



Group Policy & Procedure – Sanctions & Trade Controls Policy



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1. Foreword

Averda Group (“Averda” or the “Company”) is committed to carrying out its business with integrity and in full compliance with the law. This includes complying with all applicable Sanctions, Export and other Trade Control laws and regulations in our operations worldwide. Many countries maintain Sanctions and Trade Controls and it is vital that Averda complies fully with any applicable requirement. This Policy is intended to facilitate this compliance, provide guidance on applicable laws and regulations, and help ensure correct decisions are made when conducting transactions with Business Partners.

2. Scope

The Policy applies to all employees and directors of Averda as well as collaboration and joint venture partners and anyone acting on behalf of Averda. The Policy should be read in conjunction with the Compliance Due Diligence Policy.

3. Definitions

Term	Definition
Business Partner	All third parties Averda enters into any agreement or contract with, pays or received funds from, or in any other way is associated with Averda. This includes, but not limited to, customers, suppliers of goods, suppliers of services, sub-contractors, consultants, professional services providers, agents, distributors, joint venture partners, intermediaries.
Export Controls	Applicable laws and regulations that govern the export and re-export of sensitive goods, software and technologies and are intended to protect the national security, foreign policy, and economic interests of the countries.
Import Controls	Applicable laws and regulations that govern the import of goods and services into a country.
Restricted Party	Any party (whether a legal or natural person) that is subject to Trade Controls, Sanctions, embargoes, denied party, or other trade restrictions either individually or by virtue of being resident, domiciled, incorporated, or located in a country that is subject to such restrictions.

Sanctions	Restrictions placed by a government or public body on trading activities with an individual, company or at country level. Including sanctions placed by the US, UK, UN, and any other applicable sanctioning body.
Trade Controls	Applicable laws and regulations that impose restrictions imposed on the transfer of items from one country to another by any individual, company, government, or public body.

4. Sanctions

4.1 Sanctions Purpose

Sanctions are restrictive measures imposed by national governments and multinational bodies against:

- specific countries, governments, or government related institutions; and/or
- private organizations, legal entities, or natural persons, (referred to collectively as Restricted Parties or individually as a Restricted Party).

Sanctions might be total, whereby the Sanctions block all dealings with a comprehensively Sanctioned country or Restricted Party. In these circumstances all transactions with the Restricted Party are generally prohibited. While partial Sanctions restrict a narrower set of restrictions such as prohibiting certain types of financing to a Restricted Party.

The most relevant Sanctions are measures adopted, administered, or enforced by the United States of America, the United Kingdom, the United Nations Security Council, and the European Union and each of its member states. A country or a body may become a Restricted Party because of:

- violating international laws, which threaten the security of the global community
- or violating international norms of behavior e.g., human rights violations, terrorism, unprovoked military action etc.

Other countries Averda operates in may also impose separate Sanctions.

4.2 Examples of Sanctions

The below are examples of Sanctions imposed:

- Importation or exportation bans on certain goods originating from, or transshipped via, Restricted Parties.
- Prohibitions on supplying certain services to, or receiving certain services from, Restricted Parties.
- Prohibition from carrying out any activity involving a government, entities, or persons from or being in a specific country.

4.3 Sanctions Screening

Averda employees, directors and anyone acting on behalf of Averda must ensure compliance with all applicable Sanctions. Before transacting with any Business Partner, the Business Partner must be screened for Sanctions in line with the Compliance Due Diligence Policy. You must be certain that the Business Partner or the country they are incorporated or located in are not subject to any Sanctions. If a Business Partner is, or you are not sure if they are, subject to Sanctions, you must not commence any relationship or transact with the Business Partner and inform the Ethics & Compliance function.

Before transacting with a Business Partner ensure you review fully:

Where we are doing business - ensuring the transaction complies with Sanctions related to countries/territories

Who we are doing business with – ensure the Business Partner is not considered a Restricted Party

How we are doing business – ensure the transaction is not evading, circumventing or in any way facilitating the contravention of any Sanctions

If you have an agreement in place with a Business Partner you must conduct ongoing monitoring to ensure you become aware of any Sanctions that are imposed on the Business Partner.

