



## WCC - Anit-Terrorism and Anti-Money Laundering Policy

Policy Owner:	Finance
Authorized By:	Board of Directors
Effective Date:	May 2024
Next Review:	May 2027

### **Policy Statement**

War Child Canada is determined to prevent its funds, resources, and capacities from being used directly or indirectly for terrorist activities. The organization is similarly committed to preventing any proceeds of illegal activities from being funneled or laundered through War Child Canada.

Funds and resources that are diverted to terrorist organizations or for criminal acts detract from War Child Canada's mission and vision as they do not reach the organization's beneficiaries and further the likelihood of conflict. The risk of any diversion of resources from War Child Canada's mission represents a threat to the organization's reputation and mission and must be mitigated through recognized best practices.

The objective of this policy is to prevent aWar Child Canada from directly or indirectly funding terrorism, breaching sanctions, and being used as a vehicle for money laundering.

### **Scope**

War Child Canada's mission requires the organization to work in conflict areas that present high risks for terrorism. In these areas, War Child Canada works with local partner organizations, vendors, and consultants ("partners") to facilitate and advance its mission. War Child Canada utilizes best practices to vet, monitor, and build strong relationships with partners in accordance with this policy to lower the risk of inadvertent diversion of resources. The policy applies to War Child Canada's:

1. Staff members and consultants worldwide.
2. Service Providers, donors, and vendors.
3. Board of Directors.

### **Responsibility & Dissemination**

This policy was prepared by the Executive Team and was approved by the Board of Directors. Staff and management alike are responsible for adhering to and actively supporting the implementation of this Policy.

This policy is openly available on War Child Canada's external and internal websites. All updates will be directly communicated to all of War Child's service providers, donors, and consultants. Critical checks in the policy are part of the recruitment process and onboarding for all new staff members. This policy is referenced in all legal agreements henceforth entered into as of the date of adoption with partner organizations, donors, consultants, and vendors.

## **Definition**

According to the Criminal Code of Canada, a Terrorist Activity is generally defined as an act or omission, inside or outside of Canada, committed for a political, religious, or ideological purpose that is intended to intimidate the public, or a subset of the public, with respect to its security, including its economic security, or to compel a person, government or organization (whether inside or outside Canada) from doing or refraining from doing any act, and that intentionally causes one of a number of specified forms of serious harm, such as causing death or serious bodily harm. This can also include conspiracy, attempt or threat to commit, or being an accessory after the fact or counseling in relation to any such act.

Under Canadian law, a money **laundering** offense involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing that these were derived from the commission of a designated offense. In this context, a designated offense means the most serious offenses under the Criminal Code or any other federal Act. It includes, but is not limited to those relating to illegal drug trafficking, bribery, fraud, forgery, murder, robbery, counterfeit money, stock manipulation, tax evasion, and copyright infringement. A money laundering offense may also extend to property, or proceeds derived from illegal activities that took place outside Canada.

## **General Policy Guidelines and Principles**

1. War Child Canada does not permit nor condone any form of Terrorist Activity or Facilitation of Terrorist Activity or of a Terrorist Group, either through the activity of War Child Canada itself or through its Donors, Participants, or Service Providers.
2. War Child Canada shall carry out all of its obligations under the Anti-Terrorism Legislation that may be in force from time to time promptly, diligently, and accurately.
3. Staff members and its Service Providers shall fully co-operate with the Anti-Terrorism Policy of War Child Canada in submitting any reports required by Anti-Terrorism Legislation to the relevant authorities, in any investigations which may result from such a report or from a report under the provisions of this Policy, or in any investigations which may be commenced by a local or national police authority having jurisdiction over such matter.
4. In pursuing activities on behalf of War Child Canada, Staff Members and Service Providers are to be informed that a Complaint by a member of the public or by a foreign individual, organization, or government could form the basis of an investigation into War Child Canada' activities and the initiation of de-registration of War Child Canada' charitable status. Consequently, Staff Members and Service Providers shall be encouraged to take care to conduct their activities in such a way as to ensure that War Child Canada' reputation is, as much as possible, beyond reproach.
5. Where there is concern about the possibility of non-compliance or liability under applicable Anti-Terrorism Legislation, the Executive Team shall promptly seek legal advice and review such advice with the Board.

