



A  BANKING CIRCLE GROUP COMPANY

Sanctions Policy (for B4B website)

Owner: Compliance department

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www.b4bpayments.com

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Purpose

The Sanctions Policy (“Policy”) has been established to define the actions adopted by the B4B Payments Europe and Payments Card Solutions UK (B4B). B4B is committed to complying with all sanctions regulations in the jurisdictions in which the B4B operates and has adopted screening/filtering programmes designed to comply with UK, Lithuania and foreign policies related to sanctions regulations.

Scope

This Policy applies to B4B and all its employees, contractors and Partners. This Policy is effective on the date of approval by the Board of Directors as noted within the version control section of this Policy.

Policy statement

This Policy is designed to minimise the risk that products and services offered by B4B could be used for money laundering, terrorist financing, fraudulent activity, serving sanctioned entities, facilitating sanctions evasion or any other financial crime. It is meant to aid B4B in meeting global regulations and enforcing economic and trade sanctions which prohibit trade, financial transactions or other dealings in which B4B may not engage unless authorised by the financial authorities.

B4B utilises system-based processes to filter and screen the individuals and corporate customers engaged in a business relationship with B4B.

What are financial sanctions?

Sanctions are restrictive measures imposed by an international body, multilateral agency or a national government on another regime, organisation or individual with a view to achieving a desirable outcome.

The most widely known and used sanctions are those imposed by the United Nations (UN). In addition to international sanctions, sanctions can also be imposed by regional bodies such as the European Union (EU).

National governments may choose to use their own national legislation to impose restrictive measures (or sanctions) against listed entities. Such measures may reflect the country’s own foreign and security policy if these are imposed unilaterally. They may also reflect international commitment if they are prepared in view of the United Nations Security Council Resolutions.

Financial sanctions are an important part of foreign policy and support national security. They help to maintain the integrity of and confidence in the financial services sector. Generally, they are imposed to:

- Coerce a regime, or individuals within a regime, into changing their behaviour or aspects of it (‘offending behaviour ‘), by increasing the cost on them so much that they decide to cease the offending behaviour.

- Constrain a target by trying to deny them access to key resources needed to continue their offending behaviour, including the financing of terrorism or nuclear proliferation.
- Signal disapproval of a target as a way of stigmatising and potentially isolating them, or as a way of sending broader political messages to international or domestic constituencies.
- Protect the value of assets that have been misappropriated from a country, until they can be repatriated.

Sanctions Risk Appetite

B4B has no appetite for establishing or maintaining a client or counterparty relationship with an entity or individual designated on any of the below lists or where otherwise prohibited by applicable law or regulation. B4B also has no appetite to execute transactions relating to any such entity or individual:

- The United Nations Security Council Sanctions List (UN)
- The Consolidated List of European Union Financial Sanctions (EU)
- Hiser Majesty's Treasury Sanctions - UK (HMT)
- Sanctions lists administered by the United States Office of Foreign Assets Control (OFAC) -, including tThe List of Specially Designated Nationals and Blocked Persons
- Ministry of the Interior of the Republic of Lithuania (FNNT)

B4B has no appetite, directly or indirectly to deal with parties subject to restrictive measures issued by these jurisdictions. B4B reserves the right to refuse to engage in business involving parties with links to the sanctions lists, even where permitted by applicable sanctions laws and regulations where these activities fall outside of B4B's risk appetite. In some cases, this risk appetite may be stricter than our legal obligations.

Who Imposes Sanctions?

The United Nations (UN) imposes financial sanctions and requires member states to implement them through resolutions passed by the UN Security Council. The UN Security Council can decide to act to preserve or restore international peace and security under Chapter VII of the UN Charter. Such sanctions may target governments of third countries or non-state entities and individuals (such as terrorist groups and terrorists). They may range from comprehensive economic and trade sanctions to more targeted measures comprising arms embargoes, other specific or general trade restrictions (import and export bans), financial restrictions, restrictions on admission (visa or travel bans), or other measures, as appropriate.

