



Redefining Packaging
for a Changing World

Group Legal Policy

Sanctions Policy



DS SMITH GROUP SANCTIONS POLICY

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The aim of the DS Smith Group will always be to avoid engaging in business which contravenes any applicable sanctions laws.

The aim of this Sanctions Policy is to give more guidance on how to spot potential sanctions risks in practice.

The **three key risk factors** listed above – geography, product and counterparty – are not exhaustive, but have been identified by the Group as the most relevant risk indicators given the nature and focus of the Group's business activities.

Sanctions risk indicators should be considered before entering into a relevant business relationship or transaction and then periodically assessed for longer-running relationships or transactions.

In all cases where one or more Sanctions risk indicators are identified, no further commitment should be given and no further documentation signed by or on behalf of any member of the DS Smith Group unless pre-approval has been given by the DS Smith Group Legal Team.

Sanctions Policy Statement

Sanctions are political and economic measures used as a foreign policy tool by governments and the international community to try to influence the behaviour of other governments, businesses and individuals. In some cases, sanctions may be applied indiscriminately to entire countries or regions, but in most cases, they are applied on a more targeted basis to specified individuals, businesses and other organisations.

Breaches of sanctions law carry a risk of serious penalties for both organisations and individuals, as well as the risk of negative publicity and serious reputational damage. Penalties can be criminal, including unlimited fines and imprisonment.

The DS Smith Group has adopted this Sanctions Policy and will operate management processes to ensure that the Group and its employees, wherever they are located, can appropriately manage the risk of becoming affected by sanctions or sanctions breaches.

As a central starting point, the Group's aim will always be to avoid engaging in business which contravenes any applicable sanctions laws. The Group will seek to require its third-party service providers, suppliers and other relevant trading partners to comply with DS Smith Group's aim.

This Sanctions Policy sets out key principles designed to ensure that all of us, and consequently the DS Smith Group as a whole, can comply with all applicable sanctions regimes and avoid the potentially serious consequences for the DS Smith Group and individuals that can flow from any breach of sanctions.

All DS Smith Group employees, agents, distributors and contractors, regardless of location, are required to comply with this Sanctions Policy at all times. Non-compliance with this Sanctions Policy by DS Smith Group employees will be addressed in accordance with the DS Smith Group's disciplinary procedures and local law. The DS Smith Group may require certain of its third-party service providers and other counterparties to commit to comply with this Sanctions Policy. Failure to do so may trigger serious consequences, including the termination of relevant contracts and trading relationships, and certain breaches of this Sanctions Policy may constitute violations of laws, which may result in legal action in accordance with applicable laws and contractual agreements.

All DS Smith Group employees, agents, distributors and contractors, regardless of location, are expected and required to report any circumstances, knowledge or suspicions of non-compliance with this Sanctions Policy or any known or suspected breach of applicable sanctions laws. Reports should be made directly to your DS Smith Group Legal Team contact or alternatively, through one of the "**Speak Up!**" reporting channels:

- Submit details via the secure DS Smith 'Speak Up!' Website: <https://dssmith.integrityline.org/>;

- Call the confidential 24 hour 'Speak Up!' hotline. Country specific phone numbers are included on 'Speak Up!' posters and on the Plexus ['Speak Up!' page](#);
- Send an email to the Group General Counsel & Company Secretary via AskCoSec@dssmith.com;
- Post a letter to DS Smith Plc's Group General Counsel and Company Secretary: DS Smith Plc, Level 3, 1 Paddington Square, London W2 1DL, United Kingdom; or
- In some countries there are also additional local 'Speak Up!' reporting channels. Details are available on local posters and in the [Policy Hub](#).

All reports will be promptly and thoroughly investigated. All matters will be dealt with in confidence, protecting the rights of individuals and respecting applicable laws and, where applicable, in accordance with our [Speak Up Policy](#).

Any non-urgent questions in relation to this Sanctions Policy should be directed in the first instance to the DS Smith Group Legal Team by emailing Compliance.Legal@dssmith.com.

1. Definitions

“Employee” means any worker performing duties on behalf of the Group, including managers and directors, whether employed directly or indirectly by the Group. This also includes any worker employed on a temporary, agency or contract basis.

“Relevant Third Party” means any third party acting for or on behalf of a member of the Group, including without limitation, to distribute, sell or market products on that entity’s behalf, which has committed to comply with this Policy and to which a copy of this Sanctions Policy has been provided. This may include supply chain business partners, suppliers, consultants, contractors, distributors and sales agents/representatives.

“Sanctions” means sanctions laws, regulations, rules or other similar restrictive measure having binding effect and which have been made or imposed by an authority having jurisdiction in relation to any member of the DS Smith Group, including sanctions measures made by the United Kingdom, the European Union and/or Member States thereof, Switzerland, the United States of America and the United Nations.

“you” means: (i) any Employee; and (ii) any Relevant Third Party to which this Sanctions Policy applies.

