

CJ's Commitment to Comply with International Trade Regulations

# **CJ GLOBAL ECONOMIC SANCTIONS COMPLIANCE POLICY**



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# I. GENERAL

## 1. INTRODUCTION

We have declared our commitment to comply with international trade regulations outlined in our CJ Code of Business Conduct (the “Code of Conduct”).

We shall identify and comply with all applicable legal and/or economic sanctions, such as import and export controls, trade restrictions and commercial embargos, enforced by countries or international organizations prior to our transactions.

### ※ “Complying with International Trade Regulations” in the Code of Conduct

We figure out in advance how the legal and economic sanctions, such as import and export controls, trade restrictions and commercial embargoes, enforced by each country affect us and comply with those applicable to us. When it comes to complying with international trade regulations, we must be especially cautious with the following:

- Transferring strategic materials or discussing/transmitting confidential information to prohibited individuals, nations, or entities
- Filling out import and export clearance documentation accurately (indication of origin of goods, classification of items, and proper entry of reported prices, etc.)
- Complying with trade bans and economic sanctions that prohibit trade or financial transactions with certain nations (and businesses or individuals residing in those restricted nations)
- Checking for any licenses or advance clearances required and applying in advance prior to completing the transaction
- Exports with a price below the normal/marked price or receiving inappropriate government aids to promote export when it is prohibited

Non-compliance with the international trade order can expose the CJ group as well as individual CJ members to civil and criminal penalties. Non-compliance also could result irreparable harm to the entire CJ group’s businesses, not just in one country but cascading to other countries.

In addition, suspension of transactions or trades, asset freezing, international trade blacklist inclusion, imposition of a mandatory compliance program, harm to CJ’s reputation, and customer/investor churn are only few of the consequences of non-compliance. Accordingly, it is critical for us to understand that we have an obligation to comply with and be held accountable to the international trade order.

This CJ Global Economic Sanctions Compliance Policy (this “Policy”) has been developed to provide practical standards on economic sanctions in order to comply with the international trade order. All CJ members must thoroughly read and understand this Policy and take responsible and appropriate measures in accordance with this Policy.

## **2. ECONOMIC SANCTIONS**

### **(1) WHAT ARE ECONOMIC SANCTIONS?**

Economic sanctions are commercial or financial penalties imposed by government or multi-national bodies such as UN and EU against targeted countries, organizations, or individuals who violated international norms of behavior including producing and proliferating nuclear weapons, breaching human rights, supporting terrorist/crime organization and producing and trafficking illegal drugs, in order to alter their behaviors.

#### **※ Types of Sanctions**

- Prohibition of import and export of certain goods or services
- Prohibition of business activities, such as operation of joint venture and investment
- Prohibition of money transfer and remittance to target countries, organizations, and individuals
- Assets and accounts freezing
- Travel ban

### **(2) WHY SHOULD WE CARE?**

- Although a proposed transaction may seem irrelevant to economic sanctions that are implemented and enforced by the countries and/or international organizations, the transaction may be subject to these economic sanctions.
- Economic sanctions are not always consistent for all countries or violations.
- We may not know the types or details of economic sanctions and may not even realize that our transactions are subject to the economic sanctions.. However, when it comes to enforcing economic sanctions, lack of understanding and/or knowledge is not a valid excuse for any company that violates those sanctions.

- A violation of economic sanctions not only imposes risk on the company that directly violates the economic sanctions, but it also imposes risk on domestic or foreign affiliates, subsidiaries, or any parent company.
- The penalties imposed for violation of economic sanctions may not be limited to one particular transaction only; the penalties may extend to other transactions such as international money transfers, financial transactions or other transactions involving different products and counterparties.
- Economic sanctions are complex and vary greatly from country to country, and also from organization to organization.

This Policy does not cover all aspects of economic sanctions. Therefore, each of us should always consider and take account of economic sanctions imposed through the laws or regulations of the sanctioning countries prior to engaging any business or transactions.

