

# EXPORT CONTROLS

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COMPLIANCE MANUAL 2014



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A MEASURABLE ADVANTAGE

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## EXPORT CONTROLS COMPLIANCE POLICY

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Many nations, like the United Kingdom and the United States, have laws to control the export of strategic products, technology and software. Servomex, its employees and agents are subject to these laws.

It is Servomex's express policy to comply with all applicable export controls, which are summarized in this Export Controls Compliance Manual. Failure to comply with export controls can subject Servomex 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.

Please read this document in its entirety and keep it on hand as a reference to address export control compliance questions which you may have. You are encouraged to communicate any compliance questions or concerns to your manager or the Export Controls Compliance officer identified in the Manual. It is important to remember that you have an obligation to report any actions you believe are violations of the law, this Export Controls Compliance manual, or any of the company's other regulations and policies. For its part, the Company has an obligation to investigate and address reported concerns. The Company does not retaliate against individuals for asking questions, raising concerns about compliance issues, or reporting possible misconduct.

Sound export control practices underscore our commitment to ethical business behavior and compliance with applicable laws and regulations. Thank you for your shared commitment to Servomex's compliance efforts.

Sincerely,

**Chuck Hurley**

President



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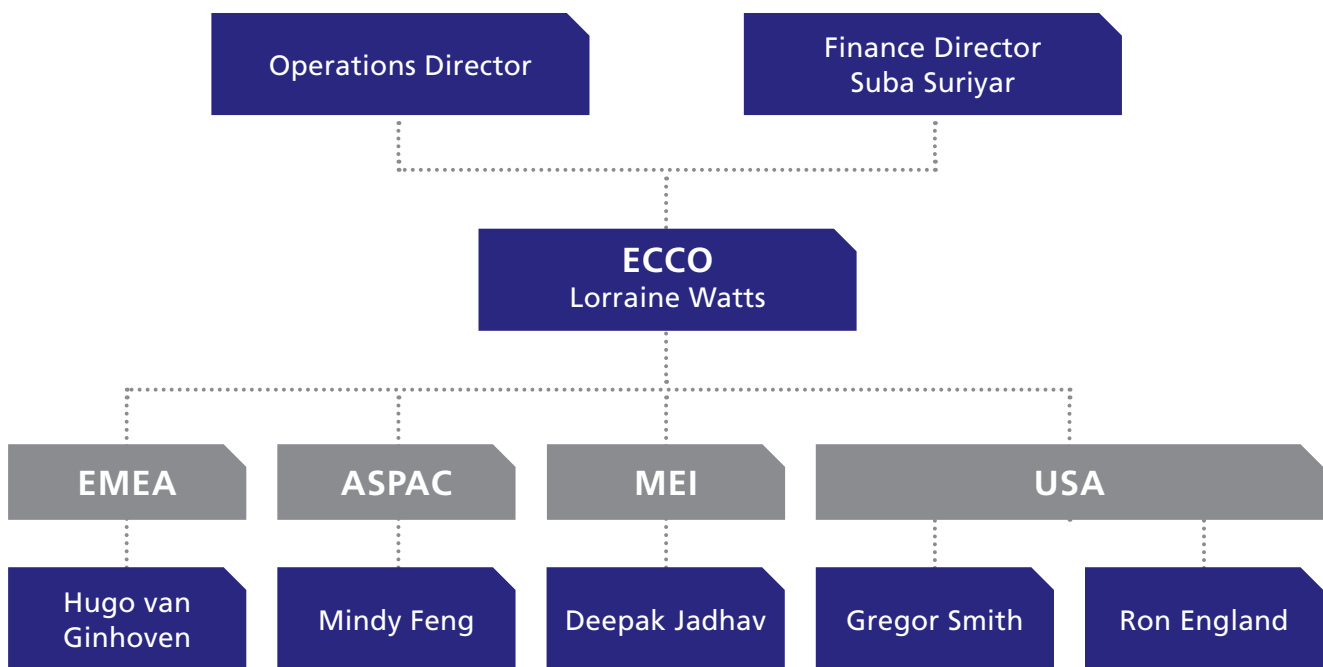


## INTRODUCTION

The Servomex Export Controls Compliance Manual is intended for use by all employees of Servomex and associated companies' worldwide (e.g. distributors, representatives) (hereinafter 'business partners').

All employees and business partners, wherever located, are responsible for complying with all applicable export control laws, and whilst you are not expected to be an expert in these laws, you are expected to be aware of common export control issues. This manual has been prepared to help you recognize those issues. You are required to certify that you have read and understood the contents of this manual. A certification form is provided at Appendix 1 at the end of this booklet.

The Manual focuses on requirements specific to Servomex's employees, and our business partners are advised to incorporate these requirements in their day-to-day operations as appropriate. Questions regarding the application or interpretation of this manual or specific export controls should be addressed to the Export Controls Compliance Officer or other personnel designated below.



