

 <b>SINCERUS</b>	Title: <b>International Trade Compliance Policy</b>				Number: <b>3.0</b>
Unit Issuing: <b>Contract/Compliance</b>	Approved by: <b>President &amp; COO</b>	Date Issued: <b>07/31/20</b>	Date Revised: 	Version #: <b>1.0</b>	Page: <b>1 of 7</b>

## I. PURPOSE

Sincerus Global Solutions, Inc. (“Sincerus”) has worldwide operations. As a result, the Company is subject to complex regulatory requirements regarding international trade compliance. These obligations arise both from United States laws and from the laws of each country in which the Company operates. Sincerus requires full compliance with all trade laws and regulations applicable to its business. To ensure compliance, the Company has promulgated several policies and procedures related to export controls, anti-boycott acts, Office of Foreign Assets Control (“OFAC”) provisions, and other areas of trade compliance; each and every employee dealing with these issues is expected to fully understand and comply with all applicable policies and procedures.

All employees must carefully monitor potential exports to ensure full compliance with pertinent regulations. Employees are required to complete company-mandated training regarding international trade and to understand the export requirements affecting their jobs.

Strict compliance with all applicable international trade controls is a top priority for Sincerus. Violations of these provisions could subject the Company and any involved employees to criminal penalties, civil penalties, including large monetary fines, loss of export privileges and debarment. Any employee who fails to comply with these requirements will be subject to disciplinary action, up to and including termination.

Employees must seek guidance from the Export Compliance Office if they have any questions regarding international trade compliance.

## POLICY DIRECTIVE

It is the policy of Sincerus to comply fully with U.S. laws and regulations governing international trade. As an International Company, Sincerus may employ personnel of many nationalities who support a variety of programs and tasks around the world. Likewise, Sincerus may export its services around the world and must comply with U.S. Export Laws as it applies to the provisions of technical data, defense articles and defense services to Foreign Persons. These laws and regulations cover the export and re-export of products, services, software, technology and technical data, sanctions, and anti-boycott requirements. It is the responsibility of all Sincerus employees to ensure that no transaction should occur, under any circumstance that is contrary to the Company full compliance policy.

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## **IMPACT OF NON-COMPLIANCE**

### **IMPACT OF NON-COMPLIANCE**

- Discipline of the employee up to and including termination
- Fines, penalties, and increased costs
- Increased Government scrutiny
- Potential civil and criminal sanctions against individual employees and the Company
- Suspension and disbarment
- Negative publicity
- Damage to the Company's reputation

## **II. SCOPE**

This Policy is applicable to all Sincerus employees and program sites.

## **III. RESPONSIBILITIES**

- A. All Sincerus employees will conduct all business activities in accordance with all applicable DOS, Directorate of Defense Trade Controls (“DDTC”); DOC, Bureau of Industry & Security (“BIS”); the DOJ, Bureau of Alcohol, Tobacco, Firearms and Explosives (“BATF”); and the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) licensing and record-keeping requirements under the ITAR, EAR, USML-Import, and OFAC regulations prior to, during, and after the export or temporary export or import of controlled articles and related assistance/services, technology and technical data.
- B. All Sincerus employees will conduct all business activities in accordance with the applicable laws and regulations of each country in which it operates.
- C. All Sincerus employees will comply with all training requirements applicable to export control issues.
- D. All Sincerus employees will refuse to participate in any request to engage in an illegal economic boycott.

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- E. All Sincerus employees will comply with all regulations requiring the Company to report requests to participate in illegal economic boycotts.
- F. All Sincerus employee will comply with all US and foreign anti-corruption laws and regulations, including but not limited to the Foreign Corrupt Practices Act.
- G. The Export Compliance Department is responsible for establishing and maintaining a continuing program to keep its employees advised of the applicable provisions of the export control laws, regulations and requirements.

#### IV. REVISION AND APPROVAL

<b>Rev.</b>	<b>Date</b>	<b>Nature of Changes</b>	<b>Approved By</b>
[Rev Number]	[Date of Issue]	Original issue.	[Procedure Approver Name]
Original	01 August 2020	Original	President & COO

#### V. DEFINITIONS

**Anti-Boycott** - The antiboycott provisions of the Export Administration Regulations (EAR) apply to the activities of U.S. persons in the interstate or foreign commerce of the United States.

The Arab League boycott of Israel is the principal foreign economic boycott that U.S. companies must be concerned with today. The antiboycott laws, however, apply to all boycotts imposed by foreign countries that are unsanctioned by the United States.

