

Sanctions

VERSION – JUNE 2022



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For the sake of better readability, this policy uses only the male form. This is to be understood as also incorporating the female or any other form.

1. Introduction

Armacell is committed to integrity. It is part of our Code of Conduct to comply with the law and to implement appropriate measures to assist us with doing so. Among a multitude of applicable laws, international trade, economic and financial sanctions have come into focus in recent years for most global businesses.

Sanctions, in a nutshell, are laws that restrict us from dealing with certain persons, in certain countries, in certain industries or in certain goods. For example, we are prohibited from:

- doing business with known terrorists or human rights violators, as well as companies controlled by them.
- doing business in Syria or Iran.
- undertaking certain transactions with the Russian oil and gas industry.

Breaches of these sanctions pose significant risks both for the company and for the individuals responsible for it, with penalties ranging from fines to imprisonment. Typically, sanctions breaches are also associated with reputational damage. Beyond these risks, sanctions breaches are highly unethical as sanctions safeguard values like human rights, the fight against terrorism and the non-proliferation of nuclear weapons.

The Management Board of Armacell International S.A. has therefore resolved that Armacell International S.A. and each of its direct and indirect subsidiaries (**the "Armacell Group"**) as well as each director, officer and employee (**"Armacell Employees"**) shall conduct themselves in a manner that complies with this Economic, Trade and Financial Sanctions Policy (**"Sanctions Policy"**).

This Sanctions Policy has been tailored to ensure compliance with economic, trade and financial sanctions laws issued either by the European Union ("EU") or by the United States of America ("US"). For a group headquartered in Luxembourg, compliance with EU sanctions is indispensable. In addition, we have elected to comply with US sanctions, mainly because these sanctions are enforced in a way that can affect non-US persons operating outside of the US. Given that Armacell Group has significant business in the US, compliance with US sanctions is therefore mandatory for us. As a result, by requiring compliance with this Sanctions Policy we are requiring global compliance with US and EU sanctions, even for transactions that do not have any connection with the EU or the US.

Annex 1 sets out the legal background of the EU and US sanctions in greater detail.

Many other governments (or similar regional organisations) issue sanctions, too. For example, Canada, Hong Kong, Russia, Singapore, Switzerland, and the United Kingdom operate their own sanctions regimes. This Sanctions Policy however does not cover any sanctions not issued by either the EU or the US. **Compliance with other local sanctions laws, just as compliance with any other local laws, remains the responsibility of the local business leaders.**

Please note that this Sanctions Policy also does not address any responsibilities that are established pursuant to wider export control laws (i.e. laws which govern exports more generally, such as the US Export Administration Regulations). Again, responsibility for compliance with such export control laws remains the responsibility of the local business leaders.

2. Sanctions Check Report Form and Record Keeping

Before entering into any new transactions, including any agreements for the sale of a product or purchase of raw materials, a service or consulting agreement, financing arrangements, corporate acquisitions, joint ventures or any other type of transaction (from here on the "**Transaction**"), we must conduct a sanctions check to make sure that we do not breach any sanctions laws.

Whenever you are conducting a sanctions check for a new Transaction, please refer to the Sanctions Check Report Form that you will find in **Annex 2**.

You need to fill this form every time that you perform a sanctions check.

If any issues are raised during your sanctions check, you will need to submit this form to request endorsement from the relevant Vice-President and approval from Armacell's Chief Legal & Compliance Officer for the Transaction to proceed. Please note that if the Transaction relates to a Corporate function (e.g. Marketing, IT, M&A, etc.), endorsement and approval need be directed to the Chief Legal & Compliance Officer only.

If no issues are raised during your sanctions check, you will need to keep the Sanctions Check Report Form at hand to prove that a sanctions check has been duly performed before we entered the agreement.

All Armacell Employees shall keep records of Sanctions check Reports Forms and of any documentation created in support of the sanctions check for a period of **5 (five) years** from the date of the related Transaction.

3. Prohibited Countries, Restricted Countries and Non-Restricted Countries

3.1 Country-based Approach

Sanctions operate in different ways: some target an entire country, some target specific individuals, others target certain goods or industries. This Sanctions Policy takes a country-based approach as the main criteria for determining how we should conduct our sanctions check. Countries are categorised either as a

- Prohibited Countries, in which we don't do business,
- Restricted Countries, in which potential restrictions may apply, and
- Non-Restricted Countries, in which business is not necessarily restricted by any sanctions.

New Transactions must always be assigned to one of the three categories of countries above. Where more than one country is potentially relevant to the Transaction, the sanctions check needs to be performed considering all of the relevant countries.

Annex 3 contains a list of the Prohibited and Restricted Countries. All other countries not mentioned in this list should be treated as a Non-Restricted Country for the purpose of our sanctions check.

Please note that the lists of Prohibited Countries and, in particular, of Restricted Countries are subject to change. This could happen, for example, following a change in sanctions laws or where we have re-assessed the risks associated with dealing with a particular country. Revised lists of Prohibited and Restricted Countries may be published by Armacell from time to time.

