PREVENTION OF MONEY LAUNDERING, TERRORIST FINANCING AND CORRUPTION

INTERNAL POLICY

CODE: AAFF – PPPrevention of Money Laundering, Terrorist Financing and Corruption

PREPARED BY: Administration and Finance Department- DAF

REVIEWED BY: Executive Team

AUTHORIZED BY: CEO

EFFECTIVE DATE: October 2026

Our Mission

To foster sustainable development from Latin America by creating favorable conditions for diverse actors to contribute collectively to the common good.

TABLE OF CONTENTS: **Page.**

1 DOCUMENT TYPE 2

2 CONTEXT 2

3 OBJECTIVE 2

4 SCOPE 3

5 DEFINITIONS AND ABBREVIATIONS 3

6 DEVELOPMENT 4

6.1 STAGES OF MONEY LAUNDERING 4

6.1.1 Crimes arising from Money Laundering 5

6.2 APPLICATION NOTES 6

6.2.1 Basic Diligence Measures 7

6.2.2 Politically Exposed Person (PEP) 8

6.2.3 Prohibition of Initiation of Cooperation 9

6.3 CONTINUOUS IMPROVEMENT AND MONITORING OF PROCESSES AND TOOLS 10

6.4. REPORTING OBLIGATION AND WHISTLEBLOWER PROTECTION 11

6.5. ADDITIONAL MEASURES AND CONTROLS 12

7 RESPONSIBILITIES 13

8 ASSOCIATED DOCUMENTS 15

1-TYPE OF DOCUMENT

INTERNAL POLICY: Derived from PG Administration and Finance

2-CONTEXT:

Fundación Avina has a Code of Ethics that establishes its ethical values, which seeks to give meaning to its attitudes, behaviors, and decision-making. The organization avoids engaging in conducts that may be contrary to current legal provisions and its basic principles of action.

Fundación Avina intends to demonstrate its commitment to preventing this illegal conduct, acting with integrity and not tolerating any form of corruption.

3-OBJECTIVE:

The purpose of this policy is to offer all collaborators and consultants directly or indirectly related to Fundación Avina or linked to any of the entities that are part of the Fundación Avina ecosystem, a clear and precise form of prevention measures against the crimes of Money Laundering and Financing of Terrorism, for daily application at work.

This policy is subject to modifications that allow updates aligned with current legislation and functionality in the operation of the organization.

4-SCOPE:

This policy applies to all employees, allies, consultants and implementers of projects financed/contracted by the different legal entities of Fundación Avina, including Avina Americas, WTT and Ikatu.

5-DEFINITIONS AND ABBREVIATIONS

Money Laundering:

Money Laundering is an illegal activity that consists of disguising the origin of funds from illicit or criminal activities, to give it a legal appearance.

Taking into consideration the legislation of Panama, the crime of money laundering is typified as follows:

Any person who, personally or through an intermediary, receives, deposits, negotiates, transfers or converts money, securities, goods or other financial resources, while knowing or reasonably foreseeing that such assets are derived from activities related to international bribery, crimes against copyright and related rights, crimes against industrial property rights, crimes against humanity, drug trafficking, unlawful association to for the commission of drug-related crimes, aggravated fraud, financial crimes, illicit arms trafficking, human trafficking, kidnapping, extortion, embezzlement, murder for hire or profit, environmental crimes, corruption of public officials, illicit enrichment, acts of terrorism or the financing of terrorism , pornography and the corruption of minors, sex trafficking and commercial sexual exploitation, or the theft or international trafficking of vehicles, for the purpose of concealing or disguising the illicit origin of such assets, or helping offenders evade the legal consequences of those criminal acts, shall be punishable by imprisonment for a term of five to twelve years.

On the other hand, corruption, which can encompass bribery and other forms of abuse of power, is defined as dishonest, fraudulent, or criminal use of entrusted authority or power for personal gain or other unlawful or unethical benefits. In turn, a differentiation of the types of corruption is made, as follows:

- *Passive bribery* is any intentional act of a person who, directly or through *third parties, requests, solicits or receives undue advantages of any nature in the exercise of business activities, for himself or herself or for a third party, or accepts the promise of such advantages, in exchange for performing or refraining from performing an act in breach of his or her obligations.*
- *Active bribery, in the private sector, is the intentional action of anyone who promises, offers or gives, directly or through third parties, an undue advantage of any nature to a person, for that person or for a third party, in the exercise of the business activities of said person, so that the latter performs or refrains from performing an act in breach of his or her obligations*.

6-DEVELOPMENT:

6.1 MONEY LAUNDERING CYCLE

1. Placement Stage

This first phase, which is normally carried out near the place where the criminal actions are committed, consists of introducing the money obtained from the illicit activity into a legitimate financial system. This action is carried out in various ways, although the common denominator is that the illicit capital is divided into smaller amounts, which are gradually introduced into the financial system.

