

**POLICY: TRADE CONTROLS**

**EFFECTIVE DATE:**

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## **MANAGEMENT POLICY STATEMENT**

DATE:

TO: All Employees & Contractors

FROM: CHIEF OPERATING OFFICER

SUBJECT: Export Policy Statement

TCSC is committed to compliance with all export controls in the Export Administration Act and the Export Administration Regulations. This commitment extends to promoting strict compliance on an on-going basis with terms and conditions.

It is TCSC's policy that all employees comply with the United States export policies and regulations. Under no circumstances will exports be made contrary to U.S. export regulations by any individual operating on behalf of TCSC.

Employees outside the United States may not re-export any commodity, technology, or software unless appropriate authorization has been obtained, and this includes foreign-produced items that are the direct product of U.S. technology and software and are subject to national security controls under the Export Administration Act.

No activities will be undertaken that are in violation of the United States policies which seek to control nuclear proliferation, missile technology, and chemical and biological weapons.

Failure to comply with these regulations may result in the imposition of criminal and/or civil fines and penalties, including jail time and monetary penalties, and employees will be subject to disciplinary action and/or termination.

If you have any questions concerning the legitimacy of a transaction or potential violations, please contact:

(Name, Title, Phone, E-Mail)

**Note:** This Statement of Corporate Commitment to Export Compliance will be issued on an annual basis or if necessitated by personnel changes, changes in management, or regulatory changes.

The Chief Operating Officer is responsible for disseminating this Statement throughout the organization through TCSC's Export Management and Compliance Program Manual updates, incorporation into training and presentations, and posting on the TCSC Intranet.

\_\_\_\_\_ (SIGNATURE) \_\_\_\_\_ (DATE) \_\_\_\_\_

## TRADE COMPLIANCE

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### 1. Policy

It is Company's policy to comply with all applicable export and import control laws and regulations. This Policy sets forth the requirements for proper trade compliance activities.

#### **Export Controls Laws**

- It is important to ensure that the Company's global supply chain is not interrupted, and movement of goods comply with international trade regulations specific to each country's jurisdiction.
- In the U.S., the laws that govern and restrict the final destination of the sale and/or shipment of goods, software, and technology ensure that certain individuals, businesses and organizations associated with known terrorist activities do not receive items made by or from a U.S. company. The Company must adhere to trade embargoes and sanctions with respect to specific countries and individuals that may dictate partial or complete prohibition of commerce and trade. The Directorate of Defense Trade Controls and the U.S. Bureau of Industry and Security in cooperation with the Office of Foreign Assets Control are responsible for managing the licenses for the trade and sale and shipment of controlled U.S. software, goods, and technology from the U.S.
- Violations of U.S. export control laws can result in civil and criminal penalties for the Company and Covered Persons as well as suspension or denial of export privileges and debarment from U.S. Government procurement. They can also potentially result in loss of business and harm to the Company's reputation.
- When controlled technology is released to foreign nationals even within the U.S., it is considered a "deemed export" for which a license is required.

#### **General Guidelines for Compliance with Export Laws**

- Because the Company never acts as the exporter, or importer of record, its risk for trade violations is low. Nevertheless, Company employees should be aware of their responsibility and understand how to comply with U.S. export control laws or identify "red flags" so as to minimize trade violations.
- The Company must comply with export controls and licensing requirements set forth by BIS and DDTC when engaging in export activities. Export activities include: Brokering the sale or shipment of an export, shipping or providing freight forwarding services to advance the export, serving as the exporter, consignee in an export, acting as a bank or financial institution in support of the export transaction, among other things. While the Company is in the supply chain and conducts cargo screening, and could be responsible for willfully ignoring export violations of which it knows or should know, The Company should never act as exporter, freight forwarder or logistics provider for the cargo it screens.