3.2 Prohibited Countries

Prohibited Countries are the countries (or territories) that are targeted by comprehensive country-wide (or territory-wide) sanctions.

Transactions involving, directly or indirectly, persons located or established in, or operating from, a Prohibited Country are prohibited.

Persons within the meaning of the sentence above can be legal entities, partnerships and/or other organisations, as well as individuals. Persons indirectly involved can be, for instance, the direct or indirect owners of a counterparty, the persons otherwise controlling a counterparty, or the directors and officers of that counterparty. Another example of indirect involvement of persons in a Prohibited Country is the case where we would sell our product to someone, who would then resell that product to a person in a Prohibited Country. If you have reason to suspect indirect involvement of a person located, established in, or operating from a Prohibited Country, the Transaction is prohibited.

Exceptionally, in case of Transactions for which such a prohibition appears to be unreasonable can be referred for special approval by submission of the Sanctions Check Report Form as per Section 2 above. The Transaction cannot proceed before approval is granted in writing.

3.3 Restricted Countries

Restricted Countries are the countries for which the EU and/or the US have issued sanctions that target certain goods or industries in that country, and which could affect the way we do our business¹.

Restricted does not mean prohibited. We can do business in a Restricted Country, after having confirmed via a sanctions check that the sanctions targeting this country do not affect the Transaction in question or otherwise pose significant sanctions-related risks to us.

The sanctions check for Restricted Countries involves four steps:

- a) screening the persons involved in the Transaction ("**Sanctions Screening**"),
- b) identifying what potentially relevant sanctions target specific goods or industries ("**Sanctions Due Diligence**"),
- c) obtaining adequate contractual protection against sanctions-related risks from our counterparty ("**Contractual Sanctions Protection**"),
- d) endorsement by the relevant Vice President or, in case of Transactions relating to Corporate functions, by the Chief Legal & Compliance Officer ("**Endorsement**")

After the four steps above have been completed without any risks being raised (please see detailed description of each step below), we can proceed with the Transaction. Once the Transaction is ongoing, we will then proceed with a fifth step:

- e) monitoring the Transaction against the sanctions background ("**Monitoring**")

¹ Please note that the list of Restricted Countries in Annex 3 does not include sanctions that have no bearing on our business (for example, sanctions targeting the Chinese telecommunications industry)

In summary:



Where a Transaction involves (directly or indirectly) persons located, established in, or operating from a Restricted Country, you must complete this four-step process before the Transaction can proceed, and, subsequently, you must follow up by Monitoring.

Persons within the meaning of the sentence above can be legal entities, partnerships and/or other organisations, as well as individuals. Persons indirectly involved can be, for instance, the direct or indirect owners of a counterparty, the persons otherwise controlling a counterparty, or the directors and officers of that counterparty. Another example of indirect involvement of persons in a Restricted Country is the case where we would sell our product to someone, who then resells that product to a person in the Restricted Country. If you have reason to suspect indirect involvement of a persons located, established in, or operating from a Restricted Country, the Transaction also needs to be approved via a sanctions check as described below.

a) Sanctions Screening

Many sanctions target specific individuals or companies (as well as other persons owned or controlled by such individuals or companies). In the US, these persons are **called “Specially Designated Nationals”**. While you can come across Specially Designated Nationals anywhere in the world, in principle, there is an increased risk of encountering them in either a Prohibited or Restricted Country. This is why it is mandatory for us to ensure Specially Designated Nationals are not involved.

In order to check if a person is a Specially Designated National, we should use the KYC3 platform, which allows for automated search in several jurisdictions at once. Please see the KYC3 step-by-step guide in the Armacell Global Intranet under the section LEGAL. (<https://armacell.sharepoint.com/sites/AC-Corporate-Legal?e=1%3Ac9a6564f9fe44a33a5eb02d6966f84c6>).

This search must be undertaken in relation to our counterparty in the Transaction, as well as in relation to any other person known to be connected to the Transaction. For example, agents and representatives of the counterparty, known suppliers, shipping companies or financing parties should also be checked using the Sanctions Screening step.

You must inquire with the counterparty about the names of its directors and officers, as well as its direct and indirect owners, and extend the Sanctions Screening to these persons too, unless, as an exception, such an inquiry would be unreasonable. Such inquiries may be unreasonable, for example, where your counterparty is, or is owned by, a company regulated by a respectable institution (such as companies listed on the New York Stock Exchange, major audit firms, or EU or US banks). In such cases, such inquiries might not be necessary. Please note that the fact that a counterparty is just not willing to give information would not render obtaining such information unreasonable. Rather, that should be seen as a warning sign indicating the need for increased alertness and due diligence.

In cases where you know the customer of our counterparty or any other indirect recipient of our products, you must extend the Sanctions Screening to any such indirect recipient.

