

## **SANCTIONS COMPLIANCE POLICY for Saferoad Group**

Adopted by the Board of Directors of Saferoad Holding AS on 12 June 2023



## **1. About this Manual**

Saferoad Holding and its subsidiaries (collectively, "Saferoad") are committed to ensuring that neither it, nor its products or services, are used to facilitate, directly or indirectly, violations of applicable economic, financial or trade sanctions. In addition to complying with the requirements of applicable Norwegian and EU sanctions regimes and those of the jurisdictions in which it operates, Saferoad complies globally with applicable sanctions globally, i.e. imposed by the United Nations Security Council and those of key jurisdictions, namely the European Union, the United Kingdom and the United States (collectively "applicable sanctions"), including those recently imposed on Russia and Belarus. Saferoad policy prohibits any activity by its employees and anyone acting on behalf of Saferoad, which would breach applicable sanctions.

This manual applies to everyone at Saferoad – all employees, managers, executive officers, and members of the board of directors are collectively referred to as "employees". Same is also expected from all business partners, clients, suppliers, agents, consultants and other third parties who work with Saferoad.

Those who act on behalf of Saferoad (employees, representatives, agents) are responsible for ensuring that relevant sanctions regulating clauses are included in agreements with business partners.

The manual establishes the minimum expectations towards Saferoad and its employees in respect of risk management and compliance with their sanctions obligations. This manual set's out Saferoad's approach, including:

- Principles and measures that Saferoad follows to comply with sanctions legislation and to identify, mitigate and manage sanctions risk in the jurisdiction(s) where it operates;
- General guidance about the meaning of sanctions and how to comply;
- Consequences of failing to comply with this manual.

The manual is supplemented by a Sanctions Compliance Procedure, which sets forth requirements, roles and responsibilities relating to:

- Risk assessment;
- The due diligence and screening process for medium or high-risk business partners or transactions;
- Control and auditing.

It is the intention that this manual will apply to all activities undertaken by Saferoad.

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

## **2. Introduction to 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 multimillion dollar settlements and individuals could face large fines or imprisonment.

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.

### **3. 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 business partners should reduce or eliminate risk of violating sanctions.
- In some cases, it may be appropriate to seek contractual guarantees from business partners.

### **4. Types of sanctions that may apply to Saferoad**

Saferoad is obliged to comply with a) financial sanctions/asset freeze obligations, b) geographical sanctions and c) various import restrictions. This manual does not provide a full and comprehensive description of all applicable sanctions, and each employee shall seek guidance from VP Legal if there are any questions related to types and scope of sanctions possibly applying to a given transaction or relationship. Below is a general description of sanctions that employees at Saferoad shall be aware of:

#### **i. Financial sanctions/asset freeze obligations**

Certain individuals and entities can be subject to financial sanctions and asset freeze obligations. Saferoad is not allowed to pay or otherwise make funds available to these individuals/entities, or entities that are owned or controlled by these individuals.

#### **ii. Geographical sanctions**

There are complex restrictions related to import, export, financing and service provision to a number of regions, including entities and individuals located and/or registered in these regions. Purchasing from or initiating business transactions with individuals or entities from sanctioned jurisdictions is therefore generally prohibited. These jurisdictions and regions are listed under the list "Red countries". Note that certain regions of Ukraine are currently also subject to the "Red countries" list even they are not legally countries.

#### **iii. Sectoral sanctions/import restrictions**

Certain sanctions prohibit import of certain materials, goods or services from a few countries. For example, finished or semi-finished steel products that either originate in Russia or Belarus, or have been exported from Russia or Belarus, as well as petroleum products from Russia and Belarus are prohibited for import to the EU/EEA. Various products are prohibited for import if they originate in Russia and Belarus, include:

- Finished or semi-finished steel products;
- Certain types of machinery and appliances, and certain chemical products;
- Plastics, paper, wood pulp and certain wood products;
- Certain types of machinery and appliances, and certain chemical products;
- Crude oil and refined petroleum products;
- Coal and other fossil fuels etc.

Specific products are listed in EU regulations and corresponding national laws, including Norway. Prohibited products are listed with specific CN/TARIC codes. It is therefore important to obtain the CN/TARIC code prior to screening the product type/name in the list.

