

Anti-Money Laundering and Combating Financing of Terrorism Policy



Policy Information

Approved by: (sign/date)	Approved – Pending Signature (Board of Trustees)	Policy Number:	2025-1201-08
		Risk Appetite:	Low
		Policy Family:	Finance
Policy Owner: (sign/date)	(Director General)	Version:	1.0
		Effective Date:	December 1, 2025
		Next Review Date:	December 1, 2027

1. PURPOSE

The International Rice Research Institute (IRRI) maintains a zero-tolerance stance on money laundering and terrorism financing (ML/TF). This policy establishes internal controls to detect, prevent, and report suspicious activities, ensuring compliance with national and international regulations and economic sanctions. It outlines procedures for due diligence, risk mitigation, and corrective actions to safeguard IRRI's integrity and operations.

2. SCOPE

This Policy applies to all IRRI staff, officers, Board members, and associated parties including contractors, consultants, suppliers, hosted and seconded staff, trainees, volunteers, interns, scholars, students, visiting scientists, and other individuals working on IRRI's behalf.

All covered individuals must comply with this policy in addition to applicable national and international legal and regulatory requirements.

3. DEFINITIONS

Economic Sanctions (ES) refer to restrictions on trade and financial activities imposed for foreign policy or security reasons, either broadly against a country or targeted at specific entities or individuals.

Money Laundering (ML) is the process of concealing the origins of illegally obtained funds to make them appear legitimate, typically through three stages:

1. Placement – introducing illicit funds into the financial system.
2. Layering – obscuring the source through complex transactions.
3. Integration – reintroducing the funds as seemingly lawful assets.

Terrorism Financing (TF) involves using funds whether from legal or illegal sources to support terrorist acts, organizations, or activities, including planning, participation, or threats.

4. POLICY

IRRI staff members and associated parties identified in this policy's scope, shall individually and collectively through mindful due diligence and reporting ensure the policy requirements are met to reduce exposure to risk.

4.1 DUTIES AND RESPONSIBILITIES

4.1.1 Staff Members

All staff and associated parties are required to promptly report any suspected instances of ML/TF. Reports should be made to their immediate supervisor, who will escalate the matter to the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Officer. If the AML/CFT Officer is unavailable, the concern should be directed to the Head of Finance. Alternatively, individuals may report concerns confidentially through IRRI's Whistleblower Hotline ([Lighthouse Services](#)).

All staff members and where applicable, associated parties must sign an [acknowledgment form](#) confirming understanding and compliance with this policy.

4.1.2 Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT) Officer

The AML/CFT Officer establishes the governance framework, coordinates policy implementation, leads training, and ensures consistent application across IRRI. They validate and maintain reports, consult with Finance and Legal as needed, and prepare annual summaries for the Chief Operating Officer (COO) and present them to the Director General (DG) and the Board's Audit, Finance, and Risk Committee (AFRC).

4.1.3 Chief Operating Officer (COO)

The COO oversees daily operations, ensures AML/CFT safeguards are in place, and ensures staff training, monitoring, and incident response. In addition, the COO designates an AML/CFT officer. Reviews all summaries to be presented to the DG and the AFRC.

4.1.4 Director General (DG)

The DG ensures effective administration and policy implementation, supported by the Leadership Team, and is accountable to the Board for compliance and oversight.

4.1.5 Board of Trustees

The Board is responsible for understanding IRRI's AML/CFT risks and regulatory context, and for fostering a culture of compliance in line with IRRI's policies.

4.2 INTERNAL COMPLIANCE STRUCTURE

The following departments are responsible for due diligence within their respective areas and must report to the AML/CFT Officer as needed:

1. Portfolio Development Management Office (PDMO): Donor, partner, and subgrant recipient contracts
2. Human Resources and Organizational Development (HROD): Consultancy contracts

3. Supply Chain Services (SCS) and Country Office (CO) Procurement counterparts: Supplier agreements, leases, and purchase orders
4. The Finance department and CO counterparts: Verifying due diligence completion before payments are issued

4.3 DUE DILIGENCE

4.3.1 New Entities or Elevated Risk in an Existing Relationship

Due diligence must be conducted for all new funding entities, e.g., funding agencies, organizations, and contracting entities and when an existing relationship presents elevated risk (see 4.2). Due diligence shall encompass:

1. Background checks including identity verification (e.g., legal documents), media screening, and department-specific measures.
2. A structured approval process in all assessments to ensure oversight and accountability.
3. A risk-based approach for higher-risk entities requiring enhanced due diligence.
4. Seeking consultation from the AML/CFT Officer, and the Head of Finance and/or the Legal Department (as applicable) when elevated risks are identified to determine whether to proceed.
5. With the recommendation of AML/CFT Officer, and the Head of Finance, the COO may decide to create an ad-hoc committee to decide on elevated risks.

