



Policy Title: **Sanctions and Anti-Money Laundering Policy**  
Policy Owner: **Chief Legal Officer**  
Department: **Legal**  
Implemented: **1 October 2014**  
Revised Date: **December 2022**  
Related Policies: **Code of Ethics and Business Conduct**

## 1.0 Statement of Policy

It is the policy of NEP Group, Inc. and all of its affiliates and subsidiaries (together, “NEP”) and their respective officers, directors, employees and in-house contractors (together, “Personnel”), and any of their agents, consultants, suppliers, vendors, service providers and any others who act in any capacity on behalf of NEP (together, “Representatives”), to comply fully with all provisions of:

- The International Emergency Economic Powers Act (“IEEPA”), the Trading with the Enemy Act (“TWEA”), the Foreign Assets Control Regulations (“FACR”) administered by the U.S. Department of the Treasury, sanctions administered by the U.S. Department of State pursuant to various statutes and Executive Orders, export control laws administered by the Department of Commerce’s Bureau of Industry and Security (“BIS”) under the Export Administration Regulations (“EAR”), and all other economic sanctions legislation applicable to NEP (together, “Applicable Sanctions and Export Control Laws”);
- Anti-boycott laws administered by BIS under the EAR and by Treasury under Section 999 of the Internal Revenue Code and regulations issued thereunder (together, the “Applicable Anti-Boycott Laws”); and
- The Money Laundering Control Act (“MLCA”), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (“USA PATRIOT Act”), and all anti-money laundering legislation applicable to NEP (together, “Applicable AML Laws”).

Together, the Applicable Sanctions and Export Control Laws, the Applicable Anti-Boycott Laws, and the Applicable AML Laws may be referred to as the “Applicable Laws.”

## 2.0 Policy Adoption and Implementation

NEP’s management has implemented and maintains a Sanctions and Anti-Money Laundering Compliance Program (“Compliance Program”) in order to provide specific guidance on the implementation and enforcement of this Sanctions and Anti-Money Laundering Policy (this

“Policy”). This Policy has been made available to all Personnel and to certain relevant Representatives.

### 3.0 Administration of the Policy

The Policy will be administered by NEP’s Board and NEP’s Chief Legal Officer, as well as their designees.

### 4.0 Applicable Sanctions and Anti-Money Laundering Laws

#### 4.1. Sanctions, Export Control, Anti-Boycott, and Customs Laws

4.1.1 The Department of the Treasury, Office of Foreign Assets Control (“OFAC”) administers and enforces sanctions against targeted countries, individuals and entities. Under these sanctions, U.S. persons and entities are broadly prohibited from dealing directly or indirectly with Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine including their governments, persons and entities normally resident in these countries, as well as certain identified persons and entities associated with these countries that are designated on the OFAC-administered Specially Designated Nationals and Blocked Persons List (“SDN List”).

Additionally, the United States imposes certain significant sanctions on Russia, which may prohibit or restrict dealings with certain persons and entities identified on the SDN List and other restricted party lists. The United States also imposes broad restrictions on direct or indirect dealings with persons and entities designated as SDNs under sanctions programs targeting the governments and other persons associated with certain other countries, as well as persons involved in certain activities harmful to U.S. interests, such as terrorists, weapons of mass destruction proliferators, narcotics traffickers, human rights abusers, and transnational criminal organizations.

The sanctions primarily apply to “U.S. persons,” which for the purpose of all the major sanctions programs, includes U.S. citizens, lawful permanent residents (i.e., “green card” holders), companies incorporated or organized to do business in the U.S. (including their foreign branches but not foreign subsidiaries), and any person who is in the U.S. Under the Cuba and Iran sanctions programs, a foreign subsidiary owned or controlled by a U.S. company will also be subject to the same restrictions applicable to U.S. persons.

