

# SPECTRIS PLC

## EXPORT CONTROLS COMPLIANCE

### Policy

It is the express policy of Spectris plc that all Spectris businesses shall at all times fully comply with all applicable export controls, including (where applicable) US reexport controls. Strict adherence to export control laws is required of every Spectris officer, employee and agent.

Failure to comply with export controls can subject Spectris businesses—as well as their officers, employees and agents—to severe criminal and civil penalties or other sanctions, as well as damage Spectris' reputation as a good corporate citizen. Because of the fundamental importance of complying with all applicable export controls, employees who knowingly violate such controls, or who violate this compliance policy, will be subject to appropriate disciplinary action, up to and including possible discharge from employment.

The designated Export Controls Compliance Officer at each of the Spectris companies has primary responsibility for ensuring compliance with all applicable export controls. These Export Controls Compliance Officers are also responsible for the development, implementation and updating of a local Export Controls Compliance Manual, regularly training employees on export controls, ensuring that products are classified for export control purposes, determining licensing requirements and auditing their company's compliance with export controls. Any employee aware of or suspecting questionable conduct or potential violations of export control laws should immediately report these concerns to the local designated Export Controls Compliance Officer.

The following requirements set out the minimum expectation of Spectris plc. The particular products or technologies of individual businesses may mandate the need for additional processes or controls.

### Background

Under the Wassenaar Arrangement, forty countries (including the US and EU member states) have agreed to maintain national export controls on conventional arms and dual-use goods, technologies and software (collectively “items”) that are identified on mutually agreed upon lists. The Wassenaar Arrangement ensures a degree of uniformity among the export controls imposed by cooperating countries, although these controls are implemented under national legislation and thus the actual implementation can vary from country to country.

The following documents provide the general basis for EU and US export controls implemented pursuant to the Wassenaar Arrangement:

- EU Council Regulation (EC) No. 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfers, brokering and transit of dual-use products.
- Council Common Position 2008/944/CFSP, governing exports of military technology and equipment, and the Common Military List of the EU (adopted by the Council on 23 February 2009).

- US Export Administration Regulations, US Department of Commerce, Bureau of Industry and Security.
- US International Traffic in Arms Regulations (ITAR), 22 CFR parts 120-130.

The United Nations also plays a role in the control of exports by its members. The UN Security Council has on multiple occasions called for the imposition of mandatory sanctions (including export embargos) targeting countries, entities and persons that threaten global peace and security. UN members are obligated to implement such sanctions under their national laws. The following documents provide the general basis for UN-mandated sanctions involving export restrictions:

- United Nations Security Council Resolution 1540 (2004), concerning non-proliferation of weapons of mass destruction, as amended by United Nations Security Council Resolution 1673 (2006) and 1810 (2008).
- United Nations Security Council Resolution 1267 (1999), concerning Al-Qaida and the Taliban, as modified and strengthened by United Nations Security Council Resolutions 1333 (2000), 1390 (2002), 1455 (2003), 1526 (2004), 1617 (2005), 1735 (2006) and 1822 (2008).
- United Nations Security Council Resolution 1737 (2006), concerning Iran, as amended by United Nations Security Council Resolution 1747 (2007), 1803 (2008) and 1929 (2010).
- United Nations Security Council Resolution 1556 (2004), concerning Sudan, as amended by United Nations Security Council Resolution 1591 (2005).
- United Nations Security Council Resolution 1718 (2006), concerning North Korea, as amended by United Nations Security Council Resolution 1874 (2009).
- United Nations Security Council Resolution 1483 (2003), concerning Iraq, as modified by United Nations Security Council Resolution 1518 (2003).
- United Nations Security Council Resolution 733 (1992), concerning Somalia, as amended and refined by United Nations Security Council Resolutions 751 (1992), 1356 (2001) and 1725 (2006), 1744 (2007), 1772 (2007), 1846 (2008) and 1851 (2008).
- United Nations Security Council Resolution 1132 (1997), concerning Sierra Leone, as modified by United Nations Security Council Resolutions 1171 (1998) and 1940 (2010).
- United Nations Security Council Resolution 1521 (2003), concerning Liberia, as amended by United Nations Security Council Resolutions 1532 (2004), 1683 (2006), 1713 (2006), 1854 (2008), 1903 (2009) and 1961 (2010).
- United Nations Security Council Resolution 1533 (2004), concerning the Democratic Republic of the Congo, as modified and strengthened by United Nations Security Council Resolutions 1533 (2004), 1596 (2005), 1649 (2005), 1698 (2006), 1807 (2008), 1857 (2008), 1896 (2009) and 1952 (2010).

