

Sanction Compliance Policy

Reviews	Effective from	Next review	Review Frequency
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Responsibilities	Policy owner	Policy lead	Approved by
	COO	Risk Management Team	SLT

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Purpose and Context

Clean Air Fund is committed to complying with the Sanction and Anti-Money Laundering Act 2018 and other relevant economic and trade Sanctions laws in all jurisdictions in which it operates (“Sanctions”), as these may apply to its operations, through identifying, mitigating and managing the risks of both primary and secondary Sanctions violations. This Policy sets out Clean Air Fund’s approach to identifying and managing Sanctions-related risks, including:

- Guidance about the meaning of Sanctions and how to comply;
- Principles and measures that Clean Air Fund follows to comply with Sanctions legislation and to identify, mitigate and manage Sanctions risk in the jurisdictions where it operates; and
- Consequences of failing to comply with this Policy.

Scope

This Policy applies to:

- All staff employed by CAF or a CAF subsidiary or working for CAF through an Employer of Record and also includes interns, casual and agency workers all (“Employee”, collectively “Employees”); and
- All trustees and committee members when they are conducting business for or on behalf of Clean Air Fund (each an “Officer”, collectively “Officers”); and
- All natural and legal persons (and their respective employees, officers, sub-grantees, and directors) when they are conducting business for or on behalf of Clean Air Fund or

receiving grants or similar funding, including without limitation, suppliers, grantees, consultants (each an “Associated Person”, collectively “Associated Persons”).

As a condition of doing business with or receiving grants or similar funding from Clean Air Fund, Clean Air Fund will require each Associated Person to comply with this Policy or that the Associated Person comply with their own equivalent policy/procedures relating to Sanctions compliance.

This Policy is a statement of principles and expectations for individuals and business conduct and supplements other Clean Air Fund codes of conduct and policies. This Policy applies to all countries and/or jurisdictions in which Clean Air Fund operates.

Definitions and Terms

Sanctions are laws and regulations enacted by governments (such as the governments of the United States (“US”) and the United Kingdom (“UK”), international governmental organisations such as the United Nations (“UN”), and supranational bodies (such as the European Union (“EU”) to promote foreign policy and other objectives, including:

- limiting the adverse consequences of a situation of international concern (for example, by denying access to goods, technologies or funding that enable international terrorism or the proliferation of weapons of mass destruction);
- seeking to influence other persons or governments to modify their behaviour; and
- penalizing other persons or entities (for example, by blocking or “freezing” their assets).

Sanctions are intended to deter a range of activities, which may include political or military aggression, providing sanctuary for criminals and terrorists, developing nuclear or other weapons programs, and abusing human rights.

Sanctions are implemented largely by prohibiting companies and individuals from doing business with persons, entities, countries and governments that are the targets of the Sanctions. Such restrictions can include:

- export bans, import bans and prohibitions on the provision of certain specified services;
- awarding grants of other similar form of funding;
- prohibiting certain commercial activities (such as joint ventures and other investment);
- barring the transfer of funds to and from a sanctioned country;
- targeted financial Sanctions, which include freezing the assets of and prohibiting any dealings with, a government, country, or territory, and designated entities and individuals;
- travel bans; and
- other financial restrictions.

One key method of imposing Sanctions is to designate a country, territory, government, individual or entity as a target of Sanctions (a “Sanctions Target”). Financial Sanctions lists used by Clean Air Fund include those published by:

- the EU (EU Open Data Portal or “ODP”)
- the US (Specially Designated Nationals or “SDNs” list)
- the UN (United Nations Security Council Sanction List)
- the UK (HMRC Financial Sanction List)

Most Sanctions regimes prohibit actions taken to circumvent applicable Sanctions or to facilitate activities by another person, group or entity that would violate Sanctions if undertaken directly. Employees, Officers and Associated Persons should not facilitate, swap, approve, finance, or broker any transaction or activity if such transaction or activity would be prohibited if performed by Clean Air Fund. This prohibition also includes referrals to a foreign person of business opportunities involving any nation subject to comprehensive sanctions or any persons designated on a Sanctions list.

