

**ANTI-MONEY LAUNDERING & COUNTERING  
THE FINANCING OF TERRORISM POLICY  
2022**



**ROYAL SOCIETY FOR PROTECTION OF NATURE**




This document is endorsed by the undersigned as of the day and date written below:

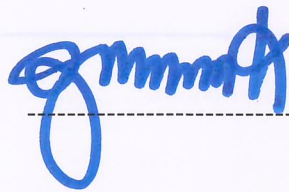
Date: May 17, 2022

Incorporators of this document:

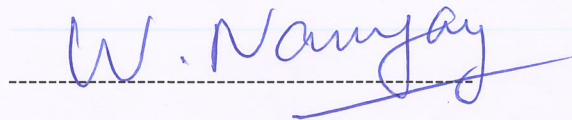
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2. Kinley Tenzin, PhD  
Executive Director



3. Mr. Wangchuk Namgay,  
Director



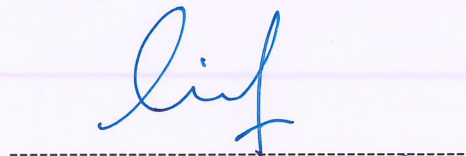
4. Mr. Tshering Dorji,  
Chief



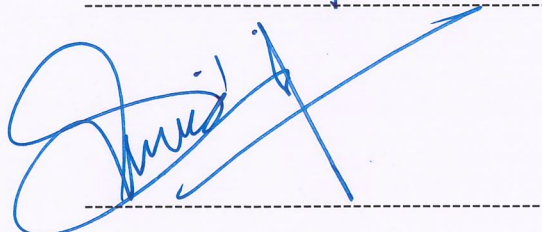
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## 1. Background

Royal Society for Protection of Nature (RSPN) was established in 1987 under the Royal Command of His Majesty the Fourth King Jigme Singye Wangchuck as a citizen based Non-Government Organization (NGO) devoted to the conservation of Kingdom's environment. His Majesty the King Jigme Khesar Namgyel Wangchuck was the Royal Patron of RSPN from 1999 to 2012 and today, Her Majesty the Queen Jetsun Pema Wangchuck is the Royal Patron of the Organization.

RSPN is the oldest environmental organization in the country and is registered with the Civil Society Organizations Authority (CSOA) as a Non-Profit Public Benefits Organization. The Board Directors provide overall guidance and directives in managing the organization. The Executive Director manages the day-to-day affairs of the organization and reports to the Board.

RSPN values Integrity and Commitment, Transparency, Accountability and Responsiveness, Equity & Inclusiveness, Rules of law, and Participation and Consensus oriented. Towards achieving these values, the respective safeguards, policies, manuals, guidelines, mechanisms, and Standard Operating Procedure (SoP) govern the functioning of the organization.

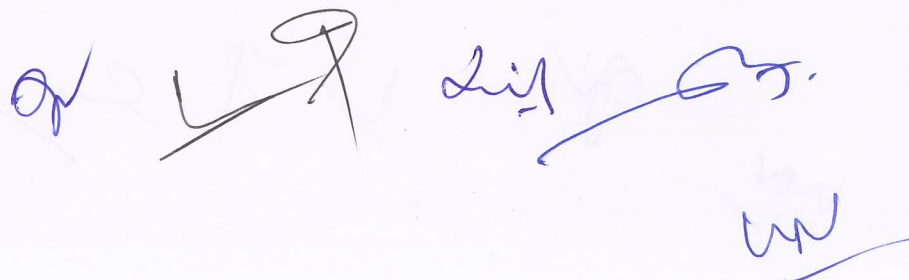
This Anti-Money Laundering and Countering the Financing of Terrorism Policy is designed to address situations in which governing bodies, committees and RSPN secretariat suspects an individual engaged in un-ethical practices or questionable conduct involving RSPN's assets and miss-use of authority, and violation of rules and regulations. The conduct might include outright theft (of equipment or cash), fraudulent expense reports, misstatements of any accounts to any manager or to RSPN's auditors, or even an employee's conflict of interest that results in financial harm to RSPN. This policy mandates Board Directors, RSPN management, oversight committees and secretariat to report such questionable conduct and has established system in managing it.

## 2. Scope of the policy

All RSPN employees including those stationed in the field offices, including governing bodies and committees, and associates of RSPN (interns, members, consortium of experts, consultants, suppliers, contractors, partners, stakeholders, project implementers, etc.) shall adopt this policy. Programs, projects and activities performed by employees and associates of RSPN shall adopt this policy.

