



## **UGANDA DEVELOPMENT BANK LIMITED**

### **KYC, AML AND CTF PROCEDURES MANUAL**

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## **1.0 INTRODUCTION and OBJECTIVE**

This procedures manual is designed by the Uganda Development Bank limited (UDB) as an integrated procedure encompassing and in the context of the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards, on Combating Financing of Terrorism (CFT) and on Anti Money Laundering regulation 2015. The Prevention of Money Laundering requires the bank, financial institutions and intermediaries to ensure that they follow certain minimum standard of KYC and AML. It also takes into account the Financial Intelligence Authority Act, Wolfsberg guidance and UDB's best practices arising from its unique operations.

These procedures are therefore meant to combat anti money laundering and Terrorism Financing by adhering to set standards and safe guards by Uganda Development Bank.

### **1.1 Know Your Customer (KYC)**

Know Your Customer is the process of verifying the identity of customer. The objective of KYC is to prevent the bank from being used, by criminal elements for money laundering activities. It also enables the bank to understand its customers and their financial dealings to serve them better and manage its risks prudently.

It is important to note that the Bank's core business is lending and private Equity finance which makes the KYC process different from a traditional commercial Banking where the customer operates an account on a transactional basis, the customer identification and Customer Due Diligence and Customer Enhanced Due Diligence is therefore performed at a stage within its credit workflow called the Full Appraisal process shown in **Figure 1** below.

This stage precedes the Deal review stage where the customer documentation is simply collected (not analyzed in Detail) and the committee reviews whether to proceed with the deal or not, if it chooses based on acceptable criteria to accept a deal, then it proceeds to issue a term sheet and the team is flagged off to carry on full appraisal.

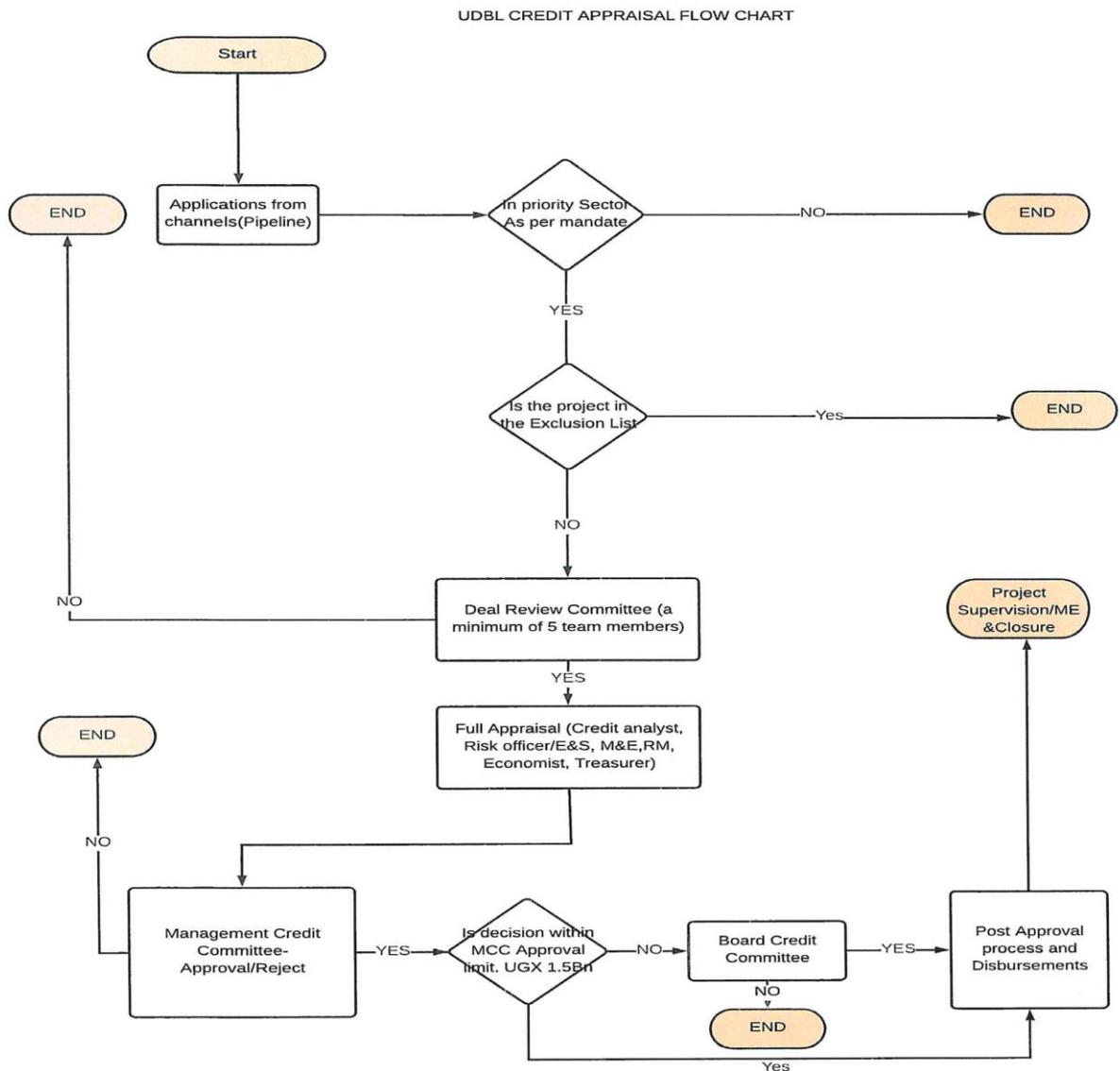
The Bank may create relationships with the following entities as it carries out its day to day businesses with only the below listed

