

**Guidance Template - Anti-Money
Laundering and Countering the
Financing of Terrorism Policies
and Procedures for Charities**

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1. PURPOSE

- 1.1 This Policy sets out the AML/CFT policies and procedures of [insert name and UEN of charity], a [insert details of the charity's legal entity type] (the "**Charity**"), which are meant to manage the risks of potential abuse of the Charity for ML, TF, and other illicit purposes.¹
- 1.2 These AML/CFT policies and procedures are based on the following key risk mitigation principles, which shall serve as a guide for the Charity in the conduct of its operations and charitable activities:
- (a) **Strong governance and financial transparency** – The Charity shall implement proper governance practices and sound internal controls to maintain proper accountability and transparency to safeguard against all types of abuse;
 - (b) **Conducting due diligence** – The Charity shall, on a best effort basis, carry out appropriate and independent due diligence measures in a risk-based manner on: -
 - (i) key donors and beneficiaries, to confirm their identities, credentials and good standing. The Charity should confirm the identities of significant donors while respecting donor confidentiality;
 - (ii) other stakeholders such as volunteers, partners and agents who represent the Charity, and contractors, suppliers and vendors of the Charity. The Charity should verify the credibility of the identities and qualifications of such stakeholders;
 - (c) **Conducting transactions via regulated financial channels** – The Charity shall ensure that transactions are conducted via regulated financial channels, wherever feasible, to minimise any potential abuse while the funds are in transit;²
 - (d) **Applying funds in a manner consistent with the Charity's mission and objects** – The Charity shall ensure that its charitable assets are received and channelled towards causes which are congruent with the Charity's mission and objects. The Charity should not accept nor disburse charitable assets which are not consistent with the Charity's mission and objects; and

¹ **Drafting note: The Charity may wish to include additional details of its charitable status and charitable objectives.**

² The Charity should, to the extent possible, maintain registered bank accounts, keep its funds in such accounts, and utilise regulated financial channels for transferring funds, especially in respect of overseas transactions. Where feasible, the Charity should use regulated systems to conduct its financial transactions – this will bring the accounts of the Charity, by and large, within the regulated banking system and under the relevant controls or regulations of that system. Though conducting transactions via regulated financial channels may mitigate the risks of potential abuse of funds in transit for TF, it does not eliminate all such risks or absolve the Charity's obligation to conduct due diligence to ascertain the legitimacy and good standing of its stakeholders before transacting with them. The Charity should thus remain vigilant and pay attention to red flag indicators that arise which may be indicative of suspicious activities and implement measures to safeguard against risks of abuse appropriately.

- (e) **Reporting of STRs to STRO** – The Charity shall lodge STRs where:
- (i) it knows or has reasonable grounds to suspect that any property represents the proceeds of, was used in connection with or is intended to be used in connection with any criminal conduct;
 - (ii) it has possession, custody or control of any property belonging to any terrorist or terrorist entity; or
 - (iii) it has information about any transaction or proposed transaction in respect of any property belonging to any terrorist or terrorist entity,

during the course of the Charity's administration or operations.

2. SCOPE

- 2.1 The policies and procedures set out in this Policy shall be adhered to by all governing board members, key officers and employees of the Charity, as well as all individuals who represent the Charity, including its volunteers, partners, and agents (collectively "**Representatives**").³
- 2.2 All Representatives of the Charity must ensure that they have read and understood this Policy and adhere to the policies and procedures in this Policy. Please approach [*insert details of key officer or department within the Charity with responsibility for AML/CFT matters*] if you have any queries.
- 2.3 The failure to adhere to the policies and procedures in this Policy could result in [*insert details of the consequences especially if relevant consequences are stated in the Charity's governing instrument or SOPs; for example, disciplinary actions and/or legal action, including the termination of employment, termination of partnerships and funding, amongst others*].
- 2.4 The acronyms used in this Policy shall have the following definitions:

AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
CDSA	Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992
FATF	Financial Action Task Force
ML	Money Laundering
PEP	Politically Exposed Person
SONAR	STRO Online Notices and Reporting Platform
SPF	Singapore Police Force
STR	Suspicious Transaction Report
STRO	Suspicious Transaction Reporting Office
TF	Terrorism Financing
TSOFA	Terrorism (Suppression of Financing) Act 2002

UN United Nations

UN Regulations Regulations issued pursuant to the United Nations Act 2001 to give effect to sanctions issued under UN Security Council Resolutions

3. AML/CFT LEGISLATION IN SINGAPORE

3.1 The applicable AML/CFT laws and regulations in Singapore include the CDSA, the TSOFA and the UN Regulations. These AML/CFT laws and regulations are legally binding on persons and entities in Singapore. In particular, such laws and regulations:

- (a) impose prohibitions on dealing in funds or property (i) that represent, directly or indirectly, benefits from any criminal conduct; or (ii) that are owned or controlled, directly or indirectly, by or on behalf of designated sanctioned persons, terrorists or terrorist entities. Accordingly, it is necessary to conduct due diligence checks and screening, to ensure that the Charity is not involved in prohibited activities; and
- (b) impose mandatory obligations to report to the STRO if there is reasonable suspicion of transactions or activities involving ML or TF.

3.2 In brief:

- (a) CDSA: the CDSA criminalises the laundering of funds or proceeds derived from criminal conduct,⁴ and imposes a duty to provide information on suspicious transactions connected with criminal conduct to the STRO;
- (b) TSOFA: the TSOFA criminalises TF and imposes a duty to provide information pertaining to TF to the SPF;
- (c) UN Regulations: the UN Regulations prohibit dealing in funds or other assets of particular individuals and entities designated by the UN Security Council as contributing to a particular threat to, or breach of, international peace and security, and impose a duty to provide information on prohibited transactions to the SPF.

3.3 The Charity and its Representatives must comply with all applicable AML/CFT laws and regulations. It is a serious offence to commit or assist in ML or TF, and equally grave to tip off any impending or on-going investigations of suspicious criminal activities, as the penalties include heavy fines and jail sentences.

4. RESPONSIBILITY FOR THE CHARITY'S AML/CFT MEASURES

4.1 The governing board members and key officers of the Charity are ultimately responsible for ensuring that the ML/TF risks of the Charity are effectively managed. This would require them to be aware of the ML/TF risks that the Charity is exposed to, and exercise active oversight of the development and implementation of the Charity's AML/CFT policies and procedures to effectively mitigate those risks. All Representatives of the Charity remain responsible for complying with the policies and procedures set out in this Policy.

³ **Drafting note: The Charity should tailor the scope of this document according to its context.**

⁴ The CDSA designates the predicate offences for ML in the First and Second Schedule. A similar offence committed against the laws of a foreign country would also be a predicate offence under the CDSA.

4.2 **[The Charity may designate a principal contact]** The Charity's principal contact for all AML/CFT related matters or queries will be responsible for:

- (a) ensuring compliance with the policies and procedures in this Policy;
- (b) being the point of contact for receiving information relating to, reviewing, and filing STRs;
- (c) liaising with the respective regulators and authorities on AML/CFT matters as well as STRs;
- (d) reporting regularly to the governing board members and key officers of the Charity on AML/CFT risk management and control issues;
- (e) keeping informed of periodic updates to the following:
 - (i) the list of UN designated individuals and entities subject to sanctions;⁵
 - (ii) any list of designated terrorists and terrorist entities;⁶
 - (iii) any AML/CFT guidance/circulars issued by the Office of the Commissioner of Charities ("**COC**");
 - (iv) any list of the business sectors/industries/activities which are susceptible to risks of ML/TF abuse;⁷ and
 - (v) any list of jurisdictions identified by the FATF's "black" and "grey" lists,⁸

(collectively referred to as the "**Relevant Lists**"); and
- (f) establishing training on AML/CFT for the Representatives of the Charity.

4.3 The Charity's principal contact for AML/CFT matters is **[insert relevant details of contact person or relevant department within the Charity]**.

⁵ The lists of designated individuals and entities subject to sanctions by the UN Security Council may be found at: <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>. The Charity should subscribe to the Monetary Authority of Singapore's ("**MAS**") mailing list to receive alerts on changes to the lists on this website.

⁶ The lists of persons and entities designated as terrorists or terrorist entities by the Inter-Ministry Committee on Terrorist Designation ("**IMC-TD**") may be found at: <https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism>. The Charity should subscribe to the IMC-TD news subscription to receive updates on changes to the lists on this website.

⁷ The Charity may refer to Singapore's refreshed Terrorism Financing National Risk Assessment 2024 for more information about the TF risks of various sectors: <https://www.mha.gov.sg/mediaroom/press-releases/singapore-refreshes-the-terrorism-financing-national-risk-assessment-and-national-strategy-for-countering-the-financing-of-terrorism/>.

The Charity may also refer to Singapore's Money Laundering National Risk Assessment, which provides an overview of Singapore's key ML risks: <https://www.mas.gov.sg/publications/monographs-or-information-paper/2024/money-laundering-national-risk-assessment>.

⁸ The FATF is an intergovernmental organisation that develops policies to combat ML and TF. FATF's "black" list sets out the high-risk jurisdictions that are subject to a call for action due to significant strategic deficiencies in their regimes to counter ML/TF or proliferation financing. FATF's "grey" list sets out the jurisdictions which are under increased monitoring by the FATF to address strategic deficiencies in their regimes to counter ML/TF or proliferation financing. The lists of high-risk and other monitored jurisdictions (i.e. FATF's "black" and "grey" lists) may be found at: <https://www.fatf-qafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>.

5. DUE DILIGENCE

Overview

- 5.1 Due diligence refers to the practical and reasonable steps taken by the Charity⁹ to identify and manage assessed risks associated with the individuals and entities that it works with, and to assure itself that its charitable assets are applied in furtherance of its objectives. It is aimed at providing the Charity with a better understanding of the relevant stakeholder's background, business activities and sources of funds or wealth. To manage ML/TF risks, the Charity should conduct due diligence checks on the following persons, adopting a risk-based approach:
- (a) prospective donors (the prospective "**Donors**") and prospective beneficiaries (the prospective "**Beneficiaries**"), to verify their identities and ascertain that the source and use of donated funds will be legitimate; and
 - (b) prospective Representatives of the Charity and prospective contractors, suppliers and vendors to verify that their identities and qualifications are legitimate and credible,
- (collectively, the prospective "**Stakeholders**").
- 5.2 The due diligence should be undertaken by the Charity on a best efforts basis:
- (a) before it accepts funds from prospective Donors, disburses funds or provides support to prospective Beneficiaries, establishes working relationships with prospective Representatives, agents, contractors, partners, suppliers or vendors;
 - (b) when it suspects that there is ML or TF; or
 - (c) when it doubts the veracity or adequacy of documents, data or information previously obtained for the purposes of identification or verification.
- 5.3 The Charity shall apply a risk-based approach in:
- (a) identifying and verifying the identities of the prospective Stakeholders, and their agents, connected persons¹⁰ or beneficial owners¹¹;
 - (b) screening the prospective Stakeholders, and their agents, connected persons or beneficial owners against the Relevant Lists;
 - (c) assessing and classifying the level of risk posed by each prospective Stakeholder to determine the extent of measures appropriate to mitigate the ML/TF risk assessed for the prospective Stakeholder;

⁹ *Drafting note: The Charity may wish to designate a department or individual who is responsible for carrying out the relevant checks, documenting the findings and maintaining the records.*

¹⁰ A connected person means (a) in relation to a legal person (other than a partnership), any director or any natural person having executive authority (e.g. Chief Executive Officer) in the legal person; (b) in relation to a partnership, any partner or manager; and (c) in relation to a legal arrangement (e.g. a trust), any natural person having executive authority in the legal arrangement.

¹¹ A beneficial owner in relation to a Stakeholder means: (a) an individual who ultimately owns or controls (whether through direct or indirect ownership or control) the Stakeholder; or (b) an individual who otherwise exercises control over the management of the Stakeholder.

- (d) reviewing and updating the due diligence information¹² and screening results obtained in respect of the prospective Stakeholders and their agents, connected persons or beneficial owners, on a periodic basis depending on the assessed level of risk posed by the prospective Stakeholders; and
- (e) determining the frequency of on-going monitoring of transactions, donations, disbursements, and working relations with the prospective Stakeholders.

5.4 If the Charity is unable to perform or complete the verification of the identity of the prospective Stakeholder despite its best endeavours to do so, the Charity may accept funds from a prospective Donor, disburse funds or provide support to a prospective Beneficiary, or establish working relationships with a prospective Representative, agent, contractor, partner, supplier or vendor, if it is essential not to interrupt the normal conduct of operations and the ML/TF risks may be effectively managed by the Charity. The Charity shall:

- (a) establish specific criteria and risk management policies and procedures for the acceptance and rejection of donations from, disbursement of funds or provision of support to, or establishment of any working relationship with, prospective Stakeholders by carefully considering the potential reputational and legal risks; and
- (b) document in writing the deliberation, decision and rationale on whether or not to proceed to accept funds from, disburse funds or provide support to, or establish a working relationship with, the prospective Stakeholder.

5.5 Where the Charity is unable to perform or complete any of the due diligence measures in this Policy in relation to any prospective Stakeholder, it shall consider whether it is required to file a STR.

Identifying and verifying the identities of the prospective Stakeholders

A. Donors

5.6 Due diligence checks on prospective Donors may be calibrated in a risk-based manner given that this group may be more sensitive. The Charity should bear in mind the need to respect the prospective Donors' confidentiality while ascertaining the legitimacy of the source of funds or donations received. The need to conduct due diligence checks on a prospective Donor arises in the circumstances described below.

- (a) *[List the criteria that would trigger the conduct of due diligence checks. The Charity should consider both quantitative criteria (e.g. if the intended donation amount exceeds a certain threshold) and qualitative criteria (e.g. if the donor is new and unknown to the charity, or the donor is reputable and well-established in the charities eco-system).]*¹³

¹² Please refer to **Appendix B** for guidance on the information and documents the Charity may obtain and refer to for the conduct of due diligence checks.

¹³ *Drafting Note: The Charity may wish to calibrate the criteria in paragraph 5.6(a) by taking into consideration the best interests of the Charity, its policy for risk management, and the need to mitigate the potential risk of the Charity being misused as a conduit for illicit purposes.*

- 5.7 As part of the due diligence checks, the Charity shall:
- (a) obtain and record the relevant information¹⁴ to identify the prospective Donor, and their agents, connected persons¹⁵, or beneficial owners¹⁶; and
 - (b) check the information that has been obtained (e.g. background, reputation, financial stability, source of wealth¹⁷ and source of funds¹⁸) against independent and reliable sources¹⁹ of documents, data or information to verify the identity of the prospective Donor, and their agents, connected persons or beneficial owners.
- 5.8 The Charity shall adopt a risk-based approach in verifying the identities of the beneficial owners.²⁰ The Charity may decide, based on risk, whether it is reasonable to obtain additional information on the beneficial owners²¹ of the prospective Donor.

[Guidance Note: Where available, the Charity should include reference to its existing documented procedures (e.g. Fund-raising policies and procedures) where due diligence checks on donors are applicable. The Charity should also review its existing documented procedures and include guidelines on conducting due diligence checks on donors, or make reference to the policy and processes in this Policy, where relevant. Such guidelines could establish the frequency of screening donors, and the criteria to be met prior to the commencement of a relationship and during periodical monitoring.]

B. Beneficiaries

- 5.9 Prior to onboarding or disbursing any funds or providing any support to any prospective Beneficiary, the Charity shall conduct due diligence checks on the prospective Beneficiary.
- 5.10 As part of the due diligence checks, the Charity shall:
- (a) obtain and record the relevant information²² to identify the prospective Beneficiary, and their agents, any connected persons²³, or beneficial owners²⁴; and

¹⁴ Please refer to **Appendix A** for the information that the Charity may obtain for the conduct of due diligence checks.

¹⁵ A connected person means (a) in relation to a legal person (other than a partnership), any director or any natural person having executive authority (e.g. Chief Executive Officer) in the legal person; (b) in relation to a partnership, any partner or manager; and (c) in relation to a legal arrangement (e.g. a trust), any natural person having executive authority in the legal arrangement.

¹⁶ A beneficial owner in relation to a Donor means: (a) an individual who ultimately owns or controls (whether through direct or indirect ownership or control) the Donor; or (b) an individual who otherwise exercises control over the management of the Donor.

¹⁷ A reference to the "source of wealth" generally refers to the source of the Donor's and its ultimate beneficial owner's entire wealth.

¹⁸ A reference to the "source of funds" generally refers to the origin of the particular donations received by the Charity from the Donor.

¹⁹ Please refer to **Appendix B** for a list of documents that the Charity may check against to verify the identities of the Stakeholders.

²⁰ Please refer to **Appendix C** for the situations where inquiry into the existence of beneficial owners is not required.

²¹ For example, the Charity may, in cases of high-risk, verify the identity of a beneficial owner by researching publicly available information on the beneficial owner or arranging a face-to-face meeting with the beneficial owner, to corroborate the undertaking or declaration provided by the Stakeholder.

²² Please refer to **Appendix A** for the information that the Charity may obtain for the conduct of due diligence checks.

²³ A connected person means (a) in relation to a legal person (other than a partnership), any director or any natural person having executive authority (e.g. Chief Executive Officer) in the legal person; (b) in relation to a partnership, any partner or manager; and (c) in relation to a legal arrangement (e.g. a trust), any natural person having executive authority in the legal arrangement.

²⁴ A beneficial owner in relation to a Beneficiary means: (a) an individual who ultimately owns or controls (whether through direct or indirect ownership or control) the Beneficiary; or (b) an individual who otherwise exercises control over the management of the Beneficiary.

- (b) check the information that has been obtained against independent and reliable sources²⁵ of documents, data or information to verify the identity of the prospective Beneficiary, and their agents, any connected persons, or beneficial owners.

5.11 The Charity shall adopt a risk-based approach in verifying the identities of the beneficial owners²⁶. The Charity may decide, based on risk, whether it is reasonable to obtain additional information about the beneficial owners²⁷ of the prospective Beneficiary.

[Guidance Note: Where available, the Charity should include reference to its existing documented procedures (e.g. Procedures on grant disbursement) where due diligence checks on beneficiaries are applicable. The Charity should also review its existing documented procedures and include guidelines on conducting due diligence checks on beneficiaries, or make reference to the policy and processes in this Policy, where relevant. Such guidelines could establish the frequency of screening beneficiaries and the criteria to be met prior to the commencement of a relationship and during periodical monitoring.]

C. Representatives of the Charity

5.12 Prior to the onboarding or employment of any individual, including new governing board members, key officers, employees, and volunteers who represent the Charity, the Charity shall conduct independent background checks to verify the credentials, and the fitness and propriety of these individuals.

5.13 The Charity shall:

- (a) obtain and record the relevant information²⁸ to identify such individuals; and
- (b) check the information that has been obtained against independent and reliable sources²⁹ of documents, data or information to verify the identities of such individuals.

[Guidance Note: Where available, the Charity should include reference to its existing documented procedures (e.g. Appointment of governing board members, Human Resource policy) where due diligence checks on governing board members / key officers / employees / volunteers are applicable. The Charity should also review its existing documented procedures and include guidelines on conducting due diligence checks on governing board members / key officers / employees / volunteers, or make reference to the policy and processes on due diligence checks in this Policy, where relevant. Such guidelines could establish the frequency of screening board members / key officers / employees / volunteers and the criteria to be met prior to the appointment or employment of an individual and during periodical monitoring.]

²⁵ Please refer to **Appendix B** for a list of documents that the Charity may check against to verify the identities of the Stakeholders.

²⁶ Please refer to **Appendix C** for the situations where inquiry into the existence of beneficial owners is not required.

²⁷ For example, the Charity may, in cases of high-risk, verify the identity of a beneficial owner by researching publicly available information on the beneficial owner or arranging a face-to-face meeting with the beneficial owner, to corroborate the undertaking or declaration provided by the Stakeholder.

²⁸ Please refer to **Appendix A** for a list of particulars that the Charity may obtain for the conduct of due diligence checks.

²⁹ Please refer to **Appendix B** for a list of documents that the Charity may check against to verify the identities of the Stakeholders.

D. Agents, Contractors, Partners, Suppliers and Vendors of the Charity

- 5.14 Prior to the engagement or collaborations with agents, contractors, partners, suppliers, and vendors, the Charity shall conduct due diligence checks on these parties.
- 5.15 The Charity shall:
- (a) obtain and record the relevant information³⁰ to identify such agents, contractors, partners, suppliers, and vendors; and
 - (b) check the information that has been obtained against independent and reliable sources³¹ of documents, data or information to verify the identities of such agents, contractors, partners, suppliers, and vendors.

[Guidance Note: Where available, the Charity should include reference to its existing documented procedures (e.g. procurement policy, programme monitoring) where due diligence checks on agents / contractors / partners / suppliers / vendors are applicable. The Charity should also review its existing documented procedures and include guidelines on conducting due diligence checks on agents / contractors / partners / suppliers / vendors, where relevant. Such guidelines could establish the frequency of screening agents / contractors / partners / suppliers / vendors and the criteria to be met prior to the commencement of a relationship and during periodical monitoring.]

