



Froneri Group Sanctions Policy

Policy Owner: Chontelle Wright (Group General Counsel)
Approval: Froneri International Ltd Board
Policy Audience: All colleagues
Version: v.4.0
Effective date: 12th February 2024
Next review date: 12th February 2025
Document reference: LGPOL007



Contents

Letter from the CEO: Sanctions Policy	3
1. 12 th February 2024 Purpose and Objective	3
2. Policy Requirements	4
3. What are Sanctions and How Do They Affect Us?	4
4. Restricted Parties	5
5. Sanctioned Countries	5
6. Procedures	5
7. New Territory/Business	6
8. Dealings with Restricted Parties	6
9. Raising Concerns	7
10. Training and Audit	7
11. Scope and Exceptions	7
12. Roles and Responsibilities	7
13. Froneri Delegation of Authority References (DOA)	7
14. Consequences for Non-Compliance	8
15. Contacts	8



Letter from the CEO: Sanctions Policy

Froneri is committed to complying with all applicable financial and trade sanctions in all countries in which we operate, as these may apply to our operations, through identifying, mitigating and managing the risks of sanctions violations. As a UK headquartered business but operating globally, we must comply with all UK, US and EU sanctions regimes.

Froneri will not undertake any business that would breach applicable sanctions regimes and we will take steps to minimise the risk of, and prevent inadvertent breaches.

Froneri may decide not to provide services or to pursue a business opportunity even where it is not prohibited by sanctions regimes, but the circumstances present wider risks including reputational risk.

This Policy is also intended to ensure that we comply with contractual obligations placed on Froneri in relation to sanctions compliance, for example, in the contracts in place with our banks.

Any concerns relating to a breach of this Policy may be reported via the Froneri whistle blower line (See our Froneri Group "Safe Call" Policy for local contact numbers in your country or visit: www.safecall.co.uk/report).

A handwritten signature in blue ink, appearing to read "Ibrahim Najafi".

Ibrahim Najafi, Chief Executive Officer

1. 12th February 2024 **Purpose and Objective**

- 1.1** Due to sanctions regimes operated around the world there are certain countries, individuals or entities that we are not allowed to do business with. This Policy exists to ensure that colleagues understand these restrictions and ensure that we comply with applicable sanctions.
- 1.2** The purpose of this Policy is to set out minimum responsibilities and requirements of Froneri Group businesses and colleagues in observing and upholding our position on sanctions; and to provide guidance on how to recognise and deal with sanctions issues.
- 1.3** This Policy is an internal document and cannot be shared without prior authorisation from Group Legal.
- 1.4** Where there are differences between these Policy requirements and the local law, you must apply whichever sets the highest standard of behaviour.
- 1.5** We reserve the right to change this Policy at any time and the updated Policy will be published to Country Managers and made available on the Froneri intranet.



2. Policy Requirements

- 2.1** Each Froneri Group business must implement their own local Sanctions policy and procedures which incorporates these minimum requirements in order to ensure that we do not breach sanctions laws.
- 2.2** Country Managers, Heads of Finance, departments, and managers are responsible for implementing their own local policies including appropriate practices, processes, controls, and training. Including the procedures set out in section 6.