Sanctions may apply to a Business Partner because of their ownership structure. For example, the OFAC 50% rule under Sanctions regulations in the United States of America states that any company directly or indirectly owned 50% or more in the aggregate by one or more Restricted Party are considered a Restricted Party. Similar rules apply in other Sanction regulations, it is therefore vital that Business Partners are screened in order to identify whether the Business Partner's ownership structure means they are considered a Sanctioned entity.

5. Trade Controls

5.1 Export Controls

Export Controls govern the export and re-export of sensitive goods, software and technologies and are intended to protect the national security, foreign policy, and economic interests of the countries that implement such laws. Prohibited end uses of exported goods include (but are not limited to) terrorist-related end uses, the development, production, or use of rocket and missile systems, and weapons of mass destruction

Licenses may be required in certain situations depending on; what items are being exported, the country of origin, the country of destination, the identity of the end user and the intended end use of the item. Most dual use items controlled for export are those having potential for use in information security including encryption, power generation, aeronautics, avionics, nuclear systems, and guidance systems and highly toxic chemicals. U.S. and UK origin items may be subject to strict controls. For example, ordinary commercial items, such as laptops, smartphones, and digital recording equipment, may be subject to U.S. and UK Export Controls, depending on the end-user or export destination.

5.2 Import Controls

Import controls are generally imposed to protect the safety of a country's citizens or economy - such as restrictions on the importation of dangerous chemicals. Economic import controls are also often used to prevent foreign commodities from entering a country's market when domestic production is vital to the economy.

Averda employees, directors and anyone working on behalf of Averda are responsible for ensuring they comply with all applicable Export/Import Controls when transacting with a Business Partner.

6. Red Flags

Averda employees, directors, and anyone working on behalf of Averda should be aware of red flags that may indicate attempts to circumvent Sanctions and/or Export/Import Controls such as:

- a Business Partners ordering goods without details of any transshipments, or the origin of the goods and/or its components
- the consignee has a different name or location than the Business Partner or ultimate end user
- the Business Partner is evasive about its customers
- unusual invoicing, shipping, or packaging requests
- abnormal shipping routes

7. Reporting Obligations

Averda employees, directors, and anyone working on behalf of Averda, must report immediately any suspected breaches of Sanctions in accordance with Averda's Speak Up Policy or directly to the Ethic & Compliance Function. All reports shall be dealt with in strict confidence. Each report will be reviewed and investigated where required. Averda may report any known Sanctions breach or suspicious activity to the appropriate authority in a timely manner and will do so when required by applicable law. Averda will not tolerate any retaliation against any person who in good faith reports potential compliance concerns.

8. Consequences of a Breach (whether by or involving an employee, collaboration partner or agent)

Violations of Sanctions and Export/Import Control laws may lead to severe criminal penalties against companies and individuals, including significant monetary fines, imprisonment, blacklisting, and revocation of licenses. Furthermore, such violations can lead to the significant reputational damage, damage to commercial relationships, and restrictions in the way we can do business.

Any breach of this Policy may result in disciplinary action, up to and including dismissal.

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9. Responsibilities

9.1 Averda Employees

Averda employees, directors and anyone working on behalf of Averda are responsible for reading, understanding and following this Policy, identifying any red flags and for escalating potential compliance concerns to the Ethics & Compliance Function Legal. You should not take any actions if you have any concerns prior to receiving advice and/or instructions.

9.2 Averda Leadership

Averda leadership are ultimately responsible for establishing and maintaining a sound internal control system that supports the achievement of Averda's policies, aims and objectives.

9.3 Ethics & Compliance Function

The Ethics & Compliance Function is responsible for the overall management and proposed changes to this Policy. The Policy should be reviewed at minimum on an annual basis.