

**CLEAN AIR ACTION CORPORATION**  
**ANTI-MONEY LAUNDERING/COUNTER-TERRORIST FINANCING (AML/CTF) POLICY**

**1. GENERAL PROVISIONS**

- 1.1. *This policy document has been prepared by Clean Air Action Corporation to outline practice policy for the implementation of the risk-based approach for Anti-Money Laundering/Counter-terrorist financing (AML/CTF) and controls for AML/CTF.*
- 1.2. *All staff must read and become familiar with this policy document and the guidelines upon joining the company and be aware of their own personal legal obligations*

**2. CLIENT DUE DILIGENCE (CDD)**

- 2.1. *CDD must be carried out on new clients before starting to provide services.*
- 2.2. *Client acceptance checklists will be prepared for all clients to provide all the relevant information which must include original documentary evidence of identity and proof of address which must be verified independently. Refer to **Annex 1** for types of identification documents required for all client types*
- 2.3. *Where clients or client representatives are not met face-to-face, enhanced due diligence processes must be followed as outlined below*
- 2.4. *Clients must be checked for politically exposed person status (PEP). Checks **may include:***
  - 2.4.1. *a written declaration from the client that they are or are not a Politically Exposed Person once they have read the definition, and/or;*
  - 2.4.2. *an online or database electronic verification check.*
- 2.5. *Services must be declined if it appears that the client is being deliberately difficult in providing information for CDD.*
- 2.6. *It is the policy of Clean Air Action Corporation to update CDD information once every five years for standard/low risk clients, to ensure that information is up to date.*

**3. BENEFICIAL OWNERSHIP**

- 3.1. *Clients must be checked for the existence of any beneficial owners i.e. Persons who hold or control over 25% of the shares or voting rights or otherwise exercise control over the management of the company.*
- 3.2. *Where applicable, names, dates of birth and addresses of all beneficial owners must be received and recorded by the relevant staff member responsible for the client relationship acceptance or sign-off*
- 3.3. *In higher risk cases, staff must verify the identities of such beneficial owners, to verify the ownership and control structure of entities and may also supplement this process with checks using additional face-to-face meetings to verify the identity of beneficial owners.*

#### **4. ENHANCED DUE DILIGENCE MEASURES (EDD)**

- 4.1. *EDD measures to be applied include ensuring that the customer's identity and source of funds/wealth is verified by additional documents, data or information such as those outlined in Annex 1*
- 4.2. *Additional processes should include **at least** one additional document from Annex 1 or one or more of the following: **obtaining certified copies of identification / proof of address; an electronic database check; communicating with the customer in writing at their verified/confirmed residential address and requiring them to return a completed or signed/acknowledgement without alteration.***
- 4.3. *Higher risk clients must be subjected to more frequent and in-depth scrutiny of activity and source of funds/wealth/income.*

#### **5. PURPOSE AND INTENDED NATURE OF A BUSINESS RELATIONSHIP**

- 5.1 *The client file should include information on: the nature, size and volume of business done by the client; the anticipated nature of the relationship; nature and details of the business/occupation/employment; the expected source and origin of any funds to be used in the relationship; copies of recent and current financial statements. Generic statements should be avoided and details provided and supported by documentation.*
- 5.2 *The Terms of Engagement/Contract for Services must outline the services to be provided with sufficient detail to understand the intended nature and purpose of the relationship/services to be provided.*

#### **6. ONGOING MONITORING OF CLIENTS**

- 6.1. *We have an obligation to scrutinize transactions, services provided/requested, source of funds and other elements of knowledge collected in the customer due diligence process, to ensure the new information is consistent with other knowledge of the client. We also have a duty to keep the documentation concerning the client and the relationship update to date.*
- 6.2. *Should the client request additional or different services it may be necessary to carry out new or enhanced client due diligence checks to ensure that Clean Air Action Corporation has a good understanding of the source of wealth, the source of funds or the intended purpose of the new relationship*
- 6.3. *Where something unusual or inconsistent is spotted, the Board of CAAC must be formally notified immediately, the issue must be investigated and the Board must consider further action.*
- 6.4. *CDD checks including identification documents will be refreshed every five years, to ensure that documents remain valid and up-to-date.*

