



HEXAGON

Trade: Export compliance programme summary

General principals

It is the policy of Hexagon AB to comply fully with all applicable export control laws and regulations (“Export Laws”). This policy applies to Hexagon AB and all of its global subsidiaries and joint ventures over which Hexagon AB exercises management control (collectively, “Hexagon” or the “Company”). Hexagon further expects its customers and other business partners to comply with these laws and regulations.

Export Laws are implemented in most countries where Hexagon does business. Although critical to Hexagon’s business and reputation, compliance with Export Laws is not always intuitive. Hexagon has, therefore, developed and implemented an Export Compliance Programme (the “Programme”) including compliance procedures, training and other tools that, together with the [Hexagon Code of Business Conduct and Ethics](#), are designed to strengthen compliance and avoid inadvertent violations of Export Laws.

The Programme applies to all personnel employed by or engaged to provide services to Hexagon, including, but not limited to, Hexagon’s employees, directors, officers, temporary employees, and other individuals providing services on Hexagon’s behalf (for ease of reference throughout this summary referred to as “personnel”).

This Export Compliance Programme Summary discusses the core elements of the Programme. It is intended to provide an overview of the Programme and assist in identifying transactions and activities that may potentially violate Export Laws. Any questions about the Programme, specific procedures or particular compliance issues should be raised to the Division | Regional Compliance Officer responsible for export compliance for your facility or designated Corporate Compliance Counsel.

What is an export?

An export is an actual shipment or transmission of an item out of a country (the “home country”). For commodities, this generally occurs when the item is shipped or manually carried out of the home country. Software and technology can be exported in the same way (i.e. loaded on hardware or physical media such as a DVD or thumb drive), and can also be exported in other ways, such as via email, upload to a server located in or accessed by another country, and visual or oral disclosure to a citizen of another country (e.g. via factory tour, telephone call, web-ex, webinar, etc.). Exports can also occur during the application of technical knowledge acquired in a home country to situations abroad (e.g. by collaborating with colleagues in other countries or providing services in another country).

A re-export is an export of an item from one country to another country, neither of which is the home country.



Scope of Export Laws

Export Laws govern exports, re-exports, and in-country transfers (collectively, “export”) of goods, software, technology, and services. How these laws apply to a particular export transaction depends principally on (i) where the export occurs, (ii) who is involved, and (iii) what is being exported.

- **Where.** The Export Laws of the country of export always apply. For example, every person or article in the EU – including non-EU nationals and non-EU origin products – are subject to EU Export Laws. It is important to note that more than one country’s Export Laws can apply to an export transaction. Accordingly, an export from the EU of a controlled US-origin item can implicate both EU and US Export Laws.
- **Who.** The Export Laws of the country of nationality of the person or entity performing the export may apply. An EU national or company, for example, is subject to EU Export Laws even when physically outside the EU or when conducting business outside the EU.
- **What.** The Export Laws of the country of origin of the item exported may apply. For example, US items are subject to US Export Laws even after they leave the US. Additionally, a non-US made product or technology that incorporates US content or technology, or is based on US technology, may also be subject to US Export Laws.

The Programme takes into consideration all of the above complexities of Export Laws. As stated in the [Hexagon Code of Business Conduct and Ethics](#), “[p]rior to export of goods, software, technology, or services, Hexagon confirms that the export is lawful and does not violate an applicable economic or trade sanctions programme.”



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Controlled goods and technology

Certain goods and technology (including technical data) are controlled as military or sensitive dual-use items and may not be exported without prior government authorisation. For this reason, the Programme includes procedures for facilities that have or produce controlled goods or technology to avoid inadvertent and unauthorised exports or releases of the controlled goods or technology.

Releases of controlled technology can occur in a variety of ways, including through observation of manufacturing processes or equipment, participation in technical discussions, and access to technical documents and electronic data. Examples of circumstances that raise concerns about unauthorised releases of technology include:

- employing persons at a Hexagon facility that are of a nationality other than the home country of the facility (including dual nationals);
- permitting access to a Hexagon facility by a visitor, even Hexagon personnel of a sister company, that are of a nationality other than the home country of the facility;
- sending (by any means) controlled technical information to personnel at other Hexagon facilities;
- transfers and collaborations between Hexagon companies during product development;
- releasing software to third parties, including evaluation licenses for marketing purposes; and
- granting access to electronic documents and databases containing controlled technology.

Hexagon personnel are required to obtain prior approval of ALL releases of controlled technology and export of controlled products. The responsible Division | Regional Compliance Officer for export can advise whether technology or items are controlled, and any applicable restrictions.



Trade sanctions and embargoes

As a global company, Hexagon must comply with the economic sanctions programmes and embargoes (“Trade Sanctions”) in each country where it operates. If Hexagon products are found in sanctioned countries or in the possession of unauthorised end-users, government regulators may question the integrity of Hexagon’s internal controls, even if a third party is solely responsible for the shipment to, or end-use in or by, that country or end-user.

Hexagon expects its customers and partners to comply with all country’s Trade Sanctions applicable to the export of Hexagon products as well, including, for example, when customers and partners transfer a Hexagon product, incorporate a Hexagon product into their own or another party’s product, or use Hexagon technology or services to make their own or another party’s product.