- I. Companies Incorporated
- II. Funding partners
- III. Registered business groups

- IV. Special Purpose Vehicles
- V. Government agencies engaged in autonomous responsibilities
- VI. Foreign owned Businesses registered in Uganda
- VII. Suppliers both for the Bank and for its clients where it remits funds directly instead of direct disbursement to our client.

The Bank in creating these relationships will ensure proper identification and customer due diligence is carried out to ensure it is dealing with persons and entities it knows.

Figure1



Apart from the Decision to admit a project into the pipeline which is done by the department (Director Investment and the Relationship managers), the rest of the decisions are done in committees. The committees have members relevant to the committee for example there is an E&S officer on the project team to enable assesment of E&S Risks, M&E officers to enable ex-ante position but also assesment of potential development Impact of funding etc

For local entities the Bank will ensure to perform *a legal due diligence* through the registry of companies and businesses either through internal staff or may outsource the services of another legal firm to ensure due diligence is obtained and report issued to UDB on the entity based on what returns have been filed at the Government Registry. The information returned to the Bank must include but not limited to the following;

## **1.2 Entity and Ownership**

- I. Confirmation of existence of the entity
- II. Analysis of constitutional documents
  - a) Certificates of registration
  - b) Necessary Returns
  - c) Compliance
  - d) Registered shareholders and respective shareholding (including country of shareholders)
  - e) Governance
  - f) Fitness to borrow etc
- III. Issuance of resolution to borrow (securities, Debentures and releases etc)
- IV. Tax compliance

Once all the above have been secured and analyzed, the next step is to run the entity through a WORLDCHECK system provided by REFINITIV (formerly Thomson Reuters) for a sanction check or screening. This check will include all shareholders and Directors of the company. If the company is owned by another company, the entity will have to be unveiled to understand the beneficial owners of that company.

If there is a match between the entity, Shareholders or director, the transaction will be subjected to an Enhanced Due Diligence which we do independently through Refinitiv at an extra charge since it involves more details.

If all has been found to be okay, the team is given a green light to proceed with the Full appraisal of the facility which will include obtaining of the financial statement and audited accounts, Visiting of the client premises and production of site visit reports indicating the environmental concerns and the business activities and products the client is engaged in.

During this visit the team ascertains whether or not the entity has branches, agents, subsidiaries, partners, suppliers and jurisdictions of operations and markets.