3. What are Sanctions and How Do They Affect Us?

- 3.1** Sanctions are restrictive measures made against either countries, individuals or entities by the United Nations ("UN"), European Union ("EU"), the United Kingdom ("UK") and other governments and institutions with the aim of maintaining or restoring international peace and security.
- 3.2** As a UK headquartered Group, Froneri is primarily concerned with sanctions imposed on restricted parties (see section 4 below) or restricting transactions with certain countries by the UN, the EU and the UK government. However, as a business that operates globally, we also need to comply with sanctions requirements within all of our operational territories.
- 3.3** Froneri also has arrangements with its investors and financial institutions which specifically require that it complies with sanctions regimes of other jurisdictions, e.g. the US sanctions regime.
- 3.4** Sanctions generally prohibit dealing with the funds or economic resources belonging to, held or controlled by, individuals who are the subject of sanctions, or from making funds or economic resources available, directly or indirectly, to, or for the benefit of, such persons. Individuals who are the subject of sanctions are termed "restricted parties" or "designated persons".
- 3.5** Companies and businesses owned or controlled by a designated person are also designated as a consequence of who owns and controls them.
- 3.6** Country wide sanctions can also be imposed which prohibit all commercial and financial dealings relating to a particular country. Certain transactions with particular countries can also be restricted or prohibited unless a government licence is obtained e.g., in respect of Russia, several types of transaction are now restricted or banned (regardless of whether the transaction parties are themselves sanctioned), e.g., the provision of certain professional services or trading of certain restricted goods.
- 3.7** Economic resources include the provision of any assets from which funds can be generated. This would include the provision of Froneri product, or the product of a third party by Froneri, to any designated person, or for their benefit, directly or via a third party, from which they can generate funds by using or exploiting those products for financial gain.
- 3.8** There will be occasions where we are unable to source products or services from and/or supply (directly or indirectly) Froneri (and other third party) products to restricted parties.



4. Restricted Parties

- 4.1** Several agencies within the UK, EU, US and other governments maintain lists of people and companies who are subject to asset freezes and trade sanctions ("restricted parties" or "designated persons").
- 4.2** Links to the relevant UK, EU and US and consolidated lists (together with the relevant search tools) are set out at Appendix 1.
- 4.3** It is important to note that:
- Financial sanctions/an asset freeze also applies to businesses and other organisations owned or controlled by a designated person. Additional due diligence may be needed;
 - Before declining to engage with a person on the US sanctions list, legal advice should be taken to check the application of any UK or EU blocking laws.

5. Sanctioned Countries

- 5.1** The UK, EU, US and other countries currently have sanctions and embargoes in place against numerous countries, or certain sectors, individuals, and entities from or within those countries, and against terrorist organisations and associated individuals.
- 5.2** Some activities are banned outright under UK government, EU and US embargoes, while others may require a licence / prior authorisation from a relevant government agency.
- 5.3** A list of the UK "sanctioned countries" which are most relevant to Froneri are contained at Appendix 2. The list of sanctioned countries may be changed from time to time.

6. Procedures

- 6.1** Each Froneri Group business must implement their own local Sanctions policy and procedures which incorporates these minimum requirements in order to ensure that we do not breach sanctions laws.
- 6.2** Procedures must include:
- Third party due diligence (including appropriate sanctions screening) when proposing to enter a new business relationship;
 - Local authorisation by the most senior local Finance representative and Legal representative (or the CFO and Group General Counsel if no local representative in country) prior to doing business in a new territory;
 - Contractual arrangements with distributors / resellers preventing the resale of Froneri products to restricted parties or into sanctioned countries; and
 - Review of third-party terms and conditions where we propose to distribute third-party products into new territories to ensure we do not breach sanctions requirements.



- 6.3 Customer due diligence must be performed to confirm that prospects and customers are not restricted parties (this can be done by reviewing applicable Sanctions Lists (see section 2 above). Such due diligence must be performed prior to entering into arrangements with those third parties and as reasonably prudent during the period of the relationship (e.g. where we have long term arrangements with customers in territories that would be considered at 'high risk' of sanctions).
- 6.4 In the event that due diligence identifies that a transaction involves a restricted party or a sanctioned country, or if you are otherwise aware that this is the case, **you must not proceed with the transaction** until you have received approval from the Group General Counsel.
- 6.5 Once due diligence is completed and an arrangement with a third party is entered into, you must continue to monitor and reaffirm the appropriateness of the relationship. Periodic due diligence must be completed at least every three years based on these minimum Policy requirements or earlier if you become aware of a material change to the third party's business (e.g. business sale).
- 6.6 Our local business operations must ensure at all times that they comply with the sanctions regimes of the countries in which they are incorporated or in which they do business.
- 6.7 Each local business must keep a record of all screening checks and approvals carried out or issued under this Policy and their local procedures for a minimum of 5 years after any contract has ended.

7. New Territory/Business

- 7.1 If you propose to do business in a new territory and you are unsure whether doing business in that new territory would give rise to sanctions issues, please consult your local Legal Service representative (or if none in country, the Group General Counsel).
- 7.2 Equally, where Froneri colleagues intend on doing business with individuals that they suspect may be connected to restricted parties, they must contact their local Legal Services representative (or if none in country, the Group General Counsel) prior to conducting any business.

