

ANTI MONEY LAUNDERING POLICY (“AML”)

1. Policy Overview

- 1.1 Money Laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of criminal activity in order to use illegal proceeds for a legitimate cause; e.g. the paying of bills.
- 1.2 Regulated businesses may be susceptible to money laundering schemes because an innocent company can be used to “launder” the illegal proceeds of a crime in order for those proceeds to look legitimate. For example, if illegal proceeds are invested by a criminal, the dividend or return that they receive by virtue of their investment will appear as legitimate proceeds of an investment.
- 1.3 Money Laundering is defined by three separate stages:
 - Placement** - the physical disposal of cash proceeds from illegal activity;
 - Layering** - disguising the audit trail by creating complex layers of financial transactions;
 - Integration** - placing the money back into the economy so that it appears legitimate.
- 1.4 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017 constitute the legal framework in the UK for the prevention of Money Laundering.
- 1.5 Money Laundering is a criminal offence. In the UK, penalties include unlimited fines and/or terms of imprisonment ranging from 2 to 14 years.
- 1.6 It is a breach of the law to knowingly assist a money launderer in connection with the proceeds of any crime. There is a penalty of up to 14 years imprisonment and/or an unlimited fine.
- 1.7 Failure to report suspicions concerning money laundering by a client, potential client, contact or colleague carries a penalty of up to 5 years imprisonment and/or an unlimited fine.
- 1.8 Disclosing to a client or anyone else that they are under investigation or subject to a report involving money laundering or fraud (known as “tipping off”), carries a penalty of up to 5 years imprisonment and/or an unlimited fine.

2. Scope

- 2.1 This policy applies to all employees and workers acting on behalf of Tilstone Partners Ltd and Warehouse REIT plc.

3. Role of the Financial Conduct Authority (FCA) and IQ-EQ

- 3.1 One of the FCA’s statutory objectives is the reduction of financial crime. The FCA’s rules aim to reduce the likelihood of the financial system being used for money laundering and increase the detection of laundered and illegal funds.
- 3.2 IQ-EQ acts as Compliance Manager for Tilstone Partners Ltd and Warehouse REIT plc. Money Laundering is a critical issue for the FCA, the Compliance Manager, Tilstone Partners Ltd, Warehouse REIT plc and all associated employees. As stated above, breaches of the rules and legislation can result in severe penalties and financial crime being undetected.
- 3.3 IQ-EQ as Compliance Manager has appointed a Money Laundering Reporting Officer (MLRO). This role has the responsibility for the establishment, maintenance and oversight of anti-money laundering systems and controls.

3.4 The appointed MLRO for IQ-EQ is Sam Watson. Email sam.watson@iqeq.com

3.5 The MLRO is responsible for:

- Receiving reports of suspicious activity from any employee in the business.
- 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).
- Asking SOCA for consent to continue with transactions that must be reported and ensuring no transactions are continued illegally.

4. Risk Assessment

4.1 The Money Laundering Regulations require a risk assessment to be undertaken to allow the business to assess its exposure to Money Laundering.

4.2 There are four main risk areas to be considered:

- Product/Service Risk – the risk associated with delivery of company activities.
- Jurisdictional Risk – the risk associated with the company’s country of operation and location of customers and agents.
- Customer/Third Party Risk – the risk associated with people and/or organisations with whom business is transacted
- Distribution Risk – the risk associated with how business is transacted – including direct and indirect relationships

5. Possible Signs of Money Laundering

5.1 Possible signs of money laundering may include:

- An individual makes a large unexpected payment to the company but fails to provide evidence and the reason for payment;
- An individual or company attempts to engage in “circular transactions” where a payment is made followed by an attempt to obtain a refund;
- An individual or company undertaking business fails to provide proper paperwork (e.g. charging VAT but failing to quote a VAT number or invoices purporting to come from a limited company, but lacking a 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 the company in “clean money”;
- Involvement of an unconnected third party in a contractual relationship without any logical explanation.

5.2 This list is not exhaustive and Money Laundering can take many forms. If there are any concerns, these should be raised with the Money Laundering Reporting Officer (MLRO).

6. Know your Customer/Supplier

6.1 Satisfactory “know your customer” checks must be conducted on potential customers to identify the following:

- Users of services
- Principal beneficial owners
- Origins of funds deposited or invested
- The nature of the business that the customer expects to conduct

6.2 Financial due diligence needs to be conducted in all cases of new client relationships.

7. Reporting Suspicious Activity

- 4.1 An individual who needs to report suspicious activity should contact the MLRO directly. The individual will need to provide as much detail as possible. The report will be made in the strictest confidence, being careful to avoid “tipping off” those who may be involved.
- 4.2 Please ensure you contact the MLRO directly in line with the contact details set out in 3.4 above.