ANNeX

## Standard contract clause

This Annex includes a standard contract clause that governs compliance with Sanctions and Export Controls, Anti-Bribery and Corruption, Anti-Money Laundering and Competition. This clause must be included in every contract with a Third Party in order to ensure a certain level of compliance undertaken by the Third Party and to include safeguards for HES against potential non-compliance by that Third Party.

Please contact the Chief Compliance Officer in case you have any questions regarding the clause itself or the implementation in a contract (compliance@hesinternational.eu).

Together with the contract clause, standardised terms must be included in the corresponding contract with the Third Party. Please consider whether these standardised terms are to apply to the agreement as a whole, or solely to the compliance clauses in this Annex.

Termination possibility

In addition to the inclusion of the compliance clause and the standardised terms, please ensure that the agreement with the Third Party includes the possibility for the HES contracting entity to terminate the agreement in the event of a material violation by the Third Party of the compliance clause.

Please contact the Chief Compliance Officer in case you have any questions regarding the clause itself or the implementation in a contract (compliance@hesinternational.eu).

Please find the standardised terms and the contract clause on the next page.

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| Standardised terms to be included in the agreement |
| Export Controls | *The laws and regulations of the EU, the Netherlands, any other EU Member State, the U.K., the U.S., and other applicable jurisdiction, regulating the trade, sale, supply, transfer, transit, brokering, export and/or re-export of certain goods, technologies and software.* |
| Public Official | *Individual, regardless of rank or title, who is employed or appointed by or otherwise represents a public authority (political or non-political) or who otherwise discharges a public service mission. A public authority:** *is understood to be a national, state or local government office or agency, embassy, defence/military unit, state-owned enterprise, including any international governmental (e.g. EU, UN, NATO, OECD) or quasi-governmental (e.g. WTO, IMF) organisation; and*
* *includes, for the avoidance of doubt, anyone who holds a judicial position of any kind, members of a royal family, any elected representative of any kind, employees of local authorities and government departments, employees of companies wholly owned by or controlled by a public body or otherwise any person holding public authority or who discharges a public service mission.*
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| Embargoed Country | *Any country or territory that is, or whose government is, subject to comprehensive Sanctions imposed by the US (currently Cuba, Iran, North Korea, the Crimea region of Ukraine, Syria), EU or any relevant EU Member State.* |
| Sanctioned Person | *At any time,* 1. *Any individual, entity or vessel that is listed on any of the following sanctions lists:*
	* + 1. *the United Nations Security Council’s “Consolidated United Nations Security Council Sanctions List”;*
			2. *OFAC List of Specially Designated Nationals and Blocked Persons (SDN List), Foreign Sanctions Evaders List (FSE List), or Sectoral Sanctions Identifications List (SSI List);*
			3. *the U.S. Commerce Department BIS’s Entity List, or Unverified List and Denied Persons List; or the U.S. Department of State’s lists of individuals and entities that have been designated pursuant to sanctions and/or non-proliferation statutes that it administers, as well as related executive orders;*
			4. *the European Commission’s “Consolidated list of persons, groups and entities subject to EU financial sanctions” or individuals or entities that are listed in Annexes III, V or VI to EU Council Regulation 833/2014 (as amended); or*
			5. *any other applicable sanctions list maintained by any of the competent sanctions authorities with prohibitions similar to the foregoing.*
2. *Any person, entity or vessel that is 50% or more owned or controlled, directly or indirectly, by any person (or persons in aggregate) identified in A. to the extent that such ownership or control results in such person being subject to the same restrictions as if such person were included in the corresponding list specified in A. or results in dealings with such person being deemed to be for the benefit of a person included in the corresponding list specified in A.*
3. *Any individual or entity that is located, organized, or resident in an Embargoed Country and any vessel that is registered in an Embargoed Country or owned or controlled by an individual or entity that is located, organized, or resident in an Embargoed Country.*
4. *Any individual, entity or vessel that is otherwise the target of Sanctions.*
5. *Any individual or entity that is acting for or on behalf of any of the persons identified above.*
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| Sanctions Lists | *Any of the following:*1. *the sanctions-related lists administered or maintained by the US Department of State or the US Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), including OFAC’s Specially Designated Nationals and Blocked Persons List, and OFAC’s Sectoral Sanctions Identifications (SSI) List;*
2. *the United Kingdom's "Consolidated List of Financial Sanctions Targets in the UK" (including both the version of the list covering "Asset Freeze Targets" and the version of the list covering "Investment Ban Targets") as maintained by HM Treasury;*
3. *the "Consolidated list of persons, groups and entities subject to EU financial sanctions" maintained by the EU Commission and/or any list of persons or entities designated as being subject to financial restrictions or an investment ban by way of EU regulation imposing Sanctions;*
4. *the “Consolidated List” of individuals and entities subject to measures imposed by the United Nations Security Council; and/or*
5. *any other sanctions-related list under any Sanctions as maintained by any other Relevant Jurisdiction.*
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| Sanctions | *The sanctions laws, regulations, embargoes or restrictive measures against a country, government, person, entity, business or (partially owned or controlled) business, enacted, administered, or enforced by* * *the EU;*
* *the Netherlands;*
* *any other EU Member State;*
* *the UK;*
* *the United States, including sanctions administered by OFAC or the U.S. Department of State, pursuant to the Foreign Assets Control Regulations (31 C.F.R. Parts 500-599) and other laws and regulations;*
* *the United Nations Security Council; or*

