

Sojitz

Sanctions and Export Controls Policy

Sojitz Corporation and its subsidiaries (the *Company* or *Sojitz*) resolutely oppose security threats such as the development, manufacture, use and stockpiling of weapons of mass destruction; the accumulation of conventional weapons; and terrorist acts, in an effort to maintain international peace and security.

Sojitz has always been committed to conducting its business in compliance with all applicable laws and regulations, including economic sanctions and export controls and in accordance with the Sojitz Group Code of Conduct and Ethics. In light of increasing complexity and diversity of such laws and regulations, Sojitz establishes this Sanctions and Export Controls Policy (*Policy*) to ensure that each Employee or third party acting for or on behalf of the Company understands and complies with all applicable sanctions and export controls laws and regulations.

Failure to do so may result in criminal and civil penalties for the Company, its Employees and other persons involved, and may result in disciplinary action up to and including termination of employment or referral to law enforcement.

If you have any questions or become aware of any conduct you believe may violate this Policy or applicable laws and regulations, you should immediately raise the issue with Sojitz Management or the Security Trade Control Team. The Company will not tolerate any form of retaliation against an Employee that does so in good faith.

Masayoshi Fujimoto

President and CEO, Sojitz Corporation

July 1, 2019

A handwritten signature in black ink, appearing to read 'Masayoshi Fujimoto', is written over the printed name and date. The signature is stylized and cursive.

1. Purpose and Scope

- 1.1 Sojitz is committed to conducting its business abiding by the fundamental principles and high ethical standards under the Sojitz Group Code of Conduct and Ethics, including best regulatory practices. Based on the Sojitz Group Code of Conduct and Ethics, this Policy sets out the standards of conduct and professionalism applicable to all Employees and third parties acting for or on behalf of the Company to ensure their compliance with this Policy and applicable economic sanctions and export control laws and regulations.

Sanctions and export controls relevant authorities

- 1.2 Applicable economic sanctions and export control laws and regulations may include:

- (a) economic and financial sanctions laws, rules and regulations promulgated, administered or enforced by the following Relevant Authorities:

- (i) the United Nations Security Council;
- (ii) the Ministry of Economy, Export and Industry, the Ministry of Finance of Japan or any other Japanese government agency;
- (iii) the Office of Foreign Assets Control of the US Treasury Department (*OFAC*) or any other US government agency;
- (iv) the European Union or any member state thereof;
- (v) Her Majesty's Treasury or other UK government agency; and
- (vi) any other jurisdiction in which the Company operates or which has reasonable connection with or jurisdiction over Employees and related business,

and in each case to the extent applicable:

- (b) export control laws, rules and regulations promulgated, administered or enforced by the following Relevant Authorities:

- (i) the Ministry of Economy, Export and Industry or any other Japanese government agency;
- (ii) the Bureau of Industry and Security of the US Commerce Department (*BIS*) or any other US government agency;
- (iii) the European Union or any member state thereof;
- (iv) Her Majesty's Treasury or other UK government agency; and
- (v) export controls of any other jurisdiction in which the Company operates or which has reasonable connection with or jurisdiction over Employees, Items and related business.

Local policies

- 1.3 This Policy is intended to work alongside any local sanctions and export control

policies, if implemented, and the Annexes, as amended from time to time.

- 1.4 This Policy has been created pursuant to and in implementation of the Sojitz Group Compliance Program approved by Sojitz' Board of Directors. The Policy applies to all Employees, including temporary and contract employees. All Company entities shall take such corporate and other actions as may be necessary and appropriate to approve and adopt this Policy as a Company policy.
- 1.5 Subsidiaries may adopt local rules and procedures for the purpose of implementing and localizing this Policy, where necessary and possible, to the laws and customs of the applicable jurisdiction.
- 1.6 Terms used in this Policy are defined in **Annex A**.

2. Application of Sanctions and Export Controls

General rule – strict compliance with all applicable laws and regulations

- 2.1 Sojitz, its Employees and third parties acting for Sojitz or on its behalf shall comply with all applicable:
 - (a) economic and financial sanctions regulations in any transaction; and
 - (b) export control laws and regulations when they export, re-export or otherwise engage in dealings (e.g., provide, facilitate, transport, transfer, export/import, buy/sell, broker and/or invest) in Items across national borders.
- 2.2 The sanctions and export control laws and regulations continuously evolve and frequently change. Please see **Annex B** for a further description of UN, Japan, US and EU sanctions and export control laws and regulations. Please also consult the Security Trade Control Team if any questions or concerns arise.

