

Sanctions and Anti-Money Laundering Policy

Aquaporin A/S, CVR-no. 28315694

1. Introduction

- 1.1 Being a global water-tech company with presence and partners in several countries, Aquaporin A/S and its subsidiaries (“Aquaporin”) are required to comply with international trade sanctions and anti-money laundering laws and regulations applicable to its business.

2. Purpose

- 2.1 The purpose of this policy (the “Policy”) is to inform the employees of Aquaporin as well as our customers, distributors, agents and suppliers as well as other stakeholders, of the key principles of trade sanctions and anti-money laws and regulations affecting Aquaporin. This Policy also sets out the overall legal compliance framework to ensure compliance with these legal and regulatory requirements.

3. Objective

- 3.1 Aquaporin is committed to conducting its business in accordance with trade sanctions and anti-money laundering laws and regulations applicable to Aquaporin in the jurisdictions in which the company operates or otherwise distributes its products.

4. Consequences of non-compliance

- 4.1 Non-compliance with sanctions and anti-money laundering regulation may expose Aquaporin as well as individual managers and employees to civil, regulatory and criminal penalties, including substantial monetary fines and, in the case of individuals, prison sentences.
- 4.2 The consequences of non-compliance are determined by national laws and may therefore vary from jurisdiction to jurisdiction.
- 4.3 Non-compliance may also involve substantial reputational risk for Aquaporin and could jeopardize important business relationships.
- 4.4 In addition, some countries – in particular the United States of America – impose secondary sanctions on those who engage in activities that are contrary to certain foreign policy objectives. Accordingly, engaging in such activities could lead to Aquaporin itself being sanctioned, which could lead to significant adverse economic and other consequences.
- 4.5 Any failure to comply with this Policy may also result in Aquaporin taking disciplinary actions against those involved in such non-compliance.

5. Scope

- 5.1 This Policy applies to all employees, officers, directors and agents of Aquaporin and to such other persons as designated by the company from time to time (“Representatives”).
- 5.2 This Policy also applies to anyone performing services for or on behalf of Aquaporin with respect to such services.

6. What are trade sanctions?

- 6.1 Trade sanctions (primary sanctions) are laws and regulations enacted by states, such as the United States (the “U.S.”), international organizations such as the United Nations (the “UN”) and supranational bodies such as the European Union (the “EU”), to promote foreign policy and other objectives, i.e. safeguarding fundamental interests and security and preserving peace and stability.
- 6.2 Trade sanctions seek to bring about a change in the policy or conduct of those targeted, and trade sanctions are thus mainly implemented by prohibiting companies and individuals from doing business with certain individuals, legal entities, countries, regions and governments that are subject to trade sanctions.
- 6.3 As mentioned above, secondary sanctions do not prohibit dealings with sanctioned parties, but the country imposing such sanctions may deny important benefits to or impose restrictions on a company or individual engaging in such dealings.
- 6.4 The UN, the EU, the U.S., the United Kingdom, as well as certain other states, maintain specific trade sanctions regimes (collectively referred to as “Sanctions”). Generally, Aquaporin is committed to complying with all Sanctions applicable to its organization.
- 6.5 Comprehensive Sanctions are currently in place against the following countries and territories (“High-risk Sanctioned Countries”):
- Iran
 - North Korea
 - Cuba
 - Syria
 - Crimea
- 6.6 In addition, both EU and U.S. impose list-based sanctions. The U.S. imposes comprehensive sanctions against parties on the List of Specially Designated Nationals and Blocked Persons and entities owned 50% or more, directly or indirectly, individually or in the aggregate, by one or more SDNs or blocked parties. The EU prohibits the making available of economic resources to parties on the designated parties list, as well as entities owned or controlled by a designated party (collectively referred to as “Designated Parties”).

6.7 The EU sanctions list can be found [here](#). The U.S. SDN List can be found [here](#).

6.8 Under this Policy it is prohibited for Aquaporin to engage, directly or indirectly, in any activities or business with individuals or legal entities in High-risk Sanctioned Countries or with their governments or entities owned or controlled by them, or with any Designated Parties without the prior written approval of CFO.

7. What is anti-money laundering and terrorist financing?

7.1 Money laundering is the illegal process of making funds generated by criminal activity appear to have come from a legitimate source.

7.2 Applicable money laundering legislation impose broad prohibitions on any dealings with the proceeds of crime. Proceeds from any crime is comprised by the provisions (sanctions violations, corruption, tax evasion, fraud etc.) Proceeds comprises anything gained from or connected to a crime (gains from stolen property, payments under a corrupt agreement, cost savings as a result of tax evasion etc.)

7.3 Terrorist financing means the provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, in order to carry out acts of terrorism.

8. What does Aquaporin expect of its Representatives?

8.1 Each Representative of Aquaporin is bound to comply with applicable Sanctions and anti-money laundering legislation and this Policy. This includes an obligation on each Representative to conduct the business of Aquaporin in compliance with Sanctions and not be involved in any actions infringing anti-money laundering laws and regulations, and in particular, each Representative shall where relevant:

- screen customers, suppliers and other counterparties against the Designated Parties lists and perform appropriate due diligence with respect to ownership and control of such entities;
- refrain from cooperating, or in any way engaging in business dealings with Designated Parties in contravention of applicable Sanctions;
- refrain from funding or making available financial assets or economic resources for the benefit of Designated Parties in contravention of applicable Sanctions;
- refrain from selling or buying products or services to/from High-risk Sanctioned Countries, or engaging in any other business dealings with or involving High-risk Sanctioned Countries unless specifically authorised by the CFO;
- not be involved in any money laundering; and

- anti-money laundering should, on a risk based approach, be among the risks assessed as part of our due diligence in relation to onboarding of business partners.

9. Breach of this Policy

9.1 If a Representative becomes aware of a breach or potential breach of this Policy or Sanctions and anti-money laundering laws and regulations, the Representative must immediately report such breach to the CFO or disclose such breach or potential breach through the Whistleblower Scheme of Aquaporin when implemented.

10. Governance

10.1 Aquaporin provides training on Sanctions and this policy in regards to anti-money laundering and application of this Policy to (i) all relevant Representatives on a regular basis, and at least annually, and (ii) all new hires in relevant positions. The managers are expected to promote compliance with this Policy.

10.2 The CFO shall determine the content of the training and shall ensure that all managers and relevant relevant representatives complete the training and shall keep adequate and up to date training records on file.

11. Policy review

11.1 This Policy shall be reviewed by the CFO on a regular basis, and at least annually, in order to ensure that the Policy is up to date and reflects all changes to the Sanctions and anti-money laundering laws and regulation affecting Aquaporin.

11.2 As Sanctions regimes can change quickly and with short or no notice, Aquaporin may update this Policy at any time.

12. Implementation of this Policy

12.1 The CFO is responsible for assessing whether this Policy is in conformity with applicable legislation and Sanctions and anti-money laundering laws and regulations, while regularly monitoring its effectiveness and promoting any changes necessary for its improvement.

12.2 All employees of Aquaporin are encouraged to contact the CFO in case of any questions to this Policy or compliance with sanctions and anti-money laundering in general.

13. Audit

13.1 Each Representative and Aquaporin's business partners, distributors suppliers and consultants shall to the extent possible provide access to all relevant documents, records, systems, processes, policies and Policies in order to enable Aquaporin (or its third party professional representatives) to audit and verify compliance with this Policy.

-oOo-

Approved by the Board of Directors of Aquaporin A/S on 7 June 2021.