



# COMPLIANCE WITH INTERNATIONAL SANCTIONS

## 1 Introduction and policy statement

- 1.1 National governments and international bodies may establish sanctions and export control restrictions (“Sanctions”) against: countries; individuals; entities; sectors; and certain goods and technology, as part of wider foreign policy and national security objectives.
- 1.2 ARVOS is committed to complying with all applicable laws and regulations where it operates. Compliance with all applicable Sanctions is compulsory and essential to ARVOS' current business interests and future business opportunities. ARVOS has developed and implemented this International Sanctions Policy (“Sanctions Policy”) to ensure that ARVOS, and its Representatives, Agents, and Business Partners (as defined herein) comply at all times with all applicable Sanctions.
- 1.3 This Sanctions Policy is applicable to:
  - (a) ARVOS, and all of its officers, directors and employees (“Company Representatives”); and
  - (b) all companies within the ARVOS Group and all of their officers, directors and employees.
- 1.4 ARVOS further requires all third parties with whom it and its Company Representatives transact, to confirm that they are aware of the importance of Sanctions compliance, that they are aware of this Sanctions Policy, and that they have a compliance culture to detect and prevent violations of applicable sanctions, export control rules and regulations.
- 1.5 In furtherance of this objective, ARVOS is committed to communicating this Sanctions Policy to all agents, consultants, contractors, sub-contractors and others who work on its behalf (ARVOS

# ARVOS POLICY

## COMPLIANCE WITH INT. SANCTIONS

### DECEMBER 2016

Agents) and any other new and existing business partners for example suppliers, purchasers, customers, joint venture partners and clients (ARVOS Business Partners), and to ensuring all of its dealings with Agents and Business Partners are Sanctions compliant.

- 1.6 Any general questions or concerns regarding Sanctions, or the implementation or operation of this Sanctions Policy, should be addressed to the Chief Compliance Officer. Any questions or concerns regarding Sanctions that could affect a potential transaction ([re-]export, [re-]import) should be addressed to the local employee responsible for export control appointed by the local Unit Manager (the “**Company Export Control Officer**”).

## 2 What are sanctions?

- 2.1 Sanctions are most commonly restrictive finance, trade and travel measures imposed on specific persons, groups, countries or sectors within those countries.
- 2.2 Amongst other things, Sanctions prohibit ARVOS from dealing with specific blacklisted individuals, groups or entities which are referred to as “designated parties” details of which are contained in Specially Designated Nationals (SDN) Lists maintained by the relevant authorities (see paragraph 2.10 below).
- 2.3 EU Sanctions apply to all EU entities and EU persons (wherever located) as well as business conducted within the EU. EU Sanctions are enforced by the relevant authorities in each EU Member State.
- 2.4 In the US, the US Department of Treasury’s Office of Foreign Assets Control (OFAC) administers and enforces the US economic Sanctions programs against countries and groups of individuals and entities. US Sanctions apply to all US citizens and permanent residents, wherever located, US companies, the foreign branches and subsidiaries of US companies, and persons and businesses physically located in the US (collectively US Persons).
- 2.5 All transactions directly (e.g. import or export of goods, services or technology) or indirectly (e.g. re-export or re-import of goods, services or technology) involving sanctioned countries must be escalated immediately to the respective Company Export Control Officer.

## **Dual Use Items**

- 2.6 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, such as aluminum alloys, bearings, or lasers. They could also be items used in the production or development of military goods, such as machine tools, chemical manufacturing equipment and computers.
- 2.7 The main legal basis for controls on dual-use goods is the EU Dual-Use Regulation – also known as Council Regulation (EC) No 428/2009 (and associated legal amendments). This legislation is directly applicable in all EU countries. The corresponding US regulations can be found in the Commerce Control List (CCL) issued by the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce.
- 2.8 Dual use items in Europe are generally controlled through EU, US and other national legislation. Any suspected dual use items need to be referred to the Company Sanctions Officer. The Company Sanctions Officer will then check applicable law and control lists to identify whether further licensing measures are required before engaging in export business dealings.

## **Why are sanctions important?**

- 2.9 Sanctions are relevant to ARVOS’ business because:
- it deals with ARVOS Agents and 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;
  - it operates in a sector or sectors subject to Sanctions restrictions; and/or sanction breaches can have devastating consequences for individuals and the business’s own ability to trade and win contracts in the future, especially in any home jurisdiction.
- 2.10 ARVOS and ARVOS Representatives must at all times be aware of, and comply with, the relevant restrictions by ensuring that dealings with all Agents and Business Partners are Sanctions compliant.