Applicable jurisdictions

- 2.3 Employees shall comply with applicable sanctions and export control laws and regulations, which may include, without limitation, jurisdictions where:
 - (a) an Employee is physically located (even temporarily);
 - (b) the relevant Sojitz entity is incorporated or conducts business;
 - (c) the goods are manufactured, stored or shipped from/through/to;
 - (d) the customer or end-user is physically located, incorporated or conducts business; or
 - (e) investments are made.

3. Restricted Transactions

No transactions allowed with Sanctioned Countries or Sanctioned Persons

- 3.1 Sojitz, its Employees and third parties acting for or on its behalf shall not transact in/with any Items, directly or indirectly, or engage in any other transactions, involving:

- (a) any Sanctioned Country; or
- (b) any Sanctioned Person,

in violation of applicable sanctions, which can be clarified by the Security Trade Control Team, including if any exemptions or licenses may apply.

Transactions only allowed with approval from the Security Trade Control Team

3.2 Sojitz, its Employees and third parties acting for or on its behalf shall not transact in/with any Items, directly or indirectly, or engage in any other transactions, involving the following red flag indicators, without approval from the Security Trade Control Team:

- (a) the transaction involves any of the countries listed in Section 4.2;
- (b) no specific country is mentioned on transaction documents or a reference (e.g., for the Item's origin or destination) is made to a geographic region such as North America, the Middle East, Eastern Europe, Africa, or Southeast Asia.
- (c) the information related to the Item's origin or destination or counterparty's ownership structure is withheld, unclear, inconsistent or incomplete;
- (d) an Employee is notified (e.g., by a payment services provider or a financial institution) or otherwise becomes aware that the name or address of any party matches or is similar to:
 - (i) any Sanctioned Person;
 - (ii) the US Denied Persons List, Entity List, or Unverified List published by the BIS; or
 - (iii) any other list of prohibited persons applicable to any relevant jurisdiction;
- (e) financing arrangements are unusual or unexpectedly change (e.g., the cancellation of a letter of credit by a financial institution citing sanctions or export control concerns);
- (f) the sanctions or export control regime is subject to a sudden expansion or other change that is not covered by the above (such as a trade war);
- (g) the customer provides information or documentation that appears false, or uses different names or name spellings for different orders; or
- (h) the shipping route is abnormal for the product and destination, the ship makes port in a Sanctioned Country, delivery dates and destinations are vague, or deliveries are planned for out-of-the-way destinations.

Special rules for US Persons and non-US Persons in the US

3.3 Given the broad application of US sanctions, Sojitz entities, Employees, and third parties acting for or on behalf of the Company who are US Persons shall

not be involved in, approve of, or otherwise facilitate, any business prohibited by US sanctions.

US Dollar and Euro-denominated transactions

- 3.4 US Dollar and Euro transfers typically must be cleared by US or EU-based financial institutions, which are subject to US and EU sanctions respectively. As such, US dollar- and Euro-denominated transactions may be refused or frozen by the respective financial institution as a result of the application of such sanctions and could give rise to enforcement risk.

“Knew or should have known” standard

- 3.5 Even if Sojitz itself is not exporting across national borders, if the Company knew or should have known that end recipients are in another country, such sales may constitute “exports” or “re-exports”, and should be made in compliance with this Policy. This includes circumstances where the end recipients are located in Sanctioned Countries, or are individuals or entities targeted under applicable economic sanctions or export control regulations.

4. Transaction Screening

- 4.1 Sojitz’ third parties, intermediaries, agents, customers and transactions shall be screened for sanctions and export control purposes. The screening and related internal review and approval process will be conducted in accordance with the operating procedures, which will be implemented by each subsidiary to ensure continuous compliance and enforcement of this Policy.

