



Highlight Event and Entertainment AG

SANCTIONS COMPLIANCE POLICY US, EU, UK, AU and CH

Approved by the Board of Directors on December 29, 2022. This Policy applies to all subsidiaries controlled by Highlight Event and Entertainment AG.

SANCTIONS COMPLIANCE POLICY

Highlight Event and Entertainment AG has adopted the following Sanctions Compliance Policy, applicable to all companies and all directors and employees within our group (collectively, "HLEE") to ensure that we comply with economic sanctions requirements and educate our workforce about the importance of sanctions compliance.

The Policy guards against any involvement of HLEE in transactions that might violate applicable economic sanctions or put HLEE at risk of designation by a sanctions authority.

Because violations of economic sanctions can result in criminal and monetary penalties and personal liability for employees who fail to comply, all employees must understand their obligations and strictly observe this Policy, both for their own protection and for the protection of their fellow employees.

I. Sanctions Targets

- A. The sanctions enforcement authorities ("**Sanctions Authorities**") in the jurisdictions in which HLEE operates may enforce a range of economic sanctions against target persons, entities or countries ("**Sanctions Targets**") in accordance with United Nations' mandates or for other reasons. US, EU and UK sanctions, among others, also target certain Russia-related activities, even if those activities do not involve a Sanctions Target ("**Sanctioned Activities**").
- B. US economic sanctions generally target a wider range of countries, territories, persons and entities than sanctions imposed by the other jurisdictions in which HLEE operates. US Sanctions Targets include persons and entities listed by the US Treasury Department's Office of Foreign Assets Control ("**OFAC**") as Specially Designated Nationals ("**SDNs**"), as reported on the OFAC website, or entities 50% or more owned by SDNs. In addition to SDNs and certain other OFAC-sanctioned persons, OFAC also currently imposes comprehensive sanctions against the Donetsk and Luhansk Peoples' Republics, Crimea, Cuba, Iran, North Korea and Syria, as well as the Government of Venezuela. Finally, OFAC also has imposed sanctions on certain entities that operate in the financial, energy defense and other sectors of the Russian Federation, by putting them on OFAC's non-SDN lists (*e.g.*, OFAC's Sectoral Sanctions lists and OFAC's Non-SDN Menu-Based Sanctions List).¹

¹ OFAC's sanctions lists are available at: <https://home.treasury.gov/policy-issues/financial-sanctions/consolidated-sanctions-list-non-sdn-lists>.

- C. Questions to ask to determine whether a transaction involves a US Sanctions Target or Sanctioned Activity include:
- Does the transaction involve a Russia-related activity to which US sanctions might apply (e.g., new investment in Russia, exports of luxury goods to Russia, management consulting services for persons in Russia)?
 - Is a transaction party on OFAC's SDN list or owned 50% or more, directly or indirectly, by SDNs?
 - Is a transaction party located in or supplying goods or services to/from the Donetsk or Luhansk Peoples' Republics, Crimea, Cuba, Iran, North Korea or Syria?
 - Is a transaction party owned in whole or part by, or acting on behalf of, the governments of Cuba, Iran, North Korea, Syria or Venezuela or an entity owned or controlled by one of these governments?
 - Is a transaction party on OFAC's non-SDN lists (e.g., the SSI list) or owned by such a Sanctions Target? *If so*, do the applicable sanctions permit the involvement of US persons or the US financial system in the transaction?
- D. The EU currently imposes sanctions in relation to a number of countries and territories, including Iran, Syria, Russia, the Donetsk and Luhansk Peoples' Republics, Crimea and Belarus as well as Sanctioned Activities relating to Russia.
- E. In Switzerland, sanctions in connection with the situation in the Ukraine (in line with the sanctions adopted by the European Union) are currently in place², in addition to sanctions against certain countries, persons and organizations³.
- F. The UK currently imposes sanctions in relation to a number of countries and territories, including Iran, Syria, Russia and Crimea and Belarus as well as Sanctioned Activities relating to Russia.
- G. Australia currently imposes sanction in relation to a number of countries and territories, including Iran, Syria, Democratic Peoples' Republic of Korea, Russia and Myanmar. Australian economic sanctions also target certain transactions (directly or

² Ordinance on Measures in Connection with the Situation in Ukraine of 4 March 2022, SR 946.231.176.72 (available at <https://www.fedlex.admin.ch/eli/cc/2022/151/de>).

