

***SPO***  
***ANTI-MONEY***  
***LAUNDERING AND***  
***ANTI-TERRORISM***  
***FINANCING***  
***Policy***

**Initial Approval: February 16, 2025**

**This policy is endorsed  
by the SPO Board of Directors.**

**Approved by:**

A handwritten signature in black ink, appearing to read 'Arifa Mazhar', is positioned above a horizontal line.

***Arifa Mazhar, Chief Executive***

## 1. POLICY:

**SPO strictly prohibits and actively prevents** any form of **money laundering, terrorism financing, or activities that facilitate financial crimes**. This commitment is aligned with all applicable regulations, including:

- **Anti-Money Laundering Act, 2010 (Act No. VII of 2010)** – Enacted to prevent money laundering.
- **Anti-Terrorism (Second Amendment) Act, 2014** – Strengthening measures against terrorism financing.
- **National Action Plan and SECP Regulations** – Identifying money laundering as a key driver of corruption and criminal activities.

SPO upholds a **Zero-Tolerance Policy** against money laundering and terrorism financing, ensuring full compliance with national and international regulatory frameworks.

## 2. POTENTIAL RISKS OF MONEY LAUNDERING IN SPO’S OPERATIONS:

SPO’s financial operations involve various transactions, including:

- receiving and disbursing grants,
- transferring funds between the National Centre and regional, field and project office(s),
- payments to implementing partners, government institutes, community institutions/members, consultants, vendors, services and goods providers, etc.

To uphold its role as a responsible and compliant organization, SPO has institutionalized awareness and capacity-building measures. This includes:

- Orientation and training workshops for staff,
- Sessions on:
  - Code of Conduct,
  - Money laundering and terrorism financing risks,
  - Gender discrimination and violence.

The table below outlines the **potential risks** of money laundering and terrorism financing associated with various contractual engagements, along with the **risk mitigation measures** and the **required commitments from each individual or entity**:

#	Type of Contractually Obligated Person/Institution	Possible risks	Remedial Measures	Supporting Document
1	Donors, partners, and funding institutions	Can covertly operate, facilitate, or engage in illegal businesses, activities, money laundering, or financing terrorism.	<ul style="list-style-type: none"> <li>• No partnership shall be formed without a contract</li> <li>• The partnership contracts shall have clear roles and responsibilities</li> <li>• Partner shall not engage the SPO's staff, logo, or platform without explicit permission and without consent and/or a written contract.</li> <li>• The donor(s)' funds shall be received through banking channels only.</li> </ul>	Donors shall be requested to incorporate a special clause explicitly addressing anti-money laundering (AML) and anti-terrorism financing (ATF) in all funding agreements.
2	Staff	Can covertly operate, facilitate, or engage in illegal businesses, activities, money laundering, or financing terrorism.	<ul style="list-style-type: none"> <li>• No individual holds sole discretionary authority in decision-making.</li> <li>• Mandatory reference checks conducted for all new recruits.</li> <li>• CNIC verification is required for all appointments with SPO.</li> <li>• Staff engagement without a formal contract is strictly prohibited.</li> </ul>	Effective January 2026, all staff contracts issued shall have a dedicated clause on anti-money laundering and anti-terrorism financing. For existing employees, an undertaking will be obtained, reaffirming their commitment to anti-money laundering and anti-terrorism financing.
3	Implementing partners, community and village organizations and other contractually obliged community institutions/ persons	Community institutions receiving grants from SPO or other sources may be exploited for money laundering or terrorism financing.	<ul style="list-style-type: none"> <li>• Signing of a Memorandum of Understanding (MOU) with clear roles and responsibilities to ensure accountability.</li> <li>• Institutional assessments are conducted before initiating interventions.</li> <li>• Screening and appraisals of all projects supported through grants.</li> </ul>	All MOUs shall include an undertaking on anti-money laundering and anti-terrorism financing.

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			<ul style="list-style-type: none"> <li>• Transfer of funds through banking channels only is ensured.</li> <li>• Requirement of CNIC/ registration documents from all entities.</li> <li>• Acknowledgement from community institutions is obtained.</li> <li>• Mandatory requirement of CNIC for Bank Account signatories of the community institutions.</li> </ul>	
4	Community Resource Persons (CRPs) / Members of the Community Organizations	Low risk due to small financial transactions at the individual level.	<ul style="list-style-type: none"> <li>• Requirement of a valid CNIC for all individual grant recipients (if any)</li> <li>• Background and reference checks for CRPs conducted.</li> <li>• Engagement of members of the community/village organizations through their organization.</li> </ul>	All CRP contracts shall include an undertaking on anti-money laundering and anti-terrorism financing.
5	Consultants	Can covertly operate, facilitate, or engage in illegal businesses, activities, money laundering, or financing terrorism.	<ul style="list-style-type: none"> <li>• No discretionary authority granted to any consultant.</li> <li>• Reference check conducted for recruiting consultants.</li> <li>• A valid CNIC is required as the basic document for engaging consultants.</li> </ul>	Effective January 2026, all consultant contracts shall have a dedicated clause on anti-money laundering and anti-terrorism financing.

#	Type of Contractually Obligated Person/Institution	Possible risks	Remedial Measures	Supporting Document
6	Vendors for Procurement	Can covertly operate, facilitate, or engage in illegal businesses, activities, money laundering, or financing terrorism.	<ul style="list-style-type: none"> <li>• Verification of all vendors against Schedule 4, which lists firms/persons explicitly prohibited by NACTA / Government of Pakistan.</li> <li>• Checking from the award management systems / designated websites of major donors providing information on the Excluded Parties' List (EPL).</li> </ul>	<p>All contracts issued from January 2026 onward shall include a special clause on anti-money laundering and anti-terrorism financing.</p> <p>A verification report or screenshot from award management systems and designated donor websites will be maintained.</p>
7	Sub-Grantees/Sub-Contractors	Can covertly operate, facilitate, or engage in illegal businesses, activities, money laundering, or financing terrorism.	<ul style="list-style-type: none"> <li>• SPO implements robust risk mitigation measures to ensure that grant funds are utilized solely for their intended purposes. These measures include: <ul style="list-style-type: none"> <li>• Milestone-based Disbursement</li> <li>• Auditing System, and</li> <li>• Field Visits &amp; Monitoring.</li> </ul> </li> <li>• Verification of credentials ensured.</li> <li>• Publicity of the complaint mechanism through its website and IEC material to ensure awareness and compliance.</li> </ul>	IEC Material and screenshot of the SPO website.
8	Networks / Development Partners, e.g., educational institutions, researchers, philanthropists etc.	Can covertly operate, facilitate, or engage in illegal businesses, activities, money laundering, or financing terrorism.	Undertaking from all concerned that they are not involved in money laundering or terror Financing.	Undertaking from all concerned.

### **3. SPO IS ACCOUNTABLE TO:**

Government of Pakistan, State Bank of Pakistan (SBP), Securities and Exchange Commission Pakistan (SECP), Board of Directors, Police, Banks, Donors, Security Agencies, Ministry of Interiors, etc.

### **4. RECORDS AND REPORTING:**

The EAD, SBP, SECP, and various investigation agencies (such as FIA and NAB) may request details regarding funds received, funds disbursed, and information about projects and personnel enrolled in SPO programs/projects. If any district-level agency requires information, the Head of Corporate Affairs must provide the necessary information to the agency after obtaining clearance from the Chief Executive.