

Policy regarding sanctions and export controls

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Responsible for: CEO of Storskogen Group AB (publ)

Adopted by: the Board of Storskogen Group AB (publ), 6 November 2024



1. Target group and scope

This policy applies to Storskogen Group AB (publ) ("**Storskogen**"), its subsidiaries (each a "**Subsidiary**" and all together the "**Group**") as well as employees, managers, executive officers, and members of the board of directors (all of whom are included in the term "employees" as used in the remainder of this policy) of Storskogen and each Subsidiary.

2. Introduction

2.1 Sanctions and export controls

International sanctions are economic and political measures that aim to influence the behaviour of a state, a group, or individuals. For example, sanctions can be introduced in an attempt to change the policies of a state that threatens international peace and security, or to induce a state to cease systematic violations of human rights. International sanctions are thus an important instrument to safeguard peace and security and promote democracy and human rights.

Sanctions are imposed by countries and organisations (for example the USA, the UK, EU, and the UN) through laws and regulations, and impose restrictions limiting the freedom of dealings with a state, a group, or individuals. Such restrictions may include general prohibitions on all dealings with the government of a targeted country and individuals or entities located, resident, or organized in that country (trade embargoes). The restrictions could also target specifically listed persons and entities (asset freezing sanctions) and/or specific business or financial sectors in a certain country (sectorial sanctions).

Sanctions generally apply to all persons (natural and legal) within the country or group of countries (such as the EU) that has adopted the sanctions. As an example, a Swiss person residing within, or doing transactions in, the EU must comply with EU sanctions. In this context, it is noted that US sanctions are far-reaching and apply not only to US persons but also to transactions with a US nexus. For example, a transaction with payment in US dollars or involving US products may be subject to US sanctions (more information in section 5.2.5).

In addition to sanctions, the EU and its member states, the U.S., and many other countries regulate and control the export or transfer of certain sensitive products, software, and technology. Generally, such export controls depend on what the product, service or technology is used for; where it is going; who the end-user is; and what the end-use may be. Restrictions on selling, exporting, or importing certain products and technology may also be imposed by sanctions. This policy includes a specific chapter on such export control, see section 5.2 below.

Penalties for violating sanctions and export control rules can be severe. Companies could face up to several million in fines and individuals could face large fines or imprisonment. In addition, violations can result in significant reputational damage for the company or cause immediate termination of financial agreements.



The objective of this policy is to set requirements and provide support in maintaining compliance with applicable external and internal requirements.

2.2 Statement on sanctions and why compliance matter

It is the policy of the Group to comply with sanctions laws and regulations adopted by the UN, the U.S., the UK and the EU¹ as well as other applicable local laws and regulations in this regard. Being compliant and following applicable rules and regulations concerning sanctions and export controls is important to Storskogen and the Group.

This policy assumes that: (1) no company in the Group operates in a specialized industry (or engage in related activities), such as the defence, chemical, nuclear, or oil/gas industries; and (2) business units engaged in exporting have a pre-existing system in place to ensure their exports are legal.

It is a requirement that all Subsidiaries have implemented an adequate and relevant compliance program related to sanctions and export control. The compliance program should be tailored to the operations of the Subsidiary in question.

If any recipient of this policy is of the opinion that the policy is not consistent with the relevant Subsidiary's operations, Storskogen's person responsible for regulatory compliance shall promptly be consulted.

3. Roles and responsibility

Each Subsidiary's CEO is responsible for the general oversight and implementation of this policy in their business. Storskogen's CEO is responsible for the overall oversight and implementation of compliance programs in the Group. Storskogen's responsible for regulatory compliance is responsible for the framework outlined in this policy. For further details on roles and responsibilities related to sanctions, please see the following table:

Role/job title	Responsibility
Board of Directors of Storskogen and each subsidiary	Approval of policy regarding sanctions and export control.
Person responsible for regulatory compliance	Policy owner and ultimately responsible for this policy.
The CEO of Storskogen and each Subsidiary	<ul style="list-style-type: none">Responsible for ensuring that the business fulfils the policy regarding sanctions and export controls and its implementationResponsible for allocation of adequate resources in the

¹ To be noted, sanctions adopted by the UN Security Council are regularly implemented through EU sanctions regulations.



	company, including to the employees, to ensure effective compliance with the requirements and objectives identified in this policy. This includes, if appropriate, the appointment of a sanction's responsible employee.
Employees	Responsible for complying with the policy and reporting incidents and breaches of the policy or legislation to its manager or through the Storskogen Whistleblowing channel.

