



Corporate Policy

# *Economic Sanctions*



## **1 OBJECTIVE**

The purpose of this Policy is to establish the general principles and guidelines for operation in compliance with global laws and all applicable economic sanctions, in line with FORESEA's Compliance System.

## **2 APPLICATION**

This Policy is applicable to FORESEA, including their subsidiaries that do not have a Board of Directors, to all members, Officers and members of the Board of Directors, in any jurisdiction in Brazil or abroad.

In addition, this Policy serves as a guide for the members of the board of directors appointed by FORESEA, in subsidiaries or affiliates, so that, in line with all other directors, they approve and implement a policy on economic sanctions compliance containing the principles, concepts and all other guidelines defined and explained in this policy, without neglecting, however, to promote the complements and other guidelines which are necessary for adaptation to the characteristics of their respective businesses and to the contributions of all other directors.

## **3 ACRONYMS AND DEFINITIONS**

**Base list of sanctions:** list in which a target individual, entity or vessel is designated as the target of economic sanctions.

**Company:** FORESEA and their subsidiaries, collectively.

**Economic Sanctions:** Economic sanctions are trade measures that restrict or prohibit general or specified activities with or involving targets of sanctions.

**Partner:** service providers, business partners and all those who are not classified as members and who interact with FORESEA's information.

**Sanctioned Territory:** territorial sanctions against certain jurisdictions (that collectively include, as of the date of this policy, Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk, Kherson, Luhansk and Zaporizhzhia regions of Ukraine (each, a "Sanctioned Territory").

**Third-Party:** individual or legal Entity acting on behalf of, in the interest or for the benefit of the Company, providing services or other goods, as well as commercial partners providing services to the company that are directly related to obtaining, retaining or facilitating businesses, or conducting company matters, including, but not limited to distributors, agents, brokers, forwarding agents, intermediates, supply chain partners, consultants, resellers, contractors and providers of professional services.



## **4 DESCRIPTION**

### **4.1 INTRODUCTION**

FORESEA and their subsidiaries (collectively, the "Company") are committed to meeting and complying with all applicable economic sanctions. Economic sanctions laws prohibit or restrict the Company from entering into transactions with certain countries, persons, entities or transactions relating to certain activities. Any failure to comply with all applicable sanctioning laws may expose the Company, their members and shareholders to criminal and civil liability. Violations of applicable sanctions laws may also expose the Company to reputational harm. Although FORESEA is located in Brazil, it is incorporated in Luxembourg and has foreign shareholders, subsidiaries, members, customers, third parties and business partners around the world, so attention should be paid to how economic sanctions may affect their international businesses.

Regardless of the business location, it is Company policy to comply with all applicable sanctions. All officers, managers, members and service providers ("FORESEA Team") are bound by this Policy and have an important role in not only helping the Company meet all regulations on applicable sanctions, but also protecting the Company's reputation and safeguard their Policies. It is the responsibility of each member of the FORESEA Team to read and understand this Policy and seek additional guidance from the Compliance Department on any issue, including how these rules or this Policy apply to any specific transaction or situation.

### **4.2 OVERVIEW OF ECONOMIC SANCTIONS**

Several countries, including USA (United States of America), UK (United Kingdom), EU (European Union) and their member States enforce economic sanctions on foreign States, persons and entities for reasons related to foreign policy and national security. Economic sanctions are business measures that either limit or prohibit (general or specific) activities with or involving parties who have been targeted with sanctions.

USA, UK and EU separately maintain territorial sanctions against certain jurisdictions (which collectively include, as of the date of this Policy, Cuba, Iran, North Korea, Syria, and Crimea, Donetsk, Kherson, Luhansk and Zaporizhzhia, regions in Ukraine (each location being referred to as "Sanctioned Territory"). Although these sanctions vary in scope and application, for the purposes of this Policy, such territorial sanctions usually prohibit or limit virtually all transactions under the jurisdiction of the USA, UK, and EU with, or involving any Sanctioned Territory, including persons or entities located, organized or residing in a Sanctioned Territory or the Government thereof<sup>1</sup>.

**NOTE<sup>1</sup>:** In addition to the Sanctioned Territories, significant sanctions have been enforced against various parties or activities related to Venezuela and Russia, including the Government of Venezuela and some Russian government entities. These countries have been, therefore, included in the list of Prohibited Countries set out in the Sanction Risk Table in 4.3.2 item below.



