

U.S. Sanctions Compliance Policy

I. INTRODUCTION TO THIS POLICY

It is the policy of Caves, Inc., d/b/a Paper XYZ (“Company”) to comply with applicable economic and trade sanctions that prohibit dealings with certain countries, regions, and persons. This policy applies to the Company and to all employees (including all Company directors, officers, and employees, including regular, part-time, freelance, and contract employees). It applies to all of the Company’s transactions or dealings, including, for example, the sale of products or services, the procurement of materials or services, and donations and other non-commercial dealings. The policy is not intended to address the specific application of these laws to any particular transaction or dealing, and should not be read as a substitute for case-by-case guidance from the legal counsel. Questions regarding the application of this policy or sanctions to any contemplated transaction, dealing, or activity should be promptly raised with a member of the legal counsel.

II. COMPANY POLICIES

The Company and its employees are prohibited from the following, unless the Company’s legal counsel has first conducted a compliance review and confirmed that the transaction is permitted under applicable law:

- **Engaging or participating in transactions or dealings with or involving Sanctioned Areas or Prohibited Persons** – including, for instance, customers, consultants, contractors, banks, and other third parties that are located in a Sanctioned Area or that are Prohibited Persons (each, as defined below).
 - **“Sanctioned Areas”** are Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, and the so-called Donetsk People’s Republic (DNR) and Luhansk People’s Republic (LNR) regions of Ukraine.
 - **“Prohibited Persons”** are persons on a sanctions-related list of designated persons, including Specially Designated Nationals and Blocked Persons List (“SDN List”), maintained by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), and persons that are owned (50% or more) by one or more such persons.
- **Participating in or facilitating transactions or referring opportunities that may be permitted under local law but would be prohibited if a “U.S. Person” were involved.**
 - **“U.S. Persons”** are (i) all U.S. citizens and U.S. lawful permanent residents (so-called “Green Card” holders), regardless of their location; (ii) all U.S. companies, including overseas branches; and (iii) all persons within the United States, regardless of their nationality or duration of their stay in the United States.
- **Procuring items from vendors located in Sanctioned Areas or from Prohibited Persons.**

- **Procuring or otherwise dealing in items originating from a Sanctioned Area, regardless of the location of the vendor or supplier of the item.**

III. COMPLIANCE PRACTICES

To ensure compliance with these policies, the Company:

- **Conducts screenings of all paying customers with whom the Company conducts business, and re-screens all existing paying customers periodically** to ensure that it does not conduct business with a Sanctioned Area or a Prohibited Person that becomes the target of sanctions after being on boarded as a customer.
- **Utilizes technical and other measures that it deems appropriate from time to time**, in order to (i) block access to the Company's platform to persons in or associated with Sanctioned Areas, (ii) ensure that the Company does not provide prohibited services relating to data originating from a Sanctioned Area, and (iii) restrict the ability of any customer to analyze a Sanctioned Area market or data from a Sanctioned Area.
- **Includes, as appropriate, sanctions-related terms and conditions in its written agreements with customers**, such as memorializing that the customer is not a Prohibited Person or operating from a Sanctioned Area, and requiring the customer to comply with applicable sanctions in connection with its activities conducted pursuant to the agreement, including agreeing to not send the Company data from a Sanctioned Area.
- **Conducts periodic sanctions training of relevant employees to foster compliance with applicable sanctions laws.**

IV. EMPLOYEES' RESPONSIBILITIES

All employees are required to be aware of and comply with sanctions. (*See Appendix A for additional background regarding U.S. sanctions.*) Further, all employees are required to:

- **Read and understand the requirements of this policy.**
- **Seek guidance whenever you have questions about this policy or any sanctions.**
- **Promptly report to the senior management any known or suspected instance of non-compliance with this policy or any sanctions.**

FAILURE TO BE AWARE OF SANCTIONS REGULATIONS WILL NOT EXCUSE VIOLATIONS OF THEM. ANY EMPLOYEE WHO KNOWINGLY CONDONES OR PERMITS NONCOMPLIANCE WITH THIS POLICY OR ANY SANCTIONS WILL BE SUBJECT TO DISCIPLINARY ACTION BY THE COMPANY, UP TO AND INCLUDING TERMINATION OF EMPLOYMENT.

APPENDIX A – BACKGROUND ON U.S. SANCTIONS

U.S. sanctions are principally administered and enforced by U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and the U.S. Department of State.

- OFAC administers U.S. economic and trade sanctions that restrict transactions and dealings with certain countries, territories, governments, persons, and entities determined to be engaged in behavior contrary to U.S. national interests. These sanctions are complex and differ by each program and sanctioned entity, and are interpreted strictly by OFAC.
- The U.S. Department of State can and does impose so-called “secondary sanctions” on entirely non-U.S. entities engaged in activities that may be permissible under local laws, but are viewed by the State Department as contrary to U.S. interests, particularly with respect to certain dealings involving Iran, North Korea, and Russia.

