

THE STRAITS TIMES SCHOOL POCKET MONEY FUND
Anti-Money Laundering / Countering Financing of Terrorism Policy

1. Introduction

Money laundering (“**ML**”) and terrorism financing (“**TF**”) are offences under Singapore law. If the Fund (“**SPMF**”) is exploited for ML and / or TF activities, SPMF may lose its charitable assets, suffer reputational damage, and / or damage public trust and confidence in the charities sector in Singapore. In addition, any failure to report and provide information on ML and / or TF activities may constitute a criminal offence.

This policy sets out the measures to be adopted by SPMF to guard against the risks of ML and TF in the course of its charitable activities.

2. Risk Assessment

In the course of carrying out its charitable activities, SPMF will take appropriate steps to identify, understand and assess the relevant ML and TF risks involved. While it is not possible to enumerate every single risk, some of the significant risks are highlighted below:-

- a. **Misuse of donations.** Recipients of charitable donations may misuse SPMF’s donations for criminal or terrorist purposes;
- b. **Illegitimate transfers.** SPMF may be used (whether by internal or external parties) to launder money or as a legitimate front to move funds from one place to another for illegal purposes;
- c. **Diversion of funds.** Funds for charitable purposes raised for SPMF may be diverted (whether by internal or external parties) to fund criminal or terrorist activities;
- d. **Feigned identity.** Third parties may masquerade as SPMF (or its representatives) with the intention to mislead the public into the guise of donating to SPMF’s charitable causes; or
- e. **Rogue Agents.** SPMF may be infiltrated by criminal or terrorist elements and used to transfer the proceeds of criminal activity or raise funds for a terrorist or criminal cause.

3. Risk Mitigation

SPMF shall take reasonable steps as appropriate on a risk-based approach to mitigate and address any material ML and TL risks in the course of its charitable activities, including the following:-

- a. Internal Controls
 - i. Implement appropriate internal financial controls to ensure that all its funds are fully accounted for and are spent in a manner that is consistent with its charitable objectives;

- ii. Maintain proper and adequate financial records for both the receipt and use of all funds together with audit trails of decisions made in relation to the funds;
 - iii. Implement internal control systems with documented procedures for key processes (such as procurement and payment), receipts, proper delegation of authority and appropriate limits of approval;
 - iv. Proper segregation of duties and adequate checks and balances, especially over financial matters such as the collection, handling, depositing, transfer of funds and the issuing of receipts; and
 - v. Conduct financial transactions within mainstream financial channels such as through accounts in regulated banks.
- b. External Dealings
- i. Ensure (at least in broad terms and to the extent practically possible) that the beneficiaries in each case are clearly identified, any beneficiary selection criteria is consistently applied and appropriate checks are carried out to ensure compliance with such criteria in high-risk situations;
 - ii. Where SPMF is in partnership with third parties on charitable projects, put in place clear written agreements outlining the activities which will be undertaken and how such activities will be monitored and accounted for, and carry out appropriate checks on compliance by the third parties with the agreed terms in high-risk situations; and
 - iii. Report any known attempts by any third party to use SPMF's name to support an unfamiliar or unknown beneficiary or cause, in accordance with section 6 of this policy.
- c. Due Diligence
- i. Understand the background of its trustees, employees, fund-raisers, volunteers, agents and close-working associates;
 - ii. Verify the identity and understand the background of its beneficiaries, partners and significant donors¹, and ensure that they are legitimate entities and are not designated terrorists or subject to sanctions²;

¹ All references to significant donors in this policy shall mean, in respect of any financial year of SPMF (i) the top ten (10) donors by amount contributed, and (ii) any donor contributing S\$100,000 or more.

² SPMF should screen such counterparties against the lists of sanctioned individuals and entities under the laws relating to United Nations sanctions, or as may be prescribed by the Singapore authorities from time to time:

United Nations Security Council Consolidated Sanctions List:

<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

Financial Sanctions List maintained by the Monetary Authority of Singapore:

<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>

- iii. Carry out due diligence on its beneficiaries, partners, significant donors and the relevant transactions in instances where the ML / TF risk is high, including where:-
 - 1. the relevant donors, beneficiaries or partners are assessed or known to be of high risk, such as where these parties are located in jurisdictions with a higher corruption perception index, of bad credit standing, or where there is adverse news, investigations and/or ongoing court prosecutions associated with such parties;
 - 2. SPMF has doubts about the veracity or adequacy of any information obtained from or provided by such parties; or
 - 3. there are reasonable grounds for suspicion of ML / TF activities as described in section 4 below.

d. Informational Requirements

- i. In respect of its trustees and beneficiaries, obtain and verify the following information:-
 - 1. where the relevant party is an individual, his or her:-
 - a. Full name, including any aliases;
 - b. Identification number;
 - c. Residential address;
 - d. Date of birth; and
 - e. Nationality.
 - 2. where the relevant party is an entity:-
 - a. full name;
 - b. incorporation number or business registration number;
 - c. registered or business address;
 - d. principal place of business (if different from its registered or business address);
 - e. date of constitution, incorporation or registration;
 - f. its place of incorporation or registration; and
 - g. full name including any aliases and identification number of every connected individual (i.e. partner, manager, person having executive authority or director) of the entity.
- ii. Obtain and verify the following information about the effective controllers³ of the trustees and the beneficiaries:-

³ “Effective controller”, in relation to a trustee or beneficiary of SPMF, means (a) the individual who ultimately owns or controls the trustee or beneficiary; or (b) the individual on whose behalf a transaction is being conducted by the trustee or beneficiary in their respective capacity as such, and includes an individual who exercises ultimate effective control over the trustee or beneficiary.

