AerFin

Anti-Money Laundering Policy, Controls and Procedures

Revision 4: 30/03/2026

AerFin

Anti-Money Laundering Policy, Controls and Procedures

1. Purpose of the Anti-Money Laundering Policy, Controls and Procedures ("Policy")

1.1 AerFin takes its responsibilities to prevent money laundering very seriously and is fully committed to the highest ethical standards to ensure that it is not used for money laundering purposes. AerFin operates a zero-tolerance approach to money laundering and terrorist financing in all of its forms and undertakes to investigate all circumstances where activity has or is suspected to have taken place.

1.2 This Policy is mandatory and is designed to ensure compliance with UK anti-money laundering ("AML") and counter-terrorist financing ("CTF") legislation ("AML Legislation"), in particular, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) ("MLR 2017"), Proceeds of Crime Act 2002 ("POCA") and Terrorism Act 2000 ("TACT"). This policy is also designed to reflect the AML and CTF legislation applicable to AerFin's overseas offices. This policy takes account of AerFin's firm-wide assessment of money laundering, terrorist financing and proliferation financing risks.

1.3 Whilst the risk to AerFin contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation.

2. What is Money Laundering?

2.1. Money laundering is the process through which the proceeds of crime (so-called dirty money) are processed and converted into assets that appear to have a legitimate origin.

2.2. In the UK it is an offence under POCA to process, acquire, use or possess the proceeds of crime where you know or suspect you are dealing with criminal proceeds. It is also an offence to knowingly get involved in arrangements which help someone else acquire the proceeds of crime. These are serious offences which are punishable by up to 14 years in prison, a fine, or both.

2.3. There are three primary offences of money laundering in the UK:

2.3.1. Concealing, disguising, converting, transferring or removing from the UK criminal property.

2.3.2. Entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.

2.3.3. The acquisition, use or possession of criminal property, which is a person's benefit from criminal conduct.

2.4. Two secondary offences are: failure to disclose any of the primary offences and tipping off. Tipping off is where someone informs a person or people who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

2.5. Money laundering often occurs in three steps: first, cash is introduced into the financial system by some means ("placement"), the second involves a financial transaction to camouflage the illegal source ("layering"), and the final step entails acquiring wealth generated from the transactions of the illicit funds ("integration").

2.6. It is not necessary to have actual knowledge that a party is engaged in money laundering; suspicion still requires you to act. Ignorance is no defence. The test is whether person had reasonable grounds for knowing or suspecting money laundering. Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.

2.7. For example, company A asks company B to source a valuable aircraft part on its behalf. Company B carries out no checks of its own on company A and subsequently approaches AerFin for the required aircraft part. Company B then raises a Purchase Order for the aircraft part in its own name. The invoice is then settled by Company A (using the proceeds of criminal activity). A short time later Company A sells that aircraft part to another broker and gains “good clean money” from the purchasing broker.

2.8. Most money laundering offences concern large sums of money since the greater the sum of money obtained from a criminal activity, the more difficult it is to make it appear to have originated from a legitimate source or transaction.

2.9. Obligations to be vigilant for money laundering extend beyond assessing our own customer and include third parties on the other side of a matter. There is no exhaustive list of issues which may trigger a suspicion. However, the following factors may trigger concerns:

- Difficulty in determining the source of funds or source of wealth.
- Overly complex or opaque company structures.
- If the transaction appears to have no purpose.
- If the customer is pursuing loss-making transactions that lack commercial rationale.
- If the customer has been secretive or deceptive (for example, unwilling to provide customer KYC documents).
- Receipt of unexpected payments from third parties.
- Offers of making payments in cash.

2.10. Everyone has a responsibility to be alive to suspicious activities. You must be vigilant to ensure that you do not facilitate money laundering either by customers or third parties.

3. Scope of the Policy

3.1. This Policy applies to all AerFin owned, controlled or managed entities and businesses, including AerFin branches, and AerFin US, LLC, as well as all AerFin staff (including employees, external advisers, consultants and contractors), whether permanent or on fixed term or temporary arrangements and includes those on work experience, vacation schemes or other temporary placements.

3.2. The Policy sits alongside AerFin’s suite of documents governing Anti-Bribery and Corruption, Know Your Customer (“KYC”) Policy, and Supplier Code of Conduct.

3.3. Failure to adhere to the Policy may be treated as a serious disciplinary issue. Refer to AerFin Code of Conduct for further information. In addition, if you fail to comply with the Policy, you may risk breaching the requirements of the MLR 2017 and may potentially expose yourself and the firm to the risk of criminal prosecution for offences punishable by an unlimited fine and / or imprisonment.

4. What are the obligations on AerFin?

4.1. While at this time, AerFin does not constitute a "High Value Dealer" for the purposes of the MLR 2017, it has in any event complies with the following obligations imposed on a High Value Dealer to:

4.1.1. Take appropriate steps to identify and assess the risks of money laundering and terrorist financing to which our business is subject, considering the nature and size of the business and to document these in a firm-wide risk assessment.

