

[Name of Party's] 'Know Your Donor' Policy

Contents

1. Background
 2. Donations Policy Statement
 3. Scope
 4. Existing Restrictions on Donations
 5. Risk-Based Approach to Donations
 6. Enhanced Due Diligence Checks
 7. Sanctions-Screening
 8. Simplified Transactions
 9. Reporting Requirements
 10. Record-Keeping and Data Storage
 11. Annual Report and Accounts
- Annex 1: Template Written Declaration
- Annex 2: Template Risk Assessment Form
- Annex 3: Template Reputation Risk Management Form
-

1. Background

1.1. This is the reasonable and proportionate risk-based policy of [name of political party] ('the Party') for identifying the true source of donations and other forms of financial support, and for managing the risks of donations from foreign powers, proceeds of crime and corrupt or compromised actors.

1.2. This policy is designed to complement the checks on donations required under the Political Parties, Elections and Referendums Act 2000 ('the 2000 Act').

2. Donations Policy Statement

2. The Party will publish a policy statement, written by the Chair of the Party, in its Annual Report and Accounts each year that will contain the following information ('the Donations Policy Statement'):

- a) the Party is committed to, and has processes for, ensuring that all donations it accepts are from permissible sources in accordance with the 2000 Act;
- b) the Party takes a zero-tolerance approach towards accepting donations or any form of financial support from foreign sources, or from individuals or entities that pose an adverse risk to the UK's democratic processes, national security or the reputation of the Party;
- c) the Party has implemented and maintains a reasonable and proportionate risk-based policy (its 'Know Your Donor' policy) setting out the Party's commitments and principles in respect of donations, which is designed to help Party officers comply with their responsibilities; and
- c) the Party has implemented reasonable and proportionate risk assessment, due diligence controls and procedures, which include adequate record-keeping, monitoring, and measures for managing compliance with, and internal communication of, its 'Know Your Donor' policy.

3. Scope

3.1. This policy applies to all donations or loans offered to or accepted by the Party.

3.2. This policy does not apply to donations or loans offered to or accepted by Members of Parliament (MPs), who are required to undertake permissibility checks before accepting donations provided in their capacity as MPs, but is designed to support MPs when undertaking such checks.

3.3. The Party will provide MPs with such information that may be required to enable them to comply with their obligations under the 2000 Act and to manage the risks identified in this policy.

3.4. Each of the Party's MPs, Members of the House of Lords, chairs, employees and contractors will be made aware of this policy and confirm in writing that they accept and agree to abide by its terms.

3.5. The Party's registered treasurer and accounting unit treasurer, and any accounting officers and other individuals responsible for checking, recording, reporting or administering funds intended for loans or donations to the Party, will confirm annually and in writing that they accept and agree to abide by the terms of this policy, following the annual review of this policy in accordance with section 10.

4. Existing Restrictions on Donations

4.1 The 2000 Act requires the Party to appoint a registered treasurer whose role is to;

DRAFT FOR CONSULTATION

- ensure that reasonable steps are taken to ensure donations are permissible under the 2000 Act;
- keep sufficient accounting records; and
- report donations to the Electoral Commission every quarter.¹

4.2. Prior to accepting any donation of £500 or more, the Party's treasurer must check that the donation is from a permissible source. In the case of receiving a donation from a previous donor, consideration should be given to making a fresh check for each subsequent donation.²

Individuals

4.3. Where a donation is made by an individual, the Party must check that the individual is registered on a UK electoral register. The individual's full name and their address - as shown on the electoral register, or in the case of overseas electors, their home address - must be recorded.³

Limited Companies

4.4. Where a donation is made by a limited company, the Party must be satisfied that the company is registered at Companies House, incorporated in the UK, and carrying on business in the UK. Records must be kept on the company, including its name as shown on the Companies House register, the company's registered office address and its registered company number.⁴

Limited Liability Partnerships

4.5. Where a donation is made by a limited liability partnership (LLPs), the Party must be satisfied that the LLP is carrying on business in the UK. The Party should check Companies House to see if the LLP is in liquidation, dormant or about to be struck off, or if its accounts and annual return are overdue. The Party must record the LLP's name and registered office.⁵

