



FILTRONA GROUP

SANCTIONS AND EXPORT CONTROL POLICY

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Owner: Legal, Compliance, Risk & Governance (LCRG)

1. INTRODUCTION

1.1 Overview

Filtrona Group together with its group affiliates and subsidiaries (“Company” or “Filtrona”) is committed to doing business the right way, to continually earn the trust of customers, stakeholders and the wider marketplace. In accordance with the Company **Ethics Code**, the **Executive Leadership Team** (“ELT”) expect all employees – and anyone carrying out work on behalf the Company – to maintain the highest standards of ethical business conduct and personal behaviour at all times, and to act safely, honestly, responsibly, lawfully and with integrity.

Filtrona is committed to ensuring that all its business activities are conducted in compliance with the applicable export and import control laws and sanctions in the countries within which it operates and to adhere to best practice standards of trade compliance.

1.2 Scope

This **Sanctions and Export Control Compliance Policy** (“Policy”) details the fundamental responsibilities of all employees and workers relating to such compliance. This Policy does not cover compliance with customs and excise-related laws and regulations including payment of duties and taxes.

Failure to meet the required standards of compliance with applicable sanctions and export controls laws and regulations may expose Filtrona to reputational damage, criminal and civil fines, operational delays and the loss of applicable trade licences or privileges. Individuals may also be subject to **fines** and **imprisonment**. In the UK, the fines can be unlimited and individuals can be imprisoned for up to seven years. Breach of US sanctions could result in exclusion from the US banking system, such that Filtrona would be unable to make or receive US Dollar payments. Filtrona’s banks also impose several requirements and restrictions on Filtrona which in some instances go beyond Filtrona’s strict legal obligations.

In the case of some sanctioned countries, even if Filtrona obtains the appropriate approvals under the relevant sanctions regimes, Filtrona’s banks will not handle payments to or from sanctioned markets either directly or indirectly and the movement of funds that are from sanctioned markets can be deemed to taint all the cash and banking facilities operated by Filtrona. Non-compliance with the strict requirements and restrictions imposed by Filtrona’s banks may result in the withdrawal of some or all of Filtrona’s financing.

Given the variety of international jurisdictions within which Filtrona operates, it is impossible to provide specific advice relevant to all markets and jurisdictions and individual businesses must seek expert advice as appropriate to ensure compliance with all relevant requirements and standards. In the context of sanctions and export control compliance, employees need to be aware of relevant trade restrictions, understand the particular risks (if any) which are faced by the business they operate in, and follow this Policy (as well as Filtrona’s other compliance requirements) as appropriate.

Consequently, no transactions (direct or indirect) should be entered into in relation to Sanctioned Markets (as detailed in this Policy) unless in full compliance with the terms of this Policy.



2. RESPONSIBILITIES

The **Head of Legal, Risk and Compliance** is responsible for the interpretation and content of this Policy. The **Global Compliance & Risk Manager** is responsible for ensuring compliance with, and implementation of, this Policy.

In particular, employees should exercise great caution before engaging in any transaction or course of conduct which relates directly or indirectly to one or more of the sanctioned markets/high risk countries listed in **Annex1 - Part A** to this Policy ("**Sanctioned Markets**"). Indirect trade would include sales via a distributor or agent in a Sanctioned Market, goods routed via a Sanctioned Market or even sales to a non-Sanctioned Market where it is known that the goods' end destination is a Sanctioned Market. There may be some transactions which Filtrona will not engage in because the cost of compliance exceeds the likely return from that business.

3. RISK ASSESSMENTS

Filtrona's approach to trade compliance requires a careful assessment of the risks associated with undertaking particular business and the adoption of robust procedures to address those risks but does not tolerate any breach of sanctions or export controls.

Each manufacturing unit shall undertake on no less than an **annual basis**, a **Risk Assessment** of its activities as they may relate to Sanctioned Markets. Such Risk Assessment shall identify the areas which may, directly or indirectly, engage with prohibited persons, parties, countries or regions. Risks could be posed by suppliers, customers, products, intermediaries, transactions and geographical locations. A list of Sanctioned Markets which pose a higher level of risk is included in Annex 1 - Part A to this Policy and all employees should use that list to help inform them of those geographic locations which they may wish to focus on as part of the Risk Assessment process.

Risk Assessments must be updated to take into account any particular risks and issues identified in normal day to day activities, as identified due to proposed changes in law and regulation.

The list of Sanctioned Markets may change from time to time and therefore employee must ensure they regularly review this Policy for any changes.

