

Prevention of Money Laundering and Terrorist Financing Policy

Ellen MacArthur Foundation ('EMF', 'our', 'we') and our External Lottery Manager, Postcode Lottery Limited trading as People's Postcode Lottery ('PPL'), are committed to ensuring that our lottery is operated in a crime free, fair and open way. This policy applies to all EMF employees and sets out procedures for the reporting of suspected money laundering or terrorist financing activities with the aim of avoiding such criminal activity.

It should be read alongside our Whistleblowing and Anti-Bribery and Anti-Corruption Policies.

The risk assessment of the gambling industry published by the Gambling Commission in October 2018 entitled 'Money laundering and terrorist financing risk within the British gambling industry', rated the risk of money laundering and terrorist financing in the lotteries sector as low. We are not, however, complacent about the potential for money laundering or terrorist financing taking place, and we have carefully considered the contents of this risk assessment.

It is possible that people seek to buy subscriptions to play in our society lottery to launder money or finance terrorists. The lack of certainty of a return on a subscription and the fact that an individual can only play with a maximum of £60 per month make it unlikely our society lottery would be an attractive vehicle for money laundering or terrorist financing. Nevertheless, we have considered the possibility of such activities and if employees have a suspicion of money laundering or terrorist financing it must be reported as detailed in this policy. Failure of an employee to comply with the procedures defined in this policy may lead to disciplinary action in line with EMF's Disciplinary Policy.

We and PPL have considered situations in which money laundering or terrorist financing could potentially occur and taken measures to prevent exposure to money laundering or terrorist financing and to comply with the relevant legal and regulatory requirements. PPL has appointed a Money Laundering Reporting Officer ('MLRO') and deputy MLRO and developed a process for employees to submit reports to them.

PPL Heads of Department and Directors and our Annex A holders will stay up to date with general risks affecting the industry. It is the responsibility of every employee to be vigilant and act promptly in all suspected cases.

1. Obligations and risk-based controls we and PPL take to mitigate the risks

1.1 The Proceeds of Crime Act 2002 (POCA) and the Terrorism Act 2000 place obligations on us, PPL and our employees with respect to suspected money laundering. The key points are:

- Employees must be vigilant for the signs of money laundering;
- Any employee who suspects money laundering activity must report this promptly to our Annex A holders or PPL's MLRO;
- Our Annex A holders or PPL's MLRO will receive all internal disclosures, decide whether they should be reported to the National Crime Agency (NCA), and if appropriate make any external report to the NCA.

1.2 The following controls are in place:

- PPL do not accept subscription payments in cash;

- No deposits by customers are left unallocated. Each subscription is £10 and the maximum number of monthly subscriptions that an individual may have is six. The maximum number of monthly subscriptions that can be sold per transaction is three;
- There is an internal procedure whereby all customers winning over £1,000 will be notified by the PPL customer service team or communications team;
- Data Insights identify any individual that attempts to sign up for more than six tickets;
- For all card payment winnings over £3,000, the identity of the player must be verified electronically using an appropriate validation tool, such as Experian Bank Wizard Absolute. If this verification proves insufficient, the player must provide a copy of a bank statement dated within the last 6 months and a copy valid form of photographic ID, in order to claim the prize.
- For all winnings of £15,000 or over the identity of the player will be verified using Experian Bank Wizard Absolute. Should this verification prove insufficient, the player must provide a copy of a bank statement dated within the last 6 months and a copy valid form of photographic ID to claim the prize.

2. What is Money Laundering/Terrorism financing?

In general terms, money laundering is the process by which the proceeds of crime are changed so that they appear to come from a legitimate source. There are three acknowledged phases:

- Placement: where money generated from crime is placed in the financial system;
- Layering: where money passes through transactions designed to obscure the origin of it;
- Integration: where the funds appear in the financial system as apparently legitimate.

It is also worth noting that the offence of money laundering does not need to involve all of the stages (or any) of the laundering process (as set out above), and covers using criminal proceeds to fund gambling as a leisure activity.

