

ANTI-MONEY LAUNDERING AND COUNTERING FINANCING TERRORISM POLICY 2025



Royal Society For Protection of Nature
Thimphu



Preface

The Royal Society for Protection of Nature (RSPN) is committed to maintaining the highest standards of financial integrity, transparency, and compliance in all its operations. As an organization dedicated to environmental conservation and sustainable development, RSPN recognizes the growing global risks posed by money laundering (ML) and terrorist financing (TF) and acknowledges its responsibility in ensuring that its resources are not misused for illicit activities.

This Updated Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Policy has been developed in alignment with Bhutan's AML/CFT Act 2018, the AML/CFT Rules & Regulations 2025 issued by the Royal Monetary Authority (RMA), and international best practices, including the Financial Action Task Force (FATF) Recommendations, Green Climate Fund guidelines, and Adaptation Fund guidelines. It provides a robust framework for detecting, preventing, and mitigating ML/TF risks within RSPN's financial and operational ecosystem.

This policy introduces a risk-based approach that enables RSPN to assess and manage financial risks proportionately, ensuring that due diligence, transaction monitoring, and reporting mechanisms are effectively implemented. It outlines governance responsibilities, emphasizing the role of the Board, AML Compliance Officer, and all staff members in upholding compliance standards. Furthermore, it reinforces customer and partner due diligence, transaction monitoring, whistleblower protection, staff training, and continuous policy improvement as integral components of RSPN's AML/CFT policy.

As RSPN engages with a diverse range of stakeholders, including donors, grantees, partners, and vendors, this policy serves as a guiding document to ensure that all financial transactions remain transparent, ethical, and compliant with national and international financial standards. By implementing this policy, RSPN aims to safeguard its mission, preserve donor confidence, and contribute to the broader global effort to combat financial crimes.

We extend our gratitude to stakeholders and partners for their unwavering support extended in preparing this policy. We also request all partners to comply with this policy to avoid fraud and illicit activities relating to ML/FT.

(Chairperson)

Royal Society for Protection of Nature

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ACRONYMS

AF	Adaptation Fund
AML	Anti-Money Laundering
AMLC	Anti-Money Laundering Compliance Officer
CDD	Customer and Partner Due Diligence
CFCT	Countering the Financing of Terrorism
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FID	Financial Intelligence Department, RMA-Bhutan
GCF	Green Climate Fund
KYC	Know Your Customer
ML	Money Laundering
MoHA	Ministry of Home Affairs, Bhutan
OFAC	Office of Financial Assets Control of the Government of the United States of America
PEP	Politically Exposed Person
RBA	Risk Based Approach
RMA	Royal Monetary Authority, Bhutan
RSPN	Royal Society for Protection of Nature
SDN	Specially Designated Nationals and Blocked Persons list
STR	Suspicious Transaction Reports
TF	Terrorism Financing

Definition

Money Laundering (ML): The process of disguising illegally obtained money to make it appear legitimate. Stages include Placement, Layering, and Integration.

Terrorist Financing (TF): Providing or collecting funds intended to be used to carry out terrorist acts; can involve donations, extortion, or funds from both criminal and legitimate sources.

Politically Exposed Person (PEP): Individuals holding prominent public offices (or those associated with them) who present higher risk of corruption.

Risk-Based Approach (RBA): Allocating compliance resources effectively, devoting extra vigilance to higher-risk transactions or entities.

Suspicious Transaction Report (STR): A formal notification to Financial Intelligence Department of Royal Monetary Authority of Bhutan when there is a reasonable suspicion of ML/TF.

Whistleblower: A person who reports wrongdoing or suspicious conduct in good faith and is protected from retaliation.

1. Introduction

The Royal Society for Protection of Nature (RSPN) is a citizen-based non-governmental organization devoted to the conservation of Bhutan's environment. Established in 1987, RSPN collaborates with the Royal Government of Bhutan, Civil Society Organizations, and development partners to strengthen conservation efforts through community engagement, education, and sustainable livelihoods.

Globally, money laundering and terrorism financing threaten economic stability and security. While money laundering and terrorism financing are not an issue in Bhutan due to the country's strong public financial management system, RSPN recognizes the emerging global risks of ML/TF posed to financial systems and civil society operations. As an organization that relies on donations and grants, RSPN remains vulnerable to potential exploitation by illicit actors. Recognizing this need and risk, RSPN proactively adopts this policy safeguarding its financial integrity, maintaining donor trust, and preventing any escalation of AML/CFT threats. The policy adheres to Bhutan's AML/CFT Act 2018 and the corresponding AML/CFT Rules and Regulations 2025, issued by the Royal Monetary Authority (RMA). It also integrates international best practices and standards, including FATF (Financial Action Task Force) recommendations and aligns with the requirements of donors.