Note. Introduction to Major Economic Sanctions

**[United Nations Sanctions]** . . . . .

United Nations (UN), an international organization with 193 member states, is guided by its founding Charter. Through the UN Security Council, a fifteen-member council, it may impose economic sanctions on state and non-state groups. Those targeted may be viewed as threats to international peace or perform an act of aggression. Sanctions resolutions are binding for all member states and can include asset freezes, travel bans, and arms embargoes. UN investigates individuals, organizations and governments that violate UN Security Council Resolutions and publish their identities in the United Nations Security Council Consolidated List.

**[Economic Sanctions of the Republic of Korea]** . . . . .

In furtherance of UN sanctions, Korea has taken a number of sanctions measures including trade restrictions and import/export controls via legislation and policy enforcement, including the Foreign Trade Act, the Foreign Exchange Transactions Act, the Act on Prohibition Against the Financing of Terrorism and Proliferation of Weapons of Mass Destruction, the Immigration Act, and the Inter-Korean Exchange and Cooperation Act, and the Customs Act.

**[Economic Sanctions of the United States of America]** . . . . .

The USA has stringent sanctions programs with extensive extraterritorial application attempts even to non-resident individuals and companies, thus additional caution is required. For example, the US sanctions on Iran and North Korea broadly prohibit all investments, business activities, transactions and aids with Iran and North Korea and impose ❶ primary sanctions to US-domiciled corporations and individuals (includes corporations organized under the US laws and their overseas subsidiaries, subsidiaries and/ or branches of non-USA companies within the US, US citizens and permanent residents, and individuals physically present in the US) and ❷ secondary sanctions to restrict US-domiciled corporations and individuals from doing business with any non-US individuals, organizations and financial institutions that violate sanctions programs or transact with the sanction targets.

Meanwhile, we should note that primary sanctions may be imposed even on transactions between non-US-domiciled corporation or individual if 1) any US individual is involved; 2) products or services originating from the US are provided; or 3) the nexus with the US is established such as using US dollars for transactions.

**[Economic Sanctions of European Union]** . . . . .

Economic sanctions of the European Union (EU) are based on UN sanctions. Although EU does not apply comprehensive and outright sanctions like the US, its sanctions programs restrict investments, transactions and imports/ exports in certain industries, including weapon transactions.

### **3. APPLICATION OF THE POLICY**

#### **(1) SCOPE & WORLDWIDE APPLICATION**

The Policy applies worldwide to all employees (whether full-time or part-time), managers, operating committee members, officers, and directors of CJ (“CJ Members”), regardless of location, role, level of seniority, and employment status.

CJ also requires third parties acting for, on behalf of, or in the name of CJ, such as consultants, agents, intermediaries, and representatives to comply with this Policy or their own internal policies substantially equivalent to this Policy.

#### **(2) WHEN TO USE THIS POLICY**

This Policy must be applied before entering into any international transaction.

We should only proceed with a transaction when we are confident that there is no inconsistency in our transaction as it complies with all standards provided in this Policy and applicable laws and regulations.

In general, it may be difficult to interpret or understand economic sanctions laws and regulations as the structure or content of these laws and regulations are complex. Multiple sanctions can be applied to a single transaction, and the sanctioned targets or items may change from time to time. Therefore, we should take a careful approach when reviewing and applying laws and regulations related to economic sanctions.

Therefore, if you are in any doubt or have questions regarding this Policy or any other questions concerning economic sanctions of each country, please contact your Legal/Compliance Department before proceeding further.

#### **(3) RELATION TO OTHER COUNTRY OR INDUSTRY SPECIFIC GUIDELINES**

Through the Code of Conduct, we are committed to comply with the international trade regulations even if complying with such regulations may not serve our business interests.

The company’s other policies or guidelines as well as the country or industry specific guidelines on the economic sanctions programs enacted by each country where CJ does its business should be interpreted consistent with this Policy. In cases where other policies and guidelines conflict with this Policy, the stricter standards shall apply.

## **II. GLOBAL ECONOMIC SANCTIONS COMPLIANCE POLICY**

### **1. OUR STANDARD**

#### **(1) COMPLY WITH ECONOMIC SANCTIONS**

CJ members must identify and comply with economic sanctions applicable to CJ.

