



39. Politically Exposed Persons (PEPs) Policy

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Woodhurst is committed to complying with all legal and regulatory requirements regarding the identification, monitoring, and risk management of **Politically Exposed Persons (PEPs)**, their families, and close associates. This policy ensures that appropriate measures are in place to prevent any involvement in money laundering, corruption, or other financial crimes that may arise from relationships with PEPs.

39.1 Purpose

The purpose of this policy is to:

- Define the procedures for identifying PEPs, their families, and close associates.
- Outline the enhanced due diligence (EDD) measures required when engaging with PEPs and related individuals.
- Ensure that Woodhurst complies with regulatory obligations and minimises the risks associated with financial transactions involving PEPs.

39.2 Scope

This policy applies to:

- All employees, contractors, consultants, and third parties working on behalf of Woodhurst.
- All client onboarding, due diligence, and transaction monitoring activities related to PEPs and their close connections.

29.3 Definition of Politically Exposed Persons (PEPs)

A **Politically Exposed Person (PEP)** is an individual who is or has been entrusted with prominent public functions, either domestically or internationally. This includes:

- Heads of state or government.
- Senior politicians.
- Senior government, judicial, or military officials.
- Senior executives of state-owned corporations.
- Important political party officials.

Additionally, under this policy, PEPs also include:

- **Family Members:** Immediate family members of PEPs, including spouses, children, parents, and siblings.
- **Close Associates:** Individuals known to have close business or personal relationships with a PEP, including business partners or those involved in joint ventures with the PEP.

39.4 Regulatory Framework

Woodhurst complies with the requirements of relevant UK and international regulations, including:

- **The UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.**
- **The Financial Conduct Authority (FCA)** guidance on managing relationships with PEPs.

- Other international anti-money laundering (AML) standards and recommendations, including those from the **Financial Action Task Force (FATF)**.

39.5 Identifying PEPs, Their Families, and Close Associates

Woodhurst uses a combination of internal processes and third-party screening tools to identify PEPs during the client onboarding and due diligence process. The identification process includes:

- **PEP Screening:** All potential clients are screened against databases that list PEPs, their families, and close associates. These databases include publicly available sources, commercial databases, and any relevant sanctions lists.
- **Ongoing Monitoring:** Clients are continually monitored for changes in PEP status, ensuring that any new relationships or developments are promptly identified.
- **Client Disclosures:** Clients are required to disclose if they or their close connections fall under the PEP definition during the onboarding process.

39.6 Enhanced Due Diligence (EDD) Measures

In line with regulatory requirements, Woodhurst applies Enhanced Due Diligence (EDD) measures to any business relationships involving PEPs, their families, or close associates. These measures include:

- **Source of Wealth and Funds Verification:** Woodhurst must establish and verify the source of wealth and the source of funds for any transaction or business relationship involving a PEP. This ensures that the funds are not the proceeds of corruption or illicit activities.
- **Senior Management Approval:** Before establishing or continuing a relationship with a PEP, approval must be obtained from senior management. This ensures that all potential risks have been assessed and mitigated.
- **Ongoing Monitoring:** Relationships with PEPs require continuous monitoring. This includes regularly reviewing transactions, scrutinising any large or unusual payments, and updating the risk profile as necessary.

- **Heightened Risk Assessment:** PEP relationships are automatically considered higher risk. Regular risk assessments will be conducted to evaluate the ongoing risk posed by these clients and to ensure appropriate measures are in place.

39.7 Risk Mitigation and Controls

Woodhurst employs the following risk mitigation and control measures when dealing with PEPs:

- **Risk Profiling:** All PEPs, their families, and close associates are subject to risk profiling, which takes into account factors such as their position, the jurisdiction in which they hold influence, and the nature of the business relationship.
- **Transaction Monitoring:** Woodhurst continuously monitors transactions involving PEPs, especially large or unusual transactions, for signs of money laundering or financial crime. Suspicious transactions will be flagged for further investigation.
- **Third-Party Due Diligence Providers:** Woodhurst uses reputable third-party providers to assist in identifying and verifying PEPs and ensuring compliance with regulatory requirements.

39.8 Reporting Suspicious Activity

If any suspicious activity or concerns are identified regarding a PEP, their family, or close associates, the following steps must be taken:

- **Internal Reporting:** The employee must immediately report the suspicious activity to the compliance officer (Luke Casey).
- **Investigation by Compliance:** The compliance officer will review the transaction or activity and, if necessary, escalate the issue for further investigation.
- **Filing a Suspicious Activity Report (SAR):** If the compliance officer determines that there are grounds for suspicion, a **Suspicious Activity Report (SAR)** will be filed with the **National Crime Agency (NCA)**.

39.9 Responsibilities

- **Compliance Officer:** The compliance officer is responsible for overseeing PEP identification and monitoring activities, ensuring that Enhanced Due Diligence (EDD) procedures are followed, and reporting any suspicious activities.
- **Employees:** All employees are responsible for adhering to the procedures outlined in this policy, identifying potential PEPs, and reporting any suspicious activity to the compliance officer.

39.10 Record-Keeping

Woodhurst maintains comprehensive records of:

- PEP screening results.
- EDD measures applied to PEPs, including source of wealth and source of funds verification.
- Senior management approvals for PEP relationships.
- Ongoing monitoring activities and transaction reviews.

These records will be retained for a minimum of **five years** in compliance with regulatory requirements.

39.11 Training and Awareness

To ensure that all employees understand their responsibilities regarding PEPs, Woodhurst provides:

- **PEP Training:** Employees receive training on how to identify and assess risks related to PEPs, their families, and close associates.
- **Ongoing Updates:** Regular updates are provided to ensure employees are aware of changes in regulations or best practices concerning PEPs.

39.12 Consequences of Non-Compliance

Non-compliance with this policy can have severe consequences, including:

- **Regulatory Penalties:** Failure to comply with PEP-related regulations can result in significant fines and legal action against both Woodhurst and the individuals involved.
- **Reputational Damage:** Failing to properly manage relationships with PEPs can harm Woodhurst's reputation in the financial services industry.
- **Disciplinary Action:** Any employee found to have knowingly breached this policy will face disciplinary action, which may include termination of employment.

39.13 Monitoring and Review

This policy will be reviewed **annually** by the compliance officer and the leadership team to ensure it remains aligned with legal requirements and industry best practices. Any necessary updates will be incorporated as sanctions lists and regulations change.

Woodhurst is committed to adhering to the highest standards of compliance when dealing with Politically Exposed Persons, their families, and close associates. By implementing robust procedures and controls, we ensure that our business is not used for illicit activities and that we comply with all relevant legal and regulatory obligations.