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# Business Ethics Anti-Fraud Bribery and Money Laundering Group Policy

## 1.0 Purpose of the Policy

1.1 This Policy sets out the Group's approach to business ethics in relation to the prevention and detection of fraud, bribery, corruption and money laundering. It summarises the roles and responsibilities throughout Coastline outlining the procedures to be followed where suspicion of illegal or unethical financial activity is raised.

## 2.0 Introduction

2.1 This policy relates to Coastline Group (Coastline) and all subsidiaries. The policy underpins and strengthens Coastline's values of putting our customers first; being open, honest and accountable; striving to be the best and valuing each other.

2.2 Illegal or unethical practices can include fraud, bribery, corruption, money laundering, theft, financial irregularity, improper use or misappropriation of our assets or resources. Unless specifically highlighted, collectively these are referred to as illegal or unethical business practices throughout this policy.

2.3 Such activities divert resources from the achievement of our objectives, and can have a real impact on the provision of our services. They can also be associated with other crimes and anti-social behaviour which can undermine the communities we serve.

2.4 This policy applies to instances of;

- fraud against Coastline - whether carried out by its own employees, volunteers , Board or Committee members, or third parties;
- fraud against others including customers - by people acting on behalf of the company (employees, Board or Committee members or contractors).

## 3.0 Policy Statement

3.1 Coastline and our colleagues are committed to the protection of its assets against illegal or unethical financial losses and protecting its reputation. They constantly strives to reduce such activity to its lowest possible level. They aim to prevent this by,

- taking a strategic approach to managing fraud risk;
- promoting a culture where everyone is committed to ensure illegal and unethical behaviour does not take place;
- encouraging the reporting of reasonably held suspicions;
- assessing, and reviewing, areas where the risk of fraud and corruption is greatest, and providing adequate resources to carry out preventative and detective anti-fraud controls in those areas;
- designing and operating systems, procedures and policies which minimise the risk of fraud and corruption;

- assisting authorities, where appropriate, in their investigations into fraud and corruption; co-operating with other bodies to prevent and detect fraud and corruption; and
- providing appropriate training to members, managers and staff to make them aware of fraud risks and of their responsibilities under this and related company policies.

3.2 Where possible, Coastline will seek to ensure that individuals who have acted, or who have attempted to act, illegally are prosecuted and any proceeds of their actions are recovered.

3.3 All board and committee members and colleagues are required to sign a Declaration of Interest form on taking up employment and then annually thereafter. In addition, all members of the Executive Team and all Non-Executive Directors are required to complete a 'Fit & Proper Person's' declaration for HMRC as requested for Charity Trustees.

## 4.0 Legislation, Statutory Regulatory duties & references

The applicable legislation includes;

### 4.1 Fraud

Fraud is defined in the Fraud Act 2006. The Act refers to "The use of deception with the intention of obtaining an advantage". Under the Act, fraud may be by:

- Fraud by false representation;
- Fraud by failing to disclose information;
- Fraud by abuse of position;
- Obtaining services dishonestly; and
- Participation in a fraudulent business.

4.2 The Economic Crime and Corporate Transparency Act 2023 introduces, from 1 Sept 2025, an organisational criminal liability where;

- a specified fraud offence is committed by an employee, agent or other 'associated person', for the organisation's benefit; and
- the organisation did not have 'reasonable' fraud prevention procedures in place.

For the purposes of the 2023 Act a 'specified fraud' includes those under the Fraud Act listed above and;

- Cheating the public revenue (common law)
- False accounting (Theft Act 1968)
- False statements by company directors (Theft Act 1968)
- Fraudulent trading (Companies Act 2006)

It does not need to be demonstrated that directors or senior managers ordered or knew about the fraud. However, it is a defence to have in place reasonable fraud prevention measures.

### 4.3 Corruption

Corruption involves the giving and receiving of inducements or rewards to influence people to behave improperly in the carrying out their duties. In law, corruption is covered by offences detailed in the Bribery Act 2010. In the context of this policy 'corruption', which can also include a fraudulent element, is defined as *"an effort to influence and/or the abuse of authority through means that are illegal, immoral, or incompatible with ethical standards".*

4.4 **Bribery**

Bribery is a criminal offence under the Bribery Act 2010, including;

- bribing another person ("active bribery")
- being bribed ("passive bribery");
- to request, agree to receive, or accept a bribe
- to use a third party as a conduit to channel bribes to others; and
- failure of commercial organisations to prevent bribery by persons associated with them.

