



INVESTMENT AB LATOUR Policy Export Controls & Sanctions

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Investment AB Latour – Policy Export Controls & Sanctions

1. Purpose

Latour's success relies upon its ability to conduct legitimate business in compliance with applicable laws. Export controls and economic or trade sanctions ("Export Laws") are implemented in different countries around the world including, in particular, the US, the EU (and the EU Member States) and the United Nations.

Latour must always comply with Export Laws regardless of where the regulations have its origin or wherever the business is conducted and includes not only countries and products, but also individuals. Within the responsibility lies also the responsibility to verify that the end customer is legitimate according to the Export Laws.

Compliance with Exports Laws is critically important to the integrity, reputation and success of Latour and its ability to conduct business particularly in US and EU. It is important that Latour's employees, directors and officers understand the importance of complying with Export Laws as it requires active participation of all.

Export control laws are defined as restriction of the export of controlled goods or goods intended for particular use, including the transfer of technology or intellectual property. Sanctions are defined as political trade restrictions that are implemented against target countries, groups and individuals, with the explicit aim of maintaining or restoring international peace and security.

The purpose of this Export Controls & Sanctions Policy (the "Policy") is to help ensure compliance with relevant Export Laws whenever applicable [and in all relevant jurisdictions].

2. Scope

This policy applies to:

- a. Investment AB Latour and its subsidiary companies and joint ventures over which Investment AB Latour exercises management control (collectively, "Latour");
- b. All Latour directors, employees, officers, secondees and volunteers ("Latour's Personnel");
- c. All natural and legal persons (and their respective employees, officers and directors) that perform services for or on behalf of Latour, including supply chain, suppliers, consultants, contractors and distributors ("Latour Contractors").

It is the responsibility of all Latour's Personnel to know, understand and comply with this Policy.

Latour further requires Latour Contractors to comply with this Policy and forbids Latour's Personnel to conduct any business with Latour Contractors who do not abide by this Policy or are in violation of relevant Export Laws.

Each Business Area shall appoint an Export Controls and Sanctions Compliance Officer (the "Compliance Officer") who shall be the key contact for all matters relating to exports and sanctions. The Compliance Officer will answer questions and be responsible for ensuring compliance with this policy.

3. Compliance overview

Export Laws cover trade in goods, services, technology and the subsequent re-export of such goods, services and technology. They limit or prohibit the supply of goods, technology, finance or other services to certain destinations or end-users and they are used by governments in order to promote foreign policy.

(1) Export Controls:

Export control laws restrict the export of controlled goods or goods intended for particular use, including the transfer of technology or intellectual property.

Generally, the primary concern of export controls is the nature of the items or goods being traded, rather than the country, individual or organization taking receipt of those goods (although these would be relevant for sanctions, see further below).

Determining which export control laws apply (i.e. which jurisdiction applies) may depend on (a) the country of export, (b) the nationality of the person or entity performing the export – even if the export itself is done from a different location, and (c) the components of the item, i.e. an EU made item may incorporate a US component or technology, which is subject to US export controls (so that more than one country's export controls law apply to the item). It is important to note that breach of export controls imposed in other jurisdictions could be subject to extradition requests.

The relevant export controls law will determine whether a specific item is 'controlled' and requires a license. This will generally depend on the nature of the goods to be exported, their destination and their end-use. The US also maintains export controls with regard to certain end-users and may prohibit the export of all US-origin goods to certain restricted end-users.

Nature of the goods

Sensitive items that require a license are listed in special control lists and generally include items that have been designed or modified for military use, including their components or other sensitive technology and the transfer by any means of technology in relation to weapons of mass destruction ("WMD").

There is also a list for 'dual-use' items, i.e. items that can be used for both civil or military purposes, associated technology and software or items that might be used for torture and radioactive sources.

It is primarily each Business Line's responsibility to classify its own items and identify whether each item belongs to a controlled list. In case of doubt an enquiry should be submitted to the relevant authority through the Compliance Officer. Not knowing that an item was, i.e. on a dual-use list is not a defense to a charge of breaching export controls law.

Destination

Dual-use items may be traded freely within the EU but a license will be required for export outside the EU. If the item to be exported is particularly military 'sensitive' and appears on a relevant list then a license is required for all destinations, even if it is exported within the EU. Likewise, in the US, wholly domestic transactions related to dual-use items are generally permitted, but exports from the US to a third country require an export license.