Saferoad is obliged to ensure that NO products that are subject to import restrictions and are originating from Russia/Belarus are purchased or imported even if the business partner is registered in a non-sanctioned jurisdiction.

## **5. Identifying High-Risk Situations**

Employees at Saferoad must understand what risks are associated with 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. 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 targeted by international sanctions. 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:



Operations, transactions or contractual agreements with parties domiciled or controlled by parties domiciled in red jurisdictions, are prohibited. 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 organised 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, Kherson, Zaporizhzhia and Luhansk regions (Ukraine) are subject to comprehensive sanctions and trade restrictions under EU, UK, US and other laws, and Cuba, Iran, Syria and Iraq are subject to comprehensive US sanctions.



## **6. Dealing with entities registered in a Yellow country**

Countries listed under Yellow list are not totally prohibited by EU, UK or US sanctions and transactions with entities in these countries can be fully legal as long as they are:

- Not involving a listed entity/individual;
- Not involving an entity *owned or controlled* by a listed entity/individual;
- Not involving products or materials prohibited for import to EU/EEA countries, UK or US.

When dealing with entities from the Yellow list, a cautious due diligence shall be conducted in order to assess ownership of the entity, risk exposure through the owner(s), and consider potential import restrictions for the goods or products supplies.

Written approval from VP Legal is mandatory prior to contract signing. The approval will be based on the outcome of a high level Integrity Due Diligence and legal assessment, performed by VP Legal or an external sanctions legal compliance and due diligence expert.

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 organised 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 restrictions include legal entities owned or controlled by, or acting on behalf of, governments, individuals or legal entities in the preceding categories.

## **7. Other countries not listed under Red or Yellow lists**

As a general matter, operations or transactions involving countries that are not listed under the Red or Yellow country lists 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 that are not listed in the Appendix may still be sanctioned targets.**

**Sanctions are sometimes targeted towards particular individuals, entities or groups which can be located anywhere in the world. If a company or individual is sanctioned (or a company is owned or controlled by a sanctioned person), transactions with or**

**services to that company or individual are 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 business partners) below should be followed with respect to all business partners.

The VP Legal is 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 business partners to ensure that Saferoad does not violate sanctions.**

### **8. Risk Mitigation in Dealings with business partners**

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

#### **i. Risk assessment**

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 shall consist of the following key elements:

1. customers, supply chain, intermediaries, and counterparties;
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 counterparties.

#### **ii. 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 business partners to ensure that Saferoad does not violate trade sanctions. Diligence should focus on understanding whether the business partner 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 business partner. 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.

For specific guidance on risk management, screening and due diligence, please see the Sanctions Compliance Procedure.

### **Step 1: What needs to be identified**

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

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

At a minimum, all new business partners 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 business partner's beneficial owner(s) if possible, or of the person with signature right and right to act on behalf of the business partner.

In addition, all existing business partners 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 business partner is located in the EU/EEA, UK or US, so long as the business partner 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 business partner to provide information about itself, indications that the business partner is acting on behalf of an undisclosed third party, or requests for unusual payment terms) or there are obvious risks related to the business partner.

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

For business partners 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](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>; 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 sanctions compliance.

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

If a business partner 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).

## **9. Contractual Guarantees**

If appropriate within the context of the transaction, guarantees may be sought from the business partner confirming information covered in diligence, for example, that the business partner 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 business partner regulating the business partner's performance. For example, the business partner 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).

## **10. 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 US citizens or permanent residents are; 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.

## **11. 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**

Willful 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' programmes 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.

## **12. 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 and/or further actions.

Saferoad employees must not engage in any export operations with goods or products subject to export control regulations. Saferoad conducts ongoing evaluations and risk assessments to determine whether any goods or products exported or supplied by Saferoad outside of the EU/EEA are subject to the EU/Norwegian export control regulations.

### 13. 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 business partners 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 business partner is unclear or other important information has not been provided.
- Continue to engage with an existing business partner that becomes sanctions target through changes to sanctions law or regulations.
- Assume there is not an issue if you believe a business partner 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 sanctioned 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.**

### 14. 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 and Saferoad's Code of Conduct.

### 15. Training

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

### 16. Contact Information for Responsible Officers

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

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

## **17. Related Documents**

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

- Code of Conduct
- Trade Sanctions Compliance Procedure