If the Sanctions Screening identifies the direct or indirect involvement in the Transaction of a Specially Designated National, the Transaction cannot proceed without approval obtained via submission of the Sanctions Check Report Form as per Section 2 above.

b) Sanctions Due Diligence

The next step is to find out which sanctions that are not related to specific persons apply, and to make sure that the Transaction would not be in breach of these sanctions.

For this purpose, we have clustered the Restricted Countries into four groups:

- (i) Restricted Countries where no further sanctions apply
- (ii) Restricted Countries where sanctions on military purpose or dual-use goods apply
- (iii) Restricted Countries where complex sanctions apply
- (iv) Restricted Countries where sanctions need to be checked on a case-by-case basis

Please see below how to proceed in connection with each of these four groups:

(i) Restricted Countries where no further sanctions apply

Bosnia and Herzegovina, Egypt, Moldova, Montenegro, Serbia, Tunisia

If the Restricted Country involved in the Transaction is Bosnia and Herzegovina, Egypt, Moldova, Montenegro, Serbia or Tunisia, no further restrictions apply (in addition to those potentially identified by the Sanctions Screening) as far as our ordinary course of business is concerned. Proceed with obtaining Contractual Sanctions Protection and Endorsement.

(ii) Restricted Countries where sanctions on military purpose or dual-use goods apply

Belarus, Democratic Republic of Congo, Sudan, Iraq

Military Purpose Check: if the Restricted Country involved in the Transaction is Belarus, Democratic Republic of Congo, Iraq, or Sudan, you must confirm that the products to be sold:

- are **not intended** for military end-use, and
- may **not reasonably be expected to be intended** for military end-use.

“Military end-use” includes incorporation into military items, use as part or components of military items, items for the production, development or maintenance of military items and the use in a plant for the production of military items.

If you cannot exclude that the products sold are for military end-use, the Transaction cannot proceed without approval obtained via submission of the Sanctions Check Report Form as per Section 2 above.

Dual Use Check: in addition, if the Restricted Country involved in the Transaction is Belarus, you must also confirm that the products to be sold are not dual-use items. Dual-use items are **products that can be used for both military and civil purposes**. Please check Annex III of Council Regulation (EC) No. 765/2006 of 18 May 2006 for the list of equipment which is considered dual-use items.

If you cannot exclude that the products sold are dual-use items, the Transaction cannot proceed without approval obtained via submission of the Sanctions Check Report Form as per Section 2 above.

(iii) Restricted Countries where complex sanctions apply

Ukraine, Russia

If the Restricted Country involved in the Transaction is Ukraine or Russia there are a number of potential restrictions which may apply, increasing the complexity of the sanctions check. These sanctions are related to:

Territory of Crimea Check: the Territory of Crimea is a **Prohibited Country**. You must confirm that the Transaction does not, directly or indirectly, involve the Territory of Crimea, or persons located or established on, or operating from the Territory of Crimea.

Again, **persons** within the meaning of the sentence above can be legal entities, partnerships and/or other organisations, as well as individuals. **Persons indirectly involved** can be, for instance, the direct or indirect owners of a counterparty, the persons otherwise controlling a counterparty, or the directors and officers of that counterparty. Another example of indirect involvement of persons in a Prohibited Country is the case where we would sell our product to someone, who then resells that product to a person in the Prohibited Country. If you have reason to suspect indirect involvement of a persons located, established in, or operating from the Territory of Crimea, the Transaction is prohibited.

If you cannot exclude that the Transaction involves, directly or indirectly, the Territory of Crimea, the Transaction cannot proceed without approval obtained via submission of the Sanctions Check Report Form as per Section 2 above.

Military Purpose Check: you must run a Military Purpose Check to make sure that the products are not meant (or may not reasonably be expected to be meant) to military end-use. If you cannot exclude that the products sold might be destined to military end-use, the Transaction cannot proceed without special approval obtained by submission of the Sanctions Check Report Form as per Section 2 above.

Dual-Use Check: you must also check that: the products are not listed in Annex I to the Council Regulation (EC) No 428/2009 of 5 May 2009 (available here: <https://eurlex.europa.eu/legal-content/EN/TXT/?qid=1500559363920&uri=CELEX:02009R0428-20161116#tocId42>). If you cannot reasonably exclude that the products sold are dual-use items, the Transaction cannot proceed without special approval obtained by submission of the Sanctions Check Report Form as per Section 2 above.

