

Tuff Torq Corporation  
Security Export Control Operations Standards

Tuff Torq Corporation – Corporate Policy of Export Control:

In alignment with Yanmar Co., Ltd., the Tuff Torq Corporation will insure that the buyer of products or services built and sold by the Tuff Torq Corporation agrees not to export directly or indirectly acquired by it pursuant to this agreement to any destination or person if such disclosure or export is prohibited by the laws and regulations of the United States of America, Office of Foreign Asset Control, principally and / or Yanmar Co., Ltd., secondarily. This statement will survive the termination of any agreement with a buyer of Tuff Torq Corporation products or services.

**Chapter 1: General rules**

-Purpose-

Article 1: The Tuff Torq Corporation Security Export Control Operations Standards (hereinafter referred to as the “Standards”) stipulate necessary matters to enforce Yanmar Co. Ltd.’s (hereinafter referred to as “Yanmar”) Security Export Control Regulations (hereinafter referred to as the “Yanmar Japan Export Control Regulations”) at Tuff Torq Corporation (hereinafter referred to as the “Company”), with the purpose of lawfully and appropriately managing controlled goods, etc. for security export control operations (export and sale of the Company’s products) and security import control operations (import and sale of foreign products) and other goods and technologies (including programs; the same applies hereinafter) and smoothly carrying out operations of security export and import control (hereinafter referred to as “export and import control”).

-Scope of Application-

Article 2: The content of the Standards shall be applied to this Company.

-Definitions of Terms-

Article 3: The definitions of the terms used in the Standards are as follows.

The Company’s governing Statutes relating to Security Export Control respect the principles of the four multilateral security control regimes (NSG, MTCR, AG, and WA) and aim to prevent proliferation of weapons of mass destruction and excessive accumulation of conventional weapons and to protect the Yanmar and Tuff Torq brand.

- (2) The term “export, etc.” means export of goods (including domestic transactions for the purpose of export) and provision of technologies, with or without charge.
- (3) The term “intermediary transactions” means transactions relating to the purchase and sale, borrowing and lending, or donation of goods that move between foreign countries.
- (4) The term “intermediary transactions of technologies” means provision in a foreign country of technologies obtained in the foreign country by a resident without bringing such technologies to his/her own country or provision of such technologies to a non-resident of the foreign country.
- (5) The term “intermediary trade transactions, etc.” means intermediary trade transactions and intermediary transactions of technologies.
- (6) The term “goods, etc.” means goods and technologies.
- (7) The term “controlled goods, etc.” means goods and technologies whose export or import is controlled under the Statutes from the viewpoint of maintaining global peace and safety. “List control” is control that specifies goods, etc. that require permission depending on their categories or specifications. “Catch-all control” is control that specifies goods, etc. that require permission depending on their consumers or their intended use. Almost all goods, etc. that are not subject to list control are subject to catch-all control. There are two types of catch-all control: catch-all control on weapons of mass destruction and catch-all control on conventional weapons (arms).
- (8) The term “weapons of mass destruction, etc.” means nuclear weapons, military chemical warfare agents, and bacterial agents, machines to drop these weapons and agents, or rockets or unmanned aircraft capable of conveying these weapons and agents.
- (9) The term “development, etc. of weapons of mass destruction, etc.” means development, production, use, or storage of weapons of mass destruction, etc.
- (10) The term “conventional weapons” means goods equivalent to weapons other than weapons of mass destruction, etc. (the definition of the term “weapons” shall conform to the laws and regulations of the home country and Japan).
- (11) The term “development, etc. of conventional weapons” means development, production, or use of conventional weapons.
- (12) The terms “Yanmar”, “Yanmar Co., Ltd.” “Yanmar Holdings Co., Ltd.” are inclusive of any business unit company of Yanmar in Japan.