Providing access to US-origin technology to non-US nationals may require a license depending on the technology in question and the nationality of the person that received access.

End-use

Items that are not on the list may still require a licence under end-use controls (also known as ‘catch all’ provisions). This may be the case if the items are sent to an end-user where there are concerns about the possible use of the items or parts of them (i.e. cryogenic equipment could be used in a nuclear weapons facility). Lower-level dual-use items such as common test equipment, decontrolled machine tools, certain steels, and ubiquitous electronics parts may also make meaningful contributions to WMD or missile programmes. Other components that are not designed for military use, but which are going into military goods in an embargoed destination are also covered by the end-use (catch-all) controls.

Latour is obliged to report to the relevant authorities if it is aware or has grounds to believe that a non-listed item intended for export may be used for military purposes or for WMD/missile programmes.

End-user

In addition to imposing end-use restrictions similar to those described above, the US also maintains several lists of persons and entities that are broadly prohibited from receiving US-origin goods and technology.

(2) Sanctions

Sanctions are political trade restrictions that are implemented against target countries, groups and individuals, with the explicit aim of maintaining or restoring international peace and security.

Sanctions may include export and import prohibitions, prohibition on the transfer of funds, prohibition on commercial activities such as joint ventures or investments, travel bans and other financial restrictions. thereby restricting Latour from conducting any business in those countries, territories, regions or with individuals.

Sanctions regimes also include anti-circumvention and facilitation rules, which aim at prohibiting actions taken to circumvent applicable sanctions, i.e. facilitating activities by another entity that would violate a relevant sanction if undertaken directly by Latour, or introducing a person from a sanctioned country to another person for the purpose of facilitating a prohibited transaction.

(3) Extraterritorial Application of US Export Controls and Sanctions

US export controls and sanctions are unique in that they can apply to transactions that occur outside the United States and US enforcement of US export controls and sanctions is particularly aggressive. In particular, transactions involving any of the following must be screened for restrictions under US law:

- a. US persons (US citizens, nationals, permanent residents, and US-based entities), wherever located;
- b. US-owned or US-controlled non-US entities;
- c. US-origin goods, wherever located;
- d. non-US-origin goods that incorporate US-origin components, wherever located;
- e. persons or goods not listed above that are located in the US;
- f. transactions made in USD.

4. Guiding principles

All Latour Personnel shall abide by the following principles:

- Comply with all relevant Export Laws, in particular with the US, EU and UN regimes and must not undertake any action that would violate such Export Laws.
- Not engage in any commercial relationship or transaction that directly or indirectly involve countries, entities or nationals of a country, or other individuals, that are subjects to sanctions. Please see appendix 1 for a list of countries/regions subject to sanctions.
- Make sure to follow the procedures in order to ensure that the transaction is not violating any applicable Export Laws and/or that a license is required for a specific transaction in the relevant jurisdiction. Any indications that an item is a controlled item or doubts as to the legality of the transaction must be escalated to the Compliance Officer.
- Make sure not to intentionally or inadvertently violate sanctions by facilitating or brokering a transaction that would be prohibited if conducted by Latour directly.
- Include contractual provisions to ensure that costumers comply with Export Laws in transactions entered into with Latour.

5. Implementation of this policy

This Policy is implemented with immediate effect and is an integral part of Latour's Code of Conduct. It is intended to supplement and not replace other Latour Policies.

6. Responsibility for the policy

The Compliance Officer is responsible for the implementation, monitoring and follow-up of compliance of this Policy.

Investment AB Latour (publ)

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Appendix 1 - List of countries/regions subject to sanctions

Please note that it is the location of the end-user that needs to be checked. A company within, for example the EU, could potentially be subject to export control if the company intends to export the item outside of the EU.

