



SANCTIONS IMPLEMENTATION AND MONITORING POLICY

1. GENERAL PROVISIONS

- 1.1. UAB Optogama, legal entity code 304023355, address: Mokslininkų g. 6B, LT- 08412 Vilnius (“**Optogama**” or “**Company**”), is a high-tech company. Optogama develops, designs and commercialises laser sources and optical devices for material processing, machine vision, optical communication systems and scientific applications. 4Lasers, a division of Optogama, also offers high-quality laser accessories, optical elements and various crystals.
- 1.2. Optogama is committed to complying with the regulations on international sanctions and restrictive measures (“**Sanctions**”) and supporting the foreign and security policy objectives of the Republic of Lithuania. The Company aims to ensure responsible and values-based implementation of Sanctions and to effectively manage the risks associated with the export of sanctioned goods and technologies to, or their use in, Russia and Belarus.
- 1.3. With a view to ensuring compliance with international and national requirements in the implementation of Sanctions, Optogama adopts the following Sanctions Implementation and Monitoring Policy (“**Policy**”). This Policy sets out the Company’s obligations and actions to ensure:
 - 1.3.1. compliance with the United Nations Security Council (“**UN**”), European Union (“**EU**”) and national sanctions regulations;
 - 1.3.2. compliance with the United States and United Kingdom sanctions regimes.
- 1.4. The Policy has been developed in accordance with:
 - 1.4.1. binding UN, EU and national legislation establishing Sanctions and other restrictive measures;
 - 1.4.2. recommendations and guidelines of the responsible supervisory authorities and other competent national authorities on the implementation of Sanctions.
- 1.5. The vision of the Policy is to ensure a transparent, effective and best practice-based system for the implementation and monitoring of Sanctions within the Company.
- 1.6. The Policy shall be binding on Optogama employees working in the supply, logistics and sales departments. All employees in these departments shall be required to acknowledge by signature that they are familiar with the provisions of the Policy and undertake to comply with them.

2. DEFINITIONS

- 2.1. The following terms and abbreviations are used in this Policy.

Term (abbreviation)

Definition (explanation)

**Dual-use items**

Items, including software and technology, which can be used for both civilian and military purposes, as well as items which can be used for the design, development, manufacture or use of nuclear, chemical or biological weapons or their delivery systems, including all goods which have non-explosive uses or assist in any way with the manufacture of nuclear weapons or other nuclear explosive devices;

EU

European Union

UN

United Nations Security Council

Policy

Sanctions Implementation and Monitoring Policy

Optogama or Company

UAB Optogama, legal entity code 304023355, address: Mokslininkų g. 6B, LT-08412 Vilnius

Sanctions

Restrictions and obligations imposed by the laws of the Republic of Lithuania as a whole.

The set of restrictions and obligations imposed by EU legislation, decisions of the UN and other international organisations of which the Republic of Lithuania is a member or in which it participates that are directly applicable in the Republic of Lithuania or are implemented in accordance with the procedure laid down in the Law on International Sanctions.

Sanctioned Entities

A state or any part thereof, a territory (special status area), a natural or legal person, any other organisation or group of natural or legal persons and/or organisations subject to international sanctions or restrictive measures imposed by the laws of the Republic of Lithuania.

3. BASIC PRINCIPLES OF IMPLEMENTATION OF SANCTIONS

- 3.1. In carrying out its activities, Optogama shall be guided by the following basic principles of implementation of Sanctions:
 - 3.1.1. The Company shall use its best endeavours to ensure that its activities and transactions do not violate the Sanctions imposed;
 - 3.1.2. The Company shall comply with the prohibition to purchase, supply, sell or export, either directly or indirectly, any goods and technology to the Sanctioned Entities;
 - 3.1.3. The Company shall not initiate or enter into any transaction or new commitment the performance of which would be contrary to the Sanctions. Such transactions shall be deemed null and void;