2. Layering Stage

Once the money from illicit activities has been placed in the financial system, the second phase of the process begins. The aim of layering is to blur any relationship between the funds and their source of origin. To this end, whoever owns the illegally gotten funds makes numerous transfers through accounts located in various parts of the globe, buys and sells investment products or carry out fictitious commercial transactions.

3. Integration Stage

The final stage of the money laundering process occurs when illicit funds, whose criminal origin has been concealed through the preceding stages, are reintroduced into the legitimate economy in such a way that they appear to derive from lawful sources. This may be achieved through various means, including investment in legitimate businesses, the acquisition of real estate, luxury goods or works of art, and other transactions designed to give the funds an appearance of legitimacy.

6.1.1 Money laundering offences

The crimes arising of Money Laundering are:

- international bribery,
- offences against copyright and related rights,
- crimes against industrial property rights or against humanity,
- drug trafficking,
- conspiracy to commit drug-related offences,
- qualified scam,
- financial crimes,
- illegal arms trafficking,
- human trafficking,
- kidnapping,
- extortion,
- embezzlement,
- *murder for hire or profit*
- crimes against the environment,
- corruption of public officers,
- illicit enrichment,
- acts of terrorism,
- terrorist financing,
- pornography and corruption of minors,
- sex trafficking and commercial sexual exploitation,
- theft or international trafficking of vehicles.

.

6.2 Jurisdiction and zero tolerance

The scope of application of this policy includes all persons hired by any of the legal entities that are part of the Fundación Avina ecosystem, regardless of the model or type of contract.

This policy is of institutional application to all legal entities that are part of the Fundación Avina network. Each entity must comply with this policy and the legal and regulatory provisions in force in the country or territory where it is incorporated or carries out its operations.

Where local legislation establishes stricter requirements for the prevention of money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction or corruption, the relevant legal entity shall apply those requirements and adopt the necessary additional controls.

The person in charge of the Legal Entity, with the accompaniment of the legal area and the responsible institutional areas, must periodically verify the applicable regulations and promote the updating of the corresponding procedures and controls.

Considering that human dignity and transparency are guiding principles of Fundación Avina, any conduct that constitutes, facilitates or contributes to money laundering, terrorist financing or corruption will not be tolerated. Therefore, all persons linked to Fundación Avina are prohibited from engaging in conduct aimed at concealing, omitting or misrepresenting any fact or situation that does not indicate the real nature of what occurred. If any person linked to Fundación Avina receives a request or offer of any act that constitutes an act of corruption from any person or organization, they must report it directly to the CFO and the ethics committee.

6.2.1 Basic Diligence Measures

As obligated subjects, this policy provides the following due diligence measures for both ***natural and legal persons:***

Due diligence procedures must remain in place to ensure that the partner or donor, whether a natural person or a legal entity, is properly identified, reasonably verified, and appropriately documented. To this end, the following procedures must be complied with:

1. Verify the identity of the contributing natural person by requesting and reviewing reliable documents, data or information. Obtain documentation confirming the existence of legal entities and verify the identity of their legal representatives

2. . Verify that any person acting on behalf of another is duly authorized to do so and identify and verify the identity of that person. Identify the beneficial owners (i.e., the partners or investors receiving the funds) and take reasonable measures to verify their identities using relevant information obtained from reliable sources. Where the beneficial owner is a legal entity, due diligence must extend through the ownership or control structure until the natural person who ultimately owns or controls the entity has been identified. Understand the purpose and intended nature of the business or professional relationship and, where appropriate, obtain information regarding these matters. Additionally, understand the nature of the relationship and the legal structure of the contributors or beneficiaries.

3. Where an alliance or investment involves public funds provided by government entities in countries engaged in centralized or decentralized cooperation, multilateral funds, and/or mixed public-private foundation funds, the applicable guidelines for the use of public funds, as established by the Department of Strategic Alliances, must be reviewed and compliance with them verified.

The Administrator of the respective institutional programs shall obtain the information referred to in the previous points by adopting the basic due diligence measures and the Head of the Legal Entity (RAEL, for its acronym in Spanish) shall be responsible for verifying the existing information and taking

into consideration the complementary measures that exist in the Social Investment Management Policy in force.

Prior to carrying out the basic due diligence measures, it is understood that the Country Manager or the programmatic team and their directors have validated that the partners have excellent conduct and practices in a framework of action aligned with environmental causes or human rights, thus sharing the core values of our organization.