Particularly relevant to the Company, given that FORESEA is majority-owned by US citizens, transactions or dealings with or involving Cuba or Iran, or persons residing in these countries are or may be considered subject to certain sanctions by the USA at any time. As described in item 4.3 Corporate Policies and Procedures of this policy, the Company adheres to a more restrictive policy, usually prohibiting negotiations with all Sanctioned Territories.

In addition to the territory-based sanctions, USA, UK and EU maintain a list-based sanctions, in which a target individual, entity or vessel is designated in a list. This designation typically results in the “blocking” or “freezing” of the target’s property and prohibition on any dealings with or involving sanctioned parties or with their properties within the jurisdiction of the USA, UK and EU, as applicable. In other cases, the target of the sanctions may be subject to more limited restrictions on specific activities (such as dealings in debt or equity of the target of sanctions). In most cases, sanctions apply to entities that either directly or indirectly are 50% or more owned (or for sanctions by the EU or the UK, owned or controlled by) designated parties. Thus, a Party not included on any name-based sanctions list, but 50% or more owned or controlled by a Party that is included on such list, is likely to be sanctioned.

Brazil does not maintain an autonomous system of sanctions or their own list of sanctioned countries, entities or persons; however, Brazil requires compliance, within their jurisdiction, with sanctions enforced by the United Nations, since the ratification of the Charter of the United Nations through Decree No. 19,841/1946. The United Nations maintains an online portal with the latest versions of all United Nations Security Council (“UNSC”) targeted sanctions lists. Individuals and entities included in these lists are targeted by the relevant measures enforced by the UNSC. All Member States, such as Brazil, are required to implement these measures in relation to listed individuals and entities. Thus, Federal Law No. 13,810/2019 implements sanctions enforced by UNSC resolutions against natural persons, entities or legal entities. Pursuant to Law, all transactions and legal obligations with sanctioned persons shall be considered null and void.

- The list of Specially Designated Nationals and Blocked Persons maintained by the US Department of the Treasury, Office of Foreign Assets Control can be found online at: <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>.
- The EU list of sanctioned persons can be consulted online at: <https://webgate.ec.europa.eu/fsd/fsf#!/files>.
- The list of UK sanctioned persons can be found online at: <https://sanctionssearchapp.ofsi.hmtreasury.gov.uk>.
- The UNSC Consolidated list is located online at: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.



In addition to the jurisdiction-based sanctions and in list-based sanctions described above, the USA also usually prohibits any dealings with the Government of Venezuela and any entities owned or controlled by the Government of Venezuela. In addition, a significant number of activities with or related to Russia are also prohibited or limited under USA, UK or EU sanctions.

Parties targeted by USA, UK and EU, or UN sanctions, also as a result of being (i) designated on a sanctions lists; (ii) located, organized or residing in, or the government of a Sanctioned Territory; (iii) the Government of Venezuela or; (iv) either directly or indirectly, 50% or more owned (or for EU or UK sanctions, owned or controlled by) or acting on behalf of the foregoing, are considered Sanctioned Persons for the purposes of this Policy<sup>2</sup>.

**NOTA<sup>2</sup>:** Individuals who are traditionally resident, but not located in Kherson and Zaporizhzhia, regions in Ukraine, are not subject to sanctions as of the date this Policy is implemented. The status of "Sanctioned Territories and Persons" is subject to change. If there is any uncertainty about one Party being targeted with sanctions, the Compliance Department must be consulted. While this document provides an overview of USA, UK, EU and Brazilian sanctions, FORESEA will also comply with all local sanction laws, wherever they operate.

#### **4.2.1 ENFORCEMENT OF USA SANCTIONS**

Transactions are considered to be under the jurisdiction of USA sanctions if they involve:

- A US person, including US citizens, dual nationals or permanent residents (e.g., green card holders) and entities organized under the laws of the United States or any jurisdiction in the United States;
- The purchase of goods or services (such as insurance and financing) from the USA;
- Payments in US dollars: or,
- Any activity in the USA.

Any USA entity of the Company and USA nationals employed by the Company must, at all times, comply with all USA sanctions. Furthermore, it should be noted that USA sanctions have extraterritorial effects and may restrict transactions with some connection to USA jurisdiction, such as payments in US dollars, even when all parties are outside the USA.

#### **4.2.2 ENFORCEMENT OF EU AND UK SANCTIONS**

The following persons and activities are subject to EU and/or UK sanctions:

- Nationals of the EU or UK, regardless of where they are living or working, as well as companies incorporated in the EU or UK;
- Any person or entity in so far as they do business (in whole or in part) within the territory of the EU or UK; and,
- Activities performed in the territory of the EU or UK.