*other jurisdictions, to the extent applicable, or the respective governmental authorities of any of the foregoing, including without limitation, the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), the U.S. Department of State’s Directorate of Defense Trade Controls, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”), and the Council of the EU.* |
| Relevant Jurisdiction | *The Netherlands, the United States of America, the United Kingdom, the European Union and its member states, and any other jurisdictions in which any of the HES contracting entity or the Third Party or any of their respective owners or group undertakings, are incorporated, resident or conduct business, or that is otherwise applicable to the transactions contemplated by this Agreement.* |

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| Standard Compliance clause to be inserted |
| 1. **Sanctions**
	1. [Third party] represents and warrants that, its shareholders with voting rights in excess of 5% and its directors are not sanctioned persons.
	2. [Third Party] represents and warrants that its transactions involving the products as handled by [HES contracting entity] pursuant to this agreement shall not involve Sanctioned Persons and/or Sanctioned Countries and shall fully comply with Sanctions as applicable in the Relevant Jurisdictions.
	3. If [Third Party]’s transactions involving the products as handled by [HES contracting entity] pursuant to this agreement require any licenses and authorizations pursuant to Sanctions, [Third Party] shall immediately notify [HES contracting entity] thereof. [Third Party] is responsible for obtaining such licenses and authorizations and shall provide [HES contracting entity] with copies thereof. Notwithstanding such licenses and authorizations, [HES contracting entity] shall be entitled to refuse its co-operation with such licensed or authorized transactions at its own discretion.
	4. [Third Party] agrees to promptly provide notice to [HES contracting entity] if, at any time during this agreement, it becomes aware of any breach or potential breach of Sanctions, including but not limited to sub-sections 1.1 and 1.2, connected with the performance of this agreement or transactions involving the products.
2. **Export Controls**
	1. [Third Party] represents and warrants that the products handled by [HES contracting entity] pursuant to this Agreement are not subject to Export Controls.
	2. If, by way of exception to clause 2.1, the products are subject to Export Controls, [Third Party] shall:
	3. immediately, in writing, inform [HES contracting entity] thereof, and;
	4. provide [HES contracting entity] with all relevant information concerning the regulatory status of the products under applicable Export Controls, such as, but not limited to, the relevant Export Controls Compliance Number, and;
	5. be responsible for obtaining such licenses and authorizations as are required for its transactions involving the products as handled by [HES contracting entity] pursuant to this agreement, and, in a timely manner and at no cost to the [HES contracting entity], provide [HES contracting entity] with copies thereof, including the applicable export license number and license as well as any applicable license exemptions and handling or distribution restrictions.
	6. Notwithstanding section 2.2 of this clause, [HES contracting entity] is entitled to refuse its co-operation with any [Third Party] transactions involving products subject to Export Controls in its own discretion.
	7. [Third Party] agrees to promptly provide notice to [HES contracting entity] if, at any time during this agreement, it becomes aware of any actual or potential, past or present non-compliance with its obligations under section 2.2 of this clause.
3. **Other**
	1. The [Third Party] represents and warrants that, in the performance of this Agreement [and/or the [Services] under this agreement]], it and all of its affiliates, directors, officers, employees or sub-contractors will comply with all applicable laws, rules, regulations or similar instruments including relating to anti-bribery and corruptions, anti-money laundering and competition law.

