EXPORT CONTROLS

COMPLIANCE MANUAL 2017

EXPORT CONTROLS COMPLIANCE POLICY

Many nations, like Canada and the United States, have laws to control the export of strategic products, technology and software. ESG Solutions, its employees and agents are subject to these laws.

It is ESG Solutions express policy to fully comply with all applicable export controls, which are summarized in this Export Controls Compliance Manual. Failure to comply could result in civil or criminal penalties, including but not limited to, fines, imprisonment, loss of export privileges, debarment, revocation of previously approved licenses, seizure and forfeiture of goods. Such penalties may be imposed on ESG Solutions, individuals employed by or otherwise affiliated with ESG Solutions, or any combination thereof. Because of the fundamental importance of complying with all applicable export controls, employees who knowingly violate such controls or this compliance policy will be subject to appropriate disciplinary action, up to and including possible discharge from employment.

Please read this document in its entirety and keep it on hand as a reference to address export control compliance questions which you may have. You are encouraged to communicate any compliance questions or concerns to your manager or the Export Controls Compliance Officer identified in this Manual. It is important to remember that you have an obligation to report any actions you believe are violations of the law, this Export Controls Compliance Manual, or any of the company's other regulations and policies. For its part, the Company has an obligation to investigate and address reported concerns. The Company does not retaliate against individuals for asking questions, raising concerns about compliance issues, or reporting possible misconduct.

Sound export control practices underscore our commitment to ethical business behavior and compliance with applicable laws and regulations. Thank you for your shared commitment to ESG Solutions compliance efforts.

Sincerely,

Ken Arnold
President

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INTRODUCTION
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The *ESG Solutions* Export Controls Compliance Manual is intended for use by all employees of *ESG Solutions and its subsidiaries* and associated companies worldwide (*e.g.*, distributors, representatives) (hereinafter "business partners").

All employees and business partners, wherever located, are responsible for complying with all applicable export control laws. While you are not expected to be an expert in these laws, you are expected to be aware of common export control issues. This Manual has been prepared to help you recognize those issues. You are required to certify that you have read and understood the contents of this Manual. A certification form is provided at Appendix 1.

While the Manual focuses on requirements specific to *ESG Solutions* employees, our business partners are advised to incorporate these requirements in their day-to-day operations as appropriate. Questions regarding the application or interpretation of this manual or specific export controls should be addressed to the Export Controls Compliance Officer or other personnel designated below.

Immediately notify Group Legal and the Group Export Control Advisor of any communications received from an export control authority (other than routine classification or licensing communications), whether involving a subpoena, request for information, notice of an outreach visit or other form of communication.
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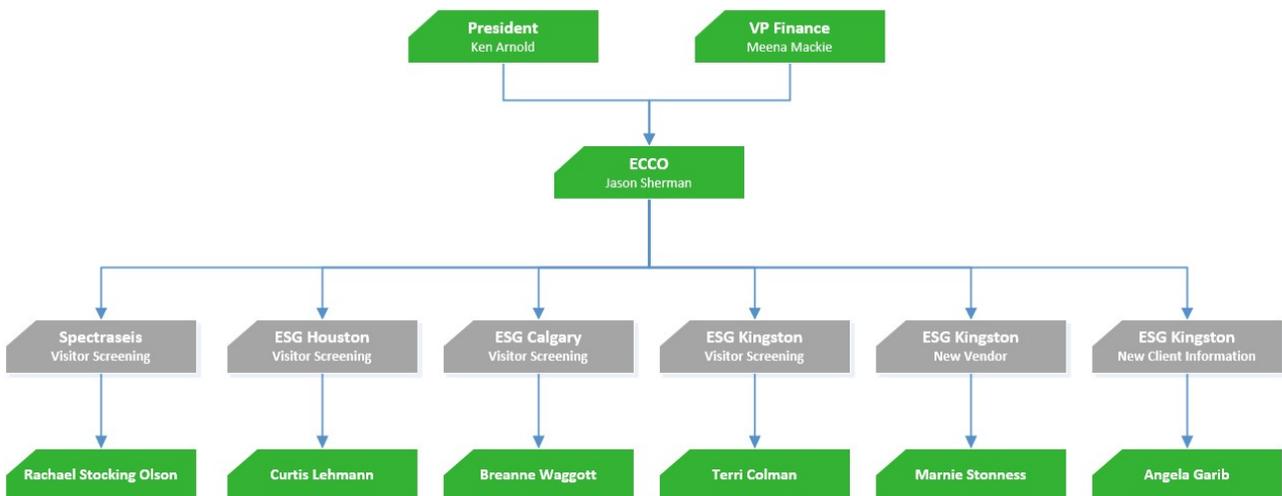
BACKGROUND