Sanctions-related screening of third parties

- 4.2 Screening of all new or significant contractual counterparties against relevant lists of sanctions targets shall include screening of the shareholders of the counterparty, any beneficial owners and any relevant intermediaries in the following circumstances:
- (a) any counterparty, intermediary or end-user is located in, acting on behalf of someone located in, or part of the government of, the Crimea Region of Ukraine, Cuba, Iran, North Korea, Russia, Syria or Venezuela;
 - (b) payments under the agreement are or will be denominated and/or made in US dollars or Euros (if processed by a financial institution located in the European Union); or
 - (c) the counterparty is engaged in military or law-enforcement, weapons of mass destruction, mineral extraction, or oil- or gas-producing activities; or the manufacturing or sale of military equipment.

Internal screening process required to meet export controls

- 4.3 The Company shall ensure its cross-border activities do not violate applicable export control regulations. The Company shall also be vigilant to ensure that no violation of export control regulations occur from in-country sales of Items of US-origin or content, or Items that might be deemed as military, weapons of mass destruction, strategic or otherwise sensitive under the laws of any

EU member state or any other country (e.g., where it is known or should have been known that the purchaser may directly or indirectly export the Items).

5. Record Keeping

- 5.1 The Company shall maintain all screening documentation, including *how, when and by whom* the screening was conducted, its outcome, as well as any questions raised and their disposition. If the screening results in a “hit” showing a possible match, the Security Trade Control Team should determine whether the hit is material, immaterial or a false positive.
- 5.2 Sojitz is committed to its obligations under applicable laws to maintain comprehensive records relating to all transactions to which sanctions and export control regulations apply. This includes transactions conducted under a general or specific license issued by the Relevant Authority. Insufficient recordkeeping may be a separate violation of sanctions and export control regulations, and can lead to penalties even if the transaction itself is authorized under the regulations.
- 5.3 All records must be retained for a period of seven years from the latest transaction (including, specifically, export and re-export), termination of transaction or expiration date of license, unless a local policy stipulates a different time period based on applicable local laws and regulations.

6. Departments and Allocation of Responsibilities

- 6.1 Every department at Sojitz should be involved in ensuring the Company remains in compliance with all applicable sanctions and export control laws and regulations. We set out an illustrative example of the responsibilities of different departments within the Company’s Tokyo Headquarters in this section.
 - (a) Business Departments are responsible for:
 - (i) performing due diligence in connection with any new transactions or business relationships, including reviewing whether the counterparty is subject to Sections 3.1 or 3.2 above;
 - (ii) consulting with the Security Trade Control Team directly prior to engaging in a transaction that the Security Trade Control Team has announced as falling into the category of inquiries of concern;
 - (iii) completing a transaction screening sheet for the Security Trade Control Team’s review;
 - (iv) providing the Risk Management Planning Department, Finance/Accounting Departments and Security Trade Control Team with copies of any requested documents; and
 - (v) ensuring that shipping is performed in compliance with sanctions and export control laws and regulations, and maintaining records thereof.
 - (b) The Security Trade Control Team is responsible for:

- (i) performing sanctions and export control-related due diligence for any new transactions or business relationships;
- (ii) completing the transaction screening sheet and updating it when necessary;
- (iii) reporting and, where necessary, seeking approval of restricted transactions and counterparties to senior management; and
- (iv) reviewing and updating internal standard operating procedures in connection with sanctions and export controls.

7. Audit

- 7.1 On an annual basis, before the end of each fiscal year, the Security Trade Control Team shall submit a compliance report to the Internal Audit Department and Security Trade Control Committee.
- 7.2 The Internal Audit Department may audit the report and any information described therein.

8. Reporting and Communicating Concerns

- 8.1 It is the responsibility of all Employees to identify and report to upper management and/or the Security Trade Control Team any potential or actual compliance violations.
- 8.2 All Employees with supervisory or management duties are also responsible for implementing the provisions of this Policy to help prevent violations. They must ensure that the Employees under their direction or control are familiar with, and apply, the provisions of this Policy.
- 8.3 All Employees are encouraged to communicate any sanctions or export control concerns to their manager or Security Trade Control Team by email or in person, including on an anonymous basis, through the Sojitz Ethics Hotline [www.hotline.sojitz.com].
- 8.4 The Security Trade Control Team will investigate all reports of suspected sanctions or export control issues, if necessary, with the assistance of outside legal counsel. It is the responsibility of Employees to fully and honestly cooperate with the investigations, to report information truthfully and in good faith, and to respond timely to any requests made by the investigators. Investigations may result in disciplinary steps and/or reporting to any Relevant Authorities.

