



## İS INVESTMENT CORPORATE POLICY ON PREVENTION OF LAUNDERING PROCEEDS OF CRIME AND TERRORISM FINANCING

Primary objective of the policy is to ensure the fulfillment of the obligations of the Company relating to prevention of laundering proceeds of crime and terrorism financing; to determine strategies, internal controls, measures, process rules and responsibilities to reduce exposed risks by evaluating the customers, transactions and services on a risk based approach; to train the employees and raise the awareness of them on laundering proceeds of crime and terrorism financing, and fight against those.

This policy covers the Board of Directors, Executives, units of General Directorate and all branches and liaison offices of the Company in terms of duties, powers and responsibilities relevant to prevention of laundering proceeds of crime and terrorism financing.

This policy is composed of Risk Management, Monitoring and Control, Training and Internal Audit policies on fight against laundering proceeds of crime and terrorism financing.

### Corporate Policies

#### 1. Risk Management Policy

The purpose of risk management policy is to define, grade, monitor, assess and reduce the exposed risks.

#### Customer Acceptance Policy

Within the framework of the principles on ‘Knowing the Client’ specified in the related legislation; regulations related to the identification of the customers who open accounts and are in continuous business relation, and the matters related to documents required at identification, identification at subsequent transactions, identification of those who act on behalf of another person, detection of the ultimate beneficiary, due diligence for legal entities, checking the validity of the documents subject to confirmation, denial of transaction and terminating the business relation are specified in the “Circular on the Code of Practice of Customer Account Transactions” of our Company; and practices to be carried out within the scope of third party trust principle and situations where the simplified measures may be applied are stated in “Circular on the Code of Practice for Prevention of Laundering Proceeds of Crime and Terrorism Financing” of our Company.

#### Risk Identification / Classification

Details on the exposed risks in terms of client risk, service risk and country risk, operations requiring due diligence, monitoring the status of the client and her transactions, taking measures against technological risks, relations with risky countries, correspondent relations, and

definitions and practices on electronic transfers are stated in “Circular on the Code of Practice for Prevention of Laundering Proceeds of Crime and Terrorism Financing” of our Company.

Definitions of financial risks (credit risk, market risk, interest rate risk, liquidity risk) and non-financial risks (operational risk, legal and ethical risk, risk of technology, information systems and interruption of activities, human resources risk, model risk, reputation and perception risk, strategy and comprehension risk) and examples of potential risks are given in the Company Risk Catalogue. The catalogue is updated by the Directorate of Risk Management.

Rules to be followed during cash and securities transfers from customer accounts are stated in the “Code of Practice of Money and Securities Movements” of our Company.

## **2. Monitoring and Control Policy**

The aim of monitoring and control policy is to prevent our Company from risks and to monitor and control continually whether the Company’s activities are executed in accordance with corporate policies and procedures, the relevant law; regulations and communiqués issued pursuant to the relevant law.

### **Monitoring and Control Activities**

Transactions of the customers who are defined in high risk category- due to their business lines, transaction purposes, underlying assets and the transactions already made- are continuously monitored by the Unit Manager and suspicious transactions are reported to Compliance Officers assigned by the Board of Directors.

Besides, transactions of the investors who trade in ISE Equity Market through our Company are investigated with the Surveillance System applied by the Department of Supervisory Board. At the end of the daily reviews, transactions found suspicious for the investors aiming to constitute an artificial price and market are determined and the said transactions are taken under monitoring, so that the required actions are ensured to be taken on the basis of the customer in case the situation is continuous.

During the supervision and inspection performed by the Department of Supervisory Board, client orders and phone calls are also examined by sampling method along with information and documents required to be submitted within the content of customer identification principle.

The compliance to the limits and controls determined by the Company Executive Management for the clients whose transactions are carried out by using systems enabling not face-to-face transactions to be performed; the approval of the Company Executive Management for transactions performed with risky countries; the control made by sampling method on the customer documents which are required to be kept in electronic environment or in printed form and on the existence of information that is compulsory in electronic transfer messages; the completion of missing data and updating them; the risk focused controls of the services which may become vulnerable to exploitation as a result of the newly offered products and technological developments; and the check whether the Company’s activities are executed in accordance with corporate policies and procedures, the relevant law; regulations and communiqués issued pursuant to the relevant law, are monitored and controlled by the Compliance Officer and/or Department of Supervisory Board.

Defects, deficiencies, or exploitations are reported to the Board of Directors periodically.

### **3. Training Policy**

The purpose of the training policy is to ensure the compliance to the liabilities derived from the relevant law, regulations and statements issued pursuant to the relevant law; to build a corporate culture by increasing the sense of responsibility of the personnel on risk based approaches and on the corporate policy and procedures; and to update personnel knowledge.

#### **Training Activities**

Training activities are performed by the coordination of Compliance Officer, Department of Supervisory Board and Human Resources Management for the purposes of ensuring the compliance with the obligations relevant to prevention of laundering proceeds of crime and terrorism financing, building a corporate culture by increasing the sense of responsibility of the personnel on risk based approaches and on the corporate policy and procedures and updating personnel knowledge. Efficient implementation of the training program is supervised by the Compliance Officer.

Company personnel who may directly or indirectly face with the risk of prevention of laundering proceeds of crime and terrorism financing attend the training activities.

Trainings cover the following topics at the minimum level:

- Concepts of laundering proceeds of crime and terrorism financing
- Stages, methods and case studies on laundering proceeds of crime
- Legislation on prevention of laundering proceeds of crime and terrorism financing
- Risk fields
- Corporate policy and procedures
- Within the context of law and relevant legislation; principles on customer identification, principles on suspicious transaction reporting, obligation of preservation and submission, obligation of information and documents, sanctions to be carried out in case of violating obligations
- International regulations on fight against laundering and terrorism financing

Related to the training activities, the information and statistics about the training dates, regions and provinces training is given, training methods, total training hours, number of personnel to be trained and its ratio to the total headcount, distribution of the trained personnel according to their units and titles, training content, titles of the trainers and their fields of expertise are declared to Financial Crimes Investigation Board (“MASAK”) by the Compliance Officer every year by the end of March.

Along with presenting training documents to the access of all personnel via the Company’s intranet, relevant Company personnel are trained once a year.

Educating the trainers is under the responsibility of the Compliance Officer; and training the entire personnel is under the responsibility of the Compliance Officer together with other trainers tutored by the Compliance Officer.

#### **4. Internal Audit**

The aim of internal audit is to ensure the efficiency and sufficiency of corporate policies, to ensure that the corporate activities are carried out in accordance with corporate policies and procedures, the relevant law, regulations and statements issued pursuant to the relevant law, and to investigate and supervise the efficiency and sufficiency of the completeness of compliance program once a year on risk based approach.

##### **Internal Auditing Activities**

Subjects on whether the corporate activities are carried out in accordance with corporate policies and procedures, and the relevant legislations and the efficiency and sufficiency of the completeness of the compliance program is audited by the Department of Supervisory Board on risk based approach once a year.

Related to the studies fulfilled within the scope of the internal auditing activity; statistics including information on the annual transaction volume, total number of personnel and the total number of branches, agencies and other such connected units, number of branches, agencies and other such connected units audited, dates of audits in these units, total auditing time and the number of personnel engaged in auditing and the number of audited transactions are declared to Financial Crimes Investigation Board (“MASAK”) by the Compliance Officer every year by the end of March.