

Financial Crimes Compliance: Policy Statement

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Financial Crimes Compliance: Policy Statement

The Homes and Communities Agency (HCA) is committed to the highest standards in the prevention of Money Laundering (AML), Bribery and Corruption (ABAC), Counter Terrorism Financing (CTF), Fraud and other punishable criminal acts. We will adhere to all laws and regulations applicable to our business activities and expect our customers to have the same standards.

In particular, in line with UK government stated expectations, we require our customers to pay all relevant UK taxes. We will obtain independent tax advice where we feel that this is necessary, the output of which may determine whether we can enter into or continue an existing relationship with you in the event of any concerns being raised.

The HCA is a non-departmental government body which is governed by the Housing and Regeneration Act 2008 and is accountable to the Department for Communities and Local Government.

The HCA is registered with the financial services regulator, the Financial Conduct Authority (FCA), for supervision of its AML controls in relation to the lending activities carried out by the HCA Investment directorate as required by the Money Laundering Regulations 2007 (MLR). We are therefore required to comply with legal as well as relevant FCA regulatory requirements with regard to the prevention of AML/CTF.

Consequently, the HCA has developed a set of policies and procedures outlining its general standards and principles. A summary of our compliance requirements is available via the links below.

Please ensure you understand these requirements when applying for funding from the HCA.

Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF)

To facilitate compliance with anti-money laundering laws, the HCA has developed an anti-money laundering programme, consisting of policies, procedures, internal controls and systems. The Policy also makes clear the Agency's commitment to cooperate with governmental and law enforcement authorities in connection with transactions involving the Agency.

The HCA AML and CTF policy is designed to ensure that all HCA employees are well informed with respect to their customers and the nature of the transactions entered into. The objectives of the Policy are to:

- Comply with Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) laws and regulations;
- Observe Know-Your-Customer (KYC) principles and customer identification requirements;
- Recognize, investigate and report suspicious activity;
- Protect the reputation and integrity of the HCA.

This detailed AML/CTF compliance programme is risk-based and includes, but is not limited to:

- AML policies and procedures to ensure compliance with AML laws and regulations;
- The identification of potential AML risks impacting HCA;
- Customer risk assessment and enhanced due diligence for increased risk clients;
- Customer identification and verification, including the identification of beneficial owners; including a refresh programme that ensures customer risk assessment and verification documentation remain current and up to date;

- The identification and risk assessment of Politically Exposed Persons (PEPs);
- Screening of customers against relevant financial sanctions lists;
- Internal procedures for identifying and reporting suspicious activities, including procedures for onward transmission of suspicious activities to the appropriate financial intelligence unit (FIU);
- The provision of advice and management reports to senior management regarding regulations and compliance with these regulations;
- Regular staff training and awareness, including training of senior management;
- The promotion of effective compliance and the assurance of oversight and follow-up actions in the event of non-compliance;
- The appointment of designated compliance personnel responsible for coordinating day-to-day compliance;
- The retention of relevant records and compliance with data protection laws and requirements.

Know Your Customer (KYC)/Client Due Diligence (CDD)

The HCA adopts a risk based approach to CDD and has developed a strict KYC programme to ensure its customers are subject to appropriate identification and monitoring measures. This programme includes not only knowing its clients and the entities it deals with (either as a single transaction or ongoing relationship), but also the Ultimate Beneficial Owners, Legal Representatives and Authorised Signatories where appropriate.

The programme includes strict identification requirements, name screening procedures and the ongoing monitoring and regular review of all existing business relationships. Special safeguards are implemented for business relationships with politically exposed persons (PEPs) and clients from countries or industries deemed high risk.

Specifically, and in compliance with UK legal and regulatory requirements, the **HCA will not enter into a customer relationship or will terminate a relationship, if it:**

- Cannot form a reasonable belief that it knows the true identity of its customer and/or the nature of their business activities or
- Formal requirements concerning the identification of a prospective client are not met.

The HCA's policies and procedures endeavour to ensure that the Agency does not:

- Accept assets or funds that are known or suspected to be the proceeds of criminal activity;
- Enter into/maintain business relationships with individuals or entities known or suspected to be a terrorist or a criminal organisation or a member of such or listed on sanction lists;
- Accept companies with capital in the form of bearer shares.

The HCA requires new customers to complete a KYC Form at the start of the business relationship.

The HCA reserves the right to review customer due diligence documentation at any time and may, from time to time, request additional information and/or documentation as part of the ongoing business relationship.

