

# TRADE SANCTION POLICY

## Policy and Procedures for Compliance with International Trade Laws

It is the policy of WaterFront Maritime Services, its subsidiaries and affiliates (together, “WaterFront Maritime Services” or the “Company”) that the Company and its directors, officers and employees must comply fully with all applicable laws, including laws of the United Nations, United States, the Member States of the European Union, and other countries governing international trade transactions and activities. Considering global compliance best practices, while not legally required, WaterFront Maritime Services comports itself as a U.S. Person for economic sanctions compliance purposes. It is the responsibility of each WaterFront Maritime Services director, officer and employee to become familiar with and follow this Policy and Procedures for Compliance with International Trade Laws (hereinafter, “Policy” or “Procedures”).

It is the responsibility of every director, officer and employee of the Company (together, “Company personnel” or “WaterFront Maritime Services personnel”) to assure compliance with this Policy. It is the responsibility of the Operations Director to assure that this Policy is made known to all Company personnel, that appropriate training occurs with respect to this Policy, and that all questions or issues raised with respect to this Policy and compliance with its requirements are fully addressed.

Responsibility for compliance with the requirements of this Policy rests with the Operations Director of the Company. All Company personnel with business management responsibility, from the Chief Executive Officer down to subordinate members of Company management, shall be responsible for assuring the compliance with the requirements of this Policy by Employees and Business Partners for whom they have supervisory responsibility. Any gaps in understanding the requirements of these policies should be brought to the attention of the Operations Director so that these gaps may be addressed through formal or informal training.

The Board of Directors periodically shall assess the manner in which Company senior management is discharging such responsibility, and Company senior management periodically shall assess the manner in which subordinate members of Company management similarly are discharging such responsibility.

Any questions concerning these laws or the Policy should be directed in the first instance to the Operations Director or alternatively to the Chief Executive Officer.

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### 1. Economic Sanctions Laws

The United Nations, United States, the Member States of the European Union, Japan and other countries have adopted economic sanctions laws that restrict activities and transactions with, in or involving certain specified sanctioned countries, their nationals, and other designated entities and individuals. The restrictions on the sale and/or shipment of products, as well as related activities, often apply regardless of the type of products being sold or shipped, or the location from which the sale or shipment originates.

Accordingly, before agreeing to provide any products or services to a particular customer, WaterFront Maritime Services personnel first must confirm that none of the parties involved – including the customer and, if known and applicable, the customer’s customer – is on or covered by any of the lists on the linked Internet websites provided below.

Please note that these lists are revised and updated periodically. Therefore, it is essential to consult the lists at the time of the proposed transaction.

If any transaction party is on or covered by one of these lists, the transaction cannot be pursued further. The rejection of the enquiry must be immediately logged with the Operations Director.



## 1.1 Screening Parties to Transactions

Before agreeing to provide any products or services to a particular customer, WaterFront Maritime Services personnel first must conduct and document screening efforts confirming that none of the parties involved – including the customer and, if known and applicable, the customer’s customer – is on or covered by any of the lists on the linked Internet websites provided below.

Please note that these lists are revised and updated periodically. Therefore, it is essential to consult the lists at the time of the proposed transaction. Records regarding screening efforts should be retained for five years.

If any transaction party is on or covered by one of these lists, the transaction cannot be pursued further. The rejection of the enquiry must be immediately logged with the Operations Director.

## 1.2 Sanctioned Countries

As of the date of these Procedures, transactions and activities with, in, or involving the following countries (“Sanctioned Countries”) – including with entities located in these Sanctioned Countries or with nationals of these Sanctioned Countries – are subject to economic sanctions programs maintained and administered by one or more governments:

Group 1: Cuba, Iran, North Korea, Syria

Group 2: Balkans, Belarus, Democratic Republic of Congo, Iraq, Lebanon, Liberia, Libya, Russia, Somalia, Venezuela, Yemen, Zimbabwe

Sanctioned Countries in Group 1 above are subject to extensive restrictions. No trade in any form to/from these countries, no business with any individual or company connected to these countries, including those knowingly trading. If there is any link, stated or implied, the transaction must be rejected and logged with the Operations Director.

Sanctioned Countries in Group 2 above are subject to less extensive restrictions that can vary significantly. The current list of Sanctioned Countries can be accessed on the Internet at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx> . Country sanctions may appear individually or be included under OFAC headings such as “Ukraine” or “Terrorists.” The majority of sanctions are targeted at specified individuals and entities (“Specially Designated Nationals,” as discussed below).