Russian Oil & Gas Industry Check: There are several sanctions by the US and the EU targeting the Russian Oil & Gas industry. Please check that:

- The products are not listed in Annex II to the EU Council Regulation (EC) 833/2014 of 31 July 2014. If products are listed in this Annex II, they can only be sold, supplied, transferred, or exported to persons in Russia or persons who intend to use them in Russian territory with authorisation from the competent authorities. If the product is to be used in deep water oil exploration, Arctic oil exploration or shale oil exploration, the prohibition is absolute. Please note that products to be used in connection with the products listed in Annex II are not prohibited unless they are expressly listed in Annex II (for instance, insulation to be used in the pipeline is not prohibited).
- As per Directive 4 of the Executive Order 13662 (US) (available here: https://home.treasury.gov/system/files/126/eo13662_directive4_20171031.pdf), the Transaction does not involve a direct or indirect providing, exporting, or reexporting of goods to be used in deep water oil exploration, Arctic oil exploration or shale oil exploration in Russian territory. If the product is to be used in deep water oil exploration, Arctic oil exploration or shale oil exploration, the persons listed in the SSI List cannot be involved. If the deep water oil exploration, Arctic oil exploration or shale oil exploration started after 29 January 2018, the persons in the SSI List cannot have more than 33% ownership or majority vote, no matter where in the world the project is being carried out2.
- As per Section 232 of the CAATSA/CRIIEA (<https://www.congress.gov/bill/115th-congress/house-bill/3364/text>), the Transaction does not involve investment on or sales, lease, or supply of goods to be used in the construction (including expansion, maintenance, repair or modernisation) of Russian energy export pipelines. If the goods are to be used in the Russian energy export pipeline industry,

they cannot have a fair market value of USD 1 million or more, or have an aggregate fair market value of USD 5 million or more during a 12-months period. If you cannot exclude that the Transaction involves the Russian oil & gas industry (directly or indirectly) as described in the bullet points above, we cannot proceed without approval obtained via submission of the Sanctions Check Report Form as per Section 2 above.

(v) All Other Restricted Countries

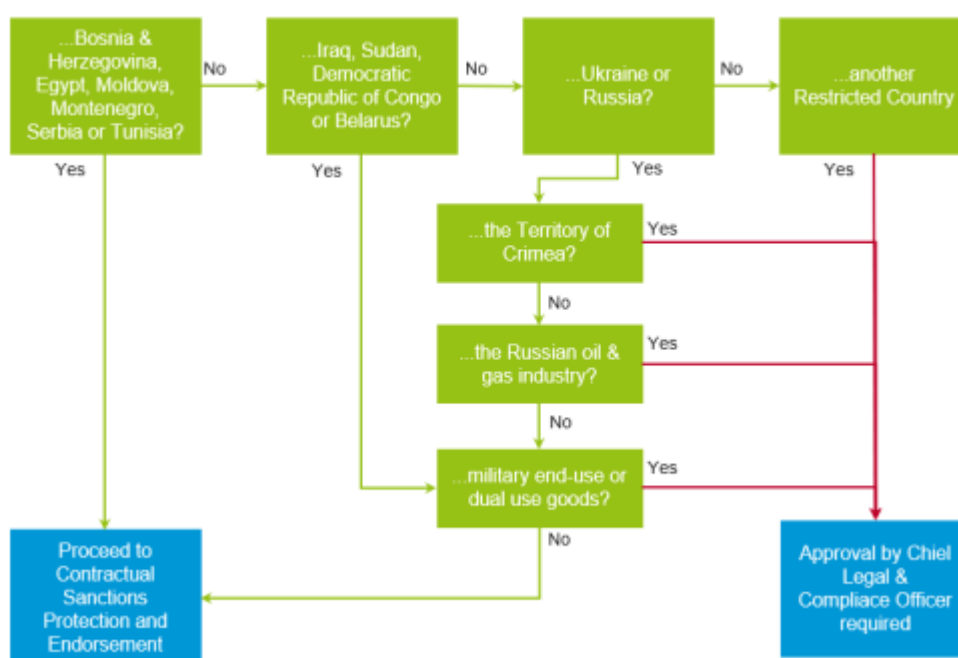
For all other Restricted Countries, we have not yet been able to define an ordinary course of action for the sanctions check, whether because we have not yet done business on these countries, whether because of how quickly the sanctions legal framework changes.

Therefore, if the Restricted Country relevant to the Transaction is not one of the countries mentioned in items (i), (ii) or (iii) above, the Transaction cannot proceed without approval obtained via submission of the Sanctions Check Report Form as per Section 2 above.

If you plan a Transaction in any other Restricted Country, please let Legal know as soon as possible in advance so that sanctions in that country can be analysed and a proper sanctions check can be performed.

Please see the Restricted Countries Flowchart below summarising the Sanctions Due Diligence step:

Does your Transaction involve...



² Please note that while the EU Sanctions in respect of deep water oil exploration, Arctic oil exploration or shale oil exploration projects are limited to a specific list of goods (Annex II to the EU Council Regulation (EC) 833/2014 of 31 July 2014), the US Sanctions are limited to the involvement of specific persons (but cover all goods). As a result, any transactions that either involve the goods prohibited by the EU sanctions or the persons prohibited by the SSI list of the US sanctions are prohibited, unless the Chief Legal & Compliance Officer approves it.

c) Contractual Sanctions Protection

In Transactions involving a Restricted Country, you must also obtain adequate contractual protection against sanction-related risks unless, as an exception, requiring such protection would be unreasonable.