Unincorporated Associations

4.6. Where a donation is made by an unincorporated association, the Party must be satisfied that it has more than one member, that its main office is in the UK and that it is carrying on business or other activities in the UK in order to be permissible. The Party will need to record the name of the unincorporated association and its main office address.⁶

¹ Electoral Commission - [Introduction to being a party treasurer](#)

² Section 56 of the Political Parties, Elections and Referendums Act

³ Electoral Commission (31 March 2022) [Guidance: donations from individuals](#)

⁴ Electoral Commission (31 March 2022) [Guidance: donations from companies](#)

⁵ Electoral Commission (31 March 2022) [Guidance: donations from limited liability partnerships](#)

⁶ Electoral Commission (31 March 2022) [Guidance: donations from unincorporated associations](#)

Trusts

4.7. Where a trust seeks to make a donation, the rules on permissibility depend on when the trust was created and other considerations as set out in guidance from the Electoral Commission.⁷

5. Risk-Based Approach to Donations

5.1 The Party requires all donations of or exceeding £500 to be made through the banking system, in order to benefit from banks' identity checks and to allow money to be tracked.

5.2. The Party will require all donors to submit a signed written declaration at the same time that they provide a donation - or total donations - of or exceeding [£500] in any calendar year. A template written declaration for this purpose is provided in Annex 1.

5.3. Where the threshold of [£500] is met or exceeded with multiple donations in the same calendar year, the donor will provide a declaration at the same time as the donation that meets or exceeds that threshold.

5.4. The Party will subject all donors providing [£7,500] or more to the Party in a calendar year, whether in a single donation or in total donations, to a risk assessment - including consideration of their background and potential reputational risks - before any donation or form of financial support is accepted by the Party. A template Risk Assessment Form is provided in Annex 2 and a template Risk Management Form in Annex 3 for this purpose.

5.5. Where a risk assessment results in any cause for concern, or where the Party's treasurer taking reasonable steps cannot obtain sufficient information about a donor or their business activities, the Party will undertake a process of enhanced due diligence in accordance with section 6 of this policy.

5.6. The Party must keep written records of how decisions were made during, and the results of, the risk assessment and enhanced due diligence. The Party will keep these records in line with its data retention policy and to ensure compliance with its responsibilities and obligations under this policy, as well as for the purposes of law enforcement, as set out in section 10 of this policy.

5.7. The Party must not accept donations until all relevant checks have been completed. Where those checks cannot be completed within any periods prescribed by the 2000 Act, the Party will return the money to the person who made the donation in accordance with its obligations.

6. Enhanced Due Diligence Checks

6. Where the donor's written declaration and / or the Party's risk assessment has identified areas of concern, or where the donor fails to provide information on request to the Party's satisfaction, the Party will subject the donor to enhanced due diligence, which should include obtaining additional

⁷ Electoral Commission (31 March 2022) [Guidance: donations from trusts](#)

DRAFT FOR CONSULTATION

information about the donor, additional information on the source of their funds and wealth, and enhanced monitoring of the donor, as set out in this section.

Enhanced Checks on Individuals

6.1. The Party will take additional measures to better understand the background and financial situation of the donor, including other connected parties to the intended donation.

6.2. The Party will take a risk-based approach to identifying whether the donor is a politically exposed persons (PEP), or a family member or close associate of a PEP.

6.3. The Party will make use of information that is reasonably available to them for the purpose of identifying whether the donor is a PEP or shares a relationship with a PEP. This can include;

- a) information in the public domain, such as websites of governments and parliaments as well as reputable non-governmental organisations and media sources;
- b) reliable public registers, including Companies House and those maintained by the Electoral Commission; and/or
- c) commercial databases that contain lists of PEPs, family members and known associates.

Enhanced Checks on Businesses, For-Profit Entities and Unincorporated Associations

6.4. Enhanced due diligence checks undertaken on businesses, for-profit entities and unincorporated associations must include requesting information about the entity directly from the donor which should be corroborated by an independent regulated professional in the UK.

6.5. Information must be obtained and verified relating to the names of the board of directors, partners or equivalent management body responsible for its operations.

6.6. Reasonable measures will be undertaken to understand the ownership and control structure of the entity, trust, company, foundation or other legal arrangement including identifying the beneficial owner. Where beneficial owners are a trust, company, foundation or similar legal arrangement, reasonable steps will be taken to understand the structure.