- The Company should verify that all of its customers do not appear on any U.S. Control Lists.
  - When the Company engages with a client for the first time, it should cross check this client and its affiliates and vessels and freight forwarding companies to be used in the shipment against the U.S. control lists including:
    - § Commerce Control List (CCL)
    - § United States Munitions List (USML)
    - § Nuclear Regulatory Commission Controls
    - § Presidential Orders
  - The Consolidated Sanctions List Data Files can be found on the U.S. Department of Treasury website at: <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/consolidated.aspx>
  - Once the client is screened against the sanctions lists above, The Company should memorialize such verifications and results in a report, either in memorandum form or via print screens and results should be maintained in the client file.
  - If the client, its affiliates, vessels or freight forwarding company appears on any sanctions list, the Company should HALT the transaction, and raise the issue with the Legal Department. It should NOT continue with engaging with the client until the Company's Legal Department has approved or denied working with the client.
  - Updates to the Sanctions List should be cross-referenced against existing Company clients, freight forwarders, suppliers, vessels, financial institutions, to ensure that existing clients are not later subject to sanctions.
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- Because the Company is not the exporter of record, the Company should not be engaged in the following:
  - Shipment or movement of goods (including hand-carries) on behalf of the Company across international borders
  - Creation of international shipping documentation such as Customs/Commercial invoice, statement of Origin or shipping waybill;
  - Transfer of technology outside of the U.S., or within the U.S. to foreign nationals either verbally or in written form, which is subject to deemed export regulations.
- The following procedures are established to ensure export compliance:
  - Provide accurate and complete information on exported goods where such information is required;
  - Verify Company customers, financial institutions and other service providers are not sanctioned parties by cross referencing
- These Guidelines are to be read together with the AntiBoycott Policies set further herein, as well as the Air Cargo Screening Training Policies and Anti Corruption Policies

## ANTIBOYCOTT POLICY

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This Policy contains the following sections:

- 1.0 Introduction
  - 2.0 Compliance with Antiboycott Laws; Scope of Coverage
  - 3.0 Prohibited Activities
  - 4.0 Mandatory Reporting of Boycott-Related Requests
  - 5.0 Record Keeping Requirements
  - 6.0 Countries Sympathetic to Arab League of Boycott of Israel
  - 7.0 Boycott Red Flags
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- 1.0 Introduction. This policy provides guidance regarding the procedures that The Company has put in place to comply with and minimize the risk of violations of antiboycott laws and regulations. Doing business with international entities and persons presents unique compliance risks, which could result in denial of export privileges, significant fines, sanctions and the loss of tax benefits if a violation were to occur. Many companies that operate in, or are controlled by or affiliated with companies that are located in, the Middle East comply with the Arab League boycott of Israel. The U.S. government has created antiboycott laws and regulations to counter the Arab League boycott of Israel and other unsanctioned boycotts. These laws and regulations apply to all U.S. Companies and all their subsidiaries (including non-U.S. subsidiaries).
- 2.0 Compliance with Antiboycott Laws; Scope of Coverage. It is the policy of the Company to comply fully with the U.S. antiboycott laws and regulations. This policy applies to all employees of the Company and its subsidiaries and affiliates, wherever located and all agents and representatives acting on behalf of the Company, its subsidiaries or affiliates. (Hereinafter throughout this policy, references to the Company shall be deemed to include its subsidiaries and affiliates.) This policy applies to all unsanctioned boycotts, even though the only current unsanctioned boycott is the Arab League's boycott of Israel. The Company's legal department will endeavor to update this policy in the event it becomes aware of any additional unsanctioned boycotts.
- 3.0 Prohibited Activities. The Company (and its employees, agents and representatives) shall not do any of the following:
  - Enter into any arrangements in which it refuses to deal in Israeli goods or components, work with Israeli or "blacklisted" companies, or use Israeli shipping lines.
  - Refuse to do business with or in Israel or with blacklisted companies.
  - Refuse to employ or otherwise discriminating against persons based on race, religion, sex, national origin, or nationality.

- Implement letters of credit containing prohibited boycott terms or conditions.
- Provide information that is in support of the anti-Israeli boycott, including:
  - Information about business relationships with or in Israel or with blacklisted companies.
  - Information about the race, religion, sex, or national origin regarding any U.S. person.
  - Information regarding fraternal or charitable organizations that support a boycotted country.