The Risk Assessment should be used to help determine the appropriate scope of due diligence to be undertaken in respect of such third parties. Due diligence may be undertaken at various points in a commercial relationship, such as:

1) **On-boarding of suppliers, customers and intermediaries (agents and distributors):**

Before entering into relationships with third parties a Risk Assessment should be undertaken as to the likelihood of such third parties being involved (directly or indirectly) in Sanctioned Markets or who may be subject to sanctions restrictions. **KYS** and **KYC** processes should be followed in addition to ensuring compliance with this Policy, **Filtrona's Third Party Due Diligence Policy**, the **Filtrona Agency Compliance Policy**, the **Filtrona Anti-Money Laundering Policy** and the **Filtrona Anti-Bribery and Corruption Policy**. Where a Risk Assessment identifies that a supplier may have involvement in **Restricted Markets/Countries** (see **Annex 1 - Part B**) then KYS processes must be followed regardless of the projected level of annual spend. For the avoidance of doubt, if the Risk Assessment does not identify any risk of the relevant transactions or third parties being involved in Sanctioned Markets then the usual KYC/KYS processes should still be followed (including as detailed in the Filtrona Third Party Due Diligence Policy).



2) **Mergers and Acquisitions:**

Compliance due diligence and processes should be factored into the merger, acquisition and integration activities. Any sanctions-related issues of a target company should be identified and escalated to the Head of Legal, Risk and Compliance prior to any transaction being completed.

As part of the integration of a new business into Filtrona Group the new business may be subject to audit and testing by the Legal, Compliance, Risk and Governance teams on sanctions and export controls compliance.

4. **WHICH MARKETS' SANCTIONS AND EXPORT CONTROLS LAWS APPLY?**

EU and UK Laws and Regulations:

All Filtrona businesses, irrespective of their international location and activities, must have regard to and comply with sanctions imposed by the **European Union**. Even though the UK has left the European Union, it has (at least in the short term) adopted national legislation which mirrors EU sanctions. As a European based group of companies, Filtrona may be held liable for any breach of European Union sanctions or **UK legislation** by any Filtrona business, irrespective of the business location and the jurisdictions within which the activities are taken.

US Laws and Regulations:

US sanctions and export controls not only apply to US nationals but also, in some circumstances (depending on the scope of the relevant laws), to non-US nationals such as non-US Filtrona Group companies and employees personally. US regulations also apply to goods which originate in the US or have US-origin content and US banks which are involved in clearing US Dollar payments. Where possible we should avoid undertaking activities within the scope of US sanctions and export controls.

Local Laws and Regulations:

Each Filtrona business is obliged to understand and comply with the sanctions and export control laws and regulations in the jurisdiction(s) in which it operates. This Policy does not seek to identify the nature or extent of any such laws and regulations and therefore it is important that Filtrona business obtain their own advice from local legal counsel in consultation with the Head of Legal, Risk and Compliance. Where it is determined that any local laws and/or regulations may impact Filtrona's business then please contact the Head of Legal, Risk and Compliance.

5. **WHAT IS THE SCOPE OF SANCTIONS AND EXPORT CONTROLS LAWS AND REGULATIONS?**

Sanctions:

Sanctions impose restrictions (which may include prohibitions) on Filtrona's ability to enter into transactions with certain persons (including individuals and companies) whose names appear on lists published by governments and international bodies such as the UN ("**Denied Parties Lists**"). Part A of Annex 1 lists certain Sanctioned Markets where there is an increased risk of trading with someone on a Denied Parties List, however, restricted persons can be found in every country (including, for example, the US and the UK). The Denied Parties Lists are checked when a Navex search is performed on an individual or entity.

Sanctions also restrict Filtrona's ability or desire to trade in US Dollars or make payments from or



receive receipts into US financial institutions where those monies are associated with those Restricted Countries listed in Part B of Annex 1 to this Policy.

Export Controls:

Export controls apply restrictions on the export and re-export of goods, information and services. In some circumstances the export of those items will require a licence or, where no licence is available or obtained, it may be against the law to export those items into certain countries. It is important to note that an export can be made electronically, through discussions and by visual inspection, as well as by physical shipping methods. Many countries are also parties to international export control treaties which together impose similar restrictions.

