



KLINGSPOR ENERGY

KLINGSPOR ENERGY LLC

SANCTIONS COMPLIANCE & PAYMENT PROTOCOL

Under OFAC General License 46A

EFFECTIVE DATE: February 10, 2026 (GL46A, superseding GL46 of January 29, 2026)

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1. Purpose & Scope

This Sanctions Compliance & Payment Protocol (“SCPP”) sets forth the operational compliance framework governing all commodity trading activities conducted by Klingspor Energy LLC (the “Company”) under the authorization of OFAC General License 46A (effective February 10, 2026, superseding General License 46 of January 29, 2026).

This document is provided to prospective and current trading counterparties to demonstrate the Company’s commitment to strict U.S. sanctions compliance and to establish the procedures, controls, and payment mechanisms that will govern all transactions involving Venezuelan-origin crude oil and refined products.

Scope of Application

This protocol applies to all physical purchase and sale transactions executed by the Company involving:

- Crude oil and refined products sourced from or through Venezuela
- Transactions with Petróleos de Venezuela S.A. (“PdVSA”), PdVSA Entities, and private operators holding production entitlements under Profit Sharing Contracts (CPPs / ATFs) and Mixed Companies (Empresas Mixtas), in each case authorized under GL46A
- Any associated shipping, logistics, and payment activities

2. Regulatory Framework

Authorization

On February 10, 2026, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) issued General License 46A (“GL46A”), replacing and superseding in its entirety General License 46 (dated January 29, 2026). GL46A authorizes all transactions prohibited by the Venezuela Sanctions Regulations, 31 CFR part 591 (the VSR), including those involving the Government of Venezuela, PdVSA, or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest (collectively, “PdVSA Entities”), that are ordinarily incident and necessary to the lifting, exportation, reexportation, sale, resale, supply, storage, marketing, purchase, delivery, or transportation of Venezuelan-origin oil, including the refining of such oil, by an established U.S. entity.

Established U.S. Entity Requirement

GL46A is available only to “established U.S. entities,” defined as any entity organized under the laws of the United States or any jurisdiction within the United States on or before January 29, 2025. The Company qualifies as an established U.S. entity within the meaning of GL46A.

Governing Regulations

All Company operations are conducted in strict compliance with:

- Executive Order 13808 (August 24, 2017) — Blocking property of the Government of Venezuela
- Executive Order 13850 (November 1, 2018) — Blocking property related to gold and other sectors
- Executive Order 13884 (August 5, 2019) — Comprehensive sanctions on the Government of Venezuela
- Executive Order 14373 (January 9, 2026) — Safeguarding Venezuelan Oil Revenue for the Good of the American and Venezuelan People
- 31 CFR Part 591 — Venezuela Sanctions Regulations
- OFAC General License 46A (February 10, 2026)

Mandatory Contract Conditions (GL46A §(a)(1)–(2))

All contracts with the Government of Venezuela, PdVSA, or PdVSA Entities must:

- Specify that the laws of the United States or any jurisdiction within the United States govern the contract
- Provide that any dispute resolution under the contract occur in the United States

Any monetary payment to a blocked person (excluding payments for local taxes, permits, or fees) must be made into the Foreign Government Deposit Funds as specified in Executive Order 14373, or any other account as instructed by the U.S. Department of the Treasury.

Authorized Support Activities (GL46A Note 2)



GL46A explicitly authorizes the following support activities as ordinarily incident and necessary:

- Arranging shipping and logistics services, including chartering vessels
- Obtaining marine insurance and protection and indemnity (P&I) coverage
- Arranging port and terminal services, including with port authorities or terminal operators that are part of the Government of Venezuela
- Commercially reasonable payments in the form of swaps of crude oil, diluents, or refined petroleum products

Prohibited Activities (GL46A §(b))

GL46A does not authorize, and the Company will not engage in:

- Payment terms that are not commercially reasonable, involve debt swaps or payments in gold, or are denominated in digital currency, digital coin, or digital tokens issued by, for, or on behalf of the Government of Venezuela, including the petro
- Any transaction involving a person located in or organized under the laws of the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, or any entity owned or controlled by or in a joint venture with such persons
- Any transaction involving an entity located in or organized under the laws of Venezuela or the United States that is owned or controlled by or in a joint venture with a person located in or organized under the laws of the People's Republic of China
- The unblocking of any property blocked pursuant to the VSR
- Any transaction involving a blocked vessel

Reporting Requirements (GL46A §(c)–(d))

For any export, reexport, sale, resale, or supply of Venezuelan-origin oil to countries other than the United States, the Company must provide a detailed report to the U.S. Department of State (Sanctions_inbox@state.gov) and the U.S. Department of Energy (VZReporting@doe.gov) identifying:

- The parties involved
- The quantities, values, and countries of ultimate destination
- The dates the transactions occurred
- Any taxes, fees, or other payments provided to the Government of Venezuela

Reports are due ten days after the first such transaction and every 90 days thereafter while transactions are ongoing. The Company's Controller is responsible for preparing and submitting these reports in coordination with sanctions counsel.

Other Federal Requirements

As noted in GL46A, the license does not relieve any person from compliance with the requirements of other Federal agencies, including the Department of Commerce's Bureau of Industry and Security (BIS). The Company maintains awareness of export control requirements and consults with counsel as needed.



3. Counterparty Due Diligence Protocol

The Company conducts rigorous due diligence on all counterparties prior to engagement. No transaction is executed until the counterparty has been fully screened and approved.

Approved Counterparty Categories

Transactions are limited to entities authorized under GL46A:

- PdVSA Entities
- Private operators in OFAC-compliant CPPs and ATFs with verified ownership structures
- Private operators in OFAC-compliant Mixed Companies (Empresas Mixtas)
- Downstream buyers who are not blocked persons, SDNs, or located in excluded countries

Country Exclusions (GL46A §(b)(2)–(3))

In addition to standard SDN screening, the Company applies the following mandatory exclusions required by GL46A:

- No transactions with any person located in or organized under the laws of the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, or the Republic of Cuba, or any entity owned or controlled by or in a joint venture with such persons
- No transactions with any entity located in or organized under the laws of Venezuela or the United States that is owned or controlled, directly or indirectly, by or in a joint venture with a person located in or organized under the laws of the People's Republic of China

These exclusions are screened at the counterparty onboarding stage and re-verified prior to each transaction.

Screening Process

All counterparties undergo the following screening procedures before any transaction is initiated:

Sanctions Database Screening: Each counterparty is screened against OFAC's SDN List, Sectoral Sanctions Identifications (SSI) List, and Non-SDN Menu-Based Sanctions (NS-MBS) List using World-Check, LexisNexis Bridger, and automated sanctions screening tools.

Ownership & Control Verification: Beneficial ownership is verified to the ultimate individual level. Entities with opaque ownership structures or links to blocked persons are rejected.

Affiliation Checks: Counterparties are reviewed for affiliations with the Government of Venezuela, PdVSA (outside GL46A authorization), or any entity engaged in activities inconsistent with the license.

Ongoing Monitoring: Approved counterparties are re-screened at regular intervals and prior to each new transaction. Any material change in ownership, control, or sanctions status triggers immediate review.



Rejection & Escalation

If screening identifies a potential match to a blocked person, SDN, or prohibited entity:

- The transaction is immediately halted
- The match is escalated to sanctions counsel for review and determination
- If confirmed, the counterparty is permanently rejected and the matter is documented
- Voluntary self-disclosure to OFAC is made if warranted under the circumstances

Record-Keeping

Complete records of all screening results, approval decisions, and rejection determinations are maintained for a minimum of five years in accordance with OFAC record-keeping requirements (31 CFR §501.601). Records are available for inspection by regulatory authorities upon request.

