

Policy number: SL-POL-004.011
Original effective date: April 9, 2019
Revision number: 3
Revised effective date: July 21, 2022
Pages: 10

SOLENIS POLICY Trade Compliance

1.0 Policy

It is the policy of Solenis to comply with not only the letter, but also the spirit and intent of all applicable sanctions, export controls and anti-boycott laws and regulations in those countries where we do business. Under no circumstances may an export, re-export or import (whether of a product, service, technical data or technology), or any other transaction be made contrary to these laws and regulations or contrary to this present policy.

Solenis requires that every officer, director, agent and employee involved in international business transactions understand the basic elements of such laws and comply with them at all times. Non-compliance may result in severe liability and reputational risks for both the company and individuals involved. Our compliance with these laws is a critical component of Solenis' reputation and success.



Some of the sanctions and export control laws and regulations that inform the scope of this policy are the laws with **extraterritorial reach**. Therefore, all Solenis employees must comply with this policy and the laws and regulations summarized in the policy, regardless of the employees' location anywhere in the world.

2.0 Definitions

Anti-boycott Laws – laws and regulations that are enforced by the U.S. Commerce Department's Office of Antiboycott Compliance and the U.S. Treasury Department's Internal Revenue Service. These include reporting requirements, prohibitions and tax liabilities that may be incurred if a company supports international economic boycotts in which the U.S. does not participate.

Export Controls – (i) the Export Administration Regulations of the U.S. Department of Commerce ("Commerce Department") as well as other similar laws and regulations in other countries, which control the export, deemed export, re-export and transfer of: commercial (non-military) commodities, software and technology and items that have dual commercial and military applications; and (ii) the International Traffic in Arms Regulations of the U.S. Department of State

as well as other similar laws and regulations in other countries, which regulate: the manufacture, export, deemed export and brokering of defense articles and items designed, developed or modified for a military application.

Sanctions – laws and regulations that include prohibitions and restrictions on exports to, and business and financial dealings with, certain countries, governments and individuals that are subject to economic sanctions programs in the U.S., as administered by the U.S. Treasury Department’s Office of Foreign Asset Control (“OFAC”), in the European Union (“EU”), as administered by authorities in each individual member state, as well as in other countries where Solenis conducts business.

3.0 Prohibitions and restrictions

3.1 Sanctions

Solenis and Solenis employees must be aware of and comply with a variety of sanctions maintained by various countries.

Geography-based Sanctions. Major jurisdictions maintain *geography-based, comprehensive sanctions*. U.S. geography-based sanctions target Iran and Cuba. Together with the United Kingdom, the EU and other countries, the U.S. also maintains Sanctions that target Syria, North Korea and Crimea. These sanctions prohibit virtually all types of activities with the target, which is generally a country and its current government regime.

Solenis and Solenis employees are **prohibited** from entering into any transactions involving countries and territories subject to *Geography-Based Sanctions: Iran, Cuba, Syria, North Korea and the Crimea, Donetsk and Luhansk regions of Ukraine.*



Prohibited transactions include, but are not limited to: importing from, exporting or re-exporting to, or transshipping to the target countries; transportation-related activities involving target countries; engaging in any financial dealings with the target countries; facilitating or otherwise dealing with the target countries.

Regime-based Sanctions. The U.S. and other countries also maintain Regime-based Sanctions. These sanctions do not target the country as a whole, but prohibit transactions with specified governments, agencies, instrumentalities and regime members who, in case of the U.S. sanctions, are designated on OFAC’s Specially Designated Nationals Lists (“SDN(-s)” and “SDN Lists”). It is legal to generally deal with individuals and entities in those countries, unless those parties are not designated on SDN Lists.

Solenis and Solenis employees are **prohibited** from entering into any transactions involving or dealing with **entities** and **individuals** on the **SDN Lists** for their association with **designated government regimes**.



Solenis employees should pay special attention to due diligence and screening of entities and individuals from the Balkans (Western Balkans), Belarus, Burundi, the Central African Republic, the Democratic Republic of the Congo, Iraq, Lebanon, Libya, Russia, Somalia, South Sudan, Venezuela, Yemen and Zimbabwe.

List-based Sanctions. There are other sanctions that are not associated with countries or government regimes. The U.S. and the EU enforce so-called list-based programs that target specific individuals, entities or organizations. Persons and entities that are targets of U.S. list-based programs are designated on OFAC's lists, including the SDN Lists, Foreign Sanctions Evaders List, and Sectoral Sanctions Identification List ("SSIL"). Importantly, sanctions apply not only to listed individuals, but also to entities that are 50-percent owned or more in the aggregate or otherwise controlled by SDN or SSI listed individuals, even if the individuals or entities do not themselves appear on any of the sanctions lists.

Solenis and Solenis employees are **prohibited** from entering into any transactions involving or dealing with **entities** and **individuals** on the **SDN Lists**.



