



SANCTIONS POLICY

1. INTRODUCTION/SCOPE

- 1.1. This Sanctions Policy (the “**Policy**”) of SKANESTAS INVESTMENTS LIMITED (the “**Company**”) is developed in accordance with the requirements of EU’s Common Foreign and Security Policy.
- 1.2. Financial sanctions are restrictive measures of a financial nature implemented by international organisations or by (individual) countries, which are applicable to jurisdictions, persons or entities for the purpose of combating terrorism and maintaining or restoring international peace and security.
- 1.3. Included among the countries or international organisations that maintain lists of designated persons, groups or entities are the European Union in accordance with the Common Foreign and Security Policy (CFSP), the Sanctions Committee, in accordance with the various Resolutions of the United Nations Security Council (UNSC) and the Office of Foreign Assets Control (OFAC).
- 1.4. Sanctions, also referred to as restrictive measures, constitute a political tool put in place against third countries, individuals or entities with the aim of maintaining or restoring international peace and security and, also, upholding respect for human rights, democracy and the rule of law.
- 1.5. These measures should target the policies or actions that have prompted the decision to impose sanctions and the means to conduct them, and those identified as responsible for these policies or actions.
- 1.6. As Cyprus investment firm, the Company has an obligation to enforce/implement:
 - (a) International Sanctions by a relevant Decision/Resolution adopted by the Security Council (SC/UN), under chapter VII of the UN Charter; and
 - (b) Restrictive Measures adopted by the Council of the EU via relevant Decisions and Regulations, within the framework of Common Foreign and Security Policy (CFSP).

Definitions:

- (i) ‘**International sanctions**’ are the restrictions imposed in accordance with the international law in relation to subjects of sanctions, which have been adopted by the United Nations Organization or the European Union, or another international organisation, to which the Republic of Cyprus is a member state, and which are directly applicable or introduced in the Republic of Cyprus;
- (ii) ‘**National sanctions**’– restrictions imposed in accordance with the laws and regulations of the Republic of Cyprus;

(iii) **‘Competent authority’** – an institution of a public person, which, in accordance with the competence specified for it in laws and regulations, is responsible for execution of international or national sanctions;

(iv) **‘Subjects of sanctions’** – a subject of international public law, a natural or legal person, or another identifiable subject, in relation to which international or national sanctions have been imposed.

(v) **‘Financial Restrictions’**

If financial restrictions have been imposed in relation to a subject of sanctions, participants of the financial and capital market of the Republic of Cyprus have a duty to take the following actions:

- 1) to freeze all financial resources and financial instruments, which are in the ownership, possession or under control of the subject of sanctions;
- 2) to deny access for the subject of sanctions to financial resources and financial instruments;
- 3) not to provide the financial services specified in international or national sanctions to the subject of sanctions.

(vi) **‘Civil Legal Restrictions’**

(1) A subject of sanctions, in relation to which civil legal restrictions have been imposed, is prohibited to acquire and alienate tangible and intangible objects, to which ownership rights or other economic rights must be registered, corroborated, or published in public registers.

(2) It is prohibited to register, corroborate, or publish ownership rights or other economic rights in public registers, which are restricted in accordance with Paragraph one of this Section.

(vii) **‘Restrictions on Admission’**

A subject of sanctions, in relation to which a restriction on admission has been imposed, is prohibited to enter and reside in the Republic of Cyprus or to cross the territory of the Republic of Cyprus in transit.

- 1.7. The sanctions imposed in regulations of the European Union are binding and directly applicable in the Republic of Cyprus.

2. GENERAL PRINCIPLES

- 2.1. The Company has implemented a compliance programme that incorporates the international sanctions policy, which is managed by the Compliance Function.

- 2.2. Compliance Officer of the Company is responsible for assessing whether the sanctions policy is in conformity with applicable legislation and sanctions, while regularly monitoring its efficiency and promoting any changes necessary for its improvement.
- 2.3. The Company has implemented a set of procedures aimed at making sure the Company does not establish or maintain business relations or processes any transactions for/on behalf of sanctioned persons, entities or countries.
- 2.4. The purpose of this Policy is to ensure peace, security, and rule of law in accordance with the international obligations and national interests of the Republic of Cyprus, introducing international sanctions or imposing national sanctions.