## **1.3 Customer Acceptance**

**UDB** shall not admit as customer nor, establish a business relationship with the following persons, whether individual or legal entities:

1. Those persons about whom information is available indicating possible involvement in criminal activities or which are included in any public list concerning criminal activities (such as US Office of Foreign Assets Control –OFCA, World check etc.), mainly related to drug trafficking, terrorism and organized crime;
2. Persons with businesses that due to the nature of their business make it impossible to verify its legitimacy or the source of its funds, or those whose funds are inconsistent with their financial status;
3. Persons who refuse to provide the information or documentation required to obtain verification of the activities or the source of the funds or who provide documentation of doubtful legality or legitimacy or which has been manipulated;
4. Legal entities whose shareholders or control structure cannot be determined;
5. Casinos, gambling/betting establishments, exchange offices, money transmitters and other similar entities that are not officially authorized;
6. Financial institutions resident in countries or territories without being physically present there (also referred to as “shell banks”) and which do not belong to a regulated financial group

## **2.0 POLITICALLY EXPOSED PERSONS (PEPS)**

There is no single, globally agreed definition of a Politically Exposed Persons (PEPs). In formulating this guidance, consideration was given to the standards issued by internationally-recognized bodies and local Anti-Money Laundering regulations 2015 in determining PEP categorization standards and associated relationship management procedures.

All holders of public functions are exposed to the possibility of corruption or the abuse of their position to a certain degree, those holding senior, prominent or important positions, with substantial authority over policy, operations or the use or allocation of government-owned resources, have much influence and therefore normally pose greater risks for a Financial Institution and should accordingly be categorized as PEPs for the purposes of control and oversight ((© The Wolfsberg Group 2017, 3 Wolfsberg PEP Guidance 2017)

A basic element of the PEP definition is that a PEP is a natural person. The involvement of a PEP in the management of an entity-based relationship, as treated below, could increase the risks involved in establishing or maintaining a relationship with such an entity, but may not necessitate the categorization of the entity as a PEP. However, accounts for trusts, personal investment companies,

foundations, operating companies or other entity based accounts should, if established for the specific benefit of a PEP, Close Family Member or Close Associate, be subjected to appropriate PEPs Control.

- i) Close Family: will include a PEP's direct family members, their spouse (or anyone considered equivalent to a spouse), their children and their spouses, parents and the siblings of the PEP.
- ii) Close Associate: will include a PEP's widely- and publicly-known close business colleagues or personal advisors, in particular persons acting in a financial fiduciary capacity.

The following are considered PEPs in the Ugandan context and will be treated as such including close family members and associates.

- a) Heads of State, heads of government and ministers
- b) Senior judicial officials who sit on bodies whose decisions are not subject to further appeal
- c) Heads and other high-ranking officers holding senior positions in the armed forces
- d) Members of ruling royal families with governing responsibilities
- e) Senior executives of state-owned enterprises, where the state-owned enterprise has genuine economic or political importance
- f) Senior officials of major political parties
- g) Members of parliament or national legislatures,
- h) Senior members of the diplomatic corps
- i) City mayors and District leaders

Identification of a PEP or their "Close Family Member or Close Associates"

UDB will apply a Risk Based Approach to identifying whether a prospect or an existing customer is a PEP. The following measures may be appropriate and effective when seeking to identify and risk assess a PEP:

- i) Making enquiries regarding the PEP status of prospective customers during the account opening process
- ii) Screening new and prospective customers and key principals of the overall customer relationship against WORLDCHECK. This database is provided by Refinitiv (Formerly Thomson Reuters)
- iii) In certain circumstances, searching for publicly available information from reputable sources
- iv) Collaborating PEP businesses information on Assets and liabilities with the Inspectorate of Government

- v) The inclusion of appropriate PEP training to relevant staff. This will form part of regular anti money laundering (AML) training.

If PEP is the beneficial owner or has the requisite control of an operating company or organization, that person may be in a position to use the organization in furtherance of corrupt purposes. In such circumstances, UDB will consider whether it would be appropriate to subject that organization to relevant EDD for PEPs. In the case of Close Family Members or Close Associates who are beneficial owners or have requisite control of an organization, consideration to the level of due diligence should be made

On the other hand, where a board member or corporate officer of an institution is a PEP, UDB may be exposed to a significantly lower level of risk and may consider adjusting its due diligence treatment accordingly:

- i. Where it is a publicly traded company listed on a recognized exchange, subject to appropriate listing rules, good governance requirements and transparent reporting
- ii. Where the organization is well regulated and subject to independent supervision, e.g. banks and other FIs
- iii. Private or state-owned organizations (including Central Banks, sovereign wealth funds) subject to good governance, appropriate checks and balances and transparent reporting

Standard due diligence undertaken in respect of an operating company shall include basic due diligence on the company's management, board members, persons with significant ownership interests and other individuals capable of exercising control over corporate decisions

### ***2.1 Application:***

Identification – New Customers: UDB will determine whether a customer is a PEP, before the relationship is established. Once a new customer is determined to be a PEP UDB should risk assess the customer and apply appropriate due diligence measures in a timely manner.

