

EXPORT CONTROL POLICY



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0. Preface

As an internationally active enterprise, DencoHappel Group and its Group Companies (hereinafter jointly referred to as "DencoHappel") have to comply with a multitude of corporate and legal regulations. DencoHappel exports its goods to customers and operates throughout the world. Notwithstanding this, certain exports and related activities with a foreign dimension are subject to prior approval of the competent national authorities or are even prohibited.

It is of paramount importance that all Group Companies within DencoHappel strictly comply with all applicable legal provisions relating to export control in addition to the DencoHappel Export Control Policy (hereinafter jointly referred to as "export control regulations") and that they implement the necessary and appropriate processes in order to prevent illegal activities.

Reliable export control is key to the DencoHappel Compliance Program. It requires that all applicable employees are aware of export control risks and fully informed about their own duties and responsibilities. Any exports and related activities that contravene the principles detailed in this Policy should be refrained from and will be sanctioned, as set out in Section 3.

This Policy requires **national implementing measures**. While within the EU the Dual-Use Council Regulation (EC) No 428/2009 sets up a uniform Community regime for the control of exports, transfers to other EU countries, brokering and transit of dual-use items, the trade in arms, munitions and war materials are still subject to national legislative competence (Article 346(1)(b) TFEU) and there are also various export control regulations in non-EU countries. However, the EU Dual-Use Regulation is based on international control regimes and the EU sanctions are based on United Nations sanctions. Therefore, the European export control regulations provide a valid indication of the necessary and appropriate organizational standards and processes and thus serve as a role model for the purposes of this Policy. The **organizational standards and processes defined in this Policy are therefore to be applied** by all corporate operations and persons. This is true even if the applicable national regulations do not implement corresponding detailed requirements, provided these national regulations are not contradictory.

Furthermore, this policy takes into account that the United States ascribe extraterritorial effects¹ to their export control regulations to an extremely high degree. Hence this Policy follows the US perspective on its extraterritorial effects. **US export control regulations** are exclusively applicable to US domestic transactions and US citizens and do not apply to transactions outside the United States without involvement of US citizens.

This Policy is designed to ensure that all staff concerned are informed about exports and related activities that contravene international export control regulations.

1. Purpose; Scope

1.1 The purpose of this Policy is:

- To **ensure compliance** by all corporate operations and persons **with the applicable export control regulations** and to ensure that all staff concerned are

¹ Extraterritorial jurisdiction refers to a court's ability to exercise power beyond its territorial limits. It can also refer to the legal ability of a government to exercise authority beyond its normal boundaries.

informed about the necessary and appropriate implementing measures. Compliance in this sense encompasses all valid statutory obligations and prohibitions that apply to foreign trade. Contrary to popular misconceptions, it is in no way limited to the monitoring of the export of military products and listed dual-use goods and/or the checking of sanction lists.

- To **establish uniform organizational export control standards and implement appropriate uniform processes** in all corporate operations. Compliance with these shall enable the Group Companies to implement (by virtue of State existing responsibilities in accordance with comparable international law) the national export control regulations on the basis of a common understanding and to further update and optimize them in an internationally coordinated manner.

- 1.2 All export control-related activities determined in accordance with applicable export control regulations are subject to the provisions of this Policy. This is especially true in respect of the export of goods including services, documents, software and technology, the provision of technical data and brokering in connection with the aforementioned transactions and particularly in respect of the transfer of goods within the European Union to other EU countries.

This Policy applies to **all operations and persons of DencoHappel**. Hence all Group Companies within DencoHappel and their employees are obliged to comply with the applicable export control regulations notwithstanding any contractual requirement.

This Policy is **addressed in the first place to the employees who are involved in the supply of DencoHappel products** such as sales, marketing, finance and product staff. The standards of this Policy shall be adhered to in all phases of the process, from business initiation through the production of the good and payment of the order to the supply of spare parts to the customer.