3. IMPLEMENTATION PROCEDURES

- 3.1. In this regard, the Company filters customers and stakeholders in transactions, by checking them against the lists of sanctioned persons and entities issued by CFSP, UNSC and OFAC, among others.
- 3.2. The Company has a Customer Acceptance Policy that relies on a risk-based approach, having implemented an active system for the filtering of persons and entities when establishing business relationships.
- 3.3. The Company also filters its customer database on a regular basis and ensures the online filtering of international inbound and outbound transfers.
- 3.4. As per sanctioned financial instruments (“FI”), Compliance Officer can receive the relevant information from the Brokerage, Middle and Back Office departments of the Company, if there are any concerns regarding the nature of FI.
- 3.5. As part of its system for the prevention of money laundering and combating the financing of terrorism, the Company has implemented integrated customer and transaction monitoring systems.
- 3.6. Employees are regularly given adequate training, aimed at helping them understand and enforce the sanctions policy.
- 3.7. The Company actively collaborates with both supervisory and legal authorities concerning the enforcement of sanction systems.
- 3.8. The introduction and implementation of restrictive measures must always be in accordance with international law.

4. COMPETENT AUTHORITIES IN THE REPUBLIC OF CYPRUS FOR THE APPLICATION AND THE MONITORING OF IMPLEMENTATION OF SC/UN SANCTIONS AND EU RESTRICTIVE MEASURES

4.1. The competent Authorities of the Republic of Cyprus for the application and the monitoring of implementation of EU restrictive measures, depending on the subject-matter of each case at hand, are the following:

4.2. **MINISTRY OF FOREIGN AFFAIRS**, which

- (a) Is involved in the decision-making process leading to the adopting of restrictive measures at the level of the EU, but not in the context of the SC/UN. In the process of adopting the EU restrictive measures, it seeks the opinions and suggestions of relevant departments and authorities of the Republic in order to establish the national position on a given issue;
- (b) Informs the relevant departments and authorities of the Republic of the adoption and/or amendment and or expiration of SC/UN sanctions and EU restrictive measures;
- (c) Conveys to the relevant SC/UN Sanctions Committees and EU institutions requests and / or queries by departments and authorities of the Republic;
- (d) Conveys to the relevant SC/UN Sanctions Committees and EU institutions, where appropriate, requests for release of funds, either abroad or in the territory of the Republic, which are frozen because of SC/UN sanctions and EU restrictive measures;
- (e) Informs SC/UN Sanctions Committees and EU institutions of the application of derogations provided for in the Resolutions of the SC/UN and the Decisions and Regulations of the EU.
- (f) Conveys to the relevant SC/UN Sanctions Committees and EU institutions, when required, reports and/or other information as to the implementation of sanctions/ restrictive measures.

Ministry of Foreign Affairs

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4.3. **LAW OFFICE OF THE REPUBLIC OF CYPRUS Unit for Combating Money Laundering (MOKAS)**, which is a Member of the Advisory Body on Financial Sanctions:

The Unit for Combating Money Laundering

Law Office of the Republic of Cyprus

Address: PO Box 23768, 1686 Nicosia, Cyprus

Telephone: +357 22 446 018

Fax: +357 22 317 063

Email Address: mokas@mokas.law.gov.cy

Website: <http://www.law.gov.cy/mokas>

4.4. **CENTRAL BANK OF CYPRUS**, which is

- Joint competent authority for the implementation of financial and credit restrictions and relevant exemptions.
- Competent authority for monitoring and supervision of the activities of credit institutions, including cooperative credit institutions, payment institutions and electronic money institutions, which are subject to the jurisdiction of the Republic of Cyprus, for the purpose of implementing the Decisions and Regulations of the EU Council (restrictive measures) and the Decisions/Resolutions of the SC/UN (sanctions).
- Competent authority for the transfer of funds, and for applications and notifications of the granting of licenses with respect to such transfers of funds, which fall within the scope of the Decisions and Regulations of the EU Council (restrictive measures) and the Decisions/Resolutions of the SC/UN (sanctions).
- Competent authority for the transmission (electronic or otherwise) of funds, and for applications and notifications of the granting of licenses with respect to such transmissions of funds, which fall within the scope of the Decisions and Regulations of the EU Council (restrictive measures) and the Decisions/Resolutions of the SC/UN (sanctions).