9. Training and Monitoring

- 9.1 Training on this Policy will be provided to all Employees, including mandatory training at induction. Employees are required to refresh their sanctions and export control training periodically.
- 9.2 Training will be tailored to take into account geographic location, role and seniority of Employees.
- 9.3 The Security Trade Control Team and each respective Business Department are

jointly responsible for ensuring that all Employees receive appropriate training on this Policy. The Security Trade Control Team will periodically review the training program.

- 9.4 Given developments in the sanctions and export control environments, Sojitz will endeavor to monitor any changes in sanctions and export control laws and regulations in order to implement any necessary changes to this Policy. Should a particular contract or relationship cause Sojitz to violate an applicable sanction or export control (whether as a result of change in the export control regime itself or a change relating to the status of an individual or entity being included for the first time on a sanctions list), Sojitz will react swiftly to identify the best way to rectify the situation.

10. Disciplinary Action

- 10.1 Doing business in violation of applicable sanctions and export control laws and regulations could lead to negative consequences for the Company and/or individual Employees, which may include civil or criminal penalties, suspension of export privileges and significant reputational risks for Sojitz.
- 10.2 Disciplinary action may be taken not only against those who authorize or participate directly in a violation of sanctions or export control laws and regulations or this Policy, but also against:
- (a) any Employee who deliberately fails to report a violation, or suspected violation, as required;
 - (b) any Employee who deliberately withholds material and relevant information concerning a violation;
 - (c) any Employee who fails to co-operate with an investigation into an actual or potential violation; and
 - (d) any offender's supervisor or manager, to the extent there was negligence or a serious lack of oversight or supervision.

11. Questions

- 11.1 For further information on this Policy, please contact your manager or the Security Trade Control Team.
- 11.2 Employees are encouraged to refer to this Policy, or ask questions of their manager or the Security Trade Control Team, if any sanctions or export control compliance-related issues or uncertainties arise in the course of the Employee's work.
- 11.3 This Policy and additional training resources are available from Sojitz' main offices in each country it operates, and will be available on the Sojitz intranet once established.

Annex A Definitions

Employees means: individuals employed (whether full or part time) by the Company, and includes officers and directors.

EU Person means: any national of any EU member state, any legal entity that is registered or constituted in any EU member state, any person physically located in the territory of the EU and/or any other individual or entity to the extent of any business they carry out in the EU.

Item means: equipment, parts, software, technology or other goods.

OFAC means: the Office of Foreign Assets Control of the US Department of Treasury.

Relevant Authority means: the government of any jurisdiction, or any political subdivision thereof, whether provincial, state or local, and any department, ministry, agency, instrumentality, authority, body, court, central bank or other entity lawfully exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

Sanctioned Country means: any country or other region subject to a general export, import, financial or investment embargo under the economic or financial sanctions law of any jurisdiction, which countries, as of July 1, 2019, include Cuba, Iran, North Korea, Syria and the Crimea Region of Ukraine.

Sanctioned Person means: any person, organization or vessel: (i) designated on the OFAC List of Specially Designated Nationals and Blocked Persons, the EU Consolidated List, the Consolidated List of Financial Sanctions Targets Maintained by Her Majesty's Treasury or any list of targeted persons issued under applicable sanctions; (ii) that is, or is part of, the government of a Sanctioned Country; (iii) is owned 50% or more in the aggregate or individually by, or acting on behalf of, any of the foregoing; and (iv) located within or operated from a Sanctioned Country, or (v) otherwise targeted by applicable sanctions.

Security Trade Control Team means: the Sojitz team tasked with sanctions and export control-related compliance, located in the Compliance Section of the Legal Department in Tokyo, and any entities from Sojitz' subsidiaries it delegates its responsibilities to.

US Person means: (i) any US citizen (including a dual citizen) or permanent resident alien (sometimes referred to as a "green card" holder), wherever located; (ii) any company or other entity organized under US law; and (iii) any person located within or operating from the US, even temporarily.