## 3. Principles of the policy

- 3.1. RSPN shall ensure that the fund received from donors or it's funds are not used to finance any illegal acts related to Money Laundering or Terrorist Financing.
- 3.2. The Policy shall be consistent with Laws, Rules and Regulations of the country as well as the donor organizations.
- 3.3. RSPN shall take steps to encourage its partners and stakeholders to adopt policies and procedures that are consistent with the principles set out in this policy, with the purpose of safeguarding RSPN or donor's resources from being used for Money Laundering or the Financing of Terrorism.
- 3.4. Employees and associates of RSPN shall be responsible for identifying and mitigating the risks of Money Laundering and Terrorist Financing in deploying and managing RSPN and donor's resources.





#### 4. Overarching Policies

In establishing effective Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) framework for the stability of the financial system in Bhutan, the Kingdom of Bhutan enacted “The Anti-Money Laundering and Countering Financing of Terrorism Act in 2018” and subsequently Royal Monetary Authority (RMA) being the Financial Intelligence Department (FID) of the Country issued the Anti-Money Laundering and Countering of Financing the Terrorism Rules and Regulations 2022 (3<sup>rd</sup> Edition).

Therefore, RSPN’s AML and CFT policy is aligned with and internalizes its provisions, values, and principles enshrined in the AML and CFT Act 2018 of Bhutan and AML and CFT Rules and Regulations 2022. Whereby any provision of this policy is not covered shall deal with AML and CFT Act 2018 and RMA’s AML and CFT Rules and Regulations 2022.

#### 5. Purpose

The AML and CFT policy shall provide the legal authority to regulate the specific fund and jurisdiction where the funds originate and operate.

##### 1. Objective

The objective of this AML and CFT policy shall ensure;

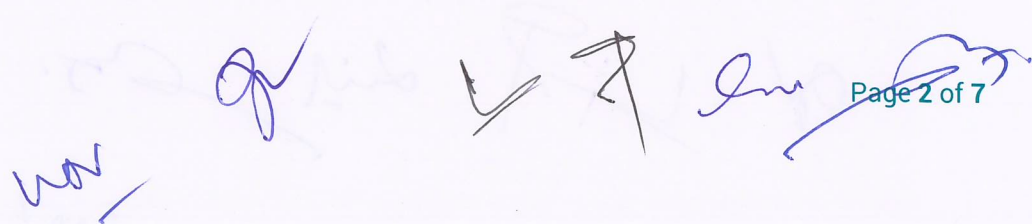
- 1.1. To help detect transactions that may involve money laundering, terrorist financing, or other illicit activity, and to provide resources for managing the risk as required by applicable law.
- 1.2. With this policy, RSPN keeps informing ourselves and is subject to various AML and CFT laws and regulations that are domiciled even with other countries and organizations.

##### 2. Management of Money Laundering and Financing of Terrorism Risks

- 2.1. RSPN shall undertake assessment of Money Laundering (ML) and Financing of Terrorism (FT) risks and make proportionate responses to mitigate the risks. This will avoid exposure to financial, legal and reputational risks of the organization.
- 2.2. RSPN shall take appropriate steps to identify, assess, and understand its specific ML/FT risks in relation to its associates, geographical areas and the countries in which it operates.
- 2.3. RSPN shall tailor its responses in proportion to its perceptions of risk, which are comprised of evidence-based decision-making.
- 2.4. Keep the ML/ FT controls assessment up to date through periodic compliance reviews to tests the effectiveness and to formulate appropriate mitigatory actions.
- 2.5. Have an appropriate mechanism to provide up to date risk assessment information to the Board.
- 2.6. Institute an annual ML/ FT theme audit and audit report shall be presented to the secretariat and the Board.

##### 3. Policy and Procedure on Due Diligence

- 3.1. The assessment result shall then be used to assess the counterparty (Grantees, partners, stakeholders, project implementers, etc.) Due Diligence (CDD) processes.





#### 4. Internal Control


RSPN AML/CFT policy is to facilitate adequate internal control to allow for compliance with the provisions specified under section 55 (1) of Bhutan's AML/CFT Act, 2018, and other appropriate regulations and legislation to combat against ML/FT.

