



# **International Sanctions Policy**

June 2023

## International Sanctions Policy

### 1. Introduction and policy statement

1.1. National governments and international bodies may establish sanctions and export control restrictions against: countries; individuals; entities; sectors; and certain goods and technologies, as part of wider foreign policy and national security objectives.

1.2. Befesa is committed to complying with all applicable laws and regulations where it operates. Compliance with all applicable sanctions is compulsory and essential to Befesa's current business interests and future business opportunities. Befesa has developed and implemented this International Sanctions Policy ("Sanctions Policy") to ensure that Befesa, and its Representatives, Agents, and Business Partners (as defined herein) comply at all time with all applicable sanctions.

1.3. This Sanctions Policy is applicable to:

- a) Befesa, and all of its officers, directors and employees ("Company Representatives"); and
- b) all companies within the Befesa Group and all of their officers, directors and employees.

1.4. Any questions or concerns regarding sanctions, or the implementation or operation of this Sanctions Policy, should be addressed to Befesa's Compliance Officer.

### 2. What are sanctions?

2.1 Sanctions are most commonly restrictive finance, trade and travel measures imposed on specific persons, groups, countries or sectors within those countries.

2.2 Amongst other things, sanctions prohibit Befesa from dealing with specific blacklisted individuals, groups or entities which are referred to as "designated parties" details of which are contained in SDN Lists maintained by the relevant authorities.

2.3 EU sanctions apply to all EU entities and EU persons (wherever located) as well as business conducted within the EU. EU sanctions are enforced by the relevant authorities in each EU Member State.

2.4 In the US, the US Department of Treasury's Office of Foreign Assets Control (OFAC) administers and enforces the US economic sanctions programmes against countries and groups of individuals and entities. US Sanctions apply to all US citizens and permanent residents, wherever located, US companies, the foreign branches and subsidiaries of US companies, and persons and businesses physically located in the US (collectively US Persons).

2.5 All transactions directly or indirectly involving sanctioned countries must be escalated immediately to the Befesa's Compliance Officer.

### *Dual Use Items*

2.6 Please also be aware that under sanctions there are often restrictions on "dual use" items. Dual-use items are goods, software, technology, documents and diagrams which can be used for both civil and military applications. They can range from raw materials to components and complete systems, such as aluminum alloys, bearings, or lasers. They could also be items used in the production or development of military goods, such as machine tools, chemical manufacturing equipment and computers.

2.7 The main legal basis for controls on dual-use goods is the Commission Delegated Regulation (EU) 2023/66 of 21 October 2022. This legislation is directly applicable in all EU countries.

2.8 Dual use items in Europe are generally controlled through EU and national legislation. Any suspected dual use items need to be referred to the Befesa's Compliance Officer. The Befesa's Compliance Officer will then check applicable law and control lists to identify whether further licensing measures are required before engaging in export business dealings.

### *Why are sanctions important?*

2.9 Sanctions are relevant to Befesa's business because:

- a) it deals with Befesa Agents and Business Partners, who may be from other jurisdictions, and those entities or persons (who may be operating in domestic or international markets) may be on sanctions blacklists, or subject to trade restrictions, meaning that business with them is either not permitted or subject to strict controls;
- b) it operates in a sector or sectors subject to sanctions restrictions; and/or
- c) sanction breaches can have devastating consequences for individuals and the business's own ability to trade and win contracts in the future, especially in any home jurisdiction.

2.10 Befesa and Befesa Representatives must at all time be aware of, and comply with, the relevant restrictions by ensuring that dealings with all Agents and Business Partners are sanctions compliant.

### *What are the applicable laws?*

2.11 A list of jurisdictions subject to sanctions is provided at Annex 1. This is correct as at the date of this Sanctions Policy.