- 3.1.4. The Company shall review its previous transactions and commitments and, if warranted, unilaterally terminate or suspend them during the period of existence of Sanctions;
- 3.1.5. The Company shall not permit, encourage or undertake any activity or action that could violate Sanctions or facilitate the evasion or circumvention thereof;
- 3.1.6. The Company shall regularly assess the operational risks associated with compliance with Sanctions, taking into account the following factors:
 - 3.1.6.1. The geographic location of the business and the reliability and business profile of its business partners, as well as assessing, for example, whether:
 - 3.1.6.1.1. a customer operates or has branches, representative offices or warehouses in countries subject to Sanctions (Russia, Belarus, CIS and other countries);
 - 3.1.6.1.2. the activities declared by the customer are compatible with the type of goods ordered;
 - 3.1.6.1.3. the customer has the necessary licences, can justify the intended use of the goods and provides accurate information on the intended use of the goods;
 - 3.1.6.1.4. the customer does not refuse to sign the End User/End Use Statement or does not provide an incomplete or deficient one;
 - 3.1.6.1.5. the customer does not request the removal or modification of the information contained in the documents concerning the technical characteristics of the goods;
 - 3.1.6.1.6. the customer does not often change company details or bank accounts, especially towards the moment the order is completed;
 - 3.1.6.1.7. the customer or any end-user of the goods from a third country has not been found by a court or other competent authority, whose decision is publicly available and published in public sources of information, including in the media, to have violated or circumvented Sanctions.
 - 3.1.6.2. The logistics chain, as well as assessing, for example, whether:
 - 3.1.6.2.1. the customer does not request delivery to third-country warehouses;
 - 3.1.6.2.2. the customer does not request a change of the delivery address at the last minute before the order is dispatched;
 - 3.1.6.2.3. the customer does not request that the documents indicate a consignee other than the one actually receiving the goods;
 - 3.1.6.2.4. the customer does not request that consignments of goods be split into multiple lots or shipped by different methods (or routes) when there is no logistical need for this.



- 3.1.6.3. Payments and communication, as well as assessing, for example, whether:
 - 3.1.6.3.1. payment is made by the customer and not by a third party (another company or individual) with no connection to the order;
 - 3.1.6.3.2. payments are not split into several smaller amounts transferred from different bank accounts or different countries;
 - 3.1.6.3.3. the customer does not deliberately avoid specifying product names, the contract or account numbers in the purpose of payment;
 - 3.1.6.3.4. the customer does not avoid using an official e-mail address and does not use encrypted platforms for communication (e.g. Signal, Telegram).
- 3.1.6.4. The compliance of exports/imports of goods and technologies with the requirements of Sanctions, as well as assessing, for example, whether:
 - 3.1.6.4.1. the customer does not avoid providing precise information on the purposes of use of the goods and does not provide only general information;
 - 3.1.6.4.2. the customer does not order goods that are incompatible with the declared activities of the company;
 - 3.1.6.4.3. the customer does not order large quantities of goods that are disproportionate to the size of the company.

3.2. The Company shall comply with applicable international and national legislation governing the implementation of Sanctions. The Company shall also endeavour to ensure that all employees comply with the requirements and obligations set out in the EU regulations and the laws of the Republic of Lithuania in relation to Sanctions.

4. INTERNAL CONTROL PROCEDURES FOR IMPLEMENTING SANCTIONS

- 4.1. **Internal controls.** The Company is responsible for the implementation of the following internal controls in relation to Sanctions and undertakes to:
 - 4.1.1. establish clear and effective internal business processes to ensure compliance with Sanctions;
 - 4.1.2. ensure that Optogama's employees are adequately familiar with: (1) the Policy and its provisions; (2) the Company's internal processes; and (3) the documentation of the movement of goods;
 - 4.1.3. provide regular specialised training to targeted groups of Optogama employees in order to ensure sufficient competence in the implementation of the Sanctions imposed;
 - 4.1.4. ensure that the Company's activities are based on the most up-to-date information on the Sanctions imposed;
 - 4.1.5. actively cooperate and consult with the competent authorities in order to implement the requirements of the Sanctions;



