

Anti-Money Laundering

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For the sake of better readability, this policy uses only the male form. This is to be understood as also incorporating the female or any other form.

1. Introduction

Armacell is committed to observing high standards of corporate governance and ethical conduct, and to conducting its business with integrity and in compliance with all applicable laws. As part of these commitments, the Management Board of Armacell International S.A. requires that the company and each of its direct and indirect subsidiaries (the "Armacell Group"), together with their respective officers, directors and employees ("Armacell Employees"), act in compliance with all applicable anti-money laundering and counter terrorism financing laws ("AML laws").

This Anti-Money Laundering Policy intends to provide guidance to Armacell Employees in identifying and reporting anti-money laundering and counter terrorism financing issues. It creates several requirements that must be observed by Armacell Employees to prevent breaches of AML laws.

2. Definitions

In simple terms, **money laundering** involves turning "dirty" money into "clean" money. Money may be considered "dirty" when it relates to or originates from criminal acts. It can be "cleaned" by being used in such a way that it is no longer apparent that it comes from crime. The ultimate goal of laundering money is to conceal the criminal activity and to shield the money from confiscation by the authorities.

Money laundering is expressly forbidden in many of the jurisdictions in which the Armacell Group operates. Where AML laws exist, it is usual that they prohibit not only laundering cash, but also any involvement in:

- (a) concealing, disguising, converting, handling or transferring criminal property,
- (b) acquiring, using and/or possessing criminal property,
- (c) removing criminal property from the country, and/or
- (d) facilitating the acquisition, retention, use or control of criminal property.

Please note that "criminal property" covers not only cash, but any asset which is the direct or indirect result or benefit of a crime.

Money laundering is a criminal offence in itself. This means that it is not relevant to the law who committed the original crime which gave rise to the benefit. All persons involved in concealing the benefits of the crime shall be penalised.

While money laundering relates to where money comes from, **terrorism financing** relates to where the money goes. Terrorist organisations may try to obtain funds by hiding behind charities or legitimate businesses. They then use these funds to further their political or social agendas, which frequently involve the unlawful use of force and violence against the civilian population or against governments.

Although money laundering and terrorism financing are separate concepts, they frequently have one thing in common: ties to the organised crime. While criminal organisations such as drug cartels and the mob need a way to launder money in order to hide the identity of their participants, terrorist organisations often resort to the proceedings of organised crime (such as drugs and human trafficking or illegal mining) to fund their activities. AML laws were first created with the intent of curbing the activities of organised crime and terrorist organisations by hitting them where it hurts the most: their pockets.

3. Relevance to the Armacell Group

Armacell Employees should be aware that any funds or other assets that are directly or indirectly derived from criminal activities are likely to be treated as criminal property. Consequently, carrying-out any

activities connected to such funds or assets (including handling and/or transferring them) could, in and of itself, constitute a crime of money laundering.

On this basis, there are numerous scenarios where Armacell Employees could come into contact with the proceeds of crime in a manner that may potentially give rise to criminal charges and fines for money laundering. For example:

- (i) a customer purchases our products using money he or she obtained as result of a crime. In this case, receiving such money could be considered possession or handling of criminal property;
- (ii) another employee inadvertently sold Armacell products to a person targeted by sanctions (please see our **Sanctions Policy** for more details). In this case, payment received from such a sale would constitute criminal property.
- (iii) Armacell is in breach of environmental laws for not having the required environmental permit to operate one of its plants or has otherwise not complied with the conditions of such permit. In this case, the savings made by not complying with the environmental law requirements could constitute criminal property.

When it comes to terrorism financing, we must avoid providing funds or any other assets to support terrorist ideologies, infrastructure, or operations, or otherwise becoming involved in any arrangement which facilitates the retention or control of terrorist property.

Breaches of AML laws pose significant risks both for the company and for the individuals responsible for it, with penalties ranging from fines to imprisonment. Typically, breaches of AML laws are also associated with reputational damage. Beyond these risks, involvement in money laundering or terrorism financing activities is highly unethical and shall not be tolerated.

Armacell seeks to ensure compliance with AML laws at all times by requiring Armacell Employees to be vigilant as to the possibility that any of these laws are being breached or circumvented and, where appropriate, to report any suspicions accordingly as per Section 5 below.

4. Prevention

As an Armacell Employee, your proximity to our customer base, suppliers and other counterparties is key to helping us address money laundering and terrorism financing risks. All Armacell Employees are required to conduct an appropriate level of due diligence on counterparties before entering into any transactions or relationships with them, in order to identify any unusual or suspicious behaviours in advance to the deal.

The precise level of diligence that is required in any given circumstance should be considered on a case-by-case basis by reference to several criteria:

(a) who is the counterparty and who is the individual that you are dealing with?