Moreover, some Sanctions regimes have extraterritorial application, such that they may be extended to persons outside the territory who cause a domestic person to violate Sanctions, for example, by removing Sanctions-identifying information from funds transfers or other business records so that a domestic person cannot properly screen the transaction for Sanctions violations.

Policy Principles

The following key principles govern Clean Air Fund’s approach to Sanctions. All other requirements in this document are to be read in the context of these principles. In the event of a conflict between principles and requirements, the principles will prevail.

- Clean Air Fund maintains a Sanctions policy to meet obligations under Sanctions regimes of the jurisdictions in which it operates, is registered and/or licensed.
- Clean Air Fund complies with the requirements of the US, UN, UK and EU Sanctions regimes (whenever these apply to its operations, including the provision of grant or similar funding directly or indirectly via a grantee) wherever it operates, and will not undertake any business that would breach those Sanctions regimes.
- Clean Air Fund also considers Sanctions regimes imposed by other jurisdictions where the facts of the transaction make it appropriate to do so.
- Clean Air Fund may decide not to provide funding or services even where it is permitted by law, particularly where the circumstances present reputational risk.

To comply with Sanctions, Clean Air Fund takes the following measures:

- The level of screening and due diligence undertaken depends on the risk profile of the relationship or transaction, with enhanced screening and diligence undertaken where the risks are greater. For example, where a relationship or transaction is with an internationally recognised individual, group or business in a country or countries that are not subject to Sanctions, a lower standard of diligence may be applied. Conversely, where a relationship or transaction is with an individual, group or business located in a high-risk jurisdiction, enhanced due diligence may be undertaken.

- In carrying out such screening, Clean Air Fund may rely on information provided to it by its grantees and any other business partners unless it is aware or suspects that those grantees and business partners, or the information provided, are unreliable or dishonest, or if the dealings relate to a high-risk jurisdiction.
- Contracts with Associated Persons must include provisions that ensure that they not use any Grant/other monies directly or indirectly in support of any activities (a) prohibited by any laws related to combatting terrorism; (b) with or related to parties on the List of Specially Designated Nationals; or (c) with or related to countries against which there are comprehensive embargos. Associated Persons shall comply with this Sanction Compliance Policy / their own equivalent policy/procedures relating to Sanctions compliance.
- The Clean Air Fund through any Employee or Trustee shall not engage in any commercial or non-commercial relationship or transaction that directly or indirectly involve countries that are subjects or targets of Sanctions (“Sanctioned Countries”) or nationals of Sanctioned Countries, unless the relationship or transaction has been screened and cleared for action in accordance with the applicable Clean Air Fund sanction screening processes that are implemented from time to time. If in doubt advice should always be obtained from the Chief Operating Officer immediately.
- Sanction programs are dynamic and constantly changing, the countries that are Sanctioned Countries can change quickly; Clean Air Fund reviews the US, UN, UK and EU Sanctions regimes, and may as a result suspend or withdraw from a current business relationship and/or seek further advice or licence to continue from the OFSI (UK Office of Financial Sanctions Implementation).
- Associated Persons shall have in place systems/processes/policies and/or procedures to ensure compliance with this policy. If in doubt as to whether any business relationship or transaction conducted by an Associated Person violates this policy, the Associated Person shall notify Clean Air Fund (Key contact) as soon as practicable.
- For clarity and avoidance of any doubt, all business relationships and transactions, directly or indirectly, involving Sanctioned entities and nationals of Sanctioned Countries, or if relevant Sanctioned Countries shall be immediately paused and/or not pursued until screened and cleared for action in accordance with the applicable Clean Air Fund sanction screening processes that are implemented from time to time.
- If any Employee, Trustee or Associated Person becomes aware of an actual or potential breach of a Sanctions regime, then he/she must notify the Chief Operating Officer at complaints@cleanairfund.org immediately. Clean Air Fund will then assess any notifications so received in the light of, amongst other things, any applicable reporting legal obligations binding Clean Air Fund.

Roles and Responsibilities

Obligations of Employees, Trustees and Associated Persons

- Employees, Trustees and Associated Persons must read and apply this Policy and must ensure compliance with this Policy.