Anti-Bribery and Anti-Corruption (ABAC)

The HCA recognises that its national roles, its regulatory interventions, grant giving powers and procurement and disposal activities involving high value assets, make it vulnerable to the risk of bribery and corruption. Consequently, the HCA adopts a zero tolerance approach to bribery and/or any form of corruption. All HCA employees and third parties that act on the HCA's behalf are strictly prohibited from having any involvement in acts of bribery and corruption.

The conduct of HCA Board and Committee Members, Executive Directors, staff and others directly involved in delivering HCA business activities (including retained consultants acting on our behalf) form an essential part of these governance arrangements and ethical standards. General rules relating to conduct and disciplinary action are contained within employment terms and conditions; and specific policies and procedures in place relating to the prevention of bribery and corruption are summarised within the ABAC policy.

The HCA's ABAC program involves:

- Staff training,
- Compliance monitoring,
- Special requirements for dealings with public officials,
- Regulations for gifts, entertainments, donations and business courtesies, and
- Dealing with conflicts of interest.

Fraud Prevention

The HCA has implemented an Anti-Fraud Program to ensure that the Agency is not misused for the purposes of fraud. The Agency also requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which the Agency is responsible.

In addition to legal and regulatory requirements, the HCA is required to comply with and implement the '*Managing Public Money*' principles for dealing with public resources in the UK public sector, which require that an 'organisation's response to fraud risk should be customised to the risks it faces'. In accordance with its recommendations the HCA has:

- Developed and maintained a Fraud Risk Assessment;
- Developed an Anti-Fraud Policy and Fraud Response Plan;
- Developed an anti-fraud culture;
- Allocated responsibilities for the overall management of fraud risk;
- Established well publicised avenues for staff to report their suspicions of fraud;
- Established a suite of controls designed to mitigate the risk of fraud.

In the case of proven fraud, or suspected fraud of a serious nature, HCA will always refer the matter to the police and seek prosecution at the earliest possible juncture and recover any losses resulting from fraud, if necessary through civil action.

Modern Slavery Act (2015) Compliance

We fully support the government's objectives to eradicate modern slavery and human trafficking.

We expect our Delivery Partners, organisations within our Frameworks and other companies we engage with to ensure their goods, materials and labour-related supply chains:

- **Fully comply with the Modern Slavery Act 2015;** and are
- **Transparent, accountable and auditable;** and are
- **Free from ethical ambiguities.**

Individuals with evidence of non-compliance with the Modern Slavery Act in connection with HCA supply chains are encouraged to follow the formal reporting process. See link below:

<https://modernslavery.co.uk/report-it.html>

Our annual statement will provide information to supplement this policy, including details of our activities and supply chains and actions we are taking to support government.

HCA Modern Slavery Compliance Statement

<https://www.gov.uk/government/publications/modern-slavery-act-2015-policy-and-statement>

Data Protection Statement

The HCA needs to collect and use certain types of information about people with whom it deals in order to conduct its operations. These include suppliers, developers, business partners, customers and others with whom we have dealings. For example, we may occasionally be required to collect and use certain types of personal information to comply with government requirements and/or other legal obligations as well as other statutory and/or administrative functions.

The HCA has a statutory obligation to adhere to the Data Protection Principles enumerated in the Data Protection Act 1998 (the "DPA") when collecting said information.

These Principles require us to ensure that the personal information which we process is:

- a) Processed fairly and lawfully and, in particular, in accordance with specific legal conditions;
- b) Obtained only for one or more specified and lawful purposes, and shall not be further processed in any matter incompatible with that purpose or those purposes;
- c) Adequate, relevant and not excessive in relation to the purpose or purposes for which it is processed;
- d) Kept accurate and, where necessary, kept up to date;
- e) Not be kept for longer than is necessary for that purpose or those purposes;
- f) Processed in accordance with the rights of individuals under the DPA;
- g) Processed subject to appropriate technical and organisational measures taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data;
- h) Not transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.

Further information on how the HCA deal with personal information and how to request that information can be found at: <https://www.gov.uk/government/organisations/homes-and-communities-agency/about/personal-information-charter>.

Freedom Of Information

The Agency acknowledges that the information supplied by the applicant (including its advisors and consultants) to enable the Agency's KYC due diligence has been provided in confidence and that any disclosure of such information pursuant to the Agency's obligations under the Freedom of Information Act 2000 (**Act**) may prejudice the applicant.

On receipt of a request, received pursuant to the Act, for information referred to in the preceding paragraph, the Agency confirms that it shall (in the Agency's absolute discretion): (1) consider the application of the exemptions from disclosure contained in the Act and (2) consult the applicant (where appropriate).