## 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 (most recent update adopted by the Council on 11 March 2013).
- US Export Administration Regulations, US Department of Commerce, Bureau of Industry and Security, 15 CFR parts 730-744.
- 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), 1810 (2008) and 1977 (2011).
- 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), 1822 (2008) and 1904 (2009).
- United Nations Security Council Resolution 1737 (2006), concerning Iran, as amended by United Nations Security Council Resolution 1747 (2007), 1803 (2008) and 1929 (2010).



## BACKGROUND CONT

- 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), 2087 (2013) and 2094 (2013).
- United Nations Security Council Resolution 1483 (2003), concerning Iraq, as modified by United Nations Security Council Resolution 1518 (2003) and 1546 (2004).
- United Nations Security Council Resolution 733 (1992), concerning Somalia and United Nations Security Council Resolution 1907 (2009) concerning Eritrea, as amended and refined by United Nations Security Council Resolutions 751 (1992), 1356 (2001) and 1725 (2006), 1744 (2007), 1772 (2007), 1844 (2008), 1846 (2008), 1851 (2008), 2060 (2013), 2093 (2013) and 2111 (2013).
- United Nations Security Council Resolution 1521 (2003), concerning Liberia, as amended by United Nations Security Council Resolutions 1532 (2004), 1683 (2006), 1731 (2006), 1854 (2008) and 1903 (2009).
- United Nations Security Council Resolution 1493 (2003), 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), 1952 (2010) and 2078 (2012).
- 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), 1980 (2011) and 2045 (2012).
- United Nations Security Council Resolutions 1970 (2011) concerning Libya, as amended by United Nations Security Council Resolutions 1973 (2011), 2009 (2011), 2040 (2012) and 2095 (2013).
- United Nations Security Council Resolution 1988 (2011) concerning the Taliban, as amended by United Nations Security Council Resolution 2082 (2012).
- United Nations Security Council Resolution 2127 (2013) concerning the Central African Republic.

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.



## CONTROLS

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### TYPES OF ACTIVITY SUBJECT TO CONTROL

- Actual shipment
  - o Handled direct by the company
  - o Via an agent, distributor, or third party
  
- Release of product information or technology not otherwise freely available
  - o By word of mouth, email, text, or any other means

### USA SPECIFIC CONTROLS

These controls apply to:

- All US origin items wherever located
- US origin components incorporated into an end product manufactured outside of the US
- Any person located within the US regardless of nationality
- Any US or Dual US citizen regardless of where they are located
- Any product, regardless of place of manufacture, located in or travelling through the US
- Adherence to US regulations concerning participation of US persons in boycotts that are unsanctioned by the US

### USA – CITIZENS AND DUAL CITIZENS

There are certain countries (currently Iran, Cuba, N Korea, Sudan, and Syria) where a US Citizen or Dual US Citizen may not facilitate in any way with any transaction. (Including but not limited to: the manufacture of product, signing off of payment, technical assistance, passing on the task to a colleague....). If this affects you, please check Lotus Notes SeBus user guide 750 for current embargoes, and ensure that you have individual training, and that your Manager, Supervisor, and work colleagues are aware.

### WHAT CONTROLS MIGHT AFFECT US / WHEN A LICENSE MAY BE REQUIRED

A license may be required, or a sale/transaction refused due to any one of the following 4 points.

- Product, literature, software, or technology
- Countries the product may be shipped too or via
- Parties involved in the transaction
- End use

All orders whether chargeable or not must have the following information available for checking.

- End user name – who will be using the product (company name)
- End user location, and country – where the product will be located and used
- End use – what the product will be used for



## PRODUCT

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### DEFINITION OF MILITARY PRODUCT

- Conventional arms and munitions – product listed on the ‘Strategic Export Control List’
- Any product that has been designed or modified for the Military
- A product containing an ITAR (US Military) component

It is the advice of Spectris that we should not design or modify any Servomex product for the US Military.

Any military product would potentially be subject to strict license controls.

### DEFINITION OF A DUAL USE PRODUCT

- Product designed for peaceful means that could also be used for non-peaceful means – (ie: an item that could be used for the manufacture, transport, or storage of WMD, or Missiles)

There are licensing requirements for shipment of dual use items to some end users and countries.

### PRODUCT CLASSIFICATION

- Servomex needs to establish the appropriate export classification for product (e.g., Commodity Classification Number, Dual use code (ECCN), Munitions List category/Military product for all items subject to export (e.g., finished product, spare parts, replacement components, software), as well as the services and technology associated with such goods.
- Country of origin/manufacture should be obtained for all purchased items and records kept as proof.

## COUNTRIES

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All countries involved in the sale/transaction whether it is free of charge or chargeable need to be obtained and recorded in SAP.

- Check against the embargoed countries list concerned, considering the local export control laws, the origin of the product and potentially its components too if US export law applies.
- Consider country specific controls and controls on Military or dual use product.

Servomex has legal controls set in SAP which in many cases should block transactions involving embargoed countries; however it is necessary to be aware of controls in place especially where the information is not in SAP.





