

Tufin Software Technologies

Export Control and Sanctions Compliance Policy

It is the policy of Tufin Software Technologies, Ltd. and its subsidiaries (collectively, “Tufin,” “we” or the “Company”) to comply with all applicable trade control laws and regulations in all countries in which the Company does business (including countries through which shipments or financial transactions flow). This Trade Control Compliance Policy (the “Policy”) addresses what we must do in order to comply with those laws and regulations. All employees and other persons or entities working on behalf of Tufin, share the responsibility and accountability for complying with applicable trade control laws and regulations and this Policy. Any questions concerning this Policy should be immediately referred to Tufin’s General Counsel or such other person, or persons designated by Tufin’s General Counsel with responsibility for trade control compliance (any such person, the “**TCO Officer**”), or anyone working under the authority of the TCO Officer.

TCO Officer – Advocate Tal Mazurik - Melnik
Legal Department - IL headquarters
Email: tal.mazurik-melnik@tufin.com

This Policy applies to the Company, all officers and employees of the Company, and all persons engaged to perform work for the Company, including temporary agency personnel, non-employee agents acting on the Company’s behalf, and contractor personnel.

Company employees must be certain, prior to any transaction, that any necessary notifications or registrations have been made and appropriate export licenses have been obtained, and that the transaction is lawful under U.S. law, EU law, Israeli law, and all other applicable laws and regulations.

Thank you for your support in ensuring Tufin’s compliance with export control and sanctions requirements is a success.

Sincerely,

Reuven Kitov

Chief Executive Officer, Tufin

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Export Control and Sanctions Compliance Program

Chapter 1

Overview of U.S. Export Controls and Economic Sanctions

1.1 Purpose behind United States Export Control and Sanctions Laws

U.S. export control and economic sanctions laws serve to protect U.S. national security and support U.S. foreign policy. They also prevent terrorism and control proliferation activities.

1.2 Scope of U.S. Export Control and Sanctions Laws

1.2.1 Definition of “Export”

The term “export” has an extremely broad definition for purposes of U.S. export controls. Due to the broad definition, the scope of these laws is not always self-evident. For example, any software that is transferred from a U.S. server to a foreign person involves an export. Items that can be exported include commodities, software, technology, and technical information.

1.2.2 Definition of “Foreign Person”

A foreign person is any person who is not a “U.S. Person.” A U.S. Person is a: (1) U.S. Citizen or U.S. entity (including foreign branches); (2) U.S. Permanent Resident Alien; (3) Political Refugee protected under the Immigration and Naturalization Act; or (4) any Person in the United States.

1.2.3 Definition of “Technology” and “Technological Data”

For the purposes of U.S. export control and economic sanctions laws, “technology” and “technical data” generally mean information related to export-controlled goods or software, and typically such information that is necessary for the development, production, or use of such items (such information can be embodied in any medium, either tangible or intangible).

1.2.4 Location of Transfer

Under U.S. export control and economic sanctions laws, transfers may take place in or outside the United States and still be subject to restrictions. U.S. Persons must abide by the law even when overseas. Foreign Persons may be subject to such laws if a transaction involves a U.S. nexus. For example, software containing, or developed using, U.S.-origin code or technology may be subject to U.S. export control laws and regulations. Additionally, any products exported from, or through, the United States become subject to U.S. export control laws and regulations, irrespective of U.S.

content.

1.2.5 U.S. Economic Sanctions

U.S. economic sanctions may prohibit business transactions with certain countries/regions or specific parties targeted under a variety of sanctions regimes. The sanctions measures range from complete prohibitions on most dealings with the targeted countries/regions (“comprehensive sanctions”) to restrictions on dealings with certain parties (“list-based sanctions”), and further to sectoral sanctions imposed against certain entities in the Russian economy.

