

Anti-Money Laundering & Anti-Terrorism Policy

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	Print Name	Job Title/Role	Signature	Date
Reviewed and approved by Dept Director	Dr Ahmed Nasr	Director of Performance and Accountability	<i>Ahmed Nasr</i>	Aug 12 2024
Reviewed and approved by CEO	Dr Mohamed Ashmawey	CEO	<i>Mohamed Ashmawey</i>	Aug 12 2024
Reviewed and approved by BoD	Owais Khan	Deputy CEO	<i>Owais Khan</i>	Aug 08 2024
Reviewed and approved by BoT	Dr Kamil Omotesa	Trustee	<i>Kamil Omotesa</i>	Aug 08 2024
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Policy Owner	Director of Performance and Accountability (Compliance Officer)
Key Responsibilities	Director of Performance and Accountability All staff
Associated Documents	Serious Incidents Reporting Policy, Engaging Third Parties Policy

Revision History

Revision History (Provide summary of changes and justification)	Changes reviewed & approved by	Date of review & approval	Date effective
Added reference to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and minor amendments.	Director of P&A		

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Anti-Money Laundering and Anti-Terrorism Policy

1. Introduction

Human Appeal is an incorporated UK charity working across the globe to strengthen humanity's fight against poverty, social injustice and natural disaster, through the provision of immediate relief and establishment of self-sustaining development programmes. Our vision is to contribute to a just, caring and sustainable world free of poverty. Human Appeal does this by raising money to fund immediate and long-term sustainable solutions and empower local communities.

2. Background

Money Laundering (ML) and Financing of Terrorism (FT) are illegal activities which make large amounts of money generated by criminal activity, such as drug trafficking or terrorist funding, appear to have come from a legitimate source.

Anti-Money Laundering (AML) is a set of rules and regulations designed to prevent the transfer and laundering of unlawful money. AML is linked to the Financial Action Task Force (FATF), which was established in 1989 to promote international cooperation. Terrorist funding, tax fraud, and transnational smuggling, for instance, are all targets of AML safeguards.

Effective anti-money laundering and combating the financing of terrorism (AML/CFT) policies and measures are key to the integrity and stability of the international financial system.

United Kingdom AML Regulations:

The United Kingdom has a robust AML regulatory framework, making it a global authority in this domain, the Financial Conduct Authority (FCA) is the UK's primary AML regulator. It mainly oversees financial institutions. HM Revenue & Customs (HMRC) together with the Serious Fraud Office (SFO) and the National Crime Agency (NCA) enforce AML regulations in the UK, they also investigate financial crimes along with the FCA. AML regulations in the United Kingdom are based on several domestic and international laws:

- a. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and its amendments.
- b. The Financial Services and Markets Act 2000 (FSMA)
- c. Proceeds of Crime Act 2002
- d. UK Anti-Money Laundering Act 2018 (SAMLA) and are a vital part of the UK's overall economic crime response.

The United Nations AML Regulations:

The United Nations General Assembly Resolution 60/288 (2006) encourages the implementation of comprehensive international standards on combating money laundering and the financing of terrorism and proliferation recommended by the Financial Action Task Force (FATF).

The United States AML Regulations:

In 2021, the US introduced the Anti-Money Laundering Act (AMLA) 2020, its purpose is to manage the threats posed by new technologies and criminal methodologies. The regulatory measures introduced by the AMLA include broadened international information sharing rules, increased penalties for money laundering, new beneficial ownership requirements to prevent the misuse of shell companies, and new whistleblower protections.

3. Policy Statement

Human Appeal operates on a worldwide scale under local and international financial transactions within different regions, thus it could be exposed to the risks of Money Laundering and Financing of Terrorism (ML&FT), accordingly Human Appeal make all efforts to ensure that its funds and resources are being used effectively and entirely for their intended purpose.

In compliance with international institutions including the United Nations sanctions regime, mentioned above and consistent with the Financial Action Task Force (FATF) recommendations, Human Appeal does not partner with entities or individuals that participate in or support activities related to money laundering or financing of terrorism.

