

This document outlines the Petroy Sanctions Policy, designed to ensure appropriate compliance with economic and trade sanctions laws and regulations. This includes those enacted by the United Kingdom (UK), United Nations (UN), European Union (EU), United States of America (US), and all other relevant jurisdictions where Petroy conducts business. The policy's fundamental aim is to provide guidance for the recognition, assessment, and management of potential sanctions risks in practical application.

1. Introduction

This policy establishes the framework for Petroy's compliance with economic and trade sanctions laws and regulations originating from various international and national authorities, including the UK, UN, EU, and US, as well as all other pertinent sanctions and import/export control regulations applicable in Petroy's operational jurisdictions. Its core purpose is to offer guidance on the identification, evaluation, and mitigation of potential sanctions risks.

2. Scope and Applicability

Petroy's core business involves the manufacture and supply of fluid transfer solutions on a business-to-business (B2B) basis.

This policy is broadly applicable to:

- All Petroy personnel, encompassing permanent, temporary, and contract staff.
- All business activities, transactions, and relationships, irrespective of their direct or indirect nature.

The geographical scope of this policy extends to all jurisdictions where Petroy conducts business or operations globally.

A critical note regarding Petroy's products: Petroy's fuel pumps and fuel monitoring equipment are classified as standard commercial products. Consequently, they are generally not subject to arms embargoes or specific export controls related to military applications. However, comprehensive sanctions (trade restrictions) may still apply to certain countries, regardless of the product type.

3. Key Definitions

To ensure clarity and consistent understanding, the following terms are defined:

- **Designated Persons:** Refers to individuals, entities, or organizations explicitly listed on official sanctions lists maintained by relevant authorities.
- **Dual-Use Goods:** Items possessing capabilities for both civilian and military applications.
- **Facilitation:** Any act that assists, enables, or supports a sanctioned activity or transaction.
- **Sanctions List:** The official compendiums of designated persons maintained by sanctioning authorities, such as the UK, UN, EU, and US.
- **Ultimate Beneficial Owner (UBO):** The natural person who ultimately possesses ownership or control over a legal entity, typically defined by a 25% or greater ownership threshold.

- **Red Flags:** Indicators or warning signs that may suggest potential sanctions violations or elevated risks.

4. Sanctions Policy Statement

This policy establishes the minimum compliance standards that Petroy must uphold to fulfill its sanctions obligations. This commitment is achieved through a multi-faceted approach, including:

- **Continuous monitoring** of economic and trade sanctions and regulatory developments.
- **Regular risk assessments** to evaluate Petroy's exposure to sanctioned individuals or regimes.
- **Systematic screening** of customers and external business partners against global sanctions lists.
- **Prohibition or restriction of business activities or transactions** that may contravene applicable sanctions laws or involve listed entities/individuals.
- **Blocking or rejecting business activities or transactions** where legally mandated.
- **Maintenance of comprehensive records** pertaining to all sanctions-related activities.
- **Provision of regular training** to all relevant personnel.
- **Establishment of clear reporting and escalation procedures.**

5. Risk Assessment Framework

Petroy employs a structured **Risk Assessment Framework** that identifies three key risk factors most pertinent to its business operations:

- **Geography Risk:** Encompasses countries subject to comprehensive or sectoral sanctions, as well as high-risk jurisdictions prone to sanctions evasion.
- **Product Risk:** Pertains to Petroy's products, primarily fuel pumps and fuel monitoring equipment, which are standard commercial products not typically subject to arms embargoes or stringent export controls. However, it is reiterated that comprehensive sanctions may still apply irrespective of product type.
- **Counterparty Risk:** Involves the assessment of customers, suppliers, their Ultimate Beneficial Owners (UBOs), and any associated persons or entities.

Risk Rating Methodology:

- **Low Risk:** Indicates minimal sanctions exposure.
- **Medium Risk:** Requires specific sanctions considerations.
- **High Risk:** Signifies that substantial sanctions restrictions may be applicable.

Assessment Frequency:

- **Initial:** Conducted prior to the initiation of any new business relationship.
- **Periodic:** Performed bi-annually for existing customers and business partners.
- **Event-driven:** Triggered by changes in circumstances that may alter the risk profile.

Documentation Requirements: All risk assessments must be documented. This documentation includes the assigned risk rating and its rationale, assessment date, assessor's

identity, supporting evidence, any implemented mitigation measures, and approval/review dates.

6. Screening Procedures

Screening Requirements: All customers and external business partners must be screened against applicable sanctions lists, which include, but are not limited to:

- The UK HM Treasury Consolidated List
- The UN Security Council Sanctions List
- The EU Consolidated List
- The US OFAC Specially Designated Nationals List

Screening Process:

- **Initial Screening:** Conducted prior to entering any new business relationship.
- **Event-driven Screening:** Initiated upon the imposition of new sanctions or significant changes in circumstances.

Screening Methodology: The screening process involves the manual checking of new prospects against official government sanctions lists via their respective websites, prior to their entry into the CRM system. This screening must encompass legal names, known aliases, associated persons and entities, and relevant addresses and jurisdictions.