The mere use of Euros or British pound sterling does not mean, unlike USA sanctions on the use of US Dollars, that FORESEA is bound to meet and comply with EU and UK sanctions; however, the financial institutions involved in these transactions may be subject to such compliance and FORESEA may have secondary liability (e.g., under contractual representations and covenants) for causing them to breach the applicable law. In this case, EU and UK sanctions should be considered to avoid operational risks.

Any of the Company's EU or UK entities – including FORESEA, a Luxembourg incorporated entity and their various Austrian entities – and EU and UK nationals employed by the Company must, at all times, meet and comply with the EU and UK sanctions, respectively, which, in some cases, can be more restrictive than USA sanctions.

#### **4.2.3 ENFORCEMENT OF BRAZILIAN SANCTIONS**

Brazilian law requires compliance with UNSC sanctions by all Brazilians and all individuals or legal entities in Brazilian territory. Accordingly, Brazilian sanction laws apply to all members of the FORESEA Team located in Brazil, as well as Brazilian citizens, entities incorporated in Brazil and their respective employees, wherever they may be.

In addition, maintaining a relationship with a sanctioned person or entity may have business, contractual or reputational implications for the Company.

#### **4.3 CORPORATE POLICIES AND PROCEDURES**

- **Dealings with Prohibited Territories or Sanctioned Persons is prohibited.** Company policy is not to engage in any dealings, either directly or indirectly, with, in, involving or relating to Prohibited Territories (see "Sanction Risk Table" below), i.e., any territories which are subject to comprehensive territorial sanctions (including, as of date of implementation of this policy, Cuba, Iran, North Korea, Syria and the Ukrainian regions of Crimea, Donetsk, Kherson, Luhansk and Zaporizhzhia, regions of Ukraine), Russia and Venezuela, or any Sanctioned Persons<sup>3</sup>.

**NOTA<sup>3</sup>:** In some cases, regulations on USA, UK and EU sanctions may exempt or authorize some limited activities related to Prohibited Territories or Sanctioned Persons, or allow the application of a license authorizing activities somehow prohibited. In addition, some Prohibited Territories (such as Venezuela and Russia) or Sanctioned Persons may be subject to more limited restrictions, and some activities may not fully involve the jurisdiction of the USA, UK or EU. Explicit written approval from the Compliance Officer after consultation with an outside attorney, sanctions expert, is required before engaging in any activity with Prohibited Territories or Sanctioned Persons, and will only be possible if consistent with all applicable laws.



- **Enhanced third-party due diligence procedures.** No third party located, incorporated or resident in Elevated-Risk Territory (see “Sanction Risk Table” below), or identified as a Sanctioned Person may be exempt from any due diligence procedures, including integrity searches (e.g., negative media surveys) and monitoring procedures as per the Due Diligence Guideline.
- **Compliance with third-parties.** As part of the contracting process, and prior to the beginning of any work on behalf of the Company, all *FORESEA* suppliers and service providers must receive a copy of the Policy on Economic Sanctions and register their compliance with this Policy and with all applicable international and national laws on sanctions.
- **Monitoring red flags.** If, after the contracting, it is verified that such third party modifies or establishes new branches or operations in Prohibited Territories, or if any of their final beneficiaries, controllers, shareholders, managers or employees are found to have become sanctioned during the course of the business relationship with the Company, there must be no further dealings until enhanced due diligence procedures are complete.

#### **4.3.1 BASIC RULES AND PROCEDURES**

All members of the FORESEA Team must adhere to the following basic rules and procedures at all times:

- **Be familiar with the applicable laws:** sanctions laws are constantly changing. Review the overview of applicable laws above and stay up to date with applicable laws and regulations. Be familiar with the Policy on Economic Sanctions and with the Company’s internal contact for questions related to the application of this Policy and/or applicable sanctions laws.
- **Be familiar with and screen your third parties:** ensure the procurement area and contract managers support the Compliance Department in conducting due diligences, in order to verify the true identity of all Company third parties, and also of their ultimate beneficiaries. All third parties (including their ultimate beneficiaries) must be screened against the relevant sanctions or Prohibited Territories lists at the time of the beginning of interactions (and periodically revised), as per the Company’s Due Diligence Guideline. If the identity of the ultimate beneficiary of a third party cannot be determined by the due diligence software, if the third party is located, organized or resident in an Elevated-Risk Territory (listed below), or if the third party is suspected of being directly or indirectly connected with a Sanctioned Person, Prohibited Territory or Elevated-Risk Territory, such party must be reported to the Compliance Department for further due diligence, if appropriate.
- **Watch out for red flags:** be familiar with the list of red flags in Annex A. More broadly, use common sense. If a transaction raises suspicion (“red flag”), does not make sense business-wise, or seems to deviate from the usual routine, contact the Compliance Department.



