

HealthProm

Sanctions Policy

1. Introduction

HealthProm provides holistic services that encompass health, social care and education to support vulnerable children, women and families in the UK, Eastern Europe, Central Asia and Afghanistan. HealthProm works in partnership with local organisations, governments and communities to develop better local services for children, women and families.

HealthProm is committed to providing such services while also complying with applicable sanctions including EU, UK and US sanctions.

This policy sets out HealthProm's expectation on sanctions compliance and explains the processes to be followed to avoid any breaches of sanctions law including UK, EU and US sanctions.

Sanctions are restrictive measures imposed by the government to achieve a specific foreign policy or national security objective. Sanctions may take several forms. The most relevant sanctions for HealthProm are "financial sanctions" which include asset freezes and restrictions on financial dealings with sanctioned individuals and entities. This policy therefore focuses on "financial sanctions".

A breach of sanctions could result in criminal and/or civil liability punishable by a fine and/or imprisonment.

2. What do financial sanctions mean for HealthProm?

Generally speaking, HealthProm must not directly or indirectly deal with individuals or organisations subject to EU, UK or US sanctions (referred to as "sanctioned persons").

An individual is subject to EU, UK or US sanctions if it is itself designated by the relevant authorities and included in the lists identified in Appendix 4, is an official of a designated government, or member of a designated terrorist group or other such body.

An organisation is also subject to EU, UK or US sanctions if it:

- is itself designated by the relevant authorities and included in the lists identified in Appendix 4;
- is directly or indirectly owned 50% or more in the aggregate by sanctioned organisations or individuals; or
- in the case of the EU and UK, is directly or indirectly controlled by a sanctioned organisation or individual.

Further detail on the ownership and control tests in the EU, UK and US is included in Appendix 1 of this policy.

3. What should HealthProm do to ensure it complies with financial sanctions?

To ensure that HealthProm is not dealing with sanctioned persons, HealthProm follows the steps set out below in relation to any of its donors, beneficiaries, and partners.

Further, when dealing with “high-risk” countries (see Appendix 2), HealthProm adopts the steps below in relation to the financial institutions or Informal Value Transfer Systems (“IVTS”)¹ which its donors, beneficiaries and partners may use.

The steps below are completed prior to any engagement with HealthProm’s donors, beneficiaries and partners.

STEP 1: understanding who HealthProm is dealing with

HealthProm seeks to understand the identity of its donors, beneficiaries and partners. This process is usually referred to as “due diligence”.

If HealthProm’s donors, beneficiaries and partners are organisations, it identifies at minimum the identity of those with at least a combined 50% interest of those organisations or who otherwise control those organisations. This involves identifying the organisation’s direct and indirect owners, board of directors, trustees and/or senior management.

Appendix 3 below provides example questions HealthProm asks donors, beneficiaries and partners for the purposes of due diligence.

There is no one-size fits all process to conducting due diligence. Where information about a donation, grant or partnership is not fully available, HealthProm takes a risk based approach as to whether or not to proceed, including whether to impose additional guardrails to mitigate risks, where certain information about an organisation or individual is missing. However, caution is warranted when information is missing in high-risk situations. Appendix 2 includes a list of factors which may heighten the risk of a transactions from a sanctions perspective.

If HealthProm is dealing with a high-risk situation and there are significant gaps in its due diligence on an individual or organisation, HealthProm cannot proceed without approval from the Board.

STEP 2: searching HealthProm’s donors, beneficiaries and partners against the sanctions lists

HealthProm searches the names of its donors, beneficiaries and partners against the EU, UK and US sanctions lists set out at Appendix 4 to confirm it is not accepting funds, property or other economic resources from or providing funds, property or other economic resources to a sanctioned person. This process is usually referred to as the “screening process”.

When dealing with an organisation, HealthProm searches the names of an organisation’s direct and indirect owners, board of directors, trustees and/or senior management. If

¹ Also known as ‘Alternative Remittance Systems’, ‘money service businesses’, ‘non-traditional banking methods’, IVTS are alternative non-formal banking systems for moving funds to a third party in another geographic location. The movement may involve funds themselves or their equivalent value. IVTS are sometimes used where there may be no formal banking facilities available, or where there are, there is limited access to them. Common IVTS include ‘hawala’ banking (used in Muslim communities), ‘chiti’ banking (used in Hindu communities), ‘chop-shop’ (used in Chinese communities), and ‘fei-ch’ien’ and ‘hui kun’ (used in South East Asia)

available, HealthProm also searches the organisation's address and company number/tax identifier.