2. Introduction

- 2.1 The DS Smith Group is committed to carrying on its business in compliance with applicable laws and rules, including applicable Sanctions. This Policy aims to help all Employees and Relevant Third Parties, wherever they are located, understand where Sanctions issues may arise, how to comply with Sanctions and how to get support to make the right decisions in line with the Group’s position. All business that DSS Smith engages in – anywhere in the world – should be conducted in compliance with this Policy.
- 2.2 This Policy does not seek to explain the specific restrictions which apply under all applicable Sanctions regimes. If you believe there is a risk that Sanctions may prohibit or limit an existing or proposed relationship or transaction relating to the DS Smith Group, you should seek guidance from the DS Smith Group Legal Team. By doing so, you will help yourself as well as the Group to avoid potentially serious negative consequences.

3. Who does this Policy apply to?

This Policy applies to all DS Smith Group operations worldwide and everyone working for the Group regardless of location, role or level of seniority, including all Employees and Relevant Third Parties who are or may become involved with, or have oversight of, any business

relationship or transaction or other dealing of the Group with a person or organisation outside of the Group.

4. Roles and Responsibilities

Employees and Third Parties must read and follow this Policy and ensure they understand:

- (i) what Sanctions are and how to comply with them;
- (ii) how to identify possible **red flags**, in particular geographical risk, product risk and counterparty risk (see paragraph 6 below); and
- (iii) when and how to escalate any potential compliance concerns related to Sanctions.

5. What are Sanctions?

5.1 Sanctions are laws and regulations enacted by governments and international organisations and bodies to deter and penalise a range of activities, such as the development of nuclear programmes, terrorism (including the support of terrorism), weapons proliferation, human rights abuses, and narcotics trafficking. Broadly, Sanctions can be imposed against:

- (i) individuals or entities included on a Sanctions list ("**designated persons**") (or individuals or entities owned or controlled by such designated persons); and/or
- (ii) specified countries or territories (or specified sectoral activities in a country or territory, e.g., the oil and gas industry in a specified country).

5.2 Restrictions under Sanctions might involve:

- (i) **broad restrictions** on engaging in transactions with sanctioned entities and individuals, including asset freezes on those entities and individuals;
- (ii) **territory-wide** embargoes restricting a wide range of investments, services, travel and commercial activity;
- (iii) **travel bans** on specified individuals, or **transit prohibitions** on ships or aircraft registered in a specified jurisdiction;
- (iv) **trade restrictions**, including export/import bans and embargoes on specific goods or services; and/or
- (v) **targeted financial sanctions**, including the prohibition of financial transactions with a specific entity.

The above lists are non-exhaustive. The nature and extent of Sanctions are dynamic and can vary over time.

6. Risk Indicators

6.1 The nature of the DS Smith Group's products and activities are such that we might not

generally expect to engage with Sanctions risks on regular basis. However, we must all remain alert to the possibility – particularly for Sanctions against Russia and Belarus as these include specific restrictions on many DS Smith Group products. The Group takes a risk-based approach and uses risk indicators as a tool to monitor for *potential* Sanctions risks. Guidance is set out below.

- 6.2 In any case where you identify a Sanctions risk indicator, you must promptly escalate that information to the DS Smith Group Legal Team. You should do so **before** any further steps are taken in relation to the relationship or transaction.
- 6.3 In addition to thinking about Sanctions risk indicators **before** entering into a relevant business relationship or transaction, you should **also monitor** relationships and long-running transactions for potential risk indicators on an ongoing basis where appropriate.
- 6.4 When engaging with a new counterparty, it is important to consider who owns and controls them. It may be necessary for you to ask questions to better understand exactly who you are dealing with. The same will be true of agent or broker relationships: where it is known that the DS Smith Group’s immediate counterparty may be acting as an agent for one or more third parties, or as a distributor, it is important that you take steps to understand for whom it is acting and/or to where and to whom it is intending to distribute our goods.

Example: there may be no risk indicators present when selling packaging to a commercial customer located in Dubai; but there may be significant hidden Sanctions risks if that customer is in fact a distributor whose territorial focus is Iraq, Iran and Syria, or whose end-customers are governmental or military organisations.

- 6.5 The sections below explain how each of three factors may give rise to risk indicators: (A) “**geography**”; (B) “**products**”; and (C) “**counterparties**”. The Group has assessed these to be the most relevant risk indicators given the Group’s business activities, but these are not exhaustive. If you know or suspect that a relationship, transaction or other dealing which does not show any of the below risk indicators may nevertheless be exposed to Sanctions risk, you should raise your concerns with the DS Smith Group Legal Team.
- 6.6 **In all cases where one or more Sanctions risk indicators are identified, no further commitment should be given and no further documentation signed by or on behalf of any member of the DS Smith Group unless pre-approval has been given by the DS Smith Group Legal Team.**

A. Geography

- 6.7 Often, the most significant and obvious risk factor in relation to Sanctions is the country. In some cases, a counterparty may not itself be located or operating in a high-risk country, but it may become known to you that it is owned or controlled by, or acting on behalf of, a person,

organisation or governmental body in a high-risk country.