## **Chapter 2: Establishment of the Standards and Framework**

### **-Establishment of the Standards-**

Article 4: To certainly and strictly comply with and execute the Statutes, the Company has established the Tuff Torq Corporation Security Export Control Operations Standards (the Standards) in accordance with the Yanmar Japan Export Control Regulations and Yanmar's Security Export Control Operations Standards, based on the Statutes.

(2) A copy of the Standards, once officially adopted, shall be submitted to the Trade Control Dept., Yanmar Japan. Moreover, a copy of the Standards shall be submitted each time the content of the Standards is revised.

### **-Establishment of Operational Procedures-**

Article 5: To safely export and import goods, etc., the Company shall establish operational procedures and keep related parties fully informed about the procedures.

(2) The operational procedures shall be revised on an as-needed basis, and they shall be timely revised also at the time of revision of the Statutes, etc.

### **-Framework of the Export Control Committee-**

Article 6: To appropriately and smoothly carry out operations related to export and import control, the President, or his designee shall be the Principal Party in Charge of Export Control.

(2) The Principal Party in Charge of Export Control shall establish necessary and optimum frameworks, including the Export Control Committee, and shall supervise the operation of such frameworks.

(3) The Principal Party in Charge of Export Control, may appoint an Export Controller in order to ensure strict observance of the Standards. The Export Controller shall assist the Principal Party in Charge of Export Control and shall manage operation and compliance matters under the direction and supervision of the Principal Party in Charge of Export Control. Meanwhile, the Controller may, at any time, suspend the Company's export and import operations that are likely to violate laws and regulations, etc.

(4) The Export Control Committee and Controller of Export Control shall be established as a function to manage, run, and promote overall operations of export and import control.

(5) The above framework shall be described in the operational procedures, and a report shall be provided to the Trade Control Department, Yanmar Co., Ltd., every time a committee member is changed.

### **-Operation of the Export Control Committee-**

Article 7: The Export Control Committee shall comprise of the Principal Party in Charge of Export Control, Export Controller, a CSR representative, if not already named, and, as necessary, members of related functional departments. A regular committee meeting shall be held at least twice a year. If the Principal Party in Charge of Export Control deems it necessary, a meeting of the Export Control Committee shall be convened, and all resolutions shall require unanimous approval in principle. However, if it is difficult to obtain unanimous approval, a decision made by the President/PPCEC may be regarded as a decision of the Export Control Committee.

(2) The CSR representative or the supervisor of that function shall Chair the Export Control Committee.

(3) The Principal Party in Charge of Export Control, may delegate some of the authority of the Principal Party in Charge of Export Control to the Committee Chairman and the Export Controller.

(4) The Export Control Committee may hold a meeting within a meeting of parties responsible at the department concerned and within a meeting of other related committees on an as-needed basis.

-Matters to be discussed at meetings of the Export Control Committee-

Article 8: The Export Control Committee shall be an organization to deliberate or report on the Company's basic matters relating to export and import control. The Principal Party in Charge of Export Control shall, without fail, submit the following matters to the Export Control Committee, and then the designated responsible parties shall decide how to deal with the matters.

1. Deliberation on matters relating to revision or abolition of the Standards.

2. Deliberation on matters relating to operation of the Standards.

3. Deliberation on matters that have been requested by the Principal Party in Charge, or the Export Controller, to be discussed at a meeting of the Export Control Committee due to doubts in performing duties and other reasons.

4. Reporting on matters that need to be thoroughly known by all departments, including instruction, contact, request, etc. from the Export Control representative of the related departments and /or the Export Controller.

5. Reporting on matters relating to the status of judgment on applicability, the handling of controlled goods, etc., the status of decision making by the Export Controller.

6. Deliberation on any doubt regarding countries of destination, controlled goods, end customers, final use, or other transaction details.

7. Deliberation or reporting on important matters in relation to implementation of other operations of export and import control.

### **Chapter 3: Controlled/Non-Controlled Judgment**

-Judgment on applicability of goods and technologies-

Article 9: Before carrying out export, etc. of goods, etc., Controlled/non-Controlled Judgment of the goods, etc. shall be judged (determination of whether they are controlled, not controlled, or exempted) in accordance with Controlled/non-controlled Judgment Procedures (OSA001).