Appendix 4 includes further detail on the screening process.

STEP 3: evaluating results and taking appropriate action

HealthProm will not have any involvement with sanctioned persons, or any organisations owned or controlled by sanctioned persons.

To the extent that diligence and/or screening reveals that a HealthProm counterparty is a sanctioned person or owned or controlled by a sanctioned person, HealthProm will not deal any further with this counterparty.

The Board shall be notified of such a situation.

STEP 4: maintaining records of due diligence and screening

HealthProm's Finance Manager keeps a written record of the due diligence and screening undertaken, including questions asked, answers given, the details and results of desktop searches and any other factors informing the decision making.

HealthProm's records the search terms used and its screening results (see Appendix 5 for table used).

STEP 5: Monitoring and reviewing

Where HealthProm has ongoing arrangements, e.g. regular donations from the same major donor, regular grants to the same beneficiary and/or an ongoing partnership agreement, HealthProm updates and records the due diligence annually.

In high-risk situations (see Appendix 2), HealthProm conducts due diligence anytime there is a major transaction or milestone in its dealings with donors, beneficiaries, and partners or if its donors, beneficiaries, and partners change the method by which they pay HealthProm or receive money from HealthProm.

The Board of trustees has overall responsibility for this policy.

The policy was approved by the Board of Trustees on 10 February 2023.

Appendix 1

Ownership and Control

Ownership test

- The EU, UK and US each treat persons as sanctioned based on 50% sanctioned party ownership interest, but they apply slightly different tests in this regard.
- In the case of the US and EU, a person is sanctioned if collectively, persons or entities sanctioned on specified sanctions lists own, directly or indirectly, a 50% or greater interest in the entity.
- In contrast, the UK rule does not aggregate different sanctioned persons' holdings in a company unless, for example, the shares or rights are subject to a joint arrangement between the sanctioned parties, or one party controls the rights of another.

Control test

- We set out below the “control test” in respect of restrictions in the EU, UK and US.
- In the US, while a sanctioned party's control over an entity is a red flag, transactions are not prohibited with such entities if they do not involve prohibited activities, the 50% sanctioned party ownership threshold is not met, and the transaction would not otherwise provide benefit to, involve, or facilitate a transaction with a sanctioned party.
- In the UK and EU the position is different, and control by one or more sanctioned person constitutes a separate basis for treating an entity as sanctioned. An entity is controlled directly or indirectly by another person in the following (non-exhaustive) set of circumstances:
 - The sanctioned person has the right (directly or indirectly) to appoint or remove a majority of the board of directors of the entity; or
 - Appointing, solely by exercising one's voting rights, a majority of the members of the administrative, management or supervisory bodies of an entity, who have held office during the present and previous financial year;
 - Controlling alone, pursuant to an agreement with other shareholders in or members of an entity, a majority of shareholders' or members' voting rights in that entity;
 - Having the right to exercise a dominant influence over an entity, pursuant to an agreement entered into with that entity, or to a provision in its Memorandum or Articles of Association, where the law governing that entity permits its being subject to such agreement or provision;
 - Having the right to exercise a dominant influence referred to in the point above, without being the holder of that right (including by means of a front company); and
 - Having the ability to direct another entity in accordance with one's wishes. This can be through any means, directly or indirectly. For example, it is possible that a sanctioned person may have control or use of another person's bank accounts or economic resources and may be using them to circumvent financial sanctions.

In the case of the UK, if any of these criteria are met then a company is considered controlled by a sanctioned person. In the case of the EU, while there is a presumption that a company is considered controlled by a sanctioned person if any of these criteria is satisfied, this presumption can be rebutted on a case-by-case basis.

