

PROSE Trade Compliance Guideline

1. APPLICABILITY AND SCOPE OF THE DOCUMENT

This Guideline is applicable to PROSE global affiliates.

2. DEFINITIONS AND ABBREVIATIONS

- “BIS” or “US BIS” means US Bureau of Industry and Security.
- “CCL” or “US CCL” means Commerce Control List published by US BIS.
- “EAR” means Export Administration Regulations.
- “ECCN” means Export Control Classification Number.
- “Related Laws” means any applicable statute, regulation, by-law, order, ordinance, subordinate legislation, common law, industry code or standards, Sanctions or the like in force from time to time.
- “OFAC” or “US OFAC” means Office of Foreign Assets Control, US DEPARTMENT OF THE TREASURY.
- “Regulatory Authority” means the regulator, a public official, a government minister, department or statutory body that has jurisdiction, in relation to export, re-export import or transfer goods and/or services, or in relation to the subject of Sanctions; as well as any relevant authority, regulator, public official including the United Nations, government minister, department or statutory body with competence to issue, impose, administer or enforce such Sanctions.
- “Sanctions” means any sanctions, prohibitions, guidance, directions, and/or orders issued by a Regulatory Authority in relation to import/export control laws, regulations and/or any other trade compliance.
- “US Embargoed Countries” means countries that are subject to a comprehensive embargo under the US Export Administration Regulations (“EAR”) or the US Office of Foreign Assets Control (“OFAC”) regulations (as of 2021, Cuba, Iran, Sudan, Syria, and North Korea).
- “US Restricted Persons/Entity List” means the following screening lists published by the following US Regulatory Authorities. All the lists are consolidated by U.S. Government Consolidated Screening List available at:
<https://www.trade.gov/consolidated-screening-list>
 - BIS-Administered Lists published by US Bureau of Industry and Security.
 - Denied Persons List
 - Entity List
 - Unverified List
 - Military End User (MEU) List
 - A serial of Specially Designated Nationals and Blocked Persons List (SDN) published by US OFAC.
 - Other control lists which are published by any US Regulatory Authority from time to time.

3. CODE OF CONDUCT

- 3.1. PROSE shall comply with all Related Laws including those in relation to import, export, re-export, and any restrictions on the transfer of goods, services or technology, and shall familiarize ourselves with the relevant export authorization procedures and obligations.
- 3.2. Upon the Customer's request, PROSE shall promptly provide any information required to comply with Related Laws including, but not limited to:
- ECCN code for US-origin and EU-origin products.
 - Country of origin.
- 3.3. PROSE shall warrant that neither our company nor any of our personnel:
- is the subject of any Sanctions administered or enforced by any Regulatory Authority; or is listed under any US Restricted Persons/Entity List or other similar lists, regulations or orders issued by any Regulatory Authority;
 - violates any Related Laws or Sanctions;
 - funds or engages in any directly or indirectly export, re-export, import or transfer of goods and/or services in relation with any individual or entity with which dealings are prohibited from by "US Restricted Persons/Entity List", "US Embargoed Countries", or other similar lists/regulations/orders issued by any Regulatory Authority;
 - without necessary license or permission from Regulatory Authority, funds or engages in any directly or indirectly export, re-export, import or transfer of goods and/or services in relation with any individual or entity with which dealings are administrated by "US Restricted Persons/Entity List", or other similar lists/regulations/orders issued by any Regulatory Authority;
 - uses any information, goods and/or services for any purpose connected with chemical, biological, or nuclear weapons or missiles capable of delivering such weapons, even if our company/personnel only suspect that they are likely to be used for such purpose.

4. SCREENING

According to the respective procedure of each team, all teams that participate in any directly or indirectly export, re-export, import or transfer of our product, service or technology should regularly screen their vendors /contractors, customers, products, and transactions throughout the export life cycle including product development, classification, sales, license decisions, supply chain, servicing channels, and post-shipment activity. The said screening shall ensure that:

- If required by Regulatory Authority, our product, service or technology should not be exported without necessary license.
- Final destination (or final place of end use) of our product, service or technology should not be in the embargo list issued by Regulatory Authority.
- Buyer, reseller, end user of our product, service or technology should not be in the banned list issued by Regulatory Authority.

- Our product, service or technology should not be used for the purpose banned by Regulatory Authority.

5. REPORTING

- 5.1. In case any of our personnel knows any information which may result in violation of trade compliance, he/she must report it to our commercial team or legal team without any delay.
- 5.2. In case any of our personnel is not sure whether any issue is in compliance with this Guideline, he/she must consult to our commercial team or legal team without any delay.

