

## Purpose and Context

KGJ Price [Railway Contractors] is committed to the highest standards of probity in all of its financial dealings. It will therefore ensure that it has in place proper, robust financial controls so that it can protect its funds and ensure continuing public trust and confidence in it. Some of those controls are intended to ensure that KGJ Price [Railway Contractors] complies in full with its obligations not to engage or otherwise be implicated in money laundering or terrorist financing. This policy sets out those obligations, KGJ Price [Railway Contractors]'s response and the procedures to be followed to ensure compliance.

## Scope

This policy applies to all individuals, including senior managers, deans, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, or any other person associated with us or any of our subsidiaries or their employees, wherever located (and collectively referred to as workers in this policy) who are engaged in financial transactions on behalf of KGJ Price [Railway Contractors].

Certain functions under this policy are to be undertaken by a Nominated Officer. For the purpose of this policy, the Nominated Officer is the Managing Director and, in their absence the Finance Manager. Any failures to adhere to this policy may be dealt with under KGJ Price [Railway Contractors]'s disciplinary or other policies as appropriate. Note that any such failures also expose the individual concerned to the risk of committing a money laundering offence. This policy does not form part of any employee's contract of employment and KGJ Price [Railway Contractors] may amend it at any time.

### 1. What is money laundering?

Money laundering is the process by which the proceeds of crime are sanitised in order to disguise their illicit origins and are legitimised. Money laundering schemes come with varying levels of sophistication from the very simple to the highly complex. Straightforward schemes can involve cash transfers or large cash payments whilst the more complex schemes are likely to involve the movements of money across borders and through multiple bank accounts. Money laundering schemes typically involve three distinct stages:

- Placement – the process of getting criminal money into the financial system
- Layering – the process of moving the money within the financial system through layers of transactions.
- Integration – the process whereby the money is finally integrated into the economy, perhaps in the form of a payment for a legitimate service.

### 2. Money Laundering Warning Signs or Red Flags

Payments or prospective payments made to or asked of KGJ Price [Railway Contractors] can generate a suspicion of money laundering for a number of different reasons. For example;

- Large cash payments;
- Multiple small cash payments to meet a single payment obligation;
- Payments or prospective payments from third parties, particularly where
  - there is no logical connection between the third party and the student, or
  - where the third party is not otherwise known to KGJ Price [Railway Contractors], or
  - where a debt to KGJ Price [Railway Contractors] is settled by various third parties making a string of small payments;

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- Payments from third parties who are foreign public officials or who are politically exposed persons (“PEP”);
- Payments made in an unusual or complex way;
- Unsolicited offers of short-term loans of large amounts, repayable by cheque or bank transfer, prepaid in a different currency and typically on the basis that KGJ Price [Railway Contractors] is allowed to retain interest or otherwise retain a small sum;
- Donations which are conditional; on particular individual or organisations, who are unfamiliar to KGJ Price [Railway Contractors], being engaged to carry out work;
- Requests for refunds of advance payments, particularly where KGJ Price [Railway Contractors] is asked to make the refund payments to someone other than the original payer;
- A series of small payments made from various credit cards with no apparent connection to the student and sometimes followed by chargeback demands;
- The prospective payer wants to pay up-front a larger sum than is required or otherwise wants to make payments in advance of them being due;
- Prospective payers are obstructive, evasive or secretive when asked about their identity or the source of their funds or wealth;
- Prospective payments from a potentially risky source or a high-risk jurisdiction;
- The payer’s ability to finance the payments required is not immediately apparent or the funding arrangements are otherwise unusual.

### 3. Money Laundering - The Law

The law concerning money laundering is complex and increasingly actively enforced. It can be broken down into three main types of offences:

- The principal money laundering offences under the Proceeds of Crime Act 2002;
- The prejudicing investigations offence under the Proceeds of Crime Act 2002; and
- Offences of failing to meet the standards required of certain regulated businesses, including offences of failing to disclose suspicions of money laundering and failing

#### 3.1 The Principal Money Laundering Offences

These offences, contained in sections 327,328 and 329 Proceeds of Crime Act 2002, apply to any property (e.g. cash, bank accounts, physical property, or assets) that constitutes a person’s benefit (in whole or partly) where the person concerned knows or suspects that it constitutes or represents such a benefit. Any property which meets this definition is called criminal property. It is a crime punishable by up to fourteen years imprisonment, to:

- Conceal, disguise, convert or transfer criminal property or to remove it from the United Kingdom;
- Enter into an arrangement that you know or suspect makes it easier for another person to acquire, retain, use or control criminal property; and
- Acquire, use or possess criminal property provided that adequate consideration (i.e., proper market price) is not given for its acquisition, use or possession.