Identification – Existing Customers: where UDB becomes aware that an individual has become a PEP it shall apply risk based due diligence and controls. These changes will denote triggers for portfolio review for example;

- i. Where there is a general election for Members of Parliament.
- ii. Where there is a cabinet reshuffle in Uganda
- iii. Appointment of Judicial Officers
- iv. Promotion of officers in the armed forces

- v. Appointment of Chief Administrative Officers and other district leaders
- vi. Change of lineage especially in different Royal families among others

## ***2.2 Due Diligence:***

Once the PEP has been subject to risk assessment, firms should apply risk based due diligence procedures, which may include:

- a) Understanding and documenting the length of time, the title or position and country in which the PEP holds, or held, political exposure. If the individual customer is a close family member or close associate, the relationship of the person to the PEP must be documented
- b) Understanding and documenting the nature and intended purpose of the relationship/account, the source of the initial funds (where appropriate) and the anticipated levels of account activity
- c) Understanding and documenting the customer's source of funds and source of wealth (e.g. salary and compensation from official duties and wealth derived from other sources). Where the financial crime risks are high or there are doubts as to the veracity of the information provided by the customer, Financial Institutions should validate this information using independent and reliable sources. FIs may use internet and media searches to determine and/or validate this information, having considered the potential limitations of such sources
- d) Conduct Negative News/Adverse Media screening on the customer and evaluate any positive hits

## ***2.3 Approval:***

PEP relationships with UDB shall be approved by Approval Committees as per their approval mandates with advisory on understanding of the financial crime risk and their responsibility within the UDB's AML control environment.

## ***2.4 Enhanced Monitoring (manual or automated):***

Accounts with a PEP relationship should, using a Risk Based Approach, be subject to proportionate enhanced monitoring to detect unusual and potentially suspicious activity. The accounts shall be flagged in the Rubikon system as PEP under the AML Module and only un-flagged if the account is declassified

## ***2.5 Periodic reviews for existing PEP customers:***

The Bank will subject these relationships to periodic review of at least one year to ensure that due diligence information remains current and the risk assessment and associated controls remain appropriate. Frequency of periodic reviews should be determined by the risk of the customer and be

documented appropriately. If the risk of the PEP has materially changed since the last review/approval (Death/Divorce), you may consider subjecting the PEP to re-approval by relevant senior management.

PEP Risk Exposure (Portfolio wide): Beyond the individual customer reviews, UDB shall review its overall exposure to PEP risk, in particular on a business line level, with Management Credit Committee confirming that the risk exposure remains within the UDB's defined risk appetite

### ***2.6 Training & Education:***

The Investment teams are the first line of defence in preventing and detecting financial crime and also have a crucial role to play in identifying customers or potential customers who are PEPs. It is therefore vital that the risk, policies, procedures and processes associated with PEPs are communicated to relevant employees and their managers and form part of the regular AML training program.

PEP Declassification There is no agreed method for determining the time period that an individual should be regarded as a PEP after they have left the public function that gave rise to the initial categorization. The risk associated with a PEP is closely related to the political situation and the inherent corruption risk in their country of political exposure, the office or function they held and the influence associated with that post. Although that influence may substantially reduce as soon as they have left office, a PEP may have been in a position to acquire his or her wealth illicitly, so that a high level of scrutiny with regard to such individuals may be warranted even after they have left office.

### **(a) PRODUCTS & SERVICES**

The Bank core business is lending which may take any of the following forms;

- i. Long term loans which are between 8 to 15 years in tenor
- ii. Medium term loan between 3 to 7 years
- iii. Short term loans in form of trade finance and working capital loans which are below 3 years
- iv. The bank may also participate in Equity provision
- v. Project preparation and Business Advisory among others

These are the basis of the various transactions we may perform from time to time.