#### **(2) MAKE SURE TO COMPLY WITH POLICY BEFORE TRANSACTION, AND SUSPEND WHEN IN DOUBT**

Before entering into any transaction, CJ members must perform all checks and requirements under this Policy. In case of any doubt or concern, even if the transaction is in progress, you must stop the transaction immediately.

#### **(3) ASK FOR HELP**

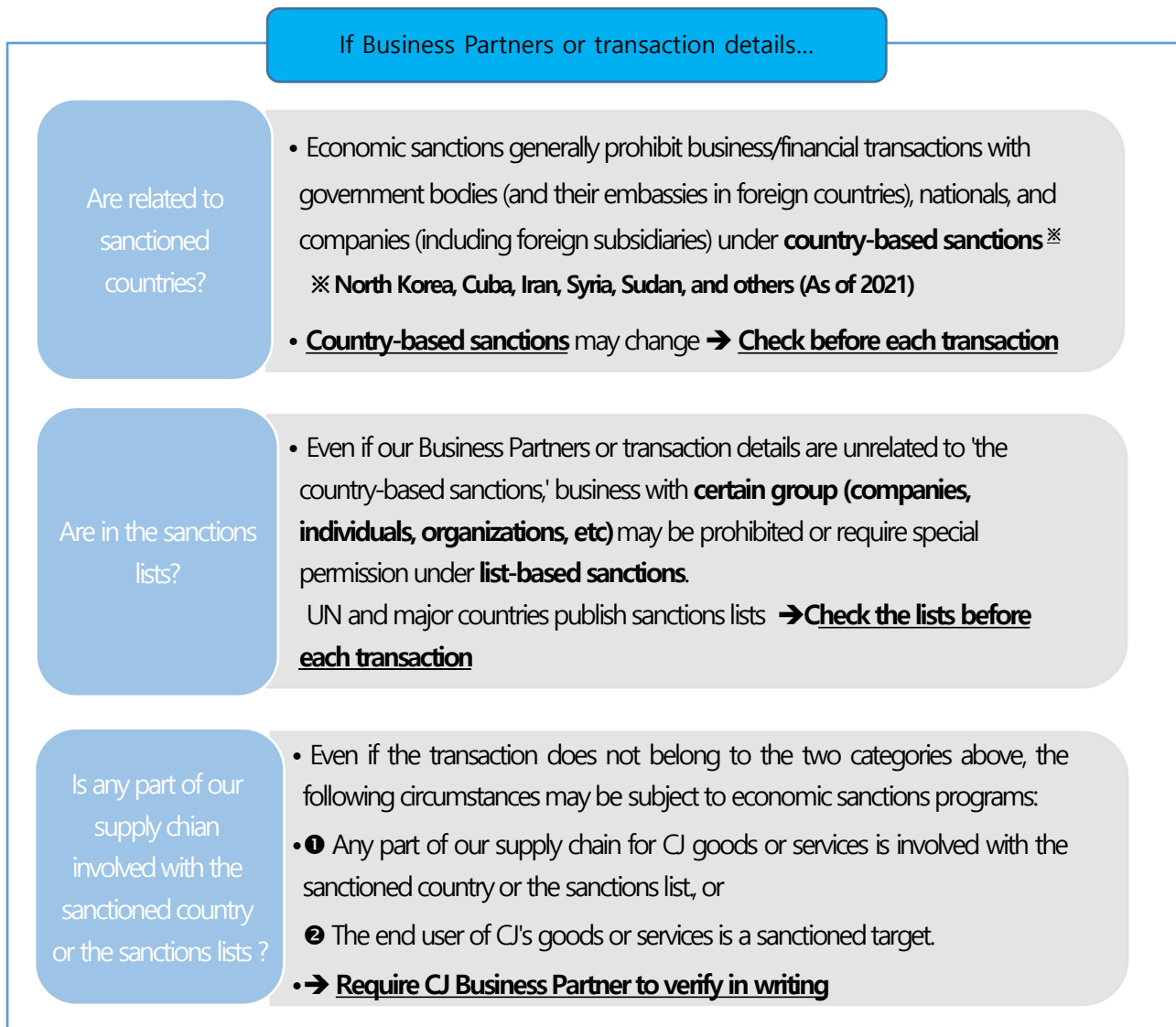
If you are still in any doubt or uncertainty after performing all checks and requirements, you must consult with Legal/Compliance Department.

