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# VERIFICATION POLICY STATEMENT

Our beneficiary verification framework, policy and processes are shaped by applicable laws and regulations and are designed to make sure all CAF's grant making is conducted in a safe and legal way.

Beneficiary verification is the process by which we check whether a CAF beneficiary is legitimate. It's often the most important reason our clients choose to work with us, because it means they can be sure their donation will be tax efficient and put to good use.

We use three pillars to support our verification framework, these are to:

1. Verify the charitable purpose of the grant
2. Minimise risk of financial crime, including money laundering, terrorist financing, tax evasion facilitation, proliferation financing, bribery and corruption; and sanctions breaches
3. Mitigate fraud risk

These three pillars lie at the heart of our framework and are the basis on which we carry out our day-to-day grant making. Compliance with these principles is therefore a fundamental building block for good verification practice, and part of CAF's compliance and risk management controls.

Our risk-based and proportionate approach to verification is designed to:

- Ensure charitable funds and property are used for legitimate charitable purposes in accordance with UK law
- Provide donors with confidence that their donations are safe and being used as intended
- Facilitate tax effective UK charitable funds directly supporting the work of charitable partners around the world
- Protect CAF's reputation as a diligent and safe grant maker

For example, if an organisation is a UK-registered charity, there may be lower risk. But if donations will directly or indirectly relate to a sanctioned country, we'll enhance our checks.

We also remain alert to increased risk that may need extra levels of verification.

We verify any partners or end beneficiary organisations that may receive part of a donation. Where there are more risks, we go further and deeper with our checks.

We also carry out post-grant monitoring, except if an organisation is registered as a UK charity. This involves reporting on the use of the grant. If an organisation doesn't provide this information, we can decide to stop any future grants.

## UK-REGISTERED CHARITIES

We've already verified thousands of UK charities, so we can send donations almost immediately.

Our verification checks include:

- Confirm charitable status with the regulator
- Adverse media screening
- Screening of the organisation's name against sanctions, criminal watch lists and Politically Exposed Persons (PEP) and Relatives and Close Associates (RCA) lists
- Checks to make sure the charity is meeting its regulators requirements
- Validation of bank details. We only pay to a bank account in a registered organisation's name.
- Ongoing reverification at set periods or at trigger events.
- If the organisation is also a CAF client, we complete formal onboarding which meets UK legislation on Know Your Customer (KYC), transaction monitoring and other customer due diligence

## NON-UK-REGISTERED AND OVERSEAS ORGANISATIONS

Some organisations in the UK aren't registered as charities. That means we need to carry out extra checks.

This level of verification considers:

- Type of organisation
- Country of operation
- Country where the grant will be used
- Purpose of the grant
- Value of the grant

We allow up to three months for organisations to send us the information we need. Once we receive it, we can usually complete our checks within a few weeks. We'll then let you and the organisation know if we can make the donation.

Our verification checks can include:

- Confirmation of not-for-profit status
- Adverse media screening
- Screening of the organisation's name and controllers against sanctions, criminal watch lists and Politically Exposed Persons (PEP) and Relatives and Close Associates (RCA) lists
- Confirmation and evidence of the charitable purpose of any grant
- Check of country requirements and acceptance of foreign funding
- Review of organisation's structure and governance
- Validation of bank details
- Review of the organisation's accounts

For overseas payments we follow the in-country legislation, such as making sure the organisation has the correct registration to receive foreign funding.

## REPEAT DONATIONS

Repeat donations can normally be made quickly. We'll check the organisation is still legitimate and that the money will again be put to good use. The timeframe depends on the size of the donation and the circumstances in the country the organisation is operating in.

## REVERIFYING CHARITIES

We complete cyclical re-verification to check the charity is still legitimate and that donations will continue to be put to good use. The verification period is based on our risk rating of the charity.

## WHEN WE CAN'T VERIFY A CHARITY

If a charity doesn't pass the verification, we'll let you know. You can then choose a different organisation to support.

We don't make grants:

- If it's not for the public benefit
- Where the grant would, financially or otherwise, benefit the donor or someone connected to the donor
- To overseas organisations that are not formally recognised as not-for-profit organisations within their country
- To overseas organisations that will use the grant to fund schemes that make cash payments to individuals
- To organisations (including those in the UK) that operate in or pass any of the grant, directly or indirectly, to a country that we deem to be too high risk
- To cover costs that are not directly connected to carrying out the charitable activities it has agreed to fund
- Where we cannot, on a risk-based approach, verify the use of the grant as charitable according to UK legislation

We carry out regular risk-based monitoring and assurance of the verification work we do. This involves:

- Regular quality checks against a range of operational processes associated with verification, grant making and screening of beneficiaries
- Separate reporting lines for our front office and back office functions
- Making sure the verification and fund distribution work done by our front office functions are approved or monitored by our back office functions
- Completing regular internal and external audits