

# Valeo Foods Group – Sanctions Policy

## Introduction

Valeo Foods is committed to complying with relevant economic and trade sanctions laws (“Sanctions”) in all jurisdictions in which it operates, as these may apply to its operations, through identifying, mitigating and managing the risks of both primary and secondary Sanctions violations.

## Scope and Governance

This Sanctions Policy refers to all Valeo Foods Group personnel and other associated persons such as contract/ subcontract and third-party employees acting on its behalf to uphold this commitment.

The Group Chief Financial Officer (GCFO) is responsible for overseeing the implementation of this trade & sanctions policy.

This policy is reviewed bi-annually and if any amendments are needed this will be actioned to comply fully with governance requirements in the jurisdictions in which we operate.

## Our Commitment

This policy sets out overarching requirements that apply across the Group relating to financial and economic Sanctions and the standards of compliance for the Group in relation to Sanctions.

The Group is committed to complying with sanctions in order to:

- Comply with the law and regulation
- Help prevent organised crime and terrorism
- Protect the reputation of the Group.

This policy has been approved by Valeo Foods Group’s executive management and approved by the Board of Directors.

The Group is committed to complying with sanctions restrictions and in this regard, it requires its divisions to adopt effective and appropriate policies, procedures, systems and controls that seek to ensure that each division can and does comply with applicable sanctions restrictions. Failure to comply with this Policy is regarded as a serious matter potentially carrying material consequences for non-compliance.

## Overview of Sanctions and Prohibited Conduct

This Policy sets out the Group’s approach to identifying and managing Sanctions-related risks, including:

- Guidance about the meaning of Sanctions and how to comply.
- Principles and measures that the Group follows to comply with Sanctions legislation and to identify, mitigate and manage Sanctions risk in the jurisdictions where it operates; and,
- Consequences of failing to comply with this Policy.

This Policy applies to all countries and/or jurisdictions in which the Group operates and extends to any additional countries and/or jurisdictions where the Group commences operations and/or has an active registration or license.

## Meaning of Sanctions and How to Comply

Sanctions are laws and regulations enacted by governments (such as the government of the United States (“US”), international organisations (such as the United Nations (“UN”) and supranational bodies (such as the European Union (“EU”) to promote foreign policy and other objectives, including:

- Limiting the adverse consequences of a situation of international concern (for example, by denying access to military or paramilitary goods, or to goods, technologies or funding that enable international terrorism or the proliferation of weapons of mass destruction);
- Seeking to influence other persons or governments to modify their behaviour; and
- Penalizing other persons or entities (for example, by blocking or “freezing” their assets, or denying access to international travel or to the international financial system).

The Group, when formulating this Policy, has considered the sources of sanctions which might apply to the Group and to the individual Group divisions companies of which it is comprised. These may include, but may not be limited to, sanctions imposed by any of the following:

- the UN;
- the EU;
- HM Treasury (HMT);
- the US Treasury Department’s Office of Foreign Assets Control (OFAC);
- the US Treasury under Section 311 of the USA PATRIOT Act against transactions, individuals or entities identified as being of Primary Money Laundering Concern;
- the US government through Export Control Lists maintained or referenced by the US Bureau of Industry & Security, including the Denied Persons List, Unverified List, Entity List, and the Debarred List; and
- governments of other countries where such sanctions are legally applicable to the division’s operations.

The Group has also considered the specific limitations imposed by the financing documentation agreed with its syndicate of lending banks which also impose particular restrictions on countries with which the Group may engage in transactions.

Sanctions are intended to deter a range of activities, which may include political or military aggression, providing sanctuary for criminals and terrorists, developing nuclear or other weapons programs, and abusing human rights.

Sanctions are implemented largely by prohibiting companies and individuals from doing business with persons, entities, countries and governments that are the targets of the Sanctions. Such restrictions can include:

- Export bans, import bans and prohibitions on the provision of certain specified services
- Prohibiting certain commercial activities (such as joint ventures and other investment)
- Barring the transfer of funds to and from a sanctioned country
- Targeted financial Sanctions, which include freezing the assets of and prohibiting any dealings with, a government, country, or territory, and designated entities and individuals
- Travel bans Other financial restrictions

One key method of imposing Sanctions is to designate a country, territory, government, individual or entity as a target of Sanctions (a “Sanctions Target”). For example, the United States publishes a list of Specially Designated Nationals (or “SDNs”), which includes individuals and entities. In general, persons subject to US jurisdiction must block (or freeze) any assets of an SDN within the U.S. person’s possession or control, and may not have any dealings with, or provide any services to, an SDN. The United States also imposes economic sanctions and embargoes that target geographic regions and governments; some programs are comprehensive in nature and block the government and include broad-based trade restrictions, while others target specific individuals and entities. In non-comprehensive programs, there may be broad prohibitions on dealings with countries and also against specific named individuals and entities.