4. Background

The requirements contained in this policy are based on external requirements as well as a performed high-level risk assessment of all business units in the Group regarding their exposure to countries and sectors associated with increased sanctions and export control related risks. The identified risks have been considered in the development of this policy.

It is essential for Storskogen to support employees, managers, executive officers, and members of the board of directors and third parties acting on a Group company's behalf to understand where and when breaches of sanctions and export control rules risk to arise and to provide support in making the appropriate decisions in such transactions.

To ensure compliance with sanctions and export controls, it is important to perform a few simple steps when establishing a business relationship with a new trade partner, or whenever there are changes such as a change of location or change of ownership of the trade partner.

5. What needs to be done to be compliant?

5.1 Good trade partner knowledge

Good knowledge of one's customers, suppliers, end-customers and other trade partners is key when it comes to compliance with sanctions. The involved employees in each Subsidiary are therefore expected to have such knowledge, always.

Involved employees of each Subsidiary must understand what sanctions and export control risks that are presented by conducting operations in various countries or dealing with individuals and entities in those countries. This includes being able to identify what countries are involved in proposed operations or transactions to be able to assess to what extent such operations or transactions involve sanctions-related risks.



From a practical perspective it is required of each Subsidiary, based on the performed high-level risk assessment, to have identified its relevant sanctions-related risks that are posed by present and potential future business operation. The measures that need to be taken by each Subsidiary depend on the nature of its business operations, and the countries and individuals it is exposed to in the course of its business. This includes performing the required compliance activities for new counterparties as well as in cases where there is reason to believe that there are changes in relation to existing counterparties which may trigger a change in assessment. Detailed support and guidance on the compliance activities that need to be performed is found in the supporting document **“Sanctions and export controls – what do you need to do?”**. Special prudence needs to be exercised in relation to counterparties located in or with ownership-links to a Risk Country. For an indication of which countries that constitute Risk Countries, please consult the supporting document **“Risk Countries”**. Required compliance activities include establishing location and ownership of the trade partner, performing know-your-customer activities and, if necessary, perform screening against sanctions lists. Depending on the trade partner, the extent of the required compliance activities varies.

The person at Storskogen responsible for regulatory compliance shall promptly be consulted if an existing counterparty becomes a sanctions target or becomes located, organized, resident, or starts doing business in a country that is a sanctions target.

5.2 Good product knowledge

5.2.1 Introduction to export controls and re-export regulations

In addition to having good knowledge of one's customers, suppliers, end-customers and other trade partners, it is key to have good knowledge of one's products when it comes to compliance with sanctions and export control. This means that each Subsidiary must have good knowledge about the products it buys, sells, or otherwise deals with. The reasons for this are that products can be subject to, for example, import- or export sanctions (there are for example restrictions on purchasing certain iron and steel products that contain Russian iron and steel) and documentation requirements, but also be subject to export controls. The involved employees in each Subsidiary are therefore expected to have such knowledge, always.

Export control rules limit the right to export certain products (including software), material, and technology from that country. These regulations, which are imposed by many jurisdictions, mainly place restrictions on the export of military goods and dual-use items (meaning items that have both a civilian and military application), but in some cases apply more broadly. The following sections (section 5.2.2 to section 5.2.5) provide a brief overview of what applies to military goods and dual-use products, and what can be good to keep in mind when exporting products with U.S. connections.

Being compliant with the export controls requirements is important to Storskogen and the Group. There is a significant reputational risk in breaching export controls requirements. In addition to this, breaching the requirements may also result in severe penalties.



Breaching for example the ITAR regulations described below may result in penalties including fines of USD 1,000,000 per violation, or ten years of imprisonment, or both. Similar penalties may be given by the EAR regulations. Breaching EU and UK export controls regulations may also result in severe penalties including both fines and imprisonment for an offending party.