6.7. Limited companies and LLPs must provide the Party, on request, with original or certified copies of documentation demonstrating that donations do not exceed net profits after tax based on revenue generated in the UK within the preceding two years.

6.8. An individual providing a donation will still be representing the entity in question and due diligence checks should therefore be carried out on both the individual and the entity in question, as appropriate to the level of risk.

6.9. The Party will take reasonable measures to understand the background and purpose of the donation, which may include seeking additional independent information to corroborate information provided by donors.

DRAFT FOR CONSULTATION

6.10. The Party will verify whether the legal entity or its parent company make use of trust arrangements, complex corporate structures including circular ownership structures, shell companies and trust structures to disguise beneficial ownership information.

6.11. Where the Party consider there to be a risk of money laundering in relation to a donation, the treasurer will assess customer risk factors including whether:

- a) the donor has business relationships in a geographical areas or countries of high risk (as specified in Schedule 3ZA of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended);
- b) whether the donor is a legal arrangement that is a vehicle for holding personal assets;
- c) whether the donor is a company that has nominee shareholders or shares in bearer form;
- d) whether the donor's business is cash intensive;
- e) whether the corporate structure of the donor is unusual or excessively complex given the nature of the company's business

6.12. The Party will take reasonable steps to understand the source of funds behind the donation. This will include an analysis of whether:

- a) the source of funds is identifiable;
- b) whether the funds originate from a UK-registered financial institution;
- c) there is any indication that the funds could have originated from overseas; and
- d) the donor provided sufficient documentation as to the source of funds.

7. Sanctions-Screening

7.1. All donors donating [£7,500] or more to the Party in any calendar year will be manually screened by the Party against the UK's Consolidated Sanctions List operated by the Office of Financial Sanctions Implementation ('OFSI').

7.2. The Party will ask donors in writing whether they have a current or recent business relationship with any individual or company that appears on a sanctions list operated by either the US, Australia, Canada, New Zealand, Japan or the European Union ('EU'), or have a current or recent business relationship with any individual or company that does.

7.3. Where a donation is offered through a business, its senior company officers and beneficial owners will be manually screened against the OFSI list and those maintained by the US, Australia, Canada, New Zealand, Japan or the EU. These checks are especially relevant in the case that a donation is offered through a UK-subsiary of a foreign parent company.

7.4. Where a donation is provided through a business, reasonable steps will be undertaken to verify whether any recent changes in ownership stakes have occurred. Where individuals with a recent ownership interest in the company are identified, these individuals will be manually screened against the OFSI list and lists maintained by the US, Australia, Canada, New Zealand, Japan or the EU.

8. Simplified Transactions

8. Where an individual or relevant entity has already undergone an enhanced due diligence check by the Party within the current calendar year to the satisfaction of the Party, a simplified risk assessment process may be used for any further donations by that donor in the same calendar year of, or in the cumulative total of, [£7,500] in the same calendar year, as appropriate to the level of risk.

9. Reporting Requirements

General Reporting

9.1. Reporting is an important part of monitoring compliance with the UK's AML regime. The Party's Annual Accounts sent to the Electoral Commission will include information on the number and value of donations, as well the number of times enhanced due diligence checks were used on donations and the number of times donations were rejected following risk assessments and/or where enhanced due diligence was undertaken. See Annual Reports and Accounts in section 11 of this policy.

9.2. The Party will keep and maintain a written record of how many meetings donors have sought and obtained with elected politicians from the Party in each calendar year. This information will be published each year in parties' written submission to the Electoral Commission.

Suspicious Transactions

9.3. Any suspicious transactions must be reported immediately to the Party treasurer.

9.4. In some instances, there can be personal liability for individuals under money laundering and other legislation for offences such as tipping off. It is therefore important to immediately refer the matter to the Party Treasurer without discussing the matter with the donor first.

10. Record-Keeping and Data Storage

10.1. As set out in section 5.6 of this policy, the Party must keep appropriate records relating to any risk assessment and enhanced due diligence checks it undertakes in relation to donors.

10.2. The Party will undertake reviews of existing records to ensure that information obtained for the purpose of due diligence is up to date.

