



SANCTIONS POLICY

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INTRO

Policy Statement

Nichols Plc is committed to complying with all applicable international sanctions laws and regulations ("**Sanctions**") in force in the countries in which we operate. As a business we take a zero tolerance approach towards non-compliance. Violations of international sanctions risk criminal and civil prosecution including potential fines, imprisonment of individual employees, and serious reputational damage. It is never in the interests of the Nichols or our employees to violate international sanctions or the provisions of this Policy. There will be no place in our business for any individual who does not live up to our expectations and their individual responsibilities with respect to Sanctions compliance.

To whom does this policy apply?

- This policy applies to Nichols plc and its subsidiaries ("**Nichols**" or the "**Company**");
- All individuals working for Nichols, including directors, officers, employees (including interns and seconded employees), and independent contractors ("**Nichols Personnel**");
- Nichols' business partners, may be required to comply with this policy under the terms of engagement between them and Nichols. "**Business Partner**" means any person (other than Nichols or Nichols Personnel) providing goods or performing services for or on behalf of Nichols and acting in such capacity, such as agents, suppliers, co-packing partners, licensee partners, consultants, advisers, distributors, resellers, vendors, joint venture partners, contractors and subcontractors.
- Where a Business Partner is required to comply with this policy, references to Nichols Personnel shall be amended to Business Partner as the context requires, and obligations and requirements on Nichols Personnel below shall apply equally to Business Partners where relevant.

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What does this policy do?

- This policy underlines the commitment of Nichols to ensuring strict compliance with its international sanctions obligations as a responsible and transparent international business.
- It provides Nichols Personnel with guidance on how to ensure that Nichols complies with international sanctions laws.
- Breaches of international sanctions can result in criminal and civil prosecution. Individuals found liable for sanctions breaches can be punished by imprisonment and/or a fine. As a business we face significant fines, exclusion from international

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markets, and damage to our reputation. We therefore take our legal responsibilities very seriously.

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Risk Assessment

- Nichols engaged DLA Piper UK LLP (“**DLA Piper**”) to undertake a risk assessment in relation to sanctions (plus other compliance areas) in 2020.
- DLA provided recommendations to mitigate any potential sanctions-related risks. Development of, adherence to, and training of Nichols Personnel on this policy are all part of the mitigating actions recommended by DLA Piper.

What you must do

- Nichols Personnel must read, understand and comply with this policy.
- Nichols Personnel must report known or suspected violations of this policy to the Legal Director.
- Those with managerial responsibility for others must ensure that their team are familiar with and comply with this policy.
- Before engaging a Business Partner, or arranging payments to a Business Partner, Nichols Personnel must ensure that appropriate due diligence has been completed. The Procurement Policies incorporate a due diligence procedure. A Due Diligence Procedure is also in place for International Business Partners.
- Nichols should ensure that documents, data and information that it holds are kept up to date. This means that due diligence on continuing contracting parties should be refreshed regularly or otherwise whenever Nichols becomes aware of a significant change in a contracting party's circumstances or develops knowledge or suspicion that the contracting party may be engaged in activity which may be contrary to this policy.
- Nichols Personnel must tell the Legal Director immediately if they:
 - suspect they may have breached or risk breaching international sanctions;
 - are asked to breach or risk breaching international sanctions; or
 - suspect that another may have breached or risks breaching international sanctions.
- If Nichols Personnel are unsure whether a particular act may risk breaching international sanctions they should speak with their line manager or Legal Director.

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Who is responsible for the policy?

- The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- The Legal Director has primary and day-to-day responsibility for ensuring implementation of this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in managing sanctions risks.
- Management at all levels are responsible for ensuring those reporting to them understand, implement and comply with this policy and are given adequate and regular training on it.
- You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Legal Director.

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POLICY STATEMENT – SANCTIONS

Nichols Plc complies with all applicable sanctions laws and regulations (“Sanctions”) in force in the countries in which we operate and takes a zero tolerance approach towards non-compliance.

It is never in the interests of the Nichols or our employees to violate this Policy. There will be no place in our business for any individual who does not live up to our expectations and their individual responsibilities with respect to Sanctions compliance.

The purpose of this Policy is to underline the responsibilities of Nichols and its employees in observing and upholding our Global Sanctions Policy.

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THE INTERNATIONAL SANCTIONS ENVIRONMENT

You will have noticed in recent international news coverage, an increase in the reporting of Sanctions related issues. Sanctions are restrictions and prohibitions applied by one or more countries against another state (“**Restricted Countries**”) or a specific entity, body or individual (“**Restricted Persons**”). Increasingly, disagreements between countries are being escalated through the implementation, administration and enforcement of Sanctions.

In practical terms, Sanctions that apply to Nichols oblige it to refrain from undertaking any activities, either directly or indirectly, involving either a Restricted Country or a Restricted Person.