2.12 It is important to note that sanctions are subject to regular update and review. Up to date information for UK, EU, US, UN and Canadian sanctions can be found at the following websites:

a) UK:

<https://www.gov.uk/government/organisations/hm-treasury/series/financial-sanctions-regime-specific-consolidated-lists-and-releases>

b) EU:

<https://www.sanctionsmap.eu/#/main>

c) US:

Program Overview:

<http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

Specially Designated Nationals List:

<https://sdnsearch.ofac.treas.gov/>

d) UN:

<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

(e) Canada:

<http://www.international.gc.ca>

2.13 Furthermore, it is important to note that national governments can issue sanctions independently from any intra-governmental body, and accordingly, a review of applicable sanctions must be conducted on a case by case basis, taking into account the particular counterparty and transaction concerned.

### **3. Penalties**

3.1 The penalties for breach of sanctions are strict and include fines and/or imprisonment and can result in grave reputational damage for businesses and individuals.

3.2 The precise nature of the penalties that may be applicable will be determined by the applicable domestic laws of the country in which Befesa and/or Befesa Representatives are operating.

### **4. Compliance**

#### *Relationships and transactions*

4.1 Neither Befesa nor Befesa Representatives shall have any direct or indirect business dealings with any individual, entity or sector that is subject to the sanctions of the US, Canada, the EU (and its member states), or the UN.

4.2 It should be noted that restrictions apply to individuals/entities that are on the SDN Lists. Furthermore, entities that do not appear on the SDN Lists may be owned or controlled by individuals or entities who are on the SDN Lists. In this latter case, restrictions also apply. Consequently, in all these scenarios, completion of all necessary due diligence will be essential in ensuring sanctions compliance.

4.3 The individuals, entities and sectors targeted, and the SDN Lists, are updated regularly, and the up to date lists should be consulted, see paragraph 2.12 of this Sanctions Policy.

#### *Central database of counterparties/high risk transactions*

4.4 It is the responsibility of the relevant Business Unit to provide the Befesa's Compliance Officer, as soon as practicable, with details of:

- a) any Befesa Representative, Agent or Business Partner at the beginning of their employment or association with Befesa;
- b) any dual use items you are aware of; and
- c) any transaction that involves a sanctioned country. A summary list of jurisdictions subject to sanctions is provided at Annex 1.

4.5 It should be noted that Annex 1 is subject to regular amendment. As such, the web links at paragraph 2.12 of this Sanctions Policy should be consulted for up to date sanctions measures and any queries as to whether a jurisdiction (or transaction) is subject to restrictions should be referred, as soon as possible, to the Befesa's Compliance Officer.

4.6 The Befesa's Compliance Officer will be responsible for screening all Befesa Representatives, Agents and Business Partners against SDN Lists.

4.7 If a sanctions issue is identified, the transaction must be held/frozen pending advice from the Befesa's Compliance Officer that it can proceed.

4.8 If required, the Befesa's Compliance Officer will issue instructions in relation to any Representative, Agent or Business Partner, or transaction, which must be complied with immediately. Instructions may include requiring the Representative, Agent, or Business Partner to certify that it acknowledges, understands, and is in compliance with this Sanctions Policy and to receive training on this Sanctions Policy. In addition, service agreements for engagements with the aforementioned Agents and Business Partners must contain contractual representations and warranties regarding compliance with sanctions laws and this Sanctions Policy. The Befesa's Compliance Officer will provide the required representations and warranties language.

## *New business*

4.9 Before any new business is commenced or existing business extended that in any way involves a country or sector subject to sanction or a Befesa Agent or Business Partner from a sanctioned country, full details must be provided to the Befesa's Compliance Officer who must provide prior written approval before the business / service can proceed.

## *Reporting of sanctioned country business*

4.10 All business that in any way involves a country subject to sanctions generated by Befesa must be recorded and reported to the CEO and, if the case may be, to the Board.