Screening

- 5.16 The Charity shall screen all prospective Stakeholders against the Relevant Lists to identify and assess ML/TF risks. The Charity may adopt a risk-based approach in considering the need to screen agents, connected persons or beneficial owners of prospective Stakeholders.
- 5.17 In addition, searches should also be conducted on prospective Stakeholders:
- (a) for any adverse news reports on any criminal wrongdoing or alleged criminal wrongdoings (including tax-related crimes) or any public concerns relating to such persons or their activities;
 - (b) to ascertain whether any regulatory or enforcement actions have been taken against such persons for breaches; and

³⁰ Please refer to **Appendix A** for a list of particulars that the Charity may obtain for the conduct of due diligence checks.
³¹ Please refer to **Appendix B** for a list of documents that the Charity may check against to verify the identities of the Stakeholders.

(c) to ascertain whether any such person is a PEP³², or an immediate family member³³ or a close associate³⁴ of a PEP.

- 5.18 The Charity may conduct such screening using free public search tools, via subscription to commercial screening programs, searches on government registers and/or the websites of government agencies or regulatory authorities.³⁵ The results of the screening should be retained and documented.³⁶
- 5.19 In the event that the screening results in a positive hit against the relevant lists of UN designated individuals and entities, or the lists of designated terrorists or terrorist entities, then such results must be reported to the governing board members in a timely manner.³⁷ The Charity must **not** onboard or collaborate with the relevant individual or entity and shall also file a STR.
- 5.20 In the event that the screening reveals adverse news relating to a prospective Stakeholder or Stakeholder, agent, connected person or beneficial owner or if the screening reveals that a prospective Stakeholder or Stakeholder, agent, connected person or beneficial owner is a PEP, or an immediate family member or a close associate of a PEP, then the screening results should be escalated to the governing board members. The governing board members shall consider whether to establish or continue a working relationship with the prospective Stakeholder or Stakeholder respectively, taking into account the level of ML/TF risk associated with the particular PEP. The Charity will need to implement additional measures to mitigate the higher ML/TF risk, where necessary.

Risk assessment and classification

- 5.21 To determine the level of overall risk and appropriate types and controls to be implemented for the Stakeholder, the Charity shall conduct a risk assessment and risk classification of each prospective Stakeholder or Stakeholder.
- 5.22 In identifying and assessing its risks with respect to a prospective Stakeholder or Stakeholder, the Charity shall take into account risks across various categories, including the activities of the prospective Stakeholder or Stakeholder, the products or services provided by the prospective Stakeholder or Stakeholder, and the countries or territories the prospective Stakeholder or Stakeholder is from or in.

³² A PEP generally refers to an individual who:

- (a) is or has been entrusted with any prominent public function in Singapore (domestic PEPs) or in a country or territory outside Singapore (foreign PEPs). In this context, "prominent public function" includes the role held by a head of state, head of government, government minister, senior civil or public servant, senior judicial or military official, senior executive of a state-owned corporation, senior political party official, or a member of the legislature but excludes the role held by middle ranking or more junior officials; or
- (b) is or has been entrusted with any prominent public function by an international organisation (PEPs of international organisations). In this context, "prominent public function" includes the role held by a director, deputy director, member of the board and member of the senior management of an international organisation, but excludes the role held by middle-ranking or more junior officials.

³³ An "immediate family member" of a PEP means a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling of the politically exposed person.

³⁴ A "close associate" of a PEP means a natural person who is closely connected to the PEP, either socially or professionally. This includes persons whom the PEP has a significant influence over due to his level of exposure to the PEP. In verifying if a person is a "close associate" of a PEP, the Charity may rely on information available from public sources and information obtained through personal interaction with the Stakeholder, connected person or beneficial owner.

³⁵ For example, the Office of the COC, the MAS, the Accounting and Corporate Regulatory Authority of Singapore.

³⁶ For example, the Charity may retain screenshots or printouts of relevant search results to evidence that screening had been performed.

³⁷ **Drafting note: The Charity may wish to stipulate a specific timeframe, as it deems appropriate and reasonable.**

- 5.23 Where there are circumstances that indicate that the risks of ML/TF are higher, enhanced controls – including enhanced due diligence measures and enhanced on-going monitoring – may have to be performed.
- 5.24 Examples of higher risk factors include but are not limited to:³⁸

Stakeholder risk factors

- (a) where adverse results are noted from the independent checks, there are adverse screening results or where discrepancies are identified between the particulars and supporting documents furnished by a prospective Stakeholder or Stakeholder;
- (b) the amount of funds received from the Donor or requested by the Beneficiary exceeds *[insert details on the quantum of funds that would cause a Donor / Beneficiary to be classified as high-risk]* within the same calendar year;
- (c) the prospective Stakeholder or Stakeholder is engaged in a business sector/industry/activity which is susceptible to risks of ML/TF abuse,³⁹
- (d) the prospective Stakeholder or Stakeholder, agent, connected person or beneficial owner is a PEP, or a family member or close associate of a PEP;
- (e) the ownership structure appears unusual or excessively complex given the nature of the prospective Stakeholder or Stakeholder's business;
- (f) the prospective Stakeholder or Stakeholder has criminal convictions involving fraud or dishonesty;
- (g) the prospective Stakeholder or Stakeholder shows unwillingness to provide evidence of identification or provides unsatisfactory evidence of identification of themselves and/or their agents, connected persons, or beneficial owners; and
- (h) where there are difficulties in obtaining details of the agents, beneficial owners or connected parties of the prospective Stakeholder or Stakeholder.

Geographical risk factors

- (a) the prospective Stakeholder or Stakeholder, agent, connected person or beneficial owner is located, resident or conducting business in countries or territories that are:
 - (i) identified in FATF's "black" or "grey" lists as jurisdictions which have weak measures to combat ML/TF or proliferation financing;⁴⁰

³⁸ *Drafting note: The Charity may wish to insert additional factors where the Stakeholder will be assessed to be high risk.*
³⁹ The Charity may refer to Singapore's refreshed Terrorism Financing National Risk Assessment 2024 for more information about the TF risks of various sectors: <https://www.mha.gov.sg/mediaroom/press-releases/singapore-refreshes-the-terrorism-financing-national-risk-assessment-and-national-strategy-for-counteracting-the-financing-of-terrorism/>.

The Charity may also refer to Singapore's Money Laundering National Risk Assessment, which provides an overview of Singapore's key ML risks: <https://www.mas.gov.sg/publications/monographs-or-information-paper/2024/money-laundering-national-risk-assessment>.

⁴⁰ FATF's "black" list set outs the high-risk jurisdictions that are subject to a call for action due to significant strategic deficiencies in their regimes to counter ML/TF or proliferation financing. FATF's "grey" list sets out the jurisdictions which are under increased monitoring by the FATF to address strategic deficiencies in their regimes to counter ML/TF or proliferation financing.
FATF's "black" and "grey" lists are accessible at: <https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>.