1. Goods made in Japan: The related department, Yanmar, or related business unit shall be asked to judge Controlled/non-Controlled of goods made in Japan.

2. Goods made in the U.S. and other countries except Japan: The Tuff Torq Corporation shall be asked to judge Controlled/non-Controlled of goods made in the U.S. However, the Tuff Torq Corporation shall confirm the Export Control Classification Number (ECCN) with suppliers.

(2) Controlled/non-Controlled of goods, etc. shall be judged in accordance with Controlled/non-Controlled Judgment Procedures, which are established separately. In principle, Controlled/non-Controlled of goods, etc. shall be judged using a double-check method by two persons.

Controlled/non-Controlled of goods and technologies purchased from other companies shall be, in principle, judged based on the judgment of the manufacturers, etc. However, the Company shall, without fail, reconfirm the judgment of manufacturers, and if there is any doubt about the judgment of manufacturers, the Company shall not designate the judgment as a final judgment.

(3) Documents that describe the functions, performance, etc. of goods, etc. based on the specifications of laws and regulations shall be used as a basis for judging Controlled/non-Controlled of the goods, etc. If necessary, such documents shall be attached to the controlled/non-controlled judgment sheet.

(4) The product name, model code and item number, judgment results, grounds for judgment, drafting date, etc. shall be described and summarized in the controlled/non-controlled judgment sheet.

(5) As to goods and technologies whose applicability can be judged based on the same grounds and reasons, judgment may be made collectively.

(6) If there are changes to laws and regulations, etc., the Principal Party in Charge of Export Control or designee shall clarify details such as the date of implementation of the changes and shall instruct the judges to revise the judgment on goods, etc. that are covered by the changes. The judges shall revise the judgment on the goods, etc. based on the above Paragraphs (1) to (5).

(7) The details of the judgment made in accordance with the above provisions shall be summarized in lists of model codes and item numbers for controlled/non-controlled judgment (tabulated computer data will suffice) and shall be distributed to related parties or be made available for related parties to read.

## **Chapter 4: Transaction judgment for export, etc.**

### **-Basics of transaction judgment-**

Article 10: Before making a decision on export, etc., including indirect export, etc., and intermediary trade transactions, etc., the functional departments for export shall inspect the basic requirements for export, etc. and intermediary trade transactions, etc., including places of final destination, end consumers, and final use, and shall ensure that export, etc. are in compliance with the purposes of security export and import control and are carried out lawfully. The functional departments shall investigate and confirm the following matters for individual transactions and shall inspect and judge whether export, etc. are prohibited, whether export, etc. require the judgment of the Trade Control Dept., Yanmar Japan, whether export, etc. require the judgment of the Principal Party in Charge of Export Control, or whether export require application for permission. Meanwhile, the criteria for transaction judgment shall comply with Transaction Judgment Procedures (OSA002).

1. Results of transaction judgment on whether requested goods, etc. are controlled goods, etc.
2. Places (countries) of final destination and transit points.
3. Results of investigation on customers who are end consumers.
4. Intended use or purpose of goods, etc.
5. Confirmation of whether transaction conditions are normal.

Meanwhile, if signs of abnormality are found, the transaction judgment shall be revised.

(2) The following shows who shall be responsible for managing the transaction judgment.

1. Imported goods from Yanmar or business unit company of Yanmar in Japan.

Yanmar in Japan shall be responsible for the transaction judgment, and the Company shall provide transaction information.

2. Goods other than imported goods from Yanmar or business unit company of Yanmar in Japan.

The Company shall be responsible for the transaction judgment, and the related department shall provide support.

### **-Inspection and Investigation of Customers-**

Article 11: In principle, the Company shall be responsible for inspecting and investigating customers, excluding cases where the Yanmar Group's overseas affiliates are customers. However, the Company may omit the inspection and investigation of overseas agents that have been already inspected and investigated by Yanmar.

(2) Before starting transactions with new customers, the Company shall investigate the following matters in relation to the customers, prepare a written approval memo for the transactions, and inspect and decide whether the transactions are possible or not.

1. Location, confirmation of existence.

2. Capital, managers.

3. Description of business.

4. Controlled or non-controlled to requirements as consumers in relation to catch-all control.

5. Transaction details and conditions.

6. Controlled or non-controlled regarding suspicious customers (including the Foreign End User List (a list of companies, etc. that need to be handled with caution in carrying out transactions, which has been disclosed to the public by Japan's Ministry of Economy, Trade and Industry)).

7. Investigation, etc. of information of concern in case it is judged to be necessary to perform further investigation.

(3) As to customers with which transactions are conducted continuously, the Company shall, in principle, re-inspect the customers and decide whether the transactions are possible or not on a regular basis (once a year) in accordance with the provisions of the previous paragraph regarding the inspection and investigation of new customers. Meanwhile, if information that suggests that it is necessary to re-inspect existing customers is obtained, the customers shall be re-inspected and re-investigated immediately.

-Inspection and confirmation of the intended use of goods-

Article 12: The intended use of requested goods, etc. shall be confirmed by using inquiry letters exchanged with customers, messages, minutes, etc. or by making inquiries, etc., as necessary. In addition to this, as to controlled goods, etc., the final use shall be confirmed based on consistency with the specifications of the goods, etc., locations of installation, locations of use, etc.

(2) It shall be especially inspected and confirmed whether or not the use of goods, etc. is related to the development, etc. of weapons of mass destruction, etc. or the development, etc. of conventional weapons by using documents, etc. obtained in relation to export of the goods or provision of the technologies.

(3) In the case of export, etc. whose places of destination or transit points are Restricted countries (refer to Article 14), export, etc. that require application for individual permission, or export, etc. of goods, etc. subject to list control that do not require application for individual permission, if the information obtained does not clarify the intended use, the End-Use Statement (OSB003) shall be obtained from the customers, in principle.

(4) The intended use of customized goods, etc., which require special specifications based on users' designs, shall be jointly confirmed in cooperation with the departments in charge of marketing on an as-needed basis.

-Response to Suspicious Transactions-

Article 13: When export, etc., including indirect export, etc., and intermediary trade transactions, etc., that violate or are likely to violate the Statutes or the Standards are discovered, reports shall be immediately provided to the Principal Party in Charge of Export Control.

(2) After receiving the reports described in the previous paragraph, the Principal Party in Charge of Export Control shall immediately judge whether or not the transactions are possible in accordance with the criteria for judgment for transaction judgments.

-Classification of Countries and Regions-

Article 14: To carry out appropriate export control by considering global trends, countries and regions shall be classified as follows. Transaction Judgment Procedures (OSA002) shall include the detailed designation of countries and regions.

1. Restricted countries: Countries and regions for which strict regulations are necessary in terms of export control.
2. Embargoed countries: Countries and regions to which weapons exports are banned by OFAC, U.N. resolutions, and countries and regions for which the Trade Control Dept., Yanmar Japan, requires carrying out careful investigation.
3. Other countries: Countries and regions other than those stated in Items 1 and 2 of this article.

-Prohibition of Export, etc.-

Article 15: As to export, etc., including indirect export, etc., and intermediary trade transactions, etc., the following activities stated in Items 1 to 4 of this article shall be prohibited. However, it might be allowed to carry out export, etc. by acquiring designated permission or approval from the government if such activities are recognized not to interfere with the maintenance of global peace and safety. In addition, it might be allowed to carry out export, etc. without acquiring permission or approval from the government, depending on countries and regions, details of list control, consumers, or intended use, or combination of the above. The Export Control Committee shall inspect and approve the procedures related to the export, etc. in advance.

1. Export whose places of destination or transit points are restricted countries is prohibited.

2. Export for customers of concern.

Customers of concern are customers on the Foreign End User List by Japan METI, customers who have been reported to be in violation of the U.S. Export Administration Act by the U.S. government (the Denied Persons List), customers who are required to apply for export permission from the U.S. government due to concerns about proliferation of weapons of mass destruction, etc. (the Entity List), customers on each country's list of customers of concern, and other customers designated individually by the Trade Control Dept., Yanmar Japan.

3. Export for development, production, use, or storage of weapons of mass destruction.

4. Export for development, production, or use of conventional weapons.

However, as to export for cleared countries for military purposes, it shall be allowed to proceed with export that are inspected and approved by the Trade Control Dept., Yanmar Japan.

-Export that require judgment of the Trade Control Dept., Yanmar Japan, through the Related BU, which in the Component BU is the Kanzaki Kokyukoki Manufacturing Co., Ltd.

Article 16: The details of export, etc. and intermediary trade transaction that shall require final judgment of the Trade Control Dept., Yanmar Japan, through the Export Controller in advance are stated in Items 1 and 2 of this article.

1. Export of goods, etc. subject to list control (including goods made in Japan, goods made in the U.S., and goods made in other countries).
2. Cases where consumers are each country's military establishments and police organizations (including unarmed organizations).

Article 17: The details of export, etc. and intermediary trade transactions, etc. that shall require final judgment Principal Party in Charge of Export Control in advance are stated in Items 1 to 3 of this article.

1. Cases where embargoed countries are places of destination.
2. Cases where consumers are each country's government institutions and local governments.
3. Cases where the intended final use of goods is unclear for reasons such as that the purpose is to provide sales stock.

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*Article 17: Handling of cases where the intended final use is unclear*  
*Only goods for civilian use may be exported to overseas sales companies and agents for the purpose of providing sales stock. In cases where Article 15 (Prohibition of export, etc.) or Article 16 (Export, etc. that require judgment of the Trade Control Dept., Yanmar Japan, through the related department) is controlled, responses shall be made under the direction and support of the related department.*

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-Judgment on the possibility of export, based on consumers and intended use-

Article 18: The provisions of Articles 14 to 17 based on judgment on applicability of goods and technologies, countries and regions, consumers, and intended use shall be included in Transaction Judgment Procedures (OSA002).

-Decision by the Principal Party in Charge of Export Control-

Article 19: The details and operation of export, etc. that shall require decisions by the Principal Party in Charge of Export Control are stated in Items 1 to 3 of this article.

1. Cases where Article 15 (Prohibition of export, etc.) is controlled, but there is a possibility of carrying out export and a request is made to the Trade Control Dept., Yanmar Japan, to conduct final inspection.

2. Cases where Article 16 (Export, etc. that require judgment of the Trade Control Dept., Yanmar Japan, through the related department is controlled, and a request is made to the Trade Control Dept., Yanmar Japan, to conduct final inspection.

3. Cases where Article 17 (Export, etc. that require judgment of the related department) is controlled, and a request is made to the related department to conduct final inspection.

(2) As to a transaction whose place of destination, goods, etc., customers, and intended use are all the same as those of an existing transaction, a single collective decision within a period of one year shall suffice, in principle. However, if signs of abnormality are found, the transaction shall be revised immediately.

(3) A form designated by the Trade Control Dept., Yanmar Japan, shall be used for the Customer/Transaction Review Sheet, and the following materials shall be referred to.

1. The End-Use Statement (OSB003) from consumers in cases where it is necessary to obtain the statement (Refer to Article 12 Paragraph (3)).

2. Transaction Judgment Template (OSB002).

3. The End Use and End User Check List (in cases where there are not sufficient items necessary to make decisions).

Yanmar's End Use and End User Check List or a template that satisfies regulations set by the government of each country.

(Example) “Red Flags” in the case of the U.S.

4. Documents necessary to apply for permission (in cases where it is necessary to apply for individual permission).

5. Other evidence that is necessary and useful to make decisions.

-Inspection on indirect export-

Article 20: In the case of indirect export in which domestic client companies carry out export, etc. of the Company’s goods, etc., the Company’s marketing departments shall confirm the places of final destination, transit points, end consumers, and final use in order to prevent the goods, etc. from being diverted for development, etc. of weapons of mass destruction, etc. or development, etc. of conventional weapons.

(2) To thoroughly implement the control described in the previous paragraph, the marketing departments shall keep domestic client companies thoroughly informed about the policy and intent of Yanmar’s export control and acquire written contracts, confirmations, etc. for compliance pledges, in principle.

-Inspection on intermediary trade transactions, etc.-

Article 21: When carrying out intermediary trade transactions, etc., the procedures stipulated in Article 10 (Basics of transaction judgment), Article 11 (Inspection and investigation of customers), and Article 12 (Inspection and confirmation of the intended use of goods) shall be conducted at levels similar to carrying out export, etc. from Japan. Depending on the details of inspection, it shall be decided whether or not the transactions are possible in accordance with the provisions of Article 15 (Prohibition of export, etc.), Article 16 (Export, etc. that require judgment of the Trade Control Dept., Yanmar Japan, through the related department), and Article 17 (Export, etc. that require judgment of the related department). At the same time, if necessary, the procedures stipulated in Article 19 (Decision by the Principal Party in Charge of Export Control) shall be carried out.

-Export, etc. in compliance with instructions from the competent authorities-

Article 22: As to export, etc. of controlled goods, etc. and intermediary trade transactions, etc., if notifications regarding export, etc. on an individual basis are received from the competent authorities of the government of the United States, their instructions shall be complied with.

-Cancellation of transactions-

Article 23: If the results of inspection on the intended use of goods, etc. show problems, the transactions shall be cancelled immediately. If the results of inspection on consumers show problems, contact shall be swiftly made with the Principal Party in Charge of Export Control to ask for its directions.

**Chapter 5:** Transaction inspection at the time of sale of imported goods, etc. (in the case of import and sale of goods, etc. made by Yanmar Japan)

-Judgment on the possibility of sale, based on consumers and intended use-

Article 24: In principle, the Related BUs in Japan shall be responsible for carrying out transaction inspection in the case of import and sale of goods, etc. made by Yanmar Japan. If requested by the Related BUs in Japan, the Company shall provide cooperation by collecting and supplying information.

(2) Information on the intended use, etc. of goods, etc. that are traded shall be obtained from customers in order to inspect and confirm that the goods, etc. are not used for military purposes for weapons of mass destruction, etc. or conventional weapons.

(3) If consumers are on the list of suspicious customers, it shall be decided not to sell to the consumers, or consultation shall be held with Yanmar or related business unit company.

(4) If the Company is notified by suppliers that the goods, etc. traded are goods, etc. that are subject to list control, with conditions requiring permission from the government of the exporting country, the Company shall, at the time of sale, notify customers that it is necessary to comply with such conditions and shall ask for proper control.

**Chapter 6:** Shipment control

-Prevention of inconsistency between goods, etc. and documents-

Article 25: The exporting (shipping) departments, etc. shall confirm that the goods, etc. that are actually exported (shipped) are consistent with the goods, etc. stated in documents. As to goods, etc. that are subject to list control, before starting export procedures, the departments, etc. shall confirm whether or not export permits have been obtained.

(2) To accurately carry out the confirmation procedures described in the previous paragraph, the Company shall create a system to ensure that there is no inconsistency between the goods, etc. that are actually exported (shipped), their item numbers and quantity, etc. and the goods, etc. that are stated in documents necessary for export procedures, their item numbers and quantity, etc. At the same time, as to controlled goods, etc., the Company shall create a system that enables to carry out procedures for export, etc. after confirming whether or not export permits have been obtained.

(3) To concretely comply with the systems described in the previous paragraph without fail, the Company shall establish procedures and keep related parties thoroughly informed about them.

-Compliance with export permit conditions-

Article 26: If conditions are attached to export permits (which are issued by the competent authorities of the government), the Principal Party in Charge of Export Control shall concretely establish a control method to fully comply with the export permit conditions and a method to monitor this control method and shall keep related parties thoroughly informed about these methods.

-Cancellation of suspicious transactions-

Article 27: Export, etc. and intermediary trade transactions, etc. that fall under the cases described in Items 1 to 3 of this article shall be cancelled immediately, and then reports shall be provided to the Controller of Export Control. As to cancellation, modification, or other treatment of the transactions, instructions from the Controller of Export Control shall be followed.

1. Cases where the competent authorities of the government have notified (informed) that it is necessary to apply for permission.
2. Cases where it has been found that controlled goods, etc. are to be used for activities related to development, etc. of weapons of mass destruction, etc. and development, etc. of nuclear materials and nuclear reactors and for development, etc. of conventional weapons.
3. Other cases where transactions or facts that are suspected to violate the Statutes have been found.

**Chapter 7: Control of imported facilities, etc. that are subject to laws and regulations**

-Scope of application of control-

Article 28: Control shall be applied to facilities and machines that have been imported to be used by the Company, that are subject to the exporting country's laws and regulations, and that require control. The details shall be stated in the Procedures for Control Procedures for Controlled Production and Inspection Equipment of Overseas Subsidiaries (OSA003), which have been created by the Trade Control Dept., Yanmar Japan.

-Control and notification of controlled facilities-

Article 29: If the Company is notified by suppliers that the facilities and machines are goods with conditions that are subject to laws and regulations (goods, etc. that are subject to list control), for

which written pledges, etc. have been submitted to the government of the exporting country or suppliers, etc. (in such cases, the Company shall comply with conditions stated in written pledges, permits, etc. relating to re-transfer, resale, re-export, or disposal, etc. (hereinafter referred to as “re-export, etc.”) of the facilities and machines), the related departments shall fill out Controlled Equipment, etc. Management Ledger – Record (Other) 3 (OSR002) (hereinafter referred to as the “Management Ledger”), which is designated by the Trade Control Dept., Yanmar Japan, and shall manage the actual facilities and machines.

-Confirmation of actual facilities and machines on a regular basis-

Article 30: Reserved

-Prior approval for re-export, etc.-

Article 31: When carrying out re-export, etc. of facilities and machines that are registered in the Management Ledger and for which written pledges, etc. related to security have been submitted to suppliers, the Controller of Export Control shall obtain prior written approval from suppliers and the Export Controller.

(2) If facilities and machines are disposed of after obtaining prior approval, reports attached with photos and other evidence shall be submitted to the Controller of Export Control.

## **Chapter 8: Compliance with the U.S. Export Administration Regulations (EAR)**

-Export Administration Regulations and acquisition of permit from the government-

Article 32: When the Company acquires and re-exports goods, etc. produced in the U.S., the Company shall comply with the Export Administration Regulations (EAR).

(2) In cases where goods, etc. are subject to the EAR and it is necessary to obtain permit from the U.S. government, it shall not be allowed to carry out export, etc. unless permit is obtained.

(3) When judging whether or not it is necessary to obtain permit, the Company shall consult with the Controller of Export Control and follow its instructions.

## **Chapter 9: Audit**

-Audit-

Article 33: The Principal Party in Charge of Export Control shall voluntarily audit the status of compliance with laws and regulations, etc. related to controlled goods, etc., in-house policies and systems, etc. at least once a year and shall point out matters that need to be improved, together with audit evaluations, provide instructions for improvement, receive improvement reports.

(2) The Principal Party in Charge of Export Control shall carry out voluntary audits effectively and strictly by using the evaluation standards for export and import control that are separately established by Yanmar or related business unit company.

(3) If requested by the Export Controller, the Principal Party in Charge of Export Control shall accept audits by the Controller of Export Control.

## **Chapter 10: Education**

-Establishment of education and training systems-

Article 34: The Principal Party in Charge of Export Control shall establish systems necessary for education and training (for each rank, function, etc.) in order to ensure to strictly enforce the Standards and shall endeavor to implement such systems.

-Recording and reporting-

Article 35: The Principal Party in Charge of Export Control shall ensure to preserve records of the implementation of education and training activities and shall report the actual results of education and training to the appropriate parties at least once a year.

## **Chapter 11: Control of information materials**

-Control of information materials-

Article 36: Facts shall be accurately described or recorded in all export-related documents, etc.

(2) It shall be clarified which departments are responsible for preserving documents related to controlled goods, etc. (including recording media; the same applies hereinafter) and documents related to the control of controlled goods, etc., and such documents shall be preserved for at least seven years. (The detailed provisions are provided in the next paragraph.) The commencement date of the preservation period shall be the date of export of goods or the date of provision of technologies or the contract date of intermediary trade transactions or the date of intermediary transactions of technologies.

(3) The related documents that are preserved shall be the following documents and their related documents, and the originals of the documents shall be preserved, in principle. Meanwhile, the related documents stated in Item 1 of this paragraph shall be basically preserved for at least 10 years.

1. The Standards, organization charts, notifications from the Principal Part in Charge of Export Control, operational procedures, written procedures, templates, operational manuals, and other documents related to codes of conduct.

2. Contracts, order forms, delivery slips, invoices, requests for final decision on transactions, letter of confirmation, and other documents related to transactions.
  3. Applications or permits for permission for export or transactions of technologies (services) and other documents related to export procedures.
  4. Controlled/non-controlled judgment sheets for goods and technologies, information materials used to make judgment, lists of goods and technologies registered with public agencies, etc., and other documents related to goods and technologies.
  5. Minutes of meetings of the Export Control Committee, reports provided to the Controller of Export Control, audit reports, educational materials, and other documents related to promotion of countermeasures and efforts.
  6. Documents for individual projects and other documents related to the control of controlled goods, etc.
- (4) As to the related documents stated in the previous paragraph and their related documents, if the Principal Party in Charge of Export Control judges that it is meaningful and effective to preserve some documents for a period longer than the period stated in the previous paragraph, the Principal Party in Charge of Export Control may describe in the Standards, etc. the period that is different from the period stated in the previous paragraph in order to keep everyone in-house informed about the period.
- (5) In cases where production and testing facilities, etc. are imported by obtaining permission from the government of a foreign country by submitting written pledges, related documents shall be controlled and preserved for an indefinite period until it becomes unnecessary to control the documents due to re-export, resale, disposal, or reshipment, etc. of the goods, etc. imported.

## **Chapter 12: Reporting and prevention of recurrence**

-System of reporting accidents, etc.-

Article 37: Persons who have recognized occurrence of accidents, etc. in relation to export, etc. shall immediately report to the Principal Party in Charge of Export Control through the responsible parties of the department that they belong to. Then the Principal Party in Charge of Export Control without delay, depending on the importance of the details of the accidents, etc.

(2) In cases where it has been found that controlled goods, etc. are to be used for activities related to development, etc. of weapons of mass destruction, etc. and development, etc. of nuclear materials and nuclear reactors and for development, etc. of conventional weapons, reports shall be immediately provided to the Controller of Export Control. If necessary, reports shall be also provided to the related authorities of the United States.

(3) Based on reports provided, the Export Controller shall carry out investigation and provide instructions or recommendations for swift and appropriate countermeasures.

-Department in charge of the Standards-

Article 38: The Principal Party in Charge of Export Control shall be in charge of the Standards.

-Revision or elimination-

Article 39: The Principal Party in Charge of Export Control shall collaborate with Trade Control, YCL, on any revision or elimination of any of the Standards, and the Tuff Torq President shall make a final decision.

-Date of enforcement-

Article 40: The Standards shall be adopted by November 12, 2015.

(Dates of revision)

09/29/2017