This Policy establishes uniform organizational export control standards and appropriate uniform processes and their integration into the company's specific process, whereas the national Export Management System will define the national requirements in detail.

It is **beyond the scope of this Policy** to consider all requirements resulting from several national and international trade laws and the technical characteristics of all products of DencoHappel. Therefore, this Policy only addresses the content and structure of an effective Export Management System, which the Group Companies have to implement. To what extent the export of products to the countries concerned, and to persons or organizations and related activities, are possible must remain subject to the national Export Management System. The content of the Export Management System shall consider the size of the exporting company, the type of business, export regions, technical characteristics of the products sold, export volume, applicable legal and regulatory requirements, etc. and shall be coordinated with the Corporate Export Control Officer.

2. Restricted Countries

- 2.1 Foreign trade regulations recognize restrictions and prohibitions on cross-border movements (exports) of items (goods, technology and software) to other countries (even with respect to the EU Member States' transfers within the EU). The conclusion

of contracts, including the making of binding offers¹ and the transfer of economic resources² with and to Embargo Countries (as listed in Annex I) and/or "listed" individuals, always require prior **approval by the Chief Compliance Officer** in accordance with Annex II and Annex III.

2.2 The following measures require **prompt notification to the Company Export Control Manager**:

- Any export of sensitive (dual use) items regardless of whether as a separate delivery or a delivery incorporated into other items is intended;
- If staff become aware of any military or nuclear use of delivered item(s).
- If staff become aware of any use of a delivered item(s) in connection with weapons of mass destruction.
- Before accepting an order or making binding offers³ for the transfer of economic resources (resources of any kind that can be used to acquire money, goods or services) or transfer without a contract to persons or enterprises named on any sanction list and/or to the embargo countries mentioned in Annex I. The Company Export Control Manager(s) shall regularly check which persons or enterprises are named on sanction lists (Blacklist screening tool).
- If staff have reason to suspect that a transaction or delivery serves to support international terrorism or the spread of weapons of mass destruction or the putting into circulation of money from criminal acts.

Following notification, the Company Export Control Manager will decide on the action to be taken with respect to the proposed contract / delivery or transfer.

Note: Every employee of any Group Company has the right to contact the Company Export Control Manager directly and need not fear any detriment on account of disclosing company information to the Company Export Control Manager.

3. Legal Consequences of Violations, Internal Audits

3.1 Any infringement of export control regulations will have numerous consequences for employees, management and/or the Group Company involved. This may include without limitation:

- damage to the Group Company's and DencoHappel' reputation
- fines imposed on the acting employees, the Group Company involved and/or the relevant management
- imprisonment of the employee or the single member of the board concerned
- customs authorities can revoke certain export privileges granted to the respective company; this consequence may cause more administrative work and costs

Furthermore, DencoHappel reserves the right to punish any infringements of the Policy in accordance with applicable law, e.g. by means of warning letters, dismissals and/or claims for indemnification.

3.2 Internal Audit will check compliance with the provisions of this DencoHappel Export

¹ In case of doubt please consult the Legal Department.

² Any kind of payment and any items that can be used to acquire other items.

³ In case of doubt please involve the Legal Department.

Control Policy periodically. In addition, the yearly reports and declarations to be given pursuant to the Compliance Policy must address whether the provisions of this Policy were adhered to within the respective Group Company in the course of the past fiscal year.

4. Organization of Export Control

4.1 In the area of export control each Group Company must be **structurally and organizationally set up** to ensure that the extensive export control provisions can be complied with, including in particular with regard to the ever-changing requirements. The local management (executive board member or managing director) is responsible for providing the necessary resources and means for the attainment of the objectives with respect to personnel and equipment, including without limitation ensuring appropriate external and in-house training.