Annex B

Sanctions and Export Controls

1. United Nations Sanctions

- 1.1 The United Nations Security Council administers sanctions to maintain or restore international peace under Article 41 of the UN Charter.
- 1.2 The Council has invoked mandatory sanctions against its members as a compulsory measure when peace is threatened and diplomatic efforts fail. The countries targeted under sanctions in recent years include Afghanistan, North Korea, Eritrea, Ethiopia, Haiti, Iran, Iraq, Liberia, Libya, Rwanda, Sierra Leone, Somalia, Sudan, Angola and the former Yugoslavia. The sanctions can include, depending on the targeted country, economic sanctions and trade embargoes, including arms embargos, financial sanctions (asset freezes and bans on financial transactions with designated persons), breaks in diplomatic relations, and bans on travel and sports exchanges.¹

2. Japan Sanctions and Export Controls

- 2.1 The Cabinet Minister of the relevant Japanese Ministry may impose economic sanctions for the following reasons:
 - (a) when necessary to fulfill the requirements of an international treaty;
 - (b) when required to maintain international peace; and
 - (c) when the Cabinet decides that measures are required to preserve the peace and safety of Japan.
- 2.2 The following Ministries administer trade controls, asset freezes and financial regulations as described below.
- 2.3 The Ministry of Economy, Trade and Industry.
 - (a) The following activities are prohibited under the Foreign Exchange and Foreign Trade Law:
 - (i) exporting any goods from Japan to North Korea; and
 - (ii) importing North Korea-origin goods into Japan.Notwithstanding the above, imports and exports related to humanitarian purposes are permitted.
 - (b) Heightened Export Restrictions on Arms to the Russian Federation.
 - (i) The following transactions are prohibited in cases where an export license is required:
 - (A) exporting arms or arms-related technology from Japan to Russia; and

¹ More information on UN sanctions can be found at:
<https://www.un.org/securitycouncil/sanctions/information>.

- (B) exporting dual-use goods for military use, or technology related to such goods, from Japan to Russia.

2.4 The Ministry of Finance.

- (a) Payments related to imports and exports to North Korea as prohibited by the Ministry of Economy, Trade, and Industry are also prohibited.

2.5 The Ministry of Land, Infrastructure, Transport and Tourism.

- (a) The following ships are prohibited from entering Japanese ports:
 - (i) designated North Korea-origin ships;
 - (ii) Japanese ships that have made port in North Korea; and
 - (iii) third-country ships that have made port in North Korea.

3. US Economic Sanctions

3.1 OFAC administers and enforces US economic sanctions programs. OFAC has a wide-ranging arsenal of sanctions options, which can target countries, groups of individuals, economic sectors, companies or specific individuals. US sanctions can be imposed on all or specific transactions with such sanctioned entities. Critically, while the majority of US sanctions apply only to US Persons or require a certain US nexus, such as payment in US dollars (the so-called “primary sanctions”), there are certain sanctions that apply to any entity anywhere in the world regardless of any US nexus (the so-called “secondary sanctions”). These sanctions are typically used against hostile targets to further US foreign policy and national security objectives. In recent years, US sanctions have been subject to drastic changes and have become an often-utilized geopolitical tool. Therefore, the below descriptions may need to be updated from time to time.

3.2 Who must comply with US sanctions?

Primary Sanctions

- (a) US sanctions generally prohibit US Persons from:
 - (i) engaging in any dealings or investment involving a country subject to comprehensive sanctions, or involving any Sanctioned Person as described in Section 3.3, below; or
 - (ii) assisting, approving, financing or otherwise facilitating any activity by a non-US Person that a US Person would be prohibited from engaging in directly.
- (b) For sanctions purposes, and as defined herein, US Persons include:
 - (i) US citizens and green-card holders (located anywhere in the world);
 - (ii) entities organized under the laws of the US; and
 - (iii) non-US Persons located or operating within the US.

- (c) For the purposes of US sanctions targeting Iran and Cuba, non-US subsidiaries controlled or owned 50% or more by a US parent company are subject to primary sanction.
- (d) These activities are also prohibited whenever there is a **US nexus**, such as US-dollar payments cleared through US correspondent banks, or taking or causing any action in the US.