**What are the applicable laws?**

- 2.11 A list of jurisdictions subject to Sanctions is provided at **Annex 1**. This is correct as at the date of this Sanctions Policy.
- 2.12 It is important to note that Sanctions are subject to regular update and review. Up to date information for EU, US and UN Sanctions can be found at the following websites:
- (a) EU:  
[http://eeas.europa.eu/cfsp/sanctions/index\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/index_en.htm)
  - (b) US:  
Program Overview:  
<http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>  
  
Specially Designated Nationals List:  
<https://sdnsearch.ofac.treas.gov/>
  - (c) UN:  
<http://www.un.org/sc/committees/consolidated.htm>
- 2.13 Furthermore, it is important to note that national governments can issue Sanctions independently from any intra-governmental body, and accordingly, a review of applicable Sanctions must be conducted on a case by case basis, taking into account the particular counterparty and transaction concerned. Up to date information on export control regulations for the respective ARVOS local entities can be found at the following websites:
- (a) India:  
<http://dgft.gov.in/>
  - (b) Czech Republic:  
<http://www.mpo.cz/dokument16312.html>
  - (c) Japan:  
<http://www.meti.go.jp/policy/anpo/englishpage.html>

- (d) Germany:  
[http://www.bafa.de/DE/Home/home\\_node.html](http://www.bafa.de/DE/Home/home_node.html)
- (e) China:  
<http://mofcom.gov.cn/>

### 3 Penalties

- 3.1 The penalties for breach of Sanctions are strict and include fines and/or imprisonment and can result in grave reputational damage for businesses and individuals.
- 3.2 The precise nature of the penalties that may be applicable will be determined by the applicable domestic laws of the country in which ARVOS and/or ARVOS Representatives are operating.

### 4 Compliance

#### Relationships and transactions

- 4.1 When entering into any direct or indirect business dealings with any individual, entity or sector ARVOS and ARVOS Representatives must make sure that Sanctions of the US, the EU (and its member states), the UN or of any other country which are directly or indirectly applicable to the respective business dealings are strictly adhered to. All ARVOS employees and ARVOS Representatives involved in such business dealings must be aware that under certain circumstances Sanctions of another country can apply even though the transacting ARVOS entity is not located in a country where such Sanctions have been enacted. Export Control Laws in certain countries may conflict with those of other countries.
- 4.2 It should be noted that restrictions apply not only to those individuals/entities on the SDN Lists but also any individuals/entities that own or control those individuals/entities on the SDN Lists. Consequently, completion of all necessary due diligence will be essential in ensuring Sanctions compliance.
- 4.3 The individuals, entities and sectors targeted, and the SDN Lists, are updated regularly, and the up to date lists should be consulted, see paragraph 2.11 of this Sanctions Policy.

#### Central database of counterparties/high risk transactions

- 4.4 It is the responsibility of the relevant Business Unit to provide the Company Export Control Officer, as soon as practicable, with details of:

# ARVOS POLICY

## COMPLIANCE WITH INT. SANCTIONS

### DECEMBER 2016

- (a) any ARVOS Representative, Agent or Business Partner at the beginning of their employment or association with ARVOS;
- (b) any dual use items you are aware of; and
- (c) any transaction that involves a sanctioned country. A summary list of jurisdictions subject to Sanctions is provided at **Annex 1**.

4.5 It should be noted that **Annex 1** is subject to regular amendment. As such, the web links at paragraph 2.11 and 2.12 of this Sanctions Policy should be consulted for up to date Sanctions measures and any queries as to whether a jurisdiction (or transaction) is subject to restrictions should be referred, as soon as possible, to the Company Export Control Officer.

4.6 The Company Export Control Officer will be responsible for screening all ARVOS Representatives, Agents and Business Partners against SDN Lists.

4.7 If a Sanctions issue is identified, the transaction must be held/frozen pending advice from the Company Export Control Officer that it can proceed.

4.8 If required, the Company Export Control Officer will issue instructions in relation to any Representative, Agent or Business Partner, or transaction, which must be complied with immediately. Instructions may include requiring the Representative, Agent, or Business Partner to certify that it acknowledges, understands, and is in compliance with this Sanctions Policy and to receive training on this Sanctions Policy. In addition, service agreements for engagements with Agents and Business Partners must contain contractual representations and warranties regarding compliance with Sanctions laws and this Sanctions Policy. The Company Export Control Officer will provide the required representations and warranties language.