## PARTIES

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- Check parties involved in the sale including any associated companies and directors, end-user, distributor/representative, freight forwarder/intermediate consignee, and financial institution.
- Screen
- Check for red flags (reason to believe information is not correct)

## END USE

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- Check the end use of the product
- Check for red flags (reason to believe information is not correct)
- Check for any end use restrictions, and also any country specific end use embargoes, such as military use embargoes.

## SCREENING

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Servomex has automated screening for all parties entered into our SAP computer system. If any party is flagged as a potential match, SAP will automatically block the transaction until it can be checked by the ECCO. Depending on whether it is a genuine match or not, we may either transact subject to license or decline to transact depending on the situation.

AEB screens against schedules of "listed entities" published by the EU, UN, US, UK and Japan. These schedules can currently be found as follows:

<http://www.un.org/sc/committees/1267/AQList.htm>

[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/pdf/1521\\_assets\\_freeze\\_list.pdf](http://www.un.org/sc/committees/1521/pdf/1521_assets_freeze_list.pdf)

[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/pdf/listtable.pdf>

[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/1718/pdf/list.pdf>

<http://www.un.org/sc/committees/1737/pdf/1737ConsolidatedList.pdf>

[http://www.un.org/sc/committees/751/pdf/1844\\_cons\\_list.pdf](http://www.un.org/sc/committees/751/pdf/1844_cons_list.pdf)

<http://www.un.org/sc/committees/1970/pdf/List%20of%20Individuals%20and%20Entities.pdf>

<http://www.un.org/sc/committees/1988/1988List.htm>

[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/press/2012/0801\\_01.html](http://www.meti.go.jp/english/press/2012/0801_01.html)



## VISITORS

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- All visitors must be logged, supplied with a badge, and escorted around the facility
- All visitors that may view the manufacturing area need to be screened, please give details to the receptionist in advance. (Full name and Company name).
- Be aware of country embargoes in place as the passing on of technical information (that is not already in free circulation) to a person from an embargoed country may be subject to license.

## MARKETING/TRAINING/TRAVEL

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- Screen individuals or do not pass on technical information that is not freely available. (ie; not published in brochures or available on our website etc.
- Check embargoed countries list prior to training or travel
- Ensure any product has relevant documentation for export (SAP produced where possible)
- If any party fails screening, product is dual use, or country is listed as embargoed contact the ECCO prior to making any arrangements

## RESPONSIBLE PERSONNEL

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Everyone is individually responsible for export control compliance, and can be fined or imprisoned for any intentional violation including ignoring obvious red flags (signs that the transaction is not right).

The day to day responsibility to help ensure compliance is assigned to an individual who acts as Servomex's Export Controls Compliance Officer (ECCO). The ECCO is responsible for specific training needs, for maintaining the Servomex Export Control Procedures located in the SeBus user guides, and is the central point of contact on export compliance issues and can assist you with respect to your specific questions or concerns. If the Export Controls Compliance Officer is unavailable to assist you, please refer to the Export compliance organization chart at the beginning of this booklet.



## USEFUL INFORMATION AND CONTACTS:

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Servomex Export Control procedures and forms can be found in Lotus Notes > SeBus User Guides > 750 Servomex ECCO – Lorraine Watts 0044 1892 603300 LWATTS@SERVOMEX.COM

- Commodity Coding : Gerry Botting
- Dual use/Military Coding : Graham Terry

## EXPORT CONTROLS DEPARTMENTS

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UK	BIS - Department of Innovation and Skills <a href="https://www.gov.uk/">https://www.gov.uk/</a>
USA	BIS – Bureau of Industry and Security <a href="https://www.bis.doc.gov/">https://www.bis.doc.gov/</a>
Holland	CDIU Central licensing office <a href="http://www.government.nl/issues/exportcontrols-of-strategic-goods">http://www.government.nl/issues/exportcontrols-of-strategic-goods</a>
Germany	BAFA Bundesamt für Wirtschaft und Ausfuhrkontrolle
China	SIPRI Programme on Arms Control and Non-proliferation. CACDA China Arms Control and Disarmament Association <a href="http://www.cacda.org.cn/http://english.gov.cn/laws/2005-07/25/content_16957.htm">http://www.cacda.org.cn/http://english.gov.cn/laws/2005-07/25/content_16957.htm</a>
India	SCOMET Special Chemicals, Organisms, Materials, Equipment and Technology <a href="http://dgft.gov.in/exim/2000/not/not10/not3810.htm">http://dgft.gov.in/exim/2000/not/not10/not3810.htm</a>

## EMPLOYEE EXPORT CONTROL TRAINING

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All employees should receive brief export controls training from HR department upon joining the company, and are required to sign the attached form. If you are in any of the following areas you will need further more specific training from the ECCO or nominated representative in your area. Discuss with your manager to make sure this takes place asap.

- Sales
- Purchasing
- Shipping
- Engineering/Technology
- HR



## APPENDIX 1

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I certify that I have read Servomex's Export Controls Compliance Manual and understand its provisions. I agree to comply with its requirements.

Name:

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Signature:

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Date:

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A copy of this document should be placed in the administrative file related to the employee/contractor/distributor/etc.