The following acts are defined as primary money laundering offences:

- Concealing, disguising, converting, or transferring criminal property or removing criminal property from the UK;
- Entering into, or becoming concerned in, an arrangement which you know or suspect will assist the acquisition, retention, use or control of criminal property or on behalf of another person;
- Acquiring, using or possessing criminal property.

Two secondary offences are also defined which relate to the failure to disclose any of the three primary acts and “tipping off”. Tipping off is where someone informs a person or persons involved in, or suspected to be involved in, money laundering acts in such a way as to reduce the likelihood of their being investigated.

Under the Terrorism Act 2000 it is an offence to make funds available to a person you know or reasonably suspect will or may use such funds for the purposes of terrorism – this includes engaging in or facilitating terrorism as well as raising or possessing funds for terrorist purposes. If you have such a suspicion this must be reported to the Money Laundering Reporting Officer immediately.

3. The Money Laundering Reporting Officer

PPL nominate an officer to receive disclosures about money laundering activity or terrorist financing, the 'MLRO'. PPL's MLRO, or Deputy MLRO, will deal with all disclosures confidentially and make decisions on reporting the activity to the NCA in the appropriate manner. PPL's MLRO is the PPL Head of Legal & Risk and the Deputy MLRO is the PPL Compliance Manager.

4. Reporting

Any EMF or PPL employee who suspects money laundering or terrorist financing activity in relation to EMF's lottery should report their suspicions immediately to PPL's MLRO, or in their absence the deputy MLRO, using the form annexed as Attachment A. Please copy in the Annex A Holders listed in Attachment A. Upon receipt of the report PPL's MLRO (or deputy) may contact you directly to discuss the content of the report as required.

No further enquiries should be made about the suspected money laundering/terrorist financing activity after reporting it to PPL's MLRO (or deputy) for action. No further steps in any transaction relating to the suspected money laundering/terrorism financing activity should be made without authorisation from PPL's MLRO (or deputy). Any employee reporting their suspicions to PPL's MLRO (or deputy) should not discuss the matter with others or note on file that a report has been made to PPL's MLRO (or deputy) as this may result in the suspect becoming aware of the situation. PPL's MLRO (or deputy) will promptly evaluate any Disclosure Report to determine whether it should be reported to the NCA. All disclosures will be retained on file for five years.

5. Financial Sanctions List

HM Treasury produce a list of people, businesses, organisations and financial institutions that we are not allowed to deal with by law. PPL undertake a monthly review of the UK based individuals within this list against our player base.

6. Guidance and Training

PPL and EMF will make all relevant employees aware of the requirements and obligations arising in respect of money laundering/terrorist financing and provide formal training to all relevant employees on an annual basis.

REVIEW

This policy will be reviewed annually, and shall be updated in light of any changes of circumstances, including the introduction of new products or technology, new methods of payments by customers, changes in the customer demographic and any other material changes.

ATTACHMENT A

MONEY LAUNDERING / TERRORIST FINANCING REPORTING FORM

PPL's Money Laundering Officer (MLRO) Fraser Lovell PPL Head of Legal & Risk

The Deputy Money Laundering Officer (Deputy MLRO) Lynne Furze PPL Compliance Manager

EMF Annex A holders

Jo Bootle EMF Chief Operating Officer. Jo.bootle@emf.org

Jon Ely EMF Executive Lead: Philanthropy. jon.ely@emf.org

From: _____

[insert name of employee]

[insert job title]

Contact No: _____

Details of suspected offence:

Names(s) and address(es) of person(s) involved:

[if a company/public body please include details of nature of business]

Nature of suspicions regarding such activity:

[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)? (Please tick the relevant box)

Yes No

If Yes, please include details below:

Signed: _____ Dated: _____

Please do not discuss the content of this report with anyone, including, in particular any individuals disclosed in this form. To do so may constitute a tipping off offence, which carries a maximum penalty of five years' imprisonment.