## **3.0 AML, CTF & SANCTIONS**

For Money-laundering and Terrorism financing, **UDB** shall take into account various risk factors when evaluating and verifying the information and documentation provided by customers and, depending on these, UDB shall classify its customers as Low, Medium or High Risk Customers. The risk factors are, amongst others:

1. **Country Risk:** There are certain countries that are considered as having a higher risk for money laundering and terrorist financing, such as those that are not members of the Financial Action Task Force (FATF), or regional FATF-like bodies or groups of similar nature; and those countries subject to sanctions by the aforementioned groups for not being compliant, or for not being sufficiently compliant, with FATF recommendations. Customers considered as high risk due to their geographic location are those who have substantial connections in a high risk country/ city, that is to say:

- a) Those who hold property, residence, offices or headquarters in a high risk country;
- b) Companies which have the majority of shareholders or beneficiary owners located in such countries;
- c) Any other substantial connections/links that might be identified. Although Nationality is an important element it is not a determining factor for classifying someone as a high risk customer.

2. **Activity Risk:** There are certain business and/or industrial activities that due to their nature are more likely to be used for money laundering and terrorist financing. Some activities considered as high risk are as follows:

Casinos, Gaming Centers, Racetracks; Financial Investment Corporations (S.A.F.I.); Arms, weapons manufacturers, distributors and dealers; Precious metals distributors and dealers; Professionals who act as intermediaries (lawyers or accountants that manage their customers' funds in their accounts); etc. Clients may be considered High Risk Customers if possessing significant connections to activities considered to be high risk. The Compliance Officer will have to determine whether the connection is significant or not. There is always a significant connection if the firm is involved in or if a large portion of the firm's turnover comes from high risk activities.

3. **Materially:** The materiality of the relationship with a customer is also a risk. In order to evaluate it, **UDB** will pay attention to the volume or amount of transactions channeled through the **Bank's** platform, the source of the funds and the funds in their financial status. There are no limits set given that the transaction received at UDB should be regular with the loan instalment.

4. **Legal Entities:** Relationships with legal firms may pose a risk for **UDB**, as persons who directly or indirectly control those entities may use them to hide their identities and carry out illegal activities related to money laundering or terrorism financing.

In such cases, additional due diligence procedures are required in order to get information about the **beneficiary owners** of the legal entity, the type of operations related to **UDB**, the purpose and, the source of the funds channeled through Banks platform

In identification of the shareholders, primarily the beneficial owners, considering them to be those natural persons who ultimately control the legal entity in that they directly or indirectly, alone or in concert with third parties, hold at least 25% of the capital or voting rights in the legal entity or otherwise control it. If the beneficial owners cannot be identified, the most senior member of the legal entity's executive body must be identified (full first and last names; address; postal code; ID –front and back– or passport number; Readable copy of the ID or Passport).

- i. Identification of the firm's Directors (full first and last names; address; postal code; ID or passport number; Readable copy of the ID or Passport);
- ii. Source of the firm's funds;
- iii. Name, address and SWIFT code of the legal entity's bank;
- iv. If the business is AML regulated, the policy must be stated, as well as how the firm performs KYC for the customers and any

## **CTF**

The United Nations has defined terrorist financing as follows:

*“A person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:*

*(a) An act which constitutes an offence within the scope of and as defined in the existing treaties;*  
*or*

*(b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.”*

In light of the above definitions, UDB is committed to combating Terrorism Financing by adhering to the Bank compliance framework and the Know Your Customer procedures and specifically in proper identification and performance of Customer Due Diligence and Enhanced Due Diligence to block any sanctioned or listed individuals that could easily use the financial system for ill gain and to disguise sources and purposes of funds. This commitment extends to;

- i. Reporting to the Financial Intelligence Authority any matches to listed and sanctioned individuals, organizations or vessels among others
- ii. Improvement of record keeping and maintenance of customer information to allow easy retrieval and access by any agencies as and when requested

## 4.0 TRADE FINANCE

Trade Finance can be described as the provision of finance and services by UDB for the movement of goods and services between two points, either within Uganda or across borders. UDB and Trade Bodies (such as Uganda Chamber of Commerce and Ministry of Trade and Industry), as well as the Government are critical in promoting international trade (Import of rare or scarce commodities and export of goods produced locally). UDB, its partners and clients support the timely and efficient movement of goods, documents and payments, these however, is also an avenue where ill-gotten money can be cleaned in the process as indicated in the table below