- **Obtain contractual guarantees:** when appropriate, ensure the Legal Department has representation and covenants from third parties for a transaction by confirming that no Sanctioned Person has a direct or indirect interest of any kind (financial or of any other kind) in the transaction. In addition, that they do not breach any restrictions enforced by applicable sanctions or that they do not cause the Company to breach an applicable sanction.
- **Work with transparency:** do not hide the true identity of any Party to a transaction in order to prevent sanctions or bank difficulties.
- **Ask questions:** seek advice from the Compliance Department whenever you have questions about the legality of a potential transaction or activity. If the transaction involves a Sanctioned Person, a Prohibited Territory or an Elevated-Risk Territory (as listed below), the Compliance Department must be previously consulted.
- **Report possible issues:** immediately share with the Compliance Department if you are asked to negotiate something you believe involves or relates to a Prohibited Territory or Sanctioned Person.

#### **4.3.2 SANCTIONS RISK TABLE**

Sanctioned persons can be located anywhere; however, some countries are at greater risk than others (i.e., there is a large number of Sanctioned Persons and/or negotiations with Sanctioned Territories). No interaction should be initiated with or involving any Prohibited Territories or Sanctioned Persons without the written approval of the Compliance VP after consultation with an outside attorney. Extra care and due diligence must be performed for all Elevated-Risk Territories.

##### **Prohibited Territories**

- Cuba
- Irã
- Coreia do Norte
- Rússia
- Síria
- Criméia (Ucrânia)
- Donetsk (Ucrânia)
- Kherson (Ucrânia)
- Luhansk (Ucrânia)
- Zaporizhzhia (Ucrânia)
- Venezuela





### **Elevated-Risk Territories**

- Afeganistão
- Albania
- Belarus
- Bosnia e Herzegovina
- Burundi
- República Central da Africa
- China
- República Democrática do Congo
- Egito
- Eritréia
- Etiópia
- Gana
- Guiné-Bissau
- Hong Kong
- Iraque
- Kosovo
- Líbano
- Líbia
- Mali
- Moldova
- Montenegro
- Mianmar/Burma
- Nicarágua
- Macedônia do Norte
- Palestina
- Servia
- Somália
- Sudão do Sul
- Sudão
- Tunisia
- Turquia
- Emirados Árabes Unidos
- Ucrânia
- Iemen
- Zimbabue

### **4.4 COMPLAINTS OR QUESTIONS**

If there is any reason to believe, at any time, that a transaction has not met or is not in compliance with applicable economic sanctions laws, any activities in progress must be immediately discontinued, and the matter, reported to the Compliance Department and/or to the Ethics Channel, which telephone number for toll-free calls and internet access link are disclosed on FORESEA's institutional website.

The Compliance Department should be contacted in case of any question regarding this Policy or sanctions in general.

### **4.5 GENERAL PROVISIONS**

If they have any questions about the content of this Policy, members must seek clarification from their direct Leader or from the Compliance VP.

### **4.6 AWARENESS AND CERTIFICATION**

All FORESEA members and all other audiences covered by this document must be aware of this Policy on Compliance with Economic Sanctions within a maximum of 90 days after the date of approval.



## **5 RESPONSIBILITIES**

### **5.1 SUPERVISION**

The Compliance VP has the authority to interpret, apply and update this Policy, assisted by outside attorneys, if necessary, and on a case-by-case basis, if required by approval of the Company's Governance bodies. All members of the FORESEA Team must be familiar with the parts of this Policy which are relevant to the performance of their duties, and also take part in annual training sessions.

This Policy should be reviewed at least once every three years (or more frequently if sanctions laws change, for example) and updated as needed, following FORESEA's general Compliance Policies.

## **6 REFERENCE DOCUMENTS**

The references used are detailed in item 4.2 OVERVIEW OF ECONOMIC SANCTIONS.