6. ECCN CODE

- 6.1. As per the regulation of US BIS, any US-origin product which is subject to EAR has its US ECCN code listed on the US CCL.
- 6.2. As per the regulation of EU Regulatory Authority, any EU-origin product which is subject to EAR has its EU ECCN code listed on the related control list published by EU Regulatory Authority.
- 6.3. Non-US-origin product does not have applicable US ECCN code. Non-EU-origin product does not have applicable EU ECCN code.
- 6.4. ECCN code of the US-origin /EU-origin product or material purchased by PROSE should be provided by our supplier /contractor. ECCN code is classified by the US /EU exporter's professionals who know the parameter and specification of the product while they read through the US CCL or similar EU control lists. If the US /EU exporter is not able to classify ECCN code, it should contact to the manufacturer /producer /developer of the product.
- 6.5. EAR99 product
 - 6.5.1. If the US-origin product falls under the jurisdiction of the US Regulatory Authority and is not listed on the US CCL, it is designated as EAR99.
 - 6.5.2. The majority of US-origin products are designated EAR99 and generally will not require a US license to be exported or re-exported. However, if the EAR99 product is intended to be exported to US Embargoed Countries, to a party of concern, or in support of a prohibited end-use, the exporter should obtain a license from US Regulatory Authority.
- 6.6. N product
 - 6.6.1. If the EU-origin product falls under the jurisdiction of the EU Regulatory Authority and is not listed on the related control list, it is designated as N.
 - 6.6.2. The majority of EU-origin products are designated N and generally will not require an EU license to be exported or re-exported.

7. US EAR COMPLIANCE

- 7.1. All the US-origin electronic equipment and component fall under the jurisdiction of US EAR.
- 7.2. US-origin means the product:
 - was produced in the United States; or
 - is a non-US-made product that contains more than 10% (or may be 25% as per the cases described in US BIS De Minimis Guidelines) of U.S.-origin content (calculated by

fair market value, including both the US-origin hardware incorporated in the product and US-origin software bundled in the product); or

- is a non-US-made product based on certain US-origin technology or software; or
- was made by a plant or major component of a plant located outside the United States, and if that plant or major component of a plant is the direct product of certain US technology or software.

7.3. If a non-US-origin product contains any US hardware material /US software which has any of the following ECCN code, it shall fall under the jurisdiction of US EAR.

- xx6xx (i.e. the middle value of 5-digit ECCN code is "6"): referring to arms.
- 0A919: referring to weapon.
- 9x515 (i.e. "x" is any letter of a-e): referring to spacecraft.

7.4. US Embargoed Countries

7.4.1. PROSE shall not participate in any directly or indirectly export, re-export, import or transfer of our product, service or technology in relation with US Embargoed Countries.

7.4.2. The buyer /payer /consignee /end user should not be a company registered in US Embargoed Countries.

7.4.3. Our quotation and email to our customer and the PO from our customer should not be involved with US Embargoed Countries.

7.4.4. In order to ensure that the destination is out of US Embargoed Countries, the named place in trade terms should not be any place inside these countries; and EXW/FCA/FAS/FOB trade terms are not allowed in case we suspect our customer may transfer our product to US Embargoed Countries.

7.4.5. Our shipping documents (B/L, AWB, invoice, packing list, certificate of origin, etc.) should not be involved with US Embargoed Countries.

7.4.6. Our marking and label on the product and package should not be involved with US Embargoed Countries.

7.4.7. Payment should not be effected via any bank located or associated with US Embargoed Countries.

7.5. US Restricted Persons/Entity List

7.5.1. BIS-Administered Lists published by US Bureau of Industry and Security

- Denied Persons List: PROSE shall not participate in any directly or indirectly export, re-export, import or transfer of the following items in relation with any entity, company, or individual on this list.
 - Any of product, service or technology.

- Entity List /Unverified List / Military End User (MEU) List: PROSE shall not participate in any directly or indirectly export, re-export, import or transfer of the following items in relation with any entity, company or individual on this list.
 - US-origin product, service or technology; or
 - Non-US-origin product, service or technology which will still fall under the jurisdiction of US EAR as per the description in clause 7.3 of this Guideline.

7.5.2. A serial of Specially Designated Nationals and Blocked Persons List (SDN) published by US OFAC: PROSE shall not participate in any directly or indirectly export, re-export, import or transfer of the following items in relation with any entity, company, or individual on this list.