Transactions and activities with, in or involving Sanctioned Countries -- including with entities located in Sanctioned Countries or nationals of Sanctioned Countries wherever located -- whether directly or indirectly, are not permitted without advance written clearance from the Operations Director. As a general matter, written clearance will not be provided for prohibited transactions and activities with, in or involving Sanctioned Countries. Due to variations in sanctions programs, consultation with the Operations Director is encouraged. Attachment 1 to these Procedures contains summaries of economic sanctions programs that may apply to activities of the Company.

## 1.3 Specially Designated Nationals

The U.S. Government prohibits transactions involving certain individuals and entities deemed to be affiliated with, or supportive of, the Sanctioned Countries, or otherwise deemed to have engaged in illicit activities. This list includes terrorists and narcotics traffickers as well as shipping companies and their agents. The current list of Specially Designated Nationals includes thousands of individuals and entities; it can be accessed on the Internet at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx> (a search facility allowing searching by names is also available at <http://sdnsearch.ofac.treas.gov>).

Transactions with or involving Specially Designated Nationals, whether directly or indirectly, must be rejected and logged with the Operations Director.



## 2. Export Control Laws and Anti-Boycott Laws

### 2.1 Export Control Laws

Complementing the economic sanctions laws, the United States, the Member States of the European Union, and many other countries have adopted export control laws that regulate the export and re-export of goods, software, and technology to specified destinations and end-users for specified purposes and applications. These laws apply to intra-company transfers as well as to dealings with third parties. Export control laws may prohibit a particular export or re-export of goods, software or technology.

Similar to economic sanctions lists, the United States and other countries maintain various export controls lists (e.g., Entity List, Denied Persons List, Unverified Persons, etc.) with varying restrictions.

Please refer to the screening requirements discussed in Section 1.1 above, ensure that no parties to our transactions are included on any such lists, and retain records of screening efforts. The Operations Director should be consulted if there are any questions.

### 2.2 Anti-Boycott Laws

U.S. export control laws and associated regulations contain provisions generally prohibiting U.S. persons and certain of their non-U.S. affiliates from cooperating in third country boycotts that the United States does not support, such as the Arab League boycott of Israel. Under certain circumstances even the receipt of a request to cooperate in a boycott must be reported to the U.S. Government.

The anti-boycott prohibitions and the reporting requirements are broad and complex. Accordingly, it is imperative that WaterFront Maritime Services personnel who receive boycott-related requests contact the Operations Director prior to responding in any way to such requests and seek guidance on whether and how to respond.

Any questions concerning these laws or WaterFront Maritime Services' policy or procedures should be directed to the Operations Director.

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## Potentially Applicable Sanctions as of 13 September 2018

This Attachment provides an overview of certain sanctions programs currently administered by one or more entities that may apply to the shipping industry generally and WaterFront Maritime Services in particular.

The economic sanctions summary information provided herein is current as of 07 September 2018 and is subject to change at any time.

If you have any questions about the sanction's programs, or about any current or contemplated Company activity, please contact Operations Director.

### 1. Iran

The United Nations Security Council has issued four resolutions against Iran in the last five years. Pursuant to these restrictions, certain Iranian individuals and entities have been specifically designated and are subject to a travel ban and asset freeze. The entities designated by the United Nations are involved in nuclear proliferation or human rights abuses and include financial institutions in Iran.

The United States has severely restricted trade with Iran and imposes prohibitions on the activities of both the U.S. and non-U.S. individuals and entities in this regard. As summarized below, whilst the sanctions generally target Iran's energy, shipping, and banking sectors, given the broad scope and serious nature of the potential penalties, any dealings with or involving Iran, directly or indirectly, cannot be pursued under any circumstances.

It should be noted that the Joint Comprehensive Plan of Action ("JCPOA") signed on 14 July 2015 in Geneva between the P5+1 and The Islamic Republic of Iran was initially implemented by the United States in January 2016. However, the United States withdrew from the JCPOA in 2018, and U.S. Persons remain broadly prohibited from engaging in any dealings with Iran.

The JCPOA has not changed WaterFront Maritime Services' policy of "no trade in any form to/from Iran, no business with anyone or company connected to this country, including those knowingly trading. WaterFront Maritime Services will not have any dealings with this country, or anyone connected with this country."

