

EPH GROUP POLICY

Anti-Financial Crime Policy

1. DEFINITIONS

For the purposes of this Policy the below mentioned terms are defined as follows:

Business Partner	means any individual or organization an Employee encounters during the course of his or her work for EPH, which includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties;
Financial Crime	means Money Laundering and Terrorist Financing;
Employee(s)	means all employees, directors and officers of EPH Group and all persons working on a contract basis, whether on a temporary or permanent basis, part-time or full-time (such as consultants, contractors, trainees, seconded staff, home workers, casual workers and agency staff, volunteers, interns, agents, sponsors etc.);
EPH or "we" or "our"	means Energetický průmyslový holding, a.s., and all companies that are directly or indirectly controlled by EPH;
EPH Group Company	means any company which forms part of EPH;
Money Laundering	means (1) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting a person who is involved in the commission of such an activity to evade the legal consequences of that person's action; (2) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from criminal activity or from an act of participation in such an activity; (3) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such an activity; participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions referred to in points (1), (2) and (3) as defined by the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;
Policy	means this Anti-Financial Crime Policy;

Terrorist Financing

means the provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, in order to commit, or to contribute to the commission of, any of the offences referred to in Articles 3 to 10 of Directive (EU) 2017/541 of the European Parliament and of the Council of 15 March 2017 on combating terrorism and replacing Council Framework Decision 2002/475/JHA and amending Council Decision 2005/671/JHA.

2. PURPOSE OF THE POLICY

The purpose of this Policy is to prevent EPH, Employees and Business Partners from being exposed to Financial Crime. This involves identifying the potential areas where Financial Crime may occur, strengthening procedures to minimize the risk as well as complying with all legal and regulatory requirements.

3. SCOPE OF THE POLICY

This Policy applies to all Employees in all the countries and territories that EPH Group operates in.

EPH also requires its Business Partners to abide by these high standards when engaged in business with EPH. EPH does not have business relationships with Business Partners who are known to be in violation of the principles underlying the Policy.

4. EPH'S COMMITMENT

EPH believes that it is of utmost importance to combat Financial Crime and is committed to take all necessary steps to prevent such activities.

5. GOLDEN RULE

EPH would rather lose a particular business opportunity than engage in illegal or unethical conduct.

6. RISK ASSESSMENT AND MITIGATING MEASURES

In order to address the risk of Financial Crime, the EPH Group Company ensures that it understands the nature and extent of its exposure to Financial Crime by performing a regular risk assessment, and that it adopts adequate mitigating measures which are subject to regular reviews and are continuously refined and improved.

7. BASIC PRINCIPLES

7.1. Business Partner Due Diligence

The prime method for preventing Financial Crime is by carrying out “Know Your Customer/Client” procedures. With thorough knowledge of Business Partners, unusual or suspicious behaviour can be identified, including false identities, unusual transactions, changing behaviour or other indicators where Financial Crime may be occurring.

Whilst there is no legal requirement to put in place formal procedures for evidencing the identity of EPH Business Partners, in forming new business relationship or considering undertaking a significant one-off transaction, it is expected and prudent for management of EPH Group Companies to satisfy themselves as to the identity of the parties with whom they are transacting.

Therefore, before entering into a business relationship, EPH Group Company carefully checks its prospective Business Partners in accordance with the EPH Group KYC (Know Your Customer) Directive.

Should the KYC procedure reveal any concerns or irregularities as regards the Business Partner's identity and suitability, EPH Group Company adopts adequate mitigating measures outlined in the EPH Group KYC Directive, including a decision not to enter into the business relationship or undertake the business transaction.

It is the intention of EPH for its Employees to be alert to potential suspicious circumstances in all their business dealing and to raise concerns as and when they arise.

7.2. Four-Eyes Principle

As one of the risk mitigating measures, EPH strictly follows the “four-eyes” principle, meaning that every legally binding document as well as any money transfer is signed and approved by at least two EPH representatives.

7.3. Cash Payments Limit

EPH Group Company defines maximum value limit for making and/or accepting payment in cash in its internal processes and rules of operations in accordance with local limitations on cash payments set by law, but also taking into account its profile and character of its activities and business relationships. In the absence of such EPH Group Company definition, the maximum value limit is 250 000 CZK (approx. EUR 10,000 or its equivalent in the local currency) or the limit set by local law whichever is lower. Larger cash payment (exceeding the maximum value limit) is allowed only when it is customary in such situation; in that case the cash transfer is always duly documented.

8. COMMUNICATIONS AND TRAINING

EPH Group Company ensures that the Policy is communicated to all Employees. EPH Group Company assesses which Employees are exposed to the issues mentioned above and where appropriate secures that these Employees are regularly trained on subject of this Policy. The frequency and scope of such trainings is to be decided by the EPH Group Company.

EPH expects the same high anti-financial crime standards as set forth in this Policy from all Business Partners acting for, on behalf of, or in conjunction with EPH. EPH communicates these standards to its Business Partners where necessary and appropriate.

9. MONITORING AND REVIEW

EPH Group Company ensures that a regular review of the implementation of this Policy is conducted, considering its suitability, adequacy and effectiveness, and that any identified improvements are made as soon as possible. EPH Group Company ensures that internal control systems and procedures are subject to regular audits to provide assurance that they are effective in countering Financial Crime activities.

10. RESPONSIBILITIES

The prevention, detection and reporting of Financial Crime and any other violation of this Policy are the responsibility of all EPH Employees. All Employees must ensure that they read, understand and comply with this Policy. Managers, in particular, are called upon to actively promote the implementation of this Policy.

11. HOW TO RAISE A CONCERN

All Employees and Business Partners are encouraged to raise concerns about any issue or suspicion of Financial Crime activity or other violation of this Policy at the earliest possible stage in accordance with the EPH Group Reporting of Serious Concerns Policy.

EPH aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

12. BREACHES OF THE POLICY

An Employee who breaches this Policy may face disciplinary actions, which could result in the termination of employment, as well as claims for damages and criminal prosecution. On the other side, no Employee will face disciplinary actions or any other detrimental treatment for refusing to commit Financial Crime or for complying with this Policy, even if it may result in EPH losing business.

EPH may terminate its relationships with other individuals and organizations working on EPH's behalf if they breach this Policy.

13. IMPLEMENTATION

In order to support EPH Group's decision to mitigate against financial, regulatory and reputational risk and ensure regulatory compliance in accordance with the Policy, EPH Group Company is responsible for implementation of measures and processes defined by this Policy that are necessary and appropriate with regard to the respective EPH Group Company's profile and character of its activities and business relationships.

Document approved by the Board of Directors of Energetický a průmyslový holding, a.s. at its meeting on March 31, 2021.