

*Money laundering  
policy and business  
partner compliance*

## *Money laundering policy and business partner compliance*

### Money laundering policy and business partner compliance at Instone

An essential part of compliance at Instone is the careful selection of business partners, especially to reduce corruption and fraud risks and to prevent money laundering.

We do not allow business with our company to be misused for money laundering or terrorist financing. We reject any business with which a third party secures advantages from a criminal offense. We have therefore taken special preventive measures to identify and counteract such suspicious situations, including:

- Examination of business partners for compliance risks,
- Suspicion of money laundering,
- Checking potential business partners for entry in sanction lists (sanction list check) and
- Verification of bank data and payment transactions with business partners.

#### Business partner check

Before each contract is concluded - for example with contractors or buyers of our condominium - a business partner check (third party due diligence) must be carried out by Instone.

Instone employees are obliged by company guidelines to first carefully identify each potential business partner. This is primarily the responsibility of those employees who conclude contracts with business partners, such as purchasing, project or sales management. To this end, Instone has set up a formal review and control process in which business partners are classified into risk groups.

In-depth checks are carried out as soon as the possibility of an increased compliance risk or money laundering risk is identified on the basis of predefined criteria. If this in-depth examination confirms an

increased compliance risk or a money laundering risk, a contract can only be concluded after approval by the compliance officer.

### Money laundering suspicion

Instone and its employees observe the requirements of the Money Laundering Act (GwG) in order to protect Instone from damage (in particular with regard to reputation and reputation). In the case of real estate transactions, the notaries who authenticate are also obliged to carry out an identity check and help to prevent money laundering in the context of real estate transactions.

If the business partner check reveals a suspicion of money laundering risk, the business partner is examined more closely. If the suspicion of a money laundering risk is confirmed, the compliance officer decides on how to proceed and reports it to the responsible government agencies.

### Sanctions list check

Instone follows the legal obligations to check new customers, suppliers and service providers for their inclusion in sanction lists. Existing customers and suppliers with whom we have a long-term cooperation, for example, are also checked accordingly at regular intervals.

### Bank data validation

Our employees are obliged to prevent fraudulent activities through a company guideline, observing the four-eyes principle for checking and approving bank data, transfers and incoming payments.

### Reporting and documentation of suspected cases

Any suspected compliance violations, money laundering and other fraudulent activities are reported to the compliance officer and can be reported to the responsible authorities, e.g. the Central Office for Financial Transaction Investigations in the event of suspected money laundering.

The testing process is carefully documented by Instone. In the event of tests with a negative result, the relevant business partners are kept in a blacklist directory in order to exclude them from future contracts.