- 6.8 There are a small number of countries which pose a high risk from a Sanctions perspective and for these countries our policy is that no member of the DS Smith Group should engage in business relationships, transactions or other dealings that involve counterparties in those countries.
- 6.9 **If you come across a transaction or relationship that you know or suspect to involve any of these high-risk countries, you should stop that activity and immediately notify the DS Smith Group Legal Team.**
- 6.10 There are also a number of medium-risk countries with which business may be permitted, but for which detailed legal review will be required before any commitment may be given by or on behalf of any member of the DS Smith Group.

High-Risk and Medium-Risk Countries

- 6.11 Conducting business in, or with parties connected to, the following “**high-risk**” countries / territories is likely to be complex to navigate in compliance with applicable Sanctions. Therefore, the general rule is that **no Group entity, Employee or Relevant Third Party should make or agree arrangements or business in, with or in connection with the following countries.** It is unlikely the DS Smith Group Legal Team will be able to grant approval for such situations unless exceptional circumstances apply.

High-risk countries:

the Republic of Belarus; Crimea, Sevastopol, Luhansk, Donetsk, Kherson and Zaporizhzhia (disputed regions of Ukraine); Cuba; Iran; North Korea (DPRK); Russia; Syria; and Venezuela.

- 6.12 **Please be aware that all transactions or business relationships involving Russia, Belarus or the sanctioned regions of Ukraine are prohibited.** Further guidance can be found in **Appendix 3**. Please also refer to the section below on common Diversion Hubs relating to Russia and Belarus.
- 6.13 The following jurisdictions are “**medium risk**” from a Sanctions perspective. In principle, it may be possible to conduct business in these territories, however this will need to be assessed by the DS Smith Group Legal Team on a case-by-case basis. It may be necessary to carry out enhanced due diligence on our counterparty (see template questionnaire in **Appendix 2**) prior to giving any commitment or signing any documentation by or on behalf of any member of the DS Smith Group, or to apply certain limitations to any relationship or transactions with them.

Medium-risk countries:

Afghanistan; Armenia, Azerbaijan, Burma/Myanmar; Burundi, the Central African Republic; the Democratic Republic of the Congo; Guatemala; Guinea; the Republic of Guinea-Bissau; Haiti; Iraq; Lebanon; Libya; Maldives; Mali; Nicaragua; Palestinian Territories; Somalia; South Sudan; Sudan; Tunisia; Ukraine; Yemen; and Zimbabwe.

6.14 The following jurisdictions are common “**Diversions Hubs**” for the evasion of Sanctions targeted at Russia and Belarus. It is not prohibited to engage in business relationships and transactions in these territories. However, you should apply additional scrutiny and look out for any “**red flags**” which may indicate that a counterparty is using a Diversion Hub to evade Sanctions targeted at Russia or Belarus. These include the non-exhaustive list of behavioural “red flags” set out in the box below, which are particularly prevalent in the circumvention of Sanctions against Russia and Belarus, but may also be “red flag” indicators of potential Sanctions breaches in other contexts.

- A customer requests delivery to a free trade zone, freight forwarder or ship **without any further details on destination**.
- A customer requests delivery to a **different country from where they are located**, without good reason.
- An **unusual shipping route** is requested.
- **Last minute changes** to the transaction and / or agreement.
- A customer is **unusually evasive** about standard questions concerning delivery or KYC.
- A customer refuses to agree with **sanctions compliance contractual clauses**.
- A **lack of transparency over the counterparty’s ownership structure and operations** (e.g., a refusal to provide information on ownership, little or no online presence).
- A customer attempts to **conceal the involvement of third parties**.
- A customer is a **shell company** with no apparent physical assets.
- A customer uses other **complicated structures to conceal involvement**, for example layered letters of credit, front companies or unusual intermediaries / brokers.
- A customer does not operate in an industry sector that would **typically require or purchase DS Smith products**.
- A customer proposes that payment be made by a **different entity**.
- A customer proposes that payment be made through **multiple intermediary banks**.
- A customer offers **unusual payment amounts or terms**, without good reason.
- **Use of Russian language** in communications and / or commercial agreements.

Diversions Hubs:

Afghanistan; China; Cyprus; Faroe Islands; Georgia; Jordan; Kazakhstan; Kuwait; Kyrgyzstan; Malaysia; Mongolia; Panama; Pakistan; Qatar; Saudi Arabia; Tajikistan; Thailand; Turkey; Turkmenistan; United Arab Emirates; and Uzbekistan.

Example: a customer requests delivery to a ship in the Faroe Islands and we notice that the artwork on the packaging contains words in Russian or words indicating that the packaging (or the product to be packed inside) will be used in Russia.

6.15 **If you know or suspect that any counterparty is deliberately trying to evade Sanctions targeted at Russia or Belarus, or if you identify any red flags involving a**

Diversion Hub, you should stop that activity and immediately notify the DS Smith Group Legal Team.