#### 1.1 Shipping, Energy, and Transportation Restrictions

WaterFront Maritime Services should not own, operate, insure, or charter a vessel that transports:

- Iranian-origin goods, or goods owned or controlled by the Government of Iran;
- goods, services, or technology to Iran;
- goods to any person with reason to know that the goods will then be shipped to Iran;
- goods to any person with reason to know that the goods will be used in the production of, or commingled with, or incorporated into goods shipped to Iran;
- crude oil from Iran; and/or
- goods, technology, or services from the U.S., or by a U.S. person, to Iran or the Government of Iran;
- any goods or services used in connection with the energy, shipping, or shipbuilding sectors of Iran.

In addition, concealing the Iranian origin of crude oil or refined petroleum products, and concealing a vessel's ownership, operation or control by the Government of Iran, the National Iranian Tanker Company ("NITC") or the Islamic Republic of Iran Shipping Lines (IRISL), are prohibited.

## 1.2 Other Restrictions

In addition to Iranian energy, shipping and transport restrictions, WaterFront Maritime Services should not:

- make financial investments in Iran that enables Iran to develop its petroleum resources;
- sell or provide to Iran refined petroleum products or goods, services, or technology which could contribute to Iran's ability to import refined petroleum products;
- purchase or acquire petroleum, petroleum products, or petrochemical products from Iran;
- participate in a joint venture relating to the development of petroleum resources outside of Iran, if the Government of Iran is a substantial partner or investor; and/or
- provide claims handling services for the NITC or the National Iranian Oil Company (NIOC).

## 1.3 Payments

In addition to restrictions that potentially apply to WaterFront Maritime Services for the aforementioned activities, the Company should be aware that U.S. banks are forbidden from facilitating any of the above-mentioned activities. Since 2008, U.S. banks have been barred from handling any indirect transactions with non-U.S. banks that are processing transactions on behalf of Iranian banks. Additionally, recent legislation bars U.S. banks from opening new correspondent accounts or payable-through accounts—and requires the cancellation of existing accounts—with non-U.S. banks that process “significant transactions” with the Iranian Revolutionary Guard Council (IRGC), or any of its agents or affiliates that are sanctioned under U.S. law, any entities sanctioned pursuant to U.S. laws or executive orders, entities designated under United Nations Security Council Resolutions, and entities that assist the IRGC or Central Bank of Iran acquire weapons of mass destruction. These restrictions also apply to banks that facilitate transactions with Iran's energy, shipping, and shipbuilding sectors, including with NIOC, NITC, and IRISL.

In addition to U.S. banks subject to restrictions, European and other banks with significant exposure to the U.S. financial system are also sensitive with respect to payments to sanctioned entities and countries.

## 2. Russia & Ukraine

Starting in March 2014, the United States, European Union, Canada, Australia, and other countries designated individuals and entities in Ukraine and Russia viewed as responsible for the situation in Ukraine. Under U.S. law, any assets of any individual or entity named on the designated lists that is subject to U.S. jurisdiction – or that comes under the control or possession of U.S. persons – must be blocked, and U.S. persons are prohibited in dealing in such assets. In conducting transactions with any entities in or from Russia or Ukraine, extensive due diligence should be undertaken to ensure no involvement of a Russian or Ukrainian Specially Designated National.

A newly-created United States Sectoral Sanctions Identification List (“SSI List”) targets certain companies in Russia’s financial services and energy sectors, restricting their access to new debt and new equity. Companies that have been sanctioned under the applicable executive order include companies in the following sectors: financial services, energy, metals and mining, engineering, and defense and related materiel. These sanctions are part of a coordinated strategy to prevent further escalation in Ukraine.

In December 2014, the United States also passed into law the Ukraine Freedom Support Act (UFSA). The UFSA provides the President with a “menu” of nine types of sanctions and directs him to impose a number of them on entities in the Russian defense sector, including Russian defense conglomerate Rosoboron export, and authorizes the imposition of additional sanctions on Gazprom and other entities in the Russian energy sector. Since the signing of UFSA, only the provisions related to providing military assistance to Ukraine have been implemented, with the remainder ready to be activated depending on developments. Separately in December, the United States also implemented a broad trade embargo on the Crimean peninsula, prohibiting US investment in, as well as exports to and imports from, the region.