2. Purpose

- 2.1.** Ensure RSPN's resources are not misused for ML or TF, thereby protecting the integrity and mission of RSPN's environmental conservation efforts.
- 2.2.** Provide staff and partners with clear guidance on complying with Bhutanese Law (Bhutan AML/CFT Act 2018, AML/CFT Rules & Regulations 2025), as well as abiding by international standards.
- 2.3.** Establish a risk-based approach (RBA) to identify, assess, and mitigate ML/TF risks. This helps RSPN safeguard itself from legal, financial, and reputational harm.
- 2.4.** Foster a culture of vigilance in detecting unusual transactions, applying thorough due diligence, and upholding whistleblower protection.
- 2.5.** Demonstrate to donors, partners, government, and the public that RSPN is committed to ethical, transparent practices aligned with national and international standards.

3. Scope and Applicability

- 3.1.** RSPN Board, RSPN Management, RSPN Staff, Committees, Volunteers, Interns, Partners, Grantees, Service Providers, and any other third parties receiving RSPN's financial support or collaborating with RSPN on programs and projects.
- 3.2.** All financial transactions, including donations, grants, procurement, reimbursements, budget, expenditures, vendor payments, and any other forms of fund flow under RSPN's purview.
- 3.3.** All environmental or conservation programs and projects partially or fully funded by RSPN.
- 3.4.** If specific areas are not covered by this policy, the provisions of the Bhutan AML/CFT Act 2018, AML/CFT Rules & Regulations 2025, or other applicable national/international laws shall apply.

4. Governance and Responsibilities

4.1. Board

- 4.1.1.** Retains the ultimate responsibility for AML/CFT policy enforcement and ensuring that RSPN's systems remain robust and updated.

4.1.2. Approves major policy revisions or expansions, ensuring alignment with the national legal framework (Bhutan Royal Monetary Authority (RMA)- Financial Intelligence Department (FID) guidelines) and international standards and best practices.

4.1.3. Receives AML/CFT compliance reports, suspicious transaction summaries, and annual or periodic risk assessments from the AMLCO.

4.2. Management Team

4.2.1. Provides guidance in formulating internal SOPs, operational workflows, and risk management processes that align with the principles laid out in this policy.

4.2.2. Designates staff, supports training, provides technological tools, and necessary support to enforce AML/CFT compliance.

4.2.3. Support and review KYC checks, suspicious transaction detection submitted by AMLCO.

4.2.4. Submits detailed, periodic AML/CFT performance and compliance updates to the RSPN Board for oversight purposes.

4.3. AML Compliance Officer (AMLCO)

4.3.1. Coordinates day-to-day AML/CFT responsibilities, investigates internal alerts, liaises with regulatory authority (Financial Intelligence Department of RMA), and fosters consistent compliance with AML/CFT standards.

4.3.2. Reviews suspicious activities or transactions flagged by any staff, and determine whether it is required to file Suspicious Transaction Reports (STRs) to FID of RMA.

4.3.3. Attends capacity building programs on AML/CFT and organizes periodic training sessions to disseminate updated AML/CFT guidelines, red-flag typologies, and changes in relevant regulations to staff and partners.

4.3.4. Maintains all AML/CFT-related files and documents in a secure and confidential manner for at least 5 years, or up to 10 years if mandated by legal or regulatory needs.

4.3.5. Conducts continuous checks to detect changes in partner profiles or emerging risk factors.

4.3.6. Undertakes KYC for relevant transactions where possible, remains vigilant for red flags, and reports suspicious or unusual transaction activities to the concerned authorities.

4.3.7. Maintains confidentiality when reviewing suspicions on any matters relating to AML/CFT including STRs. RSPN strictly prohibits retaliation against any individual who raises a concern in good faith.

5. Risk-Based Approach (RBA)

5.1 Annual or Periodic Risk Assessment

RSPN shall perform a systematic assessment of ML/TF risks in its operations taking into account donor and partner backgrounds, nature and complexity of transactions, and program types that may be more vulnerable to frauds.

5.2 Risk Classification

5.2.1. Based on likelihood of occurrence, entities or transactions are classified as Low, Medium, or High risk.

5.2.2. Enhanced Due Diligence (EDD) is obligatory for higher-risk categories, e.g., dealing with Politically Exposed Persons (PEPs) or entities flagged under international sanctions and domestic watchlists.

5.3. Mitigation Measures

5.3.1. Depending on the risk level, RSPN may impose additional verifications, including obtaining more financial records and scrutiny.