Secondary Sanctions

- (e) Certain secondary sanctions may apply to any non-US Person (such as Sojitz' Tokyo headquarters and its non-US subsidiaries worldwide), even if there is no US nexus involved.

3.3 Who is targeted under US primary sanctions?

US Persons are currently restricted from entering or facilitating transactions with the following jurisdictions or entities:

- (a) **Crimea:** persons located in the Crimean region of Ukraine;
- (b) **Cuba:** the government of, and persons located in, Cuba, Cuban companies and nationals located anywhere in the world, and any entity owned or controlled by the government of Cuba;
- (c) **Iran:** the government of Iran, Iranian financial institutions, and persons located in Iran; any person that is, or is owned or controlled by or acting for, the government of Iran or an Iranian financial institution;
- (d) **North Korea:** the government of and persons located in North Korea, and any entity owned or controlled by the government of North Korea;
- (e) **Syria:** the government of and persons located in Syria, and any entity owned or controlled by the government of Syria;
- (f) **SDN List:** several thousand individuals, groups, entities and vessels (wherever located) included on the US List of Specially Designated Nationals and Blocked Persons (SDN List);²
- (g) **Blocked Person:** an individual, entity, organization, country, or regime that is blocked or a target of sanctions including any entity that does not appear on a list published by OFAC but is nevertheless a target of sanctions because one or more persons on the SDN List or SSI List own, directly or indirectly, a 50% or greater interest (in the aggregate); and
- (h) **Sanctions Evaders:** persons designated on the Foreign Sanctions Evaders List.³

² The SDN List can be found at <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

³ The Foreign Sanctions Evaders List can be found at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fse_list.aspx.

3.4 What transactions are targeted under US primary sanctions?

- (a) **Sectorally-sanctioned entities:** certain transactions involving new debt or equity issued by Russian entities on the US Sectoral Sanctions Identifications Lists⁴ (*SSI List*) or the Government of Venezuela, or any entity in which one or more sectorally-sanctioned entities own a 50% or greater interest (in the aggregate).
- (b) **Russian energy sector:** the provision of services (except for financial services), or the provision of goods or technology, in support of exploration or production for new deepwater, Arctic offshore or shale projects that have the potential to produce oil and involve any entities in Russia's energy sector.

3.5 When do US primary sanctions apply to non-US Persons?

- (a) **Physically in the US:** non-US Persons who are in the US (even temporarily) become subject to US primary sanctions for the duration of their stay in the US.
- (b) **Violation within the US:** non-US Persons who cause a violation in the US (e.g., by giving incorrect or incomplete US dollar-denominated transfer details to the banks).
- (c) **US-dollar transactions:** are generally cleared through US correspondent banks and are therefore subject to US primary sanctions. A non-US Person may face liability for instruction or facilitating such payments if they trigger a violation in the US.

3.6 Who is targeted under US secondary sanctions?

US secondary sanctions are applicable to both US and non-US Persons. US secondary sanctions currently target, among other things:

- (a) **Iran:** engaging in certain transactions with Iranian industries, including, but not limited to:
 - (i) investment, including participation in joint ventures, goods, services, information, technology and technical expertise and support for Iran's oil, gas and petrochemical sectors;
 - (ii) providing significant goods or services used in connection with the shipping and shipbuilding sectors of Iran, or engaging in significant transactions with or on behalf of certain entities in the shipping sector;
 - (iii) certain transactions with Iran's energy sector; and
 - (iv) certain transactions involving Iran's automotive sector.

⁴ The SSI List can be found at https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx.

- (b) **Russia:** engaging in certain transactions with respect to Russia, including, but not limited to:
 - (i) significant transactions involving certain defense- and energy-related activities, or facilitating significant transactions on behalf of certain SDNs, if you are a foreign financial institution;
 - (ii) significant transactions with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Russian government; and
 - (iii) investing in, selling, leasing, or providing goods, services, technology, information or support for the construction of Russian energy export pipelines.
- (c) **SDNs:** engaging in significant transactions with, for or on behalf of SDNs to which secondary sanctions apply (e.g., Russian and Iranian SDNs or the Iranian Revolutionary Guard Corps (IRGC)), and entities 50% or more owned by Russian or Iranian SDNs.
- (d) **Network disruption:** providing goods, services or technology likely to be used to facilitate computer or network disruption, monitoring, or tracking that could assist in or enable serious human rights abuses by or on behalf of the Iranian government or the Syrian government.

