

## Sanctions Compliance and Export Controls Policy

### I. Introduction

The policy and commitment of The Semex Alliance and its subsidiaries (collectively, “Semex” or the “Company”) has been and continues to be that all employees, officers, directors, and agents of the Company must comply fully with all applicable laws and regulations governing economic sanctions and export and technology transfer controls (“Trade Controls”). These include the laws and regulations promulgated by the governments of Canada, the United States of America (U.S.), the European Union, United Kingdom and other Trade Controls imposed by governments in jurisdictions where the Company acts or operates, subject to the requirements of any applicable blocking or anti-boycott legislation.

Semex is committed to adhering to the Trade Controls administered by the government of Canada and the Trade Controls that apply to our operations in the other countries where we do business. While there are some similarities among countries’ Trade, each country has different laws, regulations, and policies administered by different government agencies. This Sanctions Compliance and Export Controls Policy (“Policy”) is intended to facilitate the Company’s compliance with Trade Controls and to reduce reputational, operational, and legal risks that could arise from a potential breach of these laws.

Any questions about this Policy should be directed to either the Finance Manager, Compliance and Special Projects or Director of Customer Service & Regulatory Affairs who is responsible for its administration. Any concerns that a proposed or existing commercial relationship or transaction violates or may violate applicable Trade Controls or this Policy should be immediately raised with the Finance Manager, Compliance and Special Projects or Director of Customer Service & Regulatory Affairs. As appropriate, Semex also consults with its legal counsel having expertise in Trade Controls to address any compliance issues or concerns.

### II. Applicability

This Policy applies to:

- (1) all employees, officers, directors, agents, and contracted personnel of Semex, and to such other persons as designated by Semex from time to time (each an “Employee”, collectively “Employees”); and,
- (2) all natural and legal persons (and their respective employees, officers, and directors) that perform services for or on behalf of Semex, including without limitation, supply chain business partners, suppliers, consultants, contractors, distributors, subsidiaries, and agents (including without limitation, sales agents/representatives) (each an “Associated Person”, collectively “Associated Person(s)").

Where deemed appropriate, and as a condition of doing business with Semex, Semex will require Associated Persons to accept that this Policy be incorporated into the contract entered into between them and Semex.

Contracts and agreements executed between Semex and Associated Persons may contain more specific provisions addressing some of the issues set out in this Policy. Nothing in this Policy is meant to supersede any more specific provision in a particular contract or agreement executed between Semex and an

Associated Person, and to the extent there is any inconsistency between this Policy and any other provision of a particular contract or agreement, the provision in the contract or agreement will prevail.

This Policy is intended to supplement and not replace other Semex codes of conduct, policies, rules, and procedures that are applicable to Employees and Associated Persons from time to time. This Policy is a statement of principles and expectations for individual and business conduct. It is not intended to and does not in any way constitute a contract, an employment contract, or assurance of continued employment, and does not create any right in any Employee or Associated Person. The enforcement and interpretation of this Policy rests solely with Semex. This Policy only creates rights in favour of Semex. The headings contained in this Policy are for convenience only and shall not be interpreted to limit or otherwise affect the provisions of this Policy. In the event of any conflict between this Policy and applicable mandatory law, the applicable mandatory law shall prevail.

### **III. Purpose**

This Policy sets out Semex's approach to identifying and managing Trade Controls-related risks, including:

- Guidance about the meaning of Trade Controls and how to comply;
- Principles and measures that Semex follows to comply with Trade Controls legislation and to identify, mitigate, and manage Trade Controls risk in the jurisdictions where it operates; and,
- Consequences of failing to comply with this Policy.

This Policy applies to all countries and/or jurisdictions in which Semex and its subsidiaries and distributors operate and extends to any additional countries and/or jurisdictions where Semex commences operations and/or has an active registration or license.

For purposes of clarification, Semex's subsidiaries in the United States, Semex USA, Inc. and Boviteq USA, Inc., are required to comply with this Policy as well as all applicable Trade Controls imposed and administered by the U.S. Treasury Department Office of Foreign Assets Controls, the U. S. Department of Commerce and other relevant U.S. enforcement authorities. The Operations Manager is responsible for administering this Policy for their operations in the United States and may regularly consult with the Finance Manager, Compliance and Special Projects and Director of Customer Service & Regulatory Affairs and US legal counsel to ensure appropriate measures are being taken to comply with all Trade Controls applicable to them.

### **IV. Meaning - Sanctions and Export Controls**

Sanctions are implemented largely by prohibiting companies and individuals from doing business with persons, entities, countries, and governments that are the targets of the Sanctions. Such restrictions can include:

- export bans, import bans and prohibitions on the provision of certain specified services;
- prohibiting the transfer of data or technology;

- prohibiting certain commercial activities (such as joint ventures and other investment);
- barring the transfer of funds to and from a sanctioned country;
- targeted financial Sanctions, which include freezing the assets of and prohibiting any dealings with a government, country, or territory, and designated entities and individuals;
- travel bans; and
- other financial restrictions.