Human Appeal counterparties shall be responsible for identifying and mitigating the risks of money laundering (ML) and financing of terrorism (FT) in deploying and managing Human Appeal resources.

These risks may arise from different banking financial transactions, fund raising activities, programmes implementation, the operating environment, contractual arrangements, and working with multiple third parties. For this reason, measures should be taken to prevent any suspicious ML & FT incidents.

The purpose of this AML/CFT Policy is to provide principles and guidance regarding AML/CFT requirements and relevant risks mitigation. This is in line with relevant Human Appeal policies such as the Risk Management policy, Anti-Fraud and Anti-Corruption policy, Aid Diversion and Reporting policy, and Serious Incidents Reporting policy.

Complying with the AML/CFT regulations is a legal obligation that protects Human Appeal's reputation, minimises financial losses, and facilitates the processing of local and international transactions.

4. Policy Scope

1. Human Appeal is committed to preventing, identifying, and addressing all acts of ML & FT involving Human Appeal's resources, including those funds received by donors.
2. Human Appeal's AML/CFT Policy sets out the requirements in defining the roles and responsibilities of its management, staff, partners and third parties in relation to AML/CFT.
3. Human Appeal is committed to the highest ethical standards and will not tolerate the diversion of the resources entrusted to it through ML & FT acts.
4. Human Appeal's resources may not be used to make, fund, support or permit any payment prohibited by the order of Law.
5. All Human Appeal staff and all contracted parties are required to adhere to this AML/CFT policy to protect resources managed by Human Appeal from being used for ML&FT, and ensuring an efficient internal control system in a manner that enables the full implementation of this policy.
6. Human Appeal will not partner with entities that tolerate the diversion of resources through ML&FT, support or participate in ML & FT activities.

7. Human Appeal applies an AML/CFT system that prevents and eliminates ML & FT acts through adequate risks assessment, the Due Diligence process, transaction monitoring, detecting and reporting suspicious activities.
8. All Human Appeal staff, implementing partners, and contracted third parties are prohibited from engaging in activities that may support illegal practices of ML & FT.
9. Human Appeal partners shall be responsible for identifying and mitigating the risks of ML & FT in deploying and managing Human Appeal funds and resources.
10. Human Appeal shall implement measures to ensure that the implementing partners have adequate regulations, rules, policies, and procedures that are consistent with the principles of this AML/CFT policy.

5. Procedures

A. Risk Assessment:

1. Human Appeal shall follow a risk-based approach to assess the purpose, economic rationale and related integrity aspects of the counterparty and its beneficial owners to avoid being involved in relationships that expose the organisation to **ML & FT risks** and to take adequate measures to mitigate these risks effectively.
2. Risks related to ML & FT must be identified and considered in the planning and implementation of Human Appeal's activities and engagements.
3. All new agreements with entities covered under the scope of this policy should include an obligation to comply with this Anti-Money Laundering and countering the Financing of Terrorism (AML/CFT) policy.
4. Human Appeal shall not engage with and will terminate counterparty relationships as follows:
 - a. Human Appeal shall not partner with any person or entity that engages in activities inconsistent with this policy.
 - b. Human Appeal shall not partner with counterparties who are currently under any international financial sanctions.
 - c. Human Appeal will terminate the existing counterparty relationship with counterparties who do not cooperate with this policy.

B. Due Diligence and Screening:

1. Human Appeal shall conduct risk-based screening to identify and assess money laundering risks in line with the applicable Human Appeal Due Diligence protocol and procedures.
2. Human Appeal shall seek out relevant information and background of potential partners and third parties in order to identify and assess potential ML & FT risks, to prevent and set mitigation measures to protect Human Appeal's reputation and its resources.

