

 VINYL TECHNOLOGY, INC.	Master uncontrolled when printed
EXPORT CONTROLS COMPLIANCE POLICY F82201 REV. A	Wednesday, November 01, 2017

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1. Policy and Purpose

Vinyl Technology, Inc. (VTI or the Company) is committed to conducting its business ethically and in full compliance with all applicable U.S. laws and regulations, including export controls. Compliance is critical to the company's continued success and our ability to maintain our reputation for good corporate citizenship.

Under this Export Controls Compliance Policy (the Policy), no employee may violate the International Traffic in Arms Regulations (ITAR), administered by the U.S. Department of State, Directorate of Defense Trade Controls (DDTC); the Export Administration Regulations (EAR) administered by the U.S. Commerce Department, Bureau of Industry & Security, or any other applicable U.S. export law or regulation. Violations of this Policy or applicable regulations will be grounds for disciplinary action up to and including termination.

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VTI personnel are required to report any suspected violations of the Policy, and direct any questions concerning Policy requirements to the Executive Vice President or the Company President.

2. Scope and Applicability

This Policy applies to all VTI employees, wherever located. VTI also expects its agents, distributors, and other transaction partners to understand and fully comply with their obligations under U.S. export and other international trade laws. Failure to do so will be grounds for immediate termination of the business relationship with that transaction partner.

3. Compliance Responsibilities

VTI has designated certain employee(s) with responsibility for compliance with export controls and other applicable international trade laws. At present, the following individuals have been designated: Rodney Mollura, Executive Vice President. Any questions or concerns regarding U.S. export controls and other international trade regulations should be directed to him.

4. U.S. Export Control Laws

U.S. export controls are broad in scope. The U.S. Government regulates many common business transactions as “exports.” The regulations control more than the physical shipment of commodities or software out of the United States. They also apply to disclosures to foreign nationals of information related to the design, production, development, or use of controlled commodities (technical data). Additionally, the ITAR control the export of defense services.

ITAR International Traffic in Arms Regulations	EAR Export Administration Regulations
<ul style="list-style-type: none">• Applies to all commodities listed on the U.S. Munitions List (USML)• Applies to technical data and services related to USML commodities• License required for export to almost all destinations, including disclosure to foreign nationals• Regulating agency is the U.S. Department of State Directorate of Defense Trade Controls (DDTC)	<ul style="list-style-type: none">• Applies to U.S.-origin commodities not controlled under ITAR• Applies to technology related to those commodities• License may be required depending on destination, end-user, end use• Controlled commodities are listed on the Commerce Control List (CCL)• Regulating agency is the U.S. Department of Commerce Bureau of Industry and Security (BIS)

5. “Deemed” Exports

Disclosing controlled information to a foreign person, including by oral or visual disclosure, is considered an export under the ITAR, even if the disclosure takes place in the United States. That

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disclosure is commonly referred to as a “deemed” export. Deemed exports are generally controlled as exports under U.S. export regulations and may require authorization from the U.S. Government. The Policy highlights deemed exports because they may take place in the normal course of business and may not otherwise be thought of as an export by VTI employees.

For purposes of deemed exports, a “foreign person” includes any person who is not a U.S. citizen or is not a Lawful Permanent Resident (green card holder). Foreign citizens working in the U.S. pursuant to a work permit or visiting pursuant to a travel visa, but who do not hold a “green card” are considered “foreign persons” for purposes of the U.S. export laws.

5.1. Policy

It is VTI policy to detect and prevent unauthorized deemed exports with the same care that it applies to the detection and prevention of unauthorized physical exports.

5.2. Required actions

5.2.1. If any employee believes he or she possesses controlled technology or technical data, before sharing that information by any communication, including but not limited to telephone, email, or in-person conversation, the employee must consult Rodney Mollura, Executive Vice President, to determine whether a license is required to disclose that information to foreign persons.

5.2.2. Before convening meetings or phone calls in which controlled technology or technical data may be discussed, VTI personnel should ensure that all participants are authorized to access such information.

5.2.3. If a project is identified as involving controlled technology or technical data, the Information Technology (IT) department will limit access to information on that project to authorized employees.