- (ii) identified by credible sources, such as FATF's mutual evaluation or detailed assessment reports or published follow up reports,⁴¹ as having significant deficiencies in their AML/CFT regimes;
- (iii) subject to sanctions, embargoes or similar measures issued by, for example, the UN;⁴²
- (iv) identified by credible sources as having significant levels of corruption or other criminal activity;⁴³ and
- (v) identified by credible sources as providing funding or support for terrorist activities or that have designated terrorist organisations operating within their territories.⁴⁴

Other risk factors

- (a) the donations are made through third parties instead of the Donor without apparent legitimate purposes;
- (b) non-face-to-face relationships;
- (c) unusually large cash payments in circumstances where payment would normally be made by other forms such as cheque, bank draft, etc.; and
- (d) unusual instructions to structure donation amounts to avoid thresholds set by banks.

5.25 For individuals or entities who are assessed to be high-risk for ML/TF, the governing board members shall deliberate and decide whether to proceed with the onboarding, engagement of or working relationship with the prospective Stakeholder or Stakeholder.

5.26 In the event that a prospective Stakeholder or Stakeholder has been assessed to be high-risk for ML/TF, then the Charity shall put into place additional measures to mitigate the assessed ML/TF risks, which include, but are not limited to:

- (a) where the Stakeholder is a prospective Donor or Donor, conducting inquiries on the source of wealth⁴⁵ and source of funds⁴⁶ of the prospective Donor or Donor, and corroborating the information received against documentary evidence or public information sources. [The Charity could arrange for a face-to-face meeting with the prospective Donor or Donor to ascertain the legitimacy of the prospective Donor or Donor's source of funds and source of wealth to the Charity's own satisfaction, while taking steps to respect that prospective Donor or Donor's confidentiality. The Charity may also rely on information sources such as publicly available property registers, land

⁴¹ FATF's mutual evaluation reports may be accessed at:

<https://www.fatf-gafi.org/en/publications/Mutualevaluations.html>.

⁴² The lists of designated individuals and entities subject to sanctions by the UN Security Council may be found at: <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>.

⁴³ Such credible sources may include, but are not limited to, international rankings by reputable international bodies such as the Transparency International Corruption Perceptions Index: <https://www.transparency.org/en/cpi/2023>; the World Bank's Worldwide Governance Indicators: <https://www.worldbank.org/en/publication/worldwide-governance-indicators>; and the Political & Economic Risk Consultancy Limited's Asian Intelligence Report: <http://www.asiarisk.com/subscribe/dataindx.html>.

⁴⁴ Such credible sources may refer to press releases or official statements or reports by governmental agencies.

⁴⁵ The source of wealth refers to the origin of the Stakeholder's entire body of wealth / total assets, and how the Stakeholder came to acquire such wealth.

⁴⁶ The source of funds refers to the origin of the particular donations received by the Charity from the Donor. The information required for the source of funds should not be limited to knowing which financial institution the funds are from, but should also establish a reason for it having been acquired.

registers, asset disclosure registers, company registers, past donations and other sources of information about legal and beneficial ownership where available];⁴⁷

- (b) reviewing the prospective Stakeholder's business activities before establishing a working relationship with the prospective Stakeholder;
- (c) performing site visits to the prospective Stakeholder's place of business before establishing a working relationship with that prospective Stakeholder; and
- (d) conducting enhanced on-going monitoring of transactions undertaken with the Stakeholder. In particular, the Charity shall increase the frequency and nature of monitoring of transactions with the Stakeholder, in order to determine whether they appear unusual or suspicious.

5.27 Where a prospective Stakeholder has not been physically present for identification purposes, the Charity shall take specific measures to mitigate the higher risk, including performing one or more of the following:

- (a) ensuring that the prospective Stakeholder's identity is established by additional documents, data or information;
- (b) implementing supplementary measures to verify or certify the documents supplied; or
- (c) telephone or video contact with the prospective Stakeholder at a residential or business number that can be verified independently.

Periodic review and update

5.28 The Charity shall conduct periodic reviews to maintain updated records and documentation of Stakeholders. The measures that the Charity should conduct for the purpose of the periodic review includes, but is not limited to:

- (a) updating documents, data or information obtained in the course of performing due diligence measures; and
- (b) screening for sanctions, adverse media reports and against Relevant Lists.

5.29 In respect of Stakeholders that have been assessed to be high-risk, the Charity shall conduct screening and obtain updated due diligence information in respect of such high-risk individuals / entities at least once a year.⁴⁸

⁴⁷ *Drafting note: The Charity may wish to consider including the measures it wishes to take to establish the source of wealth and source of funds of the prospective Donor or Donor. Such measures could include arranging for a face-to-face meeting to ascertain the legitimacy of the prospective Donor or Donor's source of wealth and source of funds. The Charity may also rely on information sources such as publicly available property registers, land registers, asset disclosure registers, company registers, past donations and other sources of information about legal and beneficial ownership where available.*

⁴⁸ *Drafting note: The Charity should consider the frequency of periodic review and refresher checks on each category of Stakeholders (i.e. Donors, Beneficiaries, Representatives and contractors, suppliers and vendors) who are assessed to be high-risk.*

- 5.30 In respect of Stakeholders that have not been assessed to be high-risk, the Charity shall conduct screening and obtain updated due diligence information in respect of such individuals / entities at least once every three years.⁴⁹
- 5.31 The Charity shall also conduct reviews when:
- (a) there are changes to the Relevant Lists;
 - (b) there is a material change in the nature of the working relationship with the Stakeholder;
 - (c) the Charity becomes aware that it may lack adequate identification information on a Stakeholder; or
 - (d) the Charity becomes aware that there may be changes in the ownership or constitution of a Stakeholder in the case of a Stakeholder that is a legal entity or legal arrangement.
- 5.32 Where a positive hit arising from periodic screening against the relevant lists of UN designated individuals and entities, or the lists of designated terrorists or terrorist entities has been confirmed, such positive hit must be escalated to the governing board members in a timely manner.⁵⁰ The Charity must file a STR and ringfence all funds or other assets of the Stakeholder that are in its possession or control. Such funds should not be expended or disbursed without the approval of the governing board.
- 5.33 Where the Charity is unable to obtain updated documents, data or information in relation to any Stakeholder then it may consider whether to terminate or suspend any existing working relationship with that Stakeholder until the updated documentation, data or information is obtained.

On-going transaction monitoring

- 5.34 The Charity shall monitor, on an on-going basis, (i) transactions undertaken with Stakeholders; (ii) donations made by Donors; and (iii) disbursements made to Beneficiaries, throughout the course of the Charity's relationship with each such Stakeholder, to ensure that the transactions, donations or disbursements are consistent with the Charity's knowledge of the relevant Stakeholder, and in furtherance of the Charity's charitable purposes.
- 5.35 All anomalies or discrepancies identified during on-going monitoring, as well as any red flag indicators that could be a warning sign of unusual activity that could be indicative of ML/TF,⁵¹ shall be escalated to the relevant personnel and governing board members in a timely manner.⁵²

⁴⁹ *Drafting note: The Charity should consider the frequency of periodic review and refresher checks on each category of Stakeholders (i.e. Donors, Beneficiaries, Representatives and contractors, suppliers and vendors) who are assessed to be standard-risk.*

⁵⁰ *Drafting note: The Charity may wish to stipulate a specific timeframe, as it deems appropriate and reasonable.*

⁵¹ A non-exhaustive list of red flag indicators is set out in **Appendix D** below.