8. Dealings with Restricted Parties

- 8.1 Sanctions are "targeted" and so the sanctions in place with certain restricted parties and sanctioned countries may mean that we are not prevented from doing business with them in certain circumstances. Any request to undertake business with a restricted party or in a sanctioned country must be approved by the Group General Counsel.
- 8.2 Our Policy is that dealings involving parties on restricted parties lists or dealings with or related to sanctioned countries must not take place before: (a) specialist advice is taken to ensure the dealing is lawful; and (b) all appropriate licensing and other export control requirements are identified and met.



9. Raising Concerns

- 9.1** All Froneri colleagues must raise concerns about any breaches or potential breaches of this Policy at as early a stage as possible. You can report your concerns to your Line Manager, Head of Finance and your local Legal representative (or if none in-country, Group Legal).
- 9.2** Employees can also raise their concerns swiftly and confidentially using the Froneri Safe Call hotline. Please refer to the Froneri Group "Safe Call" Policy for more information.

10. Training and Audit

- 10.1** Country Managers and Heads of Finance must regularly review all the systems and processes under their control to ensure they comply with this Policy and their local Sanctions Policy and check that adequate governance controls and resources are in place to ensure that minimum requirements are being met.
- 10.2** Country Managers and Heads of Finance must ensure that relevant Froneri staff are trained on this Policy and sanctions laws at least every 2 years (or sooner, if circumstances require).
- 10.3** From time to time Group Legal supported by the Group Head of Internal Audit will assess your country's compliance with the requirements of this Policy. Country Managers will be required to attest annually to compliance with this Policy to Group Legal.

11. Scope and Exceptions

- 11.1** This Policy applies to all Froneri businesses and colleagues.
- 11.2** This Policy does not override any applicable laws in countries where Froneri operates. If a local Froneri business is subject to more stringent local laws, the higher standard will apply.
- 11.3** Any local variations to or derogations from this Policy are only permitted with the prior written approval of the Group General Counsel.

12. Roles and Responsibilities

- 12.1** Country Managers and Heads of Finance are responsible for ensuring local business compliance with this Policy.
- 12.2** Local business colleagues who negotiate with third parties on Froneri's behalf are responsible for complying with any Froneri procedures implemented to identify restricted parties and for complying with any applicable sanctions regime.
- 12.3** The Group General Counsel is responsible for approving (following the receipt of specialist legal advice) any engagement with any third party with whom we want to conduct business where that third party has been identified as a potential restricted party.

13. Froneri Delegation of Authority References (DOA)

N/A



14. Consequences for Non-Compliance

Consequences to Froneri

- 14.1** Most sanctions carry criminal liability, so Froneri, its officers and its employees may be individually criminally liable where a sanction is breached. Many sanctions also have extra-territorial effect which means that any activity undertaken by Froneri outside of a territory covered by a particular sanctions regime could still be caught by that regime. For example, the UK authorities could still take action against Froneri for a breach of the UK sanctions regime even if the breach was committed in another country. This is why it is essential that colleagues operating in all territories understand the sanctions regimes that Froneri is subject to.
- 14.2** Where a sanction is breached Froneri is also likely to face loss of customers, damage to reputation, financial penalties and it might also place Froneri in breach of contractual undertakings that it has given to third parties.

Consequences to colleagues

- 14.3** Colleagues should also ensure that they do not undertake any activity in breach of sanctions in territories in which Froneri operates or which would otherwise constitute a breach of the sanctions regime in the country of their own national origin (e.g. a UK citizen will be subject to the UK sanctions regime even if they currently reside in or operate from another country). In many cases, individuals will be personally liable for breach of applicable sanctions.
- 14.4** Given the potential consequences outlined above, failure to comply with this Policy may result in disciplinary action.

15. Contacts

If you have any questions about this Policy, please contact the Group General Counsel (chontelle.wright@froneri.com) or Group Senior Legal Counsel (claire.ryan@froneri.com)