Solenis employees must also refrain from doing business with any entity that is **majority-owned or controlled by an SDN** or an entity listed on the SSIL, even if the entity does not itself appear on the SDN Lists.

Sectoral Industry Sanctions. These sanctions, maintained by the U.S., prohibit companies from engaging in certain activities with targeted industry sectors of a country, such as the energy or defense sectors. Sectoral sanctions currently primarily target Russia's energy, finance and defense sectors, in response to Russia-Ukraine conflict.

Solenis and Solenis employees are **prohibited** from entering into any transactions involving or dealing with **entities** and **individuals** in the Russian energy, finance and defense sectors.



3.2 Export Controls

U.S. and EU member states and other countries regulate the export and re-export of commercial and defense articles and technology, with the purpose of protecting national security, advancing foreign policy interests and complying with international commitments. Specifically, the U.S. Commerce Department and EU member states' authorities control the export of purely commercial

products or items and items that have dual commercial and defense applications, and may prohibit or require licenses, depending on the items' classification, ultimate destination country, end use or end users.

Solenis employees must ensure that all Solenis products are **properly classified** before export.

Solenis employees must ensure that Solenis products are not exported without a **license to the countries** for which an export license is required.



Solenis employees must ensure that Solenis products are not exported at all or not exported without a **license to end-users** that appear on the so-called **Consolidated Screening List ("CSL")** or any other applicable lists.

Solenis employees must ensure that Solenis products are not exported at all or not exported without a **license for certain end-uses**, which include: nuclear activities, missile activities, chemical activities, biological proliferation activities, military end-users or end-uses.

3.3 Anti-boycott Laws

Anti-boycott Laws. Companies sometimes deal with customers that request, as a condition to doing business, that they agree to take action or furnish documents in support of an international boycott not sanctioned by the U.S. If companies agree to a boycott request or fail to report a boycott request to the U.S. government when required, they violate U.S. anti-boycott laws ("Anti-boycott Laws").

In engaging with customers or vendors, Solenis employees **must not participate in or cooperate with a foreign boycott** that is **not sanctioned by the U.S. government**.



For example, Solenis or Solenis employees **must not**: refuse to do business with or in Israel or with blacklisted companies; discriminate against other persons based on race, religion, sex, national origin or nationality; furnish information about business relationships with or in Israel or with blacklisted companies; furnish information about the race, religion, sex, national origin or nationality of another person; or implement boycott-related terms and conditions in letters of credit.

4.0 Compliance Controls

Solenis has adequate mechanisms in place to ensure compliance with Sanctions, Export Controls and Anti-boycott Regulations. However, it remains the responsibility of all Solenis employees to

participate and assist, with the necessary support from Global Trade Compliance and Legal teams, in the effective implementation of these compliance mechanisms across the company's operations.

Screening. It is Solenis' policy not to deal with any sanctioned or "listed" entities or individuals. Therefore, Customer Service, Commercial, Plant, Planning, Master Data, Procurement, Export Processing teams and any party involved in selling or shipping goods must screen all their business partners or, otherwise, make sure that such partners have been screened before each shipment. All products intended for export must also be screened or appropriately analyzed by regional Global Trade teams to ensure compliance with the any applicable export controls.

Red Flags or Diversion Concerns. In the course of the company's day-to-day operations, Solenis employees, and in particular, customer service, commercial, plant, planning, master data, procurement, export processing teams must pay close attention to and collect information about certain trade compliance "red flags" or "diversion concerns," indicating actual or potential Sanctions or Export Controls violations such as the involvement of a "listed" entity or individual or ill-intended end-use of an item, or suggesting any Anti-boycott Regulations concerns. A non-exhaustive list of "red flags" or "diversion concerns" is included in [Annex 1](#) to this Policy.

Reporting. Any questionable transaction, "red flag" or "diversion concern" must be reported immediately to Global Trade Compliance. Global Trade Compliance will partner with the Legal team to take appropriate measures to: investigate the underlying facts of any questionable transactions; if required, ask Solenis employees involved to immediately suspend the relevant transactions; and determine the corrective measures to be taken.

Destination Control Statements. As and when directed by Global Trade Compliance team, Solenis employees, and in particular, Customer Service and Commercial teams must ensure that commercial invoices for products subject to Export Controls include appropriate destination control statements. A sample statement is provided in [Annex 2](#) to this Policy.

Contractual Provisions. To mitigate the risk of engaging, even indirectly, in prohibited activities such as dealing with "listed" individuals or entities and supplying restricted items to certain countries, Solenis employees, in particular, Procurement, Customer Service and Commercial teams must ensure that supplier and customer contracts include appropriate contractual provisions. Sample contract provisions are provided in [Annex 3](#) to this Policy.

5.0 Training and communication

Training on this Policy shall form part of the onboarding process for all individuals who work for Solenis and regular training will be provided as necessary.