Responsibilities under this Policy is in addition to any responsibilities under the following related policies:

- Accountability to Affected Populations Policy
- Anti-Fraud and Anti-Corruption Policy
- Code of Conduct
- Finance Manual
- Whistleblower Policy

Where any of the preceding policies conflict with this Policy, this Policy shall have precedence.

## **Governance Accountability and Transparency**

1. While fully respecting the individual privacy rights, War Child Canada should maintain records of identifying information for the members of the governing boards of any Service Provider organizations receiving funds from War Child Canada. War Child Canada shall verify, to the extent possible, that the members of the governing boards are not included on the Listed Entities, the U.N. List, or the Terrorist Exclusion List.
2. While fully respecting the individual privacy rights, War Child Canada should maintain records of identifying information for employees working abroad for War Child Canada. War Child Canada shall verify, to the extent possible, that the key employees are not included on the Listed Entities, the U.N. List, or the Terrorist Exclusion List.
3. Maintenance of the information obtained under this section shall be maintained in accordance with War Child Canada's Privacy Policy.

## **Prevention Process**

War Child has the following measures in place to reduce the risk of accidental and deliberate funding of terrorism or money laundering:

1. **Due Diligence on partners, vendors, and donors:** War Child Canada's Partnership Policy and Local Partner Management Guidelines prescribe the limitations to the type of Service Provider organizations with whom War Child Canada will cooperate. For all prospective Service Providers, an organizational questionnaire is completed and submitted by the prospective partner along with copies of their recent audited statements, articles of incorporation, evidence of registration, copies of government filings, and recent annual reports. Capacity and risk assessments of the prospective partner are undertaken by War Child Canada to determine any possible risks of working with this partner. To ensure War Child Canada does not enter into financial relations with terrorist or criminal organizations, new Service Providers and their executive board members and vendors are checked to ensure that both individuals and organizations do not appear on the U.S. government's Office of Foreign Affairs Asset Control (OFAC) list and the System of Award Management (SAM). The lists are available at:
  - OFAC list: <http://sdnsearch.ofac.treas.gov>
  - SAM list: <https://www.sam.gov/search>

## **These checks on organizations and individuals will be conducted and documented by War Child Canada staff.**

2. Non-institutional donors never decide to which organizations or individuals their funds are paid. If a prospective Service Provider risk assessment reveals potential risks in relation to terrorism or money laundering, War Child Canada will not consider a partnership with that organization.
3. **Code of Conduct:** War Child Canada requires all of its Employees, Consultants, Directors or Volunteers to comply with its Code of Conduct who are required to sign War Child Canada's Code of Conduct on joining the organization or signing a contract with War Child Canada. The Code of Conduct specifically mentions that staff and contract partners should contribute to preventing unethical and criminal activities. All Service Providers are expected to have their own Code of Conduct which meets or exceeds the standards outlined in War Child Canada's Code of Conduct.
4. **Audit Committee:** War Child Canada's Board of Directors established the Audit Committee to assist the Board and the Organization by reviewing the organization's financial statements and its internal controls. This Committee guides, monitors, and approves audit functions and assists the Board in determining and mitigating risks to the organization's strategic objectives.
5. **Policies and Procedures:** Staff in all locations are required to follow War Child Canada's policies for functions in the areas of finance, procurement, and administration.

## **Financial Transparency**

1. War Child Canada and its Service Providers shall maintain and be able to present full program budgets and reports that account for all program expenses. These budgets shall indicate how the money is to be used. Independent auditing of Programs should be conducted, where practical, either by War Child Canada' external auditors or by a qualified independent consultant.
2. War Child Canada shall account for all funds received and disbursed in accordance with generally accepted accounting principles.
3. War Child Canada shall promptly deposit all received funds into an account maintained by War Child Canada at a financial institution. War Child Canada should, as much as possible, make disbursement by cheque or wire transfer rather than in currency whenever such financial arrangements are reasonably available. Where War Child Canada must disburse currency, War Child Canada should disburse the currency in the smallest increments as possible that are sufficient to meet the immediate and short-term needs of specific programs.
4. Solicitations shall accurately and transparently tell donors the purpose(s), if applicable, for which donations are being collected.
5. Responsibilities in key financial processes shall be separated among several employees rather than entrusted to one employee. Signatures and/or system workflow approvals shall be required at different stages in any financial transaction process in order to avoid unauthorized transactions.

