in a contractual relationship. To discharge the “reasonably satisfied” IH London must obtain a minimum level of personal information from a customer including date of birth and home address. For third parties’ letters or documents proving name, address and relationship should be obtained.

If an organisation is not known to IH London, then Letter Headed documents, website and credit checks should be undertaken as appropriate.

Under all circumstances, IH London must be clear on the purpose and the intended nature of the business relationship including the details of the products or service provided.

In most cases, IH London’s exposure to money laundering is likely to be low. Financial due diligence is already considered in procuring for products and services by procuring through the Crown Commercial Framework. Additionally, no business relationship should be setup with a high-risk country or with a politically exposed person, without appropriate approval sought from the Senior Leadership Team and suitably noted to the Board of Trustees prior to entering any such arrangement.

Such arrangements, if any, should be recorded via the Governance Framework Reporting by sending an email to Governance at [ihlgovernance@ihlondon.com](mailto:ihlgovernance@ihlondon.com) for review. Note that no contracts or transactions should be exchanged with such stakeholders until explicit approval is provided.

## 7. Cash Thresholds

MLR 2017 has reduced the limit for eligible cash transactions from €15,000 [£13,000] to €10,000 [£8,800] and is extended to receiving, as well as making, payments in cash.

***In the light of this and the security risk of carrying large amounts of cash, IH London implemented a policy of not accepting cash payments for fees.***

The rigour of validating and setting up student records will continue to be enforced. In addition, students are encouraged to pay by card or complete the payment by processing the payment via the local Barclays bank.

## 8. Unusual or Large payments

Unusual payments without a valid booking is not typical for IH London. If such an instance does occur, these should be investigated to establish what they are for and flagged to the department/division SMT member. The organisation’s bankers also advise on high-risk

countries and/or where financial transactions are from organisations, individuals from the sanctions list, these are either prohibited or flagged and heavily restricted.

**9. Processing Refunds:**

IH London will undertake appropriate checks before processing any refunds. Funds can only be refunded back to the original payer and cannot be refunded to a third party. Where the original payment has been received from abroad the refund will be to original foreign bank account and not to a UK bank account.

**10. Financial Sanctions Targets**

If the IH London is undertaking activities with entities and/ or individuals in any of the following countries or regimes, consult with your Divisional/Departmental SMT member so they can review and ensure that the proposed activity is not with an embargoed individual or organisation.

Afghanistan	Libya
Belarus	Mali
Bosnia and Herzegovina	Myanmar
Burma	Nicaragua
Burundi	North Korea
Central African Republic	Russia
Democratic Republic of the Congo	Somalia
Democratic People's Republic of Korea	South Sudan
Guinea	Sudan
Guinea-Bissau	Syria
Iran	Venezuela
Iraq	Yemen
ISIL (Da'esh) and Al-Qaida	Zimbabwe

The UK government publishes frequently updated guidance on financial sanctions targets, which includes a list of all targets. This guidance can be found at:

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>

**11. Roles and Responsibilities**

The Director of Finance along with the Senior Leadership team has responsibility for the Anti-Money Laundering Policy, which will be approved by the Finance, General Purpose, Audit, and Risk Committee.

All staff and students of IH London who needs to report suspicious activity must complete the Suspicious Activity Report (SAR) which can be accessed via the below link:

<https://forms.office.com/r/AAVddd0i1M> .

They should provide as much detail as possible and the report must be made in the strictest confidence, being careful to avoid “tipping off” those who may be involved.

Reports received on the Governance mailbox will be reviewed by the CEO and Director of Finance, along with the SMT. Such responsibilities could include:

- receiving reports of suspicious activity from any employee or stakeholder to the organisation;
- considering all reports and evaluating whether there is – or seems to be, any evidence of money laundering or terrorist financing;
- reporting any suspicious activity or transaction to the Serious Organised Crime Agency (SOCA) by completing and submitting a Suspicious Activity Report;
- asking SOCA for consent to continue with any transactions that must be reported and making sure that no transactions are continued illegally.

Money laundering legislation applies to **all** staff and stakeholders of IH London and obliged to report any suspected money laundering. **Staff could be committing an offence if they suspect money laundering (or if they become involved in some way) and do nothing about it.**

### **Further Controls Under Review – Implementation in Q4 2022 or in 2023**

*(i) Align reporting incidents with Whistleblowing policy*

*(ii) ID produced by candidates registering for a course or assessment is checked against Credit safe API*

*(iii) Contracts and transactions are restricted to suppliers and agents who are pre-approved and nominated organisations*

*(iv) Regularly source AML controls from Banking partners*

*(v) Cash receipts are restricted to deposits in bank, except for nominal values for social activities. Stripe integration and/or payment link from Salesforce will facilitate enforcing this.*