The United States also administers export control laws that apply to NEP’s global business. The primary export control regime is the Export Administration Regulations (“EAR”), which is administered and enforced by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) and applies to the export,

re-export, and transfer (including in-country transfers) of products, software, and technology that are of U.S. origin or that otherwise fall under U.S. jurisdiction (by, for example, incorporating certain U.S. origin content). Depending upon its classification, an item subject to the EAR may require a license or other authorization for export or re-export to certain destinations (even destinations not subject to an embargo or significant sanctions discussed above), and EAR items are also restricted for export, reexport, or transfer to certain restricted end users and end uses. Because of the nature of NEP's business operations, it is expected that NEP's transactions will not raise specific compliance concerns under the EAR because any such items kept by NEP would either be classified as EAR99 (i.e., not subject to specific licensing controls) or under a low-control anti-terrorism classification (such as commercial computer equipment like laptops, routers etc.) and would require a license only for reexport to embargoed destinations or individuals already prohibited under NEP's Sanctions Policy.

The United States also enforces the International Traffic in Arms Regulations ("ITAR"), which is administered and enforced by the State Department's Directorate of Defense Trade Controls ("DDTC") and controls the export and transfer of certain defense articles and defense services. It is not expected that NEP will be transacting in items or services that are subject to the ITAR, but NEP employees should also be aware of any transactions involving military items (such as any equipment or software that has been specifically designed for a military application) or military entities (e.g., branches of any national military or policy force) that could, potentially, trigger ITAR rules.

As a U.S. company, NEP, its subsidiaries and owned or controlled affiliates, officers and employees are subject to U.S. sanctions and export control laws and regulations. It is NEP's policy to comply fully with all applicable U.S. sanctions and export control laws and regulations.

**4.1.2. No Unauthorized Trade with Cuba.** As U.S. persons under the Cuban sanctions, NEP and its subsidiaries, including its foreign subsidiaries, must comply with the U.S. trade embargo against Cuba. The basic goal of the sanctions is to isolate the Cuban Government economically and to deprive it of U.S. dollars. The sanctions generally prohibit the transaction of any business with Cuba or Cuban entities, including exports to, and imports from, Cuba. Goods or services of Cuban origin may not be imported into the United States, either directly or indirectly. In addition to these export and import restrictions, U.S. entities and persons are prohibited from engaging in any transaction in which Cuba or a Cuban entity has any interest, including contracts and services. No products, technologies or services may be exported from the United States to Cuba, either directly or indirectly through third countries.

As a result of these comprehensive sanctions, unless authorized, NEP and its subsidiaries cannot conduct business with any Cuban owned or controlled entity. NEP and its subsidiaries also cannot enter into contracts which benefit Cuba or any Cuban entity in any manner or in which there is any Cuban interest. For example, NEP cannot provide its products or services to a non-Cuban customer for use on a contract in Cuba, in Cuban waters, or with a Cuban entity.

Notwithstanding the strict U.S. embargo, certain transactions involving Cuba are permissible in narrow instances. These include certain transactions involving journalistic and educational activities, as well as pre-existing informational materials, and sales of certain agricultural commodities, medicine and medical supplies. These exceptions to the Cuba embargo can be very complex and difficult to determine their applicability. As such, any transactions directly or indirectly involving Cuba, the Cuban government, or Cuban companies or persons wherever located must be approved in advance by the NEP General Counsel.

4.1.3. No Unauthorized Trade with Iran. NEP and its subsidiaries, including its foreign subsidiaries, must comply with the U.S. trade embargo against Iran. U.S. sanctions against Iran apply to both U.S. persons and non-U.S. subsidiaries and affiliates that are owned or controlled by U.S. persons or entities. Additionally, there are reporting requirements administered by the U.S. Securities and Exchange Commission (“SEC”) that require issuers filing certain reports with the SEC identify certain activities with Iran conducted either by themselves or their affiliates.

Under the Iran sanctions, NEP and its subsidiaries, including its foreign subsidiaries, may not export, directly or through third countries, any products, technology or services to Iran or Iranian government entities (wherever located); may not broker or assist in the sale of goods or commodities or consulting services to or from Iran, Iranian government entities, or Iranian nationals (wherever located); and may not deal in any property (including contracts or services) in which Iran or an Iranian government entity has an interest or if the contracts or services relate to Iran.

