

ANTI-MONEY LAUNDERING AND FINANCIAL CRIME POLICY

Last updated: June 2026

1. PURPOSE

This Policy establishes the framework through which the UK Fund for Charities (UKFC) prevents, identifies, manages, and mitigates risks associated with money laundering, terrorist financing, fraud, bribery, sanctions breaches, corruption, and other financial crime risks.

2. SCOPE

This Policy applies to trustees, contractors, volunteers, beneficiaries and third-party partners where relevant.

3. DEFINITIONS

For purposes of this Policy:

Anti-Money Laundering (AML):

Measures implemented to prevent the use of charitable funds, donations, or operations for money laundering or other financial crime activities.

Beneficiary:

Any organisation, charity, programme, or entity receiving financial or operational support from UK Fund for Charities.

Counter-Terrorist Financing (CTF):

Measures designed to prevent the provision of funds or resources to terrorist organisations or activities.

Enhanced Due Diligence (EDD):

Additional verification and scrutiny measures applied to higher-risk donors, beneficiaries, jurisdictions, transactions, or activities.

Financial Crime:

Any unlawful activity involving fraud, bribery, corruption, sanctions breaches, terrorist financing, money laundering, or misuse of charitable funds.

Know Your Donor (KYD):

Procedures used to verify donor identity, legitimacy, source of funds, and potential financial crime risks.

Money Laundering:

The process of concealing, disguising, or converting criminal property or proceeds of crime to make them appear

legitimate.

Money Laundering Reporting Officer (MLRO):

The individual responsible for overseeing AML compliance, receiving internal suspicious activity reports, and coordinating escalation procedures.

Politically Exposed Person (PEP):

An individual who holds, or has held, a prominent public position, including close family members and associates, who may present a higher corruption or bribery risk.

Sanctions:

Restrictions or prohibitions imposed by the United Kingdom or international authorities on certain countries, organisations, entities, or individuals.

Suspicious Activity:

Any transaction, donation, payment, behaviour, or circumstance that appears unusual, unlawful, inconsistent with expected activity, or potentially linked to financial crime.

Third-Party Due Diligence:

The process of assessing and verifying the legitimacy, governance, and financial integrity of beneficiaries, partners, suppliers, or other associated organisations.

4. GOVERNANCE

UKFC has a minimum of three trustees, including a chairman. Trustee approval is required for all payments to beneficiary organisations. Policies are reviewed annually or sooner if required due to changes in law, banking requirements, operational activities, or identified risks.

The UKFC has appointed a Compliance Administrator to carry out duties within the scope of the Money Laundering Reporting Officer (MLRO) role. This role includes AML compliance. The Board retains overall accountability for AML and financial crime compliance.

5. AML & FINANCIAL CRIME CONTROLS

UKFC adopts a risk-based approach to AML and financial crime compliance and implements:

- donor due diligence procedures including enhanced due diligence for donations above £10 000.
- beneficiary verification procedures;
- sanctions and adverse media screening controls;
- payment authorisation controls;
- segregation of duties;
- transaction monitoring;
- suspicious activity escalation procedures;
- annual policy review processes.

6. DONOR DUE DILIGENCE (KYD)

Donations are accepted from individuals, corporates, trusts and foundations.

The UKFC does **not** accept cash donations, anonymous donations, crypto donations, or donations from politically exposed persons (PEPs). Refer to the UKFC's Know Your Donor Policy for more information on the process used to verify the source of donations.

7. THIRD-PARTY AND BENEFICIARY DUE DILIGENCE

Before approving beneficiary organisations, applications proceed through submission, document review, screening, risk assessment, trustee review, approval and monitoring. Refer to the UKFC's Third Party Due Diligence Policy for more details on how third-party due diligence is conducted and managed.

8. SUSPICIOUS ACTIVITY REPORTING AND ESCALATION

UKFC personnel must remain alert to indicators of potential fraud, money laundering, terrorist financing, sanctions breaches, bribery, corruption, financial misconduct, or other suspicious activity.

Examples may include unusual or unexplained donations or transactions; reluctance to provide requested due diligence information; sanctions or adverse media matches; unusual payment instructions or bank account changes; concerns regarding the legitimacy of donors, beneficiaries, suppliers, or third parties; and attempts to circumvent UKFC's policies, controls, or approval processes.