Annex 4 contains examples of contractual provisions that, if agreed with the counterparty, would constitute adequate contractual sanctions protection. Please note that we are not obliged to agree to this exact wording. It is very likely that, during negotiations of the contracts, our counterparty suggests amendments. We can accept amendments, as long as the amended wording means a same level of protection for the Armacell Group against sanctions risks. **Please contact Legal if the counterparty requests any changes to the contraction sanctions protection provision.**

Sometimes it may be unreasonable to require contractual sanctions protections. That may be the case, for example, where your counterparty is, or is owned by, a company regulated by a respectable institution (such as companies listed on the New York Stock Exchange, major audit firms, or EU or US banks). In such cases, requiring contractual sanctions protections might not be necessary. Please note that the fact that a counterparty is not willing to agree on a contractual sanctions protection provision would not render obtaining such protections unreasonable. Rather, that should be seen as a warning sign indicating the need for increased alertness and due diligence.

d) Endorsement

Once the Sanctions Screening and Sanctions Due Diligence have been completed, and once the Contractual Sanctions Protection has been discussed with the counterparty, you must then seek endorsement from the relevant Vice President. Please note that even if steps A to C have not raised any risks, obtaining Endorsement by the relevant Vice-President (or by the Chief Legal & Compliance Officer for Corporate Transactions) is still required whenever you are dealing in a Restricted Country.

e) Monitoring

Finally, once the Transaction has been approved and is being carried out, please monitor how it progresses to ensure that the circumstances based on which approval was given have not changed materially. You are expected to be vigilant as to this possibility. That could be the case, for instance, where:

- new sanctions that would prohibit or otherwise impact the Transaction are introduced;
- new information comes to light in relation to the Transaction, to the counterparty or to other persons directly or indirectly connected to it; and/or
- this Sanctions Policy is revised and made more stringent.

Where a change of circumstances arises in a way which impacts upon an existing or past Transaction or business relationship, you must report the matter to your manager as soon as you become aware of it.

3.4 Non-Restricted Countries

If the intended Transaction involves only Non-Restricted Countries, the only step required is that you fill the Sanctions Check Report Form and perform a Sanctions Screening to make sure that the counterparty or none of the persons directly or indirectly involved in the Transaction are Specially Designated Nationals. Please use the KYC3 platform for the Sanctions Screening. The KYC3 detailed process is available in the Global Intranet under the section LEGAL. (<https://armacell.sharepoint.com/sites/AC-Corporate-Legal?e=1%3Ac9a6564f9fe44a33a5eb02d6966f84c6>).

Only if the Sanctions Screening raises a risk is that you will need to obtain approval to proceed via submission of the Sanctions Check Report Form as per Section 2 above.

4 Intermediaries

4.1 Definition

Whenever a third party acts on behalf of our company, the way that this third party behaves could have an impact on our image. When it comes to sanctions, if third parties representing us behave in any way that is considered a breach of sanctions laws, Armacell could suffer legal consequences as well. Therefore, before appointing any agents or representatives, we must carefully vet them and make sure that they don't breach sanctions when acting in our name.

Intermediaries in the sense of this Section 4 are persons acting in our name before our customers, suppliers, or any other counterparty. The most common example of an intermediary is a **commercial agent** (who sells our product to a customer in our name). Before appointing an intermediary, you must vet this intermediary according to Section 4.2 below.

Please note that when **distributors and authorised resellers/retailers** resell our product to their own customers, they are not acting on our name, but acting on their own name. This is considered a separate transaction, and therefore these parties are not considered intermediaries. Vetting them shall not be required, but we must of course still follow the usual sanctions check process described above.

4.2 Vetting of Intermediaries

Before appointing an intermediary, you must carry adequate due diligence aiming to confirm first, that appointing the intermediary is not a breach of sanctions laws, and second, that the intermediary is unlikely to breach sanctions when acting for us.

In order to make sure that appointing the intermediary will not be a breach of sanctions laws, please conduct the sanctions check as described in Section 3 (taking into account our country-based approach). For Sanctions Due Diligences, please make sure to cover **all the countries where the intermediary will be carrying out its duties or acting on our behalf**.

In addition to the sanctions check, please also perform an adequate due diligence on the intermediaries' activities. Such due diligence may be:

- conducting appropriate background checks;
- obtaining letters of recommendation;
- obtaining credentials; etc.

What is required for this due diligence to be adequate is left to your reasonable discretion.

Make sure to also obtain contractual protection against breaches of sanctions laws by Intermediaries as suggested in **Annex 4** to this Sanctions Policy.

5. Responsibilities

5.1 All Armacell Employees

All employees of the Armacell Group ("**Armacell Employees**") are expected to understand this Sanctions Policy and comply with it in all business dealings (within the scope of their employment) throughout the world.

