

ILTIZAM RELIEF SOCIETY

ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING (AML/CTF) POLICY

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1. Introduction

At Itizam Relief Society, we are deeply committed to upholding the highest standards of integrity, transparency, and accountability in everything we do. As a humanitarian organization, we are honored to be entrusted with vital funds and resources that enable us to support vulnerable communities in their time of need.

To safeguard our mission and ensure that our efforts are not misused for illegal activities—such as money laundering or terrorism financing—we have established this **Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Policy**.

We recognize that money laundering and terrorism financing present serious risks to the global financial system, and non-profit organizations like ours can be particularly susceptible to exploitation by those with harmful intentions. This policy is our commitment to adhere to both national and international AML/CTF regulations while cultivating a culture of compliance, vigilance, and responsibility within our organization.

By adopting a risk-based approach, we aim to protect not only our operations and reputation but also the trust that our donors, partners, and beneficiaries place in us. Together, we can ensure that our resources are used effectively and responsibly, making a meaningful difference in the lives of those we serve.

Money laundering generally occurs in three key stages:

- **Placement** : This is when illegally earned money is first introduced into the financial system. It could be through methods like buying money orders, depositing cash into a bank, or even purchasing assets
- **Layering** : At this stage, the money is moved around through different accounts or financial institutions to hide where it originally came from. The goal is to make it harder to trace.
- **Integrations**: Finally, the "cleaned" money is brought back into the legitimate economy, often by buying legal assets like real estate or investing in businesses, making it look like it came from a lawful source.

Terrorist financing, on the other hand, may not involve money obtained from criminal activities. Instead, it focuses on disguising the origin or intended use of funds, which can later be utilized for criminal purposes.

2. Purpose

At ILTIZAM Relief Society, our mission is to bring hope and assistance to vulnerable communities in their times of need. To ensure that our humanitarian efforts remain focused and untainted by illegal financial practices, we have established this Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Policy. This policy serves as our commitment to preventing any exploitation of our organization for money laundering or terrorism financing activities.

The purpose of this policy is to provide comprehensive and clear guidelines for:

- **Identify Risks:** We aim to recognize potential risks and red flags in transactions, partnerships, and donations that could be linked to money laundering or terrorism financing. By being aware of these signs, we can act proactively to protect our mission.
- **Prevent Misuse:** We are dedicated to safeguarding our resources and ensuring that every dollar donated is used for its intended purpose. This includes preventing any diversion of funds meant for charitable causes.
- **Report Suspicious Activities:** If we encounter any suspicious activities, we are committed to reporting them promptly to the relevant authorities. This ensures that we take appropriate actions to protect our organization and uphold our integrity

All employees, volunteers, donors, partners, contractors, and other stakeholders are expected to fully comply with the procedures outlined in this policy, fostering a culture of vigilance, accountability, and transparency. By adhering to these guidelines, Iltizam Relief Society can maintain its focus on providing critical aid and support to those in need, while ensuring that its operations are legally and ethically sound.

3. Anti Money Laundering and Counter-Terrorism Financing Compliance

At Iltizam Relief Society, we wholeheartedly commit to adhering to the Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act 2001 (AMLATFA), as mandated by the Government of Malaysia, Bank Negara Malaysia, and other relevant authorities. We recognize the importance of complying with all applicable laws, policies, and regulations regarding AML and counter-terrorism financing to maintain the integrity of our humanitarian efforts.

AMLATFA establishes crucial measures to prevent money laundering and terrorism financing. It includes provisions for the seizure and forfeiture of property involved in or derived from unlawful activities, as well as assets associated with terrorism. This Act is vital in ensuring that criminal proceeds and assets used for terrorist purposes are confiscated and managed according to the legal framework.

Our Anti-Money Laundering and Counter-Terrorism Financing (AML) Policy is integrated into the daily operations of Ittizam Relief Society. It guides our engagement in all mandated humanitarian activities, ensuring that every dollar and resource we manage is protected from any unlawful misuse.

By prioritizing compliance and ethical practices, we reaffirm our commitment to our mission: providing essential support and relief to those in need, while safeguarding the trust of our donors and partners.

4. Anti Bribery and Corruptions

At Ittizam Relief Society, we are dedicated to conducting our operations with the highest ethical standards. We firmly oppose bribery and corruption in all forms and are committed to ensuring that our humanitarian efforts remain free from any unethical practices. This policy reflects our values of integrity, transparency, and accountability, reinforcing our promise to our donors, partners, and the communities we serve. By fostering a culture of honesty and compliance, we aim to uphold the trust placed in us as we work tirelessly to support those in need.

5. Restricted Relationships with Stakeholders, Beneficiaries, Partners, and Donors

As a general rule, Ittizam will not start a new relationship or will end an existing one if it cannot confidently identify the true identity of its beneficiaries or partners, or if the necessary steps to verify their identity are not properly followed.

In particular , Ittizam Relief Society will not :

- Accept any assets or donations that are known or suspected to come from criminal activities.
- Engage in or maintain business relationships with individuals or entities that are known or suspected to be involved with terrorism, criminal organizations, or those listed on sanction lists.
- Maintain anonymous accounts, accounts for shell banks, or pay-through accounts.
- Enter into relationships with beneficiaries, partners, or donors from any high-risk countries without thorough verification of their identities.