- 4.2. **Due diligence on clients/customers and business partners.** The Company shall apply procedures for screening clients and business partners, using official Sanctions Lists (e.g. EU, OFAC, UN lists). The Company shall make sure that clients and business partners are not subject to Sanctions. Due diligence shall not be limited to checking whether an entity is on the Sanctions Lists, but shall also include an additional assessment of whether (1) the entity has any direct or indirect links to Sanctioned Entities through its management structure or activities; (2) there is any other publicly available information that could pose a risk of violating or circumventing Sanctions (e.g. a company states on its website that it has partners or representatives in Russia or Belarus, the company is mentioned in the media as being involved in violations of Sanctions, the export of sanctioned goods to Russia or Belarus, activities in Russia or Belarus, etc.).
- 4.2.1. Screening of clients and business partners shall be carried out:
- 4.2.1.1. before order confirmation and shipment of goods;
 - 4.2.1.2. before making any changes to, or extending, a transaction with a client;
 - 4.2.1.3. when the Company becomes aware of a change in the client's details (e.g. director, governing bodies) or other information that may affect the risk of violation and/or circumvention of Sanctions;
 - 4.2.1.4. when the Sanctions List is updated or the scope of applicable prohibitions and restrictions changes;
 - 4.2.1.5. in other cases where the Company's director or employee considers it important to assess and manage the risk of violation and/or circumvention of Sanctions.
- 4.3. **Responsibilities related to clients/customers and business partners.** Employees whose duties include working with the Company's clients and business partners shall:
- 4.3.1. **ensure client/customer screening.** Before engaging with a client and dispatching goods, an employee shall carry out client screening to make sure that the client is not subject to Sanctions. Such screening shall not be limited to checking the client against the official Sanctions Lists. To this end, it is also necessary to check whether:
- 4.3.1.1. publicly available information (Google, media, registers, company website, etc.) does not indicate any possible links of the client to violations of Sanctions, export of sanctioned goods, activities in Russia, Belarus, etc.;
 - 4.3.1.2. the client does not use e-mail domains “.ru”, “.by” (e.g. @mail.ru, @yandex.ru);
 - 4.3.1.3. the client does not provide any contact details with +7 (Russia), +375 (Belarus);
 - 4.3.1.4. the client communicates normally, e.g. does not avoid e-mail communication, does not hide who the end-user of the goods is, does not make suspicious offers of payment (does not ask for payments to be made by a different company, does not indicate



that payments will be made from a third-country bank, does not ask for an invoice to be issued to an entity other than the buyer, etc.) or delivery (does not request delivery to an address that is not the same as the place of registration and business of the company, does not request changes to the technical parameters of the goods, does not ask for the goods to be shipped through complex logistics routes, etc.).

- 4.3.2. The responsible employee shall also assess the operational risk of the client/customer as per paragraphs 3.1.6.1 to 3.1.6.4 of this Policy.
- 4.3.3. **Ensure that the client/customer produces the required documents.**
 - 4.3.3.1. If the goods are purchased directly by a company operating in the EU for its own use, the client is required to complete the End User/End Use Statement. If the client has a valid sales contract with an explicit end use approval as a contractual condition and the client places orders on a regular basis, no separate approval for each order shall be required;
 - 4.3.3.2. If the goods are purchased by a distributor who is not the end user of the goods, the client shall be required to complete the End User/End Use Statement and to sign a prohibition of re-export of the goods to Russia and Belarus;
 - 4.3.3.3. If the goods are purchased by a company from a non-EU country, the client shall complete the End User/End Use Statement and sign a prohibition of re-export of the goods to Russia and Belarus.
- 4.3.4. **Confirm orders and dispatch goods only in accordance with the requirements.**
 - 4.3.4.1. The goods may only be shipped to the client if (1) the client is not subject to Sanctions; (2) the client has provided all necessary documents (the End User/End Use Statement and, if required, a prohibition of re-export of the goods to Russia and Belarus). No separate end user approval shall be required if the client has a valid sales contract with an explicit end use approval as a contractual condition and the client places orders on a regular basis as per paragraph 4.3.3.1 of the Policy.
- 4.3.5. **Ensure compliance of contracts with the requirements of Sanctions.** Employees shall ensure that the Company's contracts and order confirmations include the following provisions:
 - 4.3.5.1. prohibition of the sale, supply, transfer or export of Optogama goods and technologies to any entity in Russia and Belarus;
 - 4.3.5.2. the client's liability for violations of Sanctions;
 - 4.3.5.3. the conditions for termination of the contract in the event of violation of Sanctions and the penalties for violation.
- 4.3.6. **Sign a statement of conformity.**
 - 4.3.6.1. Employees shall sign a statement that the Optogama goods or technologies being sold: (1) are not dual-use items; (2) are not



on the Common Military List; (3) do not meet the criteria for controlled items. By signing this statement, the employee shall warrant and be responsible for the sale of Optogama goods or technologies not being in violation of Sanctions.

