

NPK EXPERT IBERIA SL

Registration number B88633136

Address: Calle Imprenta No. 8, 28760 Tres Cantos, Spain

SANCTIONS RISK MANAGEMENT POLICY

	Name and surname:	Date:	Signature:
Signed and approved:	Marut Uppal	15.02.2023.	

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1. INTRODUCTION

1.1. The following abbreviations and terms are used in the policy below:

- 1.1.1. **Company** - NPK EXPERT IBERIA SL Registration number B88633136 Address: Calle Imprenta, num. 8, 28760 Tres Cantos, Spain;
- 1.1.2. **Company employee** - an employee of the Company or another representative who has been hired by the Company in accordance with the contract or who acts in the interests of the Company in accordance with the contract;
- 1.1.3. **Client** - legal entity, legal entity or natural person who receives the Company's services;
- 1.1.4. **CDD** - Customer due diligence;
- 1.1.5. **DD** - Customer research;
- 1.1.6. **EU** - European Union;
- 1.1.7. **FIU** - Financial Intelligence Service;
- 1.1.8. **International sanctions** - restrictions set in accordance with international law regarding the subject of sanctions, which have been adopted by the UN or the EU, or another international organization, and which are directly applicable or implemented;
- 1.1.9. **Law** - law related to International and National Sanctions;
- 1.1.10. **National sanctions** - in accordance with the regulatory enactments and international law regarding the subject of sanctions, the restrictions established by the Cabinet of Ministers in accordance with the procedure provided for in the Law;
- 1.1.11. **Policy** - this sanctions risk management policy;
- 1.1.12. **UBO** - beneficial owner;
- 1.1.13. **UN** - United Nations Organization;
- 1.1.14. **SSS** - State Security Service.

1.2. The Policy outlines the principles of sanction risk management applicable to the Company. It describes high-level procedures for Company employees to identify, mitigate, and manage the risks of violating sanctions and embargo regulations. National, UN and EU sanction requirements are mandatory standards for the Company.

1.3. The objective of the Policy is to implement minimum standards and principles for sanction monitoring, verification, incident resolution, and reporting processes, as well as to define compliance functions.

1.4. The Policy covers sanction management rules that apply to all Company employees, units, or functions, especially those related to identifying PEPs, analyzing sanction alerts, entering into cooperation agreements, and making related payments.

1.5. Applicable requirements regarding sanctions, derived from National, UN, and EU regulations, are applied directly. It is prohibited to establish any transaction relationships with countries and persons subject to national, UN, and EU sanctions. The Company adheres to all regulatory requirements related to managing sanction risks, considering the nature of the Company's operations. The Company implements measures to minimize the risk of non-compliance with regulatory requirements.

1.6. The Policy shall be applicable also to all parent, daughter or sister companies of Company.

2. DUTIES OF THE COMPANY

2.1. The Board of the Company has the following duties, to:

- 2.1.1. approve the sanction risk management policy and any amendments to it;
- 2.1.2. ensure the policy's compliance with regulatory requirements;
- 2.1.3. make decisions on abstaining from transactions and/or reporting to the Financial Intelligence Unit (FIU) or State Security Service (SSS);
- 2.1.4. advise Company employees on sanction-related issues and risks.

2.2. Company employees have the following duties:

- 2.2.1. to conduct Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD);

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- 2.2.2. to check customers against sanction lists in accordance with the Policy section 3.4 and document the checks performed.
- 2.3. Company employees are prohibited from engaging in any activities that facilitate direct or indirect evasion of sanctions. If a Company employee detects potential client sanction evasion, the transaction/payment (cooperation) must be halted, and further actions must be discussed and coordinated with the Company's board.
- 2.4. Any Company employee who suspects that a client's activities or indicators related to the client are connected with sanctions must inform the Company's board of the facts underlying such suspicions. However, the Company's board investigates the case separately.
- 2.5. The Policy is binding on all Company employees at all times.