³ See State Secretariat for Economic Affairs, current list of sanctions (available at https://www.seco.admin.ch/seco/de/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen.html).

indirectly) involving any natural or legal persons, entities or bodies included on a list of persons designated by Australia as subject to particular Australian sanctions.

II. Prohibited Business Activities

- A. Under this Policy, HLEE will not engage in any Sanctioned Activities or transactions or dealings with Sanctions Targets, except in the following limited circumstances:
1. The relevant Sanctions Authorities have issued a license, exemption or other authorization covering that business; or
 2. HLEE has a pre-existing relationship or contract with a newly-designated Sanctions Target, in which case HLEE will ensure that its subsequent dealings with that Sanctions Target comply with applicable sanctions while HLEE seeks to minimize and/or wind down HLEE's exposure to the Sanctions Target consistent with applicable law.
- B. HLEE companies domiciled in Switzerland and the EU are not US Persons and therefore may have greater difficulty to wind down a pre-existing relationship with a US (or UK/Australian) Sanctions Target than a Swiss or EU Sanctions Target. Swiss and EU law do not require such wind-down (if no Swiss or EU sanctions target that person) and HLEE therefore cannot simply terminate the pre-existing relationship based on local law requirements.
1. In all such cases, where a pre-existing relationship suddenly involves a newly-designated US (or UK/Australian) Sanctions Target that is not also a Swiss/EU Sanctions Target, and thus where immediate termination of the relationship is not necessarily an option, this Policy will require the exclusion of US Persons and the US financial system (or UK/Australian persons for UK/Australian Sanctions Targets) from any transactions or dealings with the Sanctions Target, unless the relevant Sanction Authorities have issued an applicable license or exemption.
 2. The following recusal requirements seek to ensure that no US Person (or UK/Australian person) directors or employees of HLEE participate in any prohibited transactions or dealings with a US (or UK/Australian) Sanctions Target, even if HLEE engages in such activity for the limited purpose of minimizing and/or winding down its pre-existing exposure to a newly-designated US (or UK/Australian) Sanctions Target.

III. Recusal of US Person employees

- A. "US Persons" include anyone while in the United States; any US citizen or green card holder, wherever located; any US entity, or anyone employed by and acting for a US entity.
- B. In the absence of an applicable license or exception, US economic sanctions prohibit the involvement of US Persons⁴ in transactions with US Sanctions Targets.⁵
- C. Accordingly, all employees who are US citizens or hold a US green card, anywhere in our global organization (including non-US citizens while in the United States) must not participate in or otherwise support or facilitate transactions that OFAC has not licensed or exempted and that involve a US Sanctions Target or Sanctioned Activity (referred to below as "**OFAC-Restricted Business**").

Specifically, if you are a US Person, located in the United States, or employed by a US entity:

- 1. Do not provide any commercial advice, assistance or other support in connection with OFAC-Restricted Business;
 - 2. Do not supervise, authorize or approve any OFAC-Restricted Business;
 - 3. Do not participate in the re-design or restructuring of any transactions, operations, products or services for the purpose of facilitating OFAC-Restricted Business;
 - 4. Do not provide corporate services (e.g., accounting, logistics, contract administration, technical services) specifically to support OFAC-Restricted Business; and
 - 5. Do not refer OFAC-Restricted Business to any other person or issue any powers of attorney in relation to specific OFAC-Restricted Business.
- D. Employees who are not US Persons must not involve US Persons or the US financial system in any OFAC-Restricted Business.

⁴ Non-US entities that are US-owned or controlled have the same compliance obligations as their US Person owners under OFAC's Cuba and Iran sanctions.

⁵ The Sectoral Sanctions are more limited in scope and prohibit US Persons from, e.g., transacting in, providing financing for, or otherwise dealing in new debt beyond certain maximum tenors provided to Sectoral Sanctions targets and, in some cases, dealing in their new equity.

Thus, if you are not a US Person and your transaction involves a US Sanctioned Activity, an SDN or any other activity that would violate the OFAC sanctions if they involved a US Person:

1. Do not work on that transaction while you are in the United States;
2. Do not ask a US Person (including a US citizen or green card holder outside the United States) to assist you with that transaction;
3. Do not discuss that transaction with a US Person, except to alert them to the need for compliance with this protocol or raise an OFAC compliance issue;
4. Do not include US Persons in e-mail chains in furtherance of that transaction;
5. Do not attempt to involve US Persons in that transaction by withholding information about its connection to a US Sanctions Target; and
6. Do not use credit or other assets provided by US Persons to finance transactions with US Sanctions Targets or provide US Persons with funds derived from such transaction.

E. Examples: The following are examples of actions that would violate this protocol:

- A US citizen employed by HLEE in Switzerland advises on a transaction with a Russian company majority-owned by SDNs;
- A US green card holder employed by HLEE in Germany approves the extension of credit to a Sectoral-Sanctioned customer;
- A Swiss national employed by HLEE but working from an office in the United States arranges financing for a new investment in Russia; or
- From Switzerland, a Swiss national telephones a New York-based financial advisor to obtain advice on a share purchase from an SDN.

IV. Recusal of US Person Executive Officers and Board/Committee Members

- A. As noted above, anyone affiliated with HLEE who is a US Person may not approve, authorize, advise on or otherwise provide support or assistance in connection with OFAC-Restricted Business.
- B. A strict recusal policy therefore applies to any US Persons who may now or in the future serve on HLEE's managing boards or business committees or any other relevant position, meaning that they may not participate in any portion of a meeting, board meeting, or committee, including planning or votes, in furtherance of OFAC-Restricted Business.⁶
- C. US Persons therefore should leave the meeting room and/or drop off video/audio conferences during such interval that a board or executive committee may take action specifically in furtherance of OFAC-Restricted Business.

Clarification regarding Compliance Advice: HLEE may and routinely will seek and consider advice provided by US Persons on compliance with OFAC and other sanctions regulations and HLEE's exposure to sanctions risks. In this context, US Person members of or advisors to HLEE's boards and committees may address sanctions compliance issues on behalf of HLEE, while at the same time recusing themselves from any commercial planning or decisions in furtherance of OFAC-Restricted Business.

- D. In regard to any minutes of meetings recorded by the respective boards and committees, for any meeting in which voting or other action in furtherance of OFAC-Restricted Business is recorded, such minutes should indicate the manner in which any US Persons in attendance recused themselves from such action (*e.g.*, left the room, dropped off the conference call), before minuting the discussion and/or decisions related to the US Sanctions Target.
- E. Board and committee members (and executives generally) who are not US Persons should not include US Persons in emails or other communications regarding the commercial aspects of OFAC-Restricted Business (in contrast to requests for compliance advice), and should avoid any other actions that might contradict the recusal policy applicable to US Persons.
- F. The respective boards and committees will not approve or authorize any OFAC-Restricted Business if, following the recusal of all US Person members, the remaining members do not exceed the number of recused US Person members.

⁶ The mere fact that a US Person may know about or become aware of business with a Sanctions Target, or questions the risks presented by such business, does not violate this protocol, as long as the US Person does not use that information to facilitate such business.

