

**AUDIOTONIX GROUP SANCTIONS COMPLIANCE POLICY**

Last updated October 2019

1. **ABOUT THIS POLICY**

In this policy, “**Group**” (and “**we**”, “**us**” and “**our**”) refers to Audiotonix Group Limited and to all of its subsidiaries.

National governments and international bodies may establish economic and trade sanctions (“**Sanctions**”) against countries, individuals, entities, sectors, and in relation to certain goods and technology, as part of wider foreign policy and national security objectives.

The Group is committed to complying with all applicable Sanctions laws and regulations in all jurisdictions in which it operates. Compliance with all applicable Sanctions laws and regulations is compulsory and essential to our current business interests and future business opportunities.

The purpose of this policy is to:

1. set out our responsibilities, and of those working for us, in observing and complying with all applicable Sanctions laws and regulations; and

(b) provide information and guidance to those working for us on how to identify, mitigate and manage the risks related to Sanctions.

1. **WHO THIS POLICY APPLIES TO**

This policy is applicable to all Group companies, and to all of its officers, directors, employees and contracted personnel, wherever located (each a “**Group Representative**” and collectively “**Group Representatives**”).

The Group further requires all third parties (wherever located) with whom it or a Group company transacts to confirm that they are aware of the importance that the Group places on Sanctions compliance, that they are aware of this policy, and that they have a compliance culture. In furtherance of this objective, the Group is committed to communicating this policy to all agents, suppliers, contractors, sub-contractors and others who work for or on its behalf (“**Agents**”) and to all distributors and any other new and existing business partners (“**Business Partners**”), and to ensuring all of its dealings with Agents and Business Partners (and their respective subsidiaries) are Sanctions compliant.

Employees of any company within the Group are expected to abide by this policy (or further amended versions in place from time to time). This policy does not form part of any employee's contract of employment and we may amend it at any time.

Any questions or concerns regarding Sanctions, or the implementation or operation of this policy, should be addressed to Helen Culleton (the "**Group Designee**") at [helen@audiotonix.com](mailto:helen@audiotonix.com).

1. **WHAT ARE SANCTIONS?**

Sanctions are most commonly restrictive finance, trade and travel measures imposed by inter-governmental organizations, supranational bodies or individual countries against specific persons, entities, governments, countries or sectors within those countries. Amongst other things, sanctions prohibit the Group and Group Representatives from dealing with specific blacklisted individuals, entities, governments, countries or sectors within those countries, which are referred to as "designated parties". Common examples include terrorist groups.

Export controls restrict and, in some cases, provide a blanket ban on the import and export of certain goods and associated technology by companies, depending on the nature of the goods/technology and/or its destination. For example, military or nuclear goods/technology are subject to export controls.

Sanctions and export controls may affect the Group's business by placing restrictions and controls on the movement of goods, services and funds. They are also relevant to the Group’s business because the Group deals with Agents and Business Partners, who may be from other jurisdictions, and those entities or persons (who may be operating in domestic or international markets) may be on sanctions blacklists, or subject to trade restrictions, meaning that business with them is either not permitted or subject to strict controls.

Restrictions can include:

(a) export bans, import bans and prohibitions on the provision of certain specified services;

(b) prohibiting certain commercial activities;

(c) prohibiting the transfer of funds to and from a sanctioned country and/or a designated party;

(d) travel bans;

(e) other financial or trade restrictions.

Group Representatives must at all times be aware of, and comply with, the relevant restrictions by ensuring that all dealings with customers, Agents and Business Partners (and their respective subsidiaries) are sanctions and export control compliant.

A list of jurisdictions subject to sanctions is provided at Annex 1. This is correct as at the date of this policy.

It is important to note that sanctions are subject to regular update and review, and in general the effect is immediate. Up to date information for UK, EU and US sanctions can be found at the following websites:

(a) UK:

<https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>

(b) EU:

<https://sanctionsmap.eu/#/main>

(c) US:

<https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>

Furthermore, it is important to note that national governments can issue sanctions independently from any intra-governmental body, and accordingly, a review of applicable sanctions must be conducted on a case by case basis, taking into account the particular counterparty and transaction concerned.

1. **PENALTIES**

The penalties for breach of sanctions are strict and include fines and/or imprisonment and can result in grave reputational damage for businesses and individuals.

The precise nature of the penalties that may be applicable will be determined by the applicable domestic laws of the country in which the Group or the relevant Group company is operating.