Whenever in doubt about a particular issue in connection with sanctions laws, Armacell Employees should seek guidance from their managers or from Legal. To make sure that all Armacell Employees are aware of their duties under this Sanctions Policy, they shall participate in trainings as required of them.

Armacell Employees are also required to immediately report any known or suspected violation of this Sanctions Policy, as per Section 6 below.

5.2 Senior Armacell Employees

Senior level Armacell Employees (including all members of the Executive Management Team, their direct reports, and board members of each Armacell Group entity) are expected to promote a culture of compliance at all times. In particular, such persons must:

- a) ensure that all Armacell Employees whom they supervise understand their obligations under this Sanctions Policy, and are appropriately trained in relation to its requirements;
- b) create an environment that encourages and enables Armacell Employees to raise sanctions-related issues;
- c) never require, expressly or implicitly, that Armacell Employees achieve business results at all costs (and, in particular, at the expense of obligations under this Sanctions Policy and/or any applicable laws);
- d) report violations of this Sanctions Policy and/or any applicable laws by any Armacell Employee whom they supervise; and
- e) respond fully, and with such information as is required under the Sanctions Policy, to any questions or concerns relating to the Sanctions Policy as are posed to them in the course of their duties, or, where this is not possible, refer the relevant questions or concerns to Legal.
- f) the overall implementation, maintenance and upkeep of this Sanctions Policy, including periodical updates of the list of Prohibited Countries and Restricted Countries; and
- g) overseeing the provision of such training as is required by this Sanctions Policy as described in Section 8 below.

6. Reporting and Investigating Incidents

6.1 Reporting

Armacell Employees should report any known or suspected violations of this Sanctions Policy immediately. If you are in doubt whether to report a matter in connection with a potential breach of this Sanctions Policy or not, it would generally be prudent to do so.

Please report any relevant facts or suspicions to a member of Armacell's Legal Team.

Please note that, in the event that you suspect that any illegal activity is being undertaken, or that any persons within the Armacell Group have acted in breach of the requirements of this Sanctions Policy, and you raise that concern in good faith and without malicious intent, Armacell will ensure that you are in no way penalised or put at a disadvantage in the workplace as a consequence of doing so. This rule shall also be applicable even if it is later discovered you had been mistaken about the concerns raised.

6.2 Investigating

Any report of known or suspected violations of this Sanctions Policy or of any sanctions laws shall be promptly and fully investigated, either internally, or by external independent auditors to be appointed by Armacell (to be considered on a case-by-case basis).

Following completion of any investigations, a written report shall be prepared. The report shall be reviewed and approved by Armacell's Chief Legal & Compliance Officer, who will then determine whether or not the matter should be referred to the Management Board of Armacell International S.A.

7. Breaches of this Policy

Failure to comply with applicable sanctions laws may result in severe criminal and civil penalties for the Armacell Group, its senior management and/or the individuals involved in the breach, including large financial penalties, seizure of goods, and/or imprisonment. It could also result in wider ramifications such as a loss of revenue, decline in reputation, and demands for repayment of credit made available to the Armacell Group under its finance agreements.

Armacell takes its responsibilities with regard to sanctions laws very seriously. Proven violations of this Sanctions Policy will lead to severe disciplinary action, which could involve:

- (i) a formal reprimand;
- (ii) suspension;
- (iii) restitution; and/or
- (iv) termination of employment.

These penalties may be imposed over and above any separate penalties that may arise from prosecution by regulatory authorities.

Armacell Employees could also be subject to disciplinary action for failing to assist with the implementation of this Sanctions Policy.

8. Training

All employees of the Armacell Group with exposure to sanctions laws requirements must receive a suitable level of training concerning this Sanctions Policy. Training should, at a minimum, include:

- instructions on the key requirements and provisions of the Sanctions Policy, including how to conduct sanctions checks considering different due diligence levels required for Prohibited Countries, Restricted Countries and Non-Restricted Countries
- instruction on record keeping, on how to report suspicious activity and how to get assistance in relation to sanctions-related queries if required.

Training shall be refreshed at appropriate intervals.

The Armacell Employees who have received this training shall pass on the information to their teams.

Members of the Executive Management Team, Senior Armacell Employee and Armacell Employees who received training according to this Section 8, shall submit Training Certificates in the form attached as **Annex 5** confirming that they understand, have complied with and will continue to comply with the requirements of this Sanctions Policy.

This Sanctions Policy shall be reviewed no less than once every five years to confirm that it remains fit for purpose and to ensure that it is being implemented throughout the Armacell Group

Annex 1 | US and EU Background on Sanctions

US Sanctions

In the US, sanctions are administered by the Office Foreign Assets Control (OFAC) connected to the US Department of the Treasury, by the US Department of State, or by the US Department of Commerce.