In line with the previous point, the Directorate of Strategic Alliances will assess the relationship with donors, taking into account, as positive but non-conclusive facts, whether donors respect human rights, refrain from engaging in or financing illicit activities and ensure that their products and operations do not pose risks to human life or health, the environment or animals.

6.2.2 Politically Exposed Person (PEP)

A PEP is a person who performs prominent public functions at a high level or with command and jurisdiction in a State, including, but not limited to, politicians, government officials, military officers, judiciary officials, members of governing bodies of state-owned enterprises, and individuals holding public positions, involving significant decision-making authority.

Before an investment is approved, due diligence must be conducted to determine whether any key personnel or legal representatives of the organization receiving the funds qualify as PEPs. Where a PEP is identified, appropriate risk management measures must be implemented, and enhanced due diligence must be conducted, as appropriate, in accordance with the applicable risk assessment and internal policies.

For this purpose, the institutionally approved due diligence form must be completed as part of the investment approval process, in accordance with the Social Investment Management Policy or, where applicable, the Procurement Policy.

If a PEP is identified, the Program Manager responsible for the investment and the Administrator of the relevant Operational Unit (OU) must refer the case to the Country Representative (RP for its acronym in Spanish). The Country Representative must assess the case jointly with the relevant stakeholders and determine whether the financing partner supporting the investment through the implementing partner associated with the PEP must be notified, in accordance with the applicable agreements and internal policies.

Where notification of the financing partner is required, the following actions must be taken:

a) The Program Manager responsible for the Alliance shall notify the financing partner in writing, copying the Country Representative and the Administrator of relevant OU. The notification shall specify the date on which the fact was identified and may include the organization's institutional position on the matter, where deemed appropriate.

b) Where an investment is already being implemented and a PEP is identified as having a relevant link to the investment or the implementing partner, the investment approval and implementation workflow shall be suspended, including any pending disbursements, until written guidance is received from the financing partner. Any decision to resume the workflow shall be documented and made in accordance with the financing partner's guidance and the organization's applicable internal policies.

c) The Programmatic Manager for the investment shall notify the implementing partner identified or linked to a PEP that a reporting process and internal review procedure have been initiated. It shall be requested written clarification, by email, regarding the nature and extent of the relationship with the identified PEP, including the individual's public position or positions held, relevant roles, and the nature of their involvement with the partner or investment. The Country Manager and the Administrator shall be copied in all related communications.

If it is verified that it is not required to notify the financing donor, the process mentioned in point c) shall be carried out. The responses of the partner identified or linked to a PEP will be evaluated to define whether to move forward with social investment.

The Country Manager may raise the situation with the Director of the Directorate of Impact Strategies if resolution complexity is identified.

In the event of absence of the role of Country Responsible, the RAEL of the corresponding country must assume the actions detailed in this section and in its absence the legal department assumes it.

6.2.3 Prohibition of Initiation of Cooperation

The heads of the Legal Entity (RAEL) must promptly notify the Legal Advisor or the CFO of any failure or refusal by a partner or donor to cooperate with the due diligence process where such failure or refusal prevents the identification or verification of a Politically Exposed Person (PEP) or compliance with the requirements set out in this section.

Where the RAEL determines that the requirements of this section have not been satisfied, or where there are reasonable grounds to suspect that funds may be used for corruption, money laundering, terrorist financing, or the financing of the proliferation of weapons of mass destruction, the relationship must not be established or approved, or, where already in existence, must be subject to appropriate review and risk-based measures.

In particular, the relationship must not be established or approved where the organization or individual concerned fails to provide the information necessary to identify and verify the identity of beneficial owners, legal representatives, or relevant PEPs; where the origin of the funds cannot be reasonably established; or where the assessment identifies risks that cannot be adequately mitigated through appropriate controls.

The decision, its underlying reasons, and any measures taken must be documented in the relevant institutional system.

6.3 Continuous improvement and monitoring of processes and tools

- The Information Technology Department should assess and implement tools to improve the effectiveness of measures designed to prevent and detect money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, and corruption.
- The Human Development Department must establish appropriate procedures for the selection and oversight of the conduct of employees and consultants, particularly those who hold responsibilities involving policies development or implementation, receipt or management of funds and control of information. In addition, the Department must maintain appropriate employee and consultants profiles and records, which will be updated if the relationship exists.
- Employees and consultants must receive training to understand the risks to which they are exposed, the controls that mitigate such risks, and the potential personal and institutional impact of their actions.
- Independent evaluations of the effectiveness of controls must be assessed by external auditors or other specialists and regulated by an oversight committee or program. The frequency and scope of each independent evaluation will vary according to the institutional assessment. The results obtained must be submitted to the Foundation Council or the committee or staff

designated by the Foundation to identify areas of weakness and require new or improved control practices. Evaluations should be regulated by the oversight body or commission.

