

## **Italmatch Group**

### **International Trade Control Policy**

#### **1. Introduction**

National governments and international bodies, as part of wider foreign policy and national security objectives, may establish export control restrictions and sanctions against: countries; individuals; entities; sectors; and certain goods and technology.

It is the policy of Italmatch Group to fully comply with laws and regulations governing international trade as they apply to Italmatch Group. Compliance with all aforementioned laws is compulsory and essential to our current business interests and future business opportunities.

This International Trade Control Policy (“Trade Control Policy”) is applicable to Italmatch Chemicals S.p.A. and its subsidiaries (hereinafter collectively “Italmatch Group” or “Italmatch”) and to all of Italmatch Group officers, directors and employees and everyone acting as agent and representative of Italmatch (“Group Representatives”). All Group Representatives shall read and become familiar with this Trade Control Policy. Any questions or concerns regarding the implementation or operation of this Trade Control Policy must be promptly addressed to Italmatch Compliance Officer or the Legal Department.

Italmatch Group further requires all third parties with whom it and its Group Representatives deal with, to confirm that they are aware of the importance that Italmatch places on trade control and sanctions compliance, that they are aware of this Trade Control Policy and that they have a compliance culture to detect and prevent violations of this Trade Control Policy. In order to ensure by all third parties compliance with this Trade Control Policy and, in any case, with the Applicable Law (as defined in section 4 below), in the respective contracts between Italmatch and the aforementioned third parties the obligations enshrined in this Trade Control Policy shall be considered incorporated by reference. This policy has been made available to all the parties through its release on Italmatch website.

#### **2. Export control restrictions**

Export controls laws and regulations cover the export and re-export of products, services, software, technology, and technical data, sanctions, and antiboycott requirements.

Exports include (i) physical exports as well as (ii) electronic exports of data, software, and technology and, additionally, (iii) certain technical assistance (trainings, repair, etc) can be subject to export controls.

In the context of U.S. export control law, exports also include technical data transfers to foreign nationals in the United States, disclosures of U.S. technical data in a foreign country to persons of a third country nationality, re-exports of U.S. origin items from one foreign country to another, and exports of foreign-made items that incorporate more than 10% U.S. content.

### **3. Sanctions and Dual Use**

Sanctions for breaching laws and regulations governing international trade are most commonly restrictive finance, trade and travel restrictive measures and can be:

- a) General, i.e. cover all transactions with certain countries or jurisdictions, certain transactions with countries or jurisdictions such as exports, imports or new investment, or all transactions within a certain area of activity/products (e.g. arms sales to a particular country).
- b) Specific, i.e. related to specific lists of named individuals, legal entities, organizations, vessels etc. (the Office and Foreign Asset Control (OFAC) of U.S. Department of Treasury refers to some of these entities as “Specially Designated Nationals” as better defined below),
- c) Sectoral, i.e. cover certain parties in specific sectors (OFAC designates parties on a Sectoral Sanctions Identification List or “SSI List”) but only restrict certain transactions of these designated parties.

Dual Use Items: please also be aware that under sanctions there are often restrictions on “dual use” items. Dual use items are goods, software, technology, documents and diagrams which can be used for both civil and military applications. They can range from raw materials to components and complete systems. They could also be items used in the production or development of military goods, such as machine tools, chemical manufacturing equipment and computers.

Sanctions are relevant to Italmatch Group’s business because:

- Italmatch deals with business partners who may be from other jurisdictions, and those entities or persons (who may be operating in domestic or international markets) may be on sanctions blacklists, or subject to trade restrictions, meaning that business with them is either not permitted or subject to strict controls;

- Italmatch operates in a sector or sectors subject to sanctions restrictions.

Italmatch and Italmatch Group Representatives must at all times be aware of, and comply with, the relevant restrictions by ensuring that dealings with all business partners are sanctions compliant. Sanction breaches can have devastating consequences for companies and individuals and the business's own ability to trade and win contracts in the future, especially in any home jurisdiction. Please be aware that it is also prohibited to, knowingly and/or intentionally, circumvent or evade all the aforementioned prohibitions and/or restrictions through the use of intermediaries.

#### 4. Applicable Laws

##### European Union Sanctions

The Council of the European Union (the "Council") has adopted guidelines to impose sanctions within the framework of the Common Foreign and Security Policy ("CFSP"). Depending on the specific sanctions regime, the competent authorities of the EU member states and the European Commission have unique responsibilities for implementing, enforcing and monitoring violations of the applicable sanctions.

EU Regulations are directly applicable in EU Member States, so that entities incorporated or constituted under EU law, and persons and entities doing business in the European Union (including non-EU nationals) are subject to their provisions.

The EU sanctions regime includes arms embargoes, other specific or general trade restrictions (import and export bans), economic and financial sanctions, and restrictions on admission (visa or travel bans). Sanctions may target governments of third countries, non-state entities or individuals.