⁵² *Drafting note: The Charity may wish to stipulate a specific timeframe, as it deems appropriate and reasonable.*

6. PROGRAMME PLANNING AND ON-GOING PROGRAMME MONITORING

Selection of Beneficiaries

6.1 The Charity shall select its Beneficiaries in accordance with the criteria set out below.

- (a) [Details of the criteria for selection of Beneficiaries. For example, criteria could include the requirement that the Beneficiaries must be linked to the Charity's charitable purposes and are able to demonstrate experience in conducting similar projects and compliance with legal and tax obligations. The Charity may also reference existing documented selection criterion, if any.]

6.2 Prior to the provision of support or the commencement of any project, the Charity shall request for the relevant particulars and supporting documents which are necessary and sufficient to allow the Charity to verify the legitimacy of the Beneficiaries and ascertain that they are *bona fide* in nature and that they satisfy the selection criteria.

- (a) [Details of the documents/particulars that the Charity will request from the Beneficiary for verification of legitimacy, and for ascertaining that the Beneficiary is *bona fide* in nature and that they satisfy the selection criteria]

Selection of agents, contractors, partners, suppliers and vendors

6.3 The selection of agents, contractors, partners, suppliers and vendors shall be made in accordance with the following criteria.

- (a) [Details of the criteria for selection of agents, contractors, partners, suppliers and vendors.]

6.4 The Charity shall also request for the relevant particulars and supporting documents which are necessary and sufficient to allow the Charity to verify the legitimacy of the agents, contractors, partners, suppliers and vendors and ascertain that they are *bona fide* in nature and that they satisfy the selection criteria.

- (a) [Details of the documents/particulars that the Charity will request from the agents, contractors, partners, suppliers and vendors for verification of legitimacy, and for ascertaining that they are *bona fide* in nature and that they satisfy the selection criteria]

Written agreements for projects

6.5 The Charity shall establish written agreements with all individuals and organisations (including any Beneficiary, agent, contractor, partner, supplier or vendor) prior to the commencement of any project. The following key components⁵³ shall be considered and set out in the written agreement:

- (a) Title of project;
- (b) Purpose/objective of the project;
- (c) Names of the parties involved and their registered office addresses;

⁵³ Drafting note: The list is not exhaustive, and the Charity may include other relevant components.

- (d) Detailed scope of the project;
 - (e) Parameters within which funds provided will be used;
 - (f) Budget and fund disbursement plan of the project;
 - (g) Responsibilities and obligations of the Charity;
 - (h) Responsibilities, obligations, and reporting requirements of the Beneficiary, agent, contractor, partner, supplier and/or vendor (including financial matters), and the format of reporting required;
 - (i) Circumstances in which the project may be terminated; and
 - (j) Any other clauses necessary to safeguard the interest and resources of the Charity such as restrictions on the use of the Charity's name, logo and collaterals.
- 6.6 The Charity should ensure that all written agreements are duly endorsed by the authorised personnel, on behalf of each party to the written agreement.
- 6.7 The Charity shall ensure that the objectives of each project are set out clearly and are assessed to be in furtherance of its charitable purposes as set out in its governing instrument, prior to the commencement of the project. The Charity shall also ensure that all expenditures comply with the provisions of its governing instrument, financial and/or procurement policies, if any, and are used in accordance with the intent of the Charity.
- 6.8 The Charity shall ensure that the partners, suppliers, contractors, and vendors that it works with possess the knowledge and capabilities to meet the objectives of the particular project and have established the necessary policies and procedures to ensure proper accountability of funds and manage potential risks of ML/TF abuse.

On-going project monitoring

- 6.9 In order to ensure the Charity is not misused for ML/TF purposes, the Charity shall put in place appropriate mechanisms to measure and/or monitor the conduct, performance, delivery and expenditure of each project in a structured, regular, and on-going basis, in line with a risk-based approach. These shall include:
- (a) *[Details of performance measurement and/or monitoring mechanism (may include conduct of site visits, obtaining periodic written progress reports, face-to-face meetings with the Beneficiary, agent, contractor, partner, supplier and/or vendor etc.)]*
- 6.10 The findings of the on-going monitoring shall be documented and communicated to all relevant personnel⁵⁴ and the governing board members.
- 6.11 Where a Stakeholder is assessed to be high-risk, on-going monitoring should be carried out more frequently and rigorously.

⁵⁴

Drafting note: The Charity may wish to name the relevant personnel.

(a) [Details of mode of on-going monitoring, criteria for enhanced on-going monitoring, and frequency of on-going monitoring]

- 6.12 All anomalies or discrepancies identified during on-going monitoring, as well as any red flag indicators that could be a warning sign of unusual activity that could be indicative of ML/TF,⁵⁵ shall be escalated to the relevant personnel and governing board members in a timely manner.⁵⁶
- 6.13 In such a case, the Charity shall carry out the necessary mitigation and/or rectification,⁵⁷ which may include but are not limited to the termination of funding or partnership, in a timely manner.⁵⁸ The Charity may also take additional measures, where appropriate and necessary, to prevent the development of new projects and new practices, or the adoption of new technologies, which involve risks of ML/TF or proliferation financing.⁵⁹

7. FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

- 7.1 The Charity shall establish and document all necessary procedures, guidelines, and controls to ensure proper accountability and transparency of funds. Such procedures, guidelines, and controls shall cover key financial processes, which should include, but are not limited to, the disbursement of funds, the delegation and segregation of duties over the collection, deposit, reconciliation of funds and issuance of receipts as well as monitoring of budget. Such procedures, guidelines and controls shall be approved by the governing board members and be disseminated to all employees and any other authorised personnel⁶⁰ of the Charity.
- 7.2 The Charity shall disburse funds via regulated financial channels,⁶¹ in particular for disbursement of funds beyond Singapore, wherever feasible, to minimise potential diversion of funds for TF while the funds are in transit.
- 7.3 The Charity shall ensure that all the financial records are subjected to audit or independent examination, in accordance with the legislative requirements stipulated under the Charities Act 1994 and its subsidiary legislation and are prepared in accordance with the relevant financial reporting standards. The Charity shall also maintain and keep complete and proper financial records for at least five (5) years from the end of the financial year in which the transactions to which the records relate are completed.

[Guidance Note: The Charity should review its existing financial policies and procedures and ensure that procedures adhere with 7.1 – 7.3. Charities must put in place sound policies and procedures for financial management and internal controls to enhance financial accountability and transparency, in order to safeguard against potential ML/TF abuse, and document, implement and adhere to such formal

⁵⁵ A non-exhaustive list of red flag indicators is set out in **Appendix D** below.

⁵⁶ *Drafting note: The Charity may wish to stipulate a specific timeframe, as it deems appropriate and reasonable.*

⁵⁷ *Drafting note: The Charity may wish to prescribe the forms of mitigation and/or rectification.*

⁵⁸ *Drafting note: The Charity may wish to stipulate a specific timeframe, as it deems appropriate and reasonable.*

⁵⁹ Proliferation financing refers to financing the proliferation of weapons of mass destruction which would pose a significant threat to international peace and security, as identified by the relevant United Nations Security Council Resolutions. The FATF has provided guidance on measures to combat proliferation financing which the Charity may refer to: <https://www.fatf-gafi.org/en/publications/Financingofproliferation/Guidance-counter-proliferation-financing.html>.