The U.S. comprehensive economic sanctions programs currently in effect are against Iran, Syria, Crimea, North Korea and Cuba. In addition to these sanctions, U.S. Persons cannot do business with certain parties designated for activity contrary to U.S. foreign policy. The United States maintains various lists of individuals and entities with which U.S. Persons may not have any dealings of various types. Principal among these lists are the Denied Persons and Entity Lists, administered by the Commerce Department’s Bureau of Industry and Security (“BIS”) and the Specially Designated Nationals and Blocked Persons List (“SDN List”), Foreign Sanctions Evaders (“FSE List”), and Sectoral Sanctions Identifications List (“SSI List”) maintained by OFAC.

In addition, U.S. “secondary sanctions” can apply to Foreign Persons engaged in activities the United States deems sanctionable, even in the absence of any involvement by U.S. persons or any other U.S. nexus. U.S. secondary sanctions only apply under certain sanctions programs, including the Russia, Iran, Syria, and North Korea programs. Secondary sanctions enforcement does not involve the imposition of civil or criminal penalties. Instead, the United States imposes sanctions measures on the Foreign Person that effectively restricts the Foreign Person’s access to the U.S. financial or commercial system (e.g., designation as an SDN).

1.2.6 U.S. Export Controls

The U.S. Export Administration Regulations (“EAR”) regulate the export of “dual-use” items (*i.e.*, items with both military and commercial applications). Many commercial items that are subject to regulation under the EAR might not have obvious military uses or purposes. These regulations restrict the transmission, shipment, or transfer of certain goods, software, technology or certain kinds of data (collectively “items”) to a foreign national, whether inside or outside the United States.

1.2.7 Anti-Boycott Laws/Regulations

U.S. laws prohibit U.S. Persons from participating in boycotts of countries friendly to the United States. These laws require that U.S. Persons not participate in illegal boycotts and require U.S. Persons to avoid participation and to report any request to participate in an illegal boycott to the Commerce and Treasury Departments. Additional information about anti-boycott compliance can be found below in Chapter 7.

1.3 Agencies that Control U.S. Exports

1.3.1 Treasury Department

The Treasury Department's Office of Foreign Assets Control ("OFAC") administers U.S. economic sanctions. These sanctions are normally triggered by the involvement of a U.S. nexus in a transaction involving a sanctioned party, such as the use of the U.S. financial system, involvement of U.S. Persons, use of U.S. servers, or trade in U.S.-origin products. Certain sanctions may also be triggered in absence of a U.S. nexus.

1.3.2 Commerce Department

The Commerce Department Bureau of Industry and Security ("BIS") regulates "dual use" items pursuant to the EAR. BIS also administers U.S. anti-boycott laws.

1.4 Importance of Compliance – Cost of Violations

Violations of U.S. export laws carry substantial penalties, both civil and criminal. Civil penalties for sanctions violations can reach \$295,141, as of December 2018, or twice the value of the transaction, and criminal penalties include a fine of \$1 million per violation. Civil penalties for export controls violations can reach \$300,000 or twice the value of the transaction, and criminal penalties include a fine of \$1 million per violation. Individuals can also face criminal penalties of up to 20 years in prison. Because of the broad scope of the laws, each business transaction could involve several violations. In addition, individuals and companies may forfeit the goods or proceeds from a transaction that occurs in violation of these laws.

The government may further penalize violations by taking away export privileges, by prohibiting other parties from doing business with companies and individuals who have violated the law, and by barring companies that violate the law from working on government contracts.

For the purposes of this Policy, the Company will comply with U.S. sanctions as if it were a U.S. person, though as a legal matter, it may not be a U.S. Person as defined in U.S. sanctions laws and regulations. In all cases, the Company will comply with U.S. economic sanctions laws and regulations as actually applicable, and otherwise conduct its business activities in a manner consistent with such laws and regulations.

Because the cost of violations is so great, the Company takes compliance extremely seriously. Despite the complexity of the rules, compliance is achievable if the procedures in this Compliance Program are followed.

Chapter 2 Overview of Israeli Export Controls and Economic Sanctions
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2.1 Scope of Israeli Export and Import Control and Sanctions Laws

2.1.1 Definition of “Export”

Israel maintains a broad definition of “export,” which includes not only the actual physical transfer of an item, but also the causation of such a transfer, from Israel (which includes Palestinian territories under Israeli civil responsibility).