As a result of implementation of the Joint Comprehensive Plan of Action with Iran (*i.e.*, the Iran nuclear deal), the United States has adopted a general authorization that permits foreign affiliates owned or controlled by U.S. persons to engage in Iran-related transactions, under certain limitations. Determining the applicability of this general authorization can be very complex and difficult. As such, no NEP non-U.S. subsidiary can enter into any Iranian transaction without advance approval from NEP’s general counsel. NEP’s U.S. subsidiaries remain strictly prohibited from engaging in Iran transactions directly or indirectly.

4.1.4. No Trade with Syria. The sanctions against Syria prohibit U.S. persons and entities from conducting most business with Syria. As a U.S. person, NEP is prohibited from making new investments in Syria; exporting, re-exporting, selling or supplying any services to Syria; and importing or dealing in any products of Syrian origin. Additionally, U.S. export laws and regulations prohibit the export and re-export of all U.S. products, except certain food and medicine, to Syria. These restrictions also prohibit the direct or indirect re-export of U.S. origin goods, software, and technology to Syria by non-U.S. entities and persons, such as any foreign subsidiaries of NEP.

4.1.5. No Trade with the Crimea region of Ukraine. As a result of the 2014 annexation of the Crimea region of Ukraine by the Russian Federation, the United States has imposed a comprehensive embargo on transactions directly or indirectly with Crimea and identified persons and entities (including governmental entities) within Crimea. NEP, as a U.S. Person, may not conduct business or facilitate transactions with Crimea. These sanctions prohibit virtually all trade and investment activities with Crimea. NEP also may not export or re-export any goods, technology or services either directly or indirectly to Crimea. With limited exceptions, the sanctions prohibit the direct or indirect re-export of U.S. origin goods, software, and technology to Crimea by both U.S. and non-U.S. entities and persons, such as any foreign subsidiaries of NEP.

4.1.6. No Trade with North Korea. The United States also imposes comprehensive restrictions on U.S. person dealings directly or indirectly with North Korea. Additionally, U.S. export control regulations separately prohibit, with limited exceptions, the export and re-export of U.S. goods, software, and technology to North Korea by both U.S. and non-U.S. entities and persons, such as any foreign subsidiaries of NEP..

4.1.7. Russia Restrictions. Since 2014, the United States has imposed an increasing series of trade and financial restrictions on Russia. While Russia-related transactions are not comprehensively restricted, these measures may prohibit or restrict dealings with certain identified persons and entities in Russia, as well as dealings in certain sectors of the Russian economy. Importantly, a number of persons and entities in Russia have been designated on the SDN List, and the prohibition on dealing with those persons and entities extends to any entities in which they (either singly or in combination with other SDNs) have a 50% or greater ownership interest directly or indirectly.

NEP and its subsidiaries are not prohibited from Russia-related transactions. However, because of the complexity of these rules, all Russia-related transactions must be reviewed carefully for compliance with applicable laws. No Russian transactions may occur without prior review and approval of NEP's General Counsel.

**4.1.8. Other Country Sanctions.** OFAC also maintains sanctions to various degrees on trade with several other countries besides those referenced above. Currently, OFAC sanctions programs are in place with respect to the following other countries: the western Balkans (e.g., Bosnia, and Serbia), Belarus, Burundi, Burma/Myanmar Central African Republic, Democratic Republic of the Congo, Iraq, Lebanon, Libya, Mali, Nicaragua, Somalia, South Sudan, Sudan, Ukraine (other than Crimea region), Venezuela, Yemen, and Zimbabwe. It should be noted that with respect to a number of these country-based sanctions programs, the applicable sanctions do not target the country but rather, specific groups deemed to be threatening the peace, security or stability or otherwise contributing to unrest in the region.

As a U.S. person subject to OFAC regulations, NEP must comply with these sanctions when entering into transactions with entities or persons from these countries.

**4.1.9. Dealings with Specially Designated Nationals and Other Restricted Persons.** As noted previously, with respect to all of OFAC's sanctions programs, certain persons and entities that facilitate or support a sanctioned country or its conduct may be identified as a Specially Designated National, or SDN. As a U.S. person, NEP is broadly prohibited from engaging in transactions with SDNs or with any entities that is owned 50% or more directly or indirectly by one or more SDN.

The United States enforces additional restricted party lists that may impact NEP's global business. In particular, BIS enforces several lists under the EAR that restrict exports and re-exports of U.S.-origin goods, software, and technology by U.S. and non-U.S. Persons, including the Denied Persons List (a listing persons denied export privileges), and the Entity List (a listing of persons that present a proliferation or diversion risk).