5.2.2 Military goods

Weapons and other defence-related items, usually referred to as military goods, are especially sensitive and strictly regulated. Any products developed, specially designed, or modified for military end-use are at risk of being classified as military goods. Typical examples of military goods include weapons and weapons systems including parts of such. Vehicles which have been designed for combat, equipment for aiming and guiding military weapons, ammunition and support and services related to military equipment are considered military goods. No Subsidiary may participate in projects or sales relating to military goods without explicit written approval from Storskogen's person responsible for regulatory compliance.

In the U.S., the International Traffic in Arms Regulations ("**ITAR**"), administered by the Directorate of Defense Trade Controls ("**DDTC**") of the U.S. Department of State, covers military and defence related items and associated compliance requirements for companies involved in for example the development, manufacturing, testing, sale, and distribution of such items. Any commercial activity subject to restrictions in ITAR or otherwise involving DDTC is prohibited by this policy.

5.2.3 Dual-use items

Many countries control trade in "dual-use" items. These are specifically listed goods, technology or software that have both ordinary commercial (civil) applications as well as potentially having military applications. Examples of such dual-use items are certain models of drones, aluminium pipes of certain specifications, night vision technology, thermal imaging, certain chemical and biological tools and global positioning equipment. Also, simple things like ball bearings of certain specifications are considered dual-use items.

Exports from the EU are regulated by the EU dual-use regulation. The U.S. has a similar list included among the Export Administration Regulations ("**EAR**") termed the Commerce Control List ("**CCL**").

To ensure compliance with all applicable export controls, an export or transfer of controlled dual-use items is only allowed when (i) the intended destination, end-user and end-use of the product, service or technology is known to the Subsidiary, and (ii) the Subsidiary can prove that it has all relevant export authorizations in place.



It should be noted that items that have dual-use application may be controlled even if they are not listed in the relevant regulation. In the EU regulation there is a so-called “catch-all” rule (Article 4) that restricts trade in unlisted items:

- for military use (including the manufacturing of controlled military equipment) in countries under a legal EU arms embargo (for example North Korea); and
- for use related to the development, manufacturing, etc. of biological, chemical, or radiological (nuclear) weapons, or missiles that are capable of carrying such weapons.

Similar provisions can be found in the EAR, as well as in the export control laws of other countries.

Any business within the area of chemical-, biological- or radiological (nuclear) weapons, or missiles that are capable of carrying such weapons, is prohibited by this policy. To mitigate the risks of such trade, any trade involving the nuclear or aerospace industry is only allowed after certain due diligence measures and if procedures have been completed without undesirable findings and receipt of written authorisation from Storskogen’s person responsible for regulatory compliance and Storskogen’s CEO to go ahead.

For exports to certain embargoed countries (for example Syria), and to certain persons listed as restricted or denied under the EAR, the U.S. similarly controls unlisted items, meaning items that are not on the CCL nor controlled as U.S. military equipment. Such items are referred to as EAR99 items.

As export control lists are regularly updated, it is important to monitor the updates, as well as product development, to understand whether the Subsidiary’s products are, or become, controlled.

5.2.4 EU regulations on circumvention and re-export

To prevent circumvention of sanctions, all EU sanctions regimes contain a general prohibition against knowingly and intentionally participating in activities were the object or effect of which is to circumvent the sanctions. There are also requirements for parent companies within the EU to undertake their best efforts to ensure that their subsidiaries established outside the EU do not participate in activities that undermine the restrictive measures provided for in sanctions. It is each Subsidiary’s responsibility to be vigilant about any circumvention attempts.

In addition to general prohibitions on circumvention, the EU has also imposed specific regulations with the object of preventing circumvention of sanctions against Russia and Belarus. For example, the EU has imposed a requirement to include a “No Russia” and “No Belarus” clause in contracts regarding sales of certain items, such as certain ball bearings, to customers outside of the EU to prevent re-exportation to Russia and Belarus.² More

² The requirement does not apply to sales and exports to EU’s partner countries, currently being the USA, Japan, UK, South Korea, Australia, New Zealand, Norway, Switzerland, Lichtenstein, and Iceland.



information, detailed support and guidance, including a list of items of products that are covered by the No Russia/No Belarus clause requirement and template clauses, can be found in the supporting document **“No Russia/No Belarus – what do you need to do?”**.