10.3. Records relating to risk assessment and enhanced due diligence checks must be retained in accordance with the Party's statutory and other obligations and for a minimum period of five years from the last donation, and may be kept for as long as is necessary in view of any ongoing relationship with the donor and according to the level of risk.

DRAFT FOR CONSULTATION

10.4. All records must be kept securely in accordance with data protection, confidentiality and other obligations for a minimum period of five years. Those subject to due diligence checks should be notified that their data will be retained for such purposes.

10.5 The Party will ensure that this policy is kept up-to-date and reviewed annually.

Monitoring Donor Relationships

10.6. The Party must take reasonable measures to monitor relationships with donors who donate [£7,500] or more to the Party in any calendar year, including:

- a) assessing donations throughout the course of the relationship to ensure that the donations are consistent with the Party's knowledge of the donor, the donor's business and risk profile;
- b) undertaking reviews of existing records and keeping the documents or information obtained up to date for the purposes of applying due diligence measures; and
- c) recording how many meetings donors have sought and obtained with elected politicians from the Party in each calendar year and, if it is in government, the number of times a donor has sought to influence official business and the nature of that attempted influence.

11. Annual Report and Accounts

11.1. The Party must include a statement of risk management in its Annual Report and Accounts which should include information on the risks relating to donations and the sources of funds, and the steps that the Party has taken to manage those risks.

11.2. The Party will provide an annual written submission to the Electoral Commission explaining how it has implemented this policy and managed the risks of donations in accordance with its Donations Policy Statement. This submission will include a breakdown of the number of donations the Party subjected to enhanced due diligence and the number of donations that it rejected.

DRAFT FOR CONSULTATION

Annex 1 Template Written Declaration

All donors that provide a donation - or total donations - of or exceeding [£500] to the Party in any calendar year will be required to submit a completed written declaration at the same time. Where the threshold of [£500] is met or exceeded with multiple donations, a declaration must be provided at the same time as the donation that meets or exceeds that threshold.

Declaration for Individuals

I, [individual donor name] of [donor address or principal place of business] declare to the best of my knowledge and belief that:

 this donation that I am providing to [name of political party] derives from funds that I have earned or obtained lawfully and is not the proceeds of crime;

 no entity or person other than me has provided, or is expected to provide, money or any other benefit to me with a view to, or otherwise in connection with, the making of this donation.

Print name:

Signature:

Print name of witness:

Signature:

Date:

[Insert Privacy Statement]

Declaration for Companies and Limited Liability Partnerships

For and on behalf of [company or LLP donor name] ('the Donor') of [donor address or principal place of business], I declare to the best of my knowledge and belief that:

 this donation that the Donor is providing to [name of political party] ('the Party') derives from profits that it has generated in the UK from lawful activity and is not the proceeds of crime; and

 the Donor has not provided donations to the Party that exceed its net profits after tax generated in the UK within the two years preceding the date that this donation was provided.

Print name (director or partner):

Signature:

Print name of witness:

Signature:

Date:

DRAFT FOR CONSULTATION

[Insert Privacy Statement]

Declaration for Unincorporated Associations (that donate more than £25,000 in a year and meet the threshold for registering with the Electoral Commission)

For and on behalf of [unincorporated association name] ('the Donor') of [donor address or principal place of business], I declare to the best of my knowledge and belief that:

 this donation that the Donor is providing to [name of political party] ('the Party') derives from profits that it has earned or obtained lawfully and is not the proceeds of crime; and

 the Donor has undertaken checks on those providing it with money that was intended for this donation and, as a result, confirms that those individuals or entities are permissible within the meaning of section 54 of the Political Parties, Elections and Referendums Act 2000.

Print name:

Signature:

Print name of witness:

Signature:

Date:

[Insert Privacy Statement]

[Insert Electoral Commission guidance on permissible donors]

DRAFT FOR CONSULTATION

Annex 2

Template Risk Assessment Form

The Party will subject all donors providing [£7,500] or more to the Party in a calendar year, whether in a single donation or in total donations, to a risk assessment, using the form set out below. Where any concerns are identified, the Party will subject donors to the enhanced due diligence procedures set out in its 'Know Your Donor' policy. If concerns cannot be resolved to the Party's satisfaction after taking reasonable steps, the Party will reject a donation in accordance with its Donations Policy Statement.