KGJ Price [Railway Contractors] staff can commit these offences when handling or dealing with payments to KGJ Price [Railway Contractors]: if they make or arrange to make a repayment, they risk committing the first two offences, and if they accept a payment, they risk committing the third offence.

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### 3.2 Defences

In all three cases, they will have a defence if they made a so-called authorised disclosure of the transaction either to the Nominated Office or the National crime Agency and the National Crime Agency does not refuse consent to it.

### 3.3 Failure to Disclose Offence

It is a crime, punishable by up to five years imprisonment, for a nominated Officer who knows or suspects money laundering or who has reasonable grounds to know or suspect it having received an authorised disclosure not to make an onward authorised disclosure to the National Crime Agency as soon as practical after they received the information.

### 3.4 The Offence of Prejudicing Investigations /Tipping-Off

The purpose of making an authorised disclosure to the National Crime Agency is to allow it to investigate the suspected money laundering so it can decide whether to refuse consent to the transaction. That investigation would be compromised if the person concerned (or indeed anyone else) were to be told that an authorised disclosure had been made. To prevent this happening section 342 Proceeds of Crime Act 2002 provides that it is a crime, punishable by up to five years imprisonment, to make a disclosure which is likely to prejudice the money laundering investigation. KGJ Price [Railway Contractors] staff can commit this offence if they tell a person an authorised disclosure has been made in their case. Authorised disclosures must be kept strictly confidential.

## 4. The Principal Terrorist Finance Offences

Whereas money laundering is concerned with the process of concealing the illegal origin of the proceeds from crime, terrorist financing is concerned with the collection or provision of funds for terrorist purposes. The primary goal of terrorist financiers is to hide the funding activity and the financial channels they use. Here, therefore, the source of the funds concerned is immaterial, and it is the purpose for which the funds are intended that is crucial.

Payments or prospective payments made to or asked of KGJ Price [Railway Contractors] can generate a suspicion of terrorist finance for a number of different reasons, but typically might involve a request for a payment, possibly disguised as a repayment or re-imbursement, to be made to an account in a jurisdiction with links to terrorism.

- Sections 15 to 18 Terrorism Act 2000 create offences, punishable by up to 14 years imprisonment, of:
- Raising, possessing or using funds for terrorist purposes;
- Becoming involved in an arrangement to make funds available for the purposes of terrorism; and
- Facilitating the laundering of terrorist money (by concealment, removal, transfer or in any other way).

These offences are also committed where the person concerned knows, intends or has reasonable causes to suspect that the funds concerned will be used for a terrorist purpose.

In the case of facilitating the laundering of terrorist money, it is a defence for the person accused of the crime to prove that they did not know and had no reasonable grounds to suspect that the arrangement related to terrorist property.

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Section 19 Terrorism Act 2000 creates an offence, punishable by up to five years imprisonment, where a person received information in the course of their employment that causes them to believe or suspect that another person has committed an offence under sections 15 to 18 of Terrorism Act 2000 and does not the report the matter either directly to the policy or otherwise in accordance with their employer's procedures.

## 4.2 The Offence of Prejudicing Investigations

Section 39 Terrorism Act 2000 creates an offence, punishable by up to five years imprisonment, for a person who has made a disclosure under section 19 Terrorism Act 2000 to disclose to another person anything that is likely to prejudice the investigation resulting from that disclosure.

## 5. Procedures

### 5.1 Overview

KGJ Price [Railway Contractors] will:

- Conduct an annual risk assessment to identify and assess areas of risk money laundering and terrorist financing particular to KGJ Price [Railway Contractors]:
- Implement controls proportionate to the risk identified;
- Establish and maintain policies and procedures to conduct due diligence on funds received;
- Review policies and procedures annually and carry out on-going monitoring of compliance with them;
- Appoint a nominated officer to be responsible for reporting any suspicious transaction to the National Crime Agency
- Provide training to all relevant members of staff, including temporary staff, on joining KGJ Price [Railway Contractors], and provide refresher training, and
- Maintain and retain full records of work done pursuant to this policy.