It is each Subsidiary’s responsibility to understand to what extent it provides products that are covered by the EU’s specific regulations. Since the list of products that are covered may be regularly updated, it is important to monitor updates, as well as the Subsidiary’s own product development and geographical sales, to understand to what extent the Subsidiary is covered by the requirement to contractually prohibit re-exportation and/or other restrictive measures.

5.2.5 U.S. re-export rules

As is the case regarding certain sanctions, the U.S. export control rules are far-reaching. Products manufactured in the U.S. (of U.S. origin) are always subject to these laws; re-exports (i.e., exports of U.S. origin products between two non-U.S. countries) may require a U.S. export license. Examples of re-exports which may require a U.S. export license include certain technology and software. Moreover, goods produced outside the U.S., but which contain more than a certain de minimis value of U.S. origin content, are subject to export restrictions in the EAR. Such products may not be re-exported without a U.S. export license.

5.3 Summary and mitigating risks in practice

Sanctions-related risks and circumvention risks should always be managed and mitigated. As outlined in the foregoing, this is done by having a good knowledge of their trade partners (whether they are customers, suppliers or other trade partners, see section 5.1), and by having a good knowledge of the products covered by the transaction (to understand to what extent the products are subject to sanctions and/or export control rules, see section 5.2).

In addition to the above, sanctions related guarantees, termination grounds, and remedies should always be included in contracts with trade partners that are located outside of low-risk countries. If a Subsidiary regularly has sales to trade partners located outside of low-risk countries, the Subsidiary should for sanity reasons always, to the extent used, include such clauses in its standard terms and conditions and/or standardised agreements.

Template clauses concerning sanctions can be found in the supporting document **“Template clauses concerning sanctions”**.

6. Reporting

Employees of a Subsidiary who suspect that a violation of sanctions or export controls has occurred at the Subsidiary shall report this to their line manager. If for any reason you do not feel comfortable talking with your manager, or if despite having reported the issue or made a complaint you feel it has not been taken seriously, you can always contact a



member of Storskogen's group management or report your issue through Storskogen's external whistleblower function, which allows you to make an anonymous report:

<https://report.whistleb.com/storskogen>.

7. Training

Storskogen and each Subsidiary shall ensure that adequate training is provided for employees and that such training is consistent with the Subsidiary's risk profile and adjusted to the relevant employees' assignments and responsibilities.

8. Audit

The auditor is, where applicable and relevant, responsible for conducting objective, comprehensive audits of Storskogen and its compliance program on a periodic basis in light of the Group's specific areas of operations, geographic locations, and legal obligations.

9. Consequences for employees

Employees who violate sanctions may be subject to disciplinary action, up to and including termination of employment. No employee who, after consultation with appropriate personnel at the Subsidiary, refrains from entering into a transaction because of concerns regarding sanctions or export controls will be adversely affected as a result.

10. Contact information and assistance

Should you have any questions or need further assistance concerning sanctions, embargoes, or export controls, please contact the person responsible for sanctions compliance in the Subsidiary or Storskogen's responsible for regulatory compliance. For contact information, please see the separate contact list.

11. Related documents

- Storskogen's Anti-Money Laundering Policy
- Risk assessment
- Sanctions and export controls – what do you need to do?
- Form for identification of counterparties
- Risk countries document
- No Russia/No Belarus – what do you need to do?
- Template clauses concerning sanctions
- FAQ



12. Version history

This policy should be reviewed annually and updated as required or when significant changes are made to sustainability-related work.