Under the Wassenaar Arrangement, forty countries (including the US and EU member states) have agreed to maintain national export controls on conventional arms and dual-use goods, technologies and software (collectively "items") that are identified on mutually agreed upon lists. The Wassenaar Arrangement ensures a degree of uniformity among the export controls imposed by cooperating countries, although these controls are implemented under national legislation and thus the actual implementation can vary from country to country.

The following documents provide the general basis for EU and US export controls implemented pursuant to the Wassenaar Arrangement:

• EU Council Regulation (EC) No. 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfers, brokering and transit of dual-use products.

• Council Common Position 2008/944/CFSP, governing exports of military technology and equipment, and the Common Military List of the EU (most recent update adopted by the Council on 11 March 2013).

• US Export Administration Regulations, US Department of Commerce, Bureau of Industry and Security, 15 CFR parts 730-744.

• US International Traffic in Arms Regulations (ITAR), 22 CFR parts 120-130.

The United Nations also plays a role in the control of exports by its members. The UN Security Council has on multiple occasions called for the imposition of mandatory sanctions (including export embargos) targeting countries, entities and persons that threaten global peace and security. UN members are obligated to implement such sanctions under their national laws. The following documents provide the general basis for UN-mandated sanctions involving export restrictions:

• United Nations Security Council Resolution 1540 (2004), concerning non-proliferation of weapons of mass destruction, as amended by United Nationals Security Council Resolution 1673 (2006), 1810 (2008) and 1977 (2011).

• United Nations Security Council Resolution 1267 (1999), concerning Al-Qaida and the Taliban, as modified and strengthened by United Nations Security Council Resolutions 1333 (2000), 1390 (2002), 1455 (2003), 1526 (2004), 1617 (2005), 1735 (2006), 1822 (2008) and 1904 (2009).

• United Nations Security Council Resolution 1737 (2006), concerning Iran, as amended by United Nations Security Council Resolution 1747 (2007), 1803 (2008) and 1929 (2010).

• United Nations Security Council Resolution 1556 (2004), concerning Sudan, as amended by United Nations Security Council Resolution 1591 (2005).

• United Nations Security Council Resolution 1718 (2006), concerning North Korea, as amended by United Nations Security Council Resolution 1874 (2009), 2087 (2013) and 2094 (2013).

• United Nations Security Council Resolution 1483 (2003), concerning Iraq, as modified by United Nations Security Council Resolution 1518 (2003) and 1546 (2004).

• United Nations Security Council Resolution 733 (1992), concerning Somalia and United Nations Security Council Resolution 1907 (2009) concerning Eritrea, as amended and refined by United Nations Security Council Resolutions 751 (1992), 1356 (2001) and 1725 (2006), 1744 (2007), 1772 (2007), 1844 (2008), 1846 (2008), 1851 (2008), 2060 (2013), 2093 (2013) and 2111 (2013).

• United Nations Security Council Resolution 1521 (2003), concerning Liberia, as amended by United Nations Security Council Resolutions 1532 (2004), 1683 (2006), 1731 (2006), 1854 (2008) and 1903 (2009).

• United Nations Security Council Resolution 1493 (2003), concerning the Democratic Republic of the Congo, as modified and strengthened by United Nations Security Council Resolutions 1533 (2004), 1596 (2005), 1649 (2005) 1698 (2006), 1807 (2008), 1857 (2008), 1896 (2009), 1952 (2010) and 2078 (2012).