6. Legal Framework

At Ittizam Relief Society, we are deeply committed to upholding the highest standards of integrity and transparency in all our operations. This commitment includes strict compliance with all

applicable laws and regulations related to anti-money laundering and counter-terrorism financing. Our guiding legal frameworks include:

- **The Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act 2001 (AMLA)** - This foundational legislation sets the standards for our operations in Malaysia.
- **International Regulations** : We also align our practices with relevant international guidelines, including those recommended by the Financial Action Task Force (FATF), to ensure we meet global standards in combating financial crime.

7. Roles and Responsibilities

We believe that maintaining compliance is a shared responsibility within Iltizam Relief Society. Here's how we ensure everyone plays their part:

- **Board of Trustees:** The Board is responsible for overseeing compliance with AML/CTF laws and ensuring that our policies are effectively implemented.
- **Management:** Our management team is dedicated to enforcing this policy and providing essential training for all employees. They are committed to creating an environment where compliance is understood and prioritized.
- **Employees and Volunteers:** Every member of our team has a vital role to play. They are encouraged to report any suspicious activities to our designated compliance officer and are expected to adhere to all aspects of this policy. Your vigilance is key to our collective integrity.

8. Know Your Beneficiaries and Partner (KYBP)

At Iltizam Relief Society, we understand that knowing the background and activities of our beneficiaries, partners, and associates is crucial to the success and integrity of our projects. That's why we have implemented an organization-wide **Know Your Beneficiaries and Partners (KYBP)** procedure to ensure adequate processes.

Through our KYBP program, Iltizam Relief Society aims to create a transparent and secure environment for our operations, ensuring that we remain true to our mission of providing meaningful support to those in need while maintaining the highest standards of integrity and accountability.

8.1 Process - Beneficiaries Verification

To ensure that individuals or groups benefiting from Ittizam's aid or support are legitimate and do not have connections to illegal activities. Ittizam will collect certain minimum information from who receives or engages in any activities conducted by Ittizam Relief Society. The following process must be adhered to in the verification process.

- **Data Collection for beneficiaries**
 - Collect mandatory and supplementary identification information from beneficiaries, including:
 - Full Name
 - Identity Card Number (ID) or Driving License
 - Bank Account Information (for cash transfers)
 - Supplementary information (optional but recommended):
 - Passport Number (for international beneficiaries)
 - Address
 - Contact Information (phone number, email)
 - Occupation
 - Employer Details (if applicable)

8.2 Process - Partners Verification

To ensure that partners (including contractors, suppliers, and implementing organizations) are reputable, comply with AML/CTF regulations, and pose no risk to Ittizam's operations. Ittizam will collect certain minimum information from who receives or engages in any activities conducted by Ittizam Relief Society. The following process must be adhered to in the verification process

- **Data Collection:**
 - Gather the following information from all potential partners:
 - Full Name of Organization
 - Date of Establishment
 - Organization Registration Number or License
 - List of Directors and Key Officials (Name, IC, Passport Number)
 - Business Activities
 - Bank Account Information
 - Head Office Address

8.3 Beneficiaries or Partners Who Refuse to Provide Information

If a potential or existing beneficiary or partner either refuses to provide the information described above when requested or appears to have intentionally provided misleading information, Iltizam Relief Society will not continue any relationship or provision of assistance with that individual or entity.

8.4. Lack of Verification

In the event that adequate verification of a potential or existing beneficiary or partner cannot be obtained, Iltizam Relief Society will do as following :

- Put any relationship on hold
- Request further verification, or/and
- Terminate or end any relationship if found the person or entity has made fraudulent disclosure

9. Record Keeping

Iltizam Relief Society will maintain detailed records of transactions, including donor information, financial reports, and other relevant documents for a minimum of five (5) years. These records will be made available to relevant authorities upon request.

- All due diligence activities must be documented and stored securely.
- Any suspicious activity identified during the due diligence process should be reported immediately to the Compliance Officer for further investigation.
- Regular audits will be conducted to ensure compliance with these due diligence procedures.

10. Reporting the Red Flag and Suspicious Activities

Any employee, volunteer, or partner who suspects that a transaction or activity is linked to money laundering or terrorism financing must report it immediately to the **Head of Account and Admin** to initiate an investigation. This may include gathering information internally or from third-party sources, contacting respective authority or agency in the respective country, freezing the project or program.

The Head of Account and Admin or any officer delegated in handling this investigation must have a clear written communication to the respective internal department or Head of Department on the occurrence of the Red Flag

11. Cross Border Movement of Cash or Bearer Negotiable Instruments

During the emergency phase, mission members will carry a specific amount of cash authorized by the relevant authorities. This cash is intended to support Iltizam Relief Society's emergency response and relief operations.

Whenever Iltizam Relief Society is granted permission to open an account with a licensed financial institution in any operational area abroad, funds will be transferred using telegraphic transfer.

12. Training and Awareness

Iltizam Relief Society will provide ongoing training to all employees and volunteers to ensure awareness of AML/CTF regulations, the organization's AML/CTF policy, and the procedures for reporting suspicious activities.

13. Review of Policy

This policy will be reviewed annually or as required to ensure compliance with evolving AML/CTF laws and regulations.

Approved by:

Mohd Shah Sapiei

Chief Executive Officer

Iltizam Relief Society

Date :11th October 2024