



## **Financial Risk & Financial Crime Policy**

The Diversity Trust CIC, hereinafter referred to as “the Trust,” is dedicated to upholding the highest standards of integrity and accountability in its operations. This policy outlines the Trust’s unwavering commitment to preventing and detecting risks associated with fraud, money laundering, and financial crime. It serves as a comprehensive framework for identifying, managing, and mitigating these risks while ensuring strict compliance with all applicable laws and regulations.

The primary objective of this policy is to establish a clear and unequivocal stance against fraud, money laundering, and financial crime. It also outlines the specific roles and responsibilities of staff members in relation to risk management and financial crime prevention. Additionally, the policy provides detailed procedures for reporting and investigating any suspected instances of fraudulent or criminal activity. Furthermore, it emphasises the importance of compliance with all relevant legal and regulatory requirements.

Moreover, this policy aims to foster a culture of transparency and ethical behaviour within the Trust. It seeks to create an environment where employees, volunteers, Board members, and any third parties engaged by the Trust, including contractors and consultants, feel comfortable reporting any concerns or suspicious activities.

This policy applies to all employees, volunteers, Board members, and any third parties who are directly involved in the Trust’s operations.

For the purpose of this policy, the following definitions are provided:

1. Fraud: Any deliberate act or omission intended to deceive others, resulting in financial or personal gain.
2. Money Laundering: The process of concealing the illicit origin of money, typically involving three distinct stages: placement, layering, and integration.
3. Financial Crime: Any non-violent crime committed for financial gain, such as fraud, money laundering, bribery, and corruption.
4. Risk: The potential for loss or damage when a threat exploits a vulnerability.

### **Legal Framework**

The Trust complies with all applicable legislation and regulations, including:

The Diversity Trust CIC is a Community Interest Company  
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Registered in England & Wales. Company Number: 08141031 VAT Number: 378313185  
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- Proceeds of Crime Act 2002
- Money Laundering Regulations 2017
- The Fraud Act 2006
- The Bribery Act 2010
- The Terrorism Act 2000

## **Roles and Responsibilities**

### **Board of Directors:**

- Ensure the Trust has a robust policy in place to prevent financial crime.
- Regularly review and approve the risk management framework and policies.
- Allocate appropriate resources for training and compliance.

### **Management:**

- Implement and enforce the policy.
- Conduct regular risk assessments to identify vulnerabilities related to fraud and financial crime.
- Ensure all employees and volunteers receive training on financial crime prevention.

### **Employees and Volunteers:**

- Adhere to the policy and report any suspicious activity or concerns about potential fraud or financial crime.
- Participate in training programs focused on fraud awareness and prevention.

### **Compliance Officer:**

- Oversee the implementation of the policy and ensure compliance with legal and regulatory requirements.
- Serve as a point of contact for reporting suspicious activities.
- Conduct investigations into reported incidents of fraud or financial crime.

## **Risk Management Framework**

1. Risk Assessment: The Trust will conduct regular risk assessments to identify and evaluate risks associated with fraud and financial crime. This involves assessing the likelihood of occurrence and potential impact.
2. Due Diligence: The Trust will conduct thorough due diligence on new clients, vendors, and partners to ensure they are not involved in any illicit activities. This includes verifying identities and assessing the risks associated with each relationship.

3. Internal Controls: The Trust will implement and maintain robust internal controls designed to prevent and detect fraud and financial crime. These controls include segregation of duties, approval processes, and regular audits.

4. Continuous Monitoring: The Trust will diligently monitor transactions and activities for any signs of suspicious behaviour and promptly take appropriate action when necessary.

### **Reporting Procedures**

1. Reporting Suspicious Activity: Employees and volunteers must report any suspicions of fraud or financial crime immediately to the Compliance Officer. Reports can also be made anonymously through a designated hotline or email.

2. Investigation: All reports will be taken seriously and investigated promptly. The Compliance Officer will lead the investigation, which may involve gathering evidence, interviewing witnesses, and consulting with legal advisors if required.

3. Protection for Whistleblowers: The Trust is committed to safeguarding individuals who report concerns in good faith. Retaliation against whistleblowers will not be tolerated.

### **Training and Awareness**

The Trust will provide comprehensive training to all employees and volunteers on:

- Recognising the signs of fraud and financial crime.
- Understanding the legal obligations surrounding money laundering and financial crime.
- Reporting procedures for suspicious activities.

### **Record-Keeping**

The Trust will diligently maintain comprehensive records of all transactions, reports of suspicious activities, investigations, and training sessions in compliance with legal and regulatory requirements.

### **Policy Review**

The Trust will regularly review and update its policy to ensure its effectiveness and alignment with evolving risk management practices.

This policy will be reviewed annually to ensure its continued effectiveness and relevance. Any changes in legislation or operational practices will be reflected in the policy updates.

In conclusion, the Diversity Trust CIC is committed to creating a secure and risk-free environment, free from fraud, money laundering, and financial crime. By adhering to this policy, the Trust aims to safeguard its assets, reputation, and the interests of its stakeholders.

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This policy will be communicated to all staff and stakeholders and will be accessible on the Trust's website and internal platforms.

Berkeley Wilde, CEO, 31<sup>st</sup> March 2025