6. Other International Trade Laws

6.1. U.S. Sanctions

The U.S. Department of Treasury, Office of Foreign Assets Control (OFAC) administers many sanctions programs. Sanctions prohibitions apply to U.S. persons and any person located in the United States, regardless of nationality.

Comprehensive sanctions on countries such as Cuba, Iran, Sudan, Syria, and North Korea prohibit nearly all transactions with the sanctioned country.

Selective sanctions prohibit transactions with certain governments, entities, and individuals, and even certain designated vessels. The United States maintains sanctions against, among others, designated terrorists, weapons proliferators, and narcotics traffickers. Parties subject to these sanctions are listed on the Specially Designated Nationals (SDN) List, available [here](#).

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6.1.1. Policy

VTI personnel must ensure that no Company transactions violate applicable U.S. sanctions.

6.1.2. Employee Actions

6.1.2.1. Employees will be responsible for reviewing transactions for involvement of sanctioned parties or countries, the possibility of diversion of items to sanctioned countries, or the possibility of facilitating a transaction that would be prohibited to the company or the person under U.S. sanctions.

6.1.2.2. In order to equip Personnel to understand and recognize, detect and prevent potential sanctions issues, the Company will provide training and information as described in Section 11, below.

6.2. The U.S. Foreign Corrupt Practices Act (FCPA)

Under the U.S. Foreign Corrupt Practices Act (FCPA), U.S. persons are prohibited from offering, promising, making, or authorizing a bribe or payment of Anything of Value (defined below), either directly or indirectly, to any Foreign Official (defined below), including any representative of a Foreign Official, when the bribe or payment is intended: (1) to obtain or retain business or any other business advantage by (2) influencing a desired action, inducing an act in violation of a lawful duty, causing a person to refrain from acting in violation of a lawful duty, securing any improper advantage, or influencing the decision of a government or government instrumentality.

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<p>“Anything of Value”</p> <p>Includes the following:</p> <ul style="list-style-type: none">(i) payments or offers of money in any amount (<i>i.e.</i> no minimum U.S. dollar threshold) and in any form, including cash, cash equivalents (<i>e.g.</i>, gift cards), commissions, rebates, loans, or other compensation;(ii) political and/or charitable donations, in-kind services, meals, travel, entertainment, gifts; and(iii) anything else of economic value.	<p>“Foreign Official”</p> <p>Includes any individual, regardless of rank, who is:</p> <ul style="list-style-type: none">(i) a non-U.S. government official, including an officer, employee, or agent of a non-U.S. government or any department, agency thereof;(ii) any officer, employee, or agent of any “instrumentality” of a non-U.S. government (<i>e.g.</i>, any entity wholly or partially owned or controlled by a non-U.S. government or any non-U.S. government department or agency);(iii) an officer, employee, or agent of a public international organization (<i>e.g.</i>, United Nations);(iv) a non-U.S. political party or political party official, candidate for office, or agent thereof; or(v) anyone acting on behalf of any of individuals covered by (i) through (iv).
Foreign Officials and State Owned Entities	
<p>In a number of countries, VTI may come into contact with state-controlled companies. It is likely that employees of these companies will be considered Foreign Officials under the FCPA. For this reason, if any Company employee has any reason to believe that a company is owned or controlled by any non-U.S. government, in transactions with that company, he or she should proceed <i>as if the employees of that company are Foreign Officials.</i></p>	

6.2.1. Policy

VTI personnel shall not directly or indirectly offer, promise, authorize, or pay “Anything of Value” to any “Foreign Official,” spouse or relative of a Foreign Official, or to any other person knowing or having reason to know that all or some portion of the thing of value will be offered, given, or promised for the purpose of inducing the Foreign Official to use his or her influence to secure an improper advantage, or to obtain, retain, or direct business to VTI or to any other person or entity. VTI and its personnel shall avoid any act or conduct that could be construed or interpreted as a bribe or improper payment.

6.2.2. Employee Actions

6.2.2.1. Before an expenditure for anything of value may be offered, promised, or paid to a foreign official, including any business hospitality, the person responsible for requesting the expenditure must receive approval from Rodney Mollura, Executive Vice President.

6.2.2.2. The Executive Vice President will authorize or deny the request based on review of available information and appropriate inquiry into any red flags.

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6.2.2.3. When a request is approved, a written approval will be provided to the requestor and a copy will be maintained in VTI's compliance file, along with any related documents (e.g., receipts, expense reports) for five years.