The antiboycott laws prohibit furnishing certain information, regardless of whether the statements made are true and regardless of whether the person supplying the information supports or opposes the boycott, or whether an agreement is reached to comply with the boycott. The mere furnishing of the information, in and of itself, is a violation, whether or not it is known that the information was requested for boycott-related reasons.

4.0 Mandatory Reporting of Boycott-Related Requests. The Company must submit quarterly reports to the U.S. Bureau of Industry and Security (BIS) of any boycott-related requests received (even if the Company did not agree to the request) and must submit annual reports of requests to the U.S. Internal Revenue Service (IRS). While not all requests to participate in the boycott of Israel are reportable to the BIS or IRS, the determination as to whether a particular request meets an exception may only be made by the Company's legal department. Additionally, even if an exception might apply, it is likely that the Company may still be required to report that it received the request. Therefore, any employee, agent or representative of the Company that receives or becomes aware of a boycott-related request shall immediately report the same to the Company's legal department so that the Company's legal department may determine whether the request is reportable to the BIS or IRS and so that the Company may timely report all applicable requests to the BIS and the IRS.

5.0 Record Keeping Requirements. In addition to certain reporting obligations, the antiboycott laws and regulations require the retention of boycott-related requests for as long as five (5) years. Therefore, all boycott-related requests and all related documentation must be maintained for five (5) years.

6.0 Countries Sympathetic to the Arab League of Boycott of Israel. Antiboycott requests are of greatest concern when emanating from countries that either participate in the Arab League boycott of Israel or are known to be sympathetic to the goals of the boycott. As of the date of this policy, the list includes:

Kuwait  
Lebanon  
Libya  
Oman

Qatar  
Syria  
United Arab Emirates  
Republic of Yemen

7.0 Boycott Red flags. Language that violates antiboycott compliance requirements can come up in requests-for-proposals, contracts, invoices, letters of credit, and other documents. Particular care should be taken to review these documents carefully for any anti-Israeli or other boycott language, especially when doing business in a country sympathetic to the Arab League boycott of Israel or when doing business with companies connected to countries sympathetic to the Arab League boycott of Israel. As an aid to complying with antiboycott laws and regulations and this policy, the following are examples of potential antiboycott compliance red flags:

- Explicit requests by a contracting party to comply with the boycott of Israel.
- Contract language referencing prohibitions regarding Israel.
- Contract language stating that the order will be filled with no components or parts of Israeli origin or originating from Israeli or boycotted firms.
- Requests from a foreign partner seeking information about business relationships with Israel, Israeli companies, or blacklisted countries.
- Contract or shipping document references to “the Arab League.”
- Requests that orders be shipped using only non-Israeli carriers.
- Letters of credit that require, as a condition of payment, the provision of anti-Israeli certifications, anti-Israeli certificates of origin, or other boycott-related conditions.
- Phrases such as “blacklisted companies,” “Israel boycott list,” “non-Israeli goods,” “non-Israeli components,” and “non-Israeli carriers”; and any request for information, or request to enter into a transaction, that contains the words “boycott,” “blacklist,” “Israel” (where the transaction does not for a legitimate business reason require referral to Israel), “Israeli goods or components,” “Israeli nationals,” “Jews,” “Jewish,” “Zionist,” or any other non-business-related references to national origin, ethnicity, religion, or gender.

Examples of boycott requests are available on the following web address:  
<http://www.bis.doc.gov/antiboycottcompliance/oacantiboycottrequestexamples.html>

**ACKNOWLEDGEMENT REGARDING THE TRADE CONTROLS POLICIES**

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges s/he has received training on the policies and procedures of the Trade Controls and Antiboycott Policies of TCSC. The undersigned understands that failure to comply with the policies and procedures of the Company set forth in the Manual will result in disciplinary action proportionate to the nature and extent of the failure to comply, and may result in termination of employment. The undersigned further understands that the text of the Manual is available for viewing on the Company's Intranet site and that s/he may request a hard copy of the Manual from the Company Administrator at any time.

Date: \_\_\_\_\_ Employee Signature: \_\_\_\_\_

Employee Name: \_\_\_\_\_