



ITTO ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY (AML/CFT)

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

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I. Introduction

The maintenance of sustainable forest management is based on a good regulatory framework. Today the global efforts to prevent money laundering and to counter terrorism financing are essential to protect the sustainable management and the integrity of financial system.

International Tropical Timber Organization (ITTO) is committed to the highest standards of anti-money laundering and counter terrorism financing (AML/CFT). ITTO requires its management and staff, and the executive agencies to adhere to these standards to protect ITTO and its reputation from being misused for money laundering and/or terrorism financing or other illegal purposes.

ITTO incorporates in its activity the international standards that are established by the Financial Action Task Force (FATF), which is recognized as the international standard setter for AML/CFT efforts. The objectives of the FATF are to set global standards and promote effective implementation of legal, regulatory and operational measures for preventing money laundering and terrorism financing, and other related threats to the integrity of the international financial system.

ITTO examines its strategies, goals and objectives on an ongoing basis and maintains an effective program for the forest management, which reflects the best AML/CFT practices. ITTO recognizes that increasing the transparency of its projects can also help to reduce illegal timber activities.

II. High-level AML/CFT declaration and linkages with other documents

AML/CFT standards, developed by FATF, are integrated into the whole financial system as well as into the private sector activities. In June 2015 FATF stressed and raised the understanding of the importance and purpose of FATF standards being integrated with private sector including emerging economies and low income countries.

ITTO AML/CFT program undertakes to supplement a good forest governance clearly understanding the money laundering and terrorism financing risks, and adapting its system to the nature of these risks.

ITTO incorporates AML/CFT policy and program in operational activities bringing risks assessment and mitigation measures in compliance with the FATF Recommendations. AML/CFT is being understood as the prevention of money laundering and terrorism financing or other relevant crimes.

The AML/CFT Program assists ITTO professional staff, the executive agencies and partners to prevent money laundering and terrorism financing and to propose ways to mitigate the risks.

The procedures of adequate AML/CFT control in the operational activity of ITTO are being understood as the set of established appropriate AML/CFT basic concepts and procedures, and due diligence measures according to the FATF standards.

An integration of new AML/CFT measures with the existing ITTO due diligence controls incorporates such actions as adequate and strict identification and verification requirements ("Know Your Customer", KYC), record keeping of on-going transactions and relations, screening and monitoring procedures, risk assessment and risk-based approach, simplified and enhanced due diligence measures, and regular review of all existing business relationships.

ITTO designs the procedure for applying actions in case of suspicious activity detection. ITTO undertakes to conduct training of its staff for AML/CFT and to incorporate an audit of AML/CFT function into ITTO audit procedures.

The ITTO AML/CFT program should be implemented globally and throughout all business operations. The ITTO AML/CFT program protects the integrity and stability of ITTO by establishing the preventive component as the first barrier against the commission of acts of money laundering and the financing of terrorism.

This document has linkages with the following main documents:

- a) *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation - the FATF Recommendations – 16 February 2012;*
- b) *Improving Global AML/CFT Compliance: on-going process – 26 June 2015;*
- c) *FATF Guidance: Politically Exposed Persons (Recommendations 12 and 22);*
- d) *Guidance on Transparency and Beneficial Ownership;*
- e) *National money laundering and terrorist financing risk assessment;*
- f) *Best Practices Paper: The Use of the FATF Recommendations to Combat Corruption;*
- g) *FATF Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion and its update;*
- h) *FATF Guidance: The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction;*
- i) *FATF Report: Risk of Terrorist Abuse in Non-Profit Organizations;*
- j) *FATF response to the public consultation on the revision of the FATF Recommendation.*

III. High-level decisions to setup AML/CFT system and strategic objectives

With the purpose of making a significant contribution to the global efforts towards preventing money laundering and terrorism financing and of minimizing the reputation risks of unwilling association with money laundering and terrorist financing, the International Tropical Timber Council (ITTC) approves the ITTO AML/CFT Policy.

The requirements of FATF should be integrated into the ITTO AML/CFT day-to-day activities.

By adopting a risk-based approach, ITTO ensures that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. Based on risk assessment, ITTO will allocate its own resources in the most effective way to prevent money laundering and terrorism financing.

According to its AML/CFT Program, ITTO incorporates the mechanism to identify, assess, monitor, manage and mitigate money laundering and terrorist financing risks. ITTO takes enhanced measures to manage and mitigate the higher risks and in case of lower risks, simplified measures may be permitted.

The Program reflects the nature of ITTO business, its relations with executive agencies and other partners, existing AML/CFT capacities and requirements for the AML/CFT system. The AML/CFT Program shall be approved by the Executive Director of ITTO and reviewed annually. The AML/CFT report will be an integral part of ITTO annual report. The ITTO staff is required to act in compliance with the AML/CFT Program.

The Executive Director has a vital position in ensuring that AML/CFT controls work effectively in ITTO and has authority to deny new relations with partner or to terminate the existing ones in case of any non-compliance with AML/CFT requirements.

The Executive Director designates a Compliance Officer to be responsible for AML/CFT function, namely providing advice, drafting policies and monitoring assurance/oversight including a postponement of suspicious transactions. The Compliance Officer exercises such other functions as may be appropriate to fulfil the objectives of the ITTO. The Compliance Officer undertakes to report to the Executive Director, in case of necessity, directly, and to the ITTC annually.

The Compliance Officer is responsible for ITTO's adherence to applicable AML/CFT standards and assists the executive agencies and partners to follow such policies. In addition, the Compliance Officer is responsible for establishing and maintaining ITTO AML/CFT training of its staff and supporting robust country coordination with regard to the identification, assessing, monitoring and managing risks related to money laundering, terrorist financing and predicate offences.

The Compliance Officer acts as a focal point for ITTO AML/CFT activities and cooperates, in case of necessity, with relevant national authorities through the country focal points. The Compliance Officer has a level of authority and independence within the ITTO and access to resources and information sufficient to carry out AML/CFT duties.

IV. Content of AML/CFT Program

The content of AML/CFT Program shall include the following:

1. *AML/CFT Basic Concepts*
2. *Money laundering and terrorism financing risks applicable to ITTO and their mitigation*
3. *AML/CFT Procedures*
4. *Due Diligence Measures*
5. *Actions in Case of Suspicious Activity Detection*
6. *ITTO Training for AML/CFT*
7. *Audit of AML/CFT Function*

Annexes

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