Currently sanctioned countries include: [Afghanistan](#), [Belarus](#), [Bosnia & Herzegovina](#), [Burundi](#), [Central African Republic](#), [China](#), [Democratic Republic of the Congo](#), [Egypt](#), [Guinea](#), [Guinea-Bissau](#), [Haiti](#), Iran ([Human rights](#) and [weapons of mass destruction](#)), [Iraq](#), Lebanon (restrictive measures in relation to [the UN Security Council Resolution 1701 \(2006\)](#) and to the [14 February 2005 terrorist bombing in Beirut](#)) Libya (restrictive measures in view of [the situation in Libya](#) and [prohibiting the satisfying of certain claims in relation to transactions that have been prohibited by the UN Security Council Resolution 883 \(1993\) and related resolutions](#)), [Maldives](#), [Mali](#), [Moldova](#), [Montenegro](#), [Myanmar \(Burma\)](#), [North Korea](#), [Russia](#), [Serbia](#), [Somalia](#), [South Sudan](#), Syria (restrictive measures

in relation to [the 14 February 2005 terrorist bombing in Beirut](#) and [against Syria](#)), [Tunisia](#), Ukraine ([misappropriation of state funds](#), [territorial integrity](#) and [Crimea](#)), [Venezuela](#), [Yemen](#) and [Zimbabwe](#)).

The EU has also in place sanctioning regimes against the [proliferation and use of chemical weapons](#), [cyber-attacks](#), [terrorism](#) (including terrorism related to [ISIL \(Da'esh\) and Al-Qaida](#)).

Due to the diversity among sanctions and their constant update, all Italmatch Group Representatives shall always visit the “EU Sanction” [webpage](#) and [map](#) of the Service for Foreign Policy Instruments (FPI) for information on the current status of EU sanctions as well as on the content of specific EU sanctioning program before doing international trade business.

## USA Sanctions

In the US, trade activities are primarily regulated by the U.S. Department of Commerce through its Export Administration Regulations (“*EAR*”), the Department of State through its International Traffic in Arms Regulations (“*ITAR*”), and the Department of the Treasury through its Office of Foreign Assets Control (“*OFAC*”).

The U.S. Department of Commerce has responsibility over trade activities and exports which are primarily commercial items. The U.S. Department of Commerce establishes the so-called Export Control Classification Number (“*ECCN*”), which determines the conditions and limitations under which an export may be made (including whether it requires a license and/or a license exception due to the fact that the item is sold to a particular person, to a particular destination, or for a particular end-use).

The U.S. Department of State has responsibility over trade activities and exports which meet the definition of defense articles, technical data, or defense service, as per the list elaborated and updated by the *ITAR*. Virtually all exports falling within the scope of application of the *ITAR* require an export license to be issued by the U.S. Department of State.

*OFAC* has responsibility for administrating, implementing, and enforcing economic sanctions.

*OFAC* sanctions are applicable to (i) U.S. persons and companies or companies controlled by U.S. entities and/or (ii) individuals located in the territory of the U.S.

U.S. sanctions programs vary in scope. Some are broad-based and oriented geographically (i.e. Cuba, Iran). Others are “targeted” (i.e. [counter-terrorism](#), [counter-narcotics](#), [counter-cybercrimes](#) counter-trafficking, [counter-proliferation of weapons of mass destruction](#), [counter-organized crime](#)) and focus on specific individuals and entities.

Currently the US sanctioned countries include: the [Balkans](#), [Belarus](#), [Burundi](#), [Central African Republic](#), [Cuba](#), [Democratic Republic of the Congo](#), [Iran](#), [Iraq](#), [Lebanon](#), [Libya](#), [Mali](#), [Nicaragua](#), [North Korea](#), [Somalia](#), [Sudan and Darfur](#), [South Sudan](#), [Syria](#), [Ukraine-/Russia](#), [Venezuela](#), [Yemen](#), [Zimbabwe](#).

Due to the diversity among sanctions and their constant update, all Italmatch Group Representative shall always visit the “[Sanctions Programs and Country Information](#)” page for information on the current status of US sanctions as well as on the content of specific US sanctioning programs before doing international trade business.

In addition to the lists of sanctioned countries, OFAC also publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs.”.

The prohibitions in the regulations generally prohibit U.S. persons and companies from doing business with the individuals and entities directly included on OFAC’s Specially Designated Nationals and Blocked Persons List (“SDN List”) and/or individuals owned or controlled by individuals or entities on the SDN List, absent a license from OFAC. U.S. persons are prohibited from dealing with SDNs regardless of location and all SDN assets are blocked. Entities that an SDN owns (defined as a direct or indirect ownership interest of 50% or more) are also blocked, regardless of whether that entity is separately named on the SDN List.

OFAC updates the SDN List on a regular basis. Updated information in this respect can be found visiting the [US treasury webpage](#).