4.1.2. Establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified in a firm-wide risk assessment.

4.1.3. Carry out screening of relevant employees, both before the appointment is made and during the appointment.

4.1.4. Conduct an independent audit to examine and evaluate the adequacy and effectiveness of our AML and CTF policies, controls and procedures.

4.1.5. Undertake due diligence on our customers applying a risk-based approach.

4.1.6. Undertake ongoing monitoring of those customer relationships.

4.1.7. Appoint individual(s) responsible for AML and CTF systems and for managing AerFin's relationship with, and making reports to, the National Crime Agency (NCA).

4.1.8. Preserve due diligence and other related AML and CTF compliance records.

4.1.9. Ensure that all relevant staff understand the importance of taking appropriate AML measures and are made aware of the law relating to AML and CTF, including through training in how to recognise and deal with transactions and other activities or situations which may be related to money laundering or terrorist financing.

4.1.10. Have in place a system for the making of Suspicious Activity Reports required under POCA and the AML Legislation.

4.1.11. Ensure that when new technology is adopted by the relevant person, appropriate measures are taken in preparation for, and during, the adoption of such technology to assess and if necessary mitigate any money laundering or terrorist financing risks this new technology may cause.

5. The Money Laundering Reporting Officer (MLRO)

5.1. The Money Laundering Reporting Officer (the officer nominated to receive disclosures about money laundering activity) within AerFin is Laura Thomas, Finance Director, who can be contacted as follows:

Address: Gatwick Office, Newton road,
Manor Royal, RH10 9TS Crawley,
United Kingdom
Email: laura.thomas@aerfin.com

In the absence of the MLRO, Steven Ades, Chief Financial Officer, is authorised to deputise.
Deputy MLRO can be contacted as follows:

Address: Unit 8, Indurent Park, Queens Way, Newport, Wales,
NP19 4RJ, United Kingdom
Email: Steven.Ades@aerfin.com
Telephone: +44 2922 678388

6. Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD)

6.1. CDD and ongoing due diligence must be undertaken on all new customers and matters applying a risk-based approach.

6.2. Evidence of identity must be obtained when establishing a new customer relationship. This should be obtained at the point of taking instructions. AerFin must not start work with before CDD has been completed, unless "authority to act" has been granted by the MLRO or Deputy MLRO.

6.3. Where CDD cannot be applied to any customer, the AML Legislation requires that no relationship may be established with that customer.

6.4. If circumstances arise where you believe that CDD cannot be carried out as required, you must therefore cease all work for and communications with the customer and report the circumstances to MLRO immediately.

6.5. CDD means:

6.5.1. Identifying the customer and verifying the customer's identity on the basis of documents, data or information from a reliable and independent source.

6.5.2. Identifying where there is a beneficial owner who is not the customer and taking adequate measures, on a risk-sensitive basis, to verify their identity so that the relevant person is satisfied that they know who the beneficial owner is.

6.5.3. Establishing the purpose and nature of the business relationship.

6.5.4. Conducting ongoing monitoring of the customer relationship to detect unusual or suspicious transactions.

6.6. EDD is the process of applying additional measures to gain a better understanding of the background, ownership and financial profile of the customer. EDD must be applied at the customer onboarding stage and throughout the business relationship where a customer or beneficial owner poses a heightened financial crime or reputational risk to AerFin.

6.7. EDD must be applied if one or more of the following risk factors is identified:

6.7.1. There is knowledge of, or sufficient grounds to suspect, money laundering, terrorist financing or other financial crime.

6.7.2. The customer or beneficial owner is established or resident in a high or very high-risk country.

6.7.3. The customer or beneficial owner is subject to sanctions.

6.7.4. The customer or beneficial owner is, or is a family member or close associate of, a politically exposed person (PEP).

6.7.5. The customer or representative of the customer has not been met face to face without certain safeguards, such as electronic signatures.

6.7.6. The customer operates in a high-risk sector.

6.7.7. The customer or beneficial owner is subject to severe adverse media (for example, allegations of criminality).

6.7.8. Unusual circumstances associated with the customer, beneficial owner, wider business relationship or transaction.

6.7.9. The transaction or pattern of transactions is unusually large, complex or the transaction has no apparent economic or legal purpose.

6.7.10. The customer's structure is complex or unusual for the customer type and for which there is no commercial rationale.

6.7.11. Any other situation that presents a heightened money laundering, terrorist financing or reputational risk to AerFin.

6.8. EDD measures must be tailored to the circumstances and applied to address the specific high- risk indicators identified during the risk assessment. There are several EDD measures which may be applied, including:

6.8.1. Obtaining additional information about the customer, its corporate structure and any beneficial owners from independent sources.

6.8.2. Reducing the threshold for beneficial ownership and conducting due diligence on any beneficial owners with an interest of 10% or more.

6.8.3. Obtaining information relating to the source of wealth of the customer and beneficial owner.

6.8.4. Obtaining additional information and supporting documents in respect of the source of funds to be used in a transaction.