4.2 Each Group Company must have a **Company Export Control Manager** who deals responsibly with all export questions arising from the operating business. The local management (executive board member or managing director) of the Group Company is responsible for naming and, upon approval by the Chief Compliance Officer, appointing the Company Export Control Manager. Unless regulated otherwise by mandatory law, the Company Export Control Manager shall report directly to the Group Company's (Managing) Director with reporting duties on a dotted line basis to the Chief Compliance Officer of DencoHappel. The details of all functions, tasks and responsibilities within the Export Control Organization are set forth in the Compliance Policy.

5. Export Management System

To achieve the aforementioned objectives, the Group Companies must implement an Export Management System.

5.1 Objective and function

Each Group Company has to ensure that an Export Management System is established so that export restrictions are not violated. The Export Management System should enable the standardization of the operational export workflows for the specific business of the Group Company, and must involve all necessary departments. It should cover an effective organization, contacts, operating procedures, reporting, the use of IT-supported controls (AEB Compliance Engine or a similar tool/engine approved by the Corporate Export Control Officer) and workflows, specifying the criteria according to which the supply of goods is prohibited and whether export clearance by the competent authority is required.

The objective of an Export Management System is to recognize and minimize early any risks inherent in the day-to-day export business by preparing timely applications for licenses. Furthermore, it should avoid a consignment being delayed because of a missing export license resulting in the company sustaining financial loss due to the delay.

5.2 Content

Depending on the characteristics of the Group Company, the following aspects, amongst others, should be mapped out in an Export Management System:

- Export control organization and coordination of the export-relevant departments and employees
- Identification and legal consequences of infringements of export control

regulations

- Export privileges of the Group Company
- Export countries
- Description of the process from development/manufacture of a product through to the acceptance of an order to product delivery
- Intervention rights of individual employees
- Screening tools (AEB Compliance Engine or a similar tool/engine approved by the Corporate Export Control Officer)
- Checklists
- Red flags (indicators for unusual transactions)
- Product list of the respective company categorized by technical features, customs tariff, origin, etc.
- Workflow diagram for examining requirements of export control regulations
- Applicable laws and regulations
- Embargos
- Technology transfer
- Completeness of proofs of export supplies and intra-community supplies for VAT exemption/zero-rating (in particular for tax audits and tax compliance reasons)
- Documentation and archiving of correspondence
- Preparation of export documents
- Announcement of amendments to export-relevant provisions

5.3 Product Lists

The organization of the Export Management System is based on the fact that the Group Companies have itemized the technical specifications of their end-products and components in an inventory list ("product list") and that they have checked for each individual product whether and under what export classification number it is registered in the applicable national export list. Therefore, trained technicians or product engineers familiar with the products, together with the Company Export Control Manager, need to reconcile the technical data of the Group Companies' products/components with the data specified in the national export list so that, for example, all dual-use products - which require an export license - are clearly identified in the Group Companies' product list. They shall regularly check new products, and also existing products, at least once a year and whenever the national export list is modified.

If you need guidance on how to create a Product List you may download our support guidance on the [Export Control Intranet site](#).

5.4 Blacklist Screening

All Group Companies have to integrate an appropriate blacklist screening tool (AEB Compliance Engine or a similar tool/engine approved by the Corporate Export Control Officer) into their order management program in order to automatically and promptly ensure that their business partners, service providers, contractors/consultants, prospective customers, suppliers, etc. are not listed in the applicable sanctions lists. The reason for this requirement is that it is not permitted to establish business

relations with listed individuals, parties or organizations. Given the enormous data volumes of our Group Companies, it is not possible to check these lists manually.

Annex I: Embargo Countries

A.1 Embargoed Countries of the European Union

Armenia	Lebanon
Azerbaijan	Liberia
Belarus	Libya
Burundi	Moldova
China	Myanmar
Central African Republic	North Korea
Congo, Democratic Republic of	Russia
Egypt	Somalia
Eritrea	South Sudan
Guinea	Sudan
Guinea-Bissau	Syria
Ivory Coast	Tunisia
Yemen	Ukraine
Iran	Zimbabwe
Iraq	

A.2 Embargoed Countries of the US / Bureau of Industry and Security (BIS)

Cuba
Iran
North Korea
Russia
Sudan
Syria

A.3 Countries embargoed by national law

The Company Export Control Manager shall provide further information.