2.1.2 Israeli Economic Sanctions

The Trading with the Enemy Ordinance of 1939 (the “Ordinance”) prohibits any “trading” with an “enemy,” as both of these terms are defined in the Ordinance, or any attempt to do so. “Enemy” is defined in the Ordinance as any state, or its sovereign, that is at war with Israel; any individual resident in enemy territory; any business controlled by an Enemy; any body of persons constituted or incorporated in, or under the laws of, an Enemy state; and any person or body of persons involved in a business operating in an Enemy territory. There is no formal list of enemy states under the Ordinance; however, the Israeli Government has currently informally designated Syria, Lebanon, and Iran as enemy states. Iraq is also informally designated by the Israeli Government as Enemy state; however, it is currently exempted by the Israeli Government on a temporary, year by year basis. Israel has also designated certain Iran-related persons and entities as “enemies.” Additionally, the Israel Ministry of Defense maintains a list of terrorist or unlawful organizations.

2.1.2.1 Importance of Compliance

Any violation of the provision of the Ordinance is a criminal offense, punishable by up to ten years imprisonment and/or a fine. The prohibition is applicable equally both to individuals and companies (including company managers and other officials). Any dealing with a terrorist or unlawful organization is a criminal offense.

2.1.3 Israeli Export Controls

One of the primary export control regimes under Israeli law can be termed the “Civilian Export Control Regime,” which falls under the responsibility of the Ministry of Economy and Industry (“MOEAI”), and is governed by the Import and Export Order (Control of Dual-Purpose Goods, Services and Technology Exports), 2006 (the “Export Control Order,” or “ECO”). The Civilian Export Control Regime covers all exports of dual-use items that are not intended for defense or security related end-users. Licenses are only required for actual exports under the Regime.

2.1.4 Free Import Order

The Free Import Order of 1978 may require the receipt of specific permits for imports into Israel from specific companies (*e.g.*, companies organized under countries which do not currently maintain diplomatic relations with Israel).

2.1.5 Encryption Control Order

The Products and Services Control Order (Encryption Means), 1974 (the “Encryption Control Order”) requires a person and/or company that deals with encryption means to procure a license from the Israeli Ministry of Defense, including for import and internal R&D with such means. Licenses may be limited by the types of dealings the applicant may perform and could also be limited to certain transaction, or widely granted per the product. Some licenses carry certain other limitations as stated in the license itself.

2.2 Agencies that Control Israeli Exports

2.2.1 Ministry of Finance

The Israeli Ministry of Finance is responsible for the implementation of the Trading with the Enemy Ordinance, including designating enemy states.

2.2.2 Ministry of Economy and Industry

The Israeli Ministry of Economy and Industry is responsible for overseeing the export of “dual-use” items, which are those items which have both commercial and military or proliferation applications, and which are set forth in the Export Control Order.

2.2.3 Ministry of Defense

The Israeli Ministry of Defense (“IMOD”) is responsible for overseeing the dealings with encryption means and which are defined under the Encryption Order. The IMOD is responsible for exempting certain widely available mass-market encryption means and issue license to deal (including by way of export) with all other encryption means.

Chapter 3

Overview of EU Export Controls and Economic Sanctions

3.1 Generally

The European Union (“EU”) is comprised of 28 Member States (“Member States”). Its economic sanctions and trade controls serve to advance EU foreign policy, contribute to international peace and security, and influence change in foreign countries, entities or individuals. While the EU tends act as one body for the purposes of economic sanctions or export controls, individual Member States may sometimes impose greater restrictions. In addition, military export controls largely remain within the remit of the individual Member States.

3.2 Scope of EU Export Control and Sanctions Laws

3.2.1 Definition of “Export”

Similar to the United States and Israel, the EU maintains a broad definition of export for purposes of export controls, which includes the transmission of technology, or the making available in

electronic form such technology, to legal or natural persons outside the EU. An export also occurs when technology is described orally over the telephone.