**Automated Export System (AES)** – The Automated Export System is the electronic system developed collaboratively by the U.S. Census Bureau, Bureau of Industry and Security, Department of State and the U.S. Customs and Border Protection as a means to file electronic export information. All exports that are require the filing of Electronic Export Information (EEI) must be filed through AES.

**Commercial Invoice (CI)** – A commercial invoice is typically a document that represents a “sales transaction” between a buyer and seller. It is a required document for export and import transactions and is used to establish what product is being shipped, the value and the parties to a transaction.

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**Customs and Border Protection – (CBP)**, a bureau of the U.S. Department of Homeland Security tasked with securing U.S. borders, including the enforcement of U.S. export laws and the control of U.S. imports.

**Debarred Parties List (ITAR)** – A list of persons who have been convicted of violating the Arms Export Control Act or convicted of conspiracy to violate that Act. It is the policy of the Department of State not to consider applications for licenses or requests for approvals involving such persons for a three year period following conviction.

**Defense service (ITAR)** - (1) The furnishing of assistance (including training) to foreign persons, whether in the United States or abroad in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles; (2) The furnishing to foreign persons of any technical data controlled under this subchapter (see §120.10), whether in the United States or abroad; or (3) Military training of foreign units and forces, regular and irregular, including formal or informal instruction of foreign persons in the United States or abroad or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice.

**Denied Persons List (EAR)** – A list of specific persons (and companies) that have been denied export privileges in whole or in part. The denied persons list is updated as new denial orders are promulgated and existing orders expire. The orders are published in full in the Federal Register.

**Dual Use and Commercial Commodities** – Dual-use items often refer to the items that BIS regulates that have both commercial and military or proliferation applications. Dual use export licenses are required in certain situations involving national security, foreign policy, short-supply, nuclear non-proliferation, missile technology, chemical and biological weapons, regional stability, crime control, or terrorist concerns. The license requirements are dependent upon an item's technical characteristics, the destination, the end-use, and the end-user, and other activities of the end-user. They include any item identified in Part 774 of the Commercial Control List in 15 CFR. Commercial commodities are purely commercial items without an obvious military use. These items are also subject to the EAR

**Due Diligence Screening (DDS)** – The U.S. and Foreign governments maintain several lists of entities with which U.S. companies cannot do business. Sincerus employees involved in international trade must check these lists when conducting business to ensure compliance. Sincerus uses a paid service that provides a web-based search engine that allows employees to screen all potential vendors, employees, team members, freight forwarders, and principals against the most current and comprehensive list of restricted and denied parties in the industry. This industry-standard export compliance site consolidates all U.S. & Foreign Government lists of denied entities and places them in an easy-to-screen format. Access to this service is available by contacting the Export Compliance Department.

If any employee, contractor, or other agent of the Company has reason to believe that an export or re-export may be destined for an inappropriate end-use, end-user or destination or that the proposed export or re-export may violate U.S. laws or regulations, the person shall immediately halt the transaction and

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contact the Company's Export Compliance Department so the Company can conduct appropriate due diligence.

**Electronic Export Information (EEI)** – Replaced the term “shipper’s export declaration” and represents the electronic export data required to be filed with the Census Bureau by the FTR (Foreign Trade Regulations).

**Embargoed Nation** – Destinations where broad based controls apply for items and activities subject to the EAR imposed to implement USG policies.

**Export** - The disclosure of classified or unclassified export controlled commodities, technology, technical data and related services to Foreign Persons, regardless of their employer, the method of disclosure or location of disclosure, is considered an export under both the Export Administration Regulations (EAR) and the International Traffic in Arms Regulations (ITAR), and is subject to U.S. Government export licensing requirements. Administration of the EAR, which applies to the export of commercial and dual-use commodities, and related technical data and services is the responsibility of the Bureau of Industry and Security (BIS), U.S. Department of Commerce, Washington, D.C., U.S.A. Administration of the ITAR, which applies to defense-related commodities, and related technical data and services is the responsibility of the Directorate of Defense Trade Controls (DDTC), U.S. Department of State, Washington D.C., U.S.A.

- As the majority of commodities and related technical data and information to be exported by DI are both unclassified and military in nature, the International Traffic in Arms Regulation (ITAR), as promulgated by the U.S. Department of State, will be cited herein as the governing U.S. export regulations.
- In some cases, Programs may need to export goods and services to sanctioned countries (See ITAR 126.1). Administration of the OFAC regulations, which applies to goods or services, excepting humanitarian and medical aid, being exported to countries under economic and trade sanctions is the responsibility of the Office of Foreign Assets Control, Dept of the Treasury (DOT).