A listing of SDNs and persons designated under other U.S. government lists can be accessed by NEP's Regional CFOs and NEP Legal.

**4.1.10. Facilitation.** The OFAC sanctions regulations prohibit "facilitation" or approval of a prohibited transaction. Facilitation involves some action by a person to enable a transaction that would be prohibited if entered into by a U.S. person to go forward. Examples of facilitation may include:

- Any activity by any U.S. person that assists or supports trading activity with a sanctioned country by any person (whether a U.S. or non-U.S. person).
- Referring any opportunity in a sanctioned country's goods or services in a sanctioned country to a third person if the U.S. person could not directly follow up on the opportunity.

- Changing operating procedures or those of a subsidiary to enable a foreign person controlled by a U.S. person to engage in a transaction that a U.S. person could not engage in directly.

In order to comply with the OFAC sanctions, NEP must not facilitate any conduct or activity in which it would be prohibited or restricted from engaging directly due to the sanctions. In particular, note that any inquiries related to business in a country subject to comprehensive sanctions, as described above, cannot be referred to another company. If any such inquiries are received, they must be rejected.

4.1.11. Penalties. Violation of the sanctions and export control laws can result in criminal penalties (for willful violations) of up to 20 years imprisonment and/or \$1 million monetary fine, per violation, and/or civil penalties of up to the greater of \$289,238 or twice the amount of the transaction that is the basis of the violation, per violation.<sup>1</sup> Non-monetary civil penalties can include: seizure and forfeiture of items at issue; loss of export privileges; and loss of ability to contract with the U.S. government.

4.1.12. Anti-Boycott Laws. The United States enforces two separate anti-boycott laws, (i) the anti-boycott provision of the EAR, which is administered by BIS, and (ii) the anti-boycott provision under Section 999 of the Internal Revenue Code, which is administered by the Department of the Treasury. The purpose of the U.S. anti-boycott laws is to encourage, and in some cases to require, U.S. persons to refuse to participate in or cooperate with foreign boycotts that the United States does not sanction, such as the Arab League boycott of Israel. While requests to participate in a foreign boycott are most likely to be encountered in transactions involving the Middle East region, boycott requests may occur in other regions.

Boycott requests may arise in a variety of contexts, such as contracts, shipping documents, bids and requests for quotation, and letters of credit. Examples of boycott-related requests include, but are not limited to, refraining from doing business with Israel or with certain blacklisted persons, providing information on business with Israel or blacklisted persons, and providing “negative” certifications of origin that goods or services are not of Israeli origin or from a blacklisted person. The following link provides illustrative examples of recent boycott requests that have been reported to the U.S. government:

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<sup>1</sup> For prohibited dealings involving a Cuban interest, monetary penalties are slightly different. Criminal penalties (for willful violations) per violation may include up to 10 years imprisonment and/or the greater of either \$1 million for organizations and \$250,000 for individuals, or twice the pecuniary gain or loss from the violation. Civil penalties per violation may include a monetary fine of up to \$ 85,236 (and the other non-monetary penalties listed above).



<https://www.bis.doc.gov/index.php/enforcement/oac/7-enforcement/578-examples-of-boycott-requests>

Taking action in furtherance of a prohibited boycott can result in significant penalties as well as loss of certain tax benefits. Additionally, there may be a requirement to report the receipt of the request to governmental authorities, even for boycott requests that are either rejected or are determined to be permissible.

NEP and its subsidiaries must be vigilant in reviewing purchase orders, terms and conditions of sale, sales contracts, letters of credit, and other transactional documents for language relating to any unsanctioned foreign boycott, including, in particular, the Arab League boycott of Israel. Any such language must be reported immediately to the General Counsel for appropriate review and action, even if the request is rejected. Do not respond to the request (other than to reject it) or proceed further with the underlying transaction until you receive further notice from the General Counsel.

4.1.13. Because business operations involve the frequent importation of goods including equipment into the United States as well as other countries, NEP and its subsidiaries must diligently comply with all applicable customs laws. This involves the appropriate use of customs formalities, such as Carnets and ATA Carnets, that are used for the duty-free temporary export and import of qualifying equipment and other goods.