- Any of product, service or technology.

7.6. If necessary, we shall request our supplier /contractor to issue “Supplier / ECCN Code Statement” (as per the format in Annex 1 of this Guideline) from time to time to certify the origin, ECCN code and U.S.-origin content of the goods.

7.7. If necessary, we shall request our customer to issue “End-User, End Use Statement” (as per the format in Annex 2 of this Guideline) from time to time. If the customer fails to provide the said statement requested by us, the related transaction shall be suspected violating US EAR.

– End of document –

Annex 1: Supplier / ECCN Code Statement

Supplier / ECCN Code Statement

From:	
To:	PROSE

We hereby certify that the following goods we supply to you incorporate the U.S. origin commodities, or are bundled with U.S. origin software as following:

● Description of Goods: _____

■ Part No. of Goods: _____

■ U.S.-Origin Commodities Incorporated in above Goods:

Item	Description of U.S.-Origin Commodities		Quantity	Unit	U.S. ECCN Code	Percentage of U.S. Content Calculated by Fair Market Value (%)
	Part No.	Description				
1						
2						
3						
4						
5						
Total						

■ U.S.-Origin Software Bundled in above Goods:

Item	Description of U.S.-Origin Software	Quantity	Unit	U.S. ECCN Code	Percentage of U.S. Content Calculated by Fair Market Value (%)
1					
2					
3					
Total					

● Description of Goods: _____

■ Part No. of Goods: _____

■ U.S.-Origin Commodities Incorporated in above Goods:

Item	Description of U.S.-Origin Commodities	Quantity	Unit	U.S. ECCN	Percentage of U.S. Content
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	Part No.	Description			Code	Calculated by Fair Market Value (%)
1						
2						
3						
4						
5						
Total						

■ U.S.-Origin Software Bundled in above Goods:

Item	Description of U.S.-Origin Software	Quantity	Unit	U.S. ECCN Code	Percentage of U.S. Content Calculated by Fair Market Value (%)
1					
2					
3					
Total					

● Description of Goods: _____

■ Part No. of Goods: _____

■ U.S.-Origin Commodities Incorporated in above Goods:

Item	Description of U.S.-Origin Commodities		Quantity	Unit	U.S. ECCN Code	Percentage of U.S. Content Calculated by Fair Market Value (%)
	Part No.	Description				
1						
2						
3						
4						
5						
Total						

■ U.S.-Origin Software Bundled in above Goods:

Item	Description of U.S.-Origin Software	Quantity	Unit	U.S. ECCN Code	Percentage of U.S. Content Calculated by Fair Market Value (%)
1					
2					

3					
Total					

Signature: _____
Name: _____
Title: _____
Date: _____
Place: _____
Official Seal: _____

Annex 2: End-User/ End Use Statement

End-User / End Use Statement

From:	
To:	PROSE

We hereby undertake that the following goods purchased from you will be sold to the following end-user and will be used for the following purposes.

1. The following goods:

Item	Description of Goods		Quantity	Unit	Value	Currency
	Part No.	Description				
1						
2						
3						
4						
5						

2. End User's /Consignee Name and Address:

Company Name:	
Address:	
Office Phone:	
Website:	
Contact Person:	
Additional Companies Involved in the transaction (If any):	

3. To be used for the following purpose (s):

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4. The destination of the above goods will be as following (multiple choice by ✓):

☐ The goods are for our own use at _____ (full address of location) and will not be exported, redirected, transshipped, or re-exported to Cuba, Iran, North Korea, Sudan and Syria, or any other country or party subject to embargo or sanction by the United States or the European Union.

☐ OR the goods are for sale to customers in _____ (Country Name) but will not be exported, redirected, transshipped, or re-exported to Cuba, Iran, North Korea, Sudan and Syria, or any other country or party subject to embargo or sanction by the United States or the European Union.

☐ OR the goods will be held in stock against future orders, but will not be exported, redirected, transshipped, or re-exported to Cuba, Iran, North Korea, Sudan and Syria, or any other country or party subject to embargo or sanction by the United States or European Union.

5. We hereby certify that the goods listed above will not be used for any purpose connected with chemical, biological, or nuclear weapons or missiles capable of delivering such weapons, nor will they be resold if we know or suspect that they are intended or likely to be used for such purpose.

6. We hereby certify that the goods will not be used for military purposes.

Signature: _____

Name: _____

Title: _____

Date: _____

Place: _____

Official Seal: _____