On 6 April 2018, the United States imposed sanctions on a number of Russian “oligarchs” with vast business interests and political connections; Russian government officials; officers of Russian state-owned enterprises; and related companies. The April 2018 sanctions measures were intended to punish Russia for allegedly engaging in “a range of malign activity around the globe,” including activities in Ukraine, Syria, and cyberspace. As a result of these new sanctions, companies now face heightened sanctions risks when doing business in Russia or with Russian business partners anywhere in the world. Moreover, OFAC’s 6 April actions used long-existing authorities in a new way and may suggest that virtually any individual or entity operating in Russia could potentially find themselves a sanctions target. Even transactions with sanctioned Russian persons that do not involve U.S. persons could be exposed to U.S. sanctions to the extent the transactions involve U.S. dollar financing.

As part of announcing the new actions, OFAC also reminded non-U.S. persons that they remain subject to secondary sanctions (i.e., sanctions that apply to non-U.S. persons acting outside U.S. jurisdiction) for engaging in certain “significant” transactions with or facilitating certain “significant” transactions on behalf of, sanctioned Russian persons. Accordingly, WaterFront Maritime Services will pay heightened attention to potential sanctions implications when dealing with Russia or Russian persons.

OFAC issued several general licenses (GLs) to help minimize the impact of the new sanctions on U.S. Persons and allies of the United States, allowing certain limited activities involving the 12 newly sanctioned companies. The GLs only authorize such activities for a limited duration of time, and persons seeking to act under these authorities must assess whether their contemplated activities would be covered and, if so, must execute the actions within the authorized time period. Persons conducting activities authorized under these GLs must submit a report to OFAC within ten days of the expiration of the relevant license, identifying the names and addresses of parties involved, the type and scope of activities conducted, and the dates on which the activities occurred.

As the U.S.-Russia relations remain in a state of flux, there is a real possibility that the United States will impose additional sanctions on Russia in the future. The unpredictable nature of the Russia sanctions regime is amplified by the fact that the U.S. President and Congress have not always spoken with one voice on the matter. WaterFront Maritime Services will continue to monitor developments in this regard.

## 3. Syria

The U.S. considers Syria a state sponsor of terrorism. As such, the U.S. has imposed a series of economic sanctions against Syria over the last decade. Recently, the U.S. has strengthened sanctions against Syria and has indicated that additional sanctions may be imposed.

### 3.1 Transporting Restrictions

Most notably, U.S. sanctions prohibit any dealing (including brokering or transporting) in petroleum or petroleum products of Syrian origin, by a U.S. person wherever located. In addition, a U.S. person cannot facilitate, finance, or approve a transaction by a foreign person that would be prohibited if performed by a U.S. person or within the U.S. Any foreign person who violates or causes a violation of this, or any other sanction relating to Syria, is also subject to sanctions. Additionally, a person is subject to sanctions if they transfer goods to Syria that are likely to be used to commit human rights abuses.

### 3.2 Export to Syria and Import to the U.S

The United States prohibits exports or re-exports to Syria of any goods or service from the U.S. or by a U.S. person. A person violates this trade sanction by facilitating (e.g., brokering) the export or re-export of goods from or to Syria (from or to any location). Humanitarian donations are an exception to these export restrictions.

## 4. North Korea

The United Nations imposes sanctions on a variety of imports, exports, and goods in transit of any item, material, equipment, goods and technology related to nuclear programs, ballistic missile programs and other weapons of mass destruction programs of North Korea. Separately, the United Nations also restricts the sale of certain luxury goods to North Korea. The U.S. imposes targeted sanctions on North Korea in an effort to contain the country's weapons program.

### 4.1 Transactions involving North Korea Vessels

U.S. persons are prohibited from registering vessels in North Korea and obtaining authorization for a vessel to fly the North Korean flag. In addition, U.S. sanctions prohibit owning, leasing, operating, or ensuring any vessel flagged by North Korea.

### 4.2 Transactions involving North Korea Vessels

The only restrictions on exports to North Korea specifically relate to transactions involving parties whose property is blocked (and who will appear on the SDN List). As to the import of goods into the U.S., current sanctions prohibit the import of any goods (including component goods) from North Korea into the U.S., either directly or indirectly.

## 5. Cuba

President Obama announced on 17 December 2014 that the United States and Cuba would open talks seeking to restore full diplomatic relations, and that the United States would be taking a number of steps to ease restrictions in certain areas of trade with Cuba, detailed below. In January and September 2015, the U.S. Government announced the easing of certain sanctions against Cuba, including with respect to the provision of carrier services between the United States and Cuba in certain circumstances.

