

## 1. PURPOSE

This Due Diligence Policy sets out how Impact Financial Services Limited identifies and verifies customers in order to prevent money laundering, terrorist financing and other forms of financial crime.

This policy supports the firm's obligations under:

- The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (as amended)
- Proceeds of Crime Act 2002
- Terrorism Act 2000
- FCA Handbook and Financial Crime Guide
- Joint Money Laundering Steering Group (JMLSG) Guidance

## 2. SCOPE

This policy applies to:

- all advisers,
- all relevant employees,
- managers and supervisors,
- any person involved in regulated activity or client onboarding.

Customer Due Diligence (CDD) must be applied to all relevant business relationships.

## 3. WHEN DUE DILIGENCE IS REQUIRED

Customer due diligence must be applied where the firm:

- establishes a business relationship,
- carries out an occasional transaction,
- suspects money laundering or terrorist financing,
- doubts the veracity or adequacy of previously obtained identification information.

CDD must also be applied to existing clients on a risk-based basis, considering:

- customer type,
- product type,
- transaction structure,
- jurisdiction,
- behavioural indicators.

#### 4. IDENTIFICATION AND VERIFICATION

The firm must identify and verify:

- the customer,
- any beneficial owner (where applicable),
- the purpose and intended nature of the business relationship.

Verification must be carried out using reliable and independent source documents, data or information.

#### 5. TIMING OF VERIFICATION

As a general rule, verification must be completed before:

- establishing a business relationship, or
- carrying out an occasional transaction.

Verification may be completed during the establishment of the relationship where:

- it is necessary not to interrupt the normal conduct of business, and
- there is a low risk of money laundering or terrorist financing,

provided verification is completed as soon as practicable.

For life insurance policies, verification of beneficiaries may take place at or before payout or before a vested right is exercised.

Advisers are expected to obtain identification documentation at the earliest possible stage.

#### 6. ONGOING MONITORING

The firm undertakes ongoing monitoring throughout the business relationship, including:

- scrutiny of transactions,
- assessment of source of funds where appropriate,
- ensuring customer information remains accurate and up to date,
- identifying activity inconsistent with the customer's profile or risk rating.

#### 7. FAILURE TO COMPLETE DUE DILIGENCE

Where required due diligence cannot be completed, the firm must:

- not establish a business relationship,
- not carry out transactions,
- terminate an existing relationship where appropriate,
- consider whether escalation to the MLRO is required.

Any inability or refusal to provide suitable identification must be treated as a potential red flag and escalated to the MLRO.

## 8. ENHANCED DUE DILIGENCE (EDD)

Enhanced Due Diligence must be applied where higher risk is identified, including:

- non-face-to-face relationships,
- high-risk jurisdictions,
- complex or unusual transactions,
- politically exposed persons (PEPs),
- other high-risk customers.

EDD measures may include:

- obtaining additional identity documents,
- verification or certification of documentation,
- confirming source of funds and source of wealth,
- open-source research,
- independent or senior management review,
- enhanced ongoing monitoring.

EDD must be proportionate to the level of risk identified.

## 9. CORPORATE AND INSTITUTIONAL CLIENTS

### Corporate Clients

For corporate clients, due diligence must establish:

- legal existence,
- ownership and control structure,
- identity of directors and beneficial owners.

Simplified measures may be appropriate where the entity is:

- publicly listed on a recognised exchange, or
- a subsidiary of such an entity.

For unlisted or unknown companies, additional verification must be undertaken.

### Institutional Clients

For institutions such as charities, pension schemes or public bodies, verification may be supported using official registers or reputable independent sources.

## 10. POLITICALLY EXPOSED PERSONS (PEPs)

PEPs include individuals who:

- hold or have held prominent public functions,
- as well as their immediate family members and known close associates.

PEP status does not imply wrongdoing but indicates higher risk.

Before establishing or continuing a relationship with a PEP:

- Enhanced Due Diligence must be applied,
- senior management approval is required,

- enhanced ongoing monitoring must be in place.

UK-based individuals in prominent public roles may be treated as high-risk customers under a risk-based approach.

All potential PEP cases must be referred to the MLRO.

## 11. SUSPICION, ESCALATION AND REPORTING

Where suspicion of money laundering or terrorist financing arises:

- advisers must escalate concerns immediately to the MLRO,
- the transaction must not proceed without instruction,
- a Suspicious Activity Report (SAR) may be submitted where required.

Staff must not disclose the existence of any SAR or investigation to the client.

## 12. RECORD KEEPING

Due diligence records must be:

- accurate,
- complete,
- retained in line with regulatory requirements,
- readily accessible for audit and regulatory review.

Records must demonstrate the firm's risk-based approach.

## 13. REVIEW OF THIS POLICY

This policy is reviewed:

- at least annually,
- following regulatory change,
- or following a significant financial crime or compliance event.

## APPENDIX A – PRACTICAL DUE DILIGENCE EXAMPLES

*(Operational Guidance)*

### **Example 1 – Standard Individual Client**

UK resident, face-to-face or video meeting, standard mortgage or protection product.

**Action:** Standard CDD only.

### **Example 2 – Non-Face-to-Face Client**

Remote onboarding without physical meeting.

**Action:** Apply EDD-light, obtain additional verification and monitor.

### **Example 3 – Gifted Deposit**

Deposit provided by family member.

**Action:** Identify donor, verify source of funds.

### **Example 4 – Corporate Client (UK Ltd)**

Private limited company, not publicly listed.

**Action:** Identify directors, beneficial owners, ownership structure.

**Example 5 – Politically Exposed Person (PEP)**

Client or close associate holds public office.

**Action:** Full EDD, senior management approval, enhanced monitoring.

**Example 6 – Client Unable or Unwilling to Provide ID**

Documents withheld or inconsistent.

**Action:** Stop process, escalate to MLRO, consider SAR.

**Example 7 – Existing Client With Changed Circumstances**

Sudden unexplained financial change.

**Action:** Refresh CDD, reassess risk, enhanced monitoring if required.

**Example 8 – MLRO Escalation Triggers**

Escalate immediately where:

- documentation appears false,
- source of funds is unclear,
- unusual pressure or urgency is applied,
- repeated inconsistencies occur,
- adviser has reasonable concern.

**Policy Review and Approval:**

This policy will be reviewed annually or more frequently if required by changes in regulations or the needs of the firm. All amendments will be documented and communicated to all staff members.