- 6.16 If you identify any red flags involving a Diversion Hub, the DS Smith Group Legal Team will also require you to carry out enhanced due diligence on our counterparty (see template questionnaire in **Appendix 2**) before proceeding further (unless advised otherwise by the Group Legal Team), and it may be necessary to apply certain limitations to any relationship or transactions with them.
- 6.17 The above “high-risk”, “medium-risk” and “Diversion Hub” territory lists are not exhaustive and reflect the position as at the date of this Policy. They are therefore subject to change.
- 6.18 Please be aware that a counterparty may appear low-risk but could be connected to a medium or high-risk country or a Diversion Hub if it is owned or controlled by an individual or organisation located in such a country, or if it is a distributor servicing such a country.

Example: a re-seller, distributor or broker may be based in the European Union but known to be supplying goods to Iran or Syria (high risk).

- 6.19 It is appropriate to consider all of the information available to you, including public source information, to assess whether a geography risk indicator is present. Never close your ears or eyes to the obvious.

B. Products

- 6.20 Packaging, paper and recycling should generally be low risk from a Sanctions perspective, although **direct and indirect supply of many of our products to Russia or for use in Russia is now prohibited by Sanctions** (see guidance in **Appendix 3**).

Example: if we sell paper to a customer in the EU who sells or transports it to Russia, then we could be in breach of EU sanctions. Many types of paper are subject to trade sanctions against Russia.

- 6.21 Trade controls and embargoes are typically applied to goods and services that have either a dual military and civilian use or which may be used in connection with unlawful or undesirable activities such as civil repression, weapons proliferation or trafficking. Nevertheless, sometimes the nature of the goods could present a heightened Sanctions risk. Employees and Third Parties should therefore consider situations where there may be a Sanctions risk indicator related to the **intended end use** of the Group’s products or services.

Example: providing packaging which we know or suspect may be used in a military, policing or another security context; or providing packaging that we know is intended for use with

products which may themselves be subject to trade controls or embargoes, e.g. explosives or otherwise materially hazardous materials.

- 6.22 In assessing potential product-related risk indicators, the identity of the organisation to whom any DS Smith Group products will be delivered and/or distributed is likely to be relevant. Heavy duty packaging that will be delivered to a well-known manufacturer of industrial components in an EU country may not flag up as a risk indicator. However, the same heavy duty packaging delivered to a new customer whose intended use for the packaging is unclear could potentially present as a risk indicator if other concerns are present, e.g. the customer has been reluctant to share details about its business activities or its areas of operations.

C. Counterparties

- 6.23 Many of the existing Sanctions regimes in force specifically prohibit dealings with designated persons that feature on a government or international body's Sanctions list. Certain counterparties, by their inherent nature, may be at a higher risk of falling into such a category from a Sanctions perspective, for example:
- (i) military or security service personnel or entities;
 - (ii) middle or high-ranking government or other public officials;
 - (iii) business people closely associated with either of the above; or
 - (iv) business people whose wealth or interests relate to industry sectors such as defence, oil, gas or chemicals.
- 6.24 Employees and Relevant Third Parties should look not only at whether there may be Sanctions risks in relation to the direct counterparty. You should also consider whether any indirect risks exist. For example, when performing due diligence, you should also consider the following factors (taking a proportionate approach depending on the nature, scale and value of the proposed relationship/ transaction/ arrangement):
- (i) the **ownership** of the counterparty and its overall group structures (for example, identifying beneficial owners and significant controllers, subsidiaries and parent companies); and/or
 - (ii) details regarding the counterparty's **operations**, for example their underlying customers, or relevant distribution areas or supply chain connections.
- 6.25 A template due diligence questionnaire is set out in **Appendix 2**. If you know or suspect that any counterparty is being **evasive or misleading** when providing answers to your questions, this may also be a risk indicator and should be escalated promptly to the DS Smith Group Legal Team.

- 6.26 If you have any reason to suspect that a sanctioned person or organisation may be directly or indirectly connected to a prospective or existing counterparty of the DS Smith Group, you should immediately contact the DS Smith Group Legal Team.

7. Sanctions Guidelines

- 7.1 The Group, its Employees, and (where applicable) Relevant Third Parties **must not:**
- (i) knowingly enter into any agreement which commits the Group into providing any products or services (or to enter into any other commercial relationship or transaction) in contravention of applicable Sanctions;
 - (ii) knowingly authorise (explicitly or implicitly) any person to resell the DS Smith Group's products in contravention of applicable Sanctions; or
 - (iii) knowingly enter into a distribution or similar agreement that could facilitate a contravention of any applicable Sanctions as a result of activity taking place in a distributor's authorised 'territory'.