**Export Administration Act (EAA)** – Introduced in 1979, and amended as needed, it is the foundation for commercial and dual use export controls in the US. It is codified by Title 15 of the U.S.C. It provides the authority for the Bureau of Industry and Security and Title 15 of the U.S. Code of Federal Regulations. It has been in lapse since August 21, 2001, therefore the EAR has been continued by IEEPA.

**Export Administration Regulations (EAR)** – Title15 of the U.S. Code of Federal Regulations, Parts 730 to 774, implemented by the Department of Commerce, Bureau of Industry and Security, containing the regulations related to commercial and dual-use exports. They implement the regulations that pertain to the laws contained within the Export Administration Act, which is currently in lapse. The provisions of the EAR are continued today under Executive Order 13222, under the International Emergency Economic Powers Act (IEEPA).

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**Foreign Assets Control** - U.S. trade sanctions administered by the Dept of Treasury's Office of Foreign Assets Control (OFAC) generally prohibit the purchase, importation & exportation either directly or indirectly, of most goods, technology, or services (except information and informational materials) from, or which originated from Cuba, Iran, Iraq, Libya, North Korea, Serbia, or Sudan; from foreign persons designated by the Secretary of State as having promoted the proliferation of weapons of mass destruction; named Foreign Terrorist Organizations; designated terrorists and narcotics traffickers; the Taliban, and areas of Afghanistan controlled by the Taliban.

**Foreign Person** – Any natural person who is not a lawful permanent resident or who is not a protected individual. It also means any foreign corporation, business association, partnership, trust, society or any other entity or group that is not incorporated or organized to do business in the United States, as well as international organizations, foreign governments and any agency or subdivision of foreign governments (e.g. diplomatic missions).

**Import** - To bring or carry in from an outside source, especially to bring in (goods or materials) from a foreign country for trade or sale. International trade is defined as trade between two or more partners from different countries (an exporter and an importer).

- a. **Temporary Import:** Sincerus programs will sometimes be required to return articles or commodities to the U.S. Temporary import means bringing into the U.S. from a foreign country any defense article that is to be returned to the country from which it was shipped or taken or any defense article that is in **transit to another** foreign destination. Temporary import of defense articles is regulated by 22 CFR 123.3-4. A license (DSP-61) may be required for temporary importation (and subsequent export) of defense articles. An exemption is available when the defense article is being imported for servicing, repair, replacement, testing, and calibration. No exemption is allowed and a license required if the article is to be enhanced, upgraded, modified, or other form of alteration or improvement that changes the basic performance of the item.
- b. **Permanent Import:** Administration of permanent imports is regulated by the Department of the Treasury under the authority of 7, 8, 12, 13, 15, 16, 17, 21, 22, 23, 27, 31, 33, 35, 39, 40, 42, 43, 45, 46, 47, 49, & 50CFR. The Dept of Homeland Security, U.S Customs and Border Protection is empowered to enforce all import regulations.

**License Exception** – If an EAR license is required for a shipment, a License Exception may be available. A license exception is an authorization that allows you to export or reexport under stated conditions that would otherwise require a license. License Exceptions, and the conditions on their use, are set forth in Part 740 of the EAR. If an export is eligible for a License Exception, the designation of that License Exception (e.g., LVS, GBS, TMP) would need to be used on the export documents.

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**License Exemption** – If an ITAR license is required for a shipment, a License Exemption may be available. Numerous special conditions may exist that might permit the use of an ITAR License Exemption. Exemptions may apply due to the nature of the defense article or defense service, the destination, or the status of the exporting entity (i.e., U.S. Government agencies enjoy more permissive treatment under the ITAR than private companies). The details for Exemptions are found in the ITAR at 22 CFR Parts 123, 124, 125, and 126.

**Proscribed Countries** - Proscribed countries are prohibited by the ITAR from receiving any defense articles or defense services.

**Technical Assistance Agreements** – An agreement for the performance of a defense service(s) or the disclosure of technical data, as opposed to an agreement granting a right or license to manufacture defense articles. Assembly of defense articles is included under TAA, provided production rights or manufacturing know-how are not conveyed.

**Technical Data** - US Government furnished or commercially procured technical information that provides maintenance information for use on Defense Articles covered in the United States Munitions List (USML). Also, the EAR part 772.1 states that Technical Data may take the form of blueprints, plans, diagrams, models, formulae, tables, engineering designs and specification, manuals and instructions written or recorded on other media or devices such as disk, tape and read-only memories.

**U.S. Person (ITAR)** – A person (as defined in ITAR § 120.14) who is lawful permanent resident or who is a protected individual. It also means any corporation, business association, partnership, society, trust, or any other entity, organization or group that is incorporated to do business in the United States. It also includes any governmental (federal, state or local) entity.