## **7 REFERENCE PROCESSES MAPS**

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## **8 ANNEXES**

- ANNEX 01 - Red Flags of Sanctions



## **ANNEX 01 - Red Flags of Sanctions**

### **Red Flags of Sanctions**

The purpose of this List of Red Flags is to provide a consolidated list of red flags that the Foresea Team must always be aware of, in every business dealings. The red flags must be closely observed not only during the initial due diligences and dealings, but also throughout the course of the business relationship.

Red flags are conducts or facts which may place the Company in a situation that “they should have known” that such transaction could result in economic sanctions. All members in the Foresea Team are required to notify the Compliance and Legal Departments of any red flag or other activity which may be perceived as suspicious. The Compliance Department shall determine if and how to further investigate the matter.

Although the list below identifies the most common red flags, it is not an exhaustive list. If anyone has questions about the third party or about a transaction, they should question the Company’s Compliance Department.

### **Third Parties Providing Insufficient or Suspicious Information**

- The third party is unwilling or unable to provide adequate identification documents, or to disclose details about their business activities, or refuses or is reluctant to allow visits to their site.
- The Third Party’s representative does not appear to know basic things about the Third Party’s business/activities, which raises suspicions about being actually employed by the counterparty.
- The Third Party appears to have little or no history of their business activities, or else is reluctant to provide clear answers to business and technical questions which are normally asked at a time of negotiations.
- The Third Party’s information concerning end users is vague or the location of the end user is inconsistent with that of the buyer.
- The Company is aware that the Third Party, their owners or executives are involved in criminal charges or are known in the market for questionable business practices which may be related to illegal activities such as corruption, money laundering or terrorist activities or breaches of sanctions.

### **Efforts to prevent reporting and record keeping**

- The Third Party requests the modification or omission of details from invoices, payment instructions, transport documents or the like, requests an invoice that does not adequately reflect the transaction or who the parties are, requests to circumvent some banks, or



expresses concern about whether some details will be reported to banks or authorities.

- The Third-Party structures a transaction to circumvent the notification requirements from authorities or governments – for example, paying an invoice with many payment orders or with checks for an amount below that for which notification is required.
- The Third Party demands that a refund be sent to a bank account that is different from the account from which the payment originated or in favor of a third party as a result of an overpayment or canceled purchase orders.
- The Third-Party attempts to steer transactions to circumvent the US financial system or pays in cash.
- There are unusual requirements for excessive confidentiality about ultimate destinations, third parties or item specifications.

### **Activity Inconsistent with the Third Party's Business**

- The Third Party shows little interest in price discounts when negotiating the purchase, or is unaware of basic issues concerning the transactions or is unconcerned about fees, taxes, transportation charges, etc.
- The Third Party's purchases are inappropriate for the type and size of the Third Party's business or have unusual spikes in purchases given the Third Party's economic environment or their business.
- The Third-Party refuses installation, training or routine maintenance services.
- Delivery dates are vague, or deliveries are planned for places other than the destination routes.
- The final destination of the product is a freight forwarding company or the shipping route is unusual for the product and destination.
- The Third Party offers exceptionally favorable payment terms or attempts to pay or be paid in large sums of money, or with payment orders or checks, or using offshore accounts, when such forms of payment are not common in the industry.
- Any other activity or behavior by the Third Party which may be suspicious, or which is an unusual business practice when compared to other similar Third Parties of the Company.
- The Third Party keeps a banking relationship in a jurisdiction other than where they conduct their business or in a location which is not logical for their business, especially at an offshore jurisdiction.
- The Third Party is incorporated at a jurisdiction other than where they conduct their business; excluding multinational companies whose headquarters are located outside the place of activity.
- Delivery dates are vague, uneconomical or out of the way for the alleged end user.

**Suspicious Involvement of Intermediaries**

- An unknown intermediary makes or receives payment on behalf of the Third Party.
- The Third Party has a broker, attorney or other agent to facilitate transactions, which is unusual for such type of business, and the Company does not have proper information or documentation about the agent or the authority of such agent.

**Potential Engagement with Prohibited Territories, Persons or End users**

- The Third Party or their address is identical or similar to one of the Parties on the sanction lists of the EU, USA, UK or UN.
- The Third Party is owned or controlled by a Party included in the sanction list of the EU, USA, UK or UN, or refuses to provide information about the ultimate beneficiaries.
- The Third Party or the end user wants to perform a transaction involving a Prohibited Territory.
- Any rejection of payments or other transactions by Third Parties or other banks.