Dealings with third parties

- 7.2 When engaging third parties to act as an agent, broker, re-seller or distributor for a DS Smith Group company, we must ensure that such arrangements will not expose the Group to the risk of non-compliance with this Policy or applicable Sanctions. Ongoing monitoring of third-party relationships (proportionate to the nature, scale and complexity of the relevant activities) should be done to provide assurance of compliance with this Policy and applicable Sanctions. Proportionate checks should also be undertaken as part of the onboarding process for a new third-party arrangement.
- 7.3 Agreements entered into with any such third-party agents, brokers, re-sellers or distributors should whenever possible include a provision prohibiting sales on behalf of any DS Smith Group company which would contravene any applicable Sanctions. An **example clause** is provided in **paragraph 1 of Appendix 1** to this Policy. For commercial agents, the DS Smith template commercial agency agreement should be used, in accordance with the DS Smith Group's Commercial Agents Policy.
- 7.4 Depending on the circumstances, it may also be appropriate to include further contractual protections, for example to confirm that the third party is not itself subject to Sanctions, and/or obliging the third party to observe and comply with this Policy. **Example clauses** that may provide the basis for more tailored provisions are provided in **paragraphs 2 and 3 of Appendix 1** to this Policy. Please consult the DS Smith Group Legal Team if you have any questions on how to tailor contractual protections of this kind appropriately.

7.5 Agreements entered into with suppliers should include a sanctions clause. An **example clause** is provided in **paragraph 4 of Appendix 1** to this Policy.

8. Escalations and Raising Concerns

8.1 Any Employee, regardless of location, who knows, suspects, discovers and/or is concerned that the Group is, or may be at risk of, breaching any applicable Sanctions should raise concerns as soon as possible with the DS Smith Group Legal Team and/or through one of the **"Speak Up!"** reporting channels:

- (i) Submit details via the secure DS Smith 'Speak Up!' Website: <https://dssmith.integrityline.org/>;
- (ii) Call the confidential 24 hour 'Speak Up!' hotline. Country specific phone numbers are included on 'Speak Up!' posters and on the Plexus 'Speak Up!' page.
- (iii) Send an email to the Group General Counsel & Company Secretary via AskCoSec@dssmith.com;
- (iv) Post a letter to DS Smith Plc's Group General Counsel and Company Secretary: DS Smith Plc, Level 3, 1 Paddington Square, London W2 1DL, United Kingdom; or
- (v) In some countries there are also additional local 'Speak Up!' reporting channels. Details are available on local posters and in the Policy Hub.

8.2 Any Relevant Third Party in the same position should raise their concerns directly with a lead relationship contact in the Group and/or the DS Smith Group Legal Team.

8.3 In particular, the DS Smith Legal Team must be informed immediately:

- (i) if, after entering into an arrangement, you discover and/or have suspicions that the arrangement has, or is reasonably likely to, conflict with any Sanctions or this Policy; or
- (ii) upon discovering, or having reason to suspect, that a third party with whom DS Smith Group is interacting in any way may have acted or be continuing to act in contravention of applicable Sanctions or this Policy.

8.4 If you are in any doubt about a situation that might be relevant to Sanctions compliance by the DS Smith Group, you should contact a member of the DS Smith Group Legal Team.

8.5 The DS Smith Group is committed to ensuring that no Employee or Relevant Third Party will suffer adverse consequences for complying with this Policy by bringing to the attention of the DS Smith Group Legal Team or other senior management in the Group, in good faith, any known or suspected breach of this Policy or of Sanctions.

9. Conflicts

- 9.1 The Sanctions regimes of different national governments and international bodies may at times impose conflicting restrictions. Complexities may arise where the laws of one country expressly prohibit compliance with the Sanctions laws of another. One example is the UK and EU's "**Blocking Regulation**" laws, which explicitly prohibit UK and EU companies from complying with certain extra-territorial US Sanctions, in particular against Cuba and Iran.
- 9.2 Addressing potential conflicts between Sanctions regimes can be a complex exercise. If at any time you have any concerns that compliance with this Policy could cause you to breach a legal obligation in the country in which you are located or operating, please speak promptly to a member of the DS Smith Group Legal Team.

10. Non-compliance and Penalties

- 10.1 Sanctions are dynamic and complex to navigate. While much of the day-to-day business of the Group is not significantly "high-risk" from a Sanctions perspective, this will not provide a defence for Sanctions breaches by the Group, its Employees, or Third Parties. As a result, Employees and Relevant Third Parties must adhere to this Policy as a minimum standard, to help ensure that the Group can take every reasonable effort to prevent (or mitigate against, if required) any Sanctions breaches.
- 10.2 Non-compliance with applicable Sanctions can result in severe civil and criminal penalties, for both the Group and any persons found to have committed an offence. This can include imprisonment and substantial monetary fines. A breach of Sanctions by the Group, its Employees or Relevant Third Parties may also result in significant reputational and commercial damage to the Group.
- 10.3 The Group will therefore treat non-compliance with this Policy as a serious matter and, in relation to Employees, any non-compliance will be addressed in accordance with DS Smith's disciplinary procedures and local law, which may include dismissal. Such actions are independent from other penalties which may arise in connection with any breaches. Action may be taken against Employees and Relevant Third Parties who: (i) violate this Policy; (ii) deliberately fail to report violations when required to do so; (iii) deliberately withhold relevant information concerning a violation; or (iv) fail to cooperate with an investigation into an actual or potential violation (subject to relevant domestic legislation).