In addition to the economic sanctions outlined in this Policy, various trade restrictions may be imposed on transactions including export, import or transfer of certain goods, materials (natural resources), information, and technologies, you should consult with Legal/Compliance Department when necessary.



## 2. SANCTIONS SCREENING (Identifying Sanctions Risks)

Economic sanctions screening is a comprehensive screening procedure which is implemented to identify any potential risk of violating economic sanctions by conducting due diligence on transaction details and Business Partners before entering into any transaction.



❶ **"Business Partner"** means any private individual or entity who has a business relation with CJ, or who may facilitate the creation of business relation with CJ to provide or purchase a product or service [e.g.: customers, suppliers, venture partners, agents, contractors, sales representatives, vendors, distributors, consultants, contract laborers, etc..].

## **(1) WHETHER BUSINESS PARTNERS ARE RELATED TO COUNTRY-BASED SANCTIONS**

Country-based sanctions are sanctions imposed by the UN or major countries which generally prohibit all business, trade, any other form of business activity and transactions within certain countries. The comprehensive country-based sanctions are currently in effect against the countries include Iran, Syria, Cuba, North Korea, and Sudan (“Sanctioned Countries”) (as of 2021).

The list of Sanctioned Countries may change from time to time due to various reasons, such as policies and diplomatic strategies of each country or international organization, restoration of relations, and changes in international relations. The standard of economic sanctions may change accordingly.

Therefore, sanctions screening must be performed for any change with the list of Sanctioned Countries which can be found in the following websites:

☞ <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information> or <https://www.state.gov/economic-sanctions-programs/>

If you have any difficulty understanding or using the above websites, or have any questions about performing sanctions screening, please contact Legal/Compliance Department.

## **(2) WHETHER BUSINESS PARTNERS ARE SUBJECT TO LIST-BASED SANCTIONS**

Besides comprehensive country-based sanctions laws and regulations, international organizations and countries such as the UN may take measures to prohibit or restrict transactions against specific targets including individuals, entities, and other organizations (“Sanctioned Targets”).

You will be able to search and identify whether your Business Partner is a Sanctioned Target by using the following list and linked websites. You may also consider utilizing a sanctions screening solution software.

This Policy is mainly subject to economic sanctions of major countries. However, the economic sanctions can be implemented independently by countries other than the major countries. Therefore, you must check and confirm whether the countries where your Business Partner is located, or operates its business have implemented their own or independent sanctioned targets or sanctions before entering into any transaction.

☞ Lists of websites to check if Business Partner is a Sanctioned Target:

- United Nations Security Council Consolidated List: <https://scsanctions.un.org/search/>
- United States Consolidated Screening List Search Engine: <https://legacy.export.gov/csl-search>

- EU Consolidated Financial List: <https://webgate.ec.europa.eu/europeaid/fsd/fsf>

**Note. How to use the US Consolidated Screening List Search Engine**

**1 Enter keyword**

## Search the Consolidated Screening List

Search all [the screening lists](#) at one time by filling in the search boxes below.  
 If you get too many results, try including more information to the additional fields. If you get too few results, try searching one field at a time.

**Keyword**  
 Search for words in the name, alternative names (aliases), title of the entity, and additional remarks regarding the entity.

**Name**  
 Search for an entity's name or one of its alternative names.

**2 Major search result details**

Source	
Start Date	
Federal Register Notice	
Name	
License Requirement	
License Policy	
Source List URL	
Source Information URL	
Alternative Names	
Addresses	

Grounds for sanctions (SDN, DPL, Entity List, etc.)

Restrictions (license requirement, grounds for exception, conditions, etc.)

### **(3) WHETHER ANY PARTY OF OUR SUPPLY CHAIN OF CJ GOODS OR SERVICES IS SUBJECT TO ECONOMIC SANCTIONS**

Even if the sanctions screening on Business Partners and transaction details indicate that they do not fall under the two circumstances above, this does not mean that our transaction is completely safe from economic sanctions.