• United Nations Security Council Resolution 1572 (2004), concerning Côte d'Ivoire, as amended by United Nations Security Council Resolutions 1584 (2005), 1643 (2005), 1880 (2009), 1893 (2009), 1946 (2010), 1980 (2011) and 2045 (2012).

• United Nations Security Council Resolutions 1970 (2011) concerning Libya, as amended by United Nations Security Council Resolutions 1973 (2011), 2009 (2011), 2040 (2012) and 2095 (2013).

• United Nations Security Council Resolution 1988 (2011) concerning the Taliban, as amended by United Nations Security Council Resolution 2082 (2012).

• United Nations Security Council Resolution 2127 (2013) concerning the Central African Republic.
In addition, UN members, such as the US and the member states of the EU, may also impose unilateral sanctions involving export restrictions to achieve national foreign policy objectives.

OVERVIEW

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Understanding the scope and structure of export controls is the first step in ensuring compliance. Canada regulates the flow of all goods, services, information and technology within its borders. Canada also regulates the conduct of person's subject to its jurisdiction with respect to the corruption of foreign officials.

It is also important to recognize that export control laws of the United States also apply to our business in some circumstances. Unlike Canada, U.S. export control laws regulate items of U.S. origin that are shipped between other countries as well as the involvement of U.S. persons in shipments from other countries. To that extent that *ESG Solutions* uses U.S.-origin components in the products we manufacture, sells U.S.-origin products, or employs U.S. citizens, U.S. export laws apply to our business.

CONTROLS

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TYPES OF ACTIVITY SUBJECT TO CONTROL

- Shipping of products that are handled by the company, by an agent, distributor, client or third party.
- Release of product information or technology that is not readily available via the webpage or marketing materials.
    - The release can be by word of mouth, email, text or any other means.

USA SPECIFIC CONTROLS
These controls apply to:
- All US origin items wherever located
- US origin components incorporated into a product manufactured outside of the US
- Any person located within the US regardless of nationality
- Any US or Dual US citizen regardless of where they are located
- Any product, regardless of place of manufacture, located in or travelling through the US
- Adherence to US regulations concerning participation of US persons in boycotts that are unsanctioned by the US

USA-CITIZENS AND DUAL CITIZENS
There are certain countries (Iran, Cuba, N Korea, Sudan, and Syria) where a US Citizen or Dual US Citizen may not facilitate in any way with any transaction. This includes the manufacture of product, signing off payment, any technical support. If this affects you then check the export control intranet for the list of current embargoes countries.

WHAT CONTROLS MIGHT AFFECT US/WHEN WE MAY NEED A LICENSE
A license may be required, or a sale/transaction refused due to any one of the following 4 points.
- Product, literature, software, or technology

- Countries the product may be shipped too or via
- Parties involved in the transaction
- End use

All orders must have the following information available for checking at the order intake stage.
- End user name that will be using the product
- End user location, and country of the company that will be using the product
- End use of the product

All international orders and orders using distributors must have an end user certificate completed at the time of sale but preferably at the time of quotation.

RESPONSIBLE PERSONNEL

Everyone is individually responsible for export control compliance, and can be fined or imprisoned for any individual violation including ignoring obvious red flags (signs that a transaction is not right).

Day-to-day responsibility for export compliance is assigned to an individual who acts as ESG Solutions Export Controls Compliance Officer ("ECCO"). The ECCO is responsible for specific training needs, updating export control procedures which are located on the intranet here. (\\esg.net\OfficeShare\ISO Documents\MANUFACTURING\MFGintranet\EC\index.html)

The Export Controls Compliance Officer is the central point of contact on export compliance issues and can assist you with respect to your specific questions. If the Export Controls Compliance Officer is unavailable to assist you, please refer to the secondary export controls compliance contact.