6.4 Reporting Obligation and Whistleblower Protection

Any collaborator, consultant, executive or other related to Fundación Avina who knows or has a reasonable suspicion about an event, transaction, operation or failure of control that may be related to money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction or corruption must report the matter to the head of the Legal Entity and the CFO, using the institutional channel defined for these cases. The report must be submitted within three calendar days of becoming aware of the situation.

When the situation involves the head of the Legal Entity, the CFO, or there is a possible conflict of interest, the report must be submitted directly to the CEO and the Legal Advisor.

The head of the Legal Entity must promptly register the report, protect the information received and transmit the available background information to the CFO, who along with the accompaniment of the legal advisor when appropriate, must analyze the situation and present the CEO with the facts identified, the level of risk, the preventive measures adopted and the recommendation for action. This report must be submitted within three calendar days of receipt of the report.

When there is a risk of ongoing harm, loss of resources, legal non-compliance or significant institutional impact, the head of the Legal Entity and the CFO may adopt immediate preventive measures, including the temporary suspension of approvals, contracting activities, payments or disbursements related to the matter, until a decision is made. Their adoption of measures does not constitute a finding of wrongdoing by any individual or organization concerned.

The CEO will determine, based on the analysis presented and the legal recommendation, the appropriate course of action. This may include:

1. Requesting additional information.
2. Maintaining, modifying or lifting preventive measures.
3. Ordering an internal review or investigation.
4. Referring the matter to the President or the Board of Directors of the Foundation.
5. Taking any other appropriate institutional or legal measures that are applicable.

Where local legislation establishes a specific deadline, channel, content or responsible party to file the report with an authority, the provisions of that jurisdiction must be complied with. The legal

advisor and the head of the Legal Entity must verify these requirements and keep evidence of their compliance.

All actions, analyses, communications, decisions and measures adopted shall be documented and preserved in accordance with the institutional rules of document management and with the applicable legislation.

The information related to the report will be confidential. No person may communicate to the partner, donor, supplier, organization involved or third parties that a report has been submitted or is being analyzed, except with the express authorization of the CFO, CEO or legal advisor, or when required by the competent authority.

Fundación Avina will protect the identity and personal data of individuals who submit reports in good faith. Retaliation for the filing of a report will not be permitted, even if the subsequent analysis determines that the reported situation does not constitute an irregularity.

6.5 Additional measures and controls

Each legal entity of Fundación Avina must identify, assess, and comply with the legal and regulatory requirements applicable to its activities in the jurisdiction in which it operates.

Where applicable local laws or regulations impose requirements that are stricter than those established in this policy, the relevant legal entity must comply with those requirements and implement any additional measures and controls necessary to ensure compliance.

Each legal entity of Fundación Avina shall identify and comply with the legal and regulatory requirements applicable in its jurisdiction. When these requirements are stricter than those established in this policy, local provisions shall prevail and additional measures and controls shall be implemented, providing evidence of their evaluation and application.

7-RESPONSIBILITIES:

Program Manager:

- To obtain the information referred to in point 6.2.1 of this document, adopting the basic due diligence measures.

Head of the Legal Entity (RAEL)

- To receive and register reports of suspicious situations;
- To timely communicate the case to the CFO;
- To protect the confidentiality of the information and the reporting person;
- To support background gathering;
- To verify local legal requirements;
- To implement approved preventive measures;
- to keep evidence of the actions carried out.

Country Manager and Program Team

- To previously validate that the allies have excellent conduct and practices in a framework of action aligned with environmental causes or human rights, thus sharing the core values of our organization.

Strategic Alliances Management

- To validate the relationship with donors refraining from engaging in or financing illicit activities and ensuring that their products and operations do not pose risks to human life or health, the environment or animals.

The Information Technology department

- To consider tools that make it possible to add effectiveness to the functions of prevention of the crime of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

The Human Development Directorate

- To appropriately select and supervise the conduct of collaborators-consultants, especially those who hold positions related to the management and analysis of policies, receipt of money and control of information.

CFO

- To receive and analyze the reports together with the head of the Legal Entity;
- To request the accompaniment of the legal advisor when appropriate;
- To define immediate preventive measures;
- To present to the CEO a report with the analysis and the recommendation for action.

CEO

- To evaluate the report presented by the CFO;
- To decide on the applicable institutional measures;
- To determine the escalation to the president or the Board of Directors;
- To authorize, where appropriate, the communication to the competent authority.

Legal Advisor

- To provide guidance on the legal requirements of the applicable jurisdiction;
- To accompany the analysis of cases;
- To identify potential conflicts of interest;
- To advise on the preparation and presentation of external reports.

8-ASSOCIATED DOCUMENTS:

This policy links to the following policies and procedures:

