

## **Politically Exposed Person (PEP) Procedure Policy**

### **1. SCOPE**

- 1.1.** This document provides guidance on who or what a PEP could potentially be and the Company's expectations on handling instructions from a PEP. This procedure should be read in conjunction with the Company's anti money laundering policy.
- 1.2.** This procedure applies to owners, directors, managers, self-employed consultants and permanent and temporary employees of the Company or consultants. All relevant persons are required to understand the provisions of this procedure and are responsible for ensuring compliance with it when undertaking their jobs or representing Ai Law in the course of business with other solicitors, barristers, clients and third parties.

### **2. WHO IS A PEP?**

- 2.1.** In basic terms a PEP is someone who, through their prominent position or influence is more susceptible to being involved in bribery or corruption.
- 2.2.** Anyone in the following public roles should be considered as a potential PEP:
- 2.2.1.** Legislative bodies: a good example would be a Member of Parliament.
  - 2.2.2.** Executive bodies: heads of state down to assistant ministers
  - 2.2.3.** Diploma Roles: ambassadors or Charges d'Affairs
  - 2.2.4.** Judiciary bodies: such as key people working in the supreme courts, constitutional courts or high-level judicial bodies whose decisions are not generally subject to further appeal.
  - 2.2.5.** State owned enterprises: typically anyone from a senior executive upwards.
  - 2.2.6.** Central Financial Institutions: members of courts of auditors/members of boards of central banks.
  - 2.2.7.** Armed Forces: high-ranking officers.
  - 2.2.8.** Members of international sports committees
  - 2.2.9.** Family members: spouse, partner children siblings, uncles and aunts
  - 2.2.10.** Close associates: anyone who has a close business relationship or joint beneficial ownership of legal arrangements with a PEP
  - 2.2.11.** Close associate: anyone who has the sole beneficial ownership of a legal entity which is known to have been set up for the benefit de factor of the PEP.

### **3. SCOPE**

- 3.1.** The Company must be able to assess its PEP risk profile. To do this we must be in an informed position and know how many of our clients are PEP.
- 3.2.** All client facing departments must identify PEP's at the onset of instructions and PEP's are reported to the COLP prior to accepting instructions.
- 3.3.** Heads of Department are specifically responsible for the following:
  - 3.3.1.** Ensuring all personnel within their supervision known how to identify a PEP.
  - 3.3.2.** Implementing a process for the department to adequately identify PEP's from the onset of instructions.
  - 3.3.3.** Ensuring the COLP referral form is saved on the Case Management Systems and/or paper file.
  - 3.3.4.** Communicating provisions and promoting compliance with this procedure.

#### **4. HOW TO IDENTIFY A PEP?**

- 4.1.** We are not required to conduct extensive investigations to establish whether a client is a PEP. However, we must have regard to information that is in our possession or is publicly known.
- 4.2.** Where a client advises that they do not fall within any of the PEP categories, you may reasonably assume the individual is no a PEP unless anything else within the retainer, or that you otherwise become aware of, makes you suspect they may be a PEP.
- 4.3.** Where you have a higher risk of having PEP's as clients or you have reason to suspect that a person may actually be a PEP contract to earlier information, you should consider conducting some form of electronic verification. You may find that a web-based search engine will be sufficient for these purposes, or you may decide that it is more appropriate to conduct electronic checks through a reputable international electronic verification provider.
- 4.4.** The range of PEPs is wide and constantly changing, so electronic verification will not give you 100 per cent certainty. You should remain alert to situations suggesting the client is a PEP. Such situations include:
  - 4.4.1.** Receiving funds in the retainer from a government account
  - 4.4.2.** Correspondence on official letterhead from the client or a related person
  - 4.4.3.** General conversation with the client or person related to the retainer linking the person to a PEP.
  - 4.4.4.** News reports which come to your attention suggesting your client is a PEP or linker to one.

**4.5.** Where you suspect a client is a PEP but cannot establish that for certain, you may consider on a risk-sensitive basis applying aspects of the enhanced due diligence procedures.

## **5. WHAT DO YOU NEED TO DO ABOUT PEP's?**

**5.1.** To counter the higher risk posed from the laundering of funds, we are required to conduct enhanced due diligence on PEPs.

**5.2.** Our risk management policy automatically deems a client who is a PEP as a high risk matter. The purpose of this is to trigger a referral to the COLP so that the company is able to log and monitor the business relationship. This is how the Company demonstrates management of its PEP risk profile.

**5.3.** Where a client is identified as a potential PEP the following steps must be followed:

**5.3.1.** Informing COLP

**5.3.2.** A full file review and marking as a high risk file

**5.3.3.** No further action taken until the COLP has denied or approved instructions

**5.3.4.** Adequate measures to establish the source of wealth and source of funds

**5.3.5.** Conduct enhanced ongoing monitoring of the business relationship

**5.4.** Establish source of funds involves simply asking questions of the client about their source of wealth and the source of the funds used with each retainer. A PEPs salary and source of wealth is often publicly available on a register of their interest.

**5.5.** You should ensure that funds paid into the client account come from the account nominated and are for an amount commensurate with the client's known wealth. Ask further questions if they are not.

**5.6.** Merely undertaking a retainer for a non-UK based public authority does not mean that you are in a business relationship with a PEP. You should consider the corruption and money laundering risks posed by the public authority's home jurisdiction when conducting due diligence and ongoing monitoring of the retainer.

**5.7.** It is useful to consider the type of budgets usually associated with government agencies or officials from the particular jurisdiction, as well as the size of the retainer you are being asked to undertake.

**5.8.** If the money is coming from a governments account, you should consider whether it is being used for purposes considered to be legitimate government spending.

## **6. FAILURE TO CONDUCT DUE DILIGENCE ON SOURCE OF FUNDS AND BENEFICIAL OWNER**

6.1. You are not required to actively investigate whether beneficial owners of a client are PEPs. However, where you have a beneficial owner who you know is a PEP you should consider a risk-based approach and what extra measures, if any, you need to take when dealing with that client.

## **7. OWNERSHIP AND RESPONSIBILITY**

7.1. The MLRO is responsible for this document and for supervising the Company's anti money laundering arrangements. If the MLRO is unavailable and a response is required, you should contact the COLP.

7.2. Department heads and managers have a delegated level of responsibility for promoting compliance with this Policy within their departments.

7.3. Individuals working for or on behalf of the Company are responsible for understanding and following the Company's policies and procedures and reporting any breaches to an appropriate person.