CONTACTS

ESG Solutions Export Control Procedures and forms are found on the intranet here.
ESG Solutions ECCO – Jason Sherman – Office: 613.548.8287 x281, Mobile: 613.539.0053
Commodity Coding – Tiberius Trifu-Office: 613.548.8287 x263, Mobile: 613.484.8191

VISITORS

- All visitors must be logged in the visitor log, supplied a badge and escorted around the facility always.
- All visitors need to be screened, so this information needs to be provided ahead of time. Please provide name and company name to your appropriate representative listed below.
    - Kingston – Terri Coleman, Terri.colman@esgsolutions.com

- o   Calgary – Breanne Waggott, Breanne.waggott@esgsolutions.com
- o   Houston – Curtis Lehmann, Curtis.lehmann@esgsolutions.com
- o   Spectraseis – Rachel Stocking Olson, Rachel.stocking@esgsolutions.com
- Be aware of country embargoes in place. Passing of technical information that is not already available on the website or marketing material to a person from an embargoed country may be subject to a license.
- Inform the ECCO if there are any foreign nationals visiting and the nature of the visit.

TRAVEL

- The individual employee that is travelling is responsible for screening whom they are visiting.
- Screen all individuals that will be visited on the trip if they are not existing clients or suppliers that are already setup in our ERP software.
- Do not pass on any technical information that is not already available online or in marketing material.
- Ensure that all products that are being hand carried have the appropriate export documentation created. Follow the shipping process to have logistics create the proper paper work.
- If any party fails the screening, the product being taken is dual use or the country is on the embargoed list contact the ECCO before making arrangements.

SALES

- The sales person is responsible screening all parties involved at the quotation phase;
    - o   Customer
    - o   Distributer or representative
    - o   End-user
    - o   Freight forwarder or intermediate consignee
    - o   Financial Institution
- Retrieve end-user statement from international clients and distributors.
- Do not sell to embargoed countries.
- Actively look for red flags (reasons to believe information is incorrect) with the sale of a product. See list of red flags on the export controls intranet site.
- Identify INCOTERMS.

HUMAN RESOURCES

- The HR team is responsible for screening all prospective employees.
- If employee is a foreign national, please contact the ECCO once screening has come back.
- Notify the ECCO of change in citizenship.

- Once employees are hired set them up with export control training.

LOGISTICS
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- Responsible for looking for red flags with the shipment, checking the export codes for accuracy before shipping, checking export codes against destination country, screening any freight forwarders, intermediate consignees, inland freight companies.
- Forward all export documentation to the ECCO before shipping.
- Review and approval of all import documentation for accuracy before finance proceeds.

PRODUCTS
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DEFINITION OF A MILITARY PRODUCT
Conventional arms and munitions – product listed on the 'Strategic Export Control List'
- Any product that has been designed or modified for the Military
- A product containing an ITAR (US Military) component

It is the advice of Spectris that we should not design or modify any company products for the US Military.

Any military product would potentially be subject to strict license controls.

DEFINITION OF A DUAL USE PRODUCT
- Product designed for peaceful means that could also be used for non-peaceful means – (ie: an item that could be used for the manufacture, transport, or storage of WMD, or Missiles)

There are licensing requirements for shipment of dual use items to some end users and countries.

PRODUCT CLASSIFICATION
- The company's application group is responsible for establishing the appropriate export classification for all designed products and have this information stored in the ERP software.
    - o HS Code
    - o ECCN, dual use code
    - o CEC
    - o Country of origin
- The company's application group, when inputting new items into the ERP system, will also log the products HS Code, ECCN, Country of origin, manufacturer.

If you have any questions with respect to coding for products see the contact information below.

Commodity Coding: Tiberius Trifu – Office: 613.548.8287 x263, Mobile: 613.484.8191

SCREENING
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ESG Solutions has daily automated screening with Amber Road that screens all entities but this information must be placed into our system for this screening to take place. If there are any flags with existing data stored in the system, then the ECCO will be notified of this match. Depending on whether this is a legitimate match or not then we may have to apply for a license or decline the transaction.

If there is a match the ECCO will follow the corrective action process for resolving the matches or red flags.