⁶⁰ *Drafting note: The Charity may wish to specify the designated teams and individuals who are authorised to handle funds.*

⁶¹ The Singapore Terrorism Financing National Risk Assessment 2024 highlighted that digital payment tokens have emerged as a potential means for terrorist financiers to raise and move funds across borders. FATF's Guidance for a Risk-Based Approach to Virtual Assets also affirms that virtual assets have characteristics such as increased anonymity, which may make them more susceptible to abuse by criminals, money launderers, and terrorist financiers. The Charity should thus exercise additional caution if it accepts donations in virtual assets. In particular, it should only accept such donations via digital payment token service providers that are licensed by the MAS and regulated for AML/CFT.

written policies and procedures for such key processes. Further details of the recommended measures are set out in the Terrorist Financing Risk Mitigation Toolkit for Charities.]

8. REPORTING OF SUSPICIOUS TRANSACTIONS

8.1 Under the CDSA and TSOFA, the Charity is required to file a STR to the STRO where:

- (a) it knows or has reasonable grounds to suspect that any property represents the proceeds of, was used in connection with or is intended to be used in connection with any criminal conduct;
- (b) it has possession, custody or control of any property belonging to any terrorist or terrorist entity; or
- (c) it has information about any transaction or proposed transaction in respect of any property belonging to any terrorist or terrorist entity.

8.2 The filing of STRs by the Charity or its employees to the STRO must be performed electronically via SONAR on the SPF's website accessible here: <https://www.police.gov.sg/SONAR>.

8.3 A Representative who comes across any suspicious transaction or activity must immediately report all material information to the *[insert details of reporting channel and procedures and further escalation to management / governing board members]*. A non-exhaustive list of red flag indicators that a Representative should take note of in deciding whether to file a STR is set out in **Appendix D** below.

8.4 The governing board members or *[insert details of the Charity's designated AML/CFT contact person]* shall consider whether the circumstances are suspicious so as to warrant the making of a STR to the STRO.⁶² If it is determined that a STR should be made, the STR shall be lodged as soon as is reasonably practicable and in any case, within the relevant time period that may be prescribed by applicable law, regulations or guidelines.

8.5 To ensure that there is proper accountability for decisions made, the basis for not submitting STRs for any suspicious transactions escalated to the *[insert details of the Charity's designated AML/CFT contact person]* must be properly substantiated and documented.

8.6 The Charity shall maintain the confidentiality of the individual reporting the concerns.

9. NO TIPPING-OFF

9.1 It is prohibited to tip off any person in connection with any on-going investigation or proposed investigation under, or for purposes of, the TSOFA and the CDSA.

⁶² Identification of suspicious transactions should prompt further enquiries and where necessary, investigations into the source of funds.

10. RECORD KEEPING AND CONFIDENTIALITY

10.1 The Charity shall maintain proper records of the information and documents relating to:

- (a) the due diligence conducted on each prospective Stakeholder or Stakeholder and the periodic updates of such due diligence. Examples of due diligence information that should be recorded and kept are:
 - (i) copies of all documents used in establishing and verifying the identity of a prospective Stakeholder or Stakeholder;
 - (ii) information on the purpose and intended nature of the working relationship with the prospective Stakeholder or Stakeholder;
 - (iii) written records of the Charity's findings with regard to a PEP;
 - (iv) written records of the Charity's findings with regard to other high-risk (A) prospective Stakeholders or Stakeholders, or (B) transactions; and
 - (v) the nature of the enhanced measures taken by the Charity in relation to Stakeholders that are classified as high-risk, to mitigate the ML/TF risk posed by them;
- (b) any suspicions of ML and TF that have been notified to *[insert details of key officer or department within the Charity with responsibility for AML/CFT matters]* and escalated to the governing board members;
- (c) the information in any STR filed with the STRO, and the corresponding acknowledgement email for such STR;
- (d) all correspondences with regulators and/or law enforcement agencies;
- (e) all written agreements relating to projects, on-going monitoring of projects and/or any transactions relating to the receipt or disbursement of funds; and
- (f) any other matters as may be otherwise required by this Policy.

10.2 The Charity shall also take all reasonable measures to ensure confidentiality of the findings associated with the concerned individuals and organisations derived from the due diligence checks, on-going monitoring and transactions undertaken for or on behalf of any Donor or Beneficiary.

10.3 The Charity shall keep the above records throughout the duration of the working relationship with the Stakeholder and for an additional period of at least five (5) years beginning on the date on which a working relationship with the Stakeholder ends.⁶³

⁶³ The Charity may take reference from Section 14(6) of the Charities Act 1994 of Singapore which specifies that the minimum period charities must preserve its annual reports for is at least 5 years after the end of that financial year. The Charity may also retain the relevant documentation for a longer period if it deems necessary.

11. TRAINING

All governing board members, key officers and employees should attend AML/CFT training, and records of each individual's attendance for such AML/CFT training will be kept for audit purposes. The Charity shall keep such training records for at least five (5) years from the end of the financial year in which the records relate to.

12. ASSESSMENT OF ML/TF RISKS

The Charity shall carry out an ML/TF risk assessment to better understand its overall vulnerability to ML and TF risks. The ML/TF risk assessment shall be conducted on a periodic basis,⁶⁴ and/or when material trigger events occur (such as changes to the Charity's mission and objects) and/or when it embarks on a new project, to review and assess its overall exposure to risks of abuse for ML and TF.⁶⁵ The results from the risk assessment shall be documented and approved by the governing board members and key officers of the Charity, and necessary risk mitigating measures shall be implemented in a timely manner. The Charity shall keep records of such risk assessment for at least five (5) years from the end of the financial year in which the records relate to.

⁶⁴ *Drafting note: The Charity may wish to specify the exact frequency (e.g. at least once every two years).*

⁶⁵ The Charity may refer to the Terrorist Financing Risk Mitigation Toolkit for Charities (the "**Toolkit**") for guidance on how it may conduct the TF risk assessment. As ML and TF often display similar transactional features, mostly having to do with concealment and disguise, the Toolkit may also be adapted for the assessment of ML risks.

