



## ISA Anti-Money Laundering Policy

### 1. POLICY STATEMENT

- 1.1 It is ISA's policy to conduct all business in compliance with all relevant national and international laws designed to combat money laundering and terrorist financing. ISA is committed to prevent the use of ISA products and services for **money laundering** activities.
- 1.2 The aims of this policy are:
  - a) Make all ISA employees aware of money laundering issues.
  - b) Set out obligations for identifying and reporting suspicious transactions or incidents of money laundering.
  - c) Provide guidance on the preventive measures to be used as part of our due diligence, including the adoption of "Know Your Customer" (KYC).
- 1.3 This policy does not form part of any employee's contract of employment and it may be amended at any time.

### 2. WHAT IS MONEY LAUNDERING?

- 2.1 Money laundering is a generic term used to describe the process whereby individuals or corporations attempt to conceal the true origin of illegally obtained money so that the money appears to come from legitimate 'clean' sources. This policy also considers the risk of ISA being exploited by criminal organisations for the illicit movement of goods.
- 2.2 As it is not always possible to be 100% sure that a transaction amounts to money laundering, the concept of a "**suspicious transaction**" has been developed.

### 3. WHY IS IDENTIFYING A SUSPICIOUS TRANSACTION IMPORTANT?

- 3.1 Aside from the ethical considerations which relate to transactions involving for example, organised crime or terrorism, money laundering is a crime in many countries. It is therefore important that ISA, as an organisation, quickly and efficiently identifies situations which are possible instances of money laundering (i.e. "**suspicious transactions**").

### 4. HOW TO IDENTIFY A SUSPICIOUS TRANSACTION?

- 4.1 The prevention and detection of suspicious transactions is the responsibility of all those working for ISA. It should not be assumed that this applies only to finance employees. ISA relies on those closest to our customers e.g. Key Account Managers, Branch Managers, sales and customer service personnel, as they are often the first to hear about the nature of a transaction.
- 4.2 All relevant employees must be trained to recognise transactions which may be considered '**suspicious**'.
- 4.3 The key test is whether you have reasonable grounds to believe that money laundering is taking place.  
A non-exhaustive list of possible warning signs of a suspicious transaction includes:
  - a) Being asked to re-route surplus payments to other entities or countries.
  - b) Any transaction where you are not sure or are not able to verify the nominal details of the parties to the transaction.
  - c) Transactions conducted through unknown or unnecessary intermediaries ("front" or "shell" companies).



- d) The shipment / transaction does not make economic sense e.g. a willingness to pay above market price.
  - e) Changes to the customer or exporter after the initial booking.
  - f) Falsely described goods and services.
  - g) Discrepancies between documents e.g. bill of lading, invoice, customer and beneficiary details.
  - h) Suspicious goods shipped to and from a jurisdiction designated as high risk, as defined by the inter-governmental FATF (Financial Action Task Force) <http://www.fatf-gafi.org/>.
  - i) The goods are trans-shipped through one or more jurisdictions for no apparent economic reason.
  - j) Unusually large cash requirements or the use of bank drafts, money orders or cashier's cheques.
  - k) Odd payment patterns, for instance, being asked to hold substantial funds without a clear purpose.
  - l) Payment with remittance slip details obscured / garbled.
  - m) An address c/o a third party.
  - n) Failure or reluctance to provide sufficient identification documentation.
  - o) Evasive answers or the customer failing to answer your questions.
  - p) Being instructed to transfer funds to high-risk countries, as defined by FATF. If you are unsure whether a country is considered high-risk, check the FATF website or escalate to your line manager or the ISA Compliance Team.
- 4.4 A combination of any number of potentially high-risk transactions should naturally increase the level of suspicion.
- 4.5 If a payment is received in error you should instruct the bank that you cannot apply the funds and ask them to return to the remitter. Please do not accept an instruction to pay on to a third party as you could unintentionally become party to money laundering.
- 4.6 For further examples of scenarios you may encounter, please refer to the Appendix-A.

## 5. YOUR LEGAL RESPONSIBILITY?

- 5.1 In most jurisdictions, it is likely that you will have an obligation to report to the authorities if you suspect an act of money laundering is committed. Failure to report a suspicion where there are reasonable grounds to know or suspect that someone is laundering money may be a criminal offence.
- 5.2 Please note you must not disclose your suspicion to the customer under any circumstances as this could be seen as "tipping off." Not only is tipping off an offence under anti-money laundering regulations, if the transaction is in fact genuine this could cause offence to a legitimate customer and embarrassment to ISA.
- 5.3 Other offences covered by anti-money laundering regulations include falsifying, concealing, disposing or destroying relevant documents. Hence it is important that you maintain appropriate records in accordance with the law and concerned authorities in your jurisdiction. It is suggested that you seek guidance from your local legal advisors as to the particular regulations in your jurisdiction.

