

Financial Crimes Risk Appetite Policy Statement

Legal
July 2025

1. About Iltizam Relief Society

Iltizam Relief Society ("Iltizam") is a registered non-profit humanitarian non-governmental organisation (NGO) in Malaysia, legally incorporated under the Registrar of Societies (ROS) since 8 April 2013 (Registration No. PPM-014-10-08042013). We are dedicated to restoring dignity and delivering hope through life-saving aid and sustainable support across local, regional, and international communities.

As a steward of public trust, Iltizam recognises the serious risks posed by financial crimes such as money laundering, terrorism financing, bribery, fraud, and the misuse of charitable funds. We are fully committed to the highest standards of compliance, transparency, and ethical conduct.

2. Zero-Tolerance and Risk-Based Approach

In alignment with Malaysian law and international regulatory expectations, Iltizam maintains a **zero-tolerance policy** towards the misuse of our platform, resources, or networks for criminal purposes.

We apply a **strict risk-based approach** to financial crime prevention. Activities, jurisdictions, or partnerships assessed as high risk and falling **outside Iltizam's defined risk appetite will not be pursued**. To align Iltizam's risk assessment results with our risk appetite, we:

- Maintain risk-based controls;
- Conduct periodic testing of these controls; and
- Manage a robust training and awareness programme at all levels of the organisation.

This approach enables us to continuously identify, assess, and mitigate financial crime risks while protecting donor funds and preserving the integrity of our mission.

3. Legal and Regulatory Framework

Iltizam's financial crimes programme is grounded in the following frameworks:

- Malaysian Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA);
- Bank Negara Malaysia's AML/CFT and Targeted Financial Sanctions (TFS) Policy for DNFBPs and NPOs (2024);
- Malaysia's National Risk Assessment (NRA) on NPOs;
- FATF Recommendations, with emphasis on Recommendation 8 (Non-Profit Organisations); and
- Iltizam adheres to applicable sanctions and compliance frameworks, including UN and OFAC (US) requirements, as well as other international regimes (e.g., UK, EU, AUSTRAC, FINTRAC) where relevant to our operations or the jurisdictions in which we work.

Where laws differ, Iltizam applies the **stricter requirement** to ensure enhanced safeguards.

4. Our Risk-Based Financial Crimes Compliance Programme

Iltizam's AML, CTF, Sanctions Compliance, and Due Diligence policies apply to:

- Iltizam Relief Society's officers, employees, and volunteers
- All Iltizam-funded programmes and charitable activities (Malaysia and abroad);
- Local and international partners, intermediaries, service providers, and funding sources.

Key programme elements include:

- Enhanced due diligence for high-risk jurisdictions, sources of funds, and delivery chains;
- Ongoing risk assessments and periodic partner reviews;
- Transaction-level monitoring to detect red flags or misuse of funds;
- Mandatory reporting of suspicious activities to competent authorities, where required.

Risk-Based Controls Across Funding Sources and Engagements

Iltizam adopts a **risk-based approach** to managing financial crime risks across all funding sources, transactions, and third-party engagements. Where potential risk indicators are identified, we may conduct additional verification and due diligence to ensure compliance with our legal and regulatory obligations. These measures are proportionate and designed to protect funds, uphold public trust, and ensure that charitable resources reach those most in need.

Our controls and processes are reviewed regularly to adapt to emerging threats and sectoral challenges.

5. How Our Financial Crimes Programme Affects You

Because of the nature of our humanitarian work, we operate across **multiple jurisdictions with varying levels of risk**, and at times this may include areas affected by conflict. We implement strict safeguards to ensure our funding, partnerships, and activities are never misused.

Sanctioned Jurisdictions

Iltizam does not operate in jurisdictions subject to comprehensive sanctions, including but not limited to:

- Cuba, Iran, North Korea, Syria, Crimea, Donetsk, Luhansk regions of Ukraine, Russia, Belarus, Venezuela, and Myanmar;
- Individuals or organisations listed on international sanctions or watchlists (e.g., US OFAC SDN list, UN sanctions lists, Malaysia's MOHA designated entities, INTERPOL Red Notices, and other competent jurisdictions).

Third Parties

Iltizam will not engage with any third party that cannot be properly identified, verified, or risk-assessed, including shell entities or those unwilling to comply with our due diligence requirements.

Ongoing Monitoring

We conduct continuous sanctions screening and monitoring of all engagements. Restrictions and risk thresholds may be updated at any time to reflect evolving political, legal, and security realities.

By working with Iltizam, all staff, donors, delivery partners, and volunteers agree to respect and support these safeguards so we can serve communities ethically, safely, and transparently.

6. Oversight and Accountability

Oversight of our financial crimes compliance programme is embedded at all levels of governance and reviewed periodically by our Board and compliance team. We actively monitor global regulatory developments and update our controls as needed.

Through these measures, Iltizam is committed to ensuring every donation reaches its intended purpose **securely, lawfully, and without compromise**.

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