4. Venezuelan Sanctions Payment Allocation

The allocation of payment proceeds between Seller's equity entitlement and any PdVSA or PdVSA Entity share shall be governed by GL46A and the Venezuelan Sanctions Regulations in effect at the time of payment, as interpreted by the Company's sanctions counsel.

Seller Equity Payment: The portion of the Cargo constituting Seller's equity production shall be paid directly to Seller's designated account. As a private, non-designated entity, Seller is not a blocked person and such payment is not required to be routed through government-controlled accounts solely by reason of Seller's status. This direct payment entitlement is subject to the governing framework set out above and to the Allocation Certificate delivered pursuant to Section 5.5.

PdVSA Proceeds: Any portion of the Cargo proceeds attributable to PdVSA or any PdVSA Entity shall be handled in accordance with the Venezuelan Sanctions Regulations and applicable OFAC guidance in effect at the time of payment. The Company shall have the right to seek and rely on guidance from OFAC prior to releasing any such funds.

Sanctions Compliance Review: All payments under each transaction are subject to review and verification by the Company's sanctions counsel. The Company shall not be liable for any delay in payment arising from a bona fide sanctions compliance review, provided the Company acts reasonably and promptly.

Payments to Blocked Persons (GL46A §(a)(2))

Where a transaction involves monetary payment to a blocked person (including the Government of Venezuela, PdVSA, or PdVSA Entities), such payment must be made into the Foreign Government Deposit Funds as specified in Executive Order 14373, or any other account as instructed by the U.S. Department of the Treasury. Payments for local taxes, permits, or fees are excluded from this requirement.

Prohibited Payment Methods (GL46A §(b)(1))

Under no circumstances will the Company utilize:

- Payment terms that are not commercially reasonable
- Debt swaps or payments in gold
- Digital currency, digital coin, or digital tokens issued by, for, or on behalf of the Government of Venezuela, including the petro
- Payments to any account at a financial institution that has been designated or sanctioned

5. Shipping & Logistics Compliance

The Company applies stringent vessel screening and logistics controls to prevent involvement with deceptive shipping practices and ensure full compliance with U.S. sanctions.

Vessel Screening Requirements

All nominated vessels must satisfy the following requirements before approval:

AIS History: Complete Automatic Identification System (AIS) transmission history for the preceding 12 months. Gaps exceeding 48 hours require documented justification (e.g., port operations, dry dock) or the nomination is rejected.

Ownership Verification: Registered owner, beneficial owner, technical manager, and commercial operator are verified against OFAC sanctions lists and maritime intelligence databases.

Flag State Review: Flag state is reviewed for sanctions risk. Vessels flagged in jurisdictions with inadequate regulatory oversight or known associations with deceptive practices are subject to enhanced scrutiny or rejection.

Prior Voyage Analysis: Recent voyage history is analyzed via third-party maritime intelligence to identify any prior calls at sanctioned ports, ship-to-ship (STS) transfers involving blocked entities, or patterns consistent with dark fleet activity.

Dark Fleet Indicators & Blocked Vessels

GL46A explicitly prohibits any transaction involving a blocked vessel (§(b)(5)). The Company maintains a zero-tolerance policy for deceptive shipping practices:

- AIS manipulation, spoofing, or deliberate disabling
- Frequent flag changes or use of flags of convenience associated with sanctions evasion
- Opaque ownership structures designed to conceal beneficial ownership
- Recent involvement in sanctioned trade routes or STS operations with blocked vessels
- Vessel age, condition, or classification inconsistent with legitimate commercial operations
- Vessel identified as blocked property pursuant to the VSR, including vessels on the SDN List or owned 50% or more by blocked persons

6. Risk Mitigation & Contingency Planning

The Company recognizes that operations involving sanctioned jurisdictions carry inherent regulatory and operational risks. The following measures are in place to mitigate these risks and ensure business continuity.