The Act provides that senior officers of a body corporate may be prosecuted if an offence is proved to have been committed by a corporate body with their consent or participation.

4.5 **Money laundering**

The Proceeds of Crime Act 2002, sets out the offence of money laundering. A person commits an offence if they;

- conceal, disguises, converts or transfers criminal property or removes it from the United Kingdom;
- enter into or becomes concerned in an arrangement which he or she knows or suspects facilitates the acquisition, retention, use or control of criminal property; or
- acquires, uses or has possession of criminal property.

The Act requires Coastline to report any suspicious activity it comes across through its business activities.

4.6 The Serious Crime Act 2015, makes it clear that a person making a disclosure of money laundering, via a Suspicious Activity Report in good faith, is protected from civil liability. The Act also creates an offence of participating in the activities of an organised crime group, where three or more people assist or are participatory in any conspiracy to commit a fraud.

4.7 It should be noted that breach of these Acts is a serious criminal offence and if successfully prosecuted Coastline could be subject to unlimited fines and individuals, may be subject to robust sentencing powers of up to ten years imprisonment.

4.8 The Money Laundering Regulations 2007, require Coastline to;

- assess the risks posed to the business of money laundering activity;
- carry out appropriate 'customer due diligence' including verifying the identity of customers on the basis of documents obtained from a reliable and independent source, on a risk based approach;
- check the identity of 'beneficial owners' (person or body who has a controlling interest) in financial transactions;
- undertake ongoing monitoring of financial transactions (i.e. not just at the start of a financial transaction);
- inform the National Crime Agency (NCA) of any suspicious activity using the Suspicious Activity Reporting (SAR) procedures;
- have in place a Money Laundering Reporting Officer (MLRO) and easily accessible mechanisms for reporting concerns internally;
- keep records relating to financial transactions and due diligence (in line with document retention schedules);
- provide staff training / refresher training on money laundering; and
- regularly review Policy and procedures

4.9 In addition to complying with above legislation the application of this policy ensures compliance with the outcomes of the Regulatory Framework for Social Housing as outlined below.

4.10 **Governance**

Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure registered providers;

- adhere to all relevant law;
- comply with their governing documents and all regulatory requirements;
- are accountable to tenants, the regulator and relevant stakeholders;
- safeguard taxpayers' interests and the reputation of the sector;
- have an effective risk management and internal controls assurance framework; and
- protect social housing assets.

4.11 **Financial Viability**

Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.

4.12 This Policy has also taken account of the NHF Good practice guide - Countering Fraud 2017.

## 5.0 Operational considerations

5.1 **Fraud**

It is important to recognise that fraudulent activities do not have to result directly in financial loss to Coastline. Actions which result in illegal gain to an individual can also be classed as fraudulent. Examples of this type of activity can include, for example, illegally obtaining money or property from service users, tenancy fraud, disclosure of confidential information, money laundering etc.

5.2 Coastline's commitment to prevent and detect fraud includes tenancy fraud, and fraudulent claims of housing benefit and other welfare benefits by Coastline customers.

5.3 Fraud may or may not involve a financial gain and can include the following illustrative examples (not exhaustive):

- falsifying attendance records;
- falsifying expenses, car mileage, petty cash or other employee claim forms;
- using work time to carry out non work activities;
- taking goods and falsifying records to conceal this; and
- using work resources or materials in furthering alternative employment e.g. own business interests.

5.4 For the purposes of this policy, fraud is taken to include directly or indirectly all instances of theft or attempted theft from or through Coastline

5.5 **Corruption**

Illustrative examples include;

- improper payments such as illegal political contributions, bribes, pay-offs to officials, customers or suppliers;
- intentional, improper representation or valuation of transactions, assets, liabilities or income;
- intentional failure to record or disclose significant information to improve the financial picture of the organisation to outside parties;
- abuse of power or position to gain preferential treatment in the delivery of Coastline services for other colleagues, friends or relatives; and
- using Coastline systems to access information or position to gain an unfair advantage e.g. in allocation of properties for rent or sale.

5.6 **Bribery**

Coastline does not, and will not, pay bribes or offer improper inducements to anyone for any purpose. Nor does or will it accept bribes or improper inducements. This is made clear to colleagues and Board and Committee members in the Group's Code of Conduct. Coastline is committed to the prevention, deterrence and detection of bribery. Coastline has a zero-tolerance objective towards bribery. Coastline aims to maintain anti-bribery compliance "business as usual", rather than as a one-off exercise.