11. Record-keeping

Any information related to due diligence, screening, records of transactions and/or records of activities which are relevant to Sanctions, such as written approvals, must be maintained for a period of either: (i) five years from the date that the transaction was concluded or the

activity was carried out; or (ii) the period required by the laws of the jurisdictions relevant to the transaction or the activity, whichever is longer.

12. Updates and Reviews

The DS Smith Group Legal Team will review this Policy on an annual basis. If you become aware of any inaccuracy or impractical consequence in this Policy, please alert the DS Smith Group Legal Team promptly. Updated versions of this Policy will be made available on Plexus.

SCHEDULE OF UPDATES TO THIS POLICY

Version:	Date:	Change Description:	Author:	Approver:
1	August 2017	Policy update	Ian Da Cunha	Iain Simm
2	October 2021	Significant policy refresh to provide more guidance on risk-based approach and potential 'red flags' for sanctions risks. Updated onto new policy template.	Catherine Shuttleworth	Iain Simm
3	April 2022	Update to list of high-risk countries to include Russia, the Republic of Belarus and the Donetsk and Luhansk regions of Ukraine. New supplier template sanctions clause added to Appendix 1.	Catherine Shuttleworth	Iain Simm
4	February 2023	Updated list of medium and high-risk countries. After reconsidering the position of Montenegro, it has been removed from the medium-risk list as the scope of the sanctions is highly unlikely to have any relevance for the DS Smith Group. The territories of Kherson and Zaporizhzhia in Ukraine have been added to the high-risk list.	Catherine Shuttleworth	Iain Simm
5	October 2024	General policy refresh. Addition of guidance on common Diversion Hubs relating to Russia and Belarus. Incorporation of separate Russia and Belarus requirements into this Policy (previously a standalone document). Addition of Guatemala to medium-risk countries list.	Jessica Lever	Iain Simm

APPENDIX 1: EXAMPLE CLAUSES

[The terms in italics may need updating to match the defined terms in the relevant agreement]

1. EXAMPLE SANCTIONS CLAUSE (FOR USE IN ANY AGREEMENT WITH A THIRD-PARTY RE-SELLING OR DISTRIBUTING A DS SMITH GROUP PRODUCT OR ACTING AS A COMMERCIAL AGENT OR BROKER FOR DS SMITH, INCLUDING THE SALE OF DS SMITH MACHINERY OR EQUIPMENT)

[*Insert name of party*] shall not, directly or indirectly (a) sell, export, distribute, transfer or otherwise provide the [*Products*] to any country, entity or person or (b) conduct business with or on behalf of [*insert name of DS Smith entity*] in contravention of any current economic or trade sanctions, laws or regulations of the United Kingdom, the European Union, the United States of America, the United Nations or any other applicable sanctions authority, as amended from time to time.

2. EXAMPLE STATUS CLAUSE (FOR USE IN AN AGREEMENT WITH ANY COUNTERPARTY)

None of the [*party*], any of its [*Subsidiaries*] or [*, to the knowledge of the [party],*] any director, officer, [*employee, agent, or affiliate*] of the [*party*] or any of its [*Subsidiaries*] is an individual or entity ("**Person**") that is, or is owned or controlled by Persons that are: (i) the [*subject/target*] of any sanctions administered or enforced by Her Majesty's Treasury of the United Kingdom, the European Union, the United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council, or any other relevant sanctions authority (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of comprehensive economic or trade sanctions.

3. EXAMPLE CLAUSE FOR A DISTRIBUTION AGREEMENT

[*Distributor's*] territory shall exclude any country or territory that is subject to sanctions, and [*Distributor*] shall have no authority to distribute any [*Product*] supplied or produced by the DS Smith Group if and to the extent that the provision of such [*Product*] would or could reasonably be expected to result in the exposure of the DS Smith Group to a risk of contravening any current economic or trade sanctions, laws or regulations of the United Kingdom, the European Union, the United States of America, the United Nations or any other applicable sanctions authority, as amended from time to time.

[*Distributor*] hereby agrees to ensure that its staff, agents and other representatives shall observe and comply with the DS Smith Group's Sanctions Policy.