The European Union (EU) implements financial sanctions through EU regulations which have direct legal effects on the UK and all EU member states. Article 215 of the Treaty on the Functioning of the European Union (TFEU) provides a legal basis for the interruption or reduction, in part or completely, of the Union's economic and financial relations with one or more third countries (i.e., countries outside the EU),

where such restrictive measures are necessary to achieve the objectives of the Common Foreign and Security Policy (CFSP). The sanctions imposed by the EU are either on an autonomous basis or implemented on the strength of binding resolutions of the Security Council of the United Nations Sanctions. Where the sanctions are introduced on an autonomous basis, these reflect the foreign and security policy of the European Union member states rather than that of the international community as evident in the United Nations Resolutions.

The United States Treasury's Office of Foreign Assets Control (OFAC) issues US sanctions. They have a range of programmes in addition to country-based regimes and also issue sanctions to specifically combat the trade of drugs through Counter Narcotics Trafficking Sanctions. The Patriot Act introduced in October 2001 is the major piece of legislation that empowers certain US government agencies to implement measures to enhance national security. As part of its enforcement efforts, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury is entrusted with the enforcement of economic and trade sanctions and is also responsible for the periodic publication of a consolidated list containing the names and identification details of targeted foreign countries and regimes, terrorists, international narcotics traffickers designated under programs that are not country-specific, those engaged in activities related to the proliferation of weapons of mass destruction, threats to national security, foreign policy or economy of the United States who are subject to financial restrictions.

HM Treasury implements UN sanctions through its Office of Financial Sanctions Implementation (OFSI) and makes designations under domestic programmes. OFSI is the government agency in charge of implementing financial sanctions including targeted asset freezes and restrictions on financial services. Breaches of UK financial sanctions are criminal offences, punishable upon conviction for up to 7 years in prison. There are both civil and criminal enforcement options to remedy breaches of financial sanctions. Law enforcement agencies may consider prosecution for breaches of financial sanctions. The monetary penalties regime created by the 2017 Act provides an alternative to criminal prosecution for breaches of financial sanctions legislation. OFSI can impose penalties for sanction breaches of up to £1 million or 50% of the value of the breach – whichever is higher.

Ministry of the Interior of the Republic of Lithuania sanctions. The Financial Crimes Investigation Service (FNTT) announced back in April 2022 that from now on, all information about the connections of natural and/or legal persons with entities subject to international sanctions will be published on the FNTT website www.fntt.lt in the INTERNATIONAL FINANCIAL SANCTIONS section.

B4B uses a vendor whose sanctions data consists not only of individuals and entities as standard but also designated vessels and aircraft and criminal and familial organisations and associations. Within the data recorded are many searchable fields including International Maritime Organisation numbers, business registration numbers and dates, VAT numbers and aircraft model numbers and manufacture dates.

For a discounting approach on potential matches please refer to the Sanctions manual.

Asset freeze

One of the main measures of financial sanctions is the freezing of funds and assets. The freezing of funds and assets is a temporary restriction on property rights imposed on an entity subject to international sanctions. "Freezing of economic resources" means preventing the use of economic resources to obtain funds, goods or services in any way, including, but not limited to, selling, hiring or mortgaging them. "Freezing of funds" means any movement, transfer, exchange, use, access to or handling of funds by altering their size, amount, location, ownership, management, characteristics, purpose or any other change in the use of the funds, including the investment portfolio management, insurance.

The procedure for freezing funds and assets is established by the Government of the Republic of Lithuania and the United Kingdom for the jurisdictions B4B hold its licences (UK and Lithuania).

Financial institutions are prohibited from

- making any payments to and from financial institutions for the account of designated persons, except in the case of granted exemptions (general licences);
- providing any financial services to designated persons.

Compliance with the Policy

All employees, contractors and Partners are required to adhere to and follow this Policy. Failure to do so may result in corrective action or other disciplinary measures.

Controls

The Company shall focus on implementing appropriate systems and controls to identify persons and transactions that are subject to financial sanctions, given its assessment of the likelihood of dealing with such persons and the associated risk of breaching its obligations. This shall at least involve sanction screening and its effectiveness review.

Record retention

Records will be retained in accordance with the AML Policy, which at a minimum will be for the period required by applicable law or regulation. B4B will intend to update the policy in case there are significant changes in the sanctions regime or legislation. In addition, B4B will review its policy on sanction upon new product or service release when applicable.