OFAC's sanctions regulations also prohibit U.S. persons and companies from "facilitating" activities by a non-U.S. person with Embargoed Countries or Blocked Persons that would be violative of the sanctions regulations if conducted by a U.S. Person. This means that U.S. persons and companies may even not assist or support transactions that would be prohibited if carried out by a U.S. person and companies.

From time to time, other countries may be added to the OFAC list, and accordingly, it shall be the responsibility of each employee to consult with the Compliance Officer and Legal Department if there are any questions in respect to a particular jurisdiction.

### **UK Sanctions and other Countries.**

The Foreign & Commonwealth Office has overall responsibility for the UK's policy on sanctions, arms embargoes and trade restrictions. Her Majesty's Treasury ("HM Treasury") has primary responsibility for administering, implementing, and enforcing the UK financial sanctions regime.

The UK automatically imposes all financial sanctions created by the UN and the EU. In addition, a small number of financial sanctions are created directly by the UK Government.

Currently UK sanctioned countries include: [Afghanistan](#), [Belarus](#), [Myanmar \(Burma\)](#), [Burundi](#), [Central African Republic](#), [Democratic Republic of the Congo](#), [Egypt](#), [Eritrea](#), [Republic of Guinea](#), [Republic of Guinea-Bissau](#), Iran ([human rights](#) and [nuclear proliferation](#)), [Iraq](#), [Lebanon and Syria](#), [Libya](#), [Mali](#), [North Korea](#), [Somalia](#), [South Sudan](#), [Sudan](#), [Syria](#), [The Republic of Maldives](#), [Tunisia](#), Ukraine ([Misappropriation and Human Rights](#) and [Sovereignty and Territorial Integrity](#)), [Venezuela](#), [Yemen](#), [Zimbabwe](#).

The HM Treasury also provides a list of individuals and entities that are currently subject to financial sanctions for believed involvement in terrorist activity (including [ISIL \(Da'esh\) and Al-Qaida organisations](#)).

Due to the diversity among sanctions and their constant update, all Italmatch Group Representative shall always visit the website of [UK HM Treasury](#) for information on the current status of UK

sanctions as well as on the content of specific UK sanctioning programs before doing international trade business.

All Italmatch Group Representative shall be aware that, in addition, other countries in which Italmatch conducts business may impose similar trade sanctions and restrictions with respect to one or more of the same or other countries.

## 5. Our Policy and Monitoring activity

Violations of the legal requirements could subject Italmatch Group and its employees to criminal penalties, civil penalties, including large fines, the loss of export privileges and debarment. Italmatch views the failure of any employee to comply with this Trade Control Policy and/or with the Applicable Law as a serious violation. Non-compliance with the applicable rules by Italmatch employees could result in corporate discipline, including dismissal.

Each employee is required to understand and comply with Trade Control Policy and the export laws and regulations as they apply to his or her job activities. Italmatch Group Representatives especially involved in international trade shall routinely check those lists when doing international trade business (please refer to the links in point 4 “Applicable Laws”).

All Italmatch Group Representative shall always conduct due diligence on third parties prior to entering into any arrangements.

Particular attention should be paid in order to identify warning signs which may potentially indicate that a prospective business partner might not comply with the Applicable Law. This warning signs include *inter alia*:

- (i) Involvement of restricted countries (such as *inter alia* Iran, Cuba, North Korea, Syria and Sudan);
- (ii) Unfamiliar prospective customer without convincing references;
- (iii) Unusual transaction and/or unusual or changing business conditions and/or payments terms and/or terms of delivery and/or requests that seem incompatible with the state utilisation and/or destination of the purchased goods (*e.g. inter alia* with regard to consignee, customer, end use or location, willingness to pay amount in cash; lack of concern for installation, testing, training and warranty service);



- (iv) Unsatisfactory answers by a prospective customer to ordinary questions (*e.g. inter alia* questions about end use, end user, delivery dates, locations or transit countries); as a support for collecting the information, a due diligence questionnaire is attached hereto as “Attachment 1”.
- (v) Unusual security or safety measures.

Compliance with the OFAC regulations is best achieved by screening all parties against the SDN List and by exercising due diligence on sales and other forms of trade with or to certain geographic areas subject to comprehensive OFAC sanctions. In particular, all Italmatch Group Representative shall use [the Sanctions List Search tool](#) available on the OFAC website to search and verify the potential inclusion in said list of foreign business party.

By way of exemplification, all Italmatch Group Representative shall never engage nor enter into any transaction with prospective business partners that are listed on the US SDN List.

In addition, all Italmatch Group Representative shall never engage nor enter into any transaction with prospective business partners from a prohibited country under EU, US or UK legislation (and/or under any other countries’ legislation, should the latter applies).

If any Group Representatives has reason to believe that any export or re-export may be intended for an inappropriate end-use, end-user, or destination, or the consummation of such export or re-export may be in violation of applicable EU or U.S. or any other export control laws, such person shall halt the transaction and contact Compliance Officer or Legal Department in order to conduct due diligence.