

Anti-Money Laundering and Counter-Terrorism Financing Policies

Money Laundering and Terrorism is against the law, against Australia's national interests and undermines sustainable development.

As a non-profit organisation operating in Australia and Overseas there is a risk of funds being misused by individuals or other organisations to finance or support terrorist activity. Grameen Foundation Australia endeavours to avoid involvement in terroristic activities, avoid supporting terrorism and avoid working with organisations that support terrorism.

Grameen Foundation Australia has developed Anti-Money Laundering and Counter-Terrorism Policies in accordance with the best practice principles provided by the Australian Government and adheres to the international regulations regarding Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) that are contained in the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (ATL/CTF Act)* and *AML/CTF Rules*

Grameen Foundation Australia's AML/CTF Policies are detailed below:

- *Ongoing Client Due Diligence (OCDD)*: accurately identify and verify all clients and their businesses to prevent criminal activity:
 - Monitoring of clients and their transactions on an ongoing base, in accordance with the AML/CTF Rules
 - Monitoring involves identifying, mitigating and managing the risks that the entity may reasonably face providing a designated service that might involve or facilitate money laundering or the financing of terrorism
 - Implementation of appropriate risk-based systems and controls to determine whether any further 'Know Your Customer' (KYC) information should be collected, updated or verified in respect of a customer/client
 - KYC refers to the organisation's procedure to ensure it can effectively identity, verify and monitor its clients and their financial transactions relative to the risks of money laundering and terrorism financing through:
 - ❖ Ensuring only legitimate clients are accepted
 - ❖ Ensuring that clients are properly identified
 - ❖ The risks clients pose are understood and processes are implemented to manage the risks
 - ❖ Verification of clients using reliable and independent documentation if they are unknown to the organisation
 - ❖ Monitoring of client activities to prevent or detect illegal activities
 - ❖ Cash donations will not be accepted above AUD 200 unless a KYC assessment is completed
 - Implementation of a transaction monitoring program
 - Implementation of an enhanced and ongoing client due diligence program to continually monitor client activities.
- *Record Keeping of OCDD data and transactions*: Client identification documents

and transaction records are stored and accessible to authorities to ensure all transactions are traceable.

- *Suspicious Transaction Reporting:* Suspicious transactions of any client will be promptly reported to relevant authorities:
 - Risk-based procedures reasonably designed to detect and report suspicious transactions will be established
 - Employees are made aware through training and awareness programmes and existing procedures
 - Every account activity will be monitored for unusual size, volume, pattern or type of transactions
- *Reporting suspected terrorism related activity:* DFAT will be notified immediately if any link whatsoever between DFAT Funds or a DFAT-assisted organisation and a terrorist organisation is discovered.
- *Internal Controls:*
 - Development of an effective internal control structure, including suspicious activity monitoring and reporting and creation of a culture of compliance, ensuring that staff adhere to the AML/CTF policies, procedures and processes designed to limit and control risks.
 - AML/CTF policy, procedures and internal controls designed to ensure compliance with all applicable AML/CTF rules. These are reviewed and updated on a regular basis to ensure appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in activities.
- *Financial Transparency:* Transparency and accountability of the organisation is maintained by:
 - Operating a separate bank account for the holding of monies donated by the public to meet the organisation's objects;
 - Developing and keeping records of program budgets that account for all program expenses;
 - Producing annual financial statements that provide detailed breakdowns of incomes and expenditures;
 - Having an annual audit undertaken by an external auditor.
- *Staff education*
 - This document is distributed to all existing Directors, Members, employees and volunteers and given to all new employees and volunteers.
 - All existing and new Directors, Members, employees and volunteers must acknowledge that they have read this document and support the organisation's AML/CTF Policies
- *Recruitment and selection*
 - Verbal referee checks will be undertaken for all potential employees or volunteers.
 - A National Criminal Record Check will be undertaken for all new employees. These individuals will need to give their consent to a criminal record check and will be informed of the purpose for which the resulting police clearance certificate will be used.
- *Review mechanisms:*
 - The Organisation's Compliance Officer will maintain an updated list of Terrorist Organisations and United Nations Security Council Financial Sanctions to ensure compliance.



- The AML/CTF Policy will be reviewed regularly and lessons learned will be incorporated into subsequent versions.

AML/CTF Policies are necessary because, they:

- endeavour to ensure that the organisation and Australian funds and resources are not being used, directly or indirectly to support terrorist activities;
- endeavour to maintain the organisation and Australia's ability to support sustainable development;
- endeavour to ensure continued community support for the organisation and Australian overseas aid projects;
- endeavour to maintain the organisation's and Australia's reputation in delivering sustainable overseas aid;
- provides a clear guide on what to do if terrorist activity is suspected.

Grameen Foundation Australia's AML and CTF Policies are underpinned by the following:

- The Financial Action Task Force (FATF), an inter-government body comprising over 30 countries established to set international standards to combat money laundering and terrorist financing.
- The Australian Transaction Reports and Analysis Centre (AUSTRAC) Anti-Money Laundering and Counter-Terrorism Financing Act Obligations and Rules.

AML and CTF definitions:

- *Money Laundering* - the true origins of funds are disguised or concealed through the introduction of proceeds of criminal activities into the financial system to give the appearance of having been legitimately obtained.
If successful, the money can lose its criminal identity and appear legitimate.
- *Terrorism Financing* – United Nations 1999 International Convention for the Suppression of the Financing of Terrorism defines terrorist financing as:
 - Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:
 - a. An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex (see 1-9 below); or
 - b. Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organisation to do or to abstain from doing any act.

Annex 1-9 covers conventions on the suppression of or prevention of the following:

1. Unlawful Seizure of Aircraft
2. Unlawful Acts against the Safety of Civil Aviation
3. Crimes against Internationally Protected Persons
4. Taking of Hostages
5. Physical Protection of Nuclear Material



6. Unlawful Acts of Violence at Airports Serving International Civil Aviation
7. Unlawful Acts against the Safety of Maritime Navigation
8. Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf
9. Terrorist Bombings