4.1.14. Non-U.S. sanctions regimes. Depending on the nature of the business or transaction in question, it may be that one or more sanctions regimes other than that of the U.S. is engaged. For example, the European Union ("EU") maintains economic sanctions in relation to many countries and territories, and these will apply to EU citizens, to entities incorporated in the EU, or in relation to business conducted in whole or in part within the EU. The EU maintains a list of designated individuals and entities with whom it is in effect unlawful to do business in the absence of a license from an EU Member State. Similar lists are maintained by individual Member States, as well as by countries outside the EU. Personnel should therefore ensure that all NEP business is conducted in compliance with all applicable sanctions regimes.

4.1.15. NEP has adopted the Compliance Procedures set out in section 5 of this Policy to address processes for compliance with these laws.

## 4.2. Anti-Money Laundering

4.2.1. Money laundering is the process by which the financial proceeds of criminal activities are given the appearance of legitimacy, thereby concealing their nature, origin, location, source, or ownership and enabling criminals to reap the benefits



of their crimes and illegally obtained money. Anti-money laundering laws adopted by the United States and many other countries have generally applied to banks and other financial institutions. International organizations, including the Financial Action Task Force (“FATF”), likewise issue policies and standards that apply mainly to government entities or financial institutions.

4.2.2. Terrorist financing laws, like money laundering laws, came to the forefront after September 11, 2001. Congress passed the USA PATRIOT Act in an effort to prevent future acts of terrorism by increasing the power of the government to access information and monitor and investigate suspicious activities as well as by requiring private companies to enact programs designed to detect and prevent terrorist financing.

4.2.3. In addition, the United Nations, the United States, the African Development Bank, and other international multi-governmental and governmental organizations have adopted economic and trade sanctions based on geopolitical and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. In the United States, these economic sanctions programs are administered and enforced by OFAC under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze foreign assets under U.S. jurisdiction.

4.2.4. It is the policy of NEP to prohibit and actively pursue the prevention of money laundering or the funding of terrorist or criminal activities. NEP is committed to anti-money laundering compliance in accordance with applicable law and requires its employees, agents and partners to comply in their business transactions with NEP.

4.2.5. In order to ensure that NEP in no way participates in activities relating to money laundering or terrorist financing, no employee of NEP shall do the following:

- Accept a large cash payment (e.g., \$5,000 or more) for any services or products sold by NEP. Payments tendered in a large amount shall be refused and the incident reported to the Compliance Officer.
- Accept a new counter-party (either a customer, buyer, seller, lender, letter-of-credit issuer or shipper) without taking reasonable steps to verify the identity of the counter-party, as follows:
  - Request documentation to show the identity of the counter-party and those they represent in the transaction;

- Make reasonable efforts to identify beneficial owners of a counter-party;
- Obtain information on the purpose and intended nature of the business relationship; and
- Consider whether the transaction poses “red flags” that the counter-party is engaged in money laundering or terrorist activities, such as:
  - A counter-party's refusal or unreasonable reluctance to provide proper identification, information or business documents;
  - A counter-party's unusual concern regarding NEP's compliance policies and requirements;
  - False, unusual or suspect counter-party information or business documents;
  - Suspicious changes in normal business patterns;
  - Unusual requests for large cash-based transactions;
  - Unusually complex business or payment transactions that reflect no discernible business purpose or feature unusually favorable payment terms;
  - Multiple small payments being made at the same time from a number of different accounts when a single large payment would appear more reasonable;
  - Unusual fund transfers to or from countries unrelated to the transaction;
  - Transactions involving locations that have been identified as tax havens or areas of known money laundering activities, including any High Intensity Financial Crime Area;<sup>2</sup>
  - Overpayments accompanied by requests for returns via cash, check, wire, or transferable instrument;
  - Transactions involving credit instruments issued by banks in countries on the Financial Action Task Force's Non Cooperative Countries and Territories list;
  - Request to transfer funds to unknown third parties or new accounts for which usual information is not supplied;
  - Offsetting transactions that only appear to move money or convert currency;
  - Structuring of transactions to evade record-keeping or reporting requirements;

- Transactions involving small or obscure entities that appear to offer little or no goods or services but nonetheless are able to pay bills or invoices without issue;
- Transactions involving individuals, groups, or countries associated with terrorist activity.

