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Anti-Money Laundering Policy

Department	Legal and Governance
Policy Owner	Director (Legal & Governance) & Company Secretary
Approved Date	November 2022
Date for Renewal	November 2024
Version Number	2.0

1. Introduction:

- 1.1 Money laundering is the process by which funds derived from criminal activity are given the appearance of being legitimate by being exchanged for clean money. That means that the proceeds of crime are 'cleaned up' by various means and then fed back into the financial system after a transaction or series of transactions designed to disguise the original source of the funds.
- 1.2 It is a requirement of the Financial Conduct Authority (FCA) that Flagship Housing Group Ltd maintains an Anti-Money Laundering Policy.
- 1.3 We acknowledge the potential for the organisation and staff to be exposed to attempted money laundering. Flagship's Anti-Money Laundering Policy therefore adheres to the relevant sections of the Proceeds of Crime Act 2002 and is prepared with reference to the Money Laundering and Terrorist Financing (Amendment) Regulations (2019)
- 1.4 We will therefore maintain relevant anti-money laundering practices having reference to the standards of the regulations.

2. Purpose:

- 2.1 This policy aims to maintain the high standards of conduct which already exist within the Group to prevent Flagship, our employees, tenants and customers from being used for money laundering purposes.
- 2.2 This policy establishes a framework for staff to follow to mitigate money laundering risk and aid the prompt reporting of any suspicions of money laundering.
- 2.3 Flagship recognises that money laundering risks are closely related to risks of other financial crime, including fraud and bribery and has separate policies that deal with these issues.

3. Scope:

- 3.1 This policy applies all persons working for Flagship Group (including all subsidiaries within the Flagship Group) or on its behalf in any capacity, including employees at all levels (including apprentices), Non-Executive Directors, agency workers, agents, contractors, third-party representatives and business partners, sponsors, or any other person associated with Flagship Group, wherever located

4. Policy Statement:

- 4.1 The organisation is committed to demonstrating the highest standards of integrity, probity, openness and accountability in all aspect of business conduct. We will implement appropriate systems and controls to protect against the risk of money laundering, with reference to the Money Laundering and Terrorist Financing (Amendment) Regulations (2019). The risk of

exposure to terrorist financing is considered to be low, and therefore the policies and procedures of Flagship focus primarily on its prevention of money laundering.

4.2 Staff at all times should:

- be alert to the possibility of money laundering by a customer or potential customer
- be wary of unusually large cash transactions or other suspicious transactions
- be wary of the absence of an obvious legitimate source of funds

4.3 Any employee could potentially commit a criminal offence if they suspect Money Laundering and do nothing about it.

4.4 It is the policy of the organisation to aim to avoid any and all action under this legislation by ensuring that all suspicious activity is reported to the Money Laundering Reporting Officer (MLRO).

4.5 Flagship's MLRO is:

Edward Marcus, Director (Legal and Governance) and Company Secretary –
0845 258 6218, edward.marcus@flagship-group.co.uk

4.6 Flagship's Deputy MLRO is:

James McCulloch, Director Legal Operations –
0845 258 6365, james.mcculloch@flagship-group.co.uk

5. Policy Principles:

5.1 **Anti-Money Policy and Procedures:** An Anti-Money Laundering Policy details the measures Flagship will take to mitigate money laundering risk. This will be used by the business for preparing procedural documents.

5.2 **Identify Customers:** we will carry out customer due diligence at the outset of the relationship with any tenant/member of the public including identification procedures, having a good understanding of the transaction, and ensuring that due diligence is kept up to date.

5.3 **Property Purchasers:** Where a client is intending to purchase a property (or a share of a property) through us, Flagship will not receive funds directly and the lawyers instructed by us will be expected to conduct appropriate anti-money laundering checks (in addition to our own), including validating source of funds.

5.4 **Reporting of Suspicious Activities:** All staff must be vigilant in identifying and reporting potential money laundering via the online fraud reporting form (available via bob or company websites) as a failure to disclose a suspicion is a criminal offence. If a report is deemed to have merit a relevant onward report will be made to the necessary authorities.

- 5.5 **'Tipping off'**: Extreme caution is required when a suspicion of money laundering is triggered as it is a criminal offence to inform the person who is suspected of money laundering that a report is being made and/or that an investigation is underway.
- 5.6 **Anti-Money Laundering Training**: Employees will receive Anti-Money Laundering awareness training at induction and employees engaged in activities at higher risk of money laundering shall undergo additional refresher training as appropriate.
- 5.7 **Anti-Money Laundering Risk Assessment**: Flagship will assess the level of money laundering risk exposure within the business on a regular basis and at least on each policy review and will determine the appropriate controls.
- 5.8 **Record Keeping**: We will maintain records in respect of suspicious activity reports and investigations securely for a period of at least 5 years.
- 5.9 **The Flagship Board is ultimately responsible for**: establishing and maintaining an environment that is hostile to money laundering.

6. Responsibilities:

- 6.1 **Flagship Governance, Audit and Risk Committee is responsible for**:
- approving this policy and ensuring adequate procedures are in place to mitigate the risk of money laundering.
- 6.2 **The MLRO is responsible for**:
- establishing and overseeing a framework for the identification, management and reporting of money laundering risk and incidents and ensuring there are adequate systems of internal control, which are reviewed regularly.
 - implementing this policy and for ensuring it is complied with through the design and application of relevant processes and procedures.
 - deciding what activity needs to be reported to National Crime Agency (NCA). NCA are responsible for any subsequent action.
- 6.3 **The Deputy MLRO is responsible for**:
- acting as the MLRO if the MLRO is unavailable for any reason
- 6.4 **Managers are responsible for**:
- ensuring that their staff are aware of their responsibilities within this policy and receive appropriate training.
- 6.5 **All stakeholders in scope of this policy are responsible for**:
- carrying out their work in accordance with the principles of this policy and associated procedures.
 - being vigilant at all times for any indicators of money laundering
 - ensuring any suspicions are reported to the MLRO promptly using the online fraud reporting form and are not disclosed to other parties.

7. Further Detail:

This policy is supported by:

- Anti-Money Laundering Risk Assessment
- Anti-Money Laundering Guidance

8. Further information:

Should you require further information about Anti-Money Laundering practise please contact the MLRO.

9. Monitoring & Review:

This policy is updated as required and formally reviewed every two years by Director (Legal and Governance) & Company Secretary. In addition, it is reviewed annually and approved by the Governance, Audit and Risk Committee.

Its effectiveness is reviewed through:

- Regular Groupwide Money Laundering Risk Assessments
- Review of the AML register; number and business spread of referrals to MLRO
- Lessons learned on case reviews and from any suspicions that have not been reported that should have been
- Monitoring of completion rates of money laundering training across the Group.