Most Sanctions regimes prohibit actions taken to circumvent applicable Sanctions or to facilitate activities by another person or entity that would violate Sanctions if undertaken directly. Employees and Associated Persons shall be careful not to inadvertently violate sanctions by facilitating or brokering a transaction that would be prohibited if conducted by the Group. Employees and Associated Persons cannot facilitate, swap, approve, finance, or broker any transaction or activity if such transaction or activity would be prohibited if performed by the Group. This prohibition also includes referrals to a foreign person of business opportunities involving any nation subject to comprehensive sanctions or any persons designated on an SDN list. Example: if an Employee or Associated Person introduces a person from a Sanctioned Country (with whom no business can be made as per applicable Sanctions) to a foreign person for the purpose of facilitating or fostering a business opportunity, then that Employee or Associated Person would be in violation of the “facilitation” clause of the Sanctions.

Moreover, some Sanctions regimes have extraterritorial application, such that they may be extended to persons abroad who cause a domestic person to violate Sanctions, for example, by removing SDN-identifying information from funds transfers or other business records so that a domestic person cannot properly screen the transaction for Sanctions violations.

## **The Group's principles and measures to comply with Sanctions and to identify, mitigate, and manage Sanctions risk**

### **Key Principles**

- The following key principles govern the Group's approach to Sanctions and export controls. All other requirements in this document are to be read in the context of these principles. In the event of a conflict between principles and requirements, the principles will prevail.
- The Group maintains a Sanctions policy to meet obligations under Sanctions regimes of the jurisdictions in which it operates, is registered and/or licensed.
- The Group complies with the requirements of the US, UN and EU Sanctions regimes (whenever these apply to its operations) wherever it operates and will not undertake any business that would breach those Sanctions regimes.
- In addition to complying with the requirements of the US, UN and EU Sanctions regimes (whenever these apply to its operations), the Group complies with other Sanctions regimes whenever they apply to particular the Group operations and will not undertake any business that would breach those Sanctions regimes.
- The Group also considers Sanctions regimes imposed by other jurisdictions where the facts of the transaction make it appropriate to do so.
- The Group may decide not to provide and or purchase products or services even where it is permitted by law, particularly where the circumstances present reputational risk.
- The Group will not undertake any business that would breach any export laws that apply to it.

### **Measures to Comply with Sanctions**

Before engaging in any commercial relationship or transaction, the Group ensures that these relationships and transactions comply with applicable US, UN, and EU Sanctions laws, by screening those individuals or entities against the SDN list and other relevant Sanctions lists.

The Group shall also screen its transactions as to potential violations on country specific sanctions.

The level of screening and due diligence undertaken depends on the risk profile of the particular relationship or transaction, with enhanced screening and diligence undertaken where the risks are greater (see Section 6). For example, where a relationship or transaction is with an internationally recognised individual or business in a country or countries that are not subject to Sanctions, a lower standard of diligence may be applied. Conversely, where a relationship or transaction is with an individual or business located in a high-risk jurisdiction, enhanced due diligence must be undertaken.

In carrying out such screening, the Group may rely on information provided to it by its customers, passengers, and business partners unless it is aware or suspects that those customers and business partners, or the information provided, is unreliable or dishonest, or relates to a high-risk jurisdiction.

Contracts with Associated Persons must include provisions (i) representing that the Associated Person is not itself an SDN or otherwise the subject or target of Sanctions; (ii) requiring compliance with US, UN and EU Sanctions laws and with this Policy, (iii) requiring that its Associated Persons do not engage in or facilitate any business activity that would lead the Group to breach any applicable Sanctions obligations; and (iv) permitting the Group to exit the contract if the Associated Person violates its contract with the Group or this Policy, or becomes an SDN or otherwise the subject or target of Sanctions.