US export controls and sanctions apply to US origin goods (or goods with US origin content) irrespective of the nationality of the exporter, and there are other US sanctions which apply to companies worldwide, even where there is no US connection. **Where it is proposed that any Filtrona products containing US origin goods or technology are proposed to be exported (whether by Filtrona, its customer or another person) to one of the Restricted Countries (listed in Part B of Annex 1 to this Policy) then advice must be obtained from the Head of Legal, Risk and Compliance prior to any transaction being entered into.**

Employees whose work involves the electronic transfer or disclosure of technical information or software across national borders between Filtrona companies or between Filtrona companies and third parties are required to keep up to date with all applicable rules and regulations relating to the cross-border transfer of information since that that transfer may be subject to export controls if the recipient is within a Sanctioned Market or is a national of a Sanctioned Market. They must seek legal advice whenever the legality or propriety of any prospective transaction or course of conduct is open to question or doubt. **If any employee becomes aware that any information to be received from a third party or sent to a third party might be subject to export controls, then the Head of Legal, Risk and Compliance must be asked for advice on the legal restrictions around use of such information.**

6. EXAMPLES OF ACTIVITIES WHICH WOULD POTENTIALLY BE SUBJECT TO SANCTIONS OR EXPORT CONTROLS

The following are example of activities which may be subject to sanctions or export controls laws and regulations if undertaken in relation to a Sanctioned Market.

- dealing with parties who appear on a Denied Parties List;
- directly or indirectly exporting goods containing US content or technology to **Restricted Countries**;
- disclosures of certain technology and software codes to nationals of a Sanctioned Market (Including deemed exports where technology is transmitted on laptops and other smart devices);
- involvement of nationals of the country imposing sanctions in any business dealings with the Sanctioned Market or persons in the Sanctioned Market;
- the processing by banks of payments to and from Sanctioned Markets (and, in addition, banks may implement their own restrictions – which may go beyond the legal restrictions – because of their own fears of being caught up in enforcement activity) or in particular currencies (e.g. US Dollars);
- engaging in barter and other non-cash transactions including the use of money changers; or
- investing in - and providing credit to – businesses in certain sectors of Sanctioned Markets.

7. WHAT DO I NEED TO DO IF CONSIDERING OR DOING BUSINESS IN CONNECTION WITH A SANCTIONED MARKET?

If your transaction involves (directly or indirectly) one of the Sanctioned Markets listed in Annex 1 - Part A or your Risk Assessment identifies a potential Higher Risk transaction then, as a minimum:

- you must ensure you:
 - know the customer to ensure there is clarity on who they are, what they do, where they are based and how they will use the goods, services, technology or software;
 - understand who owns or controls the customer, who their directors and controlling shareholders are, and who they act for or on behalf of;
 - understand who the customer is buying for (if they are acting as agent, distributor or reseller) by asking the customer to complete and return the Filtrona **End User Confirmation**;
 - in respect of suppliers, who your supplier is to ensure there is clarity on who they are, where they are based and the origin of the goods to be supplied; and
- since Denied Parties Lists are checked when a Navex search is carried out **Navex searches must be carried out in respect of any third party who is connected with the proposed transaction**. Please also refer to the Filtrona Third Party Due Diligence Policy.

If a transaction involves (directly or indirectly) one of the Restricted Countries listed in Annex 1 - Part B then the employee must additionally comply in full with the provisions of the Control Process for the Undertaking of Business with Restricted Countries.

8. USE OF AGENTS, DISTRIBUTORS AND RESELLERS

Caution must be exercised where Filtrona's products are bought or sold via Agents, Distributors or Resellers to identify the ultimate receivers of the goods, to ensure that there is no indirect supply to a prohibited person. Where employees know or have cause to suspect that a customer is buying as an Agent, Distributor or other Reseller, the customer should be asked to identify the ultimate receiver of the goods, in advance of shipment, so that the necessary checks can be carried out on that receiver. The Filtrona End User Confirmation form in Annex 2 to this Policy should be used to obtain this information.

In accordance with the **Filtrona's Agency Compliance Policy** and **Anti-Bribery and Corruption Policy**, prior to the appointment of any Agent, Distributor or similar service providers, appropriate due diligence must be undertaken to establish their expertise and integrity. The terms of appointment for any Agent, Distributor or other Reseller must require their strict compliance with Filtrona's policies from time to time, copies of which must be made available to them.

It is the responsibility of employees appointing and/or working with Agents, Distributors or other Resellers to ensure adherence to these requirements. Any breach of Filtrona's Sanctions and Export Control Compliance Policy or other compliance requirements by any Agent, Distributor or other Reseller must be reported immediately to the Head of Legal, Risk and Compliance.