DONOR RISK	NOTES
<p>1. Status of donor:</p> <p>1.1 Has the donor previously donated to the Party or provided any other means of financial support including loans and gifts?</p> <p>1.2 Is the donor a politically exposed person?</p> <p>1.3 If the donor is a legal entity, have you obtained accurate and verifiable information confirming:</p> <ul style="list-style-type: none">1.3.1 the nature of the donor's business operations?1.3.2 the identities of the ultimate beneficial owners, directors and controllers of the entity? <p>1.4 Are you aware of media reports or other sources of information suggesting the donor has links to corruption, fraud, money laundering or other forms of economic crime? It is recommended that an online search for adverse press in relation to the donor is conducted.</p> <p>1.5 Are any individuals employed by the legal entity (both in the UK and abroad) subject to a sanctions designation made in any of the 'Five Eyes' countries, the EU or Japan?</p>	
<p>2. Location of donor:</p> <p>2.1 Does the individual or legal entity have links (business or otherwise) to:</p> <ul style="list-style-type: none">2.1.1 high-risk jurisdictions as set out in Schedule 3ZA of the Money Laundering Regulations 2017 as amended?2.1.2 UK Crown Dependencies or Overseas Territories?2.1.3 any jurisdiction falling within the commonly understood definition of a "tax haven," "offshore financial centre," "secrecy jurisdiction" or "non-cooperative jurisdiction?"2.3.4 any jurisdiction designated as "high-risk" on widely used indexes including Transparency International Corruption Perceptions Index, World Bank Governance Indicators, Trace Bribery Risk Matrix and other similar indexes?	

DRAFT FOR CONSULTATION

<p>3. ID & address verification: 3.1 Have you been able to obtain acceptable proof of identification? 3.2 Has the donor been cooperative with requests for documents? 3.3 If the donor is a legal entity, have you been able to obtain up to date information on its beneficial ownership by an independent regulated professional in the UK?</p>	
<p>4. Financial profile of donor: 4.1 Does the donor's stated source of wealth/source of funds justify the size of the donation?</p>	
<p>5. Politically exposed persons: 5.1 Is there information in the public domain from a reputable source indicating the donor or individual connected with a legal entity proposing a donation is a politically exposed person?</p>	

TRANSACTION RISK	NOTES
<p>6. Transaction value 6.1 Does the value of the transaction correspond to the financial means of the donor? 6.2 If the donor is a legal entity, does the amount correspond to revenue and or profit generated through its UK operations?</p>	
<p>7. Transaction type 7.1 Is the donation being offered in cash or through bank transfer or other payment? 7.2 Has more than £1,000 in cash been offered? [*] [*] Cash carries a high risk of money laundering and possession or access to large amounts of cash will be a high-risk factor.</p>	

Annex 3

Template Reputation Risk Management Form

The Party will subject all donors providing [£7,500] or more to the Party in a calendar year, whether in a single donation or in total donations, to a reputation risk assessment, using the form set out below. This is designed to identify whether accepting a donation could pose a reputational risk to the Party or the integrity of the electoral system. Where any concerns are identified, the Party will subject donors to the enhanced due diligence procedures set out in its 'Know Your Donor' policy. If concerns cannot be resolved to the Party's satisfaction after taking reasonable steps, the Party will reject a donation in accordance with its Donations Policy Statement.

REPUTATIONAL RISK	NOTES
<p>1. Overall suitability: Is there any information in the public domain which suggests the donor has been involved in activities that may give rise to a risk to the reputation of the Party or the integrity of the electoral system?</p>	
<p>2. Donor history: Is there any information in the public domain suggesting that the donor has;</p> <ul style="list-style-type: none"> a) an unspent criminal conviction for any offence; b) been the subject of any adverse finding or any settlement in civil proceedings; c) been subject to sanction by a regulatory body; d) been disqualified from any professional role; e) been subject to investigation (criminal, civil or regulatory); or f) been dishonest in their dealings with the regulator 	
<p>3. Donor connection to economic crime: Has the donor committed, or been linked to, corruption, fraud, money laundering or other forms of economic crime?</p>	
<p>4. Conflicts of interest: Could accepting the donation risk impairing or influencing the judgement or actions of the Party, or an individual acting for or on behalf of the Party?</p>	