

# AAK Group Sanctions Policy



# Introduction

## Purpose

AAK operates globally and shall always comply with laws and regulations on sale, import, export and re-export of AAK's products and services across all jurisdictions in which AAK does business.

Consequences for violating trade control laws and regulations may be severe for both AAK and the individuals involved. Potential consequences are loss of export privileges as well as civil and criminal penalties. Penalties may exceed several million US dollars and may also entail imprisonment for individual employees.

AAK has further made certain undertakings related to trade sanctions in its financing arrangements. Failure to satisfy such undertakings may

result in a default under the financing arrangements with a right for the lenders to terminate the financing arrangements with immediate effect.

This policy sets out AAK's approach to the prevention of violations against export control and sanctions provisions. Its successful implementation requires a proactive approach by each employee.

Yours faithfully,  
AAK AB (publ)

Johan Westman  
President and CEO

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# The policy

## Who must follow this policy?

Compliance with this policy is mandatory for all directors, officers, managers, employees and temporary staff of AAK. It is vital that **everyone** knows the rules and complies with them. You are encouraged to raise questions and concerns at the earliest possible stage about:

- (i) the scope and application of this policy; and
- (ii) any instance or suspicion of malpractice or any action which may be a breach of this policy.

Such concerns will be treated in the utmost confidence and should be raised with Group Legal or via the WhistleB tool available via AAK's intranet.

## Training

AAK will provide training to relevant employees regarding this sanctions policy.

Group Legal shall determine the content of the training and the relevant employees who will be required to complete the training.

# Sanctions

## What are sanctions and how may they arise?

Sanctions, often also referred to as “financial sanctions” or “restrictive measures”, are measures that have been imposed on certain countries, business or industry sectors, individuals, companies or entities. Sanctions relevant for AAK are imposed by the United Nations (UN), the United States of America (US), the European Union (EU) and various individual countries, including the United Kingdom (UK).

Sanctions are inter alia communicated consolidated lists of individuals, companies and entities with whom it is prohibited to do business with. Such listed natural and legal persons are often referred to as “Listed Persons”, “Designated Parties” or, in the US, “Specially Designated Nationals” (SDNs). For the purpose of this policy, the term Listed Persons will be used.

Sanctions may also include broader restrictions or bans on trade in certain goods or services intended for sanctioned countries, or for certain business sectors or types of end use in such countries and restrictions on imports of certain products from sanctioned countries, as well as certain investments and financial services in such countries. The EU, UK and US have in place comprehensive sanctions against a limited number of countries and territories. At present, such countries and territories include, inter alia, Russia, non-Ukraine government controlled areas of Ukraine, Cuba, Iran, North Korea, Yemen and Syria. It is necessary to take outmost care when carrying out direct or even indirect business with such countries of risk. Please note that indirect business includes sales through e.g. an external distributor in a non-sanctioned country who you know, or have reason to suspect, is re-exporting AAK products to a person or entity in a sanctioned country.

Although Listed Persons may live and operate in any country of the world, AAK has adopted a list of countries particularly associated with sanctions risk, see Appendix 1. This list is intended to inform you of when, under a risk based approach, enhanced due diligence (e.g. in relation to AAK’s customer and any reasonably known end-users, including their owners) needs to be conducted. See further under the Procedures section below.

While the scope of prohibitions imposed in relation to Listed Persons may vary in the individual case, the prohibitions can for practical purposes be summarized as follows:

### *It is prohibited to enter into any commercial activities:*

- (1) directly and indirectly with Listed Persons;
- (2) with companies which are wholly or partly owned or controlled by one or more Listed Persons;
- (3) where there is a concrete risk that items, services or funds supplied to a business partner would later be forwarded to a Listed Person or a company owned or controlled by one or more Listed Persons; and
- (4) where there is a concrete risk that a Listed Person will otherwise benefit from the commercial activity.

## Who may be a Listed Person?

### *Elites of aggressive countries or countries violating fundamental human rights*

Generally, sanctions are imposed in order to induce a country to change its policies, e.g. to stop aggressive behaviour against neighbouring countries, or to stop grave violations of human rights. In these cases, sanctions are generally imposed on members of the political and economic elite of the country in question in order to exert pressure on these people. Consequently, companies that are owned or controlled by persons who are members of the elites of the countries concerned will also be subject to sanctions. State-owned companies or state-controlled conglomerates are often also subject to sanctions.

### *Terrorism or terrorism financing*

Individuals, companies and entities identified as engaged in terrorism or in activities to finance terrorism are often subject to sanctions by e.g. the EU, the UK and the US. Such persons live and operate not only in countries associated with terrorism, but in many countries of the world.