3. Prior to entering into donation and grants agreements, partnerships, or any form of contractual arrangements with any individual or entity, a Due Diligence and screening process must be conducted and approved.
4. For the purpose of Due Diligence, several control measures should be in place related to the procurement activities and vendors and service providers' selection, partnerships management, implementing partners' selection, cash transfer based programs, and imposed legal sanctions.
5. Human Appeal must proceed with a Due Diligence and screening exercise for all internal and external contractual relationships. This includes:
 - a. All implementing partner organisations that undertake projects on behalf of Human Appeal.
 - b. All suppliers, service providers, and contractors; including sole traders.
 - c. All Financial Service Providers, banks, FX Providers and financial institutions with whom Human Appeal engages in financial dealings;
 - d. All donors (individuals and institutions) who contribute in excess of £5,000 (this could relate to single donations or could involve cumulative donations of £20,000 or greater in a calendar year;
 - e. All individuals/beneficiaries who receive cash as part of a cash-based programme interventions (when part of donor requirements);
 - f. Staff and Volunteers;
 - g. Any contracted third parties.
6. The Due Diligence process must ensure the following:
 - a. Due Diligence is completed prior to agreeing any external or internal relations either paid or unpaid.
 - b. Due Diligence is completed annually for all contracted staff, individuals and parties that Human Appeal have a continuous relationship with.
 - c. An audit trail/central tracker must be maintained and all documents must be properly maintained.
 - d. The Programmes department is responsible for ensuring Due Diligence is completed for the field and country offices' relations.

B. Contractual Arrangements:

1. Human Appeal shall not sign any agreement with any individual or entity that engages in activities inconsistent with AML/CFT legal regulations and requirements.
2. Human Appeal shall not partner with any entity who are currently under legal financial sanctions.
3. All contracts and agreements will be reviewed on an annual periodic basis to ensure adequate AML/CFT clauses are included.

4. Human Appeal will terminate any existing contractual relationship with individuals and parties who do not adhere to this AML/CFT policy, and to the AML/CFT legal regulations and requirements.
5. No payments may be authorised without legal contractual agreement, and Due Diligence process is in place.
6. All contracts, agreements and any relevant contractual arrangements that are authorised and approved by Human Appeal must contain adequate terms and conditions related to AML/CFT, with termination clauses in case of the breaching of any AML/CFT terms and conditions.
7. Human Appeal will terminate the existing relationship with individuals and parties who do not cooperate with Human Appeal AML/CFT efforts, or evidenced to be involved in ML & FT, and with parties who are currently under legal financial sanctions.

C. Monitoring:

1. All Human Appeal arrangements with any parties shall be monitored, and any newly acquired information relevant to the ML & FT risk assessment of such parties will be reported in accordance with Human Appeal's guidelines and procedures.
2. Human Appeal will regularly review and monitor the effectiveness of its Internal Control and Risk Management Framework, and to update it as considered appropriate.
3. Monitoring the financial service providers (FSPs) on an ongoing basis, including banks and financial institutions such as insurance companies, to ensure that Human Appeal engages with reputable and financially stable service providers and safeguarding of Human Appeal's financial assets.

D. Reporting:

In line with the requirement of the Charity Commission, under the Charities Act 2011 is to report serious incidents that affect the charity.

Reference to the Human Appeal Serious Incident Reporting Policy 2022 "*serious criminality and/or illegal activity within or involving a charity (including fraud and money laundering), relating to a broad range of assets including funds, financial assets and data, including personal data held about volunteers and members*".

In this regard:

1. Any ML & FT risk or opportunities arising will be identified, analysed and reported at an appropriate level;
2. All suspicions and/or allegations of ML & FT and relevant illegal acts should be taken seriously and reported immediately.

3. It is a mandatory requirement that all incidents of ML & FT, and relevant illegal acts, or loss of assets and funds shall be reported immediately via this email speakout@humanappeal.org.uk , or to the **Human Appeal Internal Audit Department**.
4. Any suspicious information or red flag related to ML & FT or relevant illegal act(s) that come to the attention and awareness of the pertinent staff should be reported immediately without informing the party being reported.
5. Quarterly periodical reports will be made to the Finance and Audit Committee, the Board of Directors (BoD), the CEO, and to the Human Appeal Legal Counsel of continuing and emerging high concern ML & FT risks.