3. SANCTION RISK MITIGATION MEASURES

- 3.1. The Company implements the following sanction risk mitigation measures:
 - 3.1.1. if the risk arising from a client's economic activity is deemed high, to refrain from the transaction or conduct a thorough evaluation of the client (EDD);
 - 3.1.2. to refuse to accept assets known to be derived from illegal activities, refrain from the transaction, or conduct a thorough evaluation of the client (EDD);
 - 3.1.3. if the client is an unknown or little-known company managing large volumes of funds with payments made through foreign companies and lacking a clear rationale, to refrain from the transaction or conduct a thorough evaluation of the client (EDD).
- 3.2. The Company must consider the following conditions that increase sanction risk when evaluating client:
 - 3.2.1. the Client is connected to a territory or country subject to sanctions or to the border area of such a territory or country;
 - 3.2.2. the Client's economic or personal activity is connected with the military sector or the trade, production, export, or import of dual-use goods;
 - 3.2.3. the Client's activities and transactions do not correspond to their declared economic or personal activities, or information about the client's transaction partner does not match their economic or personal activities;
 - 3.2.4. the Client's uses a service that results in the client's goods being transported across a territory or country subject to sectoral sanctions or the border area of such a country or territory;
 - 3.2.5. the Client submits the same documents to justify several unrelated transactions;
 - 3.2.6. the Client's submitted documents justifying transactions show signs of forgery, indicating possible evasion of sanctions compliance.
- 3.3. The Company must not establish or maintain business relationships involving sanction risks that cannot be effectively mitigated. To ensure low risk according to the Company's risk appetite, the Company implements sanction risk management and mitigation measures, considering the client, the products and services offered, geographic risks related to economic activities, and other related processes and factors that may affect sanction risk.
- 3.4. The Company checks all new clients against the following sanction lists:
 - 3.4.1. EU sanction list (<https://www.sanctionsmap.eu/#/main>);
 - 3.4.2. UN sanction list (<https://scsanctions.un.org/search/>)
 - 3.4.3. Any locally issued sanction list applicable to the Company.
- 3.5. Sanction lists are used to check all client transactions to ensure that funds are not sent to persons or countries included in these lists.

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4. COMPLIANCE WITH SECTORAL SANCTIONS (EMBARGO)

- 4.1. Sectoral sanctions impose restrictions on specific countries. This includes, for example, trade embargoes, crude oil, armaments, or dual-use goods transportation to certain countries.
- 4.2. The Company checks the EU interactive sanction map, available at <https://www.sanctionsmap.eu/#/main>.

5. MONITORING

- 5.1. The Company monitors reports on sanctions and suspicious activities related to non-compliance with sanction requirements.
- 5.2. If it is found that a client is on a sanction list, the Company employee informs the Company's board. The Company must assess and coordinate necessary actions (e.g., freezing funds, suspending payments, submitting a report to FIU or SSS). Each case must be documented.

6. FREEZING OF FUNDS AND REPORTING

- 6.1. Based on the information received under Know Your Client (KYC), the Company decides whether to refrain from a suspicious transaction or not. At the same time, the Company reserves the right to request additional information from the client before making a decision. If the Company (the Company employee informs the Company's board) decides to refrain from the transaction, the Company ensures the immediate freezing of funds or assets before transmitting the information to FIU or SSS.
- 6.2. After freezing the Client's funds, the Company immediately, i.e., no later than the next day, informs FIU or SSS.

7. DOCUMENT RETENTION

- 7.1. Information about the client, including information about related persons, PEPs, and concluded agreements, is documented and stored in the Company's established data storage system.
- 7.2. The data storage system must include supporting documents, e.g., documents obtained from client research or in the context of the client's economic activity research. The responsible Company employee is responsible for keeping the client's case in a safe place electronically.

8. CONFIDENTIALITY

- 8.1. Company employees (including officials) have an obligation to maintain confidentiality regarding any acquired information and are prohibited from disclosing information related to the client or related persons to any third party.
- 8.2. Company employees (including officials) are strictly prohibited from informing the client or their representative or third party that information has been received about the Company's actions related to the client's connection with sanctions and/or requesting/providing information to FIU, SSS, courts, investigation authorities.

9. ENTRY INTO FORCE

- 9.1. The policy comes into force on the day of its approval.