- 4.3.7. **Actions to be taken in the event of suspicions.** If, following client screening, there are any suspicions or identified risks of a possible violation or circumvention of Sanctions, employees shall:
- 4.3.7.1. Assess the magnitude of the risk with the Company's supply and sales managers and, where appropriate, with the Company's director and determine whether the transaction can proceed;
 - 4.3.7.2. If a contract is already in place, consider terminating the contract if the performance of the contract would be contrary to the Sanctions imposed, i.e. the client poses a threat to international or national security or damages the Company's reputation;
 - 4.3.7.3. If there are reasonable grounds for suspicion, contact the relevant authorities and inform them of the potential threats and violations of Sanctions.

5. LEGAL LIABILITY AND THE COMPANY'S ACTIONS IN THE EVENT OF FINDING VIOLATIONS

- 5.1. **Legal liability for violations of Sanctions.** Failure to comply with, violation of, attempting to circumvent or assisting in the circumvention of Sanctions may give rise to different legal liability depending on the nature and gravity of the violation and the damage caused:
- 5.1.1. Legal entities may be subject to sanctions in accordance with the Law of the Republic of Lithuania on International Sanctions;
 - 5.1.2. Natural persons and managers or responsible persons of legal entities may be subject to administrative liability under the Code of Administrative Offences of the Republic of Lithuania;
 - 5.1.3. Natural and legal persons may be subject to criminal liability under the Criminal Code of the Republic of Lithuania.
- 5.2. **The Company's actions in the event of establishing a violation.** If the Company becomes aware that (1) a client, business partner and/or their affiliates are subject to Sanctions, or (2) a client or business partner has violated or attempted to violate or circumvent Sanctions, the Company shall have the right to unilaterally terminate or suspend its business relationship with such clients and/or business partners for the duration of the implementation of Sanctions. The Company may also:
- 5.2.1. Refuse to proceed with transactions already entered into if it has concerns about their compliance with the requirements of Sanctions;
 - 5.2.2. Report violations or suspicious payments to the relevant authorities;
 - 5.2.3. Take other legal and preventive measures to ensure compliance with Sanctions.
- 5.3. **Ensuring Sanctions compliance and risk management.** With a view to mitigating and effectively managing the risks of violation of Sanctions, the Company undertakes to:



- 5.3.1. Regularly check official Sanctions Lists and update client and business partner data;
- 5.3.2. Regularly review and update internal procedures relating to the implementation of Sanctions;
- 5.3.3. Ensure that Optogama's employees have sufficient competence to identify and prevent potential violations of Sanctions;
- 5.3.4. Respond promptly to changes in legal requirements in the area of Sanctions and implement the necessary changes in the internal Policy.

6. FINAL PROVISIONS

- 6.1. This Policy and any amendments hereto shall be approved by the director of Optogama.
- 6.2. The review and updating of the Policy shall be initiated and coordinated by the Company's supply and sales managers.
- 6.3. The Policy shall be reviewed and, if necessary, updated at least once per calendar year or in the following cases: (1) if the UN and/or the EU announce a new sanctions regime; (2) if there are changes in the legislation of the Republic of Lithuania or other regulations governing the implementation of Sanctions; (3) if new risks or practical challenges are identified in relation to the implementation of Sanctions.
- 6.4. The Policy shall apply to the extent that it does not conflict with the laws of the Republic of Lithuania and/or other applicable legislation.
- 6.5. The Policy shall be made publicly available on Optogama's website to ensure that it is accessible to all persons concerned. Optogama shall also endeavour to ensure that the provisions of this Policy are complied with by the Company's clients/customers and business partners.