5.7 In relation to the corporate offence of a failure by a commercial organisation to prevent bribery the following are intended to provide adequate procedures to mitigate and prevent bribery by or of persons associated with Coastline;

- the contents of this policy;
- the Group's standard terms of contract;
- policies relating to contracts;
- governance arrangements; and
- the Group Code of Conduct.

5.8 It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the council in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy engage in activity in breach of this policy.

5.9 **Money laundering**

Illustrative examples of the warning signs for money laundering include;

- transactions which are not at arm's length / not between independent parties;
- full or part payments of large transactions in cash;

- undertaking customer due diligence proves difficult or there is reluctance on behalf of the customer for these checks to be completed;
- customers and counterparties are unable or reluctant to provide information about the source of their funds / provenance of funds when requested;
- sudden improvement in financial position without explanation;
- introduction of unknown parties at a late stage in the transactions; and
- submission of suspiciously low tenders in competitive tendering exercises.

5.10 Many of the above examples will be particularly relevant but are not limited to 'right to buy' or 'shared ownership' applications and where Coastline develops or is involved in properties for outright sale. In respect of money laundering, Coastline will ensure that staff raising concerns only do so where there is 'reasonable suspicion' based on facts or circumstances and do not unduly refuse to process transactions or act in ways that could be construed as 'tipping off / prejudging an investigation.

5.11 Where any suspicions are raised, normal procedure would be for staff to report the concern to the 'Money Laundering Reporting Officer' (MLRO) (Director of Finance, People and Change) who will in turn submit an SAR and seek advice from the regulating body. This would apply unless, the staff member suspected the MLRO was involved, in which case the report could be made direct to the chair of the Audit, Risk and Assurance Committee (ARAC).

## 6.0 An effective operational control environment (Fraud Prevention Framework)

6.1 The following principles of Coastlines fraud prevention framework have been informed by the expectations contained within The Economic Crime and Corporate Transparency Act 2023.

6.2 **Risk assessment**

Coastline assesses the nature and extent of its exposure to the risk of colleagues and other associated persons committing fraud. The assessment of risk is documented and kept under regular review, with control measures in place which are proportionate to the level of risk identified together with methods of assurance. The Group risk map includes consideration of;

- Third party fraud (RS103);
- Fraud or error in transmission of funds (RS625);
- Control systems fail (RS629);
- Money/cheques received in post misappropriated (RS681);
- Risk of collusion (RS690);
- Tenancy fraud (RS693);
- Hosuing benefit fraud (RS694);
- Inappropriate or ineffective controls within the finance team (RS719); and
- Fraudulent expense or petty cash claims (RS739).

6.3 **Culture**

Coastline believes that a culture of honesty and openness is a key element in tackling illegal and unethical business practices. This culture is enshrined in the existing governance arrangements of the Group, which has;

- Code of Conduct for Board and Committee Members and colleagues;
- Articles of Association and Standing Orders, including delegations;

- Financial Regulations and Financial Delegations;
- Standing Orders relating to Contracts;
- ICT equipment usage rules;
- adopted NHF Code of Governance;
- an AARAC;
- Committee Terms of Reference;
- protocols for Board and Committee working;
- accounting procedures and records;
- an effective system of internal controls subject to review in an annual internal audit plan;
- effective recruitment and selection procedures;
- a disciplinary procedure; and
- a whistle blowing policy for colleagues and Board and Committee Members.

6.4 Our culture and values ensures that throughout Coastline there are measures in place which are regularly monitored and reviewed by the Executive Team. These include procedure manuals and a hierarchy of reporting arrangements. These measures are linked to, and take account of, the requirements of:

- corporate governance procedures;
- the corporate risk management and assurance process;
- access to premises and ICT systems;
- responsibilities under relevant legislation; the Companies Act 2006, Bribery Act 2010 and Housing and Regeneration Act 2008 and the RSH Governance & Financial Viability Standards, as appropriate;
- directorate and corporate statements on internal control;
- recommendations of internal and external auditor; and
- the organisation’s business planning process.

6.5 In addition, managers ensure that each employee has access to all appropriate policies and procedures and that appropriate training is provided where necessary. Board and committee members, consultants and others are required to read and understand appropriate policies which apply to them. This is part of the induction process for new employees, consultants and Board & Committee members

6.6 **The role of Board and Committee Members**

All members have a duty actively to prevent any form of fraud or corruption, and to follow the Code of Conduct to ensure high standards are maintained in the way they undertake their duties.