However, in June 2017, President Trump announced that he was “cancelling the last administration’s completely one-sided deal with Cuba.” Effective 9 November 2017, OFAC and the Department of Commerce’s Bureau of Industry and Security (BIS) amended the Cuban Assets Control Regulations (CACR) and Export Administration Regulations (EAR), respectively, to implement US Cuba sanctions policy changes President Trump announced in a presidential memorandum issued 16 June 2017. Ultimately, these changes were more measured than President Trump’s rhetoric indicated.

At this time, the United States continues to maintain comprehensive economic sanctions against Cuba in the form of an embargo. Virtually all commercial dealings with Cuba will remain prohibited until and unless the U.S. Congress acts to lift the embargo.

It is worth noting that there are certain categories of trade that have been authorized by general license. If you have questions about these categories, please contact the Operations Director. Prior written authorization from the Operations Director still must be obtained prior to exploring any business opportunities involving Cuba, even if the activity at issue falls into one of the categories identified above.

## 6. Venezuela

Since the United States announced broad financial sanctions in August 2017 targeting the Venezuelan government’s ability to access U.S. debt and equity markets, the Venezuelan government has been experiencing difficulty in making bond payments to its creditors. In an attempt to circumvent some of the sanctions, the Venezuelan government in February 2018 launched a cryptocurrency, the “petro,” but OFAC officially clarified the following month that the petro was included in the scope of the sanctions and thus prohibited.

On 21 May 2018, the day after the contested re-election of Venezuela’s President Nicolás Maduro, the United States placed additional sanctions on Venezuela in a move intended to block President Maduro from selling off certain government assets to enrich himself and his coterie. U.S. persons are now prohibited from any transaction related to purchases of debt owed to the Government of Venezuela, and sale, transfer, assignment or pledging as collateral by the Government of Venezuela of any equity interest in any entity in which the Government of Venezuela has a 50 percent or greater ownership interest.

If you have any questions about the sanction's programs described above, or about any current or contemplated Company activity, please contact the Operations Director.

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## Being Alert to Red Flag

Broadly speaking, a red flag is any indication that a business partner or customer does not share WaterFront Maritime Services' commitment to integrity and compliance. In instances where red flags are identified, applicable law and WaterFront Maritime Services Policy require additional investigation and due diligence.

In addition to screening transactions to assess exposure to International Trade Laws, Company personnel should always be alert to red flags and document efforts to resolve red flags. In the context of compliance with International Trade Laws, due diligence efforts to resolve red flags are required in any circumstance where you believe or suspect that WaterFront Maritime Services might be involved in a shipment to an inappropriate destination or end-user or for an inappropriate end use.

Failing to ask customary or appropriate questions, or otherwise cutting off or restricting the normal flow of information, does not excuse you from these requirements. You should pay attention to, and not ignore, certain circumstances, often referred to as "red flags," that warrant additional investigation and due diligence before proceeding.

In any situation where you believe or suspect that WaterFront Maritime Services might be involved in a shipment to an inappropriate destination or end-user or for an inappropriate end use, you must contact the Operations Director immediately and, in any event, before proceeding with the transaction. In such cases, the transaction may not be pursued without advance written clearance from the Operations Director.

### 1. Economic sanction laws

These "red flags" include, but are not limited to:

- The product's capabilities do not fit the buyer's line of business, such as an order for sophisticated computers for a small bakery.
- The item ordered is incompatible with the technical level of the country to which it is being shipped, such as semiconductor manufacturing equipment being shipped to a country that has no electronics industry.
- Routine installation, training, or maintenance services are declined by the customer.
- Delivery dates are vague, or deliveries are planned for out of the way destinations.
- The customer or its address is similar to one of the parties found on the Office of Foreign Asset Control's list of Specially Designated Nationals and Blocked Persons list ("SDN List")
- The customer or purchasing agent is reluctant to offer information about the end-use of the item.
- The customer has little or no business background.
- The shipping route is abnormal for the product and destination.
- Packaging is inconsistent with the stated method of shipment or destination.
- When questioned, the buyer is evasive and especially unclear about whether the purchased product is for domestic use, for export, or for reexport.

## 2. Export Control and Anti-Boycott Laws

These “red flags” include, but are not limited to:

- The customer is reluctant to offer information about the end-user.
- Shipments are planned for unusual or out-of-the-way destinations.
- The shipping route is abnormal.
- Refusing to do business with an entity in a boycotted country or with any other entity at the request of a boycotting country;
- Taking discriminatory action on the basis of race, religion, sex, or national origin;
- Providing information about race, religion, sex or national origin;
- Providing formation about association with charitable and fraternal organizations; and
- Implementing letters of credit that contain boycott-related conditions or requirements.