#### **7. SUSPICIOUS ACTIVITY REPORTING**

- 7.1. *All staff must report knowledge or suspicion, or where there are reasonable grounds for having knowledge or suspicion, that another person is engaged in money laundering, or terrorist financing. This is a **personal obligation** for every member of staff. Internal reports should be made in writing by email directly to the Board.*
- 7.2. *The reasons why a Suspicious Activity Report (SAR) was, or was not, submitted will be recorded in a **confidential and separate place from the client file**, with sufficient details and reasons for the course taken, for a period of 5 years.*

**8. RECORD KEEPING**

*8.1. The following records must be kept for five years from date we stop providing services to the client (i.e. end of the business relationship);*

*8.1.1. CDD documentation and supporting information*

*8.1.2. Records of internal suspicious transactions reports (if applicable)*

*8.2. Records of any Suspicious Activity Reports (SAR) and reasons for the report are also to be kept for 5 years and should be recorded separately from the client file.*

**ANNEX 1**

**Client Due Diligence documentation**

**A. Individuals / Directors / Main shareholders**

<b>Sources of identification evidence</b>	
<p><b>List 1: Evidence of identity</b></p> <ul style="list-style-type: none"> <li>• Acceptable photo identity valid passport; or</li> <li>• valid photo card driving license (full or provisional); or</li> <li>• national identity card; or</li> </ul> <p><i>Acceptable non-photo evidence of identity:</i></p> <ul style="list-style-type: none"> <li>• Documents issued by a government department, incorporating the person’s name and residential address or their date of birth,</li> <li>• documents issued by HMRC, (NB: employer issued documents such as P60s are not acceptable)</li> <li>• end of year tax deduction certificates</li> </ul>	<p><b>List 2: Evidence of address or date of birth</b></p> <ul style="list-style-type: none"> <li>• a recent (last available) utility bill (gas, water, electricity, telephone – <b>not</b> mobile ‘phone bills, <b>not printed from the internet</b>); it must be a bill or statement of account (<b>not</b> correspondence); or</li> <li>• instrument of a court appointment (such as a grant of probate, bankruptcy); or</li> <li>• current council tax demand letter or statement;</li> <li>• current (within the last 3 months) bank statements, or</li> <li>• credit/debit card statements issued by a regulated financial sector firm in the US, UK, EU or JMSLG equivalent jurisdiction (but not those printed off the internet); or</li> <li>• a file note of a visit by a CAAC BOD member to the address concerned (“home visit”); or</li> <li>• valid photo card driving license (full or provisional); or</li> <li>• evidence of entitlement to a state or local authority funded benefit (including housing benefit and council tax benefit), tax credit, pension, educational or other grant; or</li> <li>• a firearms/shotgun certificate; or</li> <li>• a solicitor’s letter confirming recent house purchase or land registry confirmation (you must also verify the previous address).</li> </ul>

<b>Private company/LLP</b>	
<p><b>Have you met a representative face to face?</b></p>	<p><b>Yes and normal risk</b> – obtain: Full company search from a national companies registry (or equivalent information obtained through a commercial provider of registry information)</p> <p align="center"><b>OR</b></p> <ul style="list-style-type: none"> <li>• Certified copies of taken from original documents evidencing details of incorporation or registration, registered office <b>and</b> list of directors and shareholders/members</li> <li>• Identify any shareholder/member in the entity holding more than 25% of the equity (rights to either income, capital or voting), or if there is no holding over</li> </ul> <p align="center">25%, where considered appropriate on a risk sensitive basis, the largest</p>

	<p>holding. <b>Repeat step above until appropriate ultimate beneficial owners have been identified.</b></p>
	<p><b>No and/or higher risk</b> – obtain</p> <ul style="list-style-type: none"> <li>• Select individual(s) and entities that is/are capable of exercising significant influence over this entity either as an appointed director, or as a shadow director or equivalent, <b>identify</b> it/them according to whether a legal or natural person</li> <li>• Select any shareholder/member in the entity holding more than 25% of the equity (rights to either income, capital or voting), or where no holding over 25%, the largest holding <b>and identify</b> it/them according to whether a legal or natural person</li> </ul> <p><b>Repeat step above until appropriate ultimate beneficial owners have been verified.</b></p>