4. EXAMPLE CLAUSE FOR A SUPPLIER AGREEMENT

- a) The [Supplier] shall not, directly or indirectly, source the [Products], or any of the raw materials or parts in the [Products], or in connection with this [Agreement] take any other action, in contravention of any current economic or trade sanctions, restrictions, embargoes, laws or regulations, including any restricted or designated party lists, that are imposed, administered or enforced by the United Kingdom, the European Union or any of its Member States, the United States of America, the United Nations, the applicable sanctions authority of any of the foregoing, or any other applicable sanctions authority ("**Sanctions Authority**"), as amended from time to time ("**Sanctions**") or from any person operating, organised or resident in any country or territory that is, or whose government is, the targeted of comprehensive country- or territory-wide Sanctions (including the Republic of Belarus; Crimea, Sevastopol, Luhansk, Donetsk, Kherson and Zaporizhzhia (sanctioned regions of Ukraine); Cuba; Iran; North Korea; Russia; Syria and Venezuela) ("**Sanctioned Territory**").
- b) The [Supplier] undertakes to notify the [Purchaser] in writing without undue delay if it becomes aware of any disruption in its business, assets, operations or supply chain which could materially impact the [Supplier's] ability to perform its obligations under this [Agreement] or expose the [Purchaser] to liability, as a result of any Sanctions.
- c) The [Supplier] undertakes to notify the [Purchaser] in writing without undue delay if the [Supplier], any of its [Affiliates] or, to the knowledge of the [Supplier] having made due and proper enquiry, any director, officer, employee or agent, of the [Supplier] or any of its [Affiliates], or any person acting for or on behalf of the [Supplier] or any of its [Affiliates] becomes an individual or entity ("**Person**") that is, or becomes directly or indirectly majority-owned or controlled (individually or in the aggregate) by one or more Persons that are, the subject of any Sanctions or operating, organised or resident in any Sanctioned Territory.
- d) If, in the reasonable opinion of the [Purchaser], the [Supplier] has breached this clause [insert this clause number in the Agreement], the [Purchaser] may immediately terminate any or all agreements between the [Purchaser] and the [Supplier] by giving written notice to the [Supplier]. The [Purchaser] shall have no further liability under or in connection with this [Agreement] following such termination.

APPENDIX 2: TEMPLATE DUE DILIGENCE QUESTIONNAIRE

Where enhanced due diligence is required, there are four areas you must gather information on/from the relevant counterparty, as set out in A-D below, and provide to the DS Smith Group Legal Team. The following information should be gathered on a legal entity basis.

Note:

- **Medium risk territories:** enhanced due diligence **may** be required on potential counterparties. This will be assessed on a case-by-case basis by the DS Smith Group Legal Team, but will be mandatory whenever a red flag is identified (e.g. in relation to counterparty risk or product risk).
- **Diversion Hub territories:** if you identify any red flags then enhanced due diligence **must** be conducted on potential counterparties.
- **While the due diligence is ongoing, you should remain alert and monitor for potential risk indicators and you must not give any commitment nor sign any documentation by or on behalf of any member of the DS Smith Group with that counterparty until the due diligence process is complete and the DS Smith Group Legal Team have given approval to proceed. If any commitments or documentation have already been entered into, then you should inform the Group Legal Team.**

A. Company details*

Please provide the following:

Registered company name	
Any trading names and any previous names from the last five years	
Country where the company is registered/headquartered (if different)	
Date of company formation/registration	
Registered company number and address	
Contact name and details	
Countries of sales/operations and location of end-users. <i>For example, where the company's main operations are based in one jurisdiction, but it distributes or re-sells into other countries, each country should be included.</i>	
Does the company deal with, or in, any of the following sectors: military, energy or natural resources, infrastructure, construction? If yes, please specify.	

*even if you are not a company, equivalent information should be recorded.

B. Ultimate beneficial owners (“UBOs”) and directors or individuals with similar seniority/positions of influence

Please provide the following:

- (i) Details of all shareholders who hold an interest of 20% or more in the company. If a business or legal entity (e.g., a partnership or holding company) holds an interest in the company, please give detail of the ownership through as many levels as required to identify all ultimate owners of such entities.

Name of shareholder/owner	Registered address	Country of incorporation/Nationality(ies)

- (ii) Details of all directors, officers and key or senior management of the company. Also include details of any key or senior individuals assigned (or who may be assigned) to work with DS Smith.

Full name	Job title	Nationality(ies)

- (iii) Details of: (i) any other individuals not mentioned above who have a beneficial interest in the company and/or its revenue or profits, or otherwise exercise control over the company through any other arrangement; and (ii) any persons employed by, or in other ways connected with, government, military, local government, judiciary or other politically exposed persons (together, "PEPs") within the entity ownership structure or management.

Full name	Nature of interest	Nationality(ies)

C. Customer: end-use details

Please provide details of the following:

Intended end-use and / or purpose of the products/services to be supplied by DS Smith.	
Any end-users, other than DS Smith's customer.	

Please respond to the following:

Is the location of the intended end-use of the products/services supplied by DS Smith, directly or indirectly, in any territory subject to sanctions?	
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Could the relevant DS Smith product/service have a military or similar use?	
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D. Supplier: supply chain details

Please provide details of the following:

Steps taken to ensure continued compliance with applicable sanctions	
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Please respond to the following:

Are any of the products/services supplied to DS Smith, or any of the raw materials or parts therein, sourced, directly or indirectly, from any territory subject to sanctions?	
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E. Sanctions confirmations

Please respond to the following:

Are any directors, officers or other persons associated with the company subject to sanctions?	
Is the company involved in or connected to any direct/indirect dealings with any persons subject to sanctions?	

