ANTI-MONEY LAUNDERING (AML) & COUNTER TERRORIST FINANCING (CTF) POLICY

Introduction

ADVANCED ENGINEERING GROUP (the "Company"), based in the United Kingdom, is committed to the highest standards of anti-money laundering (AML) and counter-terrorist financing (CTF) compliance. We recognize the importance of preventing money laundering and terrorist financing and adhere to all relevant UK laws, regulations, and international standards.

Scope

This policy applies to all employees, directors, officers, contractors, consultants, and business partners of Advanced Engineering Group. It outlines the Company's framework for detecting, preventing, and reporting money laundering and terrorist financing activities.

Company Structure

Headquartered in SILSDEN, UK, ADVANCED ENGINEERING GROUP operates internationally through various legal entities, including:

- **ADVANCED ACTUATORS LIMITED**
- **ADVANCED COMPONENTS LIMITED**
- **ADVANCED DRIVES**

Policy Statement

Compliance with Laws and Regulations

The Company complies with all applicable UK laws and regulations, including the Proceeds of Crime Act 2002 (POCA), the Terrorism Act 2000, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and relevant guidance from the Financial Conduct Authority (FCA) and HM Treasury.

Risk-Based Approach

The company adopts a risk-based approach to AML and CTF. This involves identifying and assessing the money laundering and terrorist financing risks we face, implementing appropriate measures to mitigate these risks, and conducting regular reviews of our risk assessment and mitigation strategies.

Customer Due Diligence (CDD)

The Company will conduct appropriate CDD measures to identify and verify the identity of our customers, business partners, and third parties. Enhanced due diligence (EDD) will be applied for higher-risk customers or transactions. CDD includes:

- Identifying the customer and verifying their identity using reliable, independent source documents, data, or information.
- Identifying the beneficial owner(s) and taking reasonable measures to verify their identity.
- Obtaining information on the purpose and intended nature of the business relationship.

Ongoing Monitoring
We will continuously monitor our business relationships and transactions to ensure they are consistent with our knowledge of the customer, their business, and risk profile. This includes scrutinizing transactions to identify any that are complex, unusually large, or have no apparent economic or legal purpose.

Record-Keeping

The company will maintain records of CDD information, transactions, and the results of any analysis undertaken for at least five years. These records must be readily available to relevant authorities upon request.

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Reporting Suspicious Activity

Employees are required to report any suspicious activity or transactions to the company's Directors who will investigate and, if necessary, report the suspicious activity to the National Crime Agency (NCA) through a Suspicious Activity Report (SAR).

Training and Awareness

AML & CTF Training Notes are attached to this Policy and should be read by all employees; anyone requiring any further guidance or external training should notify your line manager or a Director of the company

Implementation and Accountability

All employees, directors, officers, contractors, consultants, and business partners of Advanced Engineering Group are expected to comply with this policy. Non-compliance may result in disciplinary action, including termination of employment or business relationships. The Company's leadership team are responsible for the implementation and oversight of this policy.

Communication

This policy will be communicated to all employees, directors, officers, contractors, consultants, and business partners. It will also be available on the Company's website and internal communication platforms.

Review and Update

This policy will be reviewed annually and updated as necessary to ensure its continued relevance and effectiveness in preventing money laundering and terrorist financing.

This policy has been endorsed and approved by:



Andrew Peace
Managing Director

Date: 1st June 2026

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TRAINING NOTES

Introduction

Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) are critical areas of compliance for businesses operating internationally, including engineering companies in the UK that engage in export activities. These training notes are designed to provide employees with the necessary knowledge and understanding to identify, prevent, and report suspicious activities related to money laundering and terrorism financing.

What is Money Laundering?

Money laundering is the process of concealing the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses. The goal is to make the illicit funds appear legal.

What is Terrorism Financing?

Terrorism financing involves providing financial support to terrorists or terrorist organizations. This support can come from legitimate sources, such as personal donations and profits from businesses and charitable organizations, or from criminal activities like drug trafficking and smuggling.

Legal Framework

UK Legislation

- **The Proceeds of Crime Act 2002 (POCA)**: Outlines the primary offenses related to money laundering and the legal obligations for businesses to report suspicious activities.
- **The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017**: Sets out detailed requirements for businesses to implement controls to prevent money laundering and terrorist financing.
- **The Terrorism Act 2000**: Defines offenses related to terrorist financing and the duty to report suspicious activities related to terrorism.

International Standards

- **Financial Action Task Force (FATF)**: An international body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system.

Key Concepts and Terminology

- **Customer Due Diligence (CDD**)
  The process of verifying the identity of customers and assessing their potential risk for money laundering or terrorist financing.
- **Enhanced Due Diligence (EDD)**
  Additional measures required for higher-risk customers or transactions, such as those involving politically exposed persons (PEPs) or countries with weak AML/CTF controls.
- **Politically Exposed Persons (PEPs)**
  Individuals who hold prominent public positions or functions, and their family members and close associates, who may present a higher risk for involvement in bribery and corruption due to their position and influence
- **Suspicious Activity Reports (SARs)**
  Reports that must be filed with the National Crime Agency (NCA) when a business suspects or has reasonable grounds to suspect that money laundering or terrorist financing is taking place.

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Identifying Suspicious Activities – Red Flags

- **Unusual Transactions**: Large cash transactions, sudden transfers to or from high-risk jurisdictions, or transactions that do not fit the customer's profile.
- **Complex Structures**: Use of shell companies, trusts, or multiple accounts to obscure the true ownership or source of funds.
- **Inconsistent Information**: Discrepancies in the information provided by the customer, reluctance to provide necessary documentation, or the use of forged documents.
- **Rapid Movement of Funds**: Quick movement of funds between accounts without a clear business rationale.

Roles and Responsibilities

Employees

- Conduct thorough CDD and EDD as required.
- Stay vigilant for any signs of suspicious activity and report them promptly.
- Complete all required AML and CTF training programs.

Directors

- Develop and implement AML and CTF policies and procedures.
- Monitor compliance with legal and regulatory requirements.
- Review and submit SARs to the NCA.
- Provide ongoing training and support to employees.

Reporting Procedures

- **Identify Suspicious Activity**: Stay alert for any red flags or unusual transactions during your daily activities.
- **Report to Director**: Immediately report any suspicions to your designated Director.
- **Internal Review**: The Director will review the report and gather additional information if necessary.
- **Filing a SAR**: If the activity is deemed suspicious, the Director will file a SAR with the NCA.
- **Confidentiality**: Maintain confidentiality and do not inform the customer or other unauthorized individuals about the suspicion or the SAR.

Preventative Measures

- **Know Your Customer (KYC)**: Implement robust KYC procedures to verify the identity and risk profile of all customers.
- **Risk Assessment**: Conduct regular risk assessments to identify and mitigate potential AML and CTF risks within your business.
- **Training and Awareness**: Ensure all employees receive regular training on AML and CTF requirements and remain aware of their responsibilities.
- **Record Keeping**: Maintain accurate records of all transactions, customer interactions, and compliance activities for a minimum period as required by law.

Conclusion

Adhering to AML and CTF regulations is not only a legal obligation but also a critical component of maintaining the integrity and reputation of Advanced Engineering Group. By understanding the risks, staying vigilant, and following the outlined procedures, we can effectively reduce the impacts of money laundering and terrorism financing.

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