Canada's economic sanctions apply to persons in Canada and Canadians outside Canada and are set out in the following statutes and regulations issued thereunder:

- *United Nations Act* – used by Canada to implement into its domestic law economic sanctions mandated by the United Nations Security Council (currently, Central African Republic, Democratic Republic of the Congo, Iran, Iraq, Lebanon, Libya, Mali, North Korea, Somalia, South Sudan, Sudan, Yemen, Al-Qaida and Taliban, and Suppression of Terrorism);
- *Special Economic Measures Act* – autonomous economic sanctions imposed by Canada (currently, Belarus, Burma (Myanmar), China, Iran, Libya, Nicaragua, North Korea, Russia, South Sudan, Syria, Ukraine, Venezuela, and Zimbabwe);
- *Freezing Assets of Corrupt Foreign Officials Act* – imposes prohibitions on dealings with listed former leaders and senior officials, and their associates and family members, suspected of misappropriating state funds or obtaining property inappropriately (currently, Ukraine and Tunisia);
- *Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law)* - prohibits dealings with listed individuals involved in gross violations of internationally recognized human rights or acts of significant corruption (currently, Russia, Venezuela, Saudi Arabia, Myanmar, and South Sudan); and
- Part II.1 of the *Criminal Code* – prohibits activities associated with terrorism, including dealings involving or directly or indirectly supporting listed terrorist organizations and entities.

Semex is also subject to export and technology transfer controls of the jurisdictions in which it operates. In Canada, the *Export and Import Permits Act* imposes permit requirements for the transfer of goods, services and technology listed on the *Export Control List*. Canada also maintains an *Area Control List* which identifies countries to which no goods, services or technology may be transferred without a permit. At the present time, North Korea is the only country identified on the ACL.

From time to time, Canada publishes policies regarding the denial or issuance of permits for the export or transfer of controlled items to certain countries. At the present time, published export control policies are in place for Belarus, Hong Kong, Iran, North Korea, Pakistan, Saudi Arabia, and Turkey.

## **V. Key Principles**

The following key principles govern Semex's approach to Trade Controls. All other requirements in this document are to be read in the context of these principles. In the event of a conflict between principles and requirements, the principles will prevail.

- Semex maintains this Policy to meet obligations under the Trade Control regimes of the jurisdictions in which it operates, is registered and/or licensed.
- Semex complies with the requirements of Canada, USA, UK, EU, and other countries' Trade Control regimes (whenever these apply to its operations) wherever it operates and will not undertake any business that would breach those regimes.
- In addition to complying with the requirements of Canada, USA, UK, EU, and other countries' Trade Control regimes (whenever these apply to its operations), Semex complies with other Trade Control regimes whenever they apply to particular Semex operations and will not undertake any business that would breach those Sanctions regimes.
- Semex also considers Trade Control regimes imposed by other jurisdictions where the facts of the transaction make it appropriate to do so.
- Semex may decide not to provide products or services even where it is permitted by law, particularly where the circumstances present reputational risk.
- Semex will comply with the terms and conditions relating to Trade Controls that are contained in its agreements with its banking and other financial services suppliers.
- Semex will not undertake any business that would breach any Trade Control laws that apply to it.

## **VI. Measures to Comply with Sanctions**

Before engaging in any commercial relationship or transaction, Semex ensures that these relationships and transactions comply with applicable Canadian, US, UK, EU, and other countries' Sanctions laws, by screening those entities or individuals against the most current Sanctions lists administered by Canada, USA, UK, EU, and other countries where it operates.

Neither Semex nor any Employee shall engage in any commercial relationship or transaction that directly or indirectly involve:

1. countries that are subjects or targets of Sanctions ("Sanctioned Countries"); or,
2. nationals of Sanctioned Countries;

unless the contemplated commercial relationship or transaction has been screened and cleared through prior written consent for action in accordance with the applicable Semex sanctions screening systems, processes and procedures that are implemented by Semex from time to time. In certain circumstances, a commercial relationship or transaction that is prohibited under applicable sanctions may be authorized under a permit or license issued by the relevant government authority. In Canada, applications for a permit to allow a prohibited transaction to proceed may be submitted to the Sanctions Policy and Operations Coordination Division of Global Affairs Canada.

