



STAKEHOLDERS EMPOWERMENT SERVICES

ANTI-MONEY LAUNDERING (AML) POLICY

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SES - ANTI-MONEY LAUNDERING (AML) POLICY

PURPOSE

The Prevention of Money Laundering Act, 2002 (PMLA) mandates that all banking companies, financial institutions—including chit fund companies, co-operative banks, housing finance institutions, and non-banking financial companies—and intermediaries such as stock-brokers, sub-brokers, share transfer agents, and other Intermediaries registered under Section 12 of the SEBI Act ([Weblink](#)), shall maintain records of all transactions, detailing their nature and value as prescribed in the PMLA Rules ^[1].

Stakeholders Empowerment Services (SES), a SEBI-registered Proxy Advisory firm, acknowledges the applicability of the Prevention of Money Laundering Act, 2002 (PMLA) to its operations. While SES's business model may limit the direct impact of PMLA provisions, the Company has established a PMLA Policy tailored to its specific activities, organizational structure, and client interactions.

^[1] Prevention of Money-laundering (Maintenance of Records) Rules, 2005

KEY ASPECTS OF SES'S PMLA POLICY:

Stakeholders Empowerment Services (SES) has established comprehensive policies and procedures to combat Money Laundering (ML) and Terrorist Financing (TF), in alignment with the Prevention of Money Laundering Act, 2002 (PMLA) and other relevant regulations.

1. Structural Mechanism:

- Stakeholders Empowerment Services (SES) is a corporate governance research and advisory firm based in Mumbai, India. Established in 2012, SES aims to promote active stakeholder engagement in corporate governance, contributing to the sustainable growth of companies. The firm provides services such as proxy advisory, corporate governance scores, and research reports to assist investors in making informed decisions.
- In April 2024, SES expanded its offerings by launching SES ESG Research Private Limited (Wholly owned subsidiary), which received approval from the Securities and Exchange Board of India (SEBI) as a Category 2 provider of environmental, social, and governance (ESG) ratings.
- SES operates as a not-for-profit organization, ensuring independence and transparency in its operations. It does not manage client funds, provide buy-sell recommendations, or offer services similar to those of financial institutions and intermediaries such as stockbrokers, sub-brokers, share transfer agents, bankers to an issue, trustees to a trust deed, registrars to an issue, asset management companies, depository participants, merchant bankers, underwriters, portfolio managers, or investment advisers.
- All revenues are received through authorized banking channels, substantiated by invoices, and the firm does not accept cash payments from customers under any circumstances.

2. Client Due Diligence (CDD):

- **Enhanced Verification:** Stakeholders Empowerment Services (SES) is committed to maintaining stringent client due diligence (CDD) procedures to ensure transparency and compliance with regulatory standards. Before accepting any assignment, SES collects comprehensive information to identify and understand its clients, which include SEBI-regulated entities, IRDAI-regulated insurance

companies, PFRDA-regulated pension funds, listed corporate entities, and globally regulated financial institutions.

The information gathered includes: Name of the person/entity, Registered address, Business address, Permanent Account Number (PAN) or similar identification number, Goods and Services Tax (GST) registration details, any other details deemed necessary.

This information is essential for SES to understand the nature and purpose of the client relationship, aligning with standard customer due diligence practices aimed at preventing financial crimes such as money laundering and terrorist financing. Effective CDD helps organizations verify customer identities and assess risks, ensuring compliance with regulatory requirements and maintaining the integrity of financial systems. For clients not regulated by SEBI or similar authorities, SES verifies identities using reliable, independent source documents, data, or information available.

- **Prohibited Transactions:** SES refrains from engaging in business transactions with entities whose credentials cannot be established or whose ownership status cannot be identified.
- **Single Report Purchases:** Clients have the option to purchase individual reports through SES's website, with payments processed via registered third-party payment gateways, capturing relevant transaction details.

3. Risk-Based Approach:

- **Client Risk Assessment:** Stakeholders Empowerment Services (SES) acknowledges that clients may present varying levels of risk based on factors such as their background, nature of business relationships, and transaction types.

Given SES's primary engagement with large corporate entities—including listed companies, as well as entities regulated by SEBI, IRDAI, and PFRDA—and the infrequent nature of transactions (typically occurring annually), implementing a formal risk profiling procedure is not currently deemed practical or feasible.

4. Record Keeping:

- **Compliance Assurance:** SES ensures compliance with record-keeping requirements under the SEBI Act, 1992, PMLA, and other applicable legislation to the extent applicable.
- **Transaction Documentation:** Given that SES transactions are conducted exclusively through registered banking channels, maintaining bank records corresponding to issued invoices is considered sufficient for compliance.

5. Monitoring of Transactions:

- **Cash Transaction Prohibition:** SES strictly prohibits dealing in cash with clients; all payments are processed through registered banking channels.
- **Suspicious Transaction Reporting:** SES shall ensure that appropriate steps are taken to enable recognition of suspicious transactions ^[2] and have appropriate procedures for reporting suspicious transactions. Any suspicious transaction shall be immediately notified to the Compliance Officer.

^[2] While determining suspicious transactions, SES shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

6. List of Designated Entities:

- **Sanctions Compliance:** SES ensures that business accounts are not opened in the name of individuals or entities listed in the United Nations Security Council Consolidated List ([Weblink](#)), which includes all individuals and entities subject to measures imposed by the Security Council.

7. Reporting:

- **Regulatory Reporting:** SES is committed to complying with the Prevention of Money Laundering Act (PMLA) and its associated rules, which mandate the reporting of certain financial transactions to the Financial Intelligence Unit-India (FIU-IND) ([Weblink](#)). These reports include Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs), among others.

8. Hiring and Training of Employees:

- **Key Position Identification:** SES identifies key positions within its organizational structure, considering the risk of money laundering and terrorist financing, and ensures that employees in these roles are suitable and competent.
- **Employee Training:** SES conducts training programs to educate staff on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) procedures, ensuring awareness and compliance with established policies.

POLICY REVIEW & OTHER INFORMATION:

- **Policy Review:** The PMLA Policy is reviewed periodically to adapt to changes in regulatory requirements and to enhance the effectiveness of AML measures. By implementing these measures, SES reaffirms its commitment to preventing money laundering and terrorist financing, ensuring compliance with legal and regulatory standards, and maintaining the integrity of its operations.
- The PMLA Act and Rules can be accessed here ([Weblink](#)).
- This policy has been presented to the Board of Directors in March 2025 and is effective from April 2024. This policy will be in force until it is revised or changed.