6.0 Reporting non-compliance and protection

All Solenis employees are required to report any known instances of non-compliance with this policy. Reporting employees will be protected from retaliation according to the terms of Solenis' [Reporting policy](#).

7.0 Disciplinary actions

Any Solenis employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

8.0 Other relevant policies

[Global Standards of Business Conduct](#).

9.0 Owner

Solenis' general counsel is responsible for implementation of, and amendments to, this policy.

10.0 Exceptions

There are no exceptions to this policy.

ANNEX 1 TRADE COMPLIANCE POLICY

“Red flags” and “diversion concerns” referred to in Clause 4.0 of this policy:

- The customer or its address is similar to one of the parties found on the prohibited or restricted party lists;
- The customer or purchasing agent is reluctant to offer information about the end-use of the item;
- The product's capabilities do not fit the buyer's line of business;
- The item ordered is incompatible with the technical level of the country to which it is being shipped;
- The customer is willing to pay cash for a very expensive item or high volume of products when the terms of sale would normally call for financing;
- The customer has little or no business or technical background;
- The customer is unfamiliar with the product's performance characteristics but still wants the product;
- Routine installation, training or maintenance services are declined by the customer;
- Delivery dates are vague or deliveries are planned for out-of-the-way destinations;
- A freight-forwarding firm is listed as the product's final destination;
- The shipping route is abnormal for the product and destination;
- Packaging is inconsistent with the stated method of shipment or destination;
- When questioned, the buyer is evasive and especially unclear about whether the purchased product is for domestic use, for export or for re-export.

**ANNEX 2
TRADE COMPLIANCE POLICY**

Destination statement as referred to in Clause 4.0 of this policy:

Sample language:

(a) These items are controlled by the U.S. government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s) either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.

(b) [*insert ECCN classification*]

ANNEX 3 TRADE COMPLIANCE POLICY

Contract provisions referred to in Clause 4.0 of this policy:

a. *Sanctions-related compliance contract provisions:*

Sample language:

Sanctions Representation. [Counterparty] is and has been in compliance with all applicable laws imposing economic sanctions and trade embargoes ("Economic Sanctions Laws") against designated countries ("Embargoed Countries"), entities and persons (collectively, "Embargoed Targets"). [Counterparty] is not and has not been an Embargoed Target or otherwise subject to any Economic Sanctions Law.

Sanctions Covenant. [Counterparty] shall comply with all Economic Sanctions Laws. Without limiting the generality of the foregoing, [Counterparty] shall not (a) directly or indirectly export, re-export, transship or otherwise deliver the [Goods] [Services] or any portion of the [Goods] [Services] to an Embargoed Target or (b) broker, finance or otherwise facilitate any transaction in violation of any Economic Sanctions Law.

b. *Sanctions-ownership ownership certification:*

Sample language:

Ownership Certification. Neither [Counterparty] nor any of its subsidiaries or, to its knowledge, any director, officer or employee of [Counterparty] or any of its subsidiaries is a person who (a) is directly or indirectly owned or controlled by any person currently included on the List of Specially Designated Nationals and Blocked Persons or the Foreign Sanctions Evaders List (collectively, "SDN List") maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") or any other Governmental Entity imposing economic sanctions and trade embargoes ("Economic Sanctions Laws"), or (b) is directly or indirectly owned or controlled by any Person who is located, organized or resident in a country or territory that is, or whose government is, the target of sanctions imposed by OFAC or any other Governmental Entity.

Obligation to Notify. [Counterparty] shall promptly notify Solenis when it or any of its subsidiaries, or any of its or any of its subsidiaries' directors, officers, employees, or agents becomes directly or indirectly owned or controlled by any person (a) included on the then-current SDN List, or (b) located, organized or resident in a country or territory that is, or whose government is, the target of sanctions imposed by OFAC or any other Governmental Entity.

c. *Export Controls-related compliance contract provision:*

Sample language:

Export Controls. The [Products/Deliverables], including any software, documentation and any related technical data included with, or contained in, such [Products/Deliverables], and any products utilizing any such [Products/Deliverables], software, documentation or technical data (collectively, “Regulated [Products/Deliverables]”) may be subject to US export control laws and regulations, including the Export Administration Regulations and the International Traffic in Arms Regulations. [Counterparty] shall not, and shall not permit any third parties to, directly or indirectly, export, re-export or release any Regulated [Products/Deliverables] to any jurisdiction or country to which, or any party to whom, the export, re-export or release of any Regulated [Products/Deliverables] is prohibited by applicable federal [or foreign] law, regulation or rule. [Counterparty] shall be responsible for any breach of this Clause [X] by its, and its successors’ and permitted assigns’, [parent,] affiliates, employees, officers, directors, [partners/members/shareholders], customers, agents, distributors, resellers or vendors.