

Trade Sanctions Manual

Adopted by the Board of Directors on 16 June 2022

1. Introduction to Trade Sanctions

The terms trade sanctions and embargoes refer to laws and regulations imposed by countries – usually related to foreign affairs, national security, or human rights objectives – that restrict dealings with targeted individuals, entities, and governments.

Such restrictions may include a general prohibition on all dealings with the government of a targeted country and individuals or entities located, residents, or entities that are organized in that country. Penalties for violating trade sanctions can be severe; companies have agreed to multi-million dollar settlements and individuals could face large fines or imprisonment.

This manual applies to everyone at the Saferoad Group (from now on referred to as “Saferoad”) – all employees, managers, executive officers, and members of the board of directors are collectively referred to as “employees”.

This manual provides general guidelines that, if followed, will support Saferoad’s efforts to comply with trade sanctions laws and regulations published by the United Nations, the United Kingdom, the United States, and the European Union, which in many cases implement UN Security Council Resolutions on sanctions.

Of course, applicable local law in this regard should also be followed.

Proposed operations or transactions involving high-risk countries must be analysed closely to ensure they would not result in a sanctions violation.

2. Executive Summary

- Trade sanctions imposed by various jurisdictions restrict Saferoad’s ability to deal with targeted persons and governments.
- Violations can result in substantial monetary penalties or imprisonment as well as significant reputational damage for Saferoad.
- Proposed operations or transactions involving high-risk countries must be analysed closely to ensure they would not result in a sanctions violation. Saferoad shall conduct Sanctions Risk Assessments annually to review its top-down operations’ exposure to international sanctions and to adjust sanctions controls and audits as necessary.
- Screening and gathering information of existing and future counterparties should reduce or eliminate risk of violating sanctions.
- In some cases, it may be appropriate to seek contractual guarantees from counterparties.

3. Identifying High-Risk Countries

Employees at Saferoad must understand what risks are presented by conducting operations in certain countries or dealing with individuals and entities in those countries. This includes identifying countries involved in proposed operations or transactions to understand if they present sanctions-related risks.

Trade sanctions frequently change based on global geopolitical developments and national politics. As a result, there is no durable, static list of persons or countries that covers all persons who are sanctions targets. However, a list of countries, if frequently updated to reflect developments, can be helpful in identifying issues within Saferoad.

Such a list is included in the Appendix, and the following codes apply to the listed countries:



Red

Unless you have a written permission from the VP Legal under no circumstances should an employee engage in operations or transactions involving:

- the government of a Red country;
- any individual located in or resident in a Red country; or
- any entity with its place of business or organized under the laws of a Red country.

Note that this prohibition includes entities owned or controlled by, or acting on behalf of governments, individuals or entities in the preceding categories.

Red countries are subject to comprehensive sanctions. These affect a wide range of commercial activities with regard to an entire country or region. Doing business with a country subject to comprehensive sanctions could be prohibited.

Iran, Darfur (region of Sudan), Syria, North Korea and the geographic regions of Crimea, Donetsk and Luhansk regions (Ukraine) are subject to comprehensive sanctions under EU, UK, US and other laws, and Cuba is subject to comprehensive US sanctions.



Yellow

An employee must initiate a risk-based due diligence of the third party, which shall include maintaining the names, passport ID numbers, address(es), phone number(s), email address(es), and copies of photo identification of each customer's beneficial owner(s) (see section 4.1.). Based on the results of the due diligence screening, the employee responsible for the due diligence and transaction shall consult with the VP Legal prior to engaging in an operation or transaction involving:

- The government of a Yellow country;
- any individual located or resident in a Yellow country; or
- any entity with its place of business or organized under the laws of a Yellow country.

The employee is also encouraged to review the details of the underlying delivery of products (in case of purchase of material supplies/goods), including the cargo, origin, destination, and parties to the transaction. This information shall be requested from the third party and verified to the extent possible.