3.2.2 Jurisdiction of EU Laws and Regulations

The EU's economic sanctions regime applies to any activities where there is EU jurisdiction, i.e. where there is an "EU nexus." As a general rule, there is EU jurisdiction over any activity within the EU territory, its airspace, or on board any aircraft or vessel under a Member State's jurisdiction. Persons and legal persons, entities and bodies that are nationals of, or incorporated or constituted under the laws of, an EU Member State are also subject to EU jurisdiction, regardless of whether they are located inside or outside EU territory. Finally, any legal person, entity or body that does business, in whole or in part, within the EU is subject to its jurisdiction.

3.2.3 Economic Sanctions

The EU has two main sanctions regimes: sanctions targeted broadly at a country as a whole, and sanctions targeting individuals and entities, including those associated with terrorist organizations. EU sanctions also generally prohibit the knowing and intentional participation in activities, the object or effect of which is to circumvent the measures imposed by the EU. Individual EU Member States, while bound by EU sanctions, can also impose their own economic sanctions that go beyond the scope of those of the EU. Currently, the EU maintains broad, country-wide sanctions against Iran, North Korea, Russia, Crimea/Sevastopol and Syria, with respect to certain specified activities. These restrictions can target whole sectors of a country's economy (ex: the EU's sanctions against Iran's oil and gas sectors) or may require notification or authorization of payments to or from parties in a targeted country.

The EU's targeted sanctions regime is enforced against individuals or entities by subjecting those that fall under the umbrella to asset freezes or prohibiting the individuals or entities from accessing funds or certain equipment and technology (and related assistance and services).

3.2.4 Export Controls

The EU's dual-use export control regime governs the export out of the EU (i.e., from any of the EU Member States) of controlled products or technology that could potentially have a military application or which may contribute to the proliferation of Weapons of Mass Destruction. Restricted items listed in Annex I to Regulation 428/2009 (the "EU Dual-Use List"), as amended, may not be exported without an export authorization or prior registration or notification, which must be obtained or made in the competent Member State.

Additionally, export licenses are required in the EU for items on the EU's Common Military List. Beyond this list, EU Member States may require licenses to export non-listed items supplied to the military or law enforcement authorities under broad catch-all clauses, creating the possibility that military export controls might extend beyond purely military products in certain Member States.

3.3 Agencies that Control EU Exports

3.3.1 European Commission

The European Commission negotiates international trade agreements on behalf of the EU (which must then be approved by the Member States in the EU Council, plus by the European Parliament

before they can enter into force). It is also responsible, in conjunction with EU Member States, for the oversight of the administration of the EU dual-use export control regime.

3.3.2 Council of the European Union

The Council of the European Union adopts EU policies and passes EU laws (sometimes, such as for the EU Dual-Use Regulation, in conjunction with the European Parliament). It is responsible for instituting EU economic sanctions regimes – where the 28 Member States must adopt decisions with unanimity.

3.3.3 Competent Member State authorities

While EU sanctions and export controls are generally adopted at EU level, the competent Member State authorities are responsible for interpretation and enforcement of these laws and policies. Therefore, it will in many cases be necessary to check any national practice or even consult the individual Member State authority if there is, for example, uncertainty as to whether the EU sanctions or export controls apply to a particular transaction.

<h2>Chapter 4</h2> <h3>How to Address Potential Non-Compliance or Violations</h3>

Export control and sanctions laws and regulations are complex, and mistakes can happen even if best efforts to follow these Compliance Program procedures are carried out. If you suspect a problem or violation, it should be brought immediately to the attention of the General Counsel and the TCO. The Company does not permit retaliation or detrimental treatment of any kind against employees for concerns submitted hereunder that are made in good faith. It is extremely important that you bring any concern to our attention immediately, so that we can correct the problem and minimize any potentially negative consequences. If you believe there has been a violation, suspect you have made a mistake, or are presented with a situation you do not know how to handle, the following steps should be taken.

1. Stop the transaction immediately.
2. Retain all records. In addition to the fact that it is a legal obligation to maintain all export related records for a certain period of time, records are necessary to understand and reconstruct how an event of non-compliance occurred, can form the basis of a an explanation or defense to export control enforcement authorities should that become necessary, and help document the steps of the transaction that led to the concern.
3. Maintain confidentiality. After properly reporting the incident, keep the matter confidential. Talking about the matter may jeopardize any attorney/client or other legal privilege that may exist.
4. Wait for further instruction.