##### 4.1. Responsibilities of the Board

- 4.1.1. Understand its role and responsibility in managing ML/ FT risks faced by RSPN;
- 4.1.2. Be aware of the ML/FT risks associated with management strategies, delivery channels, and geographical coverage of RSPN's programs and operation;
- 4.1.3. Understand the ML/FT measures required by Bhutan's AML/CFT Act 2018, and the international standards and best practices. This also include the importance of implementing ML/ FT measures to prevent RSPN from being abused by criminals, money launderers, and financiers of terrorism;
- 4.1.4. Maintain accountability and oversight for establishing AML/CFT policy and minimum standards;
- 4.1.5. Establish appropriate mechanisms to ensure that the AML/CFT policy is periodically reviewed and assessed in line with changes and developments of RSPN's programs as well as trends in ML/FT;
- 4.1.6. Establish an effective internal control system for AML/CFT and maintain adequate oversight of the overall ML/TF measures undertaken by RSPN;
- 4.1.7. Define the lines of authority and responsibility for implementing the AML/CFT measures and ensure that there is a separation of duty between those implementing the policy and procedures and those enforcing the controls;
- 4.1.8. Ensure effective internal audit function in assessing and evaluating the robustness and adequacy of controls implemented to prevent ML/FT;
- 4.1.9. Assess the implementation of the approved AML/CFT policy through regular reporting and updates by the secretariat and the auditor;
- 4.1.10. Establish a management information system that is reflective of the nature of RSPN's operations and structure, risk profiles, and geographical coverage.

##### 4.2. Responsibilities of the RSPN Secretariat

- 4.2.1. Oversee the implementation and management of AML/CFT compliance programs as specified in this policy;
- 4.2.2. Be aware of the ML/FT risks associated with management strategies, delivery channels, and geographical coverage of RSPN's programs and operation;
- 4.2.3. Establish appropriate mechanisms and formulate procedures to effectively implement AML/CFT policy and internal controls, including the mechanism and procedures to monitor and detect complex and unusual transactions;
- 4.2.4. Undertake review and propose the necessary enhancements to the AML/CFT policy to reflect changes in RSPN's risk profiles, institutional structure, and geographical coverage;



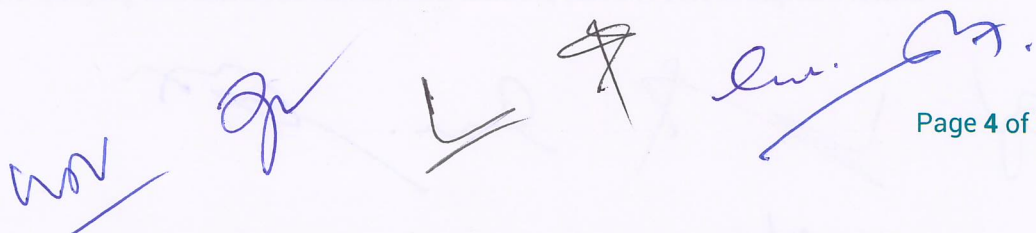
- 4.2.5. Ensure periodic reports are provided timely to the Board on the level of ML/FT risks facing RSPN, strength and adequacy of risk management and internal controls implemented to manage the risks and the latest development on ML/FT which may have an impact on RSPN;
- 4.2.6. Allocate adequate resources to effectively implement and administer AML/CFT compliance programs;
- 4.2.7. Appoint an anti-money laundering and compliance officer (AMLCO);
- 4.2.8. Provide appropriate levels of AML/CFT training for its employees and associates at all levels;
- 4.2.9. Ensure that there is a proper channel of communication in place to effectively communicate the AML/CFT policy and procedures to all levels of employees and associates;
- 4.2.10. Ensure that ML/FT issues are raised and addressed in a timely manner;

#### **4.3. Responsibilities of the Anti-Money Laundering Compliance Officer (AMLCO)**

- 4.3.1. The AMLCO must be vested with full responsibility and authority to enforce RSPN's AML/CFT program;
- 4.3.2. The Officer should have a working knowledge of the Bhutan's AML/CFT Act, Rules and regulations, national laws well as those of international standards;
- 4.3.3. The AMLCO must also be well qualified by experience, knowledge, and training to effectively and efficiently discharge the functions of the AML/CFT program;
- 4.3.4. The AMLCO will monitor RSPN's compliance with AML/CFT obligations, overseeing communication and training for employees and associates, and any other applicable requirements;
- 4.3.5. The AMLCO will ensure that RSPN maintains all of the required AML/CFT records and will ensure that suspicious transaction reports (STRs) are filed with the Board and the secretariat.