For clarity, the fact that a country is a Sanctioned Country or a person is a national of a Sanctioned Country does not automatically mean that Semex or an Employee cannot engage in any commercial relationship or transaction involving any such Sanctioned Country or person; however the transaction or commercial relationship intended by Semex or the Employee would first need to be thoroughly

screened by Semex to ensure that it does not breach any Sanctions related legal obligation. If in doubt advice should always be obtained from the Director of Customer Service & Regulatory Affairs immediately. From time to time, the Finance Manager, Compliance and Special Projects and Director of Customer Service & Regulatory Affairs shall inform relevant Employees of those countries that are Sanctioned Countries. Because Sanction programs are dynamic and constantly changing, the countries that are Sanctioned Countries can change quickly; Semex regularly reviews the Canadian, US, UK, EU, and other countries' Sanctions regimes, and may update the list of Sanctioned Countries at any time.

Associated Persons shall also ensure that they do not engage in any commercial relationship or transaction that directly or indirectly involve countries that are subjects or targets of Sanctions and nationals of such countries, unless the commercial relationship or transaction would have been screened and cleared through prior written consent for action in accordance with the applicable screening procedures and processes implemented by each Associated Person. Associated Persons shall at all times have in place systems, processes, policies and procedures to ensure compliance with this limitation. If in doubt as to whether any existing or proposed commercial relationship or transaction conducted by an Associated Person violates this policy, the Associated Person shall notify either the Finance Manager, Compliance and Special Projects or Director of Customer Service & Regulatory Affairs immediately.

Employees and Associated Persons must not facilitate activities by any persons that involve Sanctioned Countries or nationals of Sanctioned Countries, including by referring such business to others persons or entities.

If any Employee or Associated Person becomes aware of an actual or potential breach of a Sanctions regime, then he/she must notify Finance Manager, Compliance and Special Projects or the Director of Customer Service & Regulatory Affairs immediately. Semex will then assess any notifications so received in the light of, amongst other things, any applicable reporting obligations binding Semex.

## **VII. Measures to Comply with Export Controls**

Semex, its Employees and Associated Persons are required to comply with all applicable export and technology transfer controls. This requires screening of all goods and technology prior to their transfer another country against the applicable export control lists. In the case of any proposed transfers from Canada, this includes screening against the *Export Control List* ("ECL") and *Area Control List*.

If any goods, services, or technology to be transferred from Canada involve an item or destination identified on those lists, the proposed transaction may not proceed unless an individual export permit is applied for and obtained from the Export Controls Operations Division of Global Affairs Canada, or it has been confirmed that an exception or a General Export Permit applies.

It is important to be aware that all US-origin goods and technology are included on ECL and therefore controlled for export from Canada. *General Export Permit No. 12 – United States Origin Goods* allows for the export of US-origin items not elsewhere specified on the ECL to any destination other than Cuba, Iran, Syria, and North Korea without having to apply for an individual export permit provided that the exporter specifies "GEP-12" in its export report. Exports of any US-origin items to Iran, Cuba or the other countries mentioned above are prohibited unless the exporter obtains a permit from the Export Controls Operations Division of Global Affairs Canada.

The government of the United States also controls exports and re-exports of US goods, services, and technology. In the event that any US-origin items are to be transferred from Canada, it is necessary to first confirm whether any US re-export licence is required. The specifics of these requirements will differ depending on the level of control over the US items as well as their destinations.

### **VIII. Iran and Other Sensitive Jurisdictions**

As noted above, Semex and its Associated Persons may in certain circumstances engage in transactions involving countries subject to Trade Controls imposed by Canada, the United States, and other jurisdictions. In such cases, careful scrutiny and due diligence will be conducted to ensure Semex, Employees and Associated Person are in full compliance with this Policy, the requirements of our banking and other financial services suppliers, and all applicable Trade Controls prior to engaging in any such transactions. The Finance Manager, Compliance and Special Projects and Director of Customer Service & Regulatory Affairs are responsible for overseeing the review of such proposed transactions or commercial relationships and will consult with Semex's legal counsel having expertise in Trade Controls as deemed appropriate.

For example, in the case of Iran, Canada imposes two separate Sanctions regimes that need to be reviewed – one under its *Special Economic Measures Act* and the other under its *United Nations Act*. Canada also has a special policy on the application of export controls to Iran and controls the transfer of all US-origin goods and technology to Iran. Transactions involving Iran are also subject to a Ministerial Directive from Canada's Minister of Finance and FINTRAC guidance. Furthermore, the United States imposes Trade Controls over the transfer from Canada to Iran of US-origin goods and technology as well as any transactions involving US dollars or US persons. All of these measures must be closely examined to confirm that any proposed transactions involving Iran are fully compliant with all applicable Trade Controls, and that any required permits or licenses have been obtained prior to engaging in the proposed activities.

### **IX. Obligations of Employees and Associated Persons**

Employees and Associated Persons must read and apply this Policy and must ensure compliance with this Policy. Under no circumstances may an Employee or Associated Person act to avoid Trade Controls obligations or detection of a relationship or transaction that would breach this Policy.

