

BII's Commitment to Anti-Money Laundering, Counter-Terrorist and Counter-Proliferation Financing

December 2024



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In line with regulatory obligations, BII is committed to taking measures to guard against being exposed to the proceeds of crime.¹ and being used as a medium for money laundering², proliferation financing³, terrorism financing⁴ Activities and any other financial crimes.

As a UK-regulated financial institution, in the UK and globally, BII manages these risks by continuously developing and maintaining Anti-Money Laundering (AML), Counter Terrorist Finance (CTF) and Counter-Proliferation Financing (CPF) systems and controls to counter the risk of BII directly or indirectly handling property derived from criminal activity or BII's funds being used to further financial crimes. Across all of its offices, BII adopts a risk-based approach to assess and monitor financial crime risk in compliance with the UK Money Laundering Regulations (as amended), the Proceeds of Crime Act, and the Terrorism Acts, as well as applicable international law and best practices.

BII regularly assesses the adequacy of its systems and controls to ensure that the framework appropriately manages financial crime risk and reflects changes to the risk profile and any legal/regulatory developments.

BII will not enter into a transaction if it is unable to obtain adequate Customer Due Diligence ("CDD") and Know Your Customer ("KYC") information in line with regulatory requirements. Before making any investment, BII takes appropriate steps to determine and assess various aspects, including:

- The identity of the Investee⁵ or Transactional Counterpart⁶ Within an Occasional Transaction with whom BII proposes to transact with;
- The details of the ownership and control structure of the Investee or Transactional Counterpart;
- The identity of the ultimate beneficial owner(s) of the Investee or Transitional Counterpart;

¹ The offences under the Proceeds of Crime include a range of activities involving handling criminally derived property through the receipt, use or possession of such property.

² Under the Proceeds of Crime Act 2002, 'money laundering' refers to any economic benefit (monetary or otherwise) gained from criminal conduct and includes proceeds from crimes committed outside the UK.

³ Proliferation financing refers to the act of providing funds or financial services that are utilised for nuclear, chemical, or biological weapons, as well as their means of delivery and related materials in contravention of law and applicable international obligations.

⁴ Terrorist financing refers to the means and methods that terrorist organisations use to finance activities that threaten national and international security. The offence of terrorist financing involves the provision, collection or receipt of funds with the intent or knowledge that the funds will be used to carry out an act of terrorism. It also includes collecting or receiving funds intended for use or knowing that they will be used for the benefit of a terrorist group.

⁵ All references to Investee also refer to prospective investees.

⁶ An occasional transaction is a transaction which the firm undertakes for a party utilising BII's commercial services outside of an established business relationship, therefore, does not include ongoing payment activities undertaken within an established business relationship.

- The risk profile of the Investee or Transactional Counterpart based on a range of factors, including the nature of the business activity, geographical nexuses, source of funds and source of wealth considerations
- The Investee and key controlling parties' track record, reputation and any prior allegations of wrongdoing;
- The purpose and intended nature of the business relationship;
- The involvement of any politically exposed persons.
- The involvement of any sanctioned parties given sanctions contravention/circumvention poses risks as a predicate offence and targeted proliferation finance sanctions

BII's commitment to identifying and preventing money laundering, proliferation financing, and terrorism financing continues throughout the investment cycle. Using a risk-based approach to due diligence throughout an investment's lifetime, BII conducts ongoing monitoring by conducting periodic and trigger-based reviews to ensure that transactions are consistent with BII's knowledge of the investee and its business.

Additional internal Group-wide controls include, but are not limited to:

- At a firm-wide level, identifying and assessing the money laundering, weapons proliferation and terrorist financing risks presented to BII by Investees, related parties and relevant associated parties within investment transactions ;
- Setting up, maintaining and monitoring the implementation and effectiveness of risk-based systems and controls (including record-keeping requirements, regulatory reporting and management information to senior management);
- Maintenance of AML, CTF and CPF policies, controls and procedures, ensuring this applies to the activities of BII Group-controlled subsidiary undertakings and branches in and outside of the UK;
- An appointed Money Laundering Reporting Officer (MLRO), who is also the organisation's Nominated Officer and is designated to evaluate reports of suspicious activity from BII staff. The MLRO considers all internal reports and makes an external report to the National Crime Agency should the MLRO determine that there are reasonable grounds for reporting;
- All BII staff members receive regular training on AML, CTF and CPF to ensure awareness of obligations and enable them to recognise and report suspicious activity. This helps protect BII from such risks.
- A Three Lines of Defence risk management model with First Line documenting procedures to ensure appropriate collection and assessment of information.

BII will also take all reasonable measures to limit underlying risk exposure. As a responsible investor, BII requires a commitment from prospective and existing investees to implement robust financial crime risk management standards. BII works with fund managers and portfolio companies to help them understand the integrity challenges they face and strengthen prevention controls in line with the Policy on Responsible Investing requirements.