SANCTIONS COMPLIANCE POLICY

May 27, 2025

1. Introduction

Transcontinental Group International Limited is committed to full compliance with all applicable international sanctions regulations. This Sanctions Compliance Policy outlines a structured and enforceable system of internal controls to ensure the company does not engage, directly or indirectly, with sanctioned entities, jurisdictions, or sectors. Special attention is given to the freight forwarding and logistics industry, given its high exposure to trade, cross-border transactions, and supply chain vulnerabilities.

2. Policy Objectives

- Ensure company-wide compliance with sanctions regimes of the United Nations, United States (OFAC), European Union, United Kingdom, Canada, Japan, South Korea, and other relevant jurisdictions.

- Prevent violations related to the movement, financing, or servicing of sanctioned goods or individuals.

- Establish a culture of due diligence, transparency, and accountability in international trade and financial operations.

- Minimize legal, financial, and reputational risks associated with sanctions violations.

3. Scope and Applicability

This policy applies to all employees, subsidiaries, business units, and third-party agents involved in the company's commercial operations globally. It covers:

- Counterparty vetting;

- Goods and service classification (including dual-use and restricted items);

- Documentation and contract management;

- Financial operations and trade facilitation;

- Digital platforms and logistics technology.

4. Jurisdiction-Specific Sanctions Regulations

A. United States (OFAC & EAR Compliance)

- Screen all counterparties and transactions against the SDN List, Entity List, Sectoral Sanctions Identifications (SSI), and other OFAC lists.

- Comply with U.S. Export Administration Regulations (EAR) and Foreign Direct Product Rule (FDP).

- Implement controls for secondary sanctions exposure under CAATSA.

- Ensure that no U.S.-origin goods or services are shipped to embargoed destinations or restricted end-users.

B. European Union

- Adhere to EU Council Decisions and Regulations (e.g., 833/2014, 2014/512/CFSP).

- Monitor consolidated sanctions lists and guidance via the EU Sanctions Map.

- Implement internal procedures to assess transactions involving Russian, Belarusian, or other sanctioned entities.

- Cross-reference with EU customs restrictions and export control regimes.

C. Asia and Hong Kong

- Apply sanctions due diligence in accordance with Hong Kong's Trade and Industry Department guidance and AML/CTF Ordinance.

- Conduct enhanced due diligence for entities or individuals based in Mainland China involved in U.S. or EU-controlled transactions.

- Maintain systems to detect transshipment risks involving restricted destinations (e.g., North Korea, Iran).

5. Sector-Specific Requirements: Freight Forwarding & Logistics

- Identify and block transactions involving sanctioned or restricted goods, including military, dual-use, or embargoed items.

- Use harmonized tariff code screening to flag suspicious commodities.

- Monitor trade routes for high-risk corridor patterns (e.g., use of intermediary ports or free trade zones).

- Implement software to match bill of lading, invoice, and manifest data against control lists and geofencing.

- Train operations staff to recognize document manipulation, end-use deception, and sanctions red flags.

6. Operational Procedures and Internal Controls

Step 1: Onboarding and Due Diligence

- Conduct sanctions screening during onboarding using global databases.
- Assign risk ratings and initiate enhanced due diligence where necessary.
- Include sanctions clauses in all contracts.

Step 2: Transaction-Level Review

- Review each transaction, shipment, or service request against applicable sanctions regulations.
- Check product classification, buyer, end-user, and route.
- Verify against control lists and embargoed jurisdictions before execution.

Step 3: Ongoing Monitoring and Screening

- Deploy automated screening tools with real-time alerts for SDN/OFAC, UN, EU, UK, and Canadian lists.
- Monitor ongoing changes in sanction regimes and adapt internal processes accordingly.
- Maintain logs of all screening activities.

Step 4: Escalation and Reporting

- Any potential or confirmed sanctions hit must be escalated to the Compliance Officer immediately.
- File reports with the appropriate authorities (e.g., OFAC, JFIU, EU authorities) where required.
- Suspend affected transactions pending investigation.

Step 5: Training and Communication

- Annual mandatory training on sanctions compliance for all staff.
- Specialized workshops for trade compliance, finance, and logistics teams.
- Regular policy refreshers and compliance bulletins.

Step 6: Recordkeeping and Audits

- Maintain screening results, approvals, and contractual documentation for at least 7 years.
- Perform internal audits semi-annually to verify compliance.

7. Governance and Oversight

- The Compliance Officer is responsible for policy implementation and enforcement.
- The Compliance Committee monitors ongoing sanctions risk and policy effectiveness.
- The Director provides strategic oversight and final approval of policy changes.

8. Resources for Sanctions Verification

The following tools must be used for screening:

- OFAC: https://sanctionssearch.ofac.treas.gov/
- EU Sanctions Map: https://www.sanctionsmap.eu/
- EU Legal Decisions: https://www.consilium.europa.eu/en/policies/sanctions/
- UK Sanctions: https://www.gov.uk/government/
- Canada: https://www.international.gc.ca/
- U.S. Government Legal Portal: https://www.govinfo.gov/

9. Final Provisions

This policy is reviewed annually and updated in line with legal or operational developments. All personnel must certify compliance annually.

Approved by:

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Chief Compliance Officer
May 27, 2025

Alexander Tsudikman
Director
May 27, 2025