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Nichols operates internationally and as a responsible business partner, we must at all times remain aware of the potential impact of Sanctions on how we conduct our business. A recent escalation in Sanctions being implemented and enforced worldwide and our obligations to ensure that we do not cause third parties (e.g. our service providers and financial partners) to violate Sanctions, has led us to review and refresh our Sanctions Policy.

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SANCTIONS - BY COUNTRY

Nichols is prohibited from carrying out any activity, directly or indirectly, which risks violating any applicable Sanctions. In particular, any activity, directly or indirectly, involving the following **Sanctioned Countries** shall only be carried out following an appropriate Risk Assessment and obtaining any necessary approvals from the Legal Director who is tasked with the responsibility for overseeing the operation and supporting the business with the implementation of this Sanctions Policy:

- a) **Cuba**
- b) **Iran**
- c) **North Korea**
- d) **Syria**
- e) **Ukraine** (including the **Crimea and Sevastopol, Donetsk, Kherson and Zaporizhzhia and Luhansk** regions; and any other non-Government controlled regions)

The **Sanctioned Countries** for the purposes of the Sanctions Policy **do not represent an exhaustive list of all countries** targeted by international sanctions. Rather, these represent the most comprehensively sanctioned countries which present the **highest potential risk** to the Group from a sanctions compliance perspective.

Other heavily sanctioned countries include: **Iraq; Hong Kong; Cote d'Ivoire; Cyprus; Ethiopia; Liberia; Moldova; Montenegro; Serbia; Sri Lanka; Vietnam; Afghanistan; Belarus; Russia; and Venezuela.**

Appropriate due diligence should also be carried out on Business Partners who are connected to any heavily sanctioned countries.

The Procurement Policies incorporate a due diligence procedure. A Due Diligence Procedure is also in place for International Business Partners.

If you have any questions about whether activities you are connected with involve a Sanctioned Country, please contact the Legal Director to discuss.

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SANCTIONS – INDIVIDUALS AND ENTITIES

Nichols is restricted from undertaking any business activities with or for the benefit of individuals or entities specifically listed or owned or controlled by persons listed on a Sanctions list (e.g. Restricted Persons), where such activity would result in a violation of Sanctions.

As such, it is essential that Nichols takes effective steps to:

- Conduct reasonable and proportionate due diligence on new, existing or proposed suppliers, agents, business partners, or other intermediaries to ensure that they are not Restricted Persons. (The Procurement Policies incorporate a due diligence procedure. A Due Diligence Procedure is also in place for International Business Partners);
- Ensure that commercial relationships with new and existing suppliers, agents, business partners, or other intermediaries are based on written agreements including reasonable provisions requiring compliance with applicable laws, including Sanctions laws, in connection with Nichols' business and providing reasonable measures for suspected violations;
- Ensure appropriate monitoring and periodic review of any suppliers, agents, business partners, or other intermediaries, including Sanctions related screening against applicable lists of Restricted Parties (See: UK and UN consolidated list of Sanctions targets; EU consolidated list of Sanctions targets; and The US Government's list of Sanctions targets).
- Ensure that documents, data and information that it holds are kept up to date. This means that due diligence on continuing contracting parties should be refreshed regularly or otherwise whenever Nichols becomes aware of a significant change in a contracting party's circumstances or develops knowledge or suspicion that the contracting party may be engaged in activity which may be contrary to this policy.
- Respond promptly and effectively to any reports or allegations of Sanctions violations conducted by any suppliers, agents, business partners, or other intermediaries.

Any activity, directly or indirectly, involving a Restricted Person shall only be carried out following an appropriate Risk Assessment (and any necessary related approvals from the Legal Director).

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RISK ASSESSMENT AND CONTRACTS

Any contract with a Restricted Person or involving a Sanctioned Country shall be cancelled with immediate effect should its continuation risk violating any applicable Sanctions.

To check the status of any individual or entity, in the case of their inclusion on a Sanctions list, please contact the Legal Director.

Risk Assessments must be undertaken in conjunction with the Legal Director and shall, at all times, require approval from them to proceed.

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TRAINING AND COMMUNICATION

Training on this policy forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary.

Our zero-tolerance approach to violation of sanctions must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

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BREACHES OF THIS POLICY

Any Nichols Personnel who breach this policy will face disciplinary action in accordance with the [Disciplinary Policy](#), which could result in dismissal for misconduct or gross misconduct.

In addition, relevant enforcement agencies may hold such Nichols Personnel liable in their personal capacity for violating Sanctions laws. In certain cases, individuals may face significant fines, penalties and/or imprisonment.

We may terminate our relationship with any Business Partner who is obliged to comply with this policy if they breach it.

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ASKING QUESTIONS AND SEEKING GUIDANCE

If you have any questions in relation to this policy or require guidance on whether a proposed course of action may be in breach of it, please contact the Legal Director.

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