Match Criteria: A **potential match** is identified when:

- Name similarities or exact matches are found during manual screening.
- Addresses correspond.
- Identification numbers align.
- Strong circumstantial evidence indicates a connection.

Documentation of Screening: All screening activities must be thoroughly documented. This documentation includes the date of screening, the specific lists checked, the identity of the person conducting the screening, and any identified results or concerns.

7. Investigation Process

Upon the identification of a potential match during screening, the following immediate steps are mandatory:

1. **Immediate Action:** All activities with the potential match must be suspended **pending further investigation**.
2. **Notification:** The Managing Director must be notified within 24 hours.
3. **Documentation:** All pertinent details of the potential match must be **recorded**.

Investigation Steps: The subsequent investigation involves:

1. **Verification:** Confirming the accuracy of the initial screening results.
2. **Documentation:** Maintaining detailed records throughout the investigation.
3. **Decision:** Determining the appropriate course of action based on findings.

4. **Implementation:** Executing the determined decision and monitoring its compliance.

Investigation Timeline: Investigations should normally be completed within 15 business days of the initial identification of a potential match.

8. Roles and Responsibilities

- **Managing Director:** Holds overall accountability and ownership for this policy. This individual possesses final decision authority on all sanctions matters, assumes regulatory reporting responsibilities, oversees the sanctions compliance program, approves all sanctions-related decisions, and serves as the primary contact for regulatory authorities.
- **All Employees:** Are mandated to comply with this policy. They must report any potential sanctions issues immediately to the Managing Director, complete mandatory training, maintain awareness of sanctions requirements, and escalate any concerns or questions to the Managing Director. If Employees believe insufficient action has been taken they should make use of the Company Whistle-blower Policy.

9. Training Requirements

Training Schedule:

- **New Employees:** Receive training as part of their induction process. Additional training will be carried out for employees whose role may expose them to the requirements of this policy.
 - Including but not limited to... Head of Finance, Head of Sales, Credit Control
- If the screening is taken at the point of account opening (and not first contact), you could limit this to anyone who signs off an account rather than the whole sales team
- **Existing Employees:** Are required to undergo training at a minimum of every 36 months.
- **Refresher Training:** Provided when substantial changes occur in sanctions law or policy.

Training Content: The curriculum covers current sanctions laws and regulations, Petroy's specific sanctions policy and procedures, risk identification and assessment techniques, screening procedures, reporting requirements, and practical case studies.

Training Assessment and Monitoring: Completion of sanctions training is mandatory and is monitored as part of Petroy's ISO 9001 Quality Management System audit process.

10. Record Keeping

Documentation Requirements: All sanctions-related activities must be thoroughly documented. This includes, but is not limited to, screening results and decisions, risk assessments, investigation records, training completion records, and all communications with regulatory bodies.

Retention Period: Records are required to be retained for a period of 7 years from their creation date.

Access and Security: Records must be readily accessible for regulatory review, securely stored and protected, regularly backed up, and subject to appropriate access controls to ensure data integrity and confidentiality.

11. Potential Breach Response

Upon the discovery of a potential breach of sanctions policy, immediate actions are critical:

1. **Stop Activity:** The relevant activity must be ceased immediately.
2. **Secure Evidence:** All relevant documentation and evidence must be preserved.
3. **Notify Management:** The Managing Director must be notified within 24 hours.
4. **Assess Impact:** The potential consequences of the breach must be evaluated.
5. **Contain Breach:** Immediate containment measures must be implemented.

Investigation and Reporting: An internal investigation will be conducted. Furthermore, proven breach occurrences will require external reporting to the relevant regulatory authorities, such as the UK HM Treasury and OFSI (Office of Financial Sanctions Implementation), may be required.

12. Third-Party Due Diligence

Contractual Requirements: All third-party agreements must incorporate specific clauses, including sanctions compliance warranties, ongoing compliance obligations, the right for Petroy to terminate the contract in cases of sanctions violations, and indemnification clauses to protect Petroy from liabilities

13. Monitoring and Review

Ongoing Monitoring: Petroy maintains continuous monitoring through:

- **Transaction Monitoring:** Regular review of business activities.
- **List Updates:** Quarterly monitoring of updates to sanctions lists.
- **Regulatory Changes:** Continuous surveillance of regulatory developments.

Policy Review: This policy undergoes review on an annual basis as part of overall risk management procedures. It is also subject to review following significant regulatory changes, identification of policy weaknesses, or material changes in Petroy's business circumstances.

Management Reporting: Regular reports are submitted to senior management, detailing:

- Screening activity and results.
- Risk assessments.
- Training completion statistics.
- Regulatory developments.
- Compliance incidents.

14. UK Arms Embargoes

Sanctions and embargoes are subject to rapid imposition and lifting in response to evolving global events. Therefore, it is crucial to regularly review and assess which countries are currently under sanctions. Depending on the goods intended for export, such as arms or dual-use items, varying sanctions and export controls may apply.

Important Note for Petroly: Petroly's fuel pumps and monitoring equipment are categorized as standard commercial products and are not subject to arms embargoes or specific export controls. However, it is essential to remember that comprehensive sanctions (trade restrictions) may still be applicable to certain countries, irrespective of the product type.

For any questions or clarifications regarding this policy, please contact the Managing Director.