Chapter 5

Sales Department

5.1 Generally

Company employees must be certain, prior to any transaction, that any necessary notifications or registrations and appropriate export licenses have been obtained, if necessary, and that the transaction is lawful under U.S. law, EU law, Israeli law and all other applicable laws and regulations. The TCO is responsible for establishing proper export control classification, determining and obtaining any potential export or reexport licenses, and screening each proposed transaction against the relevant U.S. government watch lists contained in Appendix A.

5.2 Knowing Your Customer – Sales

5.2.1 Screening the Customer

Upon entry into the Salesforce, customer and counterparty information will be screened against relevant prohibited parties list through the system. Customer includes any channel partner (i.e., distributor and reseller) of the Company and any end-user. The screening should include ownership structure, as entities 50% or greater owned in the aggregate by sanctioned parties are themselves considered sanctioned parties.

This screening process will ensure Tufin avoids doing business with individuals or entities that have been banned from receiving exports due to export violations. In some cases, doing business with certain customers will require an export license for similar reasons.

5.2.2 Understanding the Results from Individual/Entity/Country Screens

If the screen detects no hits, the sales process may proceed to the next step. Keep the results of the screen in the customer file.

If the screen detects a potential hit, further steps need to be taken before the transaction can proceed. For example, an export license may be required as a prerequisite to transacting with that customer. If that is the case, the TCO should be advised of this to determine next steps.

5.3 Diversion Risk/Red Flag Checklist – Sales

As the initial point of contact with customers, Sales Department personnel also must take steps to determine whether a customer may constitute a diversion risk. Customer diversion means that the customer says one thing but plans to do another with materials or parts obtained from Company. Indications of diversion are the “Red Flags” mentioned below in Chapter 6.

Protecting against possible violations requires that you not “self-blind” and that you be aware of signals that may indicate a customer is attempting to obtain U.S. exports illegally. To the extent the transaction presents any “Red Flags,” stop the transaction. The “Red Flags” should be documented and the TCO should be notified immediately.

5.4 Proliferation Risk – Sales

The customer's business or other activities can trigger a licensing requirement if the customer is involved in: (1) nuclear activities; (2) the design, development, production, or use of missiles; or (3) the design, development, production, stockpiling, or use of chemical or biological weapons. These activities need not be the customer's direct business activity, as indirect involvement can also trigger the licensing requirements. Further, the activities need not involve Tufin's products to trigger a U.S. export control prohibition or licensing requirement.

If the customer is involved in any of the activities above, stop the transaction and notify the TCO immediately.

5.5 Knowing Your Products

5.5.1 U.S. Compliance

5.5.1.1 U.S. Classification Matrix

The Export Control Classification Number ("ECCN") determines the level of restrictions that apply to the product. Tufin products are reviewed for classifications by the TCO. When applicable, Tufin obtains formal classifications from the U.S. Department of Commerce Bureau of Industry and Security ("BIS").

Product	ECCN	CCATS#/Date	License Exception?
T-Series Appliances	5A992.c	G175630 / May 8, 2018	ENC
SecureApp	EAR99	G175630 / May 8, 2018	N/A
TufinOS 2.x	5D992.c	G175630 / May 8, 2018	ENC
SecureChange	EAR99	G175630 / May 8, 2018	N/A
SecureTrack	EAR99	G175630 / May 8, 2018	N/A

5.5.1.2 Determining Export Restrictions

Consult the Classification matrix to determine the ECCN applicable to the product in question.

ECCN/License Exception	Customer Location	Customer Type	Limitation
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All products	Cuba, Iran, North Korea, Sudan, Syria, Crimea [and Lebanon]	Any customer type	Export <u>is not allowed</u>
5A992.c/5D992.c	Any country except Cuba, Iran, North Korea, Sudan, Syria, Crimea [and Lebanon]	Any customer type	Export <u>is allowed</u> . Classification via CCATS or self-classification report required
AR99	Any country except Cuba, Iran, North Korea, Syria, Crimea [and Lebanon]	Any customer type	Export <u>is allowed</u> .