6.7 All board and committee members of Coastline have a responsibility to report any suspected illegal or unethical business practices. This is supported by the whistle blowing policy and Code of Conduct. This protects individuals who report suspicions of malpractice

6.8 **The role of the ARAC**

The ARAC monitors the anti-fraud activity of the company on behalf of the Group Board. The Committee receives a quarterly report of the contents of the fraud register, and reviews this policy at least once every three years.

6.9 **The role of the Executive Team**

The Board has a duty, under the Companies Act 2006, the Housing and Regeneration Act 2008 and the Regulator for Social Housing Governance & Financial Viability Standards to ensure that there are proper arrangements in place to administer the Company's financial affairs. This includes procedures set out in the Group Standing Orders and Financial Regulations, and an adequate and effective internal audit service.

6.10 The Executive Team is responsible for maintaining internal control systems and making sure Coastline's resources are properly applied in the manner and on the activities intended.

6.11 In addition to what is outlined above, the role of the Executive Team in relation to illegal and unethical business practices also includes responsibility for ensuring that,

- staff are aware of, and trained in the operation of Coastline's measures to prevent such practices; and
- all managers undertake regular checks as part of the system of internal controls, to see that this policy is adhered to.

6.12 **Employees of Coastline**

All employees have a duty to report any suspected illegal and unethical business practices. This is supported by the Group's whistle blowing policy and Code of Conduct. Both policy documents protect individuals who report suspicions of malpractice.

6.13 All employees must follow the Company's Code of Conduct, which sets out the Group's requirement on personal conduct, including declaration of interests, gifts and hospitality, and relationships with employees of prospective suppliers. Coastline employees are also expected to follow the code of conduct related to their own professional body. Coastline has in place disciplinary procedures for all categories of employee. Any breach of conduct will be dealt with under these procedures and may result in dismissal.

6.14 **Information and information systems (including mobile technology)**

Data held by Coastline is accessed by colleagues for the purpose of carrying out their official duties. Use of data for any other purpose may be in breach of Data Protection legislation, and could also constitute fraud. Falsification of data may also be fraudulent. Consequently, any misuse, theft or falsification of data will be regarded as potentially fraudulent under this policy.

6.15 Fraudulent or corrupt acts can be committed more easily if management information systems are not controlled and monitored effectively. All colleagues and Board and Committee members must meet the requirements of Coastline policy and laws in relation to the proper and secure use of ICT equipment and the data held on computers, including Data Protection, Computer Misuse and Copyrights, Designs and Patents legislation.

6.16 Colleagues issued with mobile phones and ICT equipment are responsible for their safe-keeping. The loss of phones or other equipment must be reported and will be treated as a potential theft.

6.17 **Role of internal audit**

Internal Audit plays a major role in ensuring that satisfactory control arrangements exist and are working as management intended.

6.18 The existence of an effective Internal Audit is a prime deterrent for illegal and unethical business practices. This is achieved through the analysis of potential fraud areas and the risks associated with them, efficient and effective coverage of all risk areas and the preparation and delivery of an annual Audit Plan as approved by the ARAC.

6.19 Internal Audit will contribute to tackling illegal and unethical business practices in Coastline by;

- supporting the development of appropriate based Risk Assessments;
- periodically reviewing the effectiveness of this and associated policies;
- providing advice and support where required in any investigations; and
- developing and supporting the use of pro-active preventative techniques including analytical review and data matching.

6.20 **Role of External Audit**

External Audit retains responsibility for commenting on the effectiveness of Coastline's overall governance arrangements. The Board, ARAC and Executive Team will make sure that these arrangements are regularly reviewed and tested and are operational at all times.

6.21 **Third parties and members of the public**

Members of the public, partners, contractors, suppliers and other external organisations are encouraged to raise any issues that concern them regarding possible fraudulent, corrupt or other illegal acts, through whichever channel they consider appropriate. Requirements on contractors, partners and suppliers parties to abide by this policy in the conduct of their business with and for Coastline will be included in tender documents and terms of contract

6.22 Complaints of illegal or unethical business practices against Coastline from external bodies will be investigated through the Complaints Policy. Allegations received by anonymous letters or telephone calls are treated seriously and investigated in an appropriate manner as far as it is practical to do so, unless there are good reasons to believe that the allegation is not genuine.