Note that the aforementioned restriction includes legal entities owned or controlled by, or acting on behalf of, governments, individuals or legal entities in the preceding categories.

As a general matter, operations or transactions involving countries that are not listed in Red or Yellow in the Appendix typically do not present sanctions issues, and there is a lower risk of violating sanctions when engaging in operations or transactions involving these countries.

However, individuals or entities from countries not listed in the Appendix may still be sanctions targets.

Sanctions are sometimes targeted towards particular individuals, entities or groups which can be located anywhere in the world. Where a company or individual is sanctioned (or a company is owned or controlled by a sanctioned person), this is a warning sign that transactions with or services to that company or individual might be prohibited.

Further, operations or transactions in neighbouring areas to the listed countries may entail additional risk assessment and due diligence. As such, the procedures described in Section 4 (Risk Mitigation in Dealings with Counterparties) below should be followed with respect to all counterparties, unless the counterparty is located in the EU/EEA, the UK or the US.

The VP Legalis responsible for ensuring the Appendix is kept reasonably updated. On a periodic basis, the VP Legal should evaluate the then-existing operations of Saferoad to determine if there are activities in countries or industry sectors, or involving individuals or entities that present a heightened risk of sanctions violations. Special attention should be paid to new risks arising from changes in sanctions law (for example, the targeting of a country not previously subject to international sanctions).

Due diligence should be conducted in relation to agents, suppliers, distributors, and other counterparties to ensure that Saferoad does not violate trade sanctions.

4. Risk Mitigation in Dealings with Counterparties

Due diligence and contractual guarantees can be used to help reduce or eliminate trade sanctions risks in relation to agents, suppliers, distributors, and other counterparties.

4.1 Risk assessment

Under the supervision of the VP Legal, Saferoad shall conduct sanctions Risk assessments with regard to the products, services and geographical markets where Saferoad operates, supplier/imports from or exports to.

The Risk assessment should generally consist of a holistic review of the organization from top-to-bottom and assess its touchpoints to the outside world. This process allows the organization to identify potential areas in which it may, directly or indirectly, engage with EU, UK OFSI or US OFAC-prohibited persons, parties, countries, or regions.

As appropriate, the Risk assessment will be updated annually to account for the conduct and root causes of any apparent violations or systemic deficiencies identified by the organization during the routine course of business, for example, through a testing or audit function.

The Risk assessment shall consist of the following key elements:

1. customers, supply chain, intermediaries, and counter-parties;

2. the products and services it offers, including how and where such items fit into other financial or commercial products, services, networks, or systems;
3. the geographic locations of the organization, as well as its customers, supply chain, intermediaries, and counter-parties.

4.2 Due Diligence

Risk-based due diligence is based on the risk identified in the Risk assessment and should be conducted in relation to agents, suppliers, distributors, and other counterparties to ensure that Saferoad does not violate trade sanctions. Diligence should focus on understanding whether the counterparty is:

1. itself a target of sanctions;
2. located, organized, or resident in a country that is a sanctions target; or
3. owned, controlled, or acting on behalf of any government, individual, or entity described in (1) or (2).

The level of due diligence to be conducted also depends on the extent to which Saferoad will be engaging in dealings with a counterparty. For example, due diligence on a potential joint venture partner should be more extensive than that performed on a supplier who is engaged for the purpose of a single, small transaction.

Step 1: What needs to be identified

At a minimum, all new counterparties that are individuals should be asked for the following identifying information:

- Full name
- Country of residence
- Address
- Passport ID number(s)
- Copies of photo identification of the signing person
- If the individual is an agent or representative, the name of the individual or entity he is representing (and corresponding information for that person)

At a minimum, all new counterparties that are entities should be asked for the following identifying information:

- Full legal name and any trade names used
- Country in which the entity is registered/incorporated
- Place of business
- Corresponding information for the parent company
- If the entity is an agent or representative, the name of the individual or entity being represented (and corresponding information for that person)

In addition to the above, based on the outcome of the risk assessment of the transaction, collect and maintain the names, passport ID numbers, address(es), phone number(s), email address(es), and

- copies of photo identification of each counterparty's beneficial owner(s) if possible, or of the person with signature right and right to act on behalf of the counterparty

In addition, all existing counterparties in high-risk countries should be asked to provide the information above if such information has not already been obtained.