Amber Road screens against schedules of "listed entities" published by the EU, UN, US, UK and Japan. These schedules can currently be found as follows:

http://www.un.org/sc/committees/1267/AQList.htm
http://www.un.org/sc/committees/1518/list_27jul2005.htm
http://www.un.org/sc/committees/1518/pdf/List_of_Entities.pdf
http://www.un.org/sc/committees/1521/pdf/1521_assets_freeze_list.pdf
http://www.un.org/sc/committees/1533/pdf/1533_list.pdf
http://www.un.org/sc/committees/1572/pdf/listtable.pdf
http://www.un.org/sc/committees/1591/pdf/Sudan_list.pdf
http://www.un.org/sc/committees/1718/pdf/list.pdf
http://www.un.org/sc/committees/1737/pdf/1737ConsolidatedList.pdf
http://www.un.org/sc/committees/751/pdf/1844_cons_list.pdf
http://www.un.org/sc/committees/1970/pdf/List%20of%20Individuals%20and%20Entities.pdf
http://www.un.org/sc/committees/1988/1988List.htm
http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm
http://www.hm-treasury.gov.uk/d/sanctionsconlist.htm
http://www.bis.doc.gov/complianceandenforcement/liststocheck.htm
http://www.meti.go.jp/english/press/2012/0801_01.html

All new clients, distributors, financial institutions, freight forwarders, intermediate consignees will be placed into the ERP system and Amber Road automated screening software at the time of sale as per the new client setup process.

All new suppliers will be placed into the ERP system and Amber Road automated screening software at the time of the new vendor setup.

COMPLIANCE AUDITING
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To verify that all transactions comply with export controls, ESG Solutions schedules and conducts annual export controls compliance reviews. *Please refer to Export Control Audit.xls.* In addition, random reviews may be conducted at the discretion of the company. Reviews may be conducted by the ECCO or other designated personnel. Reviews will involve direct observation of processes (*e.g.*, order entry, shipping, human resources) and examination of records that are maintained as part of those processes.

The ECCO will ensure that management is informed of any significant deficiencies and will implement new controls as needed to address deficiencies.

EMPLOYEE EXPORT CONTROL TRAINING
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All new ESG Solutions and Spectraseis employees must undergo an export control training program by the HR department. Once this training has been completed the attached form must be signed and handed to HR for filing. If your responsibilities are within any of the following rolls please discuss with your manager to get the appropriate training asap.

- Purchasing
- Sales
- Shipping
- Engineering
- HR

APPENDIX 1

I certify that I have read ESG Solutions Export Controls Compliance Manual and understand its provisions. I agree to comply with its requirements.
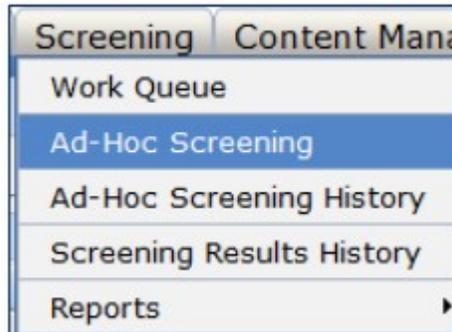

Name: ....

Signature: ....

Date: ....

A copy of this document should be placed in the administrative file related to the employee/contractor/distributor/etc.

APPENDIX 2
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AD-HOC SCREENING PROCESS

1. Navigate to the Amber Road web portal and log in with your credentials.
2. Go to Screening > Ad-Hoc Screening to enter the partner data.

3. Enter the partner information on the Ad-Hoc Partner Screening page, shown below. The partner's name must be included to successfully perform a search. Once the applicable data is entered, click on the "Screen" button at the top of the page to screen the partner. The following fields will be screened independently: Partner Name, Contact Name, Secondary Contact Name, Address (1-4) fields and Country.

4. Review the screening results. If the status is marked as "Approved", no further action is needed. If the status is marked as "Potential Match", this partner must be reviewed.

5. If there is a match contact the export control compliance officer.
6. The ECCO will review the match and add notes by clicking "Add Notes". The notes will state the corrective action to be taken.
7. The ECCO will notify the initiator with the next steps.