It is critical to note that neither the Group nor any Employee shall engage in any commercial relationship or transaction that directly or indirectly involve: countries that are subjects or targets of Sanctions (“Sanctioned Countries”); or nationals of Sanctioned Countries; unless the contemplated commercial relationship or transaction has been screened and cleared for action in accordance with the applicable the Group sanction screening systems, processes and procedures that are implemented by the Group from time to time. For clarity, the fact that a country is a Sanctioned Country or a person is a national of a Sanctioned Country does not automatically mean that the Group or an Employee cannot engage in any commercial relationship or transaction involving any such Sanctioned Country or person; however the transaction or commercial relationship intended by the Group or the Employee would first need to be thoroughly screened by the Group to ensure that it does not breach any Sanctions related legal obligation. From time-to-time relevant Employees shall be informed by the Group of those countries that are Sanctioned Countries. Because Sanction programs are dynamic and constantly changing, the countries that are Sanctioned Countries can change quickly; the Group regularly reviews the US, UN and EU Sanctions regimes, and may update the list of Sanctioned Countries at any time.

Associated Persons shall also ensure that they do not engage in any commercial relationship or transaction that directly or indirectly involve countries that are subjects or targets of Sanctions and nationals of such countries, unless the commercial relationship or transaction would have been screened and cleared for action in accordance with the applicable screening procedures and processes implemented by each Associated Person. Associated Persons shall at all times have in place systems, processes, policies and procedures to ensure compliance with this limitation. If in doubt as to whether any commercial relationship or transaction conducted by an Associated Person violates this policy, the Associated Person shall notify The Group as soon as practicable.

For clarity and avoidance of any doubt: all commercial relationships and transactions, directly or indirectly, involving Sanctioned Countries and nationals of Sanctioned Countries shall be immediately cancelled and/or not pursued until screened and cleared for action in accordance with the applicable the Group sanction screening systems, processes and procedures that are implemented by the Group from time to time; and, commercial relationships and transactions with persons whose name is not on a list of Specially Designated Nationals may still be prohibited if that commercial relationship or transaction directly or indirectly, involves Sanctioned Countries and nationals of Sanctioned Countries. In such cases commercial relationships and transactions shall also be immediately cancelled and/or not pursued until screened and cleared for action in accordance with the applicable the Group sanction screening systems, processes and procedures that are implemented by the Group from time to time.

Employees and Associated Persons must not facilitate activities by any persons, including customers and passengers, that involve Sanctioned Countries or nationals of Sanctioned Countries, including by referring such business to other persons or entities.

If any Employee or Associated Person becomes aware of an actual or potential breach or a Sanctions regime, then he/she must notify the Group Chief Financial Officer (GCFO) immediately. The Group will then assess any notifications so received in the light of, amongst other things, any applicable reporting legal obligations binding the Group.

### **Specific risk areas and red flags which are particular to the Group**

The Group does not typically engage in the provision of financial services, the facilitation of cross border funds for third parties and any trade in dangerous goods such as weaponry, toxins and / or radioactive material. For these reasons, the largest risk exposure for the Group is related to the buying from, or selling to, a counterparty which is located in one of the Sanctioned Countries and / or is (or is owned or controlled by) a Sanction Target.

At the date of the current version of this Policy, the following list of Sanctioned Countries applies:

- Cuba
- Iran
- North Korea
- Sudan
- Syria
- Crimea / Sevastopol
- Russia
- Israel

Particular areas which represent a particular exposure for the Group, considering the nature of its business and the geographical scope of its operations are:

- Sourcing of liquorice from Iran. Iran is a known supplier of high-quality liquorice. Even where the primary counterparty is located in a non-Sanctioned territory, there is a risk that the underlying source is based in Iran;
- Sourcing of Gum Arabic from Sudan. Several gum and colour products are sourced in Sudan;
- Sale of products to entities with legal addresses in countries in Latin America but where the delivery address is in Cuba;

As a general precaution, careful examination of labelling on inputs and raw materials purchased from third parties can assist with the identification of supplies from Sanctioned Countries.

## **Export Control Risks**

In addition to sanctions targeting specific countries or entities, export control regulations impose restrictions on the movement of certain goods and technologies. These controls aim to safeguard national security, prevent the proliferation of weapons of mass destruction, or protect sensitive information. Exporting controlled items without proper licenses or violating these regulations can lead to severe consequences. Our company policy mandates strict adherence to export control requirements, including procedures for identifying controlled goods, classifying them accurately, and obtaining necessary licenses for any exports that may trigger such regulations. As a Group we are firmly committed to upholding the highest standards of responsible trade compliance. This commitment extends to strict adherence to all applicable export control regulations and laws in the countries where we operate. We understand that failing to comply with export control regulations can have serious consequences, including legal penalties, reputational damage, and disruptions to our business operations. By prioritising export control compliance, we contribute to global security and responsible trade practices.

## **Obligations of Employees and Associated Persons**

The primary responsibility for implementing and ensuring compliance with this Policy lies with the finance directors of each individual division within the Group along with the Group Financial Controller.