### 5.2 KGJ Price [Railway Contractors]'s Risk Assessment, Continuous Review and Accountability

At least once a year, and more frequently if there is a major change in circumstances, the Finance Manager will:

Conduct an assessment of money laundering and terrorist finance risk in KGJ Price [Railway Contractors]'s work

- Review and, if necessary, revise this policy in light of that risk assessment;
- Review and, if necessary, revise KGJ Price [Railway Contractors]'s arrangement for ensuring compliance with this policy so that resources are targeted to the areas of greatest risk; and
- Report to the Managing Director on all aspects of this policy including its implementation.

In order to facilitate the review and accountability functions the Finance Manager will ensure:

- The availability of appropriate management information to permit effective oversight and challenge; and
- The maintenance and retention of full record of work done under this policy.

In conducting the assessment of money laundering and terrorist financing risk arising from KGJ Price [Railway Contractors]'s work and funding activity, the Finance Manager will have regard to the KGJ Price [Railway Contractors]'s experiences and to any lessons learned in applying this policy. They will also take into account any guidance or assessments made by the UK government, law enforcement and regulators, Financial Conduct Authority. They may also have regard to report by nongovernmental organisations and commercial due diligence providers.

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### 5.3 Transaction Due Diligence

Due diligence is the process by which KGJ Price [Railway Contractors] assures itself of the provenance of funds it receives and that it can be confident that it knows the people and organisations with whom it works. In this way KGJ Price [Railway Contractors] is better able to identify and manage risk. Due diligence should be carried out before the funds are received. Funds must not be returned before due diligence has been reviewed.

In practical terms this means:

- Identifying and verifying the identity of a payer or a payee,
- Where the payment is to come from or to be made by a third party, identifying and verifying the identity of that third party;
- Identifying and verifying the source of fund from which any payment to KGJ Price [Railway Contractors] will be made; and
- Identifying and in some circumstances verifying the source of wealth from which the funds are derived.

Source of funds refers to where the funds in question are received from. The most common example of a source of funds is a bank account. Source of wealth refers to how the person making the payment came to have the funds in question. An example of a source of wealth is savings from employment.

### 5.4 Transaction Risk Assessment

Having completed its due diligence exercise, KGJ Price [Railway Contractors] will assess the money laundering and terrorist finance risk associated with the proposed transaction.

Where a transaction is considered as suspicious, or the member of staff dealing with the transaction considers there is a suspicion of money laundering or terrorist finance, they must report the case as soon as practicable, by email to the Finance Manager based on the template in Appendix One.

## 6. Implementation

The Finance Manager is directly responsible to the Managing Director for the implementation of this policy. As such, with the Managing Director's full support, they will ensure:

Regular assessments of KGJ Price [Railway Contractors]'s money laundering and terrorist finance risks are conducted and relied on to ensure the effectiveness of this policy;

- Appropriate due diligence is conducted as a result of which risks relating to individual transactions are assessed, mitigated and kept under review;
- This policy is kept under review and up-dated as and when necessary, as levels of compliance are monitored.

## 7. Monitoring

The Finance Manager will devise and implement arrangements to ensure that compliance with this policy is kept under review through regular file reviews, including reviews of due diligence and risk assessment, and reports and feedback from staff.

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To enable monitoring to be conducted and compliance with the policy to be evidenced, KGJ Price [Railway Contractors] will retain all anti money laundering and counter-terrorist finance records securely for a period of at least five years.

Mervyn Harris



Director

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## Appendix One

Template email to send to the Finance Manager (copy and paste into the email)

**SUBJECT: CONFIDENTIAL** - Suspected Money Laundering

Your Name:	
Department:	
Contact Details:	
Line Manager:	
<b>Details of transaction:</b>	
Name(s) and addresses of person(s) involved, together with details of their relationship with KGJ Price [Railway Contractors]:	
Nature, value and timing of activity involved:	
Provide details of any investigation taken to date:	
Have you discussed your suspicions with anyone and if so: on what basis?	
Any other relevant information?	