Match the ECCN to the chart of restrictions above. To the extent there are any restrictions on the export of a particular product to a country/type of customer, stop the transaction and consult with the TCO before proceeding.

5.5.2 Israeli Compliance

The TCO is responsible for conducting an internal export control review of all the Company's products. If this review results in the possibility that a product is a dual-use product regulated under the Israeli Civilian Export Control Regime, the TCO is responsible for applying and acquiring all required licenses.

5.5.3 EU Compliance

The TCO is responsible for determining whether any items to be exported from an EU Member State are featured on the EU Dual-Use List. If so, an authorization (or notification/registration under a general license) must first be obtained from the competent authorities of the relevant EU Member State.

If an item is listed on the EU's Military List, or is otherwise subject to restriction by an EU member state, the TCO might be required to obtain a military license to export the product.

5.6 Contracts, Invoices and Other Documents

5.6.1 License Numbers Required on All Invoices, Bills of Lading, and Shipping Documents

All invoices must include the appropriate export license number, if a license was necessary. The TCO will provide this information once any required license is obtained.

5.6.2 Compliance Clause - Invoices, Bills of Lading, and Shipping Documents

The following language must be printed on all Company invoices, bills of lading, and shipping documents for items covered by Commerce Department rules or licenses:

“This technology/software/hardware was exported from Israel/United States (as applicable) in accordance with Israeli export laws and regulations/ the Export Administration Regulations. Diversion contrary to U.S., IL or any other applicable law is prohibited.”

5.7 Quarterly Customer/Country List Screening

Once per quarter, screen all open customer files using the screening program, and against the countries subject to comprehensive sanctions. This will identify any changes in customer or country status that could lead to an inadvertent violation. If you get a match, STOP any ongoing or potential transactions and contact the TCO immediately.

Chapter 6

Avoiding Inadvertent Violations – Customer “Red Flags”

6.1 Be Alert to “Red Flags”

Being aware of common signals (“Red Flags”) that can indicate an individual is trying to obtain U.S. or IL exports unlawfully can help you avoid making a mistake. The best and safest approach to compliance is to be careful not to ‘self-blind.’ Under the law, we each have an affirmative duty to know certain information related to our transactions.

6.2 Red Flags to Look Out For

If you see a red flag or have any doubts, do not continue the transaction. Treat it like a suspected violation and take the steps outlined in Chapter 4 above for cases of potential violations.

1. The customer's name or address is similar to an individual or entity that comes up on an entity/individual screening list. Often, individuals on screening lists go by several names or share addresses.
2. The customer is reluctant to offer information about the end-use of the item.
3. The Company material or part’s capabilities do not fit the customer’s line of business.
4. The customer has little or no business background in either the materials or fabricated parts that form the core of Company’s business.
5. The customer is willing to pay cash up front.
6. The customer is unfamiliar with the basic functionality of Company’s products.

7. The customer declines technical support or after-sales services that would be in the ordinary course for the material or part being supplied.
8. The customer is vague about delivery dates or wants deliveries made to unusual destinations, such as Post Office boxes, remote locations or destinations that are far away from the customer's place of business
9. The customer gives a freight forwarder as the product's final destination.
10. The shipping route is unusual, such as a customer with a reported ultimate destination in one country routing the delivery through another.
11. The customer requests unusual packaging, such as asking for an unmarked box or providing their own packaging materials.
12. The buyer is evasive or makes contradictory statements about the end use for the Company material or part.

<p style="text-align: center;">Chapter 7 U.S. Anti-Boycott Restrictions</p>

7.1 Avoiding and Reporting Illegal Boycotts

U.S. anti-boycott laws prohibit complying with invitations to participate in embargoes against countries friendly to the United States (or Israel), as a result of the Arab League boycott of Israel.

In particular, for sales to countries in the Arab League, be on the alert for inquiries regarding whether Tufin is connected to Israel. Such questions are requests to participate in the boycott and may require reporting to the Commerce and Treasury Departments.