1. **COMPLIANCE**

Group Representatives and Agents must ensure that they do not have or enter into any direct or indirect business dealings:

(a) with any individual, entity or sector that is the target of sanctions of the United States, the European Union (and its member states), the United Kingdom, Hong Kong or the United Nations; and/or

(b) with any person or entity listed on, or owned or controlled by a person listed on, the Specially Designated Nationals and Blocked Persons List (SDN List) maintained by the US government or any similar list maintained by the United States, European Union (or any of its Member States), the United Kingdom, Hong Kong or the United Nations.

It should be noted that restrictions apply not only to those individuals/entities on the SDN List but also any individuals/entities that own or control those individuals/entities on the SDN List.

The individuals, entities and sectors targeted, and the SDN Lists, are updated regularly, and the up to date lists should be consulted (see paragraph 3 of this policy).

It is the responsibility of the relevant Group Representative to ensure that, prior to entering into any commercial relationship or transaction with a new customer, Agent or Business Partner, the prospective customer, Agent or Business Partner is fully screened to ensure that they are not on an SDN list. To achieve this, we use a software package called "Compliance Express" provided by AEB software. All new customers, Agents and Business Partners must be monitored against this software by the relevant Group Representative.

1. **RESPONSIBILITY**

Helen Culleton/ Philip Ogden/John Gillespie/ Keith Edwards/David Hearn are responsible for ensuring that, on a regular basis:

(a)Group Representatives, Agents and Business Partners (and their respective subsidiaries) are screened against our software; and

(b) the Group is otherwise compliant with all applicable Sanctions laws and regulations.

Helen Culleton, in addition, will:

(a) inform Group Representativesof any material sanctions developments/updates as soon as practicable;

(b) monitor and update this policy; and

(c) take all steps necessary to comply with applicable legislation and guidance, including informing any applicable authority, and providing all necessary information, as required by applicable legislation, and taking into account all and any reporting requirements.

The Group is committed to ensuring that Group Representatives should feel able to raise any and all sanctions concerns. If any Group Representative suspects or observes anything they believe may be in contravention of this policy they should report it immediately to Helen Culleton.

Upon receiving a report of a suspected (or actual) violation, Helen Culleton will immediately document and investigate such a report, and take all remedial action(s) deemed appropriate in the circumstances.

Violation of this policy by any Group Representative may result in disciplinary action where appropriate.

It is important to note that violations that involve a criminal act could result in prosecution by government authorities.

1. **AWARENESS**

New sanctions may be imposed at any time and restrictive measures are subject to sudden change often with immediate effect. Group uses the Compliance Express software to help monitor the sanctions risks faced by the Company on an ongoing basis, taking account of current business strategies, and this policy will be updated as necessary. Individuals should ensure that they are using the most recent version of this policy at all times. The most recent version of the policy is available from Helen Culleton

**ANNEX 1**

**Jurisdictions subject to sanction**

**All dealings/transactions involving the following must be escalated to**

**Helen Culleton *I* John Gillespie/ Philip Ogden or Keith Edwards**

|  |  |  |
| --- | --- | --- |
| **US** | **EU** | **UK** |
| - | Afghanistan | Afghanistan |
| Belarus | Belarus | Belarus |
| Balkans |  |  |
| Bosnia and Herzegovina | Bosnia and Herzegovina |  |
| - | Burma | Burma |
| Burundi | Burundi | Burundi |
| Central African Republic | Central African Republic | Central African Republic |
|  | China |  |
| Cuba | - | - |
| Democratic Republic of the Congo | Democratic Republic of the Congo | Democratic Republic of the Congo |
| - | Egypt | Egypt |
| - |  | Eritrea |
|  | Haiti |  |
| Iran | Iran | Iran |
| Iraq | Iraq | Iraq |
| Lebanon | Lebanon | Lebanon |
| Libya | Libya | Libya |
| Mali | Mali | Mali |
| Moldova | Moldova | - |
|  | Montenegro |  |
| Nicaragua | Nicaragua | Nicaragua |
| North Korea | North Korea | North Korea |
| - | Republic of Guinea | Republic of Guinea |
| - | Republic of Guinea -Bissau | Republic of Guinea-Bissau |
|  | Republic of Maldives | Republic of Maldives |
| - | Russia | - |
| Serbia | Serbia |  |
| Somalia | Somalia | Somalia |
| Sudan and South Sudan | Sudan and South Sudan | Sudan and South Sudan |
| Syria | Syria | Syria |
| - | Tunisia | Tunisia |
| Ukraine | Ukraine | Ukraine |
| Venezuela | Venezuela | Venezuela |
| Yemen | Yemen | Yemen |
| Zimbabwe | Zimbabwe | Zimbabwe |