Watch out for: a customer or counterparty who is reluctant, or who refuses, to provide personal or business background information, false identities and other documents, “representatives” which have no apparent connections with the company that they say they represent, etc.

(b) what is the motivation for establishing such business relationship?

Watch out for: parties dealing outside of their usual business or trade or with no apparent reason to be buying certain products or selling raw materials, etc.

(c) what is the nature, scale and complexity of the counterparty's business?

Watch out for: transactions which differ from a counterparty's past transactions, or which are incompatible with the apparent size of the counterparty's business, changing behaviours, transactions which are inconsistent with the counterparties business practices, etc.

(d) how diverse is the other party's operations and where to they operate from?

Watch out for: parties who request money to be paid to bank accounts in countries where they do not have an apparent operations, or bank accounts belonging to other persons, etc.

(e) what is the volume and size of the proposed transaction?

Watch out for: parties which seem unconcerned with the price, with the product properties, or with the terms and conditions of the sale, purchases using a significant amount of cash, payments to be made to bank accounts of parties not related to the transaction, parties who repeatedly request refunds, etc.

Armacell Employees shall also be alert, in particular, to cases where it does not appear to be any satisfactory explanation as to the **legitimacy of any relevant funds** due to be paid to the Armacell Group.

After we enter into any transaction with a counterparty (in special transactions which establish an ongoing relationship, e.g. distribution or long-term supply agreements) it is also the duty of any Armacell Employee involved to remain alert to any changes in the counterparty's behaviour on in the underlying circumstances of the transaction.

5. Reporting and Investigating Incidents

5.1. Reporting

If you know or suspect that any person is or has been engaged in money laundering, terrorism financing or any other breach of AML laws, you must immediately report such knowledge or suspicion to Armacell. If you are in doubt whether to report a matter in connection with a potential breach of AML laws or not, it would generally be prudent to do so.

Please report any relevant facts or suspicions to a member of Armacell's Legal Team.

Please note that, in the event that you suspect that any illegal activity is being undertaken, or that any persons within the Armacell Group have acted in breach of the requirements of this Anti-Money Laundering Policy or of any AML laws, and you raise that concern in good faith and without malicious intent, Armacell will ensure that you are in no way penalised or put at a disadvantage in the workplace as a consequence of doing so. This rule shall also be applicable even if it is later discovered you had been mistaken about the concerns raised.

Finally, if you receive any enquiries from the police, tax or other relevant authorities in relation to an ongoing investigation, please immediately refer the matter to the Chief Legal & Compliance Officer

5.2. Investigating

Any report of known or suspected violations of this Anti-Money Laundering Policy or of any AML laws shall be promptly and fully investigated, either internally, or by external independent auditors to be appointed by Armacell (to be considered on a case-by-case basis).

Following completion of any investigations, a written report shall be prepared. The report shall be reviewed and approved by Armacell's Chief Legal & Compliance Officer, who will then determine whether or not the matter should be referred to the Management Board of Armacell International S.A.

6. Breaches of this Policy

Failure to comply with applicable AML laws may result in severe criminal and civil penalties for the Armacell Group, its senior management and/or the employees involved in the breach, including large financial penalties, seizure of goods, and/or imprisonment. It could also result in wider ramifications such as a loss of revenue, decline in reputation, and demands for repayment of credit made available to the Armacell Group under its finance agreements.

Armacell takes its responsibilities with regard to AML laws very seriously. Proven violations of this Anti-Money Laundering Policy or of AML laws will lead to severe disciplinary action, which could involve:

- (i) a formal reprimand;
- (ii) suspension;
- (iii) restitution; and/or
- (iv) termination of employment.

These penalties may be imposed over and above any separate penalties that may arise from prosecution by regulatory authorities.

Armacell Employees could also be subject to disciplinary action for failing to assist with the implementation of this Anti-Money Laundering Policy.

7. Training

All employees of the Armacell Group with exposure to AML laws requirements must receive a suitable level of training concerning this Anti-Money Laundering Policy. Training should, at a minimum, include:

- general instructions on the what constitutes money laundering, terrorism financing or other crimes under AML Laws and how to spot these issues.
- instruction on how to report suspicious activity and how to get assistance in relation to sanctions-related queries if required.

Training shall be refreshed at appropriate intervals.

The Armacell Employees who have received this training shall pass on the information to their teams.

Members of the Executive Management Team and Armacell Employees who received training according this Section 7, shall submit Training Certificates in the form attached as **Annex 1** confirming that they understand, have complied with and will continue to comply with the requirements of this Anti-Money Laundering Policy.

8. Amendments

Armacell's Chief Legal & Compliance Officer is responsible for the overall implementation, maintenance and upkeep of this Anti-Money Laundering Policy.

This Anti-Money Laundering Policy shall be reviewed no less than once every five years to confirm that it remains fit for purpose and to ensure that it is being implemented throughout the Armacell Group.