8.1. Reporting Requirement

Any person who becomes aware of, or suspects, suspicious activity must report the matter promptly to the Compliance Administrator or, where appropriate, the Chair of Trustees. The report should include sufficient information to enable assessment of the concern and any supporting documentation available.

8.2. Assessment and Escalation

The Compliance Administrator shall review the matter, conduct appropriate enquiries, and determine whether further investigation or escalation is required.

Matters involving potential financial crime, sanctions breaches, significant reputational risk, or material financial exposure shall be escalated to the Chair of Trustees and, where necessary, the Board of Trustees. Transactions or funding activities may be suspended pending review.

8.3. External Reporting

Where required by law, regulation, or regulatory guidance, UKFC may report matters to the appropriate authorities, including law enforcement agencies, the Charity Commission, the National Crime Agency, or sanctions authorities.

8.4. Confidentiality

All reports and investigations shall be treated as confidential and shared only with those who have a legitimate need to know. Individuals must not disclose the existence of a report or investigation, where doing so could compromise the review process or any regulatory or legal obligations.

9. TRANSACTION MONITORING

The UKFC shall monitor donations, grants, payments, and other financial transactions on a risk-based approach to identify unusual, suspicious, or potentially high-risk activity. Monitoring shall include review of transaction values,

frequency, payment methods, donor and beneficiary information, jurisdictions involved, and consistency with the UKFC's charitable purposes, expected funding patterns, and known due diligence information.

Transactions that appear unusual, inconsistent, unusually large, involve high-risk jurisdictions, sanctioned parties, unexplained changes in banking details, or otherwise give rise to financial crime, fraud, sanctions, or reputational concerns shall be subject to further review by the Compliance Administrator.

Where concerns cannot be satisfactorily resolved, the matter shall be escalated in accordance with UKFC's Suspicious Activity Reporting and Escalation Procedure, and the transaction may be delayed, suspended, rejected, or reported to the appropriate authorities where required.

10. PAYMENT CONTROLS

Payments up to £100,000 are initiated by the administrator and authorised by the Chairman on UKFC's online banking portal with Barclays Bank.

Payments exceeding £100,000 require in-person authorisation at Barclays Bank by the Chairman with supporting documentation and identification. No payments are made to personal bank accounts.

11. ONLINE BANKING CONTROLS

Online banking access is restricted to three trustees and one administrator. Passwords are confidential and may not be shared. Segregation of duties exists between payment initiation and approval.

12. SANCTIONS & OVERSEAS CONTROLS

The UKFC shall take reasonable and proportionate steps to ensure that it does not knowingly provide funds, services, or other support to individuals, organisations, or jurisdictions that are subject to applicable sanctions restrictions. Donors, beneficiaries, key controlling persons, and relevant third parties may be screened against applicable sanctions and watchlists, where appropriate, including those maintained by the UK Government and other relevant authorities, prior to the approval of funding or the establishment of a relationship. Enhanced due diligence processes are applied to overseas payments and higher-risk jurisdictions.

Where funds are to be transferred outside the United Kingdom, UKFC shall apply a risk-based assessment of the recipient, destination country, intended use of funds, and any sanctions, financial crime, regulatory, or reputational risks. Enhanced due diligence may be undertaken for higher-risk jurisdictions or transactions, and funding may be delayed, refused, suspended, or subject to additional oversight where concerns cannot be satisfactorily resolved.

13. RECORDKEEPING

The UKFC maintains relevant documentation of all key transactions and processes including donor, beneficiary, payment, due diligence, compliance and governance records securely and confidentially in accordance with UK legal and regulatory requirements of seven (7) years.

14. TRAINING

Trustees and relevant personnel receive periodic awareness training regarding AML, fraud prevention, sanctions, and financial crime risks.

15. POLICY REVIEW

This Policy will be reviewed annually or sooner where required by changes in legislation, regulatory expectations or operational risk.

Signed by:

A handwritten signature in black ink, consisting of a large, stylized capital 'S' with a vertical line through the center and a horizontal line at the bottom.

Chairman

Date: 4 June 2026