- The relevant Clean Air Fund teams dealing with grantees, suppliers and other business partners shall screen on a risk basis and perform due diligence on each relevant prospective grantee, supplier and potential business partner.
- If there are any concerns whether screening and due diligence has been appropriately conducted please contact the Head of Finance.
- Employees, Officers and Associated Persons must not act to avoid Sanctions obligations or detection of a relationship or transaction that would breach this Policy.
- Employees, Officers and Associated Persons should comply with the Sanctions laws not only of the country or countries in which they live and work, but also of the country or countries of which they are a citizen, permanent resident, passport or visa holder or are present on a transitory basis. Depending on such circumstances, Clean Air Fund may require adherence to certain practices to ensure that Clean Air Fund and the individual Employee, Officer or Associated Person complies with all applicable Sanctions requirements.
- Relevant Employees involved in due diligence and financial management will be trained from time to time in Sanctions compliance.

Policy implementation and compliance monitoring

Failure to comply with relevant Sanctions laws would constitute a breach of legal and/or regulatory requirements and can expose Clean Air Fund to significant reputational damage, legal and regulatory actions, and financial loss, and can expose individual Employees, Officers or Associated Persons involved in any violation to substantial fines and imprisonment.

Clean Air Fund has a zero-tolerance approach to intentional violations of this Policy or applicable Sanctions regimes. If an Employee or Officer fails to comply with this Policy, then he/she may be subject to disciplinary action that may include dismissal from employment or removal from the Board. Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with Clean Air Fund's policies. In addition, Employees or Officers who violate the law during the course of their employment or term of office may also be subject to criminal and civil action.

Clean Air Fund may terminate a business relationship with any Associated Person/s (including terminating all contracts and agreements in force between Clean Air Fund and any such Associated Person/s) by means of written notice to the Associated Person/s, with immediate effect, without need of judicial recourse, and without liability for compensation or damages (whether direct and/or indirect) of any type or nature in favour of the said Associated Person, in the event that:

- the Associated Person fails to comply with any provision in this Policy and fails to remedy (if such a failure is remediable) that failure within 10 days of the Associated Person being notified in writing of the failure; or
- the Associated Person becomes a subject or target of Sanctions.

Audits

Each Associated Person shall, without expense to Clean Air Fund, provide access (with appropriate prior notice from Clean Air Fund) to all relevant documents, records, systems, processes, policies and procedures in order to enable Clean Air Fund (or its third-party professional representatives) to audit and verify compliance by the Associated Person with this Policy or to their own equivalent policy / procedures. If an audit shows that an Associated Person is in breach of this Policy then the Associated Person shall, without delay, implement the necessary corrective action (if the breach can be corrected) determined by Clean Air Fund.

Revisions and Enquiries

Clean Air Fund will unilaterally review this Policy on a regular basis at its absolute discretion and will introduce revisions where necessary or appropriate. Clean Air Fund may also issue guidelines to supplement this Policy. It is the responsibility of Employees and Officers to ensure any Associated Persons can access the latest version of this Policy as relevant from time to time. Because Sanctions regimes can change quickly and without notice, Clean Air Fund may update this Policy at any time. For enquires or any other matter relating to this Policy, the Chief Operating Officer may be contacted at complaints@cleanairfund.org

Reporting of Violations

Clean Air Fund is fully committed to developing a “speak up” culture: Employees, Officers and Associated Persons should not be afraid to speak up if they think that something is wrong or needs to be fixed. Employees, Officers and Associated Persons should feel comfortable sharing their views, asking questions, flagging anomalies, expressing concerns, or reporting perceived violations of this Policy. If an Employee, Officer or Associated Person becomes aware of any suspected or known violations of this Policy or she/he realises that Clean Air Fund or an Associated Person performed a transaction prohibited by Sanctions, then they have a duty to promptly report such concerns in accordance with Clean Air Fund’s [Whistleblowing Policy](#) available on our website.

Clean Air Fund Sanction Screening Process

The screening process is clearly documented in the Clean Air Fund’s Due Diligence processes and updated regularly and should be referred to by Employees. The pre-grant due diligence document which is shared with relevant Associated Persons also contains the process.

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