9. RECUSAL POLICY

Where Filtrona employs directors, officers or other employees who are US nationals and who would otherwise be involved in analysing, approving, facilitating or engaging in transactions with Sanctioned Markets and Restricted Countries, the recusal policy in **Annex 2** to this Policy should be followed, so that US nationals do not infringe US domestic measures which may impose more onerous restrictions than apply to the Filtrona Group.

10. Contractual Terms

Filtrona's terms of trading, including those used for the ordering of goods online or via an internet portal must seek to reduce the risks of any breach of sanctions, inadvertent or otherwise, by requiring counterparties to give various warranties about their status, the intended destination (and use) of the products, and the lawfulness of the trade. The Head of Legal, Risk and Compliance can provide appropriate terms which may be included in agreements with suppliers and customers. Where it is intended that transactions be undertaken in connection with any of the Restricted Countries listed in Part B of Annex 1 to this Policy then the **Control Process for the Undertaking of Business with Restricted Countries** sets out certain mandatory provisions which must be included in agreements with suppliers and customers.

11. AUDIT AND REPORTING

The Legal, Compliance, Risk & Governance (LCRG) team will on a **regular basis** audit the Company's compliance with this Policy and the compliance programme which underpins it. In addition, where any employee is undertaking any transaction connected with one of the Restricted Countries in Annex 1 - Part B to this Policy, then the LCRG (or external auditors) will audit that individuals site or function's compliance on no less than an **annual basis**.

12. STRATEGIES TO MITIGATE RISK

- All employees and directors should be familiar with the requirements of this Policy.
- Alongside general training to all employees, there will be regular, focused training for those employees and directors whose role means that they are liable to encounter sanctions or export control risks.
- Employees should ask questions – and trust their instincts – where they have concerns about transactions. If in doubt do not proceed and seek guidance from the Head of Legal, Risk and Compliance.
- It is essential that employees who become aware of any suspected or alleged breaches of sanctions or export controls or of any investigations or proceedings relating to sanctions or export controls, or of any attempts to circumvent sanctions or export controls laws or regulation (whether or not directly involving Filtrona), immediately notify Head of Legal, Risk and Compliance or report it via confidential reporting.
- All products should be reviewed to ensure that there are no relevant import or export restrictions.
- Those with commercial and/or procurement responsibilities should ensure that Filtrona's standard terms and the contractual language therein are used wherever possible.
- Employees in the Finance and LCRG teams should work closely with Filtrona's banks and insurers, to ensure that those banks and insurers are familiar with the Filtrona Group's activities and able to provide the necessary support and assistance.
- The Global Compliance & Risk Manager will ensure that effective and robust processes are in place to ensure compliance with this Policy and to monitor such compliance on an ongoing basis and to report to the Head of Legal, Risk and Compliance any potential weaknesses identified, and remedial actions being undertaken.
- This Policy will be kept updated on at least a bi-annual basis by the Head of Legal, Risk and Compliance.



13. COMPLIANCE

All employees are required to comply with this Policy, and are personally responsible for doing so. Employees must certify their compliance with the terms of this Policy on at least an annual basis.

From time to time, the Company may require you to take mandatory training in relation to the terms of this Policy. You must ensure that you complete this training as required.

If any employee believes that the terms of this Policy are not being correctly observed, it is their responsibility to raise any concerns with their line manager. If employees feel that they need to raise the issue outside of their immediate working environment at any time, the Company has put in place, through an independent third party, the '**Filtrona Group EthicsPoint Helpline**' under the '**Right to Speak**' Policy. This is a confidential call centre manned 24 hours a day by appropriately trained, local language speaking individuals, and the relevant telephone numbers are displayed at each Filtrona Group business location.

Alternatively, employees can submit a report through the '**Filtrona Group EthicsPoint Portal**' and file a confidential concern. The Company is committed to ensuring that employees feel able to raise concerns openly and in good faith under the '**Right to Speak**' Policy, without fear of reprisal or retaliation, and with the support of the Company.

Failure to observe the terms of this Policy – or to cooperate fully with any investigation by the Company into alleged or suspected breaches – may result in any employee's conduct being subject to review. In the most serious cases, such review may potentially lead to the termination of their employment and/or result in personal criminal or civil liability.