Central Bank of Cyprus

Supervision Division

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Email Address: BSRD.compliance@centralbank.cy

Website: <https://www.centralbank.cy/en/licensing-supervision/prevention-and-suppression-of-money-laundering-activities-and-financing-of-terrorism-1>

4.5. **MINISTRY OF FINANCE** (Advisory Body on Financial Sanctions)

- The Ministry of Finance chairs the Advisory Body on Financial Sanctions which examines requests for the release of funds and financial resources which fall within the exemptions/deviations provided for in the relevant Decisions/Resolutions of the SC/UN (sanctions) and the Decisions and Regulations of the EU Council (restrictive measures). After examining the requests, it provides relevant opinions and recommendations to the Minister

of Finance who, as President of the Advisory Body on Financial Sanctions, takes the final decision as to the approval or not of the release. The constitution (competent authorities and departments) and the role of the Advisory Body on Financial Sanctions are set out in the Decision of the Council of Ministers, with number 72.222A and dated 17th June 2011, as amended by a subsequent Decision of the Council of Ministers, dated 25th May 2012.

- The Ministry of Finance chairs the Unit for the Implementation of Sanctions in the Financial Sector in relation to Sanctions imposed by UN Security Council Resolutions and Restrictive Measures imposed by European Union (EU) Council Regulations, as per Council of Ministers Decision dated 25 February 2016.

- Competent authority for the notification of the granting of a license or the intention to grant a license and of the approval of a request or the intention to approve a request, with respect to the release of funds and financial resources, through the Ministry of Foreign Affairs, to the competent Sanctions Committees of the SC/UN and/or the competent authorities of the EU, where such notification is provided for in the relevant Decisions and Regulations of the EU Council (restrictive measures) and the Decisions/Resolutions of SC/UN (sanctions), and for providing relevant information.

Ministry of Finance

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Unit for the Implementation of Sanctions in the Financial Sector in relation to Sanctions imposed by UN Security Council Resolutions and Restrictive Measures imposed by European Union (EU) Council Regulations

Website: <http://www.mof.gov.cy>

http://mof.gov.cy/assets/modules/wnp/articles/201607/10/docs/unit_for_the_implementation.pdf

- 4.6. The other relevant information could be found at <http://www.mfa.gov.cy/>.
- 4.7. It must be underlined that it is the responsibility of the Company to verify and ensure that its activities do not infringe and/or circumvent SC/UN sanctions and EU restrictive measures.
- 4.8. The competent authorities perform activities, which are necessary to ensure execution of international and national sanctions.
- 4.9. If the sanctions imposed in relation to the subject of sanctions are amended or revoked, the competent authorities shall carry out all actions necessary for amending or revocation

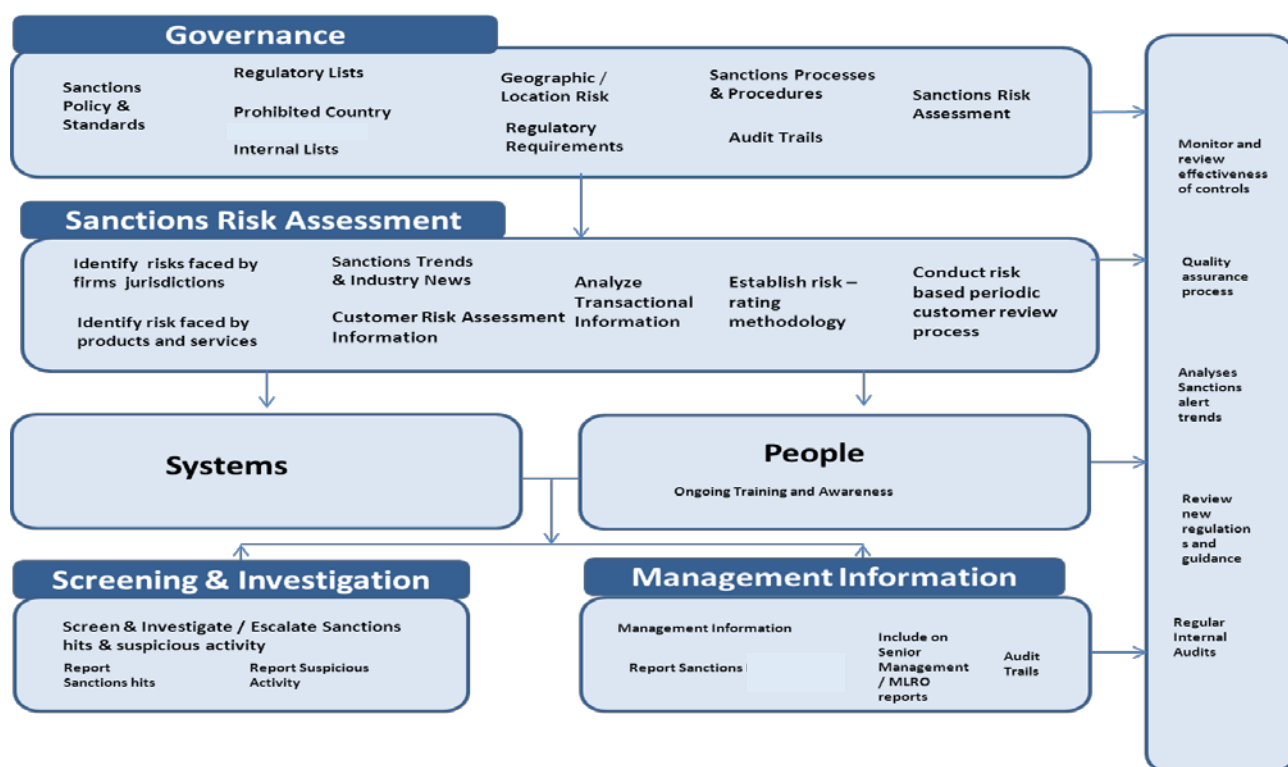
of the imposed restrictions in accordance with the competence specified for such institutions in laws and regulations.