Version	Revision date	Description of changes	Author	Approved by	Date of approval
1.0	2020-05-15	Updated in line with the Board's comments	Louise St Cyr Ohm	Storskogen Board	2020-05-25
1.1	2020-11-05	Updated with new link to sanction lists	Louise St Cyr Ohm	N/A	N/A
1.2	2021-05-12	Revised on the basis of a risk-based method based on group-wide risk analysis	Louise St Cyr Ohm	Storskogen Board	2021-05-12
1.3	2022-10-26	Revised based on group-wide implementation input	Louise St Cyr Ohm	Storskogen Board	2022-11-14
1.4	2024-10-15	Revised based on new sanctions regulations and to clarify what needs to be done to ensure compliance	Louise St Cyr Ohm	Storskogen Board	2024-11-06

13. Glossary

Definitions in English of certain terms herein (alphabetical order in English)

Catch-all	Commonly used in relation to the rules in Article 4 of the EU dual-use regulation, that restrict trade in un-listed dual-use items when the intended end-use is either (i) military related end-use (including the manufacturing of controlled military equipment) in countries under a legal EU arms embargo; or (ii) related to the development, manufacturing, etc. of biological, chemical, or radiological (nuclear) weapons, or missiles that are capable of carrying such weapons. Similar provisions exist in export control laws in other countries.
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CCL	The Commerce Control List in the U.S. EAR. This is a list of items that have an Export Control Classification Number (ECCN), and thus are subject to various export restrictions, often including export authorisation/license requirements. The EU equivalent is Annex I of the EU dual-use regulation.
De minimis	In order to understand if a non-U.S.-made items (such as a product made in Sweden) could subject to the EAR, you need to calculate the de minimis percentage of US incorporated content (e.g., hardware components or software) in the non-U.S. item and see if this is equal to 10-25% or more. To calculate the de minimis percentage, you divide the value of the U.S.-origin controlled content by the value of the non-U.S.-made item and then multiply by 100.
Dual-use items	Items, including software and technology, which can be used for both civil and military purposes. When listed in Annex I of the EU dual-use regulation, or in the US CCL, such items are subject to export control, meaning that export generally require an export authorisation.
EAR	The US Export Control Administration Regulations. This is a central piece of US legislation when it comes to export control. The equivalent in the EU is known as the EU dual-use regulation.
ECCN	Export Control Classification Number, a term used for items listed under control entries in the CCL.
Export control	Export control laws and regulations limit (e.g., through export authorisation/license requirements) the right to export certain items from a jurisdiction.
ITAR	The US International Traffic in Arms Regulations. This is the central piece of US legislation when it comes to trade in items and services classified as military equipment.
Listed persons	Any individual, company, entity or organisation who is designated, individually or as part of a group, as subject to trade restrictions under sanctions and export control laws and regulations.
Low Risk Countries	For the purpose of this policy, this term refers to Australia, Canada, the Member States of the European Economic Area (except for Cyprus and Malta), Japan, New Zealand, Switzerland, the United Kingdom and the U.S.
Red countries	For the purpose of this policy, this term refers to countries marked as red in Appendix 1 to the supporting document "Sanctions, embargoes and export controls – what do you need to do?", and encompasses countries and regions subject to comprehensive sanctions and/or high trade compliance risks.



Warning flag	Facts or circumstances surrounding a customer, including customer behaviour, which are to be deemed suspicious and therefore indicate a need for further review and controls (i.e. enhanced due diligence).
Re-export	Exports of U.S. origin products, or products that are for other reasons subject to the EAR, between two non-U.S. countries.
Risk Countries	For the purpose of this policy, this term encompassed the red and yellow countries listed in Appendix 1 to the supporting document “Sanctions and export controls – what do you need to do?”. Trade with these countries generally present a higher risk of violating sanctions and/or export control laws.
Ultimate beneficial owner	For the purpose of this policy, this term encompasses an individual, publicly listed company or governmental entity who/which ultimately own or otherwise control 25 % or more of the voting rights in the legal person in question.
Yellow countries	For the purpose of this policy, this term refers to the countries marked as yellow in Appendix 1 to the supporting document “Sanctions, embargoes and export controls – what do you need to do?”. These countries are (i) subject to a not insignificant risk level due to sanctions, (ii) associated with risks of circumvention and prohibited re-exports, and/or (iii) examples of notorious “off-shore” tax havens in which shell companies may often be registered.