Semex and Employees and Associated Persons cannot advise customers, or others as to how transactions may be structured or presented to evade applicable Trade Controls or this Policy. This includes, but is not limited to, advising customers, and others to amend any information or documents to include false or misleading information, to omit accurate information, or changing, removing, or omitting information from a transaction or any business record that would otherwise lead to detection of a Trade Controls issue.

Employees and Associated Persons may be subject to the Trade Control laws not only of the country or countries in which they live and work, but also of the country or countries of which they are a citizen, permanent resident, or visa holder. In addition, mere presence in a country, even on a transitory basis, generally will make the Employee or Associated Person subject to the laws of that country while they are within or transiting through it. It is the responsibility of each Employee and Associated Person to

understand and meet their Trade Control obligations as a citizen of a particular country or as a result of their presence in a particular country. Questions about particular circumstances should be directed to either the Finance Manager, Compliance and Special Projects or Director of Customer Service & Regulatory Affairs or Semex's legal counsel having expertise in the applicable Trade Controls. Depending on such circumstances, Semex may require the Employee or Associated Person to adhere to certain practices to ensure that Semex and the individual Employee or Associated Person comply with all applicable Trade Control requirements.

#### **X. Consequence of Failure to Comply**

Failure to comply with relevant Trade Control laws constitutes a breach of legal and/or regulatory requirements and this Policy, and can expose Semex to significant reputational damage, legal and regulatory actions, and financial loss, and can expose individual Employees or Associated Persons involved in any violation to substantial fines and imprisonment.

Semex has a zero-tolerance approach to intentional violations of this Policy or applicable Trade Control regimes. If an Employee fails to comply with this Policy, then he/she/they may be subject to disciplinary action that may include dismissal from employment. Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with Semex's policies. In addition, Employees who violate the law during the course of their employment may also be subject to criminal and civil action.

Semex may terminate a business relationship with any Associated Person (including terminating all contracts and agreements in force between Semex and any such Associated Person) by means of written notice to the Associated Person, with immediate effect, without need of judicial recourse, and without liability for compensation or damages (whether direct and/or indirect) of any type or nature in favour of the said Associated Person, in the event that: i. the Associated Person fails to comply with any provision in this Policy and fails to remedy (if such a failure is remediable) that failure within 10 days of the Associated Person being notified in writing of the failure; or, ii. the Associated Person becomes a listed person or the subject or target of Trade Controls.

#### **XI. Training**

Semex will provide training, as deemed appropriate, to Employees and Associated Persons on the requirements of this Policy as well as applicable Trade Controls. This training may occur at the time of on boarding an Employee or Associated Person and at subsequent intervals on a period basis, as deemed appropriate or necessary by the Finance Manager, Compliance and Special Projects and Director of Customer Service & Regulatory Affairs.

#### **XII. Revisions and Enquiries**

Semex will unilaterally review this Policy on a regular basis at its absolute discretion and will introduce revisions where necessary or appropriate.

*Last Revision Date: November 11, 2021*

For enquires or any other matter relating to this Policy, you may contact the Finance Manager, Compliance and Special Projects or Director of Customer Service & Regulatory Affairs.

**XIII. Confirmation**

Employees and Associated Persons shall periodically, whenever requested by Semex (in the case of Employees, as a minimum once a year), individually confirm in writing to Semex that they have read this Policy and agree to comply therewith.



## **Addendum – List of Countries’ Trade Controls**

### **Canada:**

[https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/sanctions/current-actuelles.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng)

[https://www.international.gc.ca/controls-controles/about-a\\_propos/expor/before-avant.aspx?lang=eng](https://www.international.gc.ca/controls-controles/about-a_propos/expor/before-avant.aspx?lang=eng)

<https://www.fintrac-canafe.gc.ca/obligations/dir-iri-eng>

### **US:**

<https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>

<https://www.bis.doc.gov/>

### **Hungary:**

<https://www.mnb.hu/en/supervision/regulation/anti-money-laundering/economic-and-financial-sanctions>

### **Germany:**

<https://www.bundesbank.de/en/service/financial-sanctions/financial-sanctions-619000>

[https://www.zoll.de/SharedDocs/Boxen/EN/Hintergrund/0016\\_list\\_of\\_embargoed\\_countries.html?nn=92628](https://www.zoll.de/SharedDocs/Boxen/EN/Hintergrund/0016_list_of_embargoed_countries.html?nn=92628)

### **Europe:**

[https://www.europarl.europa.eu/RegData/etudes/STUD/2020/653618/EXPO\\_STU\(2020\)653618\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/653618/EXPO_STU(2020)653618_EN.pdf)

### **Australia:**

<https://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list>

### **UK:**

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

<https://www.gov.uk/government/organisations/export-control-organisation>