5.3.2. In case, if the risk is too high, RSPN may discontinue the partnership.

5.4 Customer & Partner Due Diligence (CDD)

For any RSPN's financial transactions and partnerships with any party, the Operations Department shall carry out CDD (*Refer Annexure for CDD Template for Donors, Service Providers & Partners*):

5.4.1. Identification and Verification

5.4.1.1. Gathers official IDs, organization registration documents, contact information, and ensures authenticity through reference checks or external databases.

5.4.1.2. In line with international best practices, verify that prospective partners do not appear on any domestic or UN sanctions lists.

5.4.2 Source of Funds

Where possible ascertain that prospective donors or partners' funds originate from legitimate sources. When in doubtful, seek additional clarifications or supporting documents.

5.4.3 Politically Exposed Persons

If a partner or major donor is a Politically Exposed Person (PEP), RSPN applies EDD and further probing.

5.4.4 Periodic Refresh

Where relationships are long-standing, RSPN may conduct updates of CDD records.

5.5 Transaction Monitoring and Red Flags

5.5.1. Transaction Monitoring

5.5.1.1. RSPN's Operations Department shall regularly scrutinize project disbursements, vendor payments, and donation receipts for anomalies.

5.5.1.2. Use transaction logs and spot unusual patterns or suspicious flows (e.g., abrupt large transfers from unfamiliar sources).

5.5.2. Red Flag Indicators

The following situations raise Red Flag and further verifications:

5.5.2.1. Donors seeking secrecy, reluctant to provide documentation.

5.5.2.2. Funds repeatedly re-routed through multiple accounts with no clear rationale.

5.5.2.3. Complex or roundabout payment instructions inconsistent with normal project overheads.

5.5.3. Investigation of Anomalies

When staff detect a potential red flag, they must inform the AMLCO within 24–48 hours. AMLCO shall gather relevant documents or transaction records.

5.5.4. Suspicious Transaction Reporting (STR)

AMLCO shall analyze suspicious transactions. If warranted, an STR is filed to the Financial Intelligence Department of RMA promptly, following Bhutan's AML/CFT Act 2018 and the 2025 Regulations.

6. Whistleblower Protection and Confidentiality

6.1. RSPN encourages staff, volunteers, partners, and even external stakeholders to report suspicious or potentially fraudulent activity following RSPN GRM or report to AMLCO.

6.2. Individuals acting in good faith to report wrongdoing are protected from intimidation, demotion, or other forms of retaliation by RSPN's GRM.

6.3. The AMLCO and relevant staff ensure no disclosure of a whistleblower's identity. Information is shared strictly on a need-to-know basis, preventing "tipping off" to potential suspects.

7. Independent Review, and Continuous Improvement

7.1. RSPN shall commission an independent external audit focusing on financial controls, AML/CFT procedures, or risk management frameworks as part of RSPN's annual audit.

7.2. The Management Team together with the AMLCO, must promptly resolve any AML/CFT compliance findings.

8. Disciplinary Measures and Sanctions

8.1. Staff Breaches

8.1. RSPN shall issue official warnings as per Service Rules and Regulation for unintentional minor infractions.

8.2. Willful or gross negligence in ignoring red flags or noncompliance to AML/CFT policy leads to severe disciplinary action, as per Service Rules and Regulation.

8.2 Partner or Donor Violations

In the case of serious AML/CFT breaches, RSPN shall carry out the following:

8.2.1. Partners: freeze funds or withhold future disbursements

8.2.2. Donors: discontinue partnerships

8.2.3. RSPN reports the case to FID of RMA and other authorities for thorough investigation and potential prosecution under the Bhutan AML/CFT Act 2018.

9. Record Retention & Data Security

9.1. Mandatory Retention and Data Security

9.1.1. RSPN preserves AML/CFT-related documentation for a minimum of five years post-project or relationship closure.

9.1.2. Records can be extended up to 10 years if legally mandated by an active investigation or litigation.

9.1.3. RSPN ensures strict confidentiality of both physical and electronic records. Only authorized personnel shall have direct access to these materials.

10. Effective Date and Revision

10.1. This GRM shall be effective from July 1, 2025.

10.2 Revisions may be made in response to changes in the national and international standards and requirements and lessons learned from annual reviews or external audits.

10.3. The AMLCO shall coordinate and conduct periodical review and update the policy when needed.

Annex: Customer Due Diligence

1. Purpose of the Checklists

These CDD Checklists are vital daily tools for RSPN staff to thoroughly identify and validate partners, donors, or suppliers prior to any financial engagement. A consistent, well-documented approach to KYC fosters compliance with Bhutanese law and meets the international transparency standards. By using these checklists, RSPN ensures it retains a strong safeguard against possible ML/TF exploitation, preserving its financial integrity, and donor trust. There are three key aspects of these checklists:

1.1. Standardized Data Collection: Provide a clear, uniform method of collecting essential information about prospective or existing partners, donors, grantees, or vendors.