### *Cyber-attacks, human rights violations and narcotics*

As evident from the above, the EU, UK and US have sanctions regulations which do not target a specific country, or persons in a specific country, but rather specific acts and behaviour. Besides the example above, regarding terrorism, such global sanctions programs include sanctions against persons responsible for cyber-attacks (computer hacking), human rights violations, and systemic corruption. The US also has such a sanctions program targeting persons responsible for the production and trafficking (smuggling) of narcotics.

### **What does entering into a business relationship in breach of sanctions mean to the business?**

In many countries (including EU member states, the UK and the US), violations of sanctions are subject to significant penalties, including severe fines and even imprisonment. Even if it is an individual employee that has violated sanctions, penalties and fines may be imposed on the employing company.

Some countries, in particular the US, have adopted rules that provide for consequences if sanctions are violated anywhere in the world: If a company operating outside of US jurisdiction violates e.g. certain US sanctions against Iran or Russia, this company can be excluded from the US financial system and could even be listed as an SDN itself (secondary sanctions). As a consequence, most banks would immediately freeze the accounts of such company, and no US company would enter into any transactions with the listed company.

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## Export control

The EU and its member states, the US, and many other countries regulate and control the export or transfer of certain sensitive products, software and technology. The US export control rules are far-reaching and can affect transactions outside of the US. Generally, the controls depend on (i) what the product, service or technology is used for, (ii) where it is going, (iii) who the end-user is and (iv) what the end-use may be.

Many countries control trade in “dual-use” items. These are specifically listed goods, technology or software (including information security and encryption software) that have both ordinary commercial (civil) applications as well as potentially having military applications.

Exports from the EU are regulated by the EU dual-use regulation, which in its Annex 1 lists controlled dual-use items. The US has a similar list included among the Export Administration Regulations (EAR) termed the Commerce Control List (CCL). It should be noted that items that have dual-use application may be controlled even if they are not listed in the relevant regulations. In the EU dual-use regulation there is a so-called “catch-all” rule that restricts trade in unlisted items where such items might be used for certain illicit activities.

To ensure compliance with all applicable export control laws and regulations, an export or transfer of controlled dual-use items is only allowed when the intended destination, end-user and end-use of the product, service or technology is known to AAK.

# Procedures

## Global compliance with EU, UK and US sanctions and applicable export controls

No matter whether acting within or outside of EU, UK or US jurisdiction, all AAK entities shall adhere to the sanctions adopted by the EU, UK and the US, unless explicitly authorised in writing by Group Legal on a case by case basis. This includes that no AAK entity shall be involved in transactions with Listed Persons (according to the below). In addition, all AAK entities must ensure that all transactions are permitted under relevant applicable sanctions, for example there might be restrictions on providing certain types of products or services to, or on importing certain products or services from, certain countries or regions. Further, all AAK entities must ensure that they do not export products in breach of applicable export control laws and regulations.

### Listed Persons

No direct or indirect business shall be conducted with any Listed Person, nor any company wholly or partly owned or controlled by one or more Listed Persons, without the written consent of Group Legal.

### High-Risk Countries

No direct or indirect business shall be conducted with persons or entities in High-Risk Countries (see Appendix 1) without the written consent of Group Legal.

### Medium-Risk Countries

For any business related to Medium-Risk Countries (see Appendix 1), in addition to the screening procedures described below, it should be ensured that all EU, UK, US and other potentially applicable sanctions are complied with. If necessary, advice should be sought from Group Legal or external legal counsel in consultation with Group Legal.

### Screening

For a so-called sanctions screening and export control assessment, the following steps should be followed:

#### Step 1: Identify

Before entering into the business relationship, **identify** the name of the company. Where possible, identify the name(s) of the shareholders of the company.

#### Step 2: Compare

Compare the name of the company and the name(s) of the shareholders with the names of the parties on consolidated sanctions list (this is the actual “screening” of the company). Unless you have access to an advanced sanctions screening software which screens against all relevant sanctions lists at once, you need to use all of the following, publicly available web-based screening tools:

EU: <https://www.sanctionsmap.eu>

US: <https://www.trade.gov/data-visualization/csl-search> (or, if the former is unavailable, use: <https://sanctionssearch.ofac.treas.gov>)

UK <https://sanctionssearchapp.ofsi.hmtreasury.gov.uk/>

Look also for locally registered governmental sites as complimentary screening tools and/or contact Group Legal if in doubt.

