

GLOBAL TRADE SANCTIONS COMPLIANCE POLICY

Effective date: January 01, 2022

Penfold World Trade AG (“Penfold”) is committed to fair, ethical and sustainable business practices throughout all of its business operations. In doing so, Penfold undertakes to ensure compliance with all applicable laws, regulations and generally acknowledged international conventions in all jurisdictions in which it operates.

This policy establishes Penfold’s guidelines and procedures to effectively and adequately identify, mitigate and manage the risks related to sanction regulations and restrictive measures programs implemented, administered and enforced by:

1. the EU Commission;
2. the UN Security Council Sanctions Committee;
3. the US Office of Foreign Assets Control (OFAC);
4. HM Treasury; and
5. the Swiss State Secretariat for Economic Affairs

(collectively the “Critical Sanctions Regimes”)

This policy applies to all Penfold employees acting in any capacity and for all businesses and subsidiaries of Penfold.

SANCTIONS DEFINED

Sanctions and other restrictive measures (“Sanctions”) are political instruments of diplomatic or economic nature applied by inter-governmental organizations, supranational bodies or individual countries against (i) specific countries, governments or government related institutions and (ii) private organizations, legal entities or natural persons that give rise to international concern for violating inalienable international laws, human rights, or fundamental democratic principles (collectively, the “Targets”) .

Sanctions are aimed to:

- seek to influence the Targets to modify their behavior by motivating them to adopt policies in accordance with internationally generally acknowledged minimal standards;
- penalize the Targets for violating inalienable standards; and
- limit the adverse consequences of a situation of international concern, for example by denying access to military or paramilitary goods, or to goods, technologies or funding that are enabling the pursuit of military or paramilitary programs of the Targets.

The sanctioned countries pursuant to the Critical Sanction Regimes currently include:

- Ukraine/Russia relating to Crimea / Eastern Ukraine
- Cuba
- Iran
- Sudan
- Syria
- North Korea

Sanctions may be subject to frequent and sometimes sudden change. They can be imposed at any time by any country, international organization or supranational body, and in general the effect is immediate. Penfold executive management will monitor the Critical Sanctions Regimes and update the list above accordingly.

Sanctions may affect Penfold's business operations by placing restrictions and controls on the movement of goods, services and funds. Restrictions can include the following:

- export bans, import bans and prohibitions on the provision of certain specified services;
- prohibiting certain commercial activities;
- prohibiting the transfer of funds to and from a sanctioned country and/or a Target;
- travel bans;
- other financial or trade restrictions.

Failure to comply with sanctions may lead to legal or regulatory actions against the non-compliant Corporate entities or responsible individuals (i.e. Penfold and/or its acting employees personally), with potentially heavy penalties and reputational damage.

KEY PRINCIPLES

1. Penfold strives to comply with all the relevant Sanctions.
2. Penfold follows a risk-based approach and maintains a Sanctions policy to meet its obligations under the main sanctions regimes of the jurisdictions of the USA, the European Union and Switzerland.
3. Penfold notably complies with the requirements of the sanctions regimes implemented for the Critical Sanction Regimes.
4. Penfold screens the third parties it deals with in doing business for designated entities in accordance with the Critical Sanctions Regimes and foregoes any business that would breach any of the Critical Sanctions Regimes.
5. Penfold may decide not to provide products or services even where it is permitted by law. These decisions may be guided by the holistic assessment of corporate social responsibility, business efficacy or reputational risks.
6. In carrying out its Sanctions compliance obligations, Penfold relies on information provided by independent external data providers and the data delivered by its customers, suppliers and business partners unless it is aware or suspects that those customers, suppliers and business partners, or the information provided, is unreliable or dishonest.
7. Penfold complies with its reporting obligations pursuant to the applicable rules and regulations.
8. Penfold exercises due care in designing and refining business rules and processes to ensure compliance with the applicable sanctions obligations.

TRADE SANCTION COMPLIANCE PROCEDURES

Every new and existing customer and/or supplier must be screened and checked against the specially designated national list provided by the OFAC as well as the relevant lists provided by the EU Commission, the UN Security Council Sanctions Committee and the SECO (the "Sanctions Lists") as part of Penfold's routine "know your customer" and "know your suppliers" checks.

The relevant Sanction Lists that are the basis of the checks are published under the following websites:

United Nations Security Council (UNSC):

<https://www.un.org/sc/suborg/en/sanctions/information> and
http://www.un.org/sc/committees/list_compend.shtml

U.S. Office of Foreign Assets Control (OFAC)

<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>
<https://sanctionssearch.ofac.treas.gov/>

European Union Common Foreign and Security Policy (CFSP)

http://ec.europa.eu/dgs/fpi/what-we-do/sanctions_en.htm

UK HM Treasury

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

Swiss State Secretariat for Economic Affairs (SECO)

https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos.html and

https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen/suche_sanktionsadressaten.html

In case of a full or partial match of a customer and/or supplier with sanctioned persons appearing on any of the Sanctions Lists, Penfold executive management must be notified to ensure compliance with this Policy.

Specific policy regarding US Sanctions and US Persons

The United States maintains an extensive legal regime of international trade sanctions administered by the US Department of the Treasury Office of Foreign Assets Control (OFAC) in cooperation with other US government agencies (“US Sanctions”). The US Sanctions regulations primary act to regulate the commercial conduct of so-called “US Persons”, which are defined as a “United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States or any person in the United States”. This means that US Sanctions also apply to US Persons residing outside of the United States.

US Sanctions broadly restrict US Persons from importing or exporting goods and services to a country, region, entity and/or individual targeted for sanctions (hereafter, “US Sanctions Target”), or otherwise directly or indirectly engaging in transactions with or for the benefit of a Sanctions Target, unless expressly authorized by US authorities. US Sanctions also bar US Persons from “facilitating” any transaction with a US Sanctions Target. Prohibited facilitation also includes any action by a US person to approve, authorize, assist or support transactions by a non-US person with a US Sanctions Target.

A non-US Person such as Penfold may also be found in violation of the US Sanctions regulations if its actions cause a US Person to contravene the sanctions regulations.

Misconduct Consequences

Non-compliance with trade sanctions laws can expose Penfold as well as individual managers and Employees to civil, regulatory and criminal penalties, including substantial monetary fines and, in the case of individuals, prison sentences. The consequences of non-compliance are determined by national law and, thus, may vary from jurisdiction to jurisdiction.

Non-compliance also poses a substantial reputational risk for the company and could jeopardize important business relationships with companies in other countries which have very high ethical and security standards.

Failure of an Penfold employee, affiliate or agent to comply with this policy will result in disciplinary action (e.g. written warnings) up to and including termination of employment or representation. Penfold may also take civil recovery action against the employee, affiliate or agent if appropriate.