V. Recusal of UK Person Employees

- A. "UK Persons" include anyone while physically in the territory of the United Kingdom ("**UK**") (including its territorial waters); any national of the UK, wherever located; any UK-incorporated entity, or, for the purposes of this policy, anyone employed by a UK-incorporated entity.
- B. In the absence of an applicable license or exception, UK economic sanctions prohibit the involvement of UK Persons in transactions (directly or indirectly) with any natural or legal persons, entities or bodies included on a list of persons designated by the UK as subject to UK sanctions ("**UK Sanctions Targets**") or otherwise in transactions that are prohibited by UK sanctions.
- C. Accordingly, all personnel (including those who are not UK nationals) who are located in the UK (including its territorial waters), or who are nationals of the UK and located anywhere in our organization, must not participate in or otherwise support or facilitate transactions with or for the benefit of UK Sanctions Targets or transactions that are otherwise prohibited for UK Persons.
- D. Specifically, if you are a UK Person:
 - 1. Do not provide any commercial advice, assistance, approval or other support in connection with business involving a UK Sanctions Target or any transaction that is otherwise prohibited by UK sanctions;
 - 2. Do not supervise or authorize any business involving a UK Sanctions Target or any business that is otherwise prohibited by UK sanctions or manage or direct the conduct of other personnel in regard to such business;
 - 3. Do not participate in the re-design or restructuring of any transactions, operations, products or services for the purpose of facilitating business involving a UK Sanctions Target or business that is otherwise prohibited by UK sanctions; and
 - 4. Do not provide corporate services (e.g., accounting, logistics, contract administration, technical services) specifically to support business involving a UK Sanctions Target or business that is otherwise prohibited by UK sanctions.
- E. Non-UK national employees, executives and officers must not involve UK nationals or anyone located in the UK in any transactions or activity related to transactions (including decision-making and correspondence) that are prohibited to UK Persons or involve UK Sanctions Targets.

VI. Recusal of Australian Person Employees

- A. "AUS Persons" include anyone while physically in the territory of Australia or on board an Australian aircraft or ship; any national of Australia, wherever located; any Australia-incorporated entity, or, for the purposes of this policy, anyone employed by an Australian-incorporated entity.

- A. In the absence of an applicable license, permit or exception, Australian economic sanctions prohibit the involvement of AUS Persons in certain transactions (directly or indirectly) involving any natural or legal persons, entities or bodies included on a list of persons designated by Australia as subject to particular Australian sanctions ("**AUS Sanctions Targets**") or otherwise in transactions that are prohibited by Australian sanctions.

- B. Accordingly, all personnel who are located in Australia or on board an Australian aircraft or ship, or who are citizens of Australia and located anywhere in our organization must not participate in or otherwise support or facilitate transactions with or for the benefit of AUS Sanctions Targets or transactions that are otherwise prohibited for AUS Persons.

- C. Specifically, if you are an AUS Person:
 - 1. Do not provide any commercial advice, assistance, approval or other support in connection with business involving an AUS Sanctions Target or any transaction that is otherwise prohibited by Australian sanctions;
 - 2. Do not supervise or authorize any business involving an AUS Sanctions Target or any business that is otherwise prohibited by Australian sanctions or manage or direct the conduct of other personnel in regard to such business;
 - 3. Do not participate in the re-design or restructuring of any transactions, operations, products or services for the purpose of facilitating business involving an AUS Sanctions Target or business that is otherwise prohibited by Australian sanctions; and
 - 4. Do not provide corporate services (e.g., accounting, logistics, contract administration, technical services) specifically to support business involving an AUS Sanctions Target or business that is otherwise prohibited by Australian sanctions.

For any question related to this policy please contact Sven Heller via the Email ir@hlee.ch.

Approved and decided by the Board of Directors of HLEE Highlight Event and Entertainment AG on 29. December 2022 with immediate effect for the entire HLEE Group.

Bernhard Burgener
Chairman of the Board and CEO

Sven Heller
Member of the Board