6.3. Customs and Imports

6.3.1. Policy

The Company will comply with all applicable import and customs regulations, including those related to customs classification, valuation, country of origin, and anti-dumping or countervailing duties.

6.4. Transportation of Supplies by Seas

6.4.1. Policy

VTI will use U.S.-flag vessels whenever transporting any supplies by sea when required by Department of Defense regulations.

7. Due Diligence

Before any VTI employee undertakes any new cross-border transaction, the employee must contact the Executive Vice President for approval. Approval will only be granted after appropriate due diligence is conducted.

8. Screening

The U.S. Government maintains restrictions on transactions with certain countries, governments, entities, and individuals. Restrictions on specific entities and individuals are detailed in several different lists maintained by different branches of the U.S. Government.

As discussed in Section 6.1 above, OFAC imposes the most comprehensive restrictions on parties listed as Specially Designated Nationals and Blocked Persons. OFAC also maintains the Foreign Sanctions Evaders (FSE) List, available [here](#). Transactions with SDNs or with FSEs are prohibited.

The U.S. Commerce Department maintains the Denied Persons List, which lists entities and individuals who generally denied from participating in any U.S. export transaction. In addition, the Commerce Department maintains the Entity List and Unverified List. These lists are available by clicking [here](#). Additionally, the State Department maintains a list of Debarred Parties, available [here](#).

8.1. Policy

VTI will not conduct business with parties listed by the U.S. Government as prohibited.

8.2. Employee Actions

8.2.1. To protect against unauthorized transactions with listed parties, VTI employees will screen partners in export transactions against these lists. Lists of restricted parties rapidly change based on world events, and personnel responsible for compliance will keep up to date on these lists.

8.2.2. If an employee determines a screened party name matches a listed name and cannot readily identify the match as a false positive, that employee will not proceed in a transaction with that party until the employee consults with the Executive Vice President to resolve any potential compliance issues.

9. Agreements with Third Parties

In order to protect VTI and promote compliance with export controls and other international trade laws by transaction partners, the Company will include appropriate compliance language in distribution, sales, services, and other agreements and other contracts. Such language will obligate transaction partners to abide by U.S. export controls and other laws, and enable VTI to terminate agreements in the case of a breach of those laws.

10. Recordkeeping and Reporting

10.1. Policy

The ability to monitor the compliance program in this Policy depends on the maintenance of complete and accurate records. Accordingly, VTI is committed to: (i) maintaining records in accordance with the requirements of applicable regulatory requirements; and (ii) making records readily available for inspection.

10.2. Employee Actions

VTI employees will be responsible for retaining appropriate records related to the activity listed below for a period of five years from the date of the activity, including the following:

- Export or re-export licenses(s), and amendments and any accompanying attachments; transmittal letters and verifications of receipt;
- Original support documentation for license applications or license exceptions;
- Records of screening for parties to a transaction;
- Copies of training presentations delivered, including records of attendance at such trainings;
- All versions of this and other policies adopted by VTI to promote and govern compliance with export controls and other international trade laws.

11. Education and Training

VTI will provide training on U.S. export and other international trade regulations. VTI will ensure that training is provided through both internal and external education programs, on a formal and informal basis.

The Director of Human Resources will coordinate providing training to the appropriate personnel and will assist any interested personnel in scheduling additional training.

12. Violation, Enforcement, and Penalties

Failure to comply with U.S. export controls and other international trade regulations may result in serious civil, criminal, and administrative penalties including denial of export privileges. Individuals may also be subject to severe penalties, including substantial fines and, in the case of knowing violations, imprisonment. VTI will not tolerate violations by personnel or its business partners. Any violation will be the grounds for disciplinary action up to and including immediate termination.

13. Acknowledgment

The undersigned hereby acknowledges that he or she has received a copy of VTI's Export Controls Compliance Policy and that he or she has read and understood this policy in its entirety and agrees to abide by it. The undersigned further acknowledges that it is his or her responsibility to seek clarification from executive management if any application of this policy is not clear. The undersigned also acknowledges that continued service with VTI requires full adherence to this policy and that failure can result in disciplinary action up to and including termination of employment.

(Signature)

(Print Name)

(Date)