## **Reporting**

1. If any Participant or Service Provider of War Child Canada becomes aware, whether personally or through a third-party complaint, of any connection or allegation of a connection to a Terrorist Activity or a Terrorist Group of any Program of War Child Canada or of any Participant, Service Provider, or Donor of War Child Canada, that Person shall promptly report such Complaint to the Senior Management within their respective country of operation or submit the information through War Child Canada's secure and anonymous reporting tool through [www.warchild.ca/securereporting](http://www.warchild.ca/securereporting). The secure reporting tool sends submissions directly to the Executive Team. Reports made to Senior Management either in Canada or outside of Canada shall be immediately forwarded to the Executive Team.
2. Upon receipt of a Complaint, the Executive Team shall review the Complaint and seek legal advice regarding any further action that may be required. The Executive Team shall promptly and thoroughly review such Complaint and legal advice received with the Board and in the event that further action is required, the Board shall proceed in consultation with legal counsel.
3. In the event that the results of any review under this Policy raise substantive concerns about any aspect of War Child Canada' operations in relation to Anti-Terrorism Legislation, the Executive Team shall inform the Board as soon as possible. Upon receipt of such a report from the Executive Team, the Board shall promptly seek legal advice regarding its position and any legal obligation it may have to report the results of the review, including the advisability of making voluntary disclosure to the Canadian Revenue Agency (CRA).
4. Nothing in this Policy shall derogate from or supersede the rights or obligations of the Person initiating the Complaint to make any other report to the relevant authorities pursuant to applicable Anti-Terrorism Legislation.

## **Proceeds of Crime (Money Laundering) and Terrorist Financing Act**

1. War Child Canada shall review all financial transactions carefully to determine, to the extent possible, that such transactions do not contravene the Proceeds of Crime (Money Laundering) and Terrorist Financing Act or any amendment thereof. If there is a concern about the integrity of a transaction as identified below, the Executive Team shall review the transaction and seek legal advice as necessary.
2. War Child Canada shall review all transactions carefully to determine, to the extent possible, that they do not involve a Listed Entity, an individual or group whose assets have been frozen by the United Nations as evidenced by their inclusion by the Governor in Council on the U.N. List, or an entity on the Terrorist Exclusion List. War Child Canada shall review all large and unusual transactions carefully to determine whether such transactions are suspicious or otherwise require the review of the Executive Team.
3. When reviewing its financial activities, War Child Canada shall regard all cash transactions above \$10,000, all cross-border transactions of any nature over \$10,000, whether cash or otherwise, and any suspicious transactions (determined by factors such as the Person or country of origin or destination of the funds, or the nature of the transaction, especially transactions or clusters of transactions that are unusual for the nature of War Child Canada' activities) as being reportable to the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC") by War Child Canada' financial institutions or advisors. Such reports may be forwarded to CRA and become the basis for an investigation of War Child Canada' activities and the issuance of a security certificate to de-register War Child Canada as a charity.
4. If War Child Canada is involved in the import or export of large amounts of cash or transactions that could be regarded as suspicious, it shall promptly seek legal advice regarding its obligation to report and shall promptly and accurately make any report that may be required under Anti-Terrorism Legislation.
5. Where there is a possibility that the activities of War Child Canada could bring it within the scope of the definition of a "financial entity", "money services business", or other reporting entity for the purposes of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Executive Team shall seek legal advice regarding War Child Canada' status and any reporting obligations under the said Act.

## **Violations or Breach of Policy**

Violating this policy is a fundamental breach of the employment relationship and is subject to progressive disciplinary action, possibly leading to termination of employment.