Generally speaking, US sanctions are applicable to:

- US nationals or permanent residents (even if they are located outside of the US)
- property located in the US, and to
- any entity organised under the laws of the US or under US jurisdiction, including foreign branches of US entities³.

As you can see, US sanctions have a broad extra-territorial effect, reaching actions of US persons located anywhere in the world.

OFAC and the US Department of State are also able to impose sanctions on any person who engages in “sanctionable activity”, e.g. weapons proliferation, narcotics trafficking, human rights abuse, or transactions involving the Iranian financial, nuclear and/or petroleum sectors. That would mean cutting these people off from and/or restricting their access to the US market or stopping them to have a commercial relationship with US persons. Penalties for breaching US sanctions can vary between up to 30 years of imprisonment to criminal or civil fines of up to USD 20 million.

Considering the broad scope of the US sanctions, the importance of the US as a market for the Armacell Group, and the severe penalties which may be imposed for breach of US sanctions laws, our policy is to require compliance with US sanctions at all times, even if a particular transaction is not in any way connected to the US.

EU Sanctions

The EU sanctions regime is used as a foreign policy tool to pursue the EU’s objectives in accordance with the principles of the Common Foreign and Security Policy. Sanctions are typically implemented by way of Regulations, meaning that they are directly applicable in all EU Member States. EU sanctions are applicable to

- EU nationals and permanent residents,
- Any entity organised under the laws of an EU Member State, and to
- Any non-EU nationals or non-EU companies with respect to their activities in the EU.

As our company’s corporate headquarters are in Luxembourg, an EU Member State, our policy is to require compliance with EU sanctions at all times, even if a particular transaction is not in any way connected to the EU.

Despite sanctions being regulated at regional level, each EU Member State is in charge of determining penalties for breaches of EU sanctions, and for enforcing these sanctions rules. EU Member States may also adopt their own sanctions, which either supplement the EU sanctions or act as stand-alone sanctions laws.

³ Regarding sanctions targeting Cuba and Iran, sanctions laws are also applicable to foreign subsidiaries of US companies.

Annex 2 | Sanctions Check Report Form

1. Proposed Transaction	
Armacell Entity	Counterparty(ies)
Address	Address
Brief Summary of the Transaction	
Armacell Products or Raw Materials (if applicable)	

2. Relevant Countries	
Prohibited Countries?	<input type="checkbox"/> Please specify:
Restricted Countries?	<input type="checkbox"/> Please specify:
Non-Restricted Countries?	<input type="checkbox"/> Please specify:

3. Sanctions Screening	
a. Have you enquired about the name of direct or indirect owners of the counterparty(ies)?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No If not, why?
b. Have you enquired about the name of directors and officers of the counterparty(ies)?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No If not, why?
c. Have you enquired about the identity of the end customer(s)?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No If not, why?
d. Do you know of any other parties directly or indirectly involved in the Transaction? <i>e.g. Consignees, suppliers, carriers, shipping companies, financiers, etc.</i>	
<input type="checkbox"/> Yes	<input type="checkbox"/> No If yes, please indicate who (name and address):
e. Have you received all information requested from the counterparty?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No If yes, please indicate who (name and address):
f. Have you performed a KYC3 check on all the counterparties and persons directly or indirectly involved in the transaction?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No If not, why?
Have you identified any persons targeted by sanctions?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No

4. Sanctions Due Diligence	
a. Have you performed a Sanctions Due Diligence considering all the countries relevant to the Transaction? <input type="checkbox"/> Yes <input type="checkbox"/> No If not, why?	
b. Do you know the intended end-use of the goods? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please specify:	
c. For Restricted Countries where sanctions on military purpose or dual-use goods apply (Belarus, Democratic Republic of Congo, Sudan, Iraq), does the Transaction involve...	n/a <input type="checkbox"/>
Military end-use items? <input type="checkbox"/> Yes <input type="checkbox"/> No Dual-use items? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If Belarus: Have you checked the Annex III of Council Regulation (EC) No. 765/2006 of 18 May 2006 for the list of equipment which is considered dual-use items?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No Have you identified any other risks? <input type="checkbox"/> Yes <input type="checkbox"/> No	
d. For Restricted Countries where complex sanctions apply (Russia, Ukraine), does the Transaction involve...	n/a <input type="checkbox"/>
the Territory of Crimea? <input type="checkbox"/> Yes <input type="checkbox"/> No Military end-use? <input type="checkbox"/> Yes <input type="checkbox"/> No Dual-use items? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Did you check: Annex I to Council Regulation (EC) No 428/2009 of 5 May 2009 for the list of dual-use items?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No the Russian Oil & Gas Industry? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes: Does it involve any of the goods listed in Annex II to the EU Council Regulation (EC) 833/2014 of 31 July 2014</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Will the goods be used in deep water oil exploration, Arctic oil exploration or shale oil exploration projects?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Are any of the persons in the SSI List involved in the project?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Does the project involve sale of goods for construction, expansion, maintenance repair or modernisation of Russian Energy export pipelines?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Do the goods have a fair market value of USD 1 million or more or an aggregate fair market value of USD 5 million for a period of 12 months?</i> <input type="checkbox"/> Yes <input type="checkbox"/> No Have you identified any other risks? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If you answered "Yes" to any of the questions in this Sections 4.c or 4.d please seek endorsement by your VP and approval from the Chief Legal & Compliance Officer to proceed.	