License Revocation Contingency

GL46A has no stated expiration date but may be revoked or amended by OFAC at any time. In the event of revocation, amendment, or non-renewal:

- All pending transactions will be wound down in compliance with any OFAC wind-down period
- No new transactions will be initiated after the revocation effective date
- Funds held under either payment mechanism for in-progress transactions will be handled in accordance with counsel guidance and applicable OFAC directives
- The Company will seek specific OFAC guidance if the wind-down terms are ambiguous

Regulatory Monitoring

The Company, through its sanctions counsel, continuously monitors:

- OFAC guidance, FAQ updates, and license amendments
- U.S. foreign policy developments affecting Venezuela sanctions
- Changes to the SDN List, SSI List, and related designations
- Industry enforcement actions and compliance precedents

Governing Law & Dispute Resolution

All contracts executed by the Company — whether with PdVSA Entities, private operators, or downstream buyers — are governed by the laws of the State of New York or the State of Texas, with dispute resolution by arbitration seated in Houston, Texas under the rules of the International Chamber of Commerce (ICC), or by the courts of Harris County, Texas. For contracts with the Government of Venezuela, PdVSA, or PdVSA Entities, U.S. governing law and U.S. dispute resolution are mandated by GL46A §(a)(1). The Company applies this standard to all counterparties as a matter of compliance policy, ensuring uniform legal oversight across the entire transaction chain.



Appendix A: Key Defined Terms

AIS (Automatic Identification System): An automated tracking system using transceivers on ships to broadcast position, speed, and course; utilized by the Company for vessel screening and sanctions compliance.

Allocation Certificate: A written certificate delivered by Seller setting out the volume allocation between Seller's equity entitlement and any PdVSA or PdVSA Entity share, together with supporting documentation identifying the upstream instrument under which Seller's entitlement arises.

Back-to-Back: A trading structure in which the Company simultaneously executes offsetting purchase and sale contracts to lock in margin and eliminate price and inventory risk.

BL: Bill of Lading with all required document package.

Compliance Certificate: A written certificate delivered by Seller confirming the continued accuracy of its representations, warranties, and the Allocation Certificate as of a date no earlier than five (5) business days prior to the Laycan.

Dark Fleet: Vessels engaged in deceptive shipping practices, including AIS manipulation, opaque ownership, and sanctions evasion. The Company maintains a zero-tolerance policy.

Established U.S. Entity: As defined in GL46A Note 1: any entity organized under the laws of the United States or any jurisdiction within the United States on or before January 29, 2025.

Flash Title: A trading structure where the Company takes instantaneous title at the vessel flange and transfers it to the buyer, minimizing the Company's exposure to physical and marine risk.

FOB (Free on Board): Incoterms rule whereby risk of loss and title transfer to the buyer upon loading at the named port or point (vessel flange in the Company's contracts).

Foreign Government Deposit Funds: As defined in Executive Order 14373 (January 9, 2026): accounts at the U.S. Treasury designated for receipt of payments to the Government of Venezuela, PdVSA, or PdVSA Entities. All monetary payments to blocked persons under GL46A (excluding local taxes, permits, or fees) must be directed to these accounts.

GL46A: OFAC General License 46A, issued February 10, 2026, superseding GL46 (January 29, 2026). Authorizes established U.S. entities to engage in transactions ordinarily incident and necessary to the lifting, sale, and transportation of Venezuelan-origin oil, subject to specified conditions, exclusions, and reporting requirements.

HSFO (High-Sulfur Fuel Oil): Fuel oil with 1.9% and 3.5% sulfur content.

OFAC: The Office of Foreign Assets Control of the U.S. Department of the Treasury, responsible for administering and enforcing economic sanctions programs.

SDN (Specially Designated National): An individual or entity designated by OFAC whose assets are blocked and with whom U.S. persons are generally prohibited from transacting.

Zero-Deviation Policy: The Company's compliance standard requiring strict, uncompromising adherence to all sanctions requirements with no exceptions, waivers, or shortcuts.