4.3.2 Due Diligence Resources

The following resources shall be used in conducting background checks on funding and contracting entities or when an elevated risk level has been identified:

1. [LexisNexis](#)
2. [Financial Action Task Force \(FATF\)](#)
3. [Office of Foreign Asset Control \(OFAC\)](#)
4. [World Bank Listing of Ineligible Firms and Individuals](#)
5. [UN Sanctions List](#)
6. National and International media reporting (where applicable)

4.4 HIGH RISK INDICATORS

4.4.1 Unusual Funding Sources or Mechanisms

Funding routed through unfamiliar intermediaries, unverifiable sources, or third-party accounts may indicate risk. Patterns such as multiple small transfers or requests to remit funds to unrelated third parties should be flagged.

4.4.2 Suspicious Conditions or Requests

Requests that position IRRRI as a pass-through entity, or involve ineligible recipients, or include unusual financial conditions such as retained interest or foreign exchange arrangements may signal potential misuse.

4.4.3 Concerns About Donor or Partner Integrity

Lack of transparency, use of complex financial structures, links to politically exposed persons (PEPs), or unclear sources of wealth raise concerns about the integrity of donors or partners.

4.4.4 Geopolitical and Regulatory Risks

Donations from high-risk or sanctioned jurisdictions, or entities listed on international sanctions lists, may expose IRRI to legal and reputational risks.

4.4.5 Sector-Specific and Reputational Risks

Funding from high-risk industries or entities facing legal or regulatory scrutiny, or conditions requiring engagement with questionable individuals, may compromise IRRI's ethical standards.

4.4.6 Lack of Alignment with IRRI's Mission and Strategy

IRRI engages only with funding agencies, organizations, and contracting entities whose profiles and activities are consistent with its mission to advance agricultural research and innovation for food and nutrition security. This alignment ensures that all partnerships support IRRI's strategic goals and uphold its ethical, legal, and operational standards.

4.5 REPORTING AND INVESTIGATION

Reports are assessed by the AML/CFT Officer and escalated as needed. Annual summaries are reviewed by the COO and presented to the DG and IRRI Board. Investigations shall follow IRRI's [Whistleblower Policy](#).

4.6 CONTRACT TERMS

Contracts must include clauses requiring compliance with international and IRRI's AML/CFT regulations.

4.7 MITIGATION AND RECTIFICATION MEASURES

The COO, with DG endorsement, determines mitigation steps. The AML/CFT Officer coordinates implementation. Financial or reputational risks may warrant suspension of activities.

4.8 RECORD KEEPING OF DUE DILIGENCE

Departments must retain due diligence records electronically for the duration of the relationship and for seven years thereafter. To ensure consistency and compliance, the AML/CFT Officer shall establish a centralized repository for storing copies of these records and retain them until expiry of the prescribed retention period. In addition, all transactions whether licensed, prohibited, or otherwise subject to OFAC-regulated sanctions programs must be supported by full and accurate records that are retained for at least 10 years, in accordance with OFAC's extended recordkeeping requirement.

4.9 TRAINING

All staff are required to complete basic training in AML/CFT. Staff in roles with higher exposure to risk must also undergo advanced training upon joining and annually thereafter. Completion of training must be documented through signed acknowledgment forms.

4.10 AUDIT REQUIREMENTS

Annually, the AML/CFT Officer shall collate all reports gathered by the coordinating offices and present a summary to the COO, who shall share this with the AFRC.

4.11 PENALTIES

Violations may result in [disciplinary](#) action or legal proceedings. Negligence also carries consequences for inaction.

5. RELATED POLICIES AND GUIDELINES

For finance and accounting related documents please see IRRI's [Finance](#) webpage, or to view related governing documents please go to IRRI's SharePoint page on [Policies, Supplements, Procedures, and Guidelines](#).

6. VERSION HISTORY

Version	Effective date	Approved by	Summary of changes
1.0	D Month Year	IRRI's Board of Trustees	New policy

APPENDIX A - ACKNOWLEDGEMENT FORM

Acknowledgement of the Anti-Money Laundering and Combating Financing of Terrorism Policy

I have read and understand the contents of this Policy and will report any known or suspected contravention to this policy to my supervisor or anonymously using the Whistleblowing process as a condition of my appointment in IRRI. I am aware that concealing or negating (through negligence or other) to report activities that may be money laundering or financing of terrorism may lead to disciplinary action.

I understand that if I have questions or concerns at any time about this Policy, I can consult my immediate supervisor, or the Anti Money Laundering and Combating Financing of Terrorism Officer, or the Head of HROD/Finance for clarification.

I AGREE,

Name and date _____

Signature _____