APPENDIX A

Information that the Charity may obtain for the conduct of due diligence checks

S/N	Form of Stakeholder	Examples of Information that the Charity may obtain
1.	Individuals or Sole Proprietorships	<ul style="list-style-type: none"> • Full name, including any alias • Identity card, birth certificate or passport number • Residential address • Telephone number and other contact information (e.g. electronic mailing address) • Date of birth • Nationality / dual nationalities (where applicable)
2.	Partnerships or unincorporated bodies	<ul style="list-style-type: none"> • Full name • Incorporation number or registration number (e.g. business profiles from corporate registry) in the case of a body corporate or unincorporate • Identities of the directors or partners as applicable • Address of place of business or registered office address • Telephone number and other contact information (e.g. electronic mailing address) • The date of incorporation or registration (as the case may be) • The place of incorporation or registration (as the case may be) • Information about the purpose and intended nature of the business relations or transaction with the Charity • Names of all natural persons who act on behalf of the entity • Names of all beneficial owners • Names of all connected persons • Information about the source of funds (for prospective Donors and Donors) • Ownership and control structure
3.	Public sector bodies, government, state-owned companies and supranationals (other than sovereign wealth funds)	<ul style="list-style-type: none"> • Full name of entity • Nature of entity (e.g. overseas government, treaty organisation) • Business address or principal place of business. • Information about the purpose and intended nature of business relations or transaction with the Charity • Name of the home state authority and nature of its relationship with its home state authority • Names of all natural persons who act on behalf of the entity • Names of all connected persons • Information about the source of funds (for prospective Donors and Donors) • Ownership and control structure
4.	Clubs, Societies and Charities	<ul style="list-style-type: none"> • Full name of entity • Business address or principal place of business • Information about the purpose and intended nature of business relations or transaction with the Charity

		<ul style="list-style-type: none"> • Information about the nature of the entity's activities and objectives • Names of all trustees (or equivalent) • Names of all natural persons who act on behalf of the entity • Names of all connected persons (e.g. Chairman and Honorary Secretary) • Names of all beneficial owners • Information about the source of funds (for prospective Donors and Donors) • Ownership and control structure
5.	Trust and Other Similar Arrangements	<ul style="list-style-type: none"> • Full name of entity • Business address or principal place of business • Information about the nature, purpose and objectives of the entity (e.g. discretionary, testamentary) • Names of all natural persons who act on behalf of the entity • Names of all connected persons • Names of all beneficial owners • Information about the source of funds (for prospective Donors and Donors) • Country or jurisdiction of establishment • Names of the settlors/trustees/Beneficiaries or any person who has power over the disposition of any property that is subject to the trust

APPENDIX B

Documents that the Charity may obtain and other sources that the Charity may refer to for the conduct of due diligence checks

Documents for Verification^{1 2 3} (for Individuals)

S/N	Document Type
1.	The individual's NRIC / passport that has a clear photograph of the individual

Documents for Verification^{1 2 3} (for Legal Persons or Legal Arrangements)

S/N	Document Type
1.	Certificate of Incorporation / Registration / Establishment or its equivalent
2.	Constitutional Documents e.g. Memorandum and Articles of Association, Trust Deed, Partnership Agreement
3.	Certificate of Incumbency / Certificate of Good Standing
4.	Records from an independent company registry of the jurisdiction of incorporation, registration or establishment of the Stakeholder
5.	Structure chart documenting the ownership and control structure of the Donor / Beneficiary
6.	Evidence of registration / membership with a relevant regulator e.g. Commissioner of Charities
7.	Appropriate documentary evidence (e.g. board / committee resolutions) authorising the establishment of a relationship with the Charity
8.	Appropriate documentary evidence (e.g. board resolution, letter of appointment or power of attorney) that the prospective Donor / Beneficiary has appointed the relevant individuals / authorised signatories to act on its behalf or otherwise has authority to act on behalf of the prospective Donor / Beneficiary, and specimen signatures of the authorised signatories

¹ Where the prospective Stakeholder is unable to produce original documents for verification for good reason, the Charity shall take additional steps to verify the identity of the prospective Stakeholder on a risk-based approach. For cases where the prospective Stakeholder is an individual residing locally, the Charity may choose to accept copies of identification documents that are not notarised. In other situations of higher risks such as foreign individuals or entities that are not residing in Singapore or having a place of business in Singapore, and/or are not able to produce original documents for verification, the Charity should take reasonable measures to verify the authenticity of such documents, such as accepting statutory declarations, or documents that had been certified to be true copies by notaries public, Commissioner of Oaths, or registered lawyers to ensure that copies of identification documents produced by the individual or the entity are true copies.

² Where any document is not in English, such document is to be translated accordingly by a suitably qualified translator.

³ If the Charity is satisfied that there is low risk of ML or TF, the Charity may obtain information on the identity of the prospective Stakeholder using:

(a) information available on the website of the prospective Stakeholder;

(b) information available from the annual reports of the prospective Stakeholder; or

(c) information from any reliable public source. For example, in relation to entities incorporated or established in Singapore, the Charity could obtain a business profile search of the entity from the website of the Accounting and Corporate Regulatory Authority: <https://www.acra.gov.sg/how-to-guides/buying-information/business-profile>. In relation to foreign entities, the Charity could refer to the following link for a non-exhaustive list of foreign regulators of companies and refer to it to obtain relevant information about foreign companies: <http://www.ecrforum.org/worldwide-registers/>.

APPENDIX C

Situations where inquiry into the existence of beneficial owners is not required

The Charity does not need to inquire if there exists any beneficial owner in relation to a prospective Stakeholder or Stakeholder that is:

- (a) a Singapore government entity, that is, a ministry or department of the Government, an organ of state or a statutory board;
- (b) a foreign government entity;
- (c) an entity listed on the Singapore Exchange;
- (d) an entity listed on a stock exchange outside Singapore which is regulated by an authority of a country or territory other than Singapore regulating the provision of financial services;
- (e) a Singapore financial institution, as defined in section 2 of the Financial Services and Markets Act 2022;
- (f) a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with requirements for the prevention of money laundering and the financing of terrorism consistent with the standards set by the FATF; or
- (g) an investment vehicle, the managers of which are Singapore financial institutions or financial institutions incorporated or established outside Singapore, and subject to and supervised for compliance with requirements for the prevention of money laundering and the financing of terrorism and proliferation consistent with standards set by the FATF,

unless the Charity has doubts about the veracity of the information obtained when performing due diligence on the Stakeholder.

The Charity shall keep a record in writing of the basis for its determination that a prospective Stakeholder or Stakeholder falls within (a) to (g) above.

APPENDIX D

Red Flag Indicators

The red flag indicators listed below are an overview of the types of activities that can be suspicious. This list is not exhaustive. Further investigation should be carried out if any of these indicators are present.

Some of the red flag indicators that the Charity should look out for include:

- (a) Donation amounts that appear to be more than the usual amount that particular profile(s) of Donor(s) would typically make.
- (b) Transactions made are not in line with the known or expected operations of the Charity.
- (c) Donations made through third parties instead of the Donor himself/herself without apparent legitimate purposes.
- (d) Unusual request for refund of donations.
- (e) Unusual requests from Donors to redirect part of the donations to unknown third parties for purposes that may be incongruent with the charity's charitable objects.
- (f) Donations involving virtual assets, especially where the ownership of the virtual assets cannot be easily traced to the Donor(s).
- (g) Use of funds is not consistent with the organisation's purpose.
- (h) Use of cash couriers to transfer charity's funds into areas with known terrorist activities.

Charities should also refer to the list of red flag indicators relevant to the non-profit sector posted on the SPF's website: <https://www.police.gov.sg/~media/spf/files/cad/stro/website/industry%20layout/non-profit-not-for-profit-organisation-indicators.pdf>.

If there are any findings or evidence that may give rise to suspicion, please file a STR with the STRO.

Contact Us



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