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## **Overview of AML Policy Best Practices Components**

### **1 – Risk Assessment**

Risk assessment is a fundamental pillar of AML compliance. It involves identifying, assessing, monitoring, and managing the various risks associated with money laundering and terrorist financing activities. Companies should have robust risk assessment processes in place to identify potential risks.

Once these risks are identified, companies can then develop strategies for mitigating those risks. This should include policies and procedures for monitoring customer activity as well as implementing measures to prevent any suspicious activity from taking place.

### **2 – Customer Due Diligence**

The second pillar of AML compliance is customer due diligence (CDD). This involves verifying the identity of customers who may be involved in money laundering or terrorist financing activities. Companies must collect sufficient information about their customers so that they can identify them accurately and detect any suspicious behavior.

This includes collecting information such as name, address, date of birth, nationality, occupation, source of funds, etc. It is important for companies to ensure that their CDD processes are up-to-date and compliant with all applicable regulations.

### **3 – Transaction Monitoring**

The third pillar of AML compliance is transaction monitoring. This involves continuously monitoring customer transactions to identify any suspicious activity or transactions that may be related to money laundering or terrorist financing activities.

Companies should have systems in place to monitor customer transactions on a regular basis and alert them if any suspicious activity is detected. This includes monitoring customer accounts for unusual patterns or discrepancies in transactions, as well as reviewing customer profiles periodically to ensure accuracy and completeness.

### **4 – Reporting & Record Keeping**

The fourth pillar of AML compliance is reporting & record keeping. Companies must keep accurate records of all financial transactions related to their customers in order to comply with applicable regulations. They must also report any suspicious activity or transactions that may be related to money laundering or terrorist financing activities promptly to the relevant authorities.

Keeping accurate records helps companies stay compliant by ensuring they have evidence available if required by regulators or law enforcement agencies during investigations into money laundering activities.

### **5 – Training & Education**

The fifth pillar of AML compliance is training & education. Companies should provide their employees with adequate training on anti-money laundering legislation and regulations so they can identify signs of potential money laundering or terrorist financing activities quickly and effectively.

Employees should also be educated on how best to respond when such activities are suspected so they can take appropriate action promptly without compromising the integrity of the company’s operations or data security protocols.

### **Conclusion:**

Adhering to anti-money laundering best practices is essential for any organization looking to protect itself from the risks posed by money laundering activities. By conducting risk assessments, knowing your customers’ backgrounds thoroughly, and performing regular customer due diligence checks, organizations can create effective AML programs that help keep them safe from these types of crimes.

Implementing these best practices can not only help your organization stay compliant with regulations but also safeguard its reputation as well as its assets from possible damage caused by money launderers operating within its network.

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## **TEMPLATE FOR AML POLICY**

### **1. Introduction**

“Company” is committed to preventing money laundering and the financing of terrorism through its business operations. This anti money-laundering (AML) policy outlines the measures and procedures implemented by “Company” to detect, prevent and report suspicious activities that may involve money laundering or terrorist financing.

### **2. Compliance Framework**

Company will comply with all applicable laws, regulations and industry standards related to anti-money laundering (AML) and counter-terrorism financing (CTF) requirements.

The AML policy will be regularly reviewed and updated to reflect changes in the regulatory environment and emerging risks associated with money laundering and terrorist financing activities.

“Company” should ensure all employees are trained annually regarding AML policies and processes.

### **3. Customer Due Diligence (CDD)**

A risk-based approach will be adopted to assess the level of due diligence required for different categories of customers based on factors such as transaction value, geographic location and risk profile.

Enhanced due diligence measures will be applied to high risk customers, including those with complex ownership structures politically exposed person (PEP’s) and customers from high risk jurisdictions.

Custom identification and verification procedures outlined in the KYC policy will be integrated into the AML framework to ensure the accuracy and reliability of customer information.

### **4. Transaction Monitoring**

“Company” will implement systems and processes to monitor customer transactions and activities for any unusual or suspicious patterns that may indicate potential money laundering or terrorist financing. This includes large or frequent transactions, unusual payment methods and inconsistent shipping addresses.

### **5. Due Diligence Procedure**

Company background check:

- Review the company history, including its founding date, ownership structure and any significant changes in ownership or management.
- Check for any legal or regulatory issues such as lawsuits, violations or bankruptcy filings.
- Verify the company’s reputation in the industry by researching customer reviews, industry reports any news articles related to the company.
- Obtain financial statements for past several years, including income statements, balance sheet and cash statements and analyze the company’s financial performance.
- Evaluate the company’s manufacturing process, including the quality control measures in place and any certification obtained example ISO standards.
- Review the supply chain, including suppliers of raw materials and any discrepancies and risk associated the suppliers.