- United Nations Security Council Resolution 1572 (2004), concerning Côte d'Ivoire, as amended by United Nations Security Council Resolutions 1584 (2005), 1643 (2005), 1880 (2009), 1893 (2009), 1946 (2010) and 1980 (2011).
- United Nations Security Council Resolutions 1970 (2011) and 1973 (2011), concerning Libya.

In addition, UN members, such as the US and the member states of the EU, may also impose unilateral sanctions involving export restrictions to achieve national foreign policy objectives.

## Procedures

To fully comply with applicable export controls, Spectris businesses are required to adopt all “best practices” necessary to control exports of goods, technology, software and services in accordance with all applicable regulations, both general and specific to particular products, technologies or applications. This requirement includes but is not necessarily limited to observance of the following practices, taking professional advice as necessary:

- Immediately notify Group Legal and the Group Export Control Advisor of any communications received from an export control authority (other than routine classification or licensing communications), whether involving a subpoena, request for information, notice of an outreach visit or other form of communication.
- Establish the appropriate export classification (*e.g.*, Export Commodity Classification Number (ECCN), Munitions List category, Dual Use code) for all items subject to export (*e.g.*, finished products, spare parts, replacement components, software), as well as the services and technology associated with such goods, document such classifications in a regularly updated matrix and notify the company’s distributors of such classifications.
- Identify all applicable licensing requirements for exported items and services and obtain any required licenses before exporting.
- Screen all transactions (export and domestic) against all schedules of “listed entities” published by the EU, UN, US, UK and Japan, in addition to those of the local jurisdiction. These schedules can currently be found as follows:

<http://www.un.org/sc/committees/1267/pdf/consolidatedlist.pdf>

[http://www.un.org/sc/committees/1518/list\\_27jul2005.htm](http://www.un.org/sc/committees/1518/list_27jul2005.htm)

[http://www.un.org/sc/committees/1518/pdf/List\\_of\\_Entities.pdf](http://www.un.org/sc/committees/1518/pdf/List_of_Entities.pdf)

[http://www.un.org/sc/committees/1521/1532\\_afl.htm](http://www.un.org/sc/committees/1521/1532_afl.htm)

[http://www.un.org/sc/committees/1533/pdf/1533\\_list.pdf](http://www.un.org/sc/committees/1533/pdf/1533_list.pdf)

<http://www.un.org/sc/committees/1572/listtable.html>

[http://www.un.org/sc/committees/1591/pdf/Sudan\\_list.pdf](http://www.un.org/sc/committees/1591/pdf/Sudan_list.pdf)

<http://www.un.org/sc/committees/1737/desindv.shtml>

[http://eeas.europa.eu/cfsp/sanctions/consol-list\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm)

<http://www.hm-treasury.gov.uk/d/sanctionsconlist.htm>

<http://www.bis.doc.gov/complianceandenforcement/liststocheck.htm>

[http://www.meti.go.jp/english/policy/index\\_tradeinformation.html](http://www.meti.go.jp/english/policy/index_tradeinformation.html)

Please note that the Internet location of these schedules is subject to change by their administrators. Such changes do not relieve the Spectris businesses from screening against relevant schedules. Difficulties determining the new location of any schedules should be reported to Group Legal for resolution. Spectris plc strongly encourages each Spectris company to subscribe to an automated software service that provides a centralized list of sanctioned entities. A centralized list of U.S. sanctioned entities is available at <https://bxa.ntis.gov/prohib.html> for an annual fee.

At a minimum, and to the extent known, the names and addresses of the following transaction parties must be screened against the above schedules: end-user, distributor/representative, freight forwarder/intermediate consignee, and financial institution.