7.2 Prohibitions and Positive Obligations

Under U.S. Anti-Boycott law, there are both prohibitions and positive obligations.

7.2.1 Prohibitions

- a. Agree to refuse or refuse to do business with companies located in boycotted countries such as Israel, businesses organized in boycotted countries, or blacklisted companies.
- b. Agree to furnish or furnish information about business with boycotted countries, businesses organized in boycotted countries or blacklisted companies.
- c. Agree to discriminate against others based on race, religion, sex, national origin, or nationality.
- d. Agree to furnish or furnish information about race, religion, sex, national origin, or nationality.

- e. Pay with or accept letters of credit that include requirements that violate any of these prohibitions.
- f. Agree to follow the laws of countries participating in a prohibited boycott, which may include requirements to comply with the Arab League Boycott of Israel.

7.2.2 Positive Obligations

- a. Report to the Commerce Department any invitation or request to participate in a boycott, including request to comply with the boycott or provide information that helps a country carry out the boycott.
- b. If you believe you have received a request to participate in an illegal boycott, do not furnish information or answer questions, STOP the transaction, and immediately contact the TCO. All personnel must contact the TCO whenever there is the slightest indication or suspicion that a situation may trigger the boycott restrictions.

Chapter 8 Recordkeeping

8.1 Record Retention

There are two principal categories of records that must be retained: (1) administrative records such as export licenses; and (2) transactional records such as commercial invoices, ITNs (for purposes of accessing AES information), packing lists, and airway bills. The fundamental rule for export control recordkeeping is that ALL RECORDS RELATING TO AN EXPORT TRANSACTION MUST BE RETAINED.

Under U.S. export laws, these records must be kept for a minimum of five years, and in some cases longer. After the five-year term has expired, you must obtain written permission from the TCO before sending any export records to document destruction.

Chapter 9

9.1 Classifying Items for Export Control Purposes – Product Development Department

9.1.1 How the Classification Process Begins

When new software or products are developed, the relevant Export Control Classification Number (“ECCN”) must be determined in order to ascertain whether there may be export restrictions related to the product. Once the classification is completed, the TCO will determine whether or not an export license or other authorization is required.

The same process may have to be repeated with the purpose to determine, under EU Law and Israeli Law, whether such software or product would be defined in terms of export controls.

9.1.2 Classification and Your Role in the Licensing Process

As a product developer, your specific knowledge about the item at issue will be critical in making the determination regarding classification for export control purposes. This section provides step-by-step instructions on how to assist in the classification.

9.2 Classifying the Item – Engineering/R&D – Commerce Department Classification

9.2.1 Determining the Item’s Export Control Classification Number

To make a classification under the Commerce Department BIS Commerce Control List (“CCL”), you must determine the item or service's Export Control Classification Number (“ECCN”). The CCL is composed of ECCNs, divided into categories. The CCL is available at: <https://www.bis.doc.gov/index.php/regulations/export-administration-regulations-ear>

Each category is divided into detailed technical sections for systems equipment and components (A), test, inspection, and production equipment (B), materials (C), software (D), and technology (E). Technology includes information required for the “development,” “production,” or “use” of items on the CCL.

Review Category 5 Part 2 to determine whether any of the ECCN descriptions correspond to the software or technology at issue.¹ Once you have determined the ECCN, provide it to the TCO.

9.2.2 If You Can’t Find an ECCN

If you cannot find a specific ECCN for your item, it may be covered by the catch-all category “EAR99.”

9.2.3 Questions about Finding an ECCN

If you have any questions or would like help determining the proper ECCN, contact the TCO.

Chapter 10 Training and Auditing

10.1 Initial Training

Upon the implementation of this program, employees will undergo training designed to help ensure that they understand and are following the steps necessary for compliance.

10.2 Semi-Annual Refresher Training

Refresher training will be conducted semi-annually for employees. If at any time you feel you would benefit from additional guidance or training, you should contact the TCO.

10.3 Trade Compliance Audits

In order to be sure that the Compliance Program is effective, Tufin will complete internal and external audits from time to time as necessary.