1.2. Risk-Based Approach: By gathering structured information, RSPN can better determine if EDD is necessary, based on risk factors.

1.3. Compliance: Satisfy requirements under Bhutan's AML/CFT Act 2018, AML/CFT Rules & Regulations 2025, and international standards, ensuring RSPN adheres to best practices in verifying identities and sources of funds.

2. CDD for Executing Entities/ Implementing Partners (Government Agencies, CSO, NGO, CBO, and Corporate and Private Sectors)

2.1. For any transactions or partnership, the OD of RSPN shall review the executing entities and implementing partners and obtain the following information:

2.1.1. Proof of Registration and Certificate of Incorporation (where applicable)

2.1.2. Proof of Recent Organizational Structure with Staff

2.1.3. Profile of Organization's Implementation: Confirm no record of fraud/misuse.

2.1.4. Check for Politically Exposed or High-Risk

2.1.5. Check if the organization appears on UN sanctions lists or any Bhutanese/ domestic watchlist.

2.1.6. Based on the above information, assign a risk rating ranging from low to high. If a High Risk is indicated, escalate promptly to the AMLCO for further probing.

3. CDD for Service Providers (Individuals, Contractors, Suppliers, Vendors, Consultants [both international and national])

3.1. For any transactions or partnership, the OD of RSPN shall review the service providers and obtain the following information:

3.1.1. Proof of Registration

3.1.2. CIB credit rating, and Tax Clearance Certificate for Bhutanese nationals.

3.1.3. Profile of Firm: Confirm no record of fraud/misuse.

3.1.4. Check for Politically Exposed or High-Risk.

3.1.5. Check if the organization appears on UN sanctions lists or any Bhutanese/ domestic watchlist.

3.1.6. Based on the above information, assign a risk rating ranging from low to high. If a High Risk is indicated, escalate promptly to the AMLCO for further probing.

4. CDD for Donors (Multilateral, Bilateral, Financial Institutions, Philanthropists, Individuals)

4.1. For any transactions or partnership, the OD of RSPN shall review the donors and obtain the following information:

4.1.1. Proof of Registration (where applicable)

4.1.2. Brief Profile of Donors

4.1.3. Check if the organization appears on UN sanctions lists or any Bhutanese/ domestic watchlist.

4.1.4. Based on the above information, assign a risk rating ranging from low to high. If a High Risk is indicated, escalate promptly to the AMLCO for further probing.

5. Sample Templates

Template 1: CDD for Executing Entities/ Implementing Partners (Government Agencies, CSO, NGO, CBO, and Corporate and Private Sectors) KYC Form

Legal Name of Entity:

Proof of Registration and Certificate of Incorporation (where applicable):

Type of Entity (NGO, Company, etc.):

Registered Address:

Principal Business / Activities:

History of Agency (Confirm no record of fraud/misuse):

Contact Person & Title:

Phone / Fax / Email:

I, the undersigned, hereby declare that the statements made in this form are true to the best of my knowledge. I also declare that I am not under any international sanction list or domestic watchlist. I understand that RSPN will handle this disclosure with confidentiality in accordance with its AML/CFT Policy.

Name / Signature / Date

AMLCO Comments:

Template 2: Service Providers (Individuals, Contractors, Suppliers, Vendors, Consultants [both international and national]) KYC Form

Full Name:

Nationality:

ID Number:

Proof of Registration:

CIB credit rating, and Tax Clearance Certificate for Bhutanese nationals:

History of Firm (Confirm no record of fraud/misuse):

Residential Address:

Phone / Email:

Occupation:

Employer Name & Address (if any):

I, the undersigned, hereby declare that the statements made in this form are true to the best of my knowledge. I also declare that I am not under any international sanction list or domestic watchlist. I understand that RSPN will handle this disclosure with confidentiality in accordance with its AML/CFT Policy.

Name / Signature / Date

AMLCO Comments:

Template 3: Donors (Multilateral, Bilateral, Financial Institutions, Philanthropists, Individuals) KYC Form

Name:

Nationality/Country of Origin for Multilaterals:

Donor Profile (Confirm no record of fraud/misuse):

Donor Address:

Phone / Email:

Approximate value of financial assistance/donation:

Purpose of fund/donation:

I, the undersigned, hereby declare that I have checked and validated that the concerned donor is not under any international sanction list or domestic watchlist.

Name / Signature of AMLCO



RSPN

*Inspiring personal responsibility for
environmental conservation since 1987*

Royal Society for Protection of Nature

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