6.23 **Disciplinary procedures**

The offences and unethical business practices outlined in this policy are serious and colleagues may, in addition to any criminal proceedings, face disciplinary action if there is evidence that they have been involved in these activities, depending on the circumstances of each individual case. Coastline recognises that the existence of a well-defined disciplinary procedure is a deterrent to colleagues contemplating illegal or unethical business practices.

6.24 In the majority of cases, criminal acts and practices outlined in this policy committed by Coastline colleagues employees will be considered to represent gross misconduct and may lead to dismissal.

6.25 **Reporting**

Coastline has a clearly communicated expectation of all colleagues , Board and Committee members that any known or suspected illegal or unethical business practices are reported immediately to their line manager or other officers as outlined in the Group's whistle blowing policy. No colleagues, board or committee members or customers will be penalised or discriminated against for such practices if they are made in good faith and are not malicious. Coastline's whistle blowing policy also provides assurances in relation to confidential reporting.

6.26 Any report will be considered by the Executive Team with a view to identifying;

- the extent of the issue; including initial investigation work, identification of those involved and securing evidence;

- the implementation of any defensive action plan and potential to recover assets;
- HR issues in relation to those responsible, those reporting and other employees
- reputational and PR issues;
- when notifications should be made to Board and ARAC members;
- regulatory reporting requirements to the Regulator of Social Housing if a ‘significant instance;’
- regulatory reporting requirements for ‘significant cases of fraud’ to the Charity Commission;
- (if appropriate) interested party notifications - police, insurance companies, solicitors, auditors (internal and external);
- completion of the Group Fraud Register; and
- review and amendment as necessary of any control mechanisms to prevent further issues.

6.27 Where appropriate Coastline will work with other organisations to tackle illegal and unethical business practices. Coastline will share data and participate in joint fraud prevention and detection work locally and nationally, including collaboration with local authority fraud investigation and other housing providers, and participation in data matching exercises.

6.28 **Awareness and training**

Coastline recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of programmed training and the awareness of Board and Committee members and colleagues of the Group. The training programme will be regularly reviewed to ensure the following:

- Regular anti-money laundering training for all appropriate roles;
- Periodic use of Coastline’s staff communications to share fraud related news;
- Training tailored for staff with specific responsibilities in fraud related investigations; and
- Ad hoc training related to matters arising from, for example, risk registers, the Statement on Internal Control, reports from Internal Audit, external audit and other review bodies.

6.29 **Monitoring and review**

Within Coastline there is a strategic awareness that weaknesses in the design and operation of systems and procedures can increase the risk of fraud or irregularities occurring. This is especially true where individuals recognise the weaknesses and seek to exploit them. The Executive Team is responsible for ensuring that the control environment within their operational directorate is effective through regular monitoring and review.

6.30 It is recognised that the effective operation of internal controls is essential as defence against illegal or unethical business practices. It is the responsibility of Coastline managers at all levels to make sure these controls are operating effectively by test checking and verifying work processed by the systems, and the individuals, under their control.

6.31 As part of the Group’s three line defence assurance and risk process, fraud risks and mitigating actions are monitored by the Executive Team, Auditors, ARAC and at Board level, with actions being implemented as required.

6.32 The monitoring process includes having plans and controls in place to;

- measure the cost of fraudulent activity;
- assess the resilience to fraud;

- focus resources on fraud prevention;
- prioritise fraud prevention activity in areas of identified risk and cost;
- apply all appropriate criminal, civil, disciplinary and regulatory sanctions where fraud is suspected;
- ensure that appropriately trained counter fraud staff are in place;
- focus on the outcomes of counter fraud activity in terms of reductions in the level and cost of fraudulent activity; and
- performance managing counter fraud work.

6.33 These processes are underpinned through the implementation and up-keep of sound financial management processes, including clear;

- accounting and cash flow procedures;
- authorisation and approval routes for expenditure;
- financial regulations (that meet regulatory and lenders requirements);
- regular internal and external audit procedures;
- supplier evaluation and monitoring procedures including credit checks for all new suppliers;
- due diligence procedures when entering partnerships / commercial or other business ventures with external parties; and
- due diligence for customers with whom Coastline enters to significant financial transactions.

6.34 A fraud register is maintained detailing all cases of suspected fraud, and a summary report is provided each quarter to the ARAC.

6.35 All lessons learned from investigations will result in changes to control processes and procedures to reduce the risk of re-occurence.

## 7.0 Links to other Policies

7.1 Code of Conduct
Disciplinary Policy
Whistleblowing Policy
NHF Code of Governance