10.4 Duty to Report

The duty to report internally questions, problems, concerns, and suspected violations to the TCO as described in Chapter 4 above on How To Address Potential Non-Compliance or Violations is an ongoing requirement for every Company employee under this Compliance Program.

It is Company's policy to cooperate with inquiries by all export control enforcement agencies. Should an outside party contact you regarding Company's compliance program or export control procedures, you should contact the General Counsel immediately. Communication with government agencies shall be done strictly through the GC and/or any other employee(s) empowered by the GC, including outside counsel. Employees are not to communicate with government agencies unless it is approved by the GC.

Appendix A

U.S. Government Watch Lists Against Which Transactions Must Be Screened

- BIS Entity List²: (EAR Part 744, Supplement 4): This is a list of entities whose participation in a transaction can trigger enhanced EAR license requirements, even for EAR99 items. The list specifies the license requirements that apply to each listed entity, and typically targets entities involved in activities contrary to U.S. national security or foreign policy, such as suspected involvement in the proliferation of weapons of mass destruction. License requirements triggered by the Entity List are imposed in addition to any license requirements triggered by any other EAR provisions.
- OFAC SDN List³: This is OFAC's list of persons subject to U.S. economic sanctions relating to blocking of property and interests in property. U.S. persons and others subject to the jurisdiction of U.S. economic sanctions requirements are prohibited from engaging in any dealings with a person on the OFAC SDN List, or any entity owned or controlled by any person or entity on the OFAC SDN List. U.S. persons must block all property and interests in property of a SDN that come within their possession or control, and report such blocking to OFAC.
- BIS Unverified List⁴: This is a list composed of Foreign Persons for which BIS was unable to complete an end-user check. Licenses may be required for export of any product subject to the EAR to these end users.
- BIS Denied Persons List⁵: This is a list of both U.S. and Foreign Persons (individuals and entities) whose U.S. export privileges have been denied under the EAR. The Company may not participate in an export or reexport transaction subject to the EAR with a person on this list, and any suspected involvement of such a denied person in any activity subject to the EAR must be brought immediately to the TCO Officer's attention for review and proper disposition.
- OFAC FSE List⁶: This is another of OFAC's lists of persons subject to U.S. economic sanctions. U.S. persons and others subject to the jurisdiction of U.S. economic sanctions requirements are prohibited from engaging in any dealings with a person on the OFAC FSE List, or any entity owned or controlled by any person or entity on the OFAC FSE List. Unlike the SDN List, U.S. persons are not required to "block" transactions involving FSE parties. Instead, they must reject and report such transactions.

² For a copy of the BIS Entity List, see: <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>

³ For a copy of the OFAC SDN List, see: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

⁴ For a copy of the BIS Unverified List, see: <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/unverified-list>

⁵ For a copy of the BIS Denied Persons List, see: <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list>

⁶ For a copy of the OFAC FSE List, see: https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/fse_list.aspx

- OFAC SSI List⁷: This is another of OFAC's lists of persons subject to U.S. economic sanctions. Parties on this list are subject to the more limited restrictions on dealings in certain "New Debt" and, as applicable, "New Equity." Restrictions may also apply to certain activities relating to Arctic, deepwater, or shale oil projects in the Russian Federation or involving certain SSI entities. Other transactions with these parties are permitted.

⁷ For a copy of the OFAC SSI List, see: http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx

Appendix B

EU Sanctions List Against Which Transactions Must Be Screened

European Union External Action Service's consolidated list of persons, groups and entities subject to EU financial sanctions.⁸ The EU imposes asset freezes on individuals and entities under separate sanctions regime Regulations which are often amended several times. Therefore, the EU External Action Service maintains a global list of parties' subject to an asset freeze where all parties under all EU sanctions regimes are listed. Because this list is not always so user-friendly, it might be useful to know that the HM Treasury in the UK also maintains a consolidated list of financial sanctions targets under EU and UK law which lists all asset freeze targets.⁹

⁸ For a copy of this list, see: http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm

⁹ For a copy of this list, see: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>