- e) Review corporate affiliations to determine whether any parties to the transaction are owned or controlled by an entity on the U.S. List of Specially Designated Nationals and, if appropriate, decline transactions with these parties.
- f) Review the country of destination of all export transactions and adhere to all applicable country-based export prohibitions or embargoes.
- g) Spectris companies will not export *any* item for ultimate end use in the oil and gas sector in Iran, regardless of whether such an export is permitted under local regulations.
- h) Whether or not explicitly required by local regulations, Spectris companies will view the export of any item to the critical countries/region in the table below as a “red flag” requiring inquiry into the end user/end use. In addition, an “X” indicates that Spectris policy requires receipt (before shipment) of written end-user assurances that the item will not be exported, reexported, or otherwise disposed of contrary to governing export controls:

<b>Control status of item</b>	<b>Countries subject to trade embargoes</b> (Cuba, Iran, Libya, North Korea, Sudan and Syria)	<b>Countries subject to arms embargoes</b> (Afghanistan, Belarus, Burma a/k/a Myanmar, China, Congo, Cyprus, Eritrea, Haiti, Iraq, Ivory Coast a/k/a Côte d'Ivoire, Lebanon, Liberia, Nagorna-Karabakh, Republic of Guinea (Conakry), Sierra Leone, Sri Lanka, Somalia, Venezuela, Vietnam, Yemen, and Zimbabwe)	<b>Countries with high risk of diversion</b> (Russia, Kazakhstan, Turkmenistan, Kyrgyzstan, Uzbekistan, Tajikistan and UAE)
Non-sensitive (EAR99 or unclassified)	<b>X</b>		
Controlled dual-use items	<b>X</b>	<b>X</b> (except for items subject only to anti-terrorism AT controls)	<b>X</b>

Spectris companies are required to apply for an export license (or, where available, a “no licence required” response or similar rating)

- (i) where the written end-user assurances are inadequate to definitively rule out the possibility of military end use and
- (ii) for all exports to Iran, North Korea, Sudan or Syria.

The term “written end-user assurances” refers to a written document obtained from the end-user of the exported item(s) that assures the exporter that the end-user will not use, sell, or distribute the item contrary to the governing export controls. Written assurances from the end-user should take the following form:

- Letter printed on end-user’s company letterhead
- Description of the exported items, including purchase order number
- Quantity of exported items
- Indicate how the exported items will be used:
  - As capital equipment in [country]
  - Processed and incorporated into another product in [country]
  - Held in stock for resale in the same form as received in [country/countries][in the case of a reseller/distributor].
- Assurances that the exported items will not be exported, reexported, or otherwise disposed of contrary to governing export control laws
- Confirmation that the exported items will not be used for purposes associated with chemical, biological or nuclear weapons or missiles capable of delivering such weapons; or in the case of a reseller/distributor holding the items in stock for resale: not resold if the consignee has knowledge or suspects that they are intended or likely to be used for such a purpose
- Signed by a responsible official of the end user/consignee, which is defined as someone with personal knowledge of the information included in the statement, and authority to bind the end user/consignee for whom they sign, and who has the power and authority to control the use and disposition of the items

- i) Irrespective of country of destination or licensing requirements, seek an export authorization for the export of any items or services known or suspected to be intended to be used in the design,

manufacture, maintenance or use of weapons of mass destruction (*e.g.*, chemical or biological weapons), missiles, rockets or unmanned air vehicles (UAVs).

- j) Adhere to US regulations concerning the *reexport* of US-origin items, including US-origin items incorporated into finished goods manufactured outside of the United States.
- k) Develop procedures to minimize the possibility of diversion of shipments (export and domestic) to a prohibited country or end-user. The Spectris businesses must be satisfied that all orders (export and domestic) appear appropriate in functionality and size to the apparent end-user and end-use. Export license applications must be submitted for all shipments where concern about the risk of diversion cannot be reasonably eliminated through due diligence and investigation.
- l) Develop procedures to ensure compliance with applicable export controls by employees who export company property (*e.g.*, laptops) and technical information during the course of business-related travel.
- m) Develop procedures to ensure compliance with applicable export controls with respect to access to company facilities by foreign nationals (including employees and visitors) that might result in the release of controlled technology.
- n) Develop procedures to control access to electronic files by foreign nationals (including employees and representatives/agents) and to ensure adherence to applicable export controls with respect to such access by foreign nationals.
- o) Develop a training program that includes an introduction to export controls for new employees, focused training for employees in critical export-related functions and annual refresher training for all employees.
- p) Develop audit procedures and an audit schedule that encompasses sales offices.
- q) Adhere to instructions issued by Group Legal concerning the acceptance or fulfillment of orders for customers who have been found to pose an unacceptable export controls compliance risk or related business risk.
- r) Develop a company policy regarding compliance with export controls, and display that policy on the company website.

### **Group Reporting**

Spectris companies shall immediately report to the local Export Controls Compliance Officer and Group Legal (i) any breaches of export control regulations, (ii) diversions of shipments or (iii) any inquiries, investigations or audits by the export control authorities of any country.