Annex II: Application for approving business by DencoHappel Group Companies with embargoed countries

Application for approving a business by ***DencoHappel Group Companies with embargoed countries***

A. General

Company code	please enter the company code
Company name	please enter the name of the company
Company address	please enter the address of the company
Contact	please enter the name of the contact
Phone	please enter the phone number of the contact

Main customer

Name	please enter the name of the main customer
Address	please enter the address of the main customer
Homepage	please enter the homepage of the main customer

End-customer

Name	please enter the name of the end customer
Address	please enter the address of the end customer
Homepage	please enter the homepage of the end customer

Final destination

Address	please enter the address of the final destination
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Project Information

Contact person	please enter the contact persons of the project
Project number	please enter the project number
Project name	please enter the project name
Project value	please enter the project value
Incoterm	please choose an incoterm
End-use of the products	please choose the end-use
Remarks end-use/project description	please give a short explanation
Sector of the project	please choose the sector

What will be delivered?	please choose the type of goods please specify the HX product
-------------------------	--

Have you done the blacklist screening in the respective tool (AEB Tool)?	please choose an answer please explain the result (true/no match)
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B. US-(Re) Export Control Law

Will the products contain any raw materials spare-parts, software with US-origin?	US-origin means the product is manufactured/made in the US or produced outside the US by US technology/software if yes, please explain in detail
--	--

Are there any US persons involved in the project?	please choose an answer
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C. Products

Where will the product be used?	please choose an answer if others, please explain in detail
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***Application for approving a business by DencoHappel®
DencoHappel Group Companies with embargoed
countries***

Is the product listed in the applicable
Dual-Use Regulation? please choose an answer

Are the products listed in the respective
embargo regulation? please choose an answer

Is the export/sale of the products
prohibited according to the applicable
national and/or international export
control regulations? please choose an answer

D. Technical assistance

Is the repair, maintenance, erection, etc.
related to products listed in the current
embargo regulation? please choose an answer
if yes, please explain in detail

Is the export/sale of the technical
assistance prohibited according to the
applicable national and/or international
export control regulations? please choose an answer

E. Payment conditions

100% prepayment? 100% prepayment is preferable because of missing
collaterals

Is the money transferred electronically? please choose an answer

Is a Parent Company Guarantee (PCG) required? please choose an answer

Other payment agreements? please explain in detail

Selected bank for prepayment? please enter the name and the country

Comments: please enter further comments

F. Documents

Please provide the following documents,
if available.

☐ Product data sheet ☐ End-User Certificate
☐ Miscellaneous

Place, Date please enter the place and the date

Signature of the Company Export Control Manager _____

***Application for approving a business by DencoHappel®
DencoHappel Group Companies with embargoed
countries***

Approval

Corporate Export Control Officer:

☐yes ☐no

Place, Date

please enter the place and the date

Signature

Chief Compliance Officer:

☐yes ☐no

Place, Date

please enter the place and the date

Signature

Information to DencoHappel Management Board

Annex III: Application for approving business by DencoHappel Group Companies in Iran

Application for approving a business by DencoHappel Group Companies in Iran



A. General

Company code	please enter the company code
Company name	please enter the name of the company
Company address	please enter the address of the company
Contact	please enter the name of the contact
Phone	please enter the phone number of the contact

Main customer

Name	please enter the name of the main customer
Address	please enter the address of the main customer
Homepage	please enter the homepage of the main customer

End-customer

Name	please enter the name of the end customer
Address	please enter the address of the end customer
Homepage	please enter the homepage of the end customer

Final destination

Address	please enter the address of the final destination
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Project Information