#### Step 3: In case of “hit”: obtain information

Where the screening reports a “hit”, this means that there is a risk that the name of the company (and/or one or several of the shareholders) is identical to a name of a Listed Person. However, this needs to be clarified: Many individuals and companies have names that are similar to the names of Listed Persons (“false positives”). Also, the screening tools will also identify Listed Persons with names that are merely similar to the name of the company or persons that you screen, to allow for misspellings or incorrect translations.

**Obtain** as much **additional information** as possible on the company/the shareholder(s) to understand whether your hit is a false positive or a true match. This includes, for example: address, business activities, business registration number, name(s) of directors and managers, history of dealing with this company. Data sources could be e.g.: internal customer data, website of business partner and company registers.

#### Step 4: Compare information

**Compare** the information you have obtained in the previous step with the information that is provided on the Listed Person that has been identified by the screening tool. In many cases, it will become clear if the company/the shareholder(s) are identical to the Listed Person that the screening tool has identified.

#### *Step 5: What to do in case of a real hit or doubts?*

If you have any doubts or if you are not certain if the company or the shareholder(s) are identical to the Listed Person, you must notify Group Legal. You must stop the transaction until you have received clearance from Group Legal.

#### *Step 6: Assess whether the transaction is allowed*

Ensure that the contemplated transaction is permitted under applicable sanctions and export control laws and regulations. There might be, *inter alia*, restrictions to export or import products to specific countries or for certain use or restrictions related to the provision of services to certain recipients. In some cases AAK may have to obtain an authorization or license to carry out a transaction. Contact Group Legal if in doubt.

#### *Step 7: Document*

Document all of the steps above (this also applies in case no “hit” is being reported) and maintain this documentation with the other documents relating to the transaction for at least five years.

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## Implementation

### **Monitoring, review and evaluation of the policy**

AAK will periodically review its risk assessment and the implementation of this policy in respect of its suitability, adequacy and effectiveness and is committed to making improvements where appropriate.

On a local level it is the responsibility of the relevant ExCom member to ensure that this policy is implemented as required and that business is conducted in compliance with this policy.

The function with overall responsibility for this policy is AAK Group Legal, who will report the results of this review process to the Chief Financial Officer.

This Sanctions Policy was originally adopted by the Board of Directors in 2023 and reviewed in May 2025.

# Appendix 1 – Countries of risk

## To be noted:

- The below list reflects a generalised practical business assessment of countries most likely to raise sanctions and export regulations risks as well as risks related to circumvention of sanctions and money laundering risks for AAK. It is important to note that, depending on the circumstances, dealings in other countries may also raise such risks for AAK.
- Sanctions regimes are subject to regular change. Make sure that you use the latest publicly available list of countries of risk by using the links provided above.

High-Risk Countries	Medium-Risk Countries			
Belarus	Afghanistan	Democratic Republic of Congo	Marshall Islands	Somalia
Crimea and non-Ukraine government controlled areas of Ukraine (including the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts of Ukraine)	American Samoa	Egypt	Mauritania	South Africa
Cuba*	Armenia	Eritrea	Mauritius	South Sudan
Iran	Azerbaijan	Ethiopia	Mexico	Sri Lanka
Libya	Bahamas	Georgia	Moldova (Transnistria)	Tajikistan
Myanmar (Burma)	Bahrain	Ghana	Mongolia	Trinidad and Tobago
North Korea (DPRK)	Barbados	Grenada	Montenegro	Tunisia
Russia	Belize	Guam	Namibia	Turkey
Sudan	Bermuda	Guinea, Rep. Of Guinea-Bissau	Nicaragua	Turkmenistan
Syria	British Virgin Islands	Guyana	Niger	U.S. Virgin Islands
Venezuela	Bulgaria	Hong Kong**	Nigeria	Uganda
Yemen	Burundi	Indonesia	Pakistan	Ukraine (excl. areas and oblasts listed as High-Risk)
	Cambodia	Iraq	Palau	United Arab Emirates***
	Cayman Islands	Jordan	Palestine	Uzbekistan
	Central African Republic	Kazakhstan	Panama	Vanuatu
	Chad	Kyrgyzstan	Philippines	Zimbabwe
	China	Laos	Puerto Rico	
	Colombia	Lebanon	Serbia	
	Cyprus	Malta	Singapore	

\* Cuba is a target of U.S. sanctions only and is not a sanctions target of the EU or the UN.

\*\* Hongkong is not subject to sanctions (although, as with many countries, there are a number of Listed Persons who live/operate from Hongkong). However, Hongkong is often used as a transit destination for exports (covertly) intended for e.g. Myanmar.

\*\*\* The United Arab Emirates, although not itself a sanctions target, is sometimes used by Iran and other sanctions targets to conduct business (for example, an Iranian entity may form an entity in Dubai as a means of disguising the true beneficiary of a transaction).