Even in the case where CJ's immediate Business Partner is unrelated to comprehensive country-based sanctions, or is not subject to list-based sanctions, there is a risk of economic sanctions violation in the following situations:

- ❶ A Sanctioned Target under country-based sanctions or list-based sanctions is directly or indirectly involved in any part of our supply chain. In other words, when a Sanctioned Target participates in any part of the supply process, from the provision of raw materials to the sale of final products to end users; or
- ❷ A sanctioned target is the final consumer of CJ goods or services; and
- ❸ We knew or could have known ❶ or ❷ above.

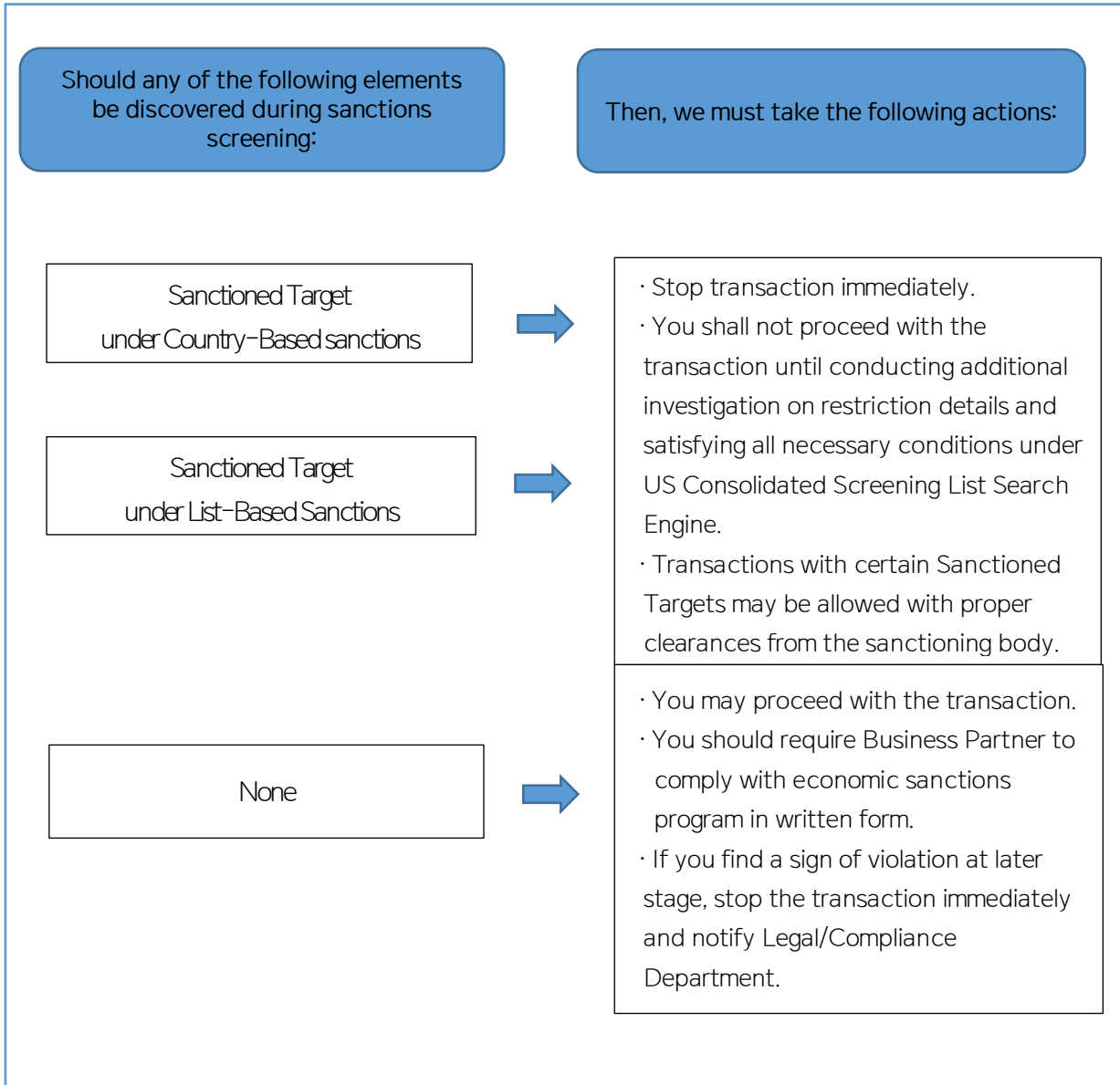
Thus, we should, in advance, confirm whether a Sanctioned Target is involved or included in any part of the entire process of supplying CJ goods and services by conducting compliance due diligence.