For ongoing business relationships, the Due Diligence shall be updated regularly and if new information arises (e.g. change in ownership, new business/geographical areas, products or contractual changes) or a red flag is identified.

Step 2: Screen

If the counterparty is located in the EU/EEA, UK or US, so long as the counterparty is not owned, controlled, or acting on behalf of a party in another jurisdiction, no further diligence is required unless suspicious behavior is exhibited (for example, reluctance of a counterparty to provide information about itself, indications that the counterparty is acting on behalf of an undisclosed third party, or requests for unusual payment terms) or there are obvious risks related to the counterparty.

Note that Saferoad has chosen to limit counterparty screening in this way because performing identical due diligence on all new counterparties, irrespective of risk factors, is often counterproductive. Instead, special attention should be paid to counterparties that may present increased risks.

For counterparties that are from a jurisdiction other than the EU/EEA, UK or the US, the name of the individual or entity (and the direct parent and any party being represented, if applicable) should be screened using the following:

- the Consolidated List of Persons, Groups and Entities subject to EU financial sanctions at: https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions
- the UK OFSI Consolidated List of Sanctions available at <https://sanctionssearchapp.ofsi.hmtreasury.gov.uk/>
- the US Office of Foreign Assets Control Sanctions List Search available at [https://sdnsearch.ofac.treas.gov](https://sdnsearch.ofac.treas.gov;); and
- any similar list covering sanctions targets under local law.

Screening can also be performed using syndicated sanctions databases (examples: Refinitiv WorldCheck, Dow Jones Risk Center).

Records of screening results should be maintained in order to evidence trade sanctions compliance.

Step 3: Consult with the VP Legal (if needed)

If a counterparty is listed or the screening results contain a match that appears to be relevant, contact the VP Legal before proceeding with the transaction. It may be that the transaction cannot be conducted or that additional diligence needs to be performed. Regardless of screening results, further consultation regarding countries listed on the Appendix should be pursued as described in Section 3. (Identifying High-Risk Countries).

4.3. Contractual Guarantees

If appropriate within the context of the transaction, guarantees may be sought from the counterparty confirming information covered in diligence, for example, that the counterparty is not directly or indirectly a sanctions target, nor is it located, organized, resident, or doing business in a country that is a sanctions target.

Depending on the circumstances, it may also be appropriate to include undertakings in the agreement with the counterparty regulating the counterparty's performance. For example, the counterparty could agree to refrain from dealing with any sanctions target in relation to fulfilling any of its obligations under the agreement (such as by subcontracting to a sanctions target).

5. Automatic Disqualification of US Persons

US persons (a term that includes all US citizens and permanent residents) are prohibited not only from dealing with targets of US sanctions, but also from participating in any decision-making or other actions regarding these transactions. To comply with the US law, US persons must be disqualified from participating in any decisions or actions related to US sanctions targets.

For that reason, the following are automatically disqualified from participating in any decisions, dealings, or transactions related to targets of US trade sanctions:

all employees of Saferoad who are US citizens or permanent residents; and
all employees of Saferoad while located in the US (for example, while working or traveling on business).

No further action by these individuals to disqualify themselves from such circumstances is required. In each case, authority is delegated to the direct subordinate of the disqualified employee in this regard. Questions regarding disqualification for sanctions compliance should be directed to the VP Legal.

6. Penalties

Penalties for sanctions violations can include fines and imprisonment, and settlements with authorities can range into the hundreds of millions of euros or dollars.

EU Sanctions

Wilful and negligent violations of EU sanctions are set and enforced by each EU member state and are often punishable by fines and imprisonment.