Method	Description
Over Invoicing	By misrepresenting the price of the goods in the invoice and other documentation (stating it at above the true value) the seller gains excess value as a result of the payment.
Under Invoicing	By misrepresenting the price of the goods in the invoice and other documentation (stating it as below the true value) the buyer gains excess value when the payment is made.
Multiple Invoicing	By issuing more than one invoice for the same goods a seller can justify the receipt of multiple payments. This will be harder to detect if the colluding parties use more than one FI to facilitate the payments and or transactions.
Short Shipping	The seller ships less than the invoiced quantity or quality of goods thereby misrepresenting the true value of goods in the documents. The effect is similar to over invoicing.
Over Shipping	The seller ships more than the invoiced quantity or quality of goods thereby misrepresenting the true value of goods in the documents. The effect is similar to under invoicing.

Deliberate obfuscation of the Type of Goods	Parties may structure a transaction in a way to avoid alerting any suspicion to UDB or to other third parties which become involved. This may simply involve omitting information from the relevant documentation or deliberately disguising or falsifying it. This activity may or may not involve a degree of collusion between the parties involved and may be for a variety of reasons or purposes.
Phantom Shipping	No goods are shipped and all documentation is completely falsified.

Given the above scenarios where excess money can be acquired and laundered, the Bank has the following controls to check them, although it may be difficult to verify goods against the invoices since the Bank mostly uses documents for AML purposes;

- i. UDB reviews trade transactions on an individual basis, for fraud, sanctions and for unusual and potentially suspicious activities. Generally transactions are examined for the documented conditions to conform to international standard banking practice and what is known of the customer.
- ii. A combination of automated (WORLD CHECK) and manual controls are use in the context of AML and counter-terrorist financing (CTF) where the names of all parties (Buyers name, Sellers name, Ports of in the transit process, Vessels, Intermediary and correspondent Banks) in the transaction are screened against the WORLDCHECK for any potential matches. If there are any matches the rule under Suspicious Transactions then applies

## 5.0 SUSPICIOUS TRANSACTION REPORTING (STR)

Definition of suspicious transactions

“Those transactions that, considering the practices and customs of the business activity in question, seem unusual, appear to serve no financial, business or other legal purpose and are extremely complex for no reasonable explanation as well as those financial transactions that involve funds of dubious source.”

If the Money Laundering Reporting Officer of the Bank deems that there is enough evidence to consider that a transaction or operation has been made as part of an activity related to Money Laundering, Terrorism Financing or Fraud, the Compliance Officer will file a report with the Financial Intelligence Authority as provided for by the laws of Uganda in a timely form and manner. Cases in which **UDB** has terminated a relationship with a customer due to the reasonable suspicion of

the customer being involved in such activities shall also be reported, just like when a customer has not been accepted due to some of the Official Sanction Lists.

For purposes of UDB,s Unique set up because it does not receive cash directly from its clients but rather it Bankers who are charged at that point in time to carry out due care at the point of receipt using the AML Act 2015, UDB shall mostly concentrate its efforts in transactions that are not regular with the loan installment and cashflow projections arrived at at the appraisal time which are documented and also monitor on a regular basis as per the Supervision and monitoring guidelines of the Bank.

Outright Purchase and full and final settlement of loan facilities will be AML assessed once a scenario arises and based on the outcome reported to the FIA if suspicious.

## **6.0 RECORD KEEPING**

The following information and documentation must be kept by **UDB** for at least 10 years, so it can be available if it is ever requested by the Financial Intelligence Authority, Financial Crime Division of Police or any other authority:

1. Documentation obtained during the KYC and Due Diligence procedures for identification of customers, which shall be kept for at least 10 years after the termination of the business relationship with the customer;
2. Original documentation or certified copies of the transactions carried out by customers through the **UDB** platform and the information related to them, which shall be kept for a minimum of 10 years after the completion of the transaction or operation carried out;
3. Any Report of Suspicious Transactions issued and the documentation and information attached to it, which shall be kept during the 10 years following the date of the report.