6.8.5. Obtaining additional information relating to the purpose and intended nature of the business relationship.

6.8.6. Conducting further research and adverse media screening in relation to the customer or beneficial owner.

6.8.7. Conducting additional screening of persons associated with the customer (such as directors and instructing persons) and known associates of the beneficial owner.

6.9. Further details on CDD and EDD can be found in AerFin's KYC Policy.

7. Safeguards During Order Processing

7.1. All Purchase Orders for goods and services are to be placed by and in the name of the party paying for the goods and / or services (unless otherwise authorised a member of the senior management team following consultation with the MLRO).

7.2. Precautionary checks should be performed in the event that a member of staff is made aware that parts and or services are being purchased by one party on behalf of another.

7.3. **No payment to AerFin should be accepted in cash (including notes and coins in any currency) without written approval from the Executive Committee.** In all other circumstances, all payments are to be accepted by bank transfer to AerFin's account. Payment must be received from an account belonging to the party named on the Purchase Order.

8. Disclosure Procedure

8.1. Any employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO or Deputy MLRO. **The disclosure should be at the earliest opportunity of the information coming to your attention, not weeks or months later. Failure to make an internal suspicious activity report where you know or suspect money laundering or terrorist financing is a criminal offence and may result in a fine or a prison sentence of up to five years.**

8.2. The employee must follow any subsequent directions from the MLRO or Deputy MLRO and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or Deputy MLRO.

8.3. The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

8.4. The MLRO or Deputy MLRO must promptly evaluate any disclosure to determine whether it should be reported to the NCA.

8.5. The MLRO or Deputy MLRO must, if they so determine, promptly report the matter to the NCA on their standard report form and in the prescribed manner. Up to date forms can be downloaded from the NCA website at:

- http://www.nationalcrimeagency.gov.uk/(main NCA website)
- https://www.ukciu.gov.uk/(osvifg55vxdphzrs40egnj45)/saronline.aspx (a direct link to the NCA's electronic referral form).

8.6. All disclosure reports referred to the MLRO or Deputy MLRO and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years. The Money Laundering Disclosure Form (Appendix 1) should be used by the MLRO to facilitate the recording of any action taken.

8.7. The MLRO or Deputy MLRO will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering, and they do not disclose this as soon as practicable to the NCA.

9. Record Keeping

9.1. The MLRO will keep a record of all referrals made to her and of any action taken / not taken. The precise nature of these records is not set down in law but should be capable of providing an audit trail during any subsequent investigation.

10. Guidance and Training

10.1. In support of this Policy, AerFin will make all staff aware of the requirements and obligations placed on AerFin and on themselves as individuals by the anti-money laundering legislation.

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11. Risk Management and Internal Control

11.1. The risk to AerFin of contravening the anti-money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness the Policy will be reviewed in light of such assessments.

12. Further Information

12.1. Further information can be obtained from the MLRO and the following sources:

- National Crime Agency (NCA) – http://www.nationalcrimeagency.gov.uk/
- CCAB – Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for Accountants – www.ccab.org.uk (main site) or www.ccab.org.uk/documents/20140217%20FINAL%202008%20CCAB%20guidance%20amended%202014-2-17pdf.pdf(direct link)
- The Law Society – Anti-Money Laundering Guidance and Advice - www.lawsociety.org.uk/advice/anti-money-laundering/

13. Policy review

13. The Executive Committee and the Board of Directors at AerFin will ensure the continuous review and amendment of this policy document, to ensure that it remains compliant with current and future legislation. Board of Directors' review shall be performed bi-annually. MLRO shall be responsible for preparation of materials for the Policy review.

14. Appendices

Appendix 1 – Money Laundering Disclosure Form (proforma for use by MLRO)

APPENDIX 1

Money laundering disclosure form

The following part of this form is for completion by the money laundering reporting officer (MLRO)

Date report received: ………………………………………………..

Date receipt of report acknowledged: ………………………………………………..

CONSIDERATION OF DISCLOSURE:

Action Plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity:

If there are reasonable grounds for suspicion, will a report be made to the NCA?

Yes/No (please select the relevant option)

If yes, please confirm date of report to the NCA:……………………………………

and complete the box below:

Details of liaison with NCA regarding the report:

Notice Period: ……………………….To ……………………….

Moratorium Period: ……………………To ……………………….

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes/No (please select the relevant option)

If yes, please enter full details in the box below:

Date consent received from NCA: ………………………………………………….

Date consent given by you to employee: ……………………………………

If there are reasonable grounds to suspect money laundering but you do not intend to report the matter to NCA, please set out below the reason(s) for non- disclosure:

[Please set out reasons for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:

…………………………………………………………………….

Other relevant information:

Signed: …………………………………………………………………………….

Dated: …………………………………………………………………………….

THIS REPORT IS TO BE RETAINED FOR AT LEAST FIVE YEARS.