4. US Export Controls

4.1 The US also maintains a dual-use export control regime, which is governed by the Export Administration Regulations (**EAR**) administered by the BIS. Items listed on the Commerce Control List within the EAR are subject to certain export license requirements, which vary depending on the product, destination, end-use and end-user.

4.2 When do US export controls apply?

- (a) US export controls apply to specific transactions and products, rather than to persons. The following Items are “subject to the EAR” and may be export-controlled depending on the destination or end-user:
 - (i) **products in the US:** the EAR control any product, technology, technical data or software physically located in the US (including storage on US-based servers), even if it is of foreign origin;
 - (ii) **US-origin products:** the EAR control all US-origin products, technology, technical data and software, wherever they are located, and even if outside the US for a substantial period of time before being re-shipped elsewhere. “US origin” means items that are made, produced, assembled or created in the US. This does not include foreign-origin Items previously located in the US;
 - (iii) **products made using US-origin inputs:** the EAR control foreign-produced products incorporating US-origin parts, components or material that exceed 25% of the value of the

finished Items (or 10% for finished foreign-made Items exported to Iran, North Korea, Sudan or Syria); and

- (iv) **products made from US technology:** the EAR control certain foreign-produced products derived from US technology, or produced using US technology.
- (b) Accordingly, the export of any product with US-origin inputs is an export transaction subject to the EAR. Products developed outside of the US and remaining outside of the US would only be subject to the EAR if (i) they contained more than 25% controlled US-origin content (or 10% for Items exported to Iran, North Korea, Sudan or Syria) or (ii) they were products made from US technology.
- (c) The BIS has the authority to restrict exports, reexports, and in-country transfers of goods and technology subject to the EAR (e.g., those of US-origin or with US-content) to various entities by adding them to one of several lists that it maintains (i.e., the Entity List,⁵ the Denied Persons List,⁶ and the Unverified List⁷ (collectively, the **BIS Lists**) The BIS Lists should be consulted before exporting, reexporting, or transferring goods and technology subject to the EAR.

5. EU Economic Sanctions and Export Controls

- 5.1 The EU adopts sanctions against governments of non-EU countries, non-state entities and individuals (such as terrorists). These sanctions can target countries, groups of individuals, economic sectors, companies or specific individuals. Unlike US sanctions, EU sanctions can only apply to EU entities and individuals (collectively, **EU Persons**) or if there is an EU nexus, such as payments in Euros. EU sanctions are administered by each EU member state.
- 5.2 EU sanctions take different forms with respect to each targeted country. Generally, however, they contain the following elements. The nationals of any EU member state, legal entities that are registered or constituted in any EU member state, persons physically located in the territory of the EU and/or any other EU Persons must:
 - (a) freeze upon receipt and not otherwise deal with the assets of any individuals, entities and/or groups which are listed as targeted under EU economic sanctions (or under any additional domestic sanctions measures imposed by the relevant EU member state); and
 - (b) not make available, directly or indirectly, any further assets to persons targeted under EU sanctions.

⁵ The Entity List can be found at: <https://www.bis.doc.gov/index.php/documents/regulations-docs/2326-supplement-no-4-to-part-744-entity-list-4/file>.

⁶ The Denied Persons List can be found at: <https://www.bis.doc.gov/index.php/the-denied-persons-list>.

⁷ The Unverified List can be found at: <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/unverified-list>.

- 5.3 EU economic sanctions (together with related control measures which are implemented by each respective EU member state) also may prohibit the supply of certain Items and goods or apply additional financial restrictions for certain targeted countries/industry sectors.
- 5.4 With respect to the US withdrawal from the Joint Comprehensive Plan of Action, the EU has enacted an updated EU Blocking Statute which came into force on August 7, 2018. The EU Blocking Statute generally prohibits EU Persons from complying with re-enacted US secondary sanctions targeting Iran, unless especially authorized to do so by the European Commission.