Depending on the counter-party and the proposed method of payment, varying levels of diligence may be necessary to ensure that the counter-party is not engaged in or suspected of money laundering.

## 5.0 Compliance Procedures

NEP does not do business directly or indirectly with customers or suppliers from or located in Cuba, Iran, North Korea, Syria or the Crimea region of the Ukraine.

Before doing business with any new customers or suppliers from or located in Russia, the western Balkans (e.g., Bosnia, and Serbia), Belarus, Burma/Myanmar, Burundi, Central African Republic, Democratic Republic of Congo, Iraq, Lebanon, Libya, Mali, Nicaragua, Somalia, South Sudan, Sudan, Ukraine (other than Crimea region), Venezuela, Yemen or Zimbabwe the Regional CFO must carry out an SDN check and obtain approval from the Chief Legal Officer. The Chief Legal Officer or Group Compliance Director will maintain a record of any approvals.

Before doing business with any new customers or suppliers located outside Australia, Canada, EU Countries, Japan, New Zealand, Singapore, the UK and the USA where the anticipated annual spend is likely to be above the equivalent of US\$1,000,000 the Regional CFO must carry out an SDN check.

Where any red flags (as set out in Appendix A of NEP's Sanctions Policy) are shown then you must review this with the Chief Legal Officer or Group Compliance Director and ensure that all red flags are resolved before proceeding.

## 6.0 Consequences for Violation of Law and Policy

In addition to the Penalties described in the above sections of this Policy, Personnel who violate any of the Applicable Laws or this Policy should expect to have their employment terminated for cause. NEP Representatives should similarly expect to have their contracts terminated for cause if they violate any of the Applicable Laws or this Policy. NEP will actively seek to recoup any losses which it suffers as a result of a violation of Applicable Laws from the individual or entity that committed the violation.

## **7.0 Education and Monitoring**

NEP's management has implemented and maintains a program to provide anti-corruption, competition, sanctions and anti-money laundering education and training to Personnel and certain Representatives selected by the Chief Legal Officer or Group Compliance Director in his or her discretion, and a program to actively monitor compliance with this Policy by NEP and its Personnel and Representatives.

## **8.0 Further Information**

This Policy provides a summary of important sanctions and anti-money laundering laws and issues, but additional details on particular questions and issues are available. Any questions about the Policy or Compliance Program should be directed to NEP's Chief Legal Officer or Group Compliance Director.

## 9.0 Approval

Approval for initiation of this Policy has been given by:

Brian Sullivan \_\_\_\_\_ Date \_\_\_\_\_  
Chief Executive Officer

Dean Naccarato \_\_\_\_\_ Date \_\_\_\_\_  
Chief Legal Officer and Chief Compliance Officer

## Revision History

Date	Revision Summary
10/1/2014	Policy published
6/1/2018	Major revision
1 December 2020	Revision and update
1 November 2021	Further revision and update
December 2022	Further revision and update

## **APPENDIX A**

### **RED FLAG INDICATORS**

- The customer or its address is similar to one of the parties found on a U.S. restricted party list.
- The customer or purchasing agent is reluctant to offer information about the end-use of the item.
- The product's capabilities do not fit the buyer's line of business, such as an order for sophisticated computers for a small bakery.
- The item ordered is incompatible with the technical level of the country to which it is being shipped, such as semiconductor manufacturing equipment being shipped to a country that has no electronics industry.
- The customer is willing to pay cash for a very expensive item when the terms of sale would normally call for financing.
- The customer has little or no business background.
- The customer is unfamiliar with the product's performance characteristics but still wants the product.
- Routine installation, training, or maintenance services are declined by the customer.
- Delivery dates are vague, or deliveries are planned for out of the way destinations.
- A freight forwarding firm is listed as the product's final destination.
- The shipping route is abnormal for the product and destination.
- Packaging is inconsistent with the stated method of shipment or destination.

When questioned, the buyer is evasive and especially unclear about whether the purchased product is for domestic use, for export, or for reexport