#### New business

4.9 Before any new business is commenced or existing business extended that in any way involves a country or sector subject to Sanctions (see Annex 1) or a ARVOS Agent or Business Partner from a sanctioned country, full details must be provided to the Company Export Control Officer who must provide prior written approval before the business / service can proceed.

#### Reporting of sanctioned country business

4.10 All business that in any way involves a country subject to Sanctions (see **Annex 1**) generated by ARVOS must be recorded and reported to the ARVOS Executive Board.

Business Unit certification

- 4.11 Each Business Unit, on an annual basis, commencing on March 31, 2017, will submit an annual certification confirming that they understand, will comply with, and have complied with, the Sanctions Policy to the Company Export Control Officer.
- 4.12 A copy of the certification is enclosed at **Annex 2**.

## **5 Responsibility**

- 5.1 The Company Export Control Officer is responsible for ensuring ARVOS is compliant with Sanctions. The Company Export Control Officer will:
- (a) inform ARVOS Representatives and the Compliance Officer of any material Sanctions developments/updates as soon as practicable;
  - (b) monitor and help update this Sanctions Policy as appropriate; and
  - (c) take all steps necessary to comply with applicable legislation and guidance, including informing any applicable authority, and providing all necessary information, as required by applicable legislation, and taking into account all and any reporting requirements.
- 5.2 ARVOS is committed to ensuring that ARVOS Representatives should feel able to raise any and all Sanctions concerns. If any ARVOS Representative suspects or observes anything they believe may be in contravention of this Sanctions Policy they should report it immediately to the Company Export Control Officer.
- 5.3 Upon receiving a report of a suspected (or actual) violation, the Company Export Control Officer will immediately document and investigate such a report, and take all remedial action(s) deemed appropriate in the circumstances as well as notifying the Chief Compliance Officer as necessary.
- 5.4 Violation of the Sanctions Policy by any ARVOS Representative may result in severe consequences where appropriate.
- 5.5 It is important to note that violations that involve a criminal act could result in prosecution by government authorities.

## 6 Awareness

- 6.1 New Sanctions may be imposed at any time and restrictive measures are subject to sudden change often with immediate effect. ARVOS monitors the Sanctions risks faced by the Company on an ongoing basis, taking account of current business strategies, and this Policy will be updated accordingly.
- 6.2 Individuals should ensure that they are using the most recent version of this Sanctions Policy at all times. The most recent version of the Sanctions Policy is available on the ARVOS Group Intranet at <http://arvos-holding.com/compliance/>.
- 6.3 To maintain awareness, staff training in relation to Sanctions is provided on a regular basis and attendance is mandatory.
- 6.4 Periodically, independent testing of these compliance procedures will be conducted internally or by a qualified outside party, as appropriate.

## 7 Effective Date

This Policy comes into effect as of December 14, 2016 and fully replaces the “Compliance with International Sanctions Policy” enacted in September 2014.

Luxemburg



Ludger Heuberg



Karsten Stückrath



David Breckinridge

**ANNEX 1**

**Jurisdictions subject to sanctions**

**All dealings/transactions involving the following countries must be escalated to the respective Company Export Control Officer prior to engaging in the dealing/transaction**

UN	EU	US
Afghanistan	Afghanistan	
		The Balkans
	Belarus	Belarus
	Burma	Burma
Central African Republic	Central African Republic	Central African Republic
		Cuba
Democratic Republic of the Congo	Democratic Republic of the Congo	Democratic Republic of the Congo
	Egypt	
Eritrea	Eritrea	
	Federal Republic of Yugoslavia and Serbia	See "The Balkans"
Iran	Iran	Iran
Iraq	Iraq	Iraq
Ivory Coast	Ivory Coast	Ivory Coast

# ARVOS POLICY

COMPLIANCE WITH INT. SANCTIONS

DECEMBER 2016

Lebanon	Lebanon	Lebanon
Liberia	Liberia	Liberia
Libya	Libya	Libya
North Korea	North Korea	North Korea
	Republic of Guinea	
	Republic of Guinea -Bissau	
	Russia	Russia
Somalia	Somalia	Somalia
Sudan and South Sudan	Sudan and South Sudan	Sudan and South Sudan
Syria	Syria	Syria
Tunisia	Tunisia	
	Ukraine / Russia	Ukraine/Russia
		Venezuela
Yemen	Yemen	Yemen
Zimbabwe	Zimbabwe	Zimbabwe