

EPPE GROUP POLICY

KYC Directive

1. DEFINITIONS

For the purposes of this Directive the below mentioned terms are defined as follows:

Business Partner	means current and prospective non-retail client and customer, supplier, service provider, distributor, business contact, agent, advisor and governmental and public body;
Compliance Department	means a department or an individual (Compliance Officer) of EPPE Group Company that ensures that EPPE Group Company adheres to relevant laws and regulations and has in place internal procedures and controls to identify and manage regulatory risk; in case the EPPE Group Company does not have a Compliance Department or Officer, the compliance function pertains to its statutory body;
EPPE	means EP Power Europe, a.s. and all companies that are directly or indirectly controlled by it;
EPPE Group Company	means any company which forms part of EPPE;
KYC	means Know your customer;
KYC Questionnaire	means KYC Questionnaire attached hereto as Annex 1 as a template to be adapted for the particular business transaction or relationship;
Material Transaction	means Material Transaction as defined in Article 3.3;
Risk Department	means a department or an individual (Risk Officer) of EPPE Group Company that ensures the identification, evaluation, and prioritization of risks to which the EPPE Group Company is exposed and coordinates the application of EPPE Group Company resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities; in case the EPPE Group Company does not have a Risk Department or Officer, the risk management function pertains to its statutory body.

2. PURPOSE OF THE KYC DIRECTIVE

It is essential to identify, analyze and understand exactly with whom EPPE intends to enter into or maintains a business relationship. KYC means a process that seeks to verify and validate the Business

Partner's identity and suitability in order to support EPPE's actionable decisions to mitigate against financial, regulatory and reputational risk and ensure regulatory compliance.

The KYC procedure outlined in the KYC Directive is implemented by all EPPE Group Companies into their internal processes and rules of operations.

3. STANDARD KYC PROCEDURE

3.1. KYC basic principle

Whilst there is no legal requirement to put in place formal procedures for evidencing the identity of EPPE Business Partners, in forming new business relationship or considering undertaking a significant one-off transaction, it is expected and prudent for management of EPPE Group Companies to satisfy themselves as to the identity of the parties with whom they are transacting.

Therefore, before entering into a business relationship, EPPE Group Company carefully checks its prospective Business Partners in accordance with the KYC Directive.

Should the KYC procedure reveal any concerns or irregularities as regards the Business Partner's identity and suitability, EPPE Group Company adopts adequate mitigating measures outlined in the KYC Directive, including a decision not to enter into the business relationship or undertake the business transaction.

3.2. KYC responsibilities

The responsibility for performance of the KYC procedure according to the KYC Directive and for adoption of a decision on authorization of the Business Partner under Article 3.7 below is shared among the Risk Department and the Compliance Department of EPPE Group Company that considers entering into contract with a prospective Business Partner. Other departments or bodies of EPPE Group Company might be included in the authorization process based on the EPPE Group Company's internal processes and rules of operations.

Division of powers and responsibilities among EPPE Group Company's departments and bodies is set in its internal processes and rules of operations in line with the four eyes principle.

In the absence of such division of powers and responsibilities, the Compliance Department performs the KYC procedure according to the KYC Directive and submits the outcome of the KYC procedure together with its recommendation to the Risk Department which is responsible for making a decision on authorization of the Business Partner under Article 3.7 below. In case EPPE Group Company does not have a Compliance Department or Officer, the responsibility for performance of the KYC procedure according to the KYC Directive as well as for a decision on authorization of the Business Partner under Article 3.7 below lies with its Risk Department.

3.3. Information, data and documentation for the purpose of KYC

As part of onboarding process of a Business Partner and risk assessment in accordance with the KYC Directive, EPPE Group Company performs at least one of the following:

- i. collects information and data from public and/or other reliable sources (an online tool operated by a third party for the purpose of provision of access to multiple sources of compliance data may be used for this purpose),
- ii. requests a prospective Business Partner to complete a KYC Questionnaire and to provide necessary documentation.

A prospective Business Partner with whom EPPE Group Company considers entering into a Material Transaction is always requested to complete a KYC Questionnaire and to provide necessary documentation.

EPPE Group Company defines Material transactions in its internal processes and rules of operations taking into account its profile and character of its activities and business relationships. In the absence of such Material Transaction definition, any business transaction (or sum of transactions with the Business Partner per year) entered into by EPPE Group Company in excess of 5 000 000 CZK (approx. EUR 200,000 or its equivalent in the local currency) is to be considered as material.

3.4. Evaluation and verification of information and data by EPPE Group Company

In case of collection of information and data according to Article 3.3 (i) and 3.3 (ii), EPPE Group Company verifies information and data collected directly against those obtained through KYC Questionnaire, provided documentation and other data and information sources regarding the prospective Business Partner.