- 4.10. The Company must follow the authorities' instructions in case of any sanctions EU/UN policy breach.

5. SPECIAL INFORMATION RELATED TO SANCTIONS FOR FILTRATION/SANCTIONS ADOPTED BY THE UNSC AND THE EU

- 5.1. Basic Principles on the Use of Restrictive Measures (Sanctions)
<http://register.consilium.europa.eu/doc/srv?l=EN&t=PDF&gc=true&sc=false&f=ST%2010198%202004%20REV%201&r=http%3A%2F%2Fregister.consilium.europa.eu%2Fpd%2Fen%2F04%2Fst10%2Fst10198-re01.en04.pdf>
- 5.2. Update of the EU Best Practices for the effective implementation of restrictive Measures
<http://www.portugal.gov.pt/media/1172885/Update%20of%20the%20EU%20Best%20Practices%20for%20the%20effective%20implementation%20of%20restrictive%20measures%202008.pdf>
- 5.3. The official website of the UN which contains all the necessary information regarding the Decisions/Resolutions of the SC/UN which are related to the imposition of sanctions per year is: <http://www.un.org/en/sc/documents/resolutions/>
- 5.4. Sanctions: <https://www.un.org/sc/suborg/en/sanctions/information>
- 5.5. Consolidated United Nations Security Council Sanctions List:
<https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>
- 5.6. For information purposes, and in order to facilitate the prompt implementation of the sanctions, the following relevant web links of the EU official website can be advised:
<http://www.sanctionsmap.eu/>
http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm
<http://eur-lex.europa.eu/oj/direct-access.html;jsessionid=78cnTZFGLjTwJQBQ3JkVnZH2F1LTgK7KyTvlJKCmDzspqyRyN0YN!-1067606482?locale=en>
- 5.7. **The links above/instruments are not exhaustive** and will be subject to regular review in order to assess the efficiency of the adopted restrictive measures with regard to the objectives stated.

6. SANCTIONS CONTROL FRAMEWORK



- 6.1. The Company has zero tolerance for breaches of Sanctions Regulations and will not knowingly provide investment services to any individuals, entities or countries where the provision of such a service would breach Sanctions or Regulations of jurisdiction in which the Company operates.
- 6.2. This should apply in the context of:
- Countries subject to comprehensive EU/US sanctions
 - Countries subject to trade restrictions/embargoes

- New account opening/new relationships
 - Customers/Employees/Contractors
 - Provision of access to financial services
 - Payments processing
- 6.3. If an existing customer becomes sanctioned or attempts to make/receive a payment to/from a sanctioned entity/person, the Company must:
- **freeze the funds, and**
 - **report to the relevant Regulatory Authority.**
- 6.4. The Company should also give consideration to completing an annual Sanctions Risk Assessment as an integral component of their Sanctions Risk Management Control framework.
- 6.5. The Sanctions Risk assessment should review the Company's approach to Sanctions risk under a number of key headings including (inter alia):
- the firm's ability to react to sanctions legislation
 - the sanctions risks that may be presented by the firm's customers and associated parties (such as directors and beneficial owners), transactions, services, products and jurisdictions
 - systems and key person dependence
 - training
- 6.6. The Sanctions risk assessment should
- Identify the key inherent sanctions risks facing the Company
 - Outline the key control measures in place to mitigate against these inherent risks
 - Outline any residual risks remaining
 - Define the required actions to address any gaps identified
- 6.7. If we know our customer, it is easier to respond to queries relating to their transactions and/or business. The Company completes the Customer On boarding and Ongoing Due Diligence review process conscientiously to ensure it knows its customers and their business particularly if the customers deal with higher risk countries, goods or activities.
- 6.8. Compliance Officer's report should be produced on at least on an annual basis. It should include reference to:
- the Company's key sanctions risks and trends,
 - an assessment of the effectiveness of the Sanctions control framework,
 - any corrective actions taken,
 - recommendations for improvements in response to issues of deficiencies identified.