Not all sanctions programmes apply equally to all Hexagon businesses. For example, the Iran sanctions prohibit US persons from certain activities in which non-US persons are permitted to engage. However, as a global company, we must be careful to observe compliance obligations in all jurisdictions where we operate to the extent possible. Accordingly, unless the transaction has been reviewed and cleared by the designated Corporate Compliance Counsel, Hexagon will not:

- directly or indirectly through a third party, ship products or provide services to any of the following countries or territories: Cuba, Iran, North Korea, Syria, the Crimean region of Ukraine or Donbas (territory of the so called Donetsk People’s Republic and Luhansk People’s Republic); or
- proceed with a shipment when Hexagon knows that the products in that shipment are destined for any of these countries or territories.

Hexagon suspended new business in Russia and Belarus; the remaining business operations in these countries are subject to increased scrutiny.

The Programme recognises that exceptions can be made on a case-by-case basis. In sum, Hexagon does not do business with or in any of the above proscribed countries, even in instances where it might technically be authorized or might be entitled by law to do so, unless a Corporate Compliance Counsel has determined that an exception is available and in Hexagon’s best interest.

Denied persons

Many countries prohibit companies and persons subject to their jurisdiction to engage in business activities with certain persons and entities that have connections to a sanctioned country or sanctioned activities and are therefore included in so-called sanction lists or sanction programmes (denied party restrictions).

To fully comply with these denied party restrictions, Hexagon requires all non-Hexagon participants in sales transactions to be screened against denied parties lists. No Hexagon entity shall engage in a transaction that violates any applicable sanctions or export controls. In addition, for various reasons, no Hexagon entity shall engage in a transaction with or involving a party designated as a Specially Designated National¹. We expect that our customers and partners will comply with all list-based sanctions applicable to Hexagon and Hexagon’s products.

¹ A Specially Designated National is an individual, group, or entity listed by OFAC. For example, the list includes certain individuals and companies owned or controlled by, or acting for or on behalf of certain countries and terrorists and narcotics traffickers designated under programs that are not country-specific.



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End-use concerns

The Export Laws include prohibitions on exports and re-exports of items for proscribed end-uses, which have been so designated due to foreign policy or non-proliferation concerns. This includes exports and re-exports of goods that ordinarily would not require prior government authorisation, if the exporter knows or has reason to know that the goods are destined for a prohibited end-use. End-use concerns based on non-proliferation policies relate to nuclear uses (including power generation, research and development, explosives, etc.), missile technology, and chemical and biological weapons. Foreign policy concerns include export for military end-use, if the country of destination or delivery is subject to an arms embargo. In addition, prior authorisation may be required for exports that are destined for a military or space application. As a rule, you must notify the responsible Division | Regional Compliance Officer for export or designated Corporate Compliance Counsel if you become aware that an export transaction involves a prohibited end-use.

Diversion “Red Flags”

Hexagon must not proceed with an export where information received in the ordinary course of the transaction raises a concern that the item exported will be diverted to an unauthorised destination or prohibited end-use or end-user. Examples of such circumstances, or “red flags,” include where:

- the customer name or its address is similar to that of a party identified on a denied or restricted party list;
- the customer or purchasing agent is reluctant to offer information about the end-use of the item;
- the product’s capabilities do not fit the buyer’s line of business, such as an order for sophisticated computers for a small bakery;
- the item ordered is incompatible with the technical level of the country to which it is being shipped, such as semiconductor manufacturing equipment being shipped to a country that has no electronics industry;
- the customer is willing to pay cash for a very expensive item when terms of sale normally call for financing;
- the customer has little or no business background;
- the customer is unfamiliar with the product’s performance characteristics but still wants the product;
- routine installation, training, or maintenance services are declined by the customer;
- delivery dates are vague, or deliveries are planned for out-of-the-way destinations;
- a freight forwarding firm is listed as the product’s final destination;
- the shipping route is abnormal for the product and destination;
- packaging is inconsistent with the stated method of shipment or destination; and
- the buyer is unclear about whether the purchased product is for domestic use, export or re-export.

If you have concerns that an export transaction raises a “red flag” for possible diversion, you must place a temporary hold on the transaction until further information (about end-use, end-user, ultimate destination, etc.) is collected that is sufficient to clear the “red flag” and eliminate the diversion concern.



Anti-boycott compliance

Governments around the world have anti-boycott laws that prohibit Hexagon from complying with a request to further give effect to or comply with international boycotts not otherwise supported by the laws applicable to Hexagon. For example, the Arab League formally requires member countries to boycott both trade with Israel and trade with companies that trade with Israel. US anti-boycott laws prohibit US companies, and their international subsidiaries, from complying with the Arab League’s boycott of Israel.

Hexagon personnel must contact Corporate Compliance Counsel when asked to comply with any foreign boycott. Hexagon may be required by law to report receipt of any such request to the relevant government agency. In no circumstance should Hexagon personnel comply with a request aimed at furthering unlawful boycotts, including the Arab League boycott of Israel.

Export compliance concerns

If there is any concern that what you are doing might require government authorisation because it involves a controlled export, release of controlled technology, dealing with an embargoed country or party, dealing with a prohibited end-use, diversion, or boycott attempt, you must immediately stop the transaction and raise this matter to the responsible Division | Regional Compliance Officer for export or designated Corporate Compliance Counsel.