Contact person	please enter the contact persons of the project
Project number	please enter the project number
Project name	please enter the project name
Project value	please enter the project value
Incoterm	Incoterms like CIP or CIF prohibited
End-use of the products	please choose the end-use
Remarks end-use/project description	please give a short explanation
Sector of the project	please choose the sector
	if others, please explain in detail
Industry of the project	please choose the industry
	if others, please explain in detail
Market of the project	please choose the market of the project
	if others, please explain in detail
Application of the project	please choose the application of the project
	if others, please explain in detail
The contract partner(customer/end-customer)is:	Example for d); MEH GmbH, which is a GmbH established under German law in Frankfurt that has Iranian shareholders
What will be delivered?	please choose the type of goods
	please specify the HX product
Have you done the blacklist screening in the respective tool (AEB Tool)?	please choose an answer
	please explain the result (true/no match)

B. US-(Re) Export Control Law

Will the products contain any raw materials spare-parts, software with US-origin?	US-origin means the product is manufactured/made in the US or produced outside the US by US technology/software
	if yes, please explain in detail

Application for approving a business by DencoHappel Group Companies in Iran



Are there any US persons involved in the project?

please choose an answer

C. Products

Will the product be used in Iran?

please choose an answer

Are the products listed in Annex I of the [EU Dual-Use Reg. 1382/2014](#)?

please choose an answer

Are the products listed in an Annex of the current [EU Iran Reg. 267/2012](#)?

- ☐ Annex II
- ☐ Annex III
- ☐ Annex IV
- ☐ Annex V
- ☐ Annex VI, VIa and/or VIb
- ☐ Annex VIIa and/or VIIb
- ☐ No
- ☐ not applicable/non-European HX company

Are the products listed in the current EU [Iran Reg. 264/2012](#) for internal repression?

please choose an answer

Is the export/sale of the products prohibited according to the applicable national and/or international export control regulations?

please choose an answer

D. Technical assistance

Is the repair, maintenance, erection, etc. related to products listed in an Annex of the current [EU Iran Reg. 267/2012](#)?

please choose an answer
if yes, please explain in detail

Is the export/sale of the technical assistance prohibited according to the applicable national and/or international export control regulations?

please choose an answer

E. Financial transactions

Is the entire contract volume lower than 10.000€?

Please note that no notification/authorisation of the transfer is required!

...greater or equal to 10.000 and lower to 40.000€

Please note that a prior notification of the transfer to the competent authority is required!

...greater or equal to 40.000€

Please note that a prior authorisation of the transfer by the competent authority according to the below mentioned issues is required!

Is Iranian customer seated outside EU and HX company (seated in EU) with bank account inside EU?

If yes, Bank of HX has to notify the competent authorities about payment in advance/ Bank of HX has to ask the competent authorities for authorisation of payment in advance!

Application for approving a business by DencoHappel Group Companies in Iran



Is Iranian customer seated **outside** EU and
HX company (seated in EU) with bank account
outside EU?

If yes, HX company has to notify the competent authorities
about payment in advance/ HX company has to ask the
competent authorities for authorisation of payment in
advance!

Is Iranian customer seated **inside** EU with bank
account **inside** EU and HX company seated in EU?

If yes, Bank of Iranian customer has to notify the competent
authorities about payment in advance/ Bank of Iranian
customer has to ask the competent authorities for
authorisation of payment in advance!

Is Iranian customer seated **inside** EU with bank
account **outside** EU and HX company seated
in EU?

If yes, HX company has to notify the competent authorities
about payment in advance/ HX company has to ask the
competent authorities for authorisation of payment in
advance!

Are all applicable requirements reg. notification/
authorisation of the competent authorities fulfilled?

please choose an answer

F. Payment conditions

100% prepayment?