Although it is almost impossible to identify parties involved in every tangential transaction that led to the current proposed transaction, we should identify and check the parties involved at every identifiable stage related to the current proposed transaction to minimize the risks of economic sanctions violation.

In addition, as a minimum precautionary measure, we should take appropriate measures such as requesting a verification letter or an agreement which confirms that the Business Partner has no risk of violating economic sanctions when we decide to proceed with the Business Partner. This will be explained further in next chapter.

### 3. RESPONDING TO SCREENING RESULTS

We will respond to risks of economic sanctions violations identified through sanctions screening as follows:



#### (1) PROHIBITED TRANSACTIONS: STOP IMMEDIATELY

When your sanctions screening result indicates that Business Partner of CJ or any particular party in supply chain of CJ is related to Sanctioned Countries, or is a Sanctioned Target, you must promptly stop the transaction.

Not only when your potential Business Partner is clearly subject to the country-based sanctions or list-based sanctions, but also when there is uncertainty as to sanctions screening clearance, you must promptly stop the transaction.

Although some of economic sanctions may allow certain humanitarian transactions, it is necessary to promptly stop the transaction first and resume the transaction only after confirming that the transaction validly falls under the humanitarian exceptions.

Lastly, if you find or suspect any customer, vendor, supplier or business partner of CJ Business Partner is a Sanctioned Target, you must promptly stop that transaction and ask the Business Partner for an objective explanation with written documentation.

Should you require any assistance, please consult with Legal/Compliance Department.

### Major Prohibited Targets

- Countries<sup>※</sup> under county-based sanctions programs and their foreign embassies in any country, any business or non-business organizations directly or indirectly owned by, or on behalf of, the aforementioned countries and companies organized in such countries (includes their overseas subsidiaries)
  - ※ North Korea, Cuba, Iran, Syria, Sudan, and Crimea
- Countries, Individuals, Organizations (enterprises) and entities sanctioned by the UN
- Individuals, Organizations (enterprises) and entities on the EU Consolidated Financial List
- Individuals, Organizations (enterprises) and entities classified as SDN (Specifically Designated Nationals List) in the Source column on the US Consolidated Screening Search List and subsidiaries directly or indirectly owned by SDN with 50% or more ownership
- Individuals, Organizations (enterprises) and entities classified as DPL (Denied Persons List) in Source column on the US Consolidated Screening Search List
- Countries, Individuals, Organizations (enterprises) and entities that have been prohibited from virtually all activities or transactions pursuant to the relevant laws and regulations

## **(2) HIGH RISK TRANSACTIONS: STOP IMMEDIATELY AND IDENTIFY/CHECK THE SPECIAL CONDITION**

During the sanctions screening, the search result from the US Consolidated Screening Search may

indicate that the target entity is not completely banned from the proposed transaction but is subject to special conditions (Entity List, etc.).

Such conditions may include acquisition of government permission prior to the transaction and disallowance of import and export of certain goods or services. Should the transaction proceed without satisfying these special conditions and receiving government clearance, it will result in a sanctions violation.

Therefore, if a certain transaction is found to require these special conditions, suspend the transaction and identify the details of the conditions, such as any legal requirements. Should you need any help, please inquire Legal/Compliance Department.