EPPE Group Company requires explanation and justification from the Business Partner if

- i. the information, data or documentation collected under Article 3.3 above raise any concerns as to the identity or suitability of the Business Partner in terms of the KYC Directive or
- ii. the verification of the completed KYC Questionnaire and documentation provided by the Business Partner against information and data collected directly by EPPE Group Company raises concerns over their validity.

3.5. Consequences of the KYC check

In case the Business Partner does not sufficiently explain the discrepancies or does not appropriately rebut the above-mentioned concerns according to Article 3.4, EPPE Group Company decides to adopt adequate measures, including collecting additional information and data or refusing to issue authorization under Article 3.7 below.

3.6. Sanctions, money laundering, terrorist financing and tax governance fraud check

EPPE Group Company checks whether the Business Partner is subject to sanctions and assesses whether entering into a business relationship with the Business Partner may constitute a risk of non-compliance in the areas of money laundering, terrorist financing or tax governance fraud.

In case of any irregularities in this respect, EPPE Group Company decides to adopt adequate measures, including refusing to issue authorization under Article 3.7 below or notifying the authorities.

3.7. Authorization of the Business Partner

Once the KYC procedure according to the KYC Directive is duly performed, EPPE Group Company issues an authorization that the Business Partner may be accepted.

Such authorization may only be issued if:

- i. there were no concerns over the collected or provided information, data and documentation or such concerns were dealt with under Articles 3.4 and 3.5 above and
- ii. the Business Partner passed the check under Article 3.6 above.

4. EXCEPTIONS TO THE STANDARD KYC PROCEDURE

4.1. End clients and customers

EPPE Group Company may decide in its internal processes and rules of operations that a KYC procedure is in principle not carried out with regard to its end clients and customers to whom it supplies goods or provides services, unless it would be in contradiction with the purpose of the KYC Directive due to their significance, country of residence or another factor.

4.2. Generally trustworthy business partners

A simplified KYC procedure (see Article 4.5.) may be carried out for Material Transactions with Business Partners commonly considered as trustworthy, such as universities, countries, governmental and public bodies, local authorities and renowned financial institutions, legal advisors, auditors, consultants and companies. EPPE Group Company may decide in its internal processes and rules of operations that a KYC procedure is in principle not carried out with regard to its non-Material Transactions with Business Partners considered as trustworthy.

4.3. Low-value transactions

Prior to entering into a business transaction (or sum of transactions with the Business Partner per year) below 250 000 CZK (approx. EUR 10,000 or its equivalent in the local currency), EPPE Group Company performs a check on whether the Business Partner is subject to sanctions. Authorization of the Business Partner may be issued solely on the basis of such check. However, in case of any unusual attribute of the transaction, such as offered pricing significantly below assumed fair value, a standard KYC procedure is followed.

4.4. Extraordinary circumstances

In case of extraordinary time constraints, simplified KYC procedure (see Article 4.5.) may be carried out prior to entering into the business transaction even in case of a Material Transaction.

As soon as practicable after entering into the business relationship with the respective Business Partner, a standard KYC procedure is duly performed, and authorization of the Business Partner under Article 3.7 issued. In case of irregularities or concerns revealed subsequently by the standard KYC procedure which could not be sufficiently dealt with under Articles 3.4 and 3.5, EPPE Group Company terminates the business relationship or transaction with undue delay or, if such termination is impossible, decides to adopt appropriate measures to mitigate the consequences.

4.5. Simplified KYC Procedure

When carrying out a Simplified KYC Procedure EPPE Group Company proceeds as follows: Prior to entering into the business transaction, EPPE Group Company collects information and data under Article 3.3 above in order to identify the Business Partner's identity and suitability in terms of the KYC Directive and performs a check on whether the Business Partner is subject to sanctions. Authorization of the Business Partner may be issued solely on the basis of information obtained in accordance with Article 3.3 (i) or Article 3.3 (ii). However, should the simplified KYC procedure raise any concerns, a standard KYC procedure is followed.

5. UPDATE AND IMPLEMENTATION

5.1. Update of information/documentation

EPPE Group Company determines the frequency of update as concerns any changes to the information and/or documentation provided by the Business Partner during the initial KYC procedure (including

identity of the ultimate beneficial owners, identity of the Business Partner, business activities of the Business Partner and countries and markets in which the Business Partner operates) in its internal processes and rules of operations.

5.2. Implementation

In order to support EPPE Group's decision to mitigate against financial, regulatory and reputational risk and ensure regulatory compliance in accordance with the KYC Directive, EPPE Group Company is responsible for implementation of measures and processes concerning Business Partner's identification and suitability that are necessary and appropriate with regard to the respective EPPE Group Company's profile and character of its activities and business relationships. Such implementation includes also adoption of a definition of Material Transaction for the purpose of the KYC Directive and an appropriate adaptation of the KYC Questionnaire attached hereto as Annex 1.

EPPE Group Company ensures that while implementing the KYC Directive (including the KYC Questionnaire) in its internal processes and rules of operations it is at least as prudent as the market standard for respective business transactions and relationships.

