

1. Introduction and purpose

- 1.1 Money laundering is the process of introducing money, property or other assets derived from illegal and criminal activities into the legal financial and business cycle to give it a legitimate appearance. It is a process to clean ‘dirty’ money in order to disguise its criminal origin. Money Laundering is an offence under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (the AMLATFA).
- 1.2 The purpose of this AML Policy is to provide guidance to the Group Employees concerning how to strengthen anti-money laundering governance and it reiterates group’s commitment to full compliance to the AMLATFA.

2. Scope

- 2.1 This Policy establishes the general framework to manage and prevent the risks of the Group’s businesses from being used as a conduit for money laundering and terrorism financing activities. The Group employees are required to adhere to the requirements of this Policy when carrying out their daily responsibilities.
- 2.2 This Policy applies to all business units or entities in the Group. The standards set out in this policy are the minimum requirements for the Group’s businesses.

3. Definitions

- 3.1 “AML/CFT”- Anti- Money Laundering and Counter Financing of Terrorism
- 3.2 “Employees”- All employees including directors of the company and its subsidiaries
- 3.3 “Family Members”- Includes your spouse(s), children (including stepchildren and adopted children), parents, stepparents, siblings, step-siblings, grandparents, grandchildren, in-laws, uncles, aunts, nieces, nephews, and first cousins., as well as other persons who are members of your household.

4. General Description of Money Laundering

- 4.1 In principle, money laundering generally involves proceeds of unlawful activities that are related directly or indirectly, to any serious offence, that is processed through transactions, concealments, or other similar means, so that they appear to have originated from a legitimate source.

4.2 The process of money laundering comprises three stages, during which there may be numerous transactions that could alert a business unit (especially a reporting institution) to the money laundering activities. These stages are: -

- (a) Placement: The physical disposal of proceeds / benefits of unlawful activities by introducing illegal funds (generally in the form of cash) into the financial system;
- (b) Layering: The separation of the illicit proceeds/ benefits of unlawful activities from their source by creating layers of financial transactions designed to disguise the audit trail; and
- (c) Integration: Placement of laundered funds back into the economy so that they re-enter the financial system appearing to be legitimate funds.

4.3 The Money Laundering Offence

Pursuant to Section 4 of the AMLAFTA, a money laundering offence is committed when a person: -

- (a) engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity or instrumentalities of an offence;
- (b) acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes of or uses proceeds of an unlawful activity or instrumentalities of an offence;
- (c) removes from or brings into Malaysia, proceeds of an unlawful activity or instrumentalities of an offence; or
- (d) conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity or instrumentalities of an offence.

4.4 Penalty for Money Laundering Offence

The penalty for a money laundering offence is, upon conviction, imprisonment for a term not exceeding fifteen (15) years and a fine of not less than five(5) times the sum or value of the proceeds of an unlawful activity or instrumentalities of an offence at the time the offence was committed or five (5) million ringgit, whichever is the higher.

5. General Description of Terrorism Financing

- 5.1 Financing of terrorism generally refers to carrying out transactions involving funds or property, whether from a legitimate or illegitimate source, that may or may not be owned by terrorists, or those have been, or are intended to be used to assist the commission of terrorist acts, and/or the financing of terrorists and terrorist organisations.
- 5.2 Section 3(1) of the AMLA defines a “terrorism financing offence” as any offence under section 130N, 130O, 130P or 130Q of the Penal Code, which are essentially:
- (a) Providing or collecting property for terrorist acts;
 - (b) Providing services for terrorism purposes;
 - (c) Arranging for retention or control of terrorist property; or
 - (d) Dealing with terrorist property.

6. Policy Statement

- 6.1 The Group strongly objects to all practices related to money laundering, including dealing in the proceeds of criminal activities and terrorism financing. As a general rule, reasonable degree of due diligence must be carried out in order to understand the business and background of any prospective customer, vendor, third party or business partner that intends to do business with the Group to determine the origin and destination of money or assets involved. Any suspected activities relating to money laundering or terrorism financing should be reported immediately to Bank Negara Malaysia and relevant authorities.
- 6.2 The Group prohibits all involvement in money laundering activities and terrorism financing either directly or indirectly. The activities may include, but not limited to the following: -
- (a) Payments made in currencies that differ from invoices;
 - (b) Attempts to make payment in cash or cash equivalent (out of normal business practice)
 - (c) Payments made by third parties that are not parties to the contract; and
 - (d) Payments to or from accounts of third parties that are not parties to the contract

7. Suspicious Transaction Reporting

- 7.1 If any suspicious money laundering or financing of terrorism activities are detected or any attempted transaction fits the list of “Red Flags” these transactions must be reported to the Compliance Officer immediately.
- 7.2 Upon receiving the report, the Compliance Officer shall evaluate the grounds for suspicion and if suspicion is confirmed he or she shall submit a suspicious transaction report to the Financial Intelligence Unit in Bank Negara Malaysia on the next working day.

8. Training & communication

- 8.1 Further information on AML/CFT can be obtained from Bank Negara Malaysia’s website <http://amlcft.bnm.gov.my/index.html>.

9. Records Keeping and Retention of Records

- 9.1 The Department must keep record of all transactions and ensure they are up to date and relevant
- 9.2 The Department is required to retain, for at least seven (7) years, the records of transactions, relevant customer due diligence information and other relevant records including agreements, financial accounts, business correspondences and documents relating to the transactions in a form that is admissible as evidence in court and make such documents available to authorities and law enforcement agencies in a timely manner.

10. Responsibility for the Policy

- 10.1 This Policy is reviewed and approved by the Board of Directors and its Audit Committee and oversight of this Policy has been delegated to the Audit Committee, which monitors the effectiveness of and compliance with this Policy.
- 10.2 The Board of Directors and the Management team set the tone at the top providing leadership and support for the Policy and take responsibility for its effectiveness within their business units. Management is responsible for the implementation of the Policy and all communication and training activities in relation to the Policy to ensure that those reporting to them are made aware of, and understand, this Policy.