



ANTI-TERRORISM AND ANTI-MONEY LAUNDERING POLICY

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SCOPE

The policy also applies to all staff members and consultants of AQLITY at HQ and Country Offices. All implementing partners, donors and suppliers are subject to the measures to prevent financing terrorism and/or money laundering.

Whilst we work in high-risk locations for terrorism, AQLITY works with local partner organizations, the majority of whom we have known well over a long period of time. We believe that, by working in this way, there is a relatively low risk that our funds will inadvertently find their way into the hands of those who will use them for violent purposes. However, given the impact of any proven or alleged terrorist funding, AQLITY took several measures in its process to select partner organizations, suppliers and donors to further reduce this risk.

The prevention of funding terrorism is legally laid down in the “The Criminal Justice (Terrorist Offences) Act 2005”. This law is not directly applicable to AQLITY. However through transferring funds through banks and working with chartered accountants, the law does apply indirectly for AQLITY.

RELATED POLICIES

This policy should be read in connection with the following AQLITY policies, process descriptions, procedures and tools:

- Code of Conduct
- Procurement Policy
- Global Anti-Fraud, Anti-Bribery and Corruption Policy

DEFINITION

A terrorist act is an act, or a threat to act, that meets both these criteria:

- Terrorism intends to coerce or influence the public or any government by intimidation to advance a political, religious or ideological cause.
- Terrorism causes one or more of the following: death; serious harm or danger to a person; serious damage to property; a serious risk to the health or safety of the public; and serious interference with, disruption to, or destruction of critical infrastructure such as a telecommunications or electricity network.



Advocating, protesting, dissenting or taking industrial action are not terrorist acts where the person doing the activity does not intend to cause serious harm to a person or create a serious risk to public safety.

Money laundering is the process by which the proceeds of crime are channeled through financial systems in an effort to disguise their illegal origin and returned to the launderer in an indirect manner.

PREVENTION

AQLITY has the following measures in place to reduce the risk of accidentally and deliberately funding of terrorism or being used for money laundering:

Due Diligence on partners, suppliers and donors: AQLITY has a Code of Conduct, Procurement policy and Global Anti-Fraud, Anti-Bribery and Corruption Policy in place that prescribe limitations to the type of organizations with whom we cooperate. For all new partner organizations a partner risk assessment is performed, indicating the different risks of working together with this partner. Based on the assessment risk mitigating measures are taken to reduce the identified risks. To make sure that AQLITY doesn't enter into financial relations with terrorist or criminal organizations, new partners, suppliers donors and their executive board members go through a Factiva or Navex check. Non-institutional donors never decide to which organizations or individuals their funds are paid. In case the Factiva or Navex check reveals potential risks in relation to terrorism or money laundering, additional research will be done. Only when additional research gives guarantees, cooperation with the organization can be considered.

Code of Conduct: AQLITY enforces a Code of Conduct among its staff and its contract partners. Staff and contract partners sign up to the Code of Conduct on joining the organization or signing a contract with AQLITY. The Code of Conduct specifically mentions that staff and contract partners should contribute to preventing unethical and criminal activities.

Procedures: AQLITY's global quality management system with procedures for support functions in the areas of finance, procurement, administration and asset management, which are required to be followed by all of the Country offices and HQ.

Segregation of duties: Responsibilities in key financial processes are separated among several employees rather than entrusted to one employee. Signatures and/or system workflow approvals are required at different stages in any financial transaction process in order to avoid unauthorized transactions.

"Three lines of defense"-internal control system: AQLITY has an internal control system that follows the "three-lines-of-defense"-approach. The first line is the policies, processes and procedures for the management of operations. The second line is the risk management processes which seek to identify gaps and exposures. The third line is the internal audit function, which independently monitors these first two lines.



Budget management: Budget versus actual expenditure reports are prepared and reviewed with senior management on a monthly basis per project and organizational unit. Budgets are maintained in the accounting system.

Proper books and records: AQLITY maintains a multi-currency accounting system that allows tracking of income and expenditure with unique referencing to projects, funding sources and external third parties in the system. All income and expenditure is linked to donor/source coding and all program expenditure is linked to specific projects and partner coding. In addition, AQLITY retains all supporting documentation (receipts, invoices and supporting documents) in line with legislative requirements.

Cash and Bank management: Controls include regular cash counts and monthly bank reconciliations, authorization levels to carry out financial operations, segregation of duties, and signatures/system approvals. In addition, when used, cheques require two signatures, and all bank transfers require dual signatures.

DETECTION

Annual external audit and external project audits: AQLITY aims to undergo an annual external audit of its financial statements and a minimum of 60% of all projects are subject to an external audit. All transactions that are suspicious related to funding terrorism or money laundering, require specific attention from the external auditors, notification to authorities and further investigation by the auditors according to the The Criminal Justice (Terrorist Offences) Act 2005.

Banking system: AQLITY transfers 95% of its funds through Dutch and international banks, that fall under the The Criminal Justice (Terrorist Offences) Act 2005 and the sanction regulations of the UN and European Union. As a consequence, all transfers AQLITY makes are screened and transfers to high-risk countries are explicitly checked and need detailed information on the purpose and destination of the transfer. In case of insufficient documentation, transfers will not be accepted by the banks. Dutch banks are also obliged to notify tax authorities in case of suspicious transactions related to money laundering.

MONITORING AND REPORTING

Integrity Committee: All incidents of possible criminal activities that are proactively and/or retroactively noticed within AQLITY, will be reported to the Integrity Committee. Suspicions of financing terrorism and/or money laundering will be dealt with by the Integrity Committee and follow the same routing as suspected fraud, including possible sanctions. The governing policies are the Global Anti-Fraud, Anti-Bribery and Corruption Policy and the Disciplinary Policy.