5. Contractual Sanctions Protection

The contract to be signed with the Counterparty(ies) will include a compliance provision as per Annex 4 of the Sanctions Policy. This requirement has already been discussed with the Counterparty(ies).

☐ Yes ☐ No If not, why?

6. Proponent

I, the undersigned, confirm that I have conducted the sanctions check as required by the Economic, Trade and Financial Sanctions Policy of the Armacell Group and the information in this Sanctions Check Report Form is true and accurate to the best of my knowledge.

Additional Comments	
Name, Position	
Date	
Signature	

7. Endorsement by Vice President

(If the Transaction relates to a Corporate function, please forward form to Chief Legal & Compliance Officer)

The Transaction is hereby...	<input type="checkbox"/> Endorsed <input type="checkbox"/> Not endorsed
Additional Comments	
Name, Position	
Date	
Signature	

8. Approval by Chief Legal & Compliance Office

The Transaction is hereby...	<input type="checkbox"/> Approved <input type="checkbox"/> Not approved
Additional Comments	
Name, Position	
Date	
Signature	

Annex 3 | Prohibited and Restricted Countries

Prohibited Countries	Restricted Countries
Cuba	Afghanistan
Iran	Bosnia and Herzegovina
North Korea	Burma (Myanmar)
Syria	Burundi
Territory of Crimea	Democratic Republic of Congo
Russia	Central African Republic
Belarus	Egypt
	Eritrea
	Republic of Guinea
	Guinea-Bissau
	Haiti
	Iraq
	Lebanon
	Liberia
	Libya
	Mali
	Moldova
	Montenegro
	Nicaragua
	Serbia
	Somalia
	South Sudan
	Sudan
	Tunisia
	Ukraine
	Venezuela
	Yemen

All other countries not mentioned in this Annex 3 shall be treated as Non-Restricted Countries.

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X	O
U	Buyer/Supplier/Counterparty

[illegible]

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7 (Buyer/Supplier/Counterparty)

X	Buyer/Supplier/Counterparty	
		⌘ ⌘

[illegible]

0 **X**

Buyer/Supplier/Counterparty

[illegible]

X O
u Agent/counterparty

$$y_0 \quad -y$$

insert other relevant countries],

- (b) are or will become located or operate from territories which are the target of trade sanctions (including, but not limited to, Belarus, Cuba, Iran, North Korea, Russia, Syria, and the Territory of Crimea),
- (c) shall act in any manner that circumvents applicable sanctions laws and regulations, nor shall engage in any activities that may result in Armacell and/or any of its affiliates being held accountable or liable for breaches of any trade, economic or financial sanctions laws and regulations.

The (Agent/counterparty) warrants that it shall act in accordance with the Economic, Trade, and Financial Sanctions Policy of the Armacell Group at all times.

X.2. Anti-Bribery and Anti-Money Laundering

Furthermore, the (Agent/counterparty) warrants and represents that all of its operations are and at all times have been conducted in compliance with all applicable laws, in particular all anti-bribery, anti-money laundering and counter terrorism financing laws applicable in their countries of residence and/or operation.

X.3. The (Agent/counterparty) agrees and undertakes that it will promptly notify Armacell in the event that it breaches or discovers any breaches of sections X.1 and X.2 above.

X.4. Armacell shall be entitled to terminate this Agreement with immediate effect in the event that

- (i) the (Agent/counterparty) breaches any of its warranties and representations under this Section X,
- (ii) Armacell reasonably determines that the transaction or relationship with the (Agent/counterparty) might result in or expose it to any liabilities pursuant to applicable sanctions, anti-bribery, anti-money laundering and counter terrorism financing laws, including any changes or updates thereto.

Annex 5 | Training Certificate

I, the undersigned, as an Armacell Employee, Senior Armacell Employee, or as a member of the Executive Management Team, hereby certify that the following is true and accurate:

- I have read and understood my obligations under the Economic, Trade, and Financial Sanctions Policy of the Armacell Group (the "Sanctions Policy").
- To the best of my knowledge, I have acted and shall continue to act in full compliance with the Sanctions Policy.
- I am not aware of any breaches of the Sanctions Policy and, upon becoming aware or suspecting of any such breach, I shall follow the reporting procedure as established by Section 6 of the Sanctions Policy.
- Finally, I...

☐ ...have attended a Sanctions Policy training session on the date of _____ and have achieved at least the minimum passing mark for successfully completing it.

☐ ...have not attended or have not successfully completed the Sanctions Policy training.

Name

Title

Date, Place