1. full name, including any aliases;
 2. identification number;
 3. residential address;
 4. date of birth; and
 5. nationality.
- iii. Obtain the following information about persons appointed or engaged as a service supplier to SPMF (i.e. an agent of, or a service provider to, SPMF including any investment adviser or manager, accountant or tax adviser):-
1. the name of the service supplier;
 2. the registered or business address of the service supplier;
 3. the contact details of the service supplier; and
 4. where the service supplier is an entity, the name of an individual who is authorised to act for the service supplier.
- iv. In respect of the information specified in sections 3.d.i, 3.d.ii and 3.d.iii above, ensure that accurate records of the information are kept and maintained in an easily accessible form, updated in a timely manner, and retained for a period of at least 5 years notwithstanding the cessation of any trustee of SPMF.
- v. When transacting for and on behalf of SPMF, the trustees must inform the following specified persons that the trustees are acting for SPMF before forming a business relationship, or entering a transaction of more than \$20,000 (whether the transaction is carried out in a single operation or in multiple linked operations) with that specified person:-
1. a financial institution;
 2. a casino operator;
 3. a licensed estate agent;
 4. a regulated precious stones and precious metals dealer;
 5. a pawnbroker;
 6. an advocate and solicitor;
 7. a regulated or registered foreign lawyer;
 8. a notary public;
 9. a public accountant;
 10. a person who provides one or more of the following services:
 - a. acting as an agent for the formation of entities;
 - b. acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a person holding a similar position in any other entity;
 - c. providing a registered office, any business address or any accommodation, correspondence or administrative address for an entity;
 - d. acting as (or arranging for another person to act as) a trustee of an express trust, or performing (or arranging for another person to perform)

- a function equivalent to the function of a trustee in any other similar arrangement; or
- e. acting as (or arranging for another person to act as) a nominee shareholder for another person.

4. Red Flags

SPMF shall be vigilant in identifying indicators of ML and / or TF activities during the course of its charitable activities, which may include any of the following examples:-

- a. large donations which appear to be inconsistent with the donor's known financial background or income;
- b. substantial donations from unverifiable or unidentifiable donors;
- c. large donations received from shell companies, or overseas donors without any apparent connection to SPMF;
- d. donations funded by parties other than the donor without legitimate reasons;
- e. conditions attached to a donation requiring the transfer of funds to a third party and where SPMF is not able to verify that the donation is being deployed for an appropriate charitable cause;
- f. donors or beneficiaries structured as shell companies or established as trusts which are unwilling to provide verifiable information about its beneficial owners or underlying beneficiaries;
- g. unauthorised or suspicious payments made by employees or officers of SPMF; or
- h. donations conditional on particular individuals or organisations working for or with SPMF where SPMF has concerns about those individuals or organisations.

5. Monitoring

SPMF shall, during the course of its arrangements and transactions with its beneficiaries and partners, monitor and observe the conduct of the counterparty to ensure that the ongoing arrangements or transactions are consistent with the agreed understanding and SPMF's knowledge of the counterparty.

6. Suspicious Transaction Reporting

- a. If any employee or officer of SPMF knows or has reasonable grounds to suspect that any suspicious transaction or arrangement may involve possible ML and / or TF, he/she should report this immediately without undue delay to the General Manager. In case of doubt, the

General Manager must be consulted.

- b. Upon receipt of any such report, the General Manager, together with the relevant employee / officer shall report the transaction to the Suspicious Transaction Reporting Office, Singapore and (where necessary) the Singapore Police Force.
- c. Any failure to file a suspicious transaction report or provide information relating to ML and / or TF may result in prosecution under the relevant laws, and be subjected to fines and/or imprisonment on conviction.
- d. Any employee or officer of SPMF who knows or has reasonable grounds to suspect that an authorised officer is acting or proposing to act in connection with the reporting or an investigation of a suspicious transaction and discloses to any other person information which is likely to prejudice the investigation or proposed investigation, may be guilty of the offence of “tipping off” which carries a fine and/or imprisonment if convicted.

7. Record Keeping

- a. SPMF shall prepare, maintain and retain accounting records and documentation (including any due diligence records) on all its charitable activities and arrangements throughout the duration of such activity or arrangement, and for an additional period of at least 5 years beginning on the date on which such activity or arrangement ends.
- b. The accounting records must correctly explain all the transactions entered into by SPMF, enable the financial position of SPMF to be determined with reasonable accuracy, and enable financial statements of SPMF in respect of any relevant period to be prepared.
- c. The accounting records must include the following:-
 - i. details of all sums of money received and expended by SPMF, and the matters in respect of which the receipt and expenditure takes place;
 - ii. details of all sales, purchases and other transactions by SPMF;
 - iii. details of the assets and liabilities of SPMF; and
 - iv. in respect of each the details mentioned above, underlying documents (including but not limited to invoices and contracts), and such notes as may be necessary to give a reasonable understanding of the details.

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