#### **4.4. Audit**

- 4.4.1. In accordance with Section 55(5) of Bhutan's AML/CFT Act 2018, the secretariat and the Board (if applicable) of RSPN will be responsible to ensure regular independent audits of the internal ML/FT measures to determine their effectiveness and compliance with RSPN's AML/CFT Policy;
- 4.4.2. The auditor must check and test compliance with Bhutan's AML/CFT Act 2018, its subsidiary legislation and instruments issued under the Act;
- 4.4.3. Check and test compliance with RSPN's internal AML/CFT policy and procedures;
- 4.4.4. Check the adequacy and effectiveness of the AML/CFT compliance program;
- 4.4.5. Test reliability, integrity, and timeliness of the internal and regulatory reporting and management of information systems;



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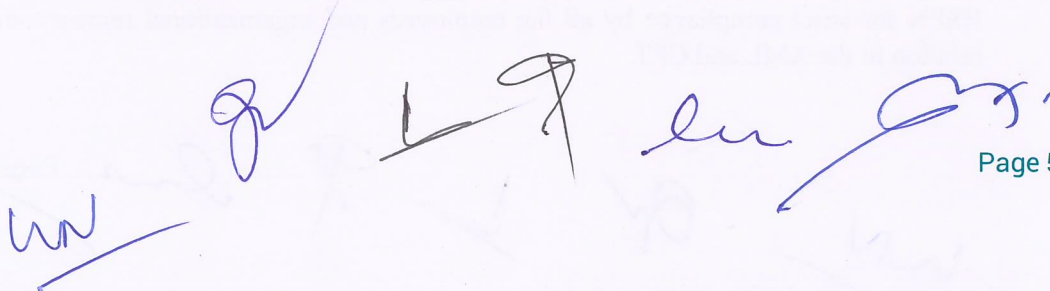
- 4.4.6. The auditor shall submit a written audit report to Secretariat and Board to highlight the assessment on the effectiveness of ML/FT measures and any inadequacy in internal controls and procedures;
- 4.4.7. RSPN will ensure all audit findings, observations, and the necessary corrective measures undertaken are well documented and retained for reference and submission to competent authorities if required.

**5. Reporting Red Flags, Suspicious transactions and Suspected ML/FT**

- 5.1. Employees and associates of RSPN shall report any suspicious transaction, red flag (indicators of a suspicious transactions), or ML/FT activity which they identify or suspect in the course of performing their duties, to the AMLCO for investigation. Failure to report may leave the concerned employees and associates, and RSPN open to serious reputational damages or legal liability;
- 5.2. The AMLCO shall take appropriate measures to enable employees and associates to report red flags, suspicious transactions, or ML/FT activities directly to the immediate supervisor or the Board (if there is a conflict of interest with the immediate supervisor), or follow Whistle Blower Policy and Procedure, and Complaint and Redress Mechanism;
- 5.3. The AMLCO shall ensure that all reports of red flags, suspicious transactions, and suspected ML/FT activities reports are documented, attended, and investigated in a prompt and professional manner;
- 5.4. The AMLCO shall notify the RSPN Secretariat when a suspicious transaction or suspected ML/FT activity has been substantiated pursuant to an investigation. The secretariat shall determine to disclose that suspicious transaction or suspected ML/FT activity to the Board.

**6. Training and awareness**

- 6.1. RSPN shall ensure employees and associates have access to adequate training to ensure that they have the necessary knowledge of the law relating to money laundering, terrorist financing, and data protection, and receive regular training in how to recognize and deal with suspicious transactions that may be related to ML/FT;
- 6.2. **Training will include, at a minimum:**
  - 6.2.1. how to identify red flags and signs of money laundering that arise during the course of the employee and associates' duties;
  - 6.2.2. what to do once the risk is identified (including how, when and to whom to escalate unusual customer activity or other red flags for analysis and, where appropriate, the filing of Suspicious Transaction Report (STRs));
  - 6.2.3. what employees and associates' roles are in the organization's compliance efforts and how to perform them;
  - 6.2.4. the organization record retention policy; and
  - 6.2.5. the disciplinary consequences (including civil and criminal penalties) for non-compliance with the RSPN AML/CFT policy;