## 6. CONTACTS

- 6.1 Please do not investigate a suspicious transaction on your own. You must report suspicious transactions to the Company Manager who should inform the ISA Compliance Team. In the event you consider your line manager will not deal with any issue appropriately, the issue should be reported to the ISA Compliance Team.

**E-mail ID – [ship@isakwi.com](mailto:ship@isakwi.com)**



## 7. DUE DILIGENCE

- 7.1 Understanding the purpose and intended nature of the business relationship is important. The better you know our customers, the better you are able to identify and mitigate potential risks.
- 7.2 To minimize the risk of ISA being used by money launderers, you must undertake due diligence checks on all new business relations and review all existing customers. You are encouraged to take a risk-based approach. For example, if it is a publicly listed company, it may not be necessary to obtain additional documentation to verify their identity.

## 8. KNOW YOUR CUSTOMER (KYC)

- 8.1 Part of the due diligence is the “Know Your Customer” (KYC) checks. The KYC is to be carried out as per the following steps:
- a) Verify the identity of the direct entity or individual with whom you intend to form a business relationship.
  - b) The recommended information to be obtained is the following:
    - Full legal name of the company.
    - Full registered address
    - Full business address Website address
    - Copy of Certificate of Incorporation and/or Certificate of Good Standing
    - Copy of valid passport or identification card.
  - c) Establish who is the Beneficial Owner of the customer by identifying :
    - Who ultimately owns the customer?
    - Who de facto controls the customer or it's assets e.g. vessels.
    - Who derives the benefit or,
    - On whose behalf the transaction is carried out.
- 8.2 If you are in doubt after completing steps 8.1a) and 8.1b) above, you should proceed with enhanced due diligence as follows:
- Obtain identification of the Beneficial Owner, repeating the request for documentation as per step 8.1a) above.
  - Search against the SDN (Specially Designated Nationals) and Blocked Persons list published by OFAC (the Office of Foreign Assets Control), available on <https://sdnsearch.ofac.treas.gov/>.
  - Search against the EU consolidated list of persons, groups, and entities subject to EU financial sanctions available for download on [https://eeas.europa.eu/cfsp/sanctions/consolidated-list/index\\_en.html](https://eeas.europa.eu/cfsp/sanctions/consolidated-list/index_en.html).
  - Offices which have access to Lloyd's List Intelligence can undertake the due diligence search on the Lloyd's List Intelligence website; sanctions search <https://www.lloydslistintelligence.com/llint/sanctions/search.html>.
  - Conduct on-going monitoring particularly where your customer relationship is considered high-risk and/or a suspicious matter has been lodged. Frequent or unexplained changes to ownership, legal structures or management are other events that may trigger further due diligence checks on an existing customer. Any documentation should to the extent possible be from reliable and independent sources.



## APPENDIX-A

### **Examples:**

#### **Excess Payment**

An existing customer pays in excess of the advance requested for an upcoming port call. The customer requests you to remit the balance to a third party with whom ISA has no relationship.

#### **Return of Cash Payment**

You are acting as a freight forwarder and a new customer approach you. The customer pays you in advance in cash in respect of a freight shipment. After the money has been received the customer phones you to cancel the freight and asks you to return the money to the customer's bank account.

#### **Change of Payment Pattern**

A long-term customer who usually gives 2-3 shipments per month to ISA suddenly shows increased activity. In the past the customer has always paid by cheque but now requests you to accept large cash transactions.

#### **Keen Customer**

A new customer who has been recommended to ISA by an existing customer is very keen to use ISA for a shipment to a high-risk country. The customer shows an unusual interest in our internal controls and processes but is not very concerned about the price. The customer smoothly avoids discussions on the nature of their business.

#### **Change of details**

One of your customers shows unusual behaviour and frequently changes address details, phone numbers etc. The address provided does not correspond to the one recorded on its website.

#### **False description of goods**

You are acting as a freight forwarder and are loading cargo on to a container. The description on the shipping or customs documents indicates very expensive luxury goods. Your loading crew observes discrepancies as the loaded goods are inexpensive and an entirely different item.

#### **Refusal to provide identification**

A prospective customer enquires about logistics services. The customer is not known to you, but you have heard rumours in the market that the entity is controlled by an organisation that has featured in the press for illegal trading activities. The customer is unwilling to disclose the Beneficial Owner.

All above scenarios are suspicious transactions. Accepting above scenarios may result in ISA unintentionally becoming party to money laundering. Please contact the ISA Anti-Money Laundering Officer or ISA Compliance Team for advice and assistance.