- 6.9. The Company should produce regular compliance monitoring to ensure that it effectively manages the sanctions risks and keeps relevant records for internal and external audit purposes.
- 6.10. The Company should develop appropriate record keeping procedures.
- 6.11. The Company shall:
- document the due diligence reviews/investigations conducted on customers and individual transactions due to potential sanctions matches;
 - include the rationale for discounting such matches;
 - include supporting documentation/evidence to support conclusions.
- 6.12. Maintaining complete and updated records is essential to:
- the ongoing monitoring of the Company's relationship with such customers,
 - to understand the customer's ongoing business and activities,
 - if necessary, to provide an audit trail in the event of disputes, legal action, or inquiries or investigations that could lead to regulatory actions or criminal prosecution.
- 6.13. Table summary of the high-risk countries and some provisions regarding the approach to sanctions are included into the Client Acceptance and Risk based approach Policy as well. Compliance Officer's response can be made in the following forms (to be reviewed by Compliance Officer and Risk Manager):

Form of Compliance Certificate

To: Senior Management

Compliance Certificate

I hereby inform you that in the period from _____ to _____ there have not been any breaches of any Company's Sanctions Obligations and applicable Sanctions Laws and Regulations by the Company and its Employees.

Compliance Officer
(Personal signature)

" ___ " _____ 20__

Internal report form

TO: Senior Management

Date: " ___ " _____ 20__

Form 1-S

*Sanctions procedures***COMPLIANCE REVIEW REPORT**

I hereby confirm that the Company has a risk-based compliance program, which adequately complies with applicable sanctions regulations.

As a part of compliance program, please, find attached the details of actual/potential event.

Scope of consideration (select, please):

1. Conducting business with persons/ EU, US or UN sanctioned countries
2. Possession of/dealing with any sanctioned securities

Source of information: _____

Status:

- Not serious
- Requires increased attention
- Potential breach
- Breach
- Serious breach

Summary of findings and recommendations:

(Describe actions, which were taken and in case of non-compliance, please, provide a description of the non-compliance and nature of breach. If more than one, provide a numbered list of each non-compliance)

Reviewed by:

(SIGN) _____

Compliance Officer

SKANESTAS INVESTMENTS LIMITED

Disclosure of suspected breach of financial sanctions in contravention of EU regulations

Please supply the Competent Authorities with as much information as possible regarding the suspected breach, including the names of the parties' involved, relevant amounts, account names and numbers, and when this suspected breach was discovered.

(For further information to help you comply with financial sanctions, please see the sections 4 and 5 hereof).

Please email the minimum details including any associated documents to the Competent Authorities with "SUSPECTED BREACH" in the subject line.

Date submitted	
Date breach/suspected breach discovered	
Name, address and contact details of reporter	
Reporter's role in the transaction	
Are you reporting a completed transaction or an attempted transaction?	
Which sanctions regime and, where known, which prohibition is suspected of being breached?	
Sender of funds i.e. name, address	
Remitting bank, location, and account name and number	
Receiver of funds i.e. name, address	
Receiver's bank, location and account name and number	
Payment route	

i.e. details of other intermediaries – names, addresses, account details	
Method of payment i.e. bank transfer, cash, cheques, money orders etc.	
Amount of transfer/attempted transfer	
Purpose of transfer, if known	
Other persons involved in the transfer, and their roles	
Any other relevant information	

7. OBJECTIVES OF THE SANCTIONS TRAINING PROGRAMME/FINAL PROVISIONS

7.1. Objectives of the sanctions training programme are the following:

- Ensure that all employees understand their obligations and responsibilities, including key actions to be taken in the event of a reportable sanctions match;
- Raise awareness amongst employees of sanctions risk and internal policies, standards and controls;
- Help the employees avoid taking any actions that might expose the institution and/or themselves to criminal or civil liability and other negative consequences;
- Enable staff to explain the impact of sanctions to the Company's customers, as required.

7.2. All Company employees are responsible for the success of this policy and are invited to suggest ways it might be improved.

The current Sanctions Policy of the Company was developed in accordance with EU law requirements.