## 7. Record Retention

- 7.1. In compliance with Section 68(5) of Bhutan's AML/CFT Act 2018 and international standards, RSPN shall ensure mandatory and minimum requirements for record retention for AML/CFT purposes including to demonstrate that due diligence has been undertaken to prevent ML/FT, and to ensure that sufficient information or documentation may be provided when requested by competent authorities in any ML/FT investigation;
- 7.2. RSPN will maintain records of identification and consideration of money laundering issues for the entire period that RSPN act for the client and for five years after RSPN cease to act in accordance with the regulations. If RSPN is required to retain them under statutory obligation, or to retain them for legal proceedings, or by client consent, the records will be retained for not more than 10 years after RSPN cease to act;
- 7.3. The client will be asked to give permission for the retention of copies of the documentation, which will be maintained securely.

## 8. Confidentiality and Protection of information

- 8.1. Any data, information, and documents, whether in physical or electronic format, obtained during the course of due diligence or suspicious transaction monitoring shall be protected and kept confidential in accordance with RSPN policies and procedures.
- 8.2. RSPN Board and Secretariat shall maintain confidentiality and secrecy of any matter, report and other information relating to the administration of RSPN that becomes known to them or comes in their possession or under their control.
- 8.3. RSPN Board and Secretariat shall be prohibited from tipping off employees and associates. Any person tipping off shall be liable for criminal, civil, administrative or any other related proceedings provided that the act is established.
- 8.4. The identity of the whistle blower shall not be disclosed. The whistle blower shall be immune from criminal, civil, administrative or any other related proceedings provided the information is credible and made in good faith.

## 9. Review and Revision

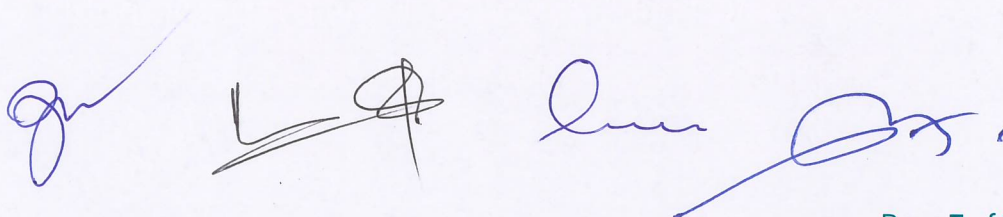
The policy shall be reviewed by RSPN annually or when deemed necessary that additional issues need to be identified and addressed, such as with a significant change in context or program or change to legislation, and be endorsed by the Board Directors.

## 10. Definitions

- a) **Anti-Money Laundering** refers to the web of laws, regulations, and procedures aimed at uncovering efforts to disguise illicit funds as legitimate income.
- b) **Countering financing terrorism** is a set of government laws, regulations, and other practices that are intended to restrict access to funding and financial services for those whom the government designated as terrorists.
- c) **Policy statement** refers to the policy stating a principle of action adopted or proposed by RSPN for strict compliance by all the employees and organizational representatives in relation to the AML and CFT.



- d) **Vibrant safeguard** is to protect strongly from harm and damage with appropriate measures.
- e) **Legal Authority** refers to what gives a designated person the power to act for someone else.
- f) **Regulation** is a rule or directive made and maintained by RSPN.
- g) **Donor** is a person or institution who gives funds to RSPN to implement the desired activities.
- h) **Partner** refers to the entity or a person who engages together for the achievement of RSPN's goal.
- i) **Individual** is a person who supports or engages together for the achievement of RSPN's goal.
- j) **Applicable law** refers to all provisions of laws, status, ordinances, rules, regulations, decrees, or orders issued by the governmental authority applicable to such person.
- k) **Overarching policies** refer to the policies that have effects or include everything to the other policies.
- l) **Financial Intelligence Department** refers to the legally recognized department functions under the Royal Monetary Authority to oversee the AML and CFT-related issues in Bhutan.
- m) **Royal Monetary Authority of Bhutan** is a Central Bank of Bhutan.
- n) **Shell bank** is a financial institution that does not have a physical presence in any country.
- o) **Red flag** is a warning or indicator, suggesting that there is a potential problem or threat that needs to be noticed or dealt with.
- p) **Suspicious transaction** is a transaction inconsistent with the expected purpose and an unusual transaction involving suspicion and abnormality.
- q) **Organizational representative** refers to a person or entity working legally with RSPN within the given time frame.



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