#### Major High-Risk Transactions

- Transactions with countries, corporations, organizations or individuals whose import and export of specific raw materials or industrial parts is banned or restricted.
- Transactions with special conditions (such as being categorized as Entity List, etc.) on the US Consolidated Screening Search List although not categorized as a prohibited target such as SDN or DPL.
- Transactions with countries, corporations, organizations or individuals who are not officially sanctioned under sanctions programs yet are involved in offences against humanity, such as proliferation of weapons of mass destruction (WMD), human rights violation, terrorist organization support, trafficking and production of illegal drugs, and multinational crime cartels support
- Humanitarian aids for Sanctioned Targets (countries under country-based sanctions and sanctioned targets under list-based sanctions such as SDN, DPL, etc.)

### **(3) WHAT WE SHOULD DO TO BUSINESS PARTNERS**

Even when the sanctions screening above shows that the transaction has no risk of violating any sanctions program, in order to prevent risks of economic sanctions that are not identified during the sanctions screening, the following sanctions compliance language must ensure in contracts or separate acknowledgement letters signed by our Business Partners for transactions with any cross-border factor;

- ❶ Confirmation that they have not violated any sanctions program, and that Sanctioned Targets

under country-based sanctions programs or list-based programs do not participate in any stage of producing or supplying the subject goods or services

- ② Representations and warranties that Business Partners have complied with any and all economic sanctions programs or restrictions for the entire transaction process and that the information provided to CJ is true and accurate
- ③ Covenants that Business Partners will be completely liable for any violation of economic sanctions, including compensation for damages to CJ and CJ Members

## 4. NO BYPASS

This Policy strictly prohibits any attempts of economic sanctions evasions or bypasses.

Examples of attempts of economic sanctions evasions or bypasses include:

- ① Covertly entering into transactions using the name of third parties;
- ② Entering false information or selectively omitting information to clear sanctions screening;
- ③ Deleting or manipulating screening results to conceal sanctions violation risks, etc.

This Policy covers not only your own bypass attempt, but also any bypass attempt made by CJ Business Partner or third parties, which may lead to serious consequences and disadvantages to CJ, even if you may have no intent to violate the sanctions program.

If you carry on a business transaction with a local Business Partner to expand in a certain region with high risk of sanctions violation, you should perform compliance due diligence more thoroughly and all agreements should contain sanctions compliance language.

## 5. REPORTING AND ANTI-RETALIATION

CJ Members are required to promptly report any compliance alerts, any actual or suspicious violation of this Policy or any applicable sanctions programs to **CJ Alert Line**<sup>※</sup>. All CJ Members shall be required to report any suspected violation, regardless of whether he or she is in charge of that particular transaction.

- ※ "**CJ Alert Line**" means all channels for compliance alerts including violations of this Policy such as website, e-mail, facsimile, telephone, written correspondence, and CJ Whistle or any other channels designated or operated by CJ.



CJ protects the identity of the person who has reported a violation of this Policy. CJ prohibits any form of retaliation or intimidation against the person who, in good faith, has reported a perceived violation of this Policy, expressed intention to report, helped a co-worker to proceed with a report, or participated in or assisted with an investigation even if CJ ultimately concludes that there was no violation.

## **6. CONSEQUENCES OF VIOLATION**

Economic sanctions compliance is subject to continuous training, monitoring, and periodical assessment. In addition, CJ will regularly inspect economic sanctions issues and suggest improvement measures when necessary.

Violations of this Policy will be constituted as a violation of the Code of Conduct or employment agreement for CJ Members and may result in disciplinary actions up to and including termination of employment. Violations of this Policy by Business Partners will be constituted as breach of business contract, leading to significant business disadvantages, including termination of business relationship, indemnification for damages, and severance of future business opportunities, therefore Business Partners are also required to comply with this Policy.

In addition to violations of this Policy, economic sanctions violations may result in irrecoverable damages, not only to the particular entity that directly violates the economic sanctions but also the entire CJ group, including suspension of transactions/trade, assets and accounts freezing, listing in international trade blacklists, mandatory implementation of compliance programs, damages to reputation, and customer/investor churn.

Violations of economic sanctions may also result in severe damages to individual CJ members. Most economic sanctions have criminal penalties provisions such as imprisonment and criminal fines against individuals.

Lastly, violations of economic sanctions by Business Partners may result in not only civil or criminal penalties but also disruption in business relationship with CJ.

Please do remember that CJ values “Compliance with International Trade Regulations” more than commercial benefits.