
ANTI MONEY LAUNDERING POLICY

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Anti-Money Laundering (AML) Policy

1. INTRODUCTION

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).

2. GENERAL DESCRIPTION OF MONEY LAUNDERING

2.1 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.

2.2 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.

2.3 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.

2.4 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.

3. GENERAL DESCRIPTION OF TERRORISM FINANCING

3.1 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.

3.2 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

Below is an outline for a basic AML policy tailored for Konsortium Bumi Consultants and Services:

1. Purpose and Scope

Purpose: The purpose of this Anti-Money Laundering (AML) Policy is to prevent money laundering and terrorist financing within Konsortium Bumi Consultants and Services (KBCS) and its associates and to provide guidance to all KBCS Employees concerning how to strengthen anti-money laundering governance and it reiterates KBCS’ commitment to full compliance to the AMLATFA. These policies help prevent money laundering and terrorist financing by ensuring that we know our customers and the origin of the money involved in the transactions.

Scope: This Policy establishes the general framework to manage and prevent the risks of KBCS businesses from being used as a conduit for money laundering and terrorism financing activities. All KBCS employees are required to adhere to the requirements of this Policy when carrying out their daily responsibilities. It applies to all employees, contractors, and associates involved in the business

2. Definitions

Money Laundering: The process of making illegally-gained proceeds appear legal.

Terrorist Financing: The collection or provision of funds for terrorist activities.

Customer Due Diligence (CDD): The process of identifying and verifying the identity of the consultancy’s clients.

3. Policy Statements

KBCS 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 KBCS 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.

KBCS 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.

4. Customer Due Diligence (CDD)

a) **Identification and Verification:** Obtain and verify the identity of clients before establishing a business relationship.

- Collect information such as full name, date of birth, address, and identification number.
- Verify this information using reliable, independent sources (e.g., government-issued ID)

b) **Risk Assessment:** Assess the risk of money laundering or terrorist financing posed by each client.

- Consider factors such as the client's background, nature of the business, and the size and regularity of transactions.

c) **Enhanced Due Diligence (EDD):** Apply enhanced scrutiny to high-risk clients.

- Obtain additional information about the client's source of funds and purpose of the business relationship.

5. Record Keeping

- Maintain records of all CDD information, transactions, and correspondence for at least five years.
- Ensure records are easily accessible and can be promptly provided to regulatory authorities if required.

6. Monitoring and Reporting

- Regularly monitor client transactions for unusual or suspicious activity.
- Report any suspicious activities to the designated AML compliance officer.
- File Suspicious Activity Reports (SARs) with the relevant authorities as required by law.

7. Training and Awareness

- Provide regular AML training to all employees.
- Ensure employees are aware of their obligations under the AML policy and relevant laws.
- Update training materials and sessions regularly to reflect changes in laws and emerging risks.

8. Compliance Officer

- A designated Policies compliance officer is responsible for overseeing the AML policy and any other policies within the company and its associates.
- The compliance officer will ensure that the policy is implemented effectively and will report to senior management on AML compliance issues.

9. Review and Updates

- To review the AML policy annually or when there are significant changes in laws or business practices.
- Update the policy as necessary to ensure ongoing compliance with legal requirements and best practices.

10. Penalties and Enforcement

Violation of this AML policy constitutes a grave offense and once found guilty may result in disciplinary action, including termination of employment.

- KBCS management will cooperate with regulatory authorities in investigations related to money laundering or terrorist financing.

11. Implementation Steps

1. **Adopt and Communicate the Policy:** Ensure all employees are aware of and understand the AML policy.
2. **Conduct Training:** Regularly train our staff on AML procedures and their responsibilities.
3. **Perform CDD:** Implement CDD procedures for all new and existing clients.
4. **Monitor and Report:** Continuously monitor transactions and report suspicious activities.
5. **Review and Update:** Regularly review and update the AML policy and procedures.

12. Conclusion

Implementing a robust AML policy is essential for protecting our multi-disciplinary consultancy firm from the risks associated with money laundering and terrorist financing. By following the steps outlined in this policy, we can help ensure compliance with legal requirements and safeguard our reputation.



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