EPPE Group Company shall implement this Directive no later than 30 June 2021.

6. APPLICATION

This KYC Directive applies to business relationships and transactions entered into by EPPE Group Company following the implementation of this Directive. Long-term business relationships entered into prior the implementation of this Directive and lasting after the implementation should be subject to review within 1 year of the implementation.

7. REPEAL

This KYC Directive repeals the KYC Directive adopted as Annex 4 of EPPE Group Policies in February 2017.

Annexes:

Annex 1: KYC Questionnaire

Annex 2: KYC Directive Scheme

Approved by the EP Power Europe, a.s. Board of Directors on 9 April 2021

Annex 1 - KYC Questionnaire

Section A – COMPANY DATA & CONTACT DETAILS		
Company Name		
Legal Form		
Registered Address		
Country of Incorporation		
Registration No.		
Date of Registration		
Tax Residence		
If the Company is listed on a stock exchange, specify the name of the stock exchange		
Website		
Contact person Name: Position: Phone No.: E-mail:		
Number of employees of the Company		
Number of subsidiaries in the group		
External auditor(s)		
Supervisory agencies (if applicable)		
ACER code (if applicable)		
LEI (if applicable)		
Section A – DOCUMENTATION REQUIRED		
No.	Document	Specific Requirement
1.	Extract from Commercial Register (or Certificate of Incorporation or equivalent registration document)	The registration document should not be older than 3 months and should include information on the Company name, legal form, registered address, country of incorporation, registration No., date of registration and tax residence
2.	Memorandum and Articles of Association (or equivalent founding document)	
3.	Financial statements	The most recent audited (if applicable) financial statements and audited (if applicable) financial statements of the year before should be submitted
4.	VAT registration certificate	
5.	Group structure chart	The chart should contain affiliates of the Company

Section B – SHAREHOLDER(S), BENEFICIAL OWNER(S), MANAGEMENT		
SHAREHOLDER(S)		
Shareholder(s) (please indicate % of shareholdings)		
ULTIMATE BENEFICIAL OWNER(S) (over 25% individuals only)		
Ultimate beneficial owner(s) (please indicate % of holding)		
MANAGEMENT STRUCTURE		
Members of the Board of Directors (or similar statutory body)		
Members of the Supervisory Board (or similar supervisory body)		
Section B – DOCUMENTATION REQUIRED		
No.	Document	Specific Requirement
6.	List of shareholders	Each shareholder to be specified by name and address
7.	List of ultimate beneficial owner(s)	Each beneficial owner to be specified by name, address, nationality and date of birth
8.	List of Members of the Board of Directors (or other statutory body)	Each Member of the Board of Directors to be specified by name, address, nationality and date of birth
9.	List of Members of the Supervisory Board (or other supervisory body)	Each Member of the Supervisory Board to be specified by name, address, nationality and date of birth

Section C – COMMERCIAL ACTIVITIES		
Description of core activity		
Activities generating more than 10% of the total annual revenue		
Does the Company hold a license to conduct its activities?		
Main market		
Other markets generating more than 10% of the total annual revenue		
Main products		
Other products generating more than 10% of the total annual revenue		
Section C – DOCUMENTATION REQUIRED		
No.	Document	Specific Requirement
10.	License to conduct activities	

Section D – AML, CFT		
Is the Company subject to Anti Money Laundering (AML)/Combating Financial Terrorism (CFT) laws and regulations?		
Specify the applicable AML and CFT laws and regulations		
Name of the regulator		

Does the Company have any internal rules and regulations regarding AML and/or CFT policies and procedures?		
Has the Company established any compliance program containing AML and/or CFT policies and procedures?		
Has the Company or any of its shareholders, ultimate beneficial owners, members of the statutory body or senior management been subject to any investigation for money laundering by the law enforcement authorities of any country? If yes, please provide details.		
Are any of your ultimate beneficial owners, members of the statutory body or senior management classed as “politically exposed persons” within the meaning of the Directive (EU) 2015/849 of 20 May 2015 and corresponding applicable laws and regulations? If yes, please provide details (minimum requirements: name, position and public function).		
Section D – DOCUMENTATION REQUIRED		
No.	Document	Specific Requirement
11.	Copy of internal rules and regulations regarding AML and/or CFT policies and procedures	
12.	Copy of compliance program containing AML and/or CFT policies and procedures	

Declaration

I hereby declare that:

1. The information provided in this KYC Questionnaire is true and accurate to the best of my knowledge.
2. I will inform [INSERT NAME OF THE RESPECTIVE EPPE GROUP COMPANY] of any changes regarding the information provided in this KYC Questionnaire without any undue delay from the date when they come to my knowledge.
3. I acknowledge that [INSERT NAME OF THE RESPECTIVE EPPE GROUP COMPANY] has the right from time to time or at any given time to evaluate, examine or check the information provided in this KYC Questionnaire.

Date: [INSERT]

Name and position: [INSERT]