Employees and Associated Persons must read and apply this Policy and must ensure compliance with this Policy.

The relevant Group units/departments dealing with customers, passengers, suppliers and other business partners/counterparties shall screen and perform due diligence on each prospective customer, passenger, suppliers and potential business partner/counterparty. If there is any doubt whether screening and due diligence has been conducted with respect to any such person or entity, the Group Financial Controller or the Group Chief Financial Officer must be contacted immediately.

Under no circumstances may an Employee or Associated Person act to avoid Sanctions obligations or detection of a relationship or transaction that would breach this Policy. The Group and Employees and Associated Persons cannot advise customers, passengers or others as to how transactions may be structured or presented to evade applicable Sanctions or this Policy. This includes, but is not limited to, advising customers, passengers and others to amend any information or documents to include false or misleading information, to omit accurate information, or changing, removing or omitting information from a transaction or any business record that would otherwise lead to detection of a Sanctions issue.

Employees and Associated Persons may be subject to the Sanctions laws not only of the country or countries in which they live and work, but also of the country or countries of which they are a citizen, permanent resident, or visa holder. In addition, mere presence in a country, even on a transitory basis, generally will make the Employee or Associated Person subject to the laws of that country while they are within or transiting through it. It is the responsibility of each Employee and Associated Person to understand and meet their Sanctions obligations as a citizen of a particular country or as a result of their presence in a particular country. Questions about particular circumstances should be directed to the Group Financial Controller or the Group Chief Financial Officer. Depending on such circumstances, the Group may require the Employee or Associated

Person to adhere to certain practices to ensure that the Group and the individual Employee or Associated Person comply with all applicable Sanctions requirements.

Employees and Associated Persons must keep records of each non-domestic counterparty with whom they have a trading relationship (whether purchasing or selling). This includes “Know-Your-Customer” checks which should reasonably identify the ultimate owner and residence of the entity with whom the trading relationship exists. These documents should be retained for the minimum legal period required in each local jurisdiction.

### **Consequences of Failure to Comply**

Failure to comply with relevant Sanctions laws would constitute a breach of legal and/or regulatory requirements, and can expose the Group to significant reputational damage, legal and regulatory actions, and financial loss, and can expose individual Employees or Associated Persons involved in any violation to substantial fines and imprisonment.

The Group has a zero-tolerance approach to intentional violations of this Policy or applicable Sanctions regimes. If an Employee fails to comply with this Policy, then he/she may be subject to disciplinary action that may include dismissal from employment. Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with The Group’s policies. In addition, Employees who violate the law during the course of their employment may also be subject to criminal and civil action.

The Group may terminate a business relationship with any Associated Person (including terminating all contracts and agreements in force between the Group and any such Associated Person) by means of written notice to the Associated Person, with immediate effect, without need of judicial recourse, and without liability for compensation or damages (whether direct and/or indirect) of any type or nature in favour of the said Associated Person, in the event that: i. the Associated Person fails to comply with any provision in this Policy and fails to remedy (if such a failure is remediable) that failure within 10 days of the Associated Person being notified in writing of the failure; or, ii. the Associated Person becomes a Specially Designated National or the subject or target of Sanctions.

### **Audits**

Each Associated Person shall, without expense to the Group, provide access (with appropriate prior notice from the Group) to all relevant documents, records, systems, processes, policies and procedures in order to enable the Group (or its third-party professional representatives) to audit and verify compliance by the Associated Person with this Policy. If an audit shows that an Associated Person is in breach of this Policy then the Associated Person shall, without delay, implement the necessary corrective action (if the breach can be corrected) determined by the Group.



### **Reporting of Violations**

There may be circumstances when internal reporting of a breach of this Policy may not be possible. For circumstances such as these, Valeo Foods has contracted an external whistle blowing helpline, available to all personnel anywhere in the Group. If the reporter wishes to remain anonymous and/or it is not appropriate to report the matter internally, the independent whistleblowing helpline can be called to maintain anonymity. The whistleblowing helpline is private and confidential and can be reached at any time of day or night via [www.safecall.co.uk](http://www.safecall.co.uk) via which local contact details and local language reporting options are available.

### **Policy Conclusion**

Valeo Foods Group is dedicated to maintaining compliance with relevant sanctions and trade control laws, regulations, embargos and restrictive measures in all countries we operate in. This Sanctions Policy is intended to guide our employees and stakeholders in adhering to the legislation. Compliance with this policy is essential to our continued success and reputation.

Any questions regarding this Policy can be addressed to the local divisional HR Head or the Group Chief People Officer.

*Last Updated: June 2024*

Ronald Kers

Group CEO

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