EU sanctions apply to all individuals and entities in respect of any business done in whole or in part within the European Union, but also to any individual who is a national of an EU member state (regardless of location) and to any entity incorporated or constituted under the laws of an EU member state.

UK Sanctions

The UK Sanctions Act provides the main legal basis for the UK to impose, update and lift sanctions. UK sanctions Regulations made under the Sanctions Act apply in the whole of the UK, including in Northern Ireland. The prohibitions and requirements in these Regulations apply to conduct by all UK persons.

US Sanctions

For willful violations of US trade sanctions, criminal penalties for most violations can include fines of up to \$1 million and imprisonment of up to 20 years. Civil penalties for non-willful violations of most sanctions programs range up to \$250,000 or twice the amount of the underlying transaction for each violation.

US sanctions apply not only to US companies, but also to US citizens and permanent residents (regardless of location); foreign branches and (with respect to certain sanctions programs) subsidiaries of US companies; branches and subsidiaries of non-US companies located in the United States; and any non-US person while in the territory of the United States.

US authorities have aggressively used various theories to expand the jurisdictional reach of US trade sanctions and frequently pursue non-US companies for violations of US sanctions, even when such transactions do not violate applicable local law.

Applicable local law may provide for similar penalties.

Employees who violate trade sanctions may be subject to disciplinary action by Saferoad, up to and including termination of employment. Employees, who after consultation with appropriate personnel at Saferoad, decline to enter into a transaction because of concerns regarding trade sanctions will not be negatively affected.

7. Export Controls

Apart from trade sanctions, many jurisdictions (including the EU and the US) have export controls that govern the export of certain items, material, or technology from that jurisdiction. These regulations mainly place restrictions on the export of military and dual-use items (items with both a civilian and military or nuclear application), but in some cases apply more broadly. Generally, the permissibility of the export depends on what the item, material, or technology is, where it is going, who the end-user is, and what the end use may be. Note that US export controls also apply to the “re-export” of US-origin goods and technology.

Employees engaging in activity that they believe may be covered by export control regulations should contact VP Legal if they have questions regarding export controls.

8. Do's and Don'ts



DO

- Consider whether a proposed activity or transaction involves a high-risk country. Consult the country list in the Appendix.
- Conduct due diligence on new counterparties by gathering identifying information and screening the information received through relevant sanctions lists.
- Notify the VP Legal if high-risk countries are involved or a match is identified through screening.
- Report sanctions violations through appropriate channels.
- Contact the VP Legal if you have any questions.



DON'T

- Engage in transactions where the location of the counterparty is unclear or other important information has not been provided.
- Continue to engage with an existing counterparty that becomes a sanctions target through changes to sanctions law or regulations.
- Assume there is not an issue if you believe a counterparty is acting suspiciously or being evasive in response to requests for information. Contact the VP Legal.

- Attempt to evade sanctions in any way to complete a transaction, including by routing funds destined for a sanctions target through a third party.

Employees who suspect that a violation of trade sanctions has occurred at Saferoad are required to follow the standard reporting process or the reporting process described in the Whistleblowing Policy.

9. Reporting

Employees who suspect that a violation of trade sanctions has occurred at Saferoad are required to follow the standard reporting process or the reporting process described in the Whistleblowing Policy, which is described in Saferoad's Code of Conduct.

10. Training

Saferoad provides adequate training for all employees consistent with Saferoad's risk profile and appropriate to employee responsibilities.

11. Internal Audit

VP Legal is responsible for conducting objective, comprehensive audits of the Corporate Compliance Program, including trade sanctions, on a periodic basis in light of Saferoad's specific areas of operations, geographic locations, and legal obligations.

12. Contact Information for Responsible Officers

The CEO is responsible for the overall oversight and implementation of the Corporate Compliance Program.

The VP Legal is responsible for Saferoad's day-to-day compliance with this manual.

13. Related Documents

This manual should be read in connection with the following documents:

- Corporate Compliance Program Description
- Code of Conduct
- Trade Sanctions Compliance Procedure