

### **International Trade Compliance Policy**

This International Trade Compliance Policy (the “Policy”) applies to all Pemco International (“Pemco”) operations and all Pemco personnel. For purposes of this Policy, “Pemco” means Pemco and each of its subsidiaries, all Pemco employees, and any other person or entity acting on behalf of Pemco. The Policy outlines our obligations for complying with the export, economic sanctions, and other international trade laws applicable to our business.

The Policy sets out the processes to follow when engaging in any transaction or with any Business Partner where there may be an international trade compliance issue. For purposes of this Policy, the term Business Partner is defined as any joint venture partner, affiliate, distributor/dealer, agent, consultant, or any other third party engaged to act on behalf of Pemco in commercial matters. Business Partners do not include vendors providing commodities of a modest value or routine office services.

All Pemco employees and representatives are expected to comply with this Policy and applicable international trade laws, including the laws of the United States and European Union. It is your responsibility to make sure that all cross-border transactions and business relationships follow the requirements and processes set out in this Policy. Failure to do so may lead to disciplinary action, up to and including termination.

Note that there can be significant civil, administrative, and even criminal penalties for violations of applicable international trade laws. In addition, employees who commit violations of applicable law or this policy can be subject to disciplinary action in accordance with local law.

The Compliance Officer has primary responsibility to implement this Policy; however, adherence to this Policy is the responsibility of all of us. All personnel are expected to raise with the Compliance Officer any question or concern about the appropriateness or lawfulness of a proposed action that may implicate this Policy.

### **Compliance Obligations**

Before entering into a transaction with a new customer, or whenever necessary because of unusual circumstances in a transaction or potential Business Partner relationship, an appropriate compliance assessment must be conducted. An assessment should typically be conducted whenever:

- considering business operations in a new country or market;
- approaching new customers, suppliers, distributors, intermediaries or other Business Partners or counterparties;
- considering a new purchase from or sale to an existing Business Partner;
- considering renewal of an existing sales or supply agreement; or
- considering M&A targets, joint venture partners or alliances.

**Screening.** Pemco conducts screening as part of the due diligence review of a new Business Partner, and periodically when otherwise needed to review existing Business Partners. Pemco maintains specific processes for reviewing screening results, as follows:

- *No match.* When there is no match, that result should be documented and maintained in Pemco's compliance files. This should be the result in the vast majority of cases because of our long-standing relationships with many of our Business Partners.
- *Actual match.* If a Business Partner is definitively identified as a prohibited party or a resident or national of an embargoed country, the relationship should be halted immediately – even if a transaction has otherwise proceeded beyond negotiations and irrespective of any contractual obligation. The Compliance Officer should be promptly notified to discuss how to address the match, including reviewing the extent of the relationship with the prohibited party and to determine whether additional remediation or others steps are warranted.
- *Possible match / Supplemental review.* In some cases, we may identify a Business Partner as a potential match with a prohibited or restricted party. In that case, to determine whether the partner is an actual match, and thus is a prohibited or restricted party, we conduct a supplemental review. This may include obtaining additional information from the Business Partner about its identity, locations, operations, ownership, employees, or other such information. Pemco may also confer with outside counsel or other outside vendors to review the potential match.

If Pemco concludes that the potential Business Partner is not a prohibited party, the company should document the basis for that conclusion and maintain a copy of that documentation in its compliance files. The company may then engage in business with the partner, and can rely on the conclusion the next time the partner is screened.

Recordkeeping. Complete records of all steps taken to screen Business Partners, including the outcome of screening, should be maintained in Pemco compliance files for five years from the date of the underlying transaction.

**Country risk assessment.** To determine whether a transaction or Business Partner relationship may involve or relate to a sanction country, it is important to assess the following questions:

1. Would any material, product, software or service be exported to/imported from a sanction country?
2. Is any Business Partner involved in the transaction located in a sanction country?
3. Will our exported product have its end destination/end-use/end-user in a sanction country? For example, will Pemco's product sold via a distributor in Belgium be further sold to a customer located in Iran?
4. Taking into account any abnormal circumstances, is there other fact that indicates that a sale or other transaction may lead to an improper end-use or end-user, or involve a sanction country?

If you know or have reason to suspect that the answer to any of the above questions is yes, contact your manager or the Compliance Officer to assist, including to obtain guidance on additional steps for reviewing the Business Partner and/or transaction at issue.

**Product risk assessment.** Export or import of certain goods or technology to/from a country or territory may be regulated by applicable trade laws, which vary from country to country. Prior to engaging in a transaction, it may be necessary to obtain a license, certificate, permit or authorization based on the country of origin/destination, the intended use or user of the goods or technology. Some export control rules (including U.S. export control regulations) also have extra-territorial effect. For

example, U.S. export laws apply to both exports from the United States, and exports involving products that originate from the United States when exported from one foreign country to another (e.g., from Germany to Russia).

**Military or “dual-use”.** Goods and technologies subject to trade controls are generally listed on “control lists” maintained and published by the national authority, with a specific item number/code defining the details and reasons for control (“Controlled items”). Typically, controlled items fall into two categories, *military* and *dual-use*. At present, Pemco’s products are all considered to be dual-use.

Nonetheless, to ensure we understand our licensing obligations related to all exports, it is important that we classify our products, software, and technology for export purposes. We can also obtain classification information from our suppliers. All classification information should be maintained and be readily available so that appropriate licensing requirements are met.

In addition, non-listed goods, technologies and services may be subject to controls based on the end-use of the item. Even if a specific Pemco product is not a controlled item, the export may be caught by the end-use controls or sanctions may apply, for example, because of the Business Partner we are dealing with. It is therefore fundamental that both the risk of trade controls and sanctions are assessed.

Because trade control requirements vary from country to country, assistance with the assessments should be provided by local trade and/or export/import personnel, or the local operation may support with the engagement of relevant external legal expertise.

**Additional review for transaction, activity or Business Partner relating to a Sanction Country.** Before you may proceed with a transaction, activity or Business Partner relationship directly or indirectly involving or relating to a sanctions country, you must notify the Compliance Officer, who will conduct appropriate review of the transaction. The Compliance Officer will the level of review to be conducted and will request support from external advisors if and when considered necessary.

Whatever the result of the review, complete records of the steps taken and the information gathered should be maintained by the Compliance Officer.

**Training.** To assist personnel to comply with this Policy and applicable law, Pemco will provide regular, appropriate compliance training.

**Records / Reviews.** Under applicable law, we must maintain records related to our export transactions for at least five years from the date of the transaction. If it is ever necessary to apply for an export license or other authorization, all records related to the application should be maintained by the Compliance Officer.

In addition, to promote compliance and to identify and address potential compliance issues, we will conduct compliance reviews whenever necessary. Personnel are expected to cooperate fully with any such review.

**Reporting Concerns.** Pemco personnel are expected to report activity that may violate applicable international trade laws or fails to comply with this Policy. If you learn of an actual or possible violation of international trade law, immediately report the matter to your manager, the Compliance



Officer, or another member of senior management. You may also report your concern using PEMCO's anonymous reporting hotline.

*Pemco strictly prohibits retaliation of any kind against any person who makes a report in good faith.*

**Questions.** If you have questions concerning applicable international trade laws or the interpretation of this Policy, contact your manager or the Compliance Officer at [compliance@pemcointernational.com](mailto:compliance@pemcointernational.com).