For the purpose of clarity:* + 1. [Third party] it, its directors and employees, and anyone acting on its behalf, have not paid and will not pay, during the [term of this agreement, or, if different, during the period of time from the date on which this agreement is signed until this agreement is terminated], any bribe or given any payment or benefit to any person in order to influence any person improperly;
		2. [Third Party] it, its directors and employees, have not solicited or received any payment or benefit and will not solicit or accept any payment or benefit in connection with acting improperly;
		3. [Third Party] it, its directors and employees, and anyone acting on its behalf, will not make any payments, or offer any benefits to any Public Official, and no Public Official has received, or will, directly or indirectly, receive any advantage or benefit as a consequence of [this Agreement], except for payments or benefits which are authorized or permitted by written applicable law.
	1. [Third Party] agrees to promptly provide notice to [HES contracting entity] if, at any time during this agreement, it becomes aware of any breach or potential breach of compliance, including but not limited to section 3, connected with the performance of this agreement or transactions involving the products
	2. [Third Party] will not delegate any right or obligation under this Agreement or otherwise engage any sub-adviser or agent in relation to the [Services], without the prior written approval of [HES contracting entity], and, if obtained HES’s approval, will ensure that any such engagement is set out in a written agreement which incorporates all material terms of this clause regarding conduct, compliance, confidentiality and representations and warranties, and that [HES contracting entity] shall be a third party beneficiary of, and entitled to enforce, such provisions.
	3. [Third Party] has established processes and maintains policies and procedures to prevent non-compliance with regulations outlines in section 1 through 3 of this clause.
	4. [Third Party] shall maintain adequate records in order to document and verify its compliance with above sections. If [HES contracting entity] reasonably believes or suspects that [Third Party] is in breach of its representations and warranties under the Agreement, and in any case of this clause, [Third Party] shall allow [HES contracting entity] to audit, access and take copies of such books and records of [Third Party] as may be reasonably required in order to verify [Third Party's] compliance with its representations and warranties under this Agreement, and specifically this clause, and [Third Party] shall provide [HES contracting entity] with all reasonable co-operation, access and assistance in relation to such audit.
	5. [Third Party] agrees to indemnify [HES contracting entity] and its affiliates for any and all costs, penalties, fines, claims, damages, and [HES contracting entity]’s attorney’s fees and expenses arising out of or caused by any non-compliance of [Third Party] with this section 1 through 6 and its sub-sections. [Third Party] also waives all rights of recourse against [HES contracting entity] and its affiliates for any such event.
	6. Any breach of [Third Party]’s obligations pursuant to section 1 through 6 and any of its sub-sections is a breach incapable of remedy and entitles [HES contracting entity] to terminate this Agreement, and any other agreements [HES contracting entity] may have with [the Third Party] with immediate effect. Any material breach of the representations and warranties of section 3 will entitle [HES contracting entity] to terminate this Agreement with immediate effect.
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