E. Investigations:

1. All allegations of ML & FT activities or believed to contravene the principles and terms set out in this AML/CFT Policy will be assessed and investigated when needed, and as appropriate.
2. It is the responsibility of Human Appeal's Performance and Accountability department to assess the cases of ML & FT allegations, and to determine if an official investigation is warranted, and, if so, instruct Internal Audit to conduct an investigation.
3. The outcomes of the investigations should be communicated to the Finance and Audit Committee, the BoD, and the CEO to reach an appropriate decision based on the investigation's results.
4. Human Appeal Legal Counsel should be communicated with and updated with any of the investigation's outcomes, for any legal action/s that may need to be taken by Human Appeal.

6. Responsibilities

A. The CEO:

The CEO is responsible to the Board of Trustees for:

- a. Setting, developing and maintaining an effective AML/CFT Strategy and control over detecting, reporting, and preventing ML & FT acts;
- b. Taking appropriate disciplinary and/or legal action against the individuals or parties involved in ML and FT acts;
- c. Reporting all ML & FT evidenced and suspected acts to the Chair of the Board of Trustees and to the Finance and Audit Committee.

B. Human Appeal Directors and Managers:

The following steps shall be taken by all Human Appeal Directors and Managers either at HQ level or within Human Appeal field and country offices in order to prevent ML & FT:

- a. Ensure proper internal controls are implemented within the departments and field and country offices they are in charge of, and that the staff are aware of this AML/CFT policy, understand its contents, and comply with it.

- b. Finance directors, managers, and officers hold direct responsibility in adopting, maintaining, and implementing adequate AML/CFT control due to being responsible for managing the charity's funds, payments, and financial transactions.
 - c. Assess the local context for the ML & FT risks and to manage competing ML & FT risks assessment and analysis, and to ensure maintaining updated risk registers.
 - d. Ensure that staff are aware of the Due Diligence and Screening rules and procedures.
 - e. Ensure that the contracted implementing partners, vendors, service providers, financial service providers, volunteers, consultants and other stakeholders are aware and adhere to the principles and terms of this AML/CFT policy.
 - f. Deal confidentially with any information received from their staff or any other parties regarding any suspicious ML & FT acts and **to report it immediately to the Human Appeal Internal Audit department.**
- C. **Human Appeal Staff in the United Kingdom and in the Field and Country Offices:**
- a. All Human Appeal staff are responsible for knowing and adhering to the contents of this policy and to any relevant updates and guidelines.
 - b. Every member of staff and volunteers have a duty to ensure that public funds, Human Appeal's reputation and its assets are properly safeguarded;
 - c. Every member of staff and volunteers have a responsibility to report details of any suspected or actual ML & FT incidents and related illegal acts.
- D. **Compliance Unit**
- a. Monitoring the implementation, and maintenance of Human Appeal's AML/CFT Policy. Periodically assessing the field and country offices' compliance with this AML/CFT policy.
 - b. Arranging and conducting training and awareness sessions to Human Appeal staff on AML & CFT.
 - c. Regularly assessing ML & FT risks within the operations of Human Appeal, and risk-based reviews of relevant operations areas will be performed to determine compliance with the AML/CFT regulatory requirements.
- E. **Internal Audit department**
- a. Assessing and conducting investigations into allegations of ML & FT committed by individuals or parties deemed to be detrimental to Human Appeal.

7. Record Keeping

- a. Human Appeal, either at HQ level or within the field and country offices will keep all records created or obtained in relation to the Due Diligence process and documentation regarding

contractual or other arrangements in accordance with Human Appeal procedures and legal requirements on retention of documents, recorded Information, and the Data Protection policy.

- b. A Risk Register covering key strategic ML & FT risks will be maintained by the Compliance department and updated annually and more frequently where risks are known to be volatile.

8. Confidentiality

- a. Human Appeal shall ensure that all information on individuals, partners' engagement, contractual commitments, and transactions obtained in line with this AML/CFT policy requirement is kept confidential.
- b. All relevant investigations undertaken are confidential and information will only be disclosed to individuals and parties with a legitimate 'need to know' basis.


9. Policy Review




This policy will be reviewed on a bi-annual basis to ensure relevancy and appropriateness.

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