

EPH GROUP POLICY

Sanctions 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;
Employee(s)	means all employees, directors and officers of EPH Group Companies 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;
Policy	means this Sanctions Policy;
Sanctions	means (1) economic or financial sanctions, or trade embargoes or other restrictive measures imposed, administered or enforced from time to time by: (a) the United States of America; (b) the United Nations Security Council; (c) the European Union; or (d) the United Kingdom; and (2) economic or financial sanctions imposed, administered or enforced from time to time by the US Department of State, the US Department of Commerce or the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury;
Sanctions List	means any of the lists of specially designated nationals and blocked persons or designated persons (or equivalent) held by, or public announcement of Sanctions designations made by: (1) the US government and administered by OFAC, the US Department of State, the US Department of Commerce or the US Department of the Treasury; (2) the United Nations Security Council; (3) the European Union; or (4) the United Kingdom, each as amended, supplemented or substituted from time to time.

2. PURPOSE OF THE POLICY

The purpose of this Policy is to ensure compliance of EPH with Sanctions, i. e. to ensure that EPH and/or its Employees does not establish or maintain business relations or process any transactions for/on behalf of sanctioned persons, entities or countries.

3. SCOPE OF THE POLICY

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

EPH also 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 Sanctions constitute vital tool for protecting international law, defending against threats to international peace and security and combatting terrorism. EPH is committed to avoiding trade with sanctioned parties or anyone in sanctioned countries.

5. GOLDEN RULE

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

6. IDENTIFIED RISKS AND IMPLEMENTED STANDARDS AND PROCESSES

Sanctions generally involve arms embargoes, import licensing, and financial sanctions.

EPH Group Company ensures that appropriate measures and procedures on a risk based approach are applied, so as to focus its effort in the area where the risk of non-compliance of Sanctions appears to be higher due to the nature of its business.

In order to address the risk, EPH Group Company ensures that principles described in Article 7 of this Policy are strictly followed and that the risk assessment as well as the mitigating measures are subject to regular reviews and are continuously refined and improved.

7. BASIC PRINCIPLES

7.1. Sanctions List Screening as integral part of KYC

Sanctions List screening is a mandatory part of KYC procedure in accordance with the EPH Group KYC (Know Your Customer) Directive. The purpose of Sanctions List screening is to check the Register of sanctions (see point 7.2.) and all publicly available Sanctions Lists to determine whether making business with the Business Partner does not constitute a breach of Sanctions. If such breach would be unavoidable, the Business Partner cannot be approved, and no business transactions can be made with such Business Partner. EPH Group Companies are also obliged to continuously verify that their current Business Partners are not subject to Sanctions.

7.2. Register of Sanctions

EPH Group Company ensures that a register of relevant Sanction's obligations is maintained. The register is accessible on demand by authorized Employees and updated at least once a month.

Whenever new Sanctions List is issued, EPH Group Company is obliged to perform an immediate check of their Business Partners. If any Business Partners are listed, or if it is otherwise apparent that further business with such Business Partners would constitute a breach of Sanctions, immediate measures must be taken and no business transactions with such Business Partners can be made in the future unless the sanctions are withdrawn.

7.3. Cooperation with Supervisory and Legal Authorities

EPH actively collaborates with both supervisory and legal authorities concerning the enforcement of Sanction's systems. EPH reports any breach of a Sanction's regime to the appropriate authority in a timely manner and in accordance with law.

8. BUSINESS PARTNER DUE DILIGENCE

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.

9. 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 (Article 7) and where appropriate ensures 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 Sanction's 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.

10. 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 preventing a breach of Sanctions.

11. RESPONSIBILITIES

The prevention, detection and reporting of a breach of Sanctions 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.

12. HOW TO RAISE A CONCERN

All Employees and Business Partners are encouraged to raise concerns about any issue or suspicion of a breach of Sanctions 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.

13. 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 a breach of Sanctions 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.

14. 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.