Version Control:

No./Version	Revisions	Effective Date	Owner	Approver	Status
001	Updated policy in the name of the Filtrona Group	1 st Jan 2023	Shahid Ali	Patrick Meredith	Approved



Annex 1 – Part A

List of Related Sanctioned Markets (High Risk Countries)

Data From: (25/01/2023)

- US Dept of Treasury (OFAC) (US)
- EU Commission (EU)
- United Nations (UN)

Country	US	EU	UN
Afghanistan	Amber	Green	Amber
Balkans	Amber	Green	Green
Bosnia & Herzegovina	Green	Amber	Green
Burma	Amber	Amber	Green
Burundi	Amber	Amber	Green
Democratic Republic of Congo	Amber	Amber	Amber
China (Hong Kong)	Amber	Green	Green
Ethiopia	Amber	Green	Green
Haiti	Green	Amber	Amber
Ivory Coast	Amber	Green	Green
Iraq	Amber	Green	Amber
Lebanon	Amber	Amber	Amber
Mali	Amber	Amber	Amber
Moldova	Green	Amber	Green
Nicaragua	Amber	Amber	Green
Republic of Guinea	Green	Amber	Green
Republic of Guinea – Bissau	Green	Amber	Amber
South Sudan	Amber	Amber	Amber
Serbia	Green	Amber	Amber
Tunisia	Green	Amber	Green
Turkey	Green	Amber	Green
Venezuela	Amber	Amber	Green
Yemen	Amber	Green	Amber

Notes:

Amber Rating: Take caution

Green Rating: No action required and seek guidance from Global Compliance & Risk Officer



Annex 1 – Part B

List of Sanctioned Restricted Markets

Data From: (25/01/2023)

- US Dept of Treasury (OFAC) (US)
- EU Commission (EU)
- United Nations (UN)

Countries	US	EU	UN
Belarus	Red	Red	Green
Central African Republic	Red	Green	Red
Cuba	Red	Green	Green
Iran	Red	Amber	Green
Libya	Red	Amber	Green
North Korea	Red	Red	Green
Somalia	Red	Green	Red
Sudan & Darfur	Red	Amber	Green
Syria	Red	Red	Red
Ukraine	Red	Amber	Green
Russia	Red	Red	Green
Zimbabwe	Red	Amber	Green

Notes:

Red Rating: Stop and seek further guidance from Head of Legal, Compliance & Risk

Amber Rating: Take caution and seek guidance from Global Compliance & Risk Officer

Green Rating: No action required



Annex 2: Recusal Policy

1. US Persons are hereby divested of all power and authority or responsibility regarding participation in matters and transactions involving US economic sanctions targets or restrictions and must recuse themselves from any transactions of any group business or entity which involves US economic sanctions targets or restrictions. This Recusal Policy shall apply with respect to US Persons in their capacity as members of the board of various group entities, as well as to US Persons in their capacity as directors, officers, or managers at various group companies.

2. Recusal of US Persons must occur immediately upon learning that a transaction may involve a US economic sanctions target or restriction (such as Iran). It shall be the assigned responsibility of ELT and/or the senior managers or their designee(s) to exercise due diligence with regard to all matters within their purview, and to discover and identify transactions involving US economic sanctions targets. Upon identification of such transactions or matters, the affected US Person(s) shall be notified of the same and upon such notification shall immediately recuse (exclude) themselves from the transactions or matters in question.

3. US Persons, whether as members of the ELT or leadership or as directors or as officers of a group company, are charged with an obligation of due diligence to detect and identify potential transactions involving US economic sanctions targets or restrictions, and upon such detection shall notify other US Person members of the group's senior management and leadership or their relevant US Person colleagues at the company in question of the same and shall immediately recuse themselves from the matter in question. Non-US Person higher level employees, and, as warranted, non-US Person relevant personnel in charge of transactions involving or with, for example, Iran, at the affected company shall also be immediately notified of such recusal and exclusion.

4. Each instance of recusal by a US Person pursuant to this Recusal Policy shall (depending on where the recusal occurs) be recorded in writing either by the person responsible for global compliance, by the ELT or otherwise by the relevant company. Such record should set forth the identity of the US economic sanctions target, restriction or the subject matter of the transaction, the details regarding the transaction, the date of discovery, the date of notification regarding the same given to or by the US Person(s), and the date of acknowledgement of the same by the affected US person. Records of recusal shall be kept for 5 years.

5. This Recusal Policy, and as stated above, shall be recorded in the minutes of the affected company's board meeting and incorporated within the regulatory compliance manual (if available) of all companies worldwide or a similar compendium of documents, and in addition, shall be specifically transmitted by the relevant company to the affected US person(s), as well as to each member of the senior management of the group responsible for the trade or transactions with respect to which the US person has been recused or excluded.

6. This Recusal Policy should be stated in both English and other languages to the extent that a full and proper understanding of its content and purposes by all affected persons so requires.