100% prepayment is preferable because of missing
collaterals

Is the money transferred electronically?

please choose an answer

Is a Parent Company Guarantee (PCG) required?

please choose an answer

Other payment agreements?

please explain in detail

Selected bank for prepayment?

please enter the name and the country

Comments:

please enter further comments

G. Documents

Please provide the following documents:

- ☐ Confirmation of the competent export control authority
- ☐ End-User Certificate
- ☐ Product data sheet

Place, Date

please enter the place and the date

Signature of the Company Export Control Manager

***Application for approving a business
by DencoHappel Group Companies in Iran***

Approval

Corporate Export Control Officer:

☐yes ☐no

Place, Date

please enter the place and the date

Signature

Chief Compliance Officer:

☐yes ☐no

Place, Date

please enter the place and the date

Signature

Information to DencoHappel Management Board

Annex IV: Definitions

Ancillary Services

Transport, financial services, insurance or reinsurance or general advertising or sales promotion are classed as ancillary services.

Commercial and Brokering Transaction

A commercial and brokering transaction refers to brokering a contract for the acquisition or transfer of items or proof of an opportunity for concluding such a contract or the conclusion of a contract for the transfer of items. The exclusive provision of ancillary services is not classed as a commercial and brokering transaction.

Embargo

Embargoes are prohibitions on acts and transactions in foreign trade. The difference with respect to the authorisation requirement is that embargoes prohibit an act without any possibility of authorisation. This is the rule. Individual embargo regulations may provide for exceptions. A distinction is made between a total embargo, partial embargo and arms embargo, according to the scope of the restrictions.

Embargo regulations concern the provision, sale, delivery, export and transfer, transit of goods (specified in the embargo), the repair, maintenance or improvement of prohibited goods (specified in the embargo), the conclusion, performance and brokering of contracts, the carrying out of capital or payment transactions, the provision of services, establishing contact with certain organizations, persons or institutions or operating activities on their behalf, the activities of citizens abroad with respect to the particular embargo country and restrictions on air and/or other traffic.

The conditions of an embargo should be checked in each particular case.

Export

Within the European Union Export, this is the delivery of goods from within a member state or from the customs territory of the European Union (domestic) to a territory outside the customs territory of the European Union and the transfer of software and technology from member states to a non-EU member state, including their provision by electronic means for individuals and legal entities in non-EU member states.

Exports are

- Deliveries of goods of any kind;
- Items carried by a person (PCs, data carriers, etc.);
- Technology transfer in verbal, written or electronic form;
- Technical assistance by personnel or consultancy in verbal, written or electronic form;
- Deliveries (software, technical documentation, know-how transfer, etc.) via media such as the Internet, e-mail, fax, etc.; this also includes the provision of software and technology in an internal intranet or on the Internet if access to the software or technology is thus made possible;
- Items sent by post (data carriers, tender documents, etc.).

Lists of Items

All goods that are subject to export control because of their nature are listed on various lists.

Within the European Union these are the lists annexed to the EU Dual-Use Regulation. Annex I to the EU Dual-Use Regulation comprises all the items subject to export control. Annex IV contains an extract from Annex I listing the most critical items to which special rules apply. Furthermore within the EU the national lists are to be observed. These essentially contain armaments and nationally controlled dual-use items.

In addition, individual embargo regulations contain lists of items to be observed in foreign trade with those countries.

Technical Assistance

Technical Assistance comprises any technical help in connection with repair, development, manufacture, assembly, testing, maintenance or any other technical service. Technical assistance may take the form of instruction, training, passing on practical knowledge or skills or it may take the form of consultancy services. It also comprises verbal, telephone and electronic forms of assistance.

Transfer

Within the European Union Transfer, this is the delivery of goods or the transfer of software or technology (including provision by electronic means) from a member state to the rest of the customs territory of the European Union. In particular, the transfer of the most critical items referred to in Annex IV to the EU Dual-Use Regulation is subject to authorisation in principle. This is also true in respect of national law for the transfer of armaments.

Transit Transaction

A transit transaction is a transaction in which a citizen acquires goods from foreigners where such goods are located abroad or have been delivered to the EU-citizens state but have not yet undergone customs clearance in accordance with import law, and sells them on to foreigners. Transactions in which such goods are sold to other people within the EU member state with the aim of selling them on to foreigners are equated with transit.