For the purposes of this questionnaire, “**sanctions**” means any current economic or trade sanctions, restrictions, embargoes, laws or regulations, including any restricted or designated party lists, that are imposed, administered or enforced by the United Kingdom, the European Union or any of its Member States, the United States of America, the United Nations, the applicable sanctions authority of any of the foregoing, or any other applicable sanctions authority, as amended from time to time.

By submitting this questionnaire, you confirm that the information contained herein is accurate and not misleading and that you are not aware of any additional information which conflicts with the responses to the questions above.

APPENDIX 3: RUSSIA AND BELARUS

Additional Requirements

The EU, UK and US have imposed financial, trade, aircraft, shipping and immigration sanctions following Russia's invasion of Ukraine in February 2022.

In this Appendix 3, the term "sanctioned regions of Ukraine" means the territories of Ukraine that are listed in the "high-risk" countries list in section 6(A) of the Policy.

Key points
<p>*** <u>EU and UK sanctions prohibit direct and indirect supply of many DS Smith products to Russia or for use in Russia. These include many paper types, recovered paper, corrugated board, as well as folding cartons, boxes and cases, of non-corrugated paper or paperboard.</u> ***</p> <p>Key sanctions risks:</p> <ul style="list-style-type: none"> • Financial risk: we cannot make a payment to a bank which is on a sanctions list • Counterparty risk: we cannot trade with a counterparty who is owned or controlled by someone on a sanctions list • Sales risk: direct and indirect supply of many of our products to Russia or for use in Russia is prohibited • Purchasing risk: direct and indirect purchasing of many types of goods and services from Russia and Belarus is prohibited • Reputational risk: there is also significant reputational risk, even if technically legally permitted • Complexity risk: sanctions are changing frequently and are different for the EU, US & UK, and even for different member states within the EU <p>If you have any questions or potential concerns, please escalate them to Group Legal immediately. Group Legal can then advise on the best course of action and any next steps.</p>

	Question	Answer
1.	Can we sell products directly to customers in Russia, Belarus or the sanctioned regions of Ukraine?	<p>No.</p> <p>Direct and indirect supply of many of our products to Russia or for use in Russia is prohibited. For now, these include many paper types, PFR, cartonboard and paperboard boxes and cases.</p> <p><u>If you know or have reason to suspect that any DS Smith products are being sold directly into Russia or Belarus, or the sanctioned regions of Ukraine, please escalate to Group Legal immediately.</u></p>
2.	Can we sell products to customers who then transport them into Russia, Belarus or the sanctioned regions of Ukraine?	<p>No.</p> <p>Direct and indirect supply of many of our products to Russia or for use in Russia is prohibited. For now, these include many paper types, PFR, cartonboard and paperboard boxes and cases.</p> <p><u>If you know or have reason to suspect that any DS Smith customer is transporting, re-selling or supplying DS Smith products into or for use in Russia or Belarus or the sanctioned regions of Ukraine, do not proceed. Please escalate to Group Legal immediately.</u></p> <p>All re-sellers / distributors / brokers should be expressly instructed not to sell DS Smith's products into Russia, Belarus or the sanctioned regions of Ukraine.</p>
3.	Can we buy goods or services directly from Russia, Belarus or the sanctioned regions of Ukraine?	<p>No.</p> <p><u>If you know or have reason to suspect that any goods or services are being sourced directly from Russia or Belarus or the sanctioned regions of Ukraine, please escalate to Group Legal immediately.</u></p>
4.	Can we buy goods from a supplier who is sourcing those goods, or raw materials for those goods, from Russia, Belarus or the sanctioned regions of Ukraine?	<p>No.</p> <p>If a supplier is sourcing in breach of sanctions, then that may also create a sanctions issue and reputational risk for DS Smith.</p> <p>If you are aware (or become aware) of this scenario, <u>please escalate it immediately to Group Legal to investigate.</u></p>

5.	Can we trade elsewhere (e.g. in the EU) with a counterparty who is owned or controlled by a company or individual in Russia, Belarus or Ukraine?	<p>If DS Smith trades with a party who is owned or controlled by – directly or indirectly – someone who is on a sanctions list, DS Smith may be in breach of sanctions and risk its reputation.</p> <p>If you are aware (or become aware) of this scenario, <u>please escalate it immediately to Group Legal to investigate.</u></p> <p>Note that the list of sanctioned persons for Russia and Belarus keeps being extended.</p>
6.	Can we receive or make payments from/to a Russian bank?	<p>It depends on whether it is on a sanctions list. The lists keep changing.</p> <p>Please escalate any proposed Russian bank transactions to Group Treasury for approval before proceeding.</p>