## **5. Responsibility**

5.1 The Befesa's Compliance Officer is ultimately responsible for ensuring Befesa is compliant with sanctions. The Befesa's Compliance Officer will:

- a) inform Befesa Representatives of any material sanctions developments/updates as soon as practicable;
- b) monitor and update this Sanctions Policy as appropriate; and
- c) take all steps necessary to comply with applicable legislation and guidance, including informing any applicable authority, and providing all necessary information, as required by applicable legislation, and taking into account all and any reporting requirements.

5.2 Befesa is committed to ensuring that Befesa Representatives should feel able to raise any and all sanctions concerns. If any Befesa Representative suspects or observes anything they believe may be in contravention of this Sanctions Policy they should report it immediately to the Befesa's Compliance Officer, and should further refer to the Company's Whistleblowing Policy.

5.3 Upon receiving a report of a suspected (or actual) violation, the Befesa's Compliance Officer will immediately document and investigate such a report, and take all remedial action(s) deemed appropriate in the circumstances as well as notifying the CEO as necessary or, if the case may be, the Board.

5.4 Violation of the Sanctions Policy by any Befesa Representative may result in disciplinary action where appropriate.

5.5 It is important to note that violations that involve a criminal act could result in prosecution by government authorities.

## **6. Awareness**

6.1 New sanctions may be imposed at any time and restrictive measures are subject to sudden change often with immediate effect. Befesa monitors the sanctions risks faced by the Company on an ongoing basis, taking account of current business strategies, and this Policy will be updated accordingly.

6.2 Individuals should ensure that they are using the most recent version of this Sanctions Policy at all times.

6.3 To maintain awareness, staff training in relation to sanctions is provided on a regular basis and attendance is mandatory.

6.4 Periodically, on at least an annual basis, independent testing of these compliance procedures will be conducted internally or by a qualified outside party, as appropriate.

## ANNEX 1 - Jurisdictions subject to sanctions

All dealings/transactions involving the following countries must be escalated to the Befesa Compliance Officer prior to engaging in the dealing/transaction

UN	EU	UK	US	Canada
Afghanistan	Afghanistan	Afghanistan	Afghanistan	
			The Balkans	
	Belarus	Belarus	Belarus	Belarus
	Bosnia & Herzegovina	Bosnia & Herzegovina	Bosnia & Herzegovina	
	Burma	Burma	Burma	Burma
	Burundi	Burundi		
Central African Republic	Central African Republic	Central African Republic	Central African Republic	Central African Republic
			Cuba	
Democratic Republic of the Congo	Democratic Republic of the Congo	Democratic Republic of the Congo	Democratic Republic of the Congo	Democratic Republic of the Congo
			Ethiopia	
Haiti	Haiti	Haiti		Haiti
Iran	Iran	Iran	Iran	Iran
Iraq	Iraq	Iraq	Iraq	Iraq
Lebanon	Lebanon	Lebanon	Lebanon	Lebanon
Liberia	Liberia	Liberia		
Libya	Libya	Libya	Libya	Libya
Mali	Mali	Mali	Mali	Mali
	Nicaragua	Nicaragua	Nicaragua	Nicaragua
North Korea	North Korea	North Korea	North Korea	North Korea
	Republic of Guinea	Republic of Guinea		
Republic of Guinea - Bissau	Republic of Guinea - Bissau	Republic of Guinea-Bissau		
		Republic of Maldives		
	Russia	Russia	Russia	Russia
Somalia	Somalia	Somalia	Somalia	Somalia
				Sri Lanka
Sudan and South Sudan	Sudan and South Sudan	Sudan and South Sudan	Sudan and South Sudan	Sudan and South Sudan
Syria	Syria	Syria	Syria	Syria
Tunisia	Tunisia			Tunisia
	Ukraine / Russia	Ukraine / Russia	Ukraine/Russia	Ukraine/Russia



# BEFESA

UN	EU	UK	US	Canada
	Venezuela	Venezuela	Venezuela	Venezuela
Yemen	Yemen	Yemen	Yemen	Yemen
Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe