

EXPORT CONTROL MANUAL

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EXPORT CONTROL POLICY

J & E Hall Limited will conduct its business in compliance with all applicable laws and regulations, in the field of exporting goods and/or services this will include, but not to be limited to, compliance with Export Control Act 2002 (as amended), Council Regulation (EC) No. 428/2009, Council Regulation (EC) No. 1352/2011 and the Export Control (Amendment) (EU Exit) Regulations 2020, to promote global security through strategic export controls, facilitating responsible exports.

J & E Hall will conduct appropriate checks on all export transactions for controlled goods, services and technologies, and on the destinations and end-users to verify that no supplies by J & E Hall are to provoke or prolong conflict, lead to establishing build-up of conventional weapons or the proliferation of Weapons of Mass Destruction (WMD) or torture, and to properly and precisely follow the prescribed procedures for export goods and/or technologies for which an Export Licence is required under domestic or international laws. J & E Hall will also comply with the Group Internal Control Rule of Daikin Industries (as amended), referred to as “the Group Internal Control Rule” hereinafter.

J & E Hall is aware of the current international situation and as such will comply with the Group Internal Control Rule from the perspective of security and will not enter into trade transactions contrary to the social responsibility we assume as a global enterprise.

To ensure compliance with the J & E Hall Control Policy we will carry out the following: -

- Develop and monitor a management system for Security Trade Control
- Classify Goods and Technologies for the purposes of export licencing
- Ensure End-User of Exported Goods to be a Safe Customer
- Ensure compliance with Rules for Concerned Countries
- Continuously observe the development of Export Regulations

On behalf of J & E Hall Limited



Andrew Bowden

Managing Director

Date: Jul 15, 2022

EXPORT CONTROL PROCEDURE

MANAGEMENT SYSTEM FOR SECURITY TRADE CONTROL

The overall responsibility for the Export Control vests with the Managing Director. J & E Hall has also appointed a Management Representative, being the Director of Finance, for the role of Security Trade Control Officer, who is responsible for developing, monitoring, maintaining and managing the exporting procedures, as well as for the effective communication, interpretation, and conformance of the J & E Hall Export Control Manual and the associated documents, and procedures.

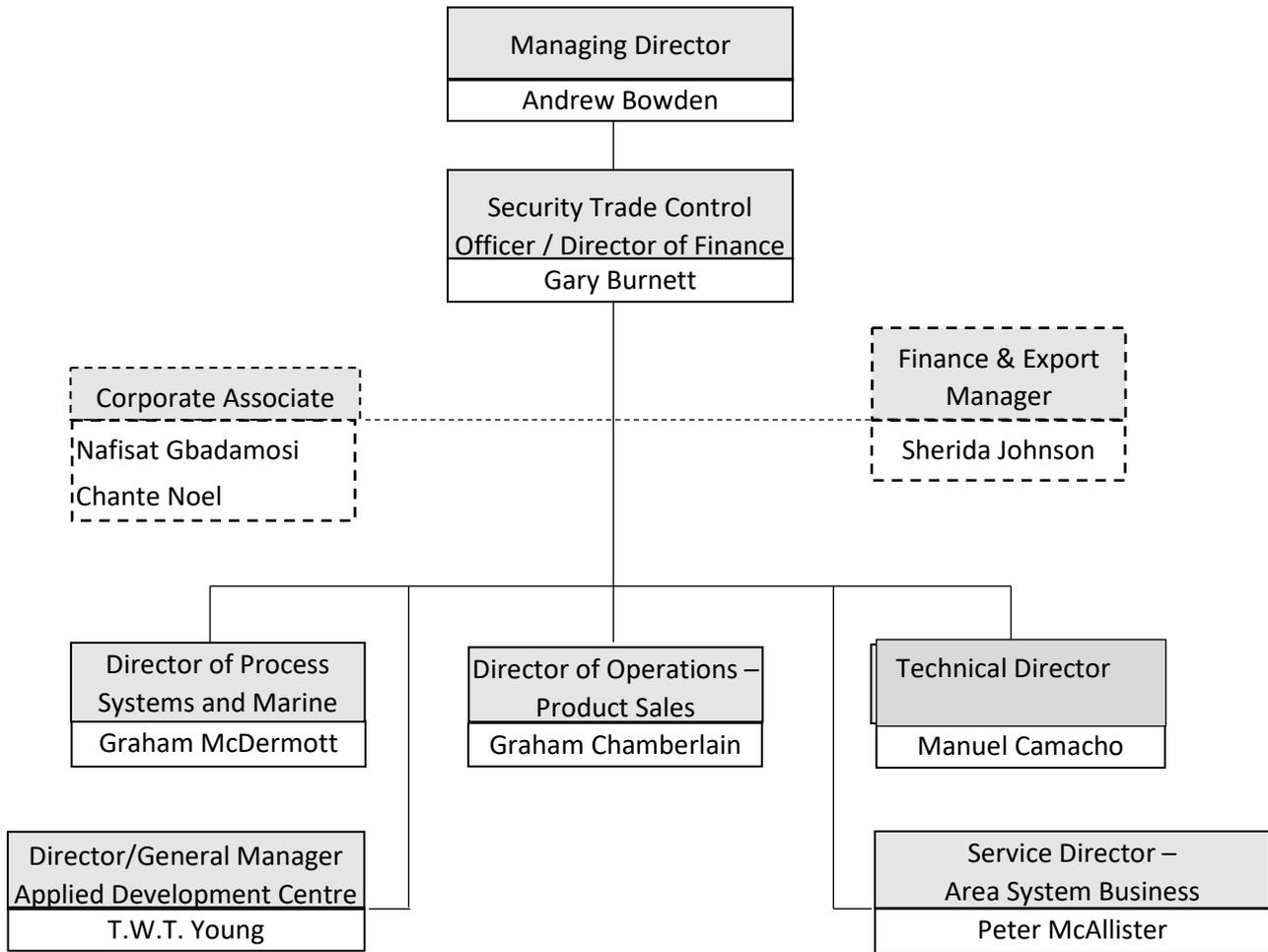
The Security Trade Control Officer will liaise directly with Senior Management, including but not limited to the Managing Director, who will review the exporting procedures as and when required to ensure compliance with domestic laws, international regimes and Group Internal Control Rule and the needs of the Company.

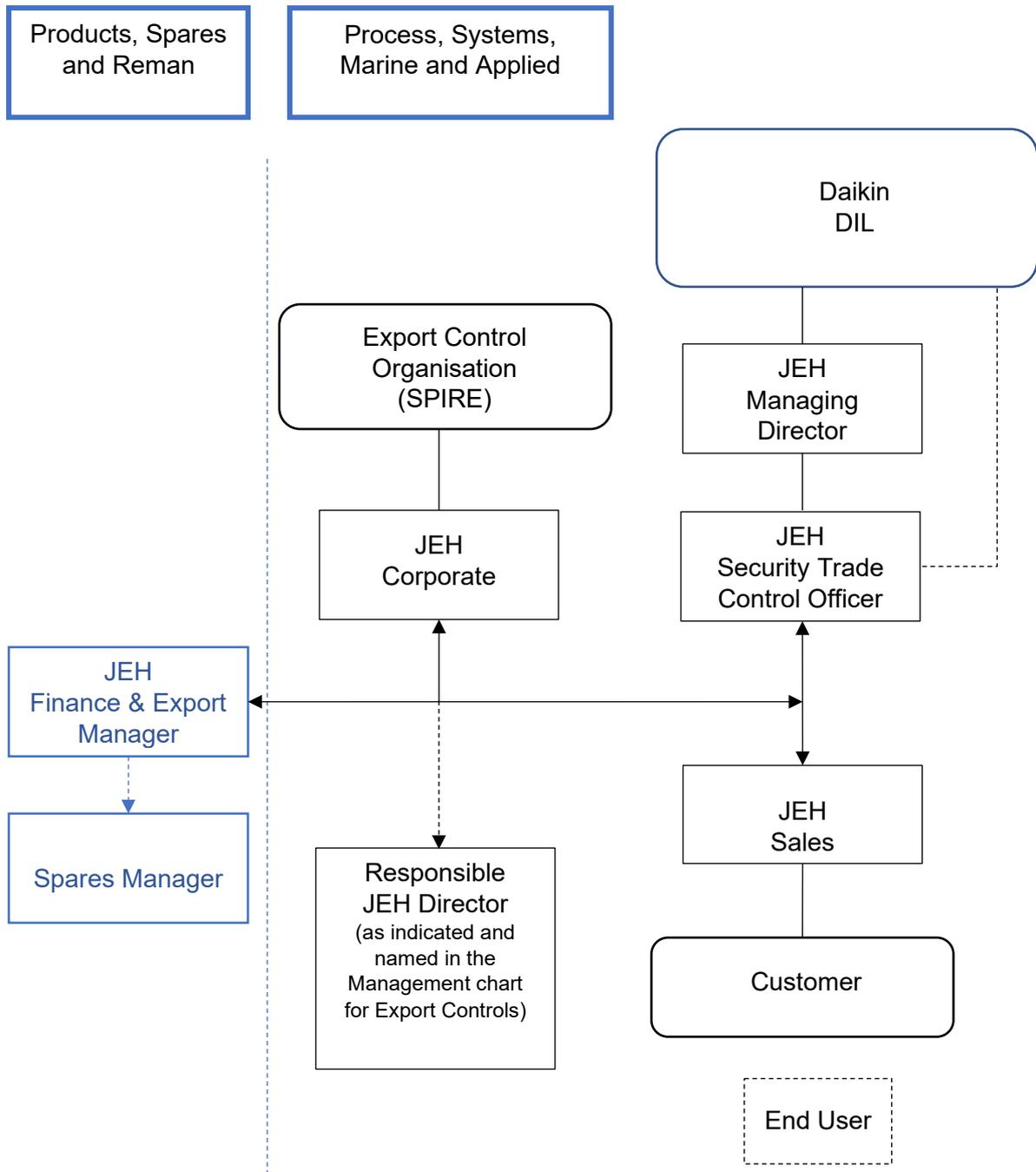
The responsibility for communicating all export sales in accordance with the Management chart for Export Controls displayed herein vests solely on the member of staff dealing with the enquiry and the Manager liable for the business area in question.

The Security Trade Control Officer is responsible for the conformance and day to day running of the Export Control System. For Products, Spares and Reman the Security Trade Control Officer will be supported by Finance & Export Manager who is responsible for the effective completion of export documentation. The Corporate Department is to support the Security Trade Control Officer and the Finance & Export Manager and provide them with advice where applicable. The Corporate Department is also responsible for making the applications for export licences via Export Control Organisation's online export licensing system SPIRE.

It is to be noted that responsibility for any exports will only transfer to the Corporate Department upon receipt of accurate information regarding the sale from the member of staff dealing with the enquiry confirming an export element exists.

Management chart for Export Controls





CONTROLLED ACTIVITIES AND CONTROL LISTS

Military End-Use and Dual-Use Controls

The Military End-Use Control is detailed in the EU Dual-Use Regulation (the Council Regulation (EC) No. 428/2009), which set up an EU regime for the control of exports of dual-use items and technology.

Items listed on the UK Military List are controlled and require an export licence regardless of their end uses, end users or destination.

There are two types of Military End-Use Controls.

The first one covers the dual-use items that are or may be designed or modified for use with military equipment in an embargoed destination. The control applies in respect of a destination that is subject to an arms embargo decided by a common position or joint action adopted by the European Council, Organisation for Security and Co-operation in Europe, or the arms embargo is being imposed by a binding resolution of the Security Council of the United Nations. Should the Purchaser, Consignee or End-User involved in a sale be located in such destination, the control applies, and the embargoed destination is the ultimate destination of the goods to be put to a military end use.

Currently the countries on Embargoed Destination are listed in the [Export Control Order 2008 \(Schedule 4 Parts 1 and 2\)](#).

The second control type only applies to dual-use items not otherwise subject to control where the exporter has received information stating the intended use of the goods and/or technology being incorporated as part of or components to military goods regardless of the destination. Should such situation become apparent, we have the duty to inform Export Control Organisation (ECO), which will decide whether a licence is required. This will be actioned by the Corporate Department following instructions from the relevant business Director.

Export of Technology

Certain types of technology are subject to export control laws of the UK and European Union, and under these laws, we are required to obtain a licence for the export of controlled technology from the UK.

Technology in this context refers to any information required for the making or using controlled goods, such as weapons. *Controlled technology* can hence be defined as specific information required to develop, produce or use goods whose export is legally controlled. This information may include plans, manuals, models etc. and can be in written, printed, recorded, electronically saved, spoken or passed on in another way.

Goods designed for military use are always controlled exports and any information for them is a controlled technology.

Should you be exporting technology outside the border of the UK, one must inform the Corporate Department of such intention to export so that Export Licence can be applied for. If at any time any verifications or interpretation is required in regard to the procedure of Export of Technology or associated documents one should consult the Corporate Department.

Exclusions to the export of Technology

There is number of exclusion to the export controls, which covers information already in the public domain (for example information published at www.jehall.co.uk), basic scientific research, technology required for installing, operating, maintaining and repairing controlled items that have already been authorised for export, and information that is the minimum needed to install, operate, maintain and repair non-military items, even if this information could have a military use.

Except in certain cases, technology is only controlled if it is required for the development, production or use of listed goods or software, or if the technology itself is specifically described in the UK Strategic Export Control Lists.

PROCESS CONTROL

1. Classification

The Commodity Code for the goods and/or technologies will be determined in the process of applying for an Export Licence, if an Export Licence is required, and can also be obtained from the Trade Tariffs listing by the UK Authority available at <https://www.gov.uk/trade-tariff/sections>. Where known the relevant Commodity Code should be referenced on the Invoice and delivery documentation.

2. Security Trade Control

With the objective of maintaining international peace and security, a multinational agreement regulates the export of Weapons of Mass Destruction – Nuclear weapons, Biological, Chemical weapons, and missiles capable of delivering these weapons, this also includes conventional weapons or goods and / or technologies that could be used in the manufacture of weapons.

The member of staff receiving the enquiry will conduct an examination of end-uses and end-users, upon receipt of the enquiry, of goods and technologies destined for export in order to verify whether they will genuinely be used for non-military purposes.

3. Rules for Concerned Countries

North Korea, Iran, Iraq, Syria, Sudan, Cuba and Iraq are subject to specific export control rules, and these countries are referred to as “concerned countries”.

All exports to North Korea are strictly prohibited.

Exports to Iran, Syria, Sudan, Cuba and Iraq require case by case consideration and written authorisation of Security Trade Control Officer. Should exported goods contain more than 10% of US parts, exports to Syria are prohibited.

4. End-use / End-user validation

The member of staff receiving the enquiry will check the End-Use and End-User by cross checking the country of destination with the Embargoed Destinations List and Concerned Customer List (as issued by the Security Trade Control Officer).

The member of staff dealing with the enquiry will request an End-User Undertaking form to be completed by the End-User and forward this to the Corporate Department for consideration and further checks where necessary, and use should Export licence be required.

5. Verification

If at any time the member of staff dealing with the enquiry requires verification or interpretation of this procedure or associated documentation, they will consult the

Corporate Department and/or Security Trade
Control Officer for Clarification and authorisation.

6. Associated documents

Concerned Customer List
Concerned Country List

Council Regulation (EC) No 428/2009
Council Regulation (EC) No. 1352/2011
Export of Radioactive Sources (Control) Order 2008

Council Regulation (EU) No 388/2012
UK Strategic Export Control Lists
Export Control Act (2002)
Export Control Order 2008

7. Effects of BREXIT on Export Control

UK imports and exports post Brexit | Legal impact on commercial contracts

- Although the Trade and Cooperation Agreement prevents the imposition of tariffs, quotas, and taxes in EU and UK trade deals. To be tariff free or duty exempt the goods must originate in the UK or the EU. If the goods originated outside the UK or EU or are largely made from components or products that originate outside of the EU, then duties may apply.
- To add to the post Brexit workload, J and E Hall have found we now require licences to export. In addition, J and E Hall, as importers and exporters of commercial goods, must obtain an EORI number (that starts with GB) that enables J and E Hall to export goods from England, Wales and Scotland.
- Complexities tend to arise where the UK company is providing services in the EU or receiving services from an EU company. That is because the Trade and Cooperation Agreement deals primarily with goods rather than services. That is one of the reasons why J and E Hall's Corporate Department will ensure that all commercial contracts are updated and are as watertight as possible to minimise the risk of trade disputes and commercial litigation.

An Overview of Post-Brexit UK Export Controls and Economic Sanctions

- **Use of UK licences in EU and vice versa**

Practice is no longer possible. J and E Hall, as an exporter who previously used UK licences in other Member States, now must secure separate licences from the competent EU Member State authority, and likewise it is now required to obtain a UK

licence for dual-use exports from the UK that previously may have been covered under licences issued by current EU Member States.

- **Application of EU General Export Authorisations in UK law.** The Dual Use Regulation contains several general export authorisations (“GEAs”), permitting exports of dual-use items to specified jurisdictions for specified purposes. The UK Government has adopted those authorisations in UK law, through a series of “retained GEAs.” Existing registrations for the EU authorisations in the UK online licensing system (SPIRE) will carry over to the retained GEAs—hence, UK exporters do not need to re-register for the retained GEAs if they have previously registered in the UK for their EU GEA equivalents.
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- **Retained GEAs in Retained Dual-Use Regulation**

There are 6 retained GEAs contained in Annexes to the [Retained Dual-Use Regulation](#):

- [GEA 001](#) (Annex IIa): exports to Australia, Canada, Japan, New Zealand, Norway, Switzerland (including Liechtenstein) and the United States
- [GEA 002](#) (Annex IIb): export of certain Dual-Use Items to certain destinations
- [GEA 003](#) (Annex IIc): export after repair or replacement
- [GEA 004](#) (Annex II d): temporary export for exhibition or fair
- [GEA 005](#) (Annex IIe): telecommunications
- [GEA 006](#) (Annex II f): chemicals

If J and E Hall’s goods or services are currently caught by dual-use controls but do not require a licence as they are being exported to the EU, J and E Hall will need to apply for a UK export licence to continue these exports after Brexit. This is because trade in dual-use items within the EU (for most categories of dual-use items) does not currently require a licence. Once the UK ceases to be an EU Member State, any such export to the EU will require a dual-use licence, in the same way that dual-use exports to other third countries require licences at present

UK-based exporters who currently export dual-use items to the EU and the Channel Islands will need to register for an Open General Export Licence (OGEL) to continue exporting.

Criteria to determine whether Export Licence is required?

Export licence applications are made via SPIRE, the online export licencing system of Export Control Organisation, by the Corporate Department. To determine whether you need to communicate an export sale in order to apply for an export licence, give consideration to the following:-

Classification

- Are the goods and/or technologies sold been specifically designed or modified for military use or components for such use?
- Are the goods and/or technologies controlled on the control list ('Military List' and 'EU or UK Dual Use List')? *(Please see the Export Control Order 2008 for Guidance).*
- Do all exported goods and/or technologies have a reference to the relevant Community Code on the invoice and delivery documentation?

End Use and End User validation

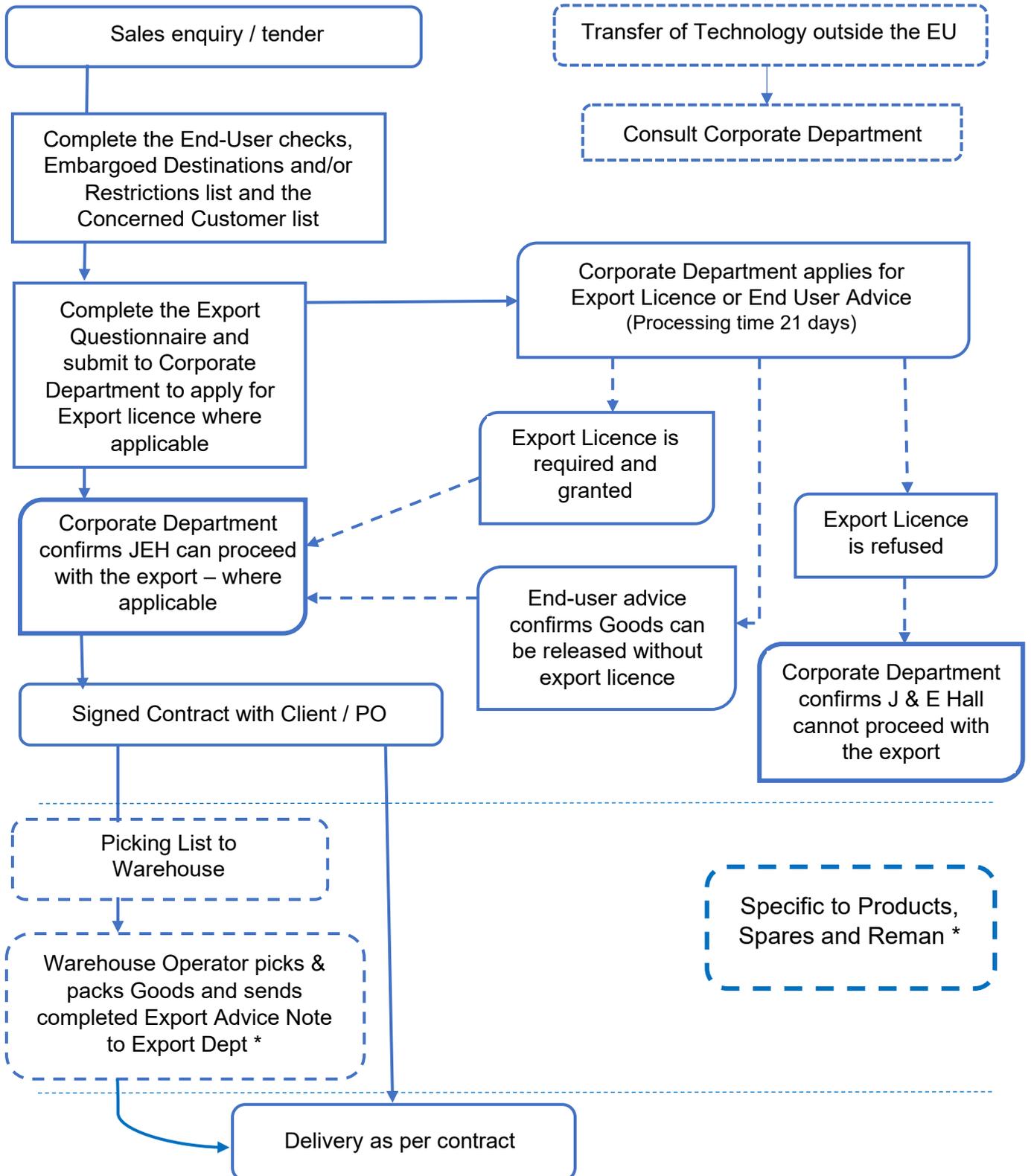
- Following the completed reference checks in regard to the End Use and End User by cross checking the country of destination with *Daikin Concerned Customers List* (issued by the Security Trade Control Officer) and the current sanctions and Embargoed Destinations *(published in the Export Control Order 2008)*, do you have any concerns?
- Do rules for Concerned Countries apply?
- Is the country we are supplying to a newsworthy country?
- Are there valid reasons to believe goods can be used in a weapons of mass destruction programme?

Security Trade Control

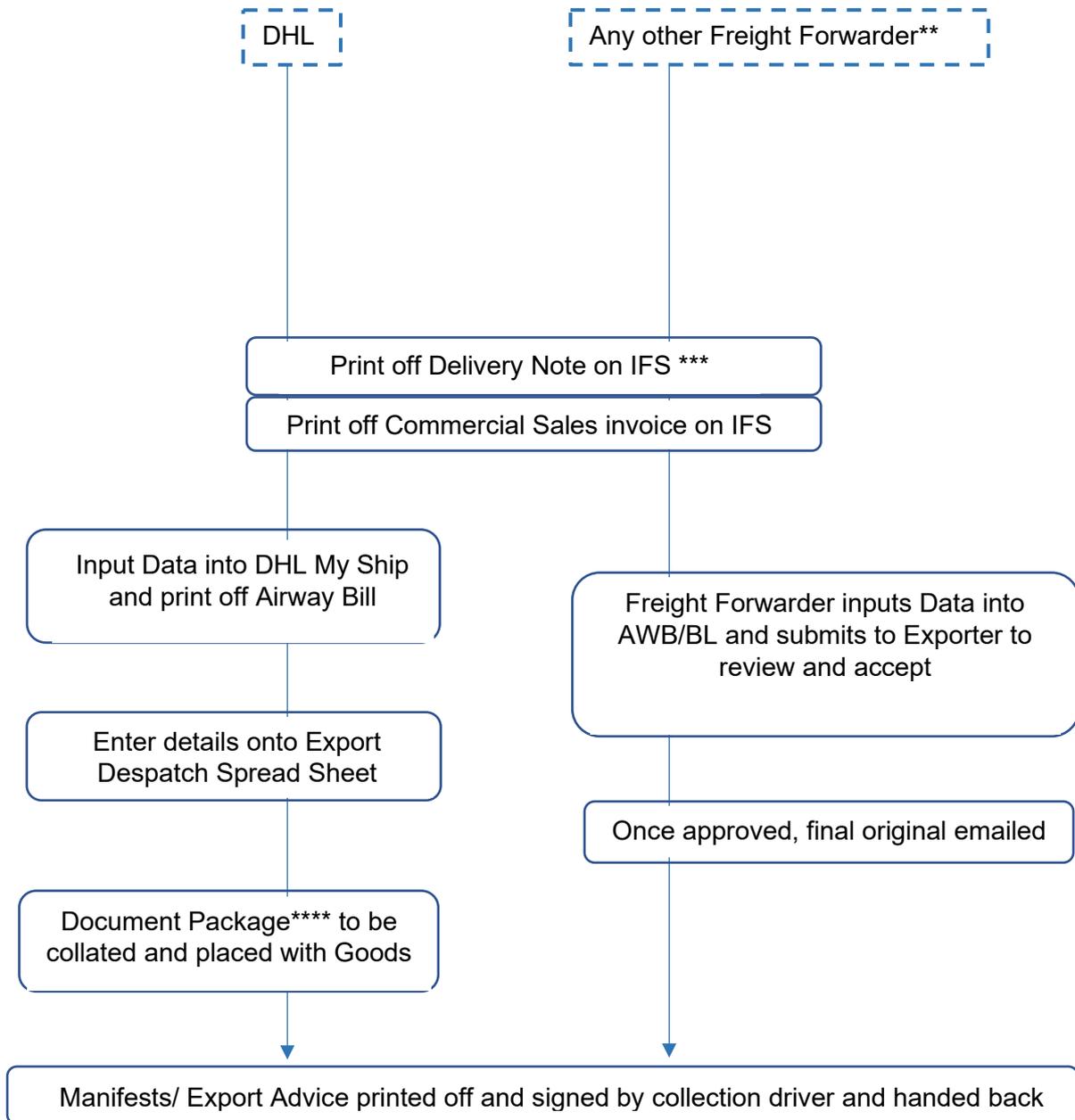
If the answer to any of the questions above is "YES", or further verification or clarification on the interpretation of the aforementioned rules is required, one must inform the Corporate Department, which will perform the appropriate checks and apply for licence as and when required.

PROCESS FLOW CHART

Sales Process Flow with Export Element



Transporting goods



For DHL Waybill and delivery note placed in wallet – invoice loaded into online booking system.

* Export Advice note to include customer name, sales order number, sales contact initials, package type, Gross and Net weights and dimensions.
 ** Road, airfreight, sea freight – quotes obtained for all and liaise with customer for best option for shipment. Determine if other documents, such as Certificate of Origin or Certificate of Conformity are required.
 *** JEH Should be advised by the client and/or country of destination if any documentation must be legalized or attested
 **** For other freight forwarder/courier collections, 4 copies of invoice, stamped and signed to be sent with goods (along with delivery note) Never put original attested invoices or certs of origin with goods – send by courier

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Final Audit Report

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