As a general matter, OFAC sanctions apply to the activities of U.S. Persons. With respect to Cuba and Iran, these restrictions also apply to foreign persons that are “owned or controlled” by a U.S. Person (*i.e.*, the non-U.S. subsidiaries of a U.S. company).

Further, there are a number of ways in which non-U.S. Persons might violate OFAC sanctions, despite the fact that these measures typically only apply to the activities of U.S. Persons. First, OFAC sanctions prohibit any transaction, including a transaction by a non-U.S. person, that “causes a violation of” U.S. sanctions. A non-U.S. Person may violate this restriction by involving a U.S. Person in a transaction or dealing with a Sanctioned Area or Prohibited Person, for instance, by using U.S. Dollars to transact with such an area or person. (This is because the use of U.S. Dollars may “cause” a U.S. financial institution to provide U.S.-Dollar-clearing services in connection with the transaction, in violation of OFAC sanctions.) Second, certain OFAC sanctions restrict any person – U.S. or non-U.S. – from reexporting items from the United States to certain countries. Third, if a non-U.S. person uses U.S.-based resources (such as computer servers or IT systems) in connection with a transaction that is inconsistent with OFAC sanctions, that could bring that transaction into U.S. jurisdiction and expose the non-U.S. Person to liability.

Transactions or dealings that violate U.S. sanctions can include, but are not limited to, exports, sales, imports, purchases, provision or receipt of services of any kind, financial transactions, performance of contracts, or brokering or facilitating sales to Sanctioned Areas or Prohibited Persons.

A. Countries Subject to Comprehensive U.S. Sanctions

The United States maintains territory-wide or “comprehensive” sanctions against certain countries and territories – currently **Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, and the so-called Donetsk People’s Republic (DNR) and Luhansk People’s Republic (LNR) regions of Ukraine** – that broadly prohibit transactions or dealings in or involving these areas. Generally, unless an authorization from OFAC is available, these sanctions not only restrict dealings with individuals and companies located, operating, or

organized in these areas, but also restrict transactions with the governments of these areas, and entities or individuals worldwide that are owned or controlled by, or acting for on behalf of, their governments. Any contemplated transaction or dealing with or involving a Sanctioned Area requires prior compliance review from the Company's Legal Department and confirmation (including through the use of outside legal counsel specializing in U.S. sanctions, where necessary) that the transaction or dealing is permitted under applicable sanctions. Additionally, although Venezuela is not subject to territory-wide sanctions, the Government of Venezuela is the target of U.S. sanctions, and these sanctions restrict U.S. persons from dealing with the Government of Venezuela or with entities or individuals worldwide that are owned or controlled by, or acting for on behalf of, this government. Employees must be aware of such restrictions and should escalate any questions or concerns to the Company's Legal Department.

Sanctions are fluid and the countries and territories subject to comprehensive and targeted U.S. sanctions may change. Employees are encouraged to consult with the Company's Legal Department with any questions.

B. Individuals and Entities Subject to U.S. Sanctions

The United States imposes targeted sanctions against certain individuals and entities determined to be acting in ways contrary to U.S. interests. Such restrictions are called "list-based" sanctions because the individuals and entities are identified on one of several OFAC lists of sanctioned persons, including the SDN List. OFAC adds new parties to the SDN List on a regular basis, and an individual or entity included on the SDN List is off-limits to U.S. Persons. Absent authorization from OFAC, U.S. Persons may not transact or deal with the property of an SDN, and if a U.S. Person comes into possession of property belonging to an SDN, the U.S. Person is obligated to "block" or "freeze" that property and report it to OFAC. As a practical matter, this means that U.S. Persons generally may not enter into any dealings with SDNs. Moreover, any entity that is 50% or more owned by one or more sanctioned persons is itself considered a sanctioned entity by operation of law, even though it may not appear on a sanctions list.

Although sanctioned persons may be located anywhere in the world (including the United States), certain countries have a higher concentration of SDNs than others. Countries with members of the government or government supporters on the SDN List, or that contain a number of persons sanctioned under an OFAC program that targets an illicit activity (such as international terrorism, malicious cyber activity, narcotics trafficking, weapons of mass destruction proliferation, and criminal activities) include **Afghanistan, Belarus, Bosnia, Burundi, the Central African Republic, Colombia, the Democratic Republic of the Congo, Iran, Iraq, Kosovo, Lebanon, Libya, Macedonia, Mexico, Nicaragua, North Korea, Pakistan, Russia, Serbia, Somalia, Sudan, South Sudan, Syria, Ukraine, the United Arab Emirates, Venezuela, Yemen, and Zimbabwe.**

C. Facilitation and Evasion

Employees must be aware of the risks involved related to potential facilitation or evasion of sanctions. Facilitation occurs when a U.S. Person assists in some fashion in the structuring, approval, or referral of, or with other similar activities with respect to, a transaction that may be

permitted under local law but would be prohibited if a U.S. Person were involved. If a U.S.-Person Employee participates in, provides business approvals for, assists, advises, or supports a transaction involving a sanctioned country or sanctioned person, that Employee has “facilitated” the transaction, and could be liable for violating U.S. sanctions.