Appendix 2

Sanctions Risk Factors

1. Jurisdiction – some jurisdictions carry higher risk than others. High-risk jurisdictions include:

- Any jurisdiction with dedicated sanctions regimes or with significant exposure to sanctions (e.g. Iran, Iraq, Myanmar, Russia, Ukraine (in particular Crimea, Donetsk, and Luhansk) Belarus, Afghanistan, Central African Republic, China, Bosnia and Herzegovina, DPRK, DRC, Guinea, Guinea-Bissau, Libya, Mali, Sudan, South Sudan, Venezuela, Yemen and Zimbabwe)²
- Any jurisdiction with significant exposure to the other sanctions regime (e.g. terrorism related sanctions regimes). While terrorist organisations are known to operate in countries such as Syria, there is no exhaustive list of high-risk jurisdictions where terrorist organisations operate. HealthProm assesses the nature and extent of the risk of it coming into close contact with terrorist organisations on a case-by-case basis.
- Jurisdictions where there are well established financial links with a jurisdiction with a named regime, for example Moldova and Cyprus have had strong economic links with Russia.
- Jurisdictions noted as being able to provide services or entities that help to hide ownership – in many cases these may also be high-risk for money laundering, for example the UK's high-risk third country list and offshore services centres like the British Virgin Islands and Belize.

2. Some individuals/organisations are more likely than others to be sanctioned. This can be difficult to predict but the following categories of persons may be more high risk than others:

- Politically Exposed Persons (“PEPs”)³ or persons connected to PEPs⁴.
- Persons with personal or professional relationship with a sanctioned person including family members.
- When alongside one of the previous risks (for example jurisdictional), designation as an ultra-high net worth individual should be seen as an aggravating risk factor (ie investable assets of \$30 million or more)

3. Informal Value Transfer Systems (“IVTS”)⁵ are often vital in charities’ work. However as with any non-formal routes, they present an increased risk from a sanctions perspective.

² This list of countries is subject to change. HealthProm will provide an up-to-date list of such high-risk jurisdictions from time to time.

³ A PEP is a person who has been entrusted with public functions by a public institution, an international body or a country (whether in the UK or abroad)

⁴ PEPs do not only include those with public functions but also includes family members of PEPs (e.g. spouse, civil partner, children, their spouses or partners, and parents) and known close associates of PEPs (e.g. persons with whom joint beneficial ownership of a legal entity or legal arrangement is held, with whom there are close business relationships, or who is a sole beneficial owner of a legal entity or arrangement set up by the primary PEP)

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Appendix 3

Due Diligence Questions

- What is the individual/ organisation's name?
- What is its website?
- What is its principal address?
- What is the company's number and/or tax identifier?
- What is its legal status? (e.g. company, unincorporated association)
- What are its objectives and what does it do?
- What countries does it operate in?
- Is it a PEP or does it have any connections to PEPs?
- If an organisation:
 - Who are its major shareholders/ donors?
 - Who are its trustees/senior managers/board of directors?
 - How is it funded?
- How is the individual/organisation going to be paid by HealthProm or receive money from HealthProm? (i.e. through a bank account or Informal Value Transfer Systems ("IVTS"))?

Appendix 4 Screening Process

- HealthProm conducts screening against the EU, UK and US sanctions lists (details of which are included below), in relation to each of the parties identified as part of its due diligence (including owners and management).
- The specific lists HealthProm screens against are as follows:
 - **US list - OFAC Sanctions List screening tool**⁶:
 - **EU lists:**
 - **Consolidated list of financial sanctions**⁷ **EU sanctions map**⁸
 - **UK lists:**
 - **OFSI search tool**⁹ **UK sanctions list**¹⁰

⁶ <https://sanctionssearch.ofac.treas.gov/>

⁷ https://ecas.ec.europa.eu/cas/login?loginRequestId=ECAS_LR-23820680-IGqUkDXmF5OXJzIkMgVRRiKG5HWYYvQyXeH1rbdR0XPhwUI000J4QOH9ENru4rLbkOu5zjmPBO43hBTCyyQKGe-jpJZscgsw0KLyahKNcBpH4-sJF1Z2tyDnE8oTdXTookDh318yWyt714PBc37zoSQHr3CTURaBeepzpDwzh4zmlyXzRTDpZ7YONxDrMHErd1NUb#!/files

⁸ <https://www.sanctionsmap.eu/#/main>

⁹ <https://sanctionssearchapp.ofsi.hmtreasury.gov.uk/>

¹⁰ <https://www.gov.uk/government/publications/the-uk-sanctions-list>