## **7.0 STAFF TRAINING**

**UDB** believes that one of the best tools to combat money laundering and terrorisms financing is to create a culture of compliance and control among its staff. For this Purpose, this Manual and all the regulation issued by **UDB** related to the Prevention of Money Laundering and Terrorism Financing will be part of the internal procedures of **UDB** and knowledge and compliance will be mandatory for all those who are a part of it.

UDB's staff will have access to the updated version of this Manual and other internal regulations related to it and will be involved in the task of prevention, for which they will be duly informed and instructed.

If there are any legal or regulatory modifications or improvements with regards to the Prevention of Money Laundering, Terrorism Financing or Fraud, the entire staff will be informed so that the new implementations can be applied and complied with properly.

## ATTACHMENTS

### Annexure 1

<i>Type of Person</i>	<b>What/who to look for</b>
a) <i>Individuals</i>	<ul style="list-style-type: none"> <li>• <u>Whether the individual is acting on behalf of someone else</u> and conduct additional research if a doubt exists as to whether the individual is acting solely for him/herself or for another's benefit.</li> <li>• Whether an <u>owner's explanation for his/her source of funds</u> raises any integrity concern.</li> </ul>
b) <i>Entities/Companies</i>	<ul style="list-style-type: none"> <li>• Whether the company is owned by other entities, identify any individual that indirectly owns 5% or more of the target company. The amount of indirect ownership in a target company is determined by multiplying the percentage of ownership at each level. Refer to <b>Annexure 2</b> for an example of how to calculate indirect ownership.</li> <li>• <u>Individuals with controlling interest</u>: For individuals who are indirect owners, analyze whether there is any dilution of control through successive layers of ownership and identify the individual with a controlling interest in the target company. For an example, refer to <b>Annexure 2</b>.</li> </ul>
c) <i>Trust or Similar Legal Arrangement</i>	<ul style="list-style-type: none"> <li>• The nature of the trust, the trust's settlor (the provider of funds), trustee(s) or person exercising control over the trust, and the beneficiaries.</li> <li>• Whether the settlor (as is normal) or someone else is empowered to remove a trustee. If a person other than the settlor is so empowered, obtain a reasonable explanation for this arrangement.</li> </ul>
d) <i>Foundation</i>	<ul style="list-style-type: none"> <li>• The founders, sources of their funds, and key individuals who control the foundation. If a founder is a legal entity, collect information on the individuals who own or control it. Identify the protector<sup>1</sup>, beneficiary and council members, if applicable.</li> </ul>
e) <i>Fund or Limited Partnership</i>	<ul style="list-style-type: none"> <li>• All investors/Limited Partners (LPs)<sup>2</sup> who are ultimately entitled to or indirectly control 5% or more of the Partner. Also, identify the General Partner (GP)/Fund Manager and the key principals of the GP.</li> <li>• Where a Fund is UDBL's target company, identify all investors/Limited Partners(LP) who are ultimately entitled to or control (directly/indirectly) 5% or more of the: <ul style="list-style-type: none"> <li>(i) capital and profits; and/or</li> <li>(ii) voting rights of the fund or partnership.</li> </ul> </li> <li>• For Partnerships, identify persons who exercise control over the partnership's management, if other than the General Partners, and obtain a</li> </ul>

<sup>1</sup> The protector supervises the foundation council's activity to ensure that it acts in compliance with the founder's requirements, or, is responsible for confirming the decisions of council members, and making suggestions with regards to beneficiaries' selection.

<sup>2</sup> Contact Risk department if at the time of appraisal staff are not able to obtain adequate information on all LPs.

	reasonable explanation for the arrangement.
f) <i>Unincorporated Association or similar arrangements</i>	<ul style="list-style-type: none"> <li>An unincorporated association generally is a group of individuals or entities who enter an agreement to form a body and accomplish a purpose. Understand the structure of the arrangement (which may include entities and individuals) and identify who provides funds or assets for the arrangement, or individuals personally responsible for contractual obligations.</li> </ul>
g) <i>State or State Agency</i>	<ul style="list-style-type: none"> <li>The percentage of state ownership, including agencies holding shares on behalf of the Government, for example, sovereign wealth funds. Follow the IDD Procedures to identify any integrity issues and the level of political influence the State exerts on the client.</li> </ul>