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Country	Sanction	Guidance
Iran	UN/EU/US	No sales to be done
Syria	UN/EU/US	No sales to be done
North Korea	UN/EU/US	No sales to be done
Cuba	US	No sales to be done
Belarus	EU/US	No sales to be done
Russia and Crimea	EU/US	No sales to be done
Russian occupied regions in Ukraine	EU/US	No sales to be done
Afghanistan	UN/US	Approval needed.
Armenia		Approval needed.
Azerbaijan		Approval needed.
Bosnia and Herzegovina	US	Approval needed.
Burma/Myanmar	EU/US	Approval needed.
Burundi	US	Approval needed.
Central African Republic	UN/US	Approval needed.
Democratic Republic of Congo	UN/EU/US	Approval needed.
Ethiopia	US	Approval needed.
Guinea	EU	Approval needed.
Guinea-Bissau	UN/EU	Approval needed.
Hong-Kong	US	Approval needed.
Iraq	UN/US	Approval needed.
Kazakhstan		Approval needed.
Kyrgyzstan		Approval needed.
Lebanon	UN/EU/US	Approval needed.
Libya	UN/EU/US	Approval needed.
Mali	UN/EU/US	Approval needed.
Montenegro	UN/EU	Approval needed.
Myanmar	EU	Approval needed.
Nicaragua	EU/US	Approval needed.
Serbia	UN/EU	Approval needed.
Somalia	UN/US	Approval needed.
South Sudan	UN/EU/US	Approval needed.
Sudan	UN/EU/US	Approval needed.
Tadjikistan		Approval needed.
Tunisia	EU	Approval needed.
Turkmenistan		Approval needed.
Uzbekistan		Approval needed.
Venezuela	EU/US	Approval needed.
Yemen	UN/US	Approval needed.
Zimbabwe	EU/US	Approval needed.

Appendix 2 – Proposed control questions

The proposed control questions below are examples for your organisations to use as a help to detect any suspicious transactions and/or enquiries. If any of the red flags is detected, then no transaction is to be conducted before escalating the matter to your organisation's Compliance Officer.

- ✓ the customer is new to the Group and your knowledge about him/her is incomplete or inconsistent or it is difficult to find information about the customer;
- ✓ the end-user is tied to the military, the defense industry or a governmental research body and the stated end-use is civilian;
- ✓ the customer seems not to be familiar with the product and its performance characteristics (e.g. an obvious lack of technical knowledge);
- ✓ the contact information in enquiries (e.g. phone numbers, e-mail, addresses) is located in other countries than the stated company, or changed to that over time;
- ✓ the company website lack content in comparison to what is normally found on a legitimate company website;
- ✓ the customer is reluctant to offer information about the end-use of the items, provide clear answers to commercial or technical questions which are routine in normal negotiations or to provide an end-user statement;
- ✓ an unconvincing explanation is given as to why the items are required, given the customer's normal business, or the technical sophistication of the items;
- ✓ unusual shipping, packaging or labelling arrangements are requested; usual incoterms for shipment, the sealing of containers/trucks and the confirmation of receipt by the consignee/end-user are refused;
- ✓ unusually favorable payment terms such as full payment in advance or want to do a full cash payment immediately;
- ✓ the payment is made by other parties than the customer or stated intermediaries and follow another route than the products;
- ✓ the installation site is in an area under strict security control or is in an area to which access is severely restricted, or is unusual in view of the type of equipment being installed;
- ✓ there are unusual requirements for excessive confidentiality about final destinations, or customers, or specifications of items.

Appendix 3 – Useful references, terms and definitions

US Export Administration Regulations:	US regulations administered by the Bureau of Industry and Security that impose export controls (15 CFR §730 et. Seq.).
US Commerce Control List:	US Commerce Control List
Consolidated Screening List:	Screening list
Bureau of Industry and Security:	The US agency responsible for overseeing and enforcing export controls on dual-use items. The Bureau of Industry and Security is part of the US Department of Commerce.
Office of Foreign Assets Control:	The US agency responsible for overseeing and enforcing US sanctions. The Office of Foreign Assets Control is part of the US Department of Treasury.
Deemed Export:	A release of controlled US-origin technology (<i>e.g.</i> , blueprints, drawing, diagrams) to a non-US person.
End-user:	Final recipient of exported goods.
Controlled goods:	Specific items (including technical data, documents, software and services) that cannot be exported to foreign nationals or representatives of a foreign entity, without first obtaining approval or a license.
Catch-all provisions:	Items which are not listed in the Dual-Use Regulation but appear on a national list of controlled items because they may be used for WMD, nuclear purposes, military purposes, violation of human rights or acts of terrorism.
List of US sanctions	List of US sanctions
EU sanctions map	EU sanctions map