



HUMAN RIGHTS WATCH

Anti-Money Laundering Policy

Introduction

The purpose of this policy is to ensure Human Rights Watch's compliance with anti-money laundering laws and regulations, to assist law enforcement in combating illegal money laundering and to minimize the risk of any resources of Human Rights Watch being used for improper purposes.

It is the policy of Human Rights Watch to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under the United States Bank Secrecy Act and its implementing regulations, as well as the local laws and regulations in the jurisdictions in which Human Rights Watch and its subsidiaries or affiliated entities operate.

Money laundering involves the placing of illegally obtained funds into legitimate financial systems so that proceeds derived from illegal activity can be transformed into funds with an apparently legal source. Typically, money laundering follows a three-stage process:

- *Placement* – Physically disposing of monetary proceeds derived from illegal activity.
- *Layering* – Separating the proceeds of criminal activity from their illegal source through layers of financial transactions.
- *Integration* – Placing laundered funds back into the economy, attempting to have the funds re-enter the financial system legitimately.

Often there is a complex trail involved so that the practice cannot be easily identified or traced.

Money laundering can occur in many ways. It may happen by dispersing money through many different bank accounts (to hide its origins) but can also occur when an organization is used unwittingly as a “trading partner.” This could be directed at Human Rights Watch or sometimes through subsidiaries of Human Rights Watch or other entities associated with Human Rights Watch.

Terrorist financing, on the other hand, is the use of funds (legitimately or unlawfully generated) being used for improper purposes such as enabling certain types of criminal activities and supporting terrorist groups.

In any case where local law imposes any requirements above and beyond the requirements of this policy, the local operations manager or equivalent officer, in consultation with the HRW Finance Department, shall be responsible for developing and maintaining policies and controls to comply with such requirements and providing copies of such procedures and a written report of measures taken to ensure compliance with such procedures to the General Counsel of Human Rights Watch. Moreover, if there is any conflict of law between the requirements set forth in this policy and local law, local law shall govern.

Procedures

The General Counsel-Operations has been designated to be the compliance officer (the “AML Compliance Officer”) to administer this anti-money laundering policy (the “AML Program”) and ensure that all policies, procedures and internal controls of the AML Program are followed. The AML Compliance Officer has the necessary and appropriate authority to enforce the AML Program. The AML Compliance Officer and the General Counsel of Human Rights Watch will serve as the primary contacts with respect to anti-money laundering compliance, implementation and oversight. The functions of the AML Compliance Officer include, without limitation: (a) monitoring the compliance of Human Rights Watch with anti-money laundering rules and regulations; (b) assisting Human Rights Watch to resolve issues of heightened due diligence and certain “red flag” issues; (c) periodically reviewing the AML Program to ensure its effectiveness and to revise the AML Program to reflect any changes in anti-money laundering rules and regulations; and (d) conducting appropriate oversight relating to the requirements of the AML Program.

In addition, the AML Compliance Officer will ensure that all records concerning the AML Program are properly maintained. In fulfilling their responsibilities under this AML Program, the AML Compliance Officer and the General Counsel of Human Rights Watch may consult with or retain internal or outside legal counsel or other knowledgeable anti-money laundering experts.

Due Diligence

Human Rights Watch carries out the following procedures that help it identify donors and suppliers before accepting or entering into a relationship or transaction with them.

Human Rights Watch applies a risk-based approach to its due diligence of donors and suppliers. Except as described below, Human Rights Watch will ensure that it has a reasonable belief that it knows the true identity of its donors and suppliers to verify and document the accuracy of the information we receive about them.

With respect to online donations or donations received through websites, whether sponsored by Human Rights Watch or a third party, Human Rights Watch either operates such donation channel through credit card processors, which have their own anti-fraud and vetting procedures, or generally relies on the due diligence process of the financial institutions through which those donations are received. With respect to other donors, the Director of Business & Human Rights will analyze the information that it receives to determine whether the information is sufficient so that Human Rights Watch is able to form a reasonable belief that it knows the identity of its donors. In the case of donors who wish to remain anonymous, Human Rights Watch will seek to ascertain the identity of any such donor by contacting any persons whom Human Rights Watch may know may have knowledge of the anonymous donor, contact the financial institution from which the donation originated to try and determine the source of the funds or take other reasonable steps to identify the donor. If our inquiries do not raise any “red flags”, Human Rights Watch will accept the anonymous donation.

Third party service providers will be used to run checks on new suppliers and new hires (staff and interns), as well as consultants, of Human Rights Watch to ensure we can proceed to have business transactions with or hire or otherwise engage them.

Human Rights Watch will verify the information within a reasonable time before the transactions in question. Depending on the nature of the transactions, we may refuse to complete a transaction before we have verified the information, or in some instances when more time is required, we may, pending verification, restrict the types of transactions we will conduct with a third party. If we find suspicious information that indicates possible money laundering, terrorist financing activity or other suspicious activities, we will, after consultation with the General Counsel and outside counsel, make any reports or filings that may be required in accordance with applicable laws and regulations.

When we cannot form a reasonable belief that we know the true identity of a supplier or we have questions regarding the source of a supplier’s income or assets, we will not engage in any business transaction with the supplier.

If following receipt of a donation or after a transaction with a supplier, we subsequently learn of information that indicates that the donation or the transaction may have involved some form of money laundering, we will, to the extent possible and practicable, return the donation to the donor or cease all forms of transactions with the supplier, as the case may be.

Policy on Disclosure

If anyone knows, suspects or has reasonable grounds for thinking or suspecting that a person is engaged in money laundering or terrorist financing, they must report such matters to the AML Compliance Officer immediately. Disclosure should include details on:

- The people involved
- The type of transaction
- The relevant dates
- Why there is suspicion
- When and how activity is undertaken
- Likely amounts

The AML Compliance Officer will complete his or her review of any report within 60 days after receipt thereof. The AML Compliance Officer will consider the report and any other available information, and consult with the General Counsel or outside counsel, if necessary. Once the AML Compliance Officer has evaluated the disclosure or other information, the AML Compliance Officer will determine if:

- There are reasonable grounds for suspecting money laundering and the appropriate steps to be taken
- Whether the matter is required to be reported to the applicable governmental agency or other enforcement authorities

All disclosure reports referred to the AML Compliance Officer and reports made by Human Rights Watch to the applicable governmental agency or other enforcement authorities will be retained for a minimum of five years.

Sanctions

No one associated with Human Rights Watch, whether as a board member, officer, employee, consultant, intern or volunteer, may under any circumstances, disclose to prospective donors or suppliers or their representatives that Human Rights Watch is taking any action (*e.g.*, declining to accept a donation or terminating a transaction) based on suspected money laundering without the prior approval of the General Counsel. Anyone who makes such a disclosure without prior approval may be subjecting himself or herself, as well as Human Rights Watch, to criminal “obstruction of justice” claims because the disclosure may notify a money launderer that his or her illegal scheme has been detected, thereby enabling the suspect to take action to prevent prosecution by law enforcement agencies. Failure to adhere to this AML Program may, to the extent permitted under applicable law, subject the individual to disciplinary or other appropriate action up to and including termination of employment. Violations of money laundering laws also may subject Human Rights Watch’s management to imprisonment and, together with Human Rights Watch, to fines, forfeiture of assets and other serious punishments.