

## EXPORT CONTROL CONDITIONS for suppliers

### I. General information

In foreign trade, the principle of the free movement of goods applies at the national, European as well as the international level.

Certain goods, especially weapons of all kinds, armaments, defense-related goods, and dual-use goods<sup>1</sup>, are excluded from this principle with regard to national and international export control regulations.

According to which, export controls must ensure that the supply of goods, software, data processing programs, technologies, or services (hereinafter referred to as the “goods”) to other countries does not endanger national security or the peaceful coexistence of nations and ensures protection against terrorist activities.

Apart from national legislation (in particular, the Austrian Foreign Trade Act and the Austrian First Foreign Trade Regulations) and EU legislation (in particular, the Dual-Use Regulation, the Embargo Regulation and the Anti-Torture Regulation), the following agreements and regulations are of particular importance:

#### International agreements

- The Wassenaar Arrangement
- The Missile Technology Control Regime

#### US export control regulations

- OFAC – The Office of Foreign Assets Control Regulations
- ITAR – International Traffic in Arms Regulations
- EAR – The Export Administration Regulations

#### UN regulations

- UN and OSCE embargo resolutions as primary and secondary sources of law

KTM AG is committed to fully complying with these provisions and regulations and therefore requires all its suppliers to comply with them as well.

<sup>1</sup> According to Section 1 (1) (5) of the Austrian Foreign Trade Act, **dual-use goods** are goods that can be used for both civil and military purposes, including all goods that can be used for both non-explosive purposes and for any form of assistance in the manufacture of nuclear weapons or other nuclear explosive devices. This also includes goods that are:

1. Intended or likely to be used, in whole or in part, in connection with (inter alia) the development, manufacture, or distribution of chemical, biological, or nuclear weapons, or
2. Destined for a country of final destination against which an arms embargo has been imposed, and such goods are or may be intended, in whole or in part, for a military end-use, or
3. Intended or may be intended, in whole or in part, for use as components of defense-related goods.

#### Military end-use means:

1. Incorporation into defense-related goods, or
2. The use of manufacturing, test, or analytical equipment and the components thereof for the development, manufacture, or maintenance of defense-related goods, or
3. The use of unfinished products in a facility for the manufacture of defense-related goods.

## II. Verification by KTM AG

International transactions with trading partners located in the EU as well as in non-member countries may be subject to authorization if sanctioned/listed goods are involved. Accordingly, before the conclusion of a transaction, verification of the supplier's compliance with the export control regulations and provisions will be carried out. In particular in the case of identified red flags, KTM AG will check the corporate equity holding structure, the executive managers or owners and their other equity holdings. In this regard, the supplier shall provide extracts from the company register, identity documents, and other documents and records to KTM AG, on request, in order to be able to verify compliance with the legislation.

A binding business relationship shall only be entered into by KTM AG after an export control compliance review has been carried out on the basis of legal risk profiles.

## III. Obligations of the supplier

The supplier shall comply with the applicable requirements of national and international export, customs, and foreign trade laws for all goods to be delivered and, if necessary, procure the required export permits.

The supplier shall immediately inform KTM AG in writing if the goods to be delivered are:

- Subject to possible export restrictions, such as an authorization requirement in accordance with EU Regulation No. 2021/821 (Dual-Use Regulation) or any subsequent regulations applicable in terms of content
- Subject to US export control regulations (ITAR, OFAC, EAR)
- Subject to other restrictions on export or re-export from the European Union
- Listed in one of the annexes of the EU Embargo Regulations, or
- Subject to other restrictions under national, EU, or US export control laws.

The supplier shall immediately inform KTM AG of any changes to the approval requirements of the goods (revaluation) due to technical or legal changes as well as any official findings.

In any event, KTM AG must be informed of the classification (e.g., export list number / ECCN, ITAR, OFAC, EAR) in writing.

In addition, the supplier shall inform KTM AG of the country of origin (non-preferential origin) as early as possible and, at the request of KTM AG, provide the supplier declarations of preferential origin (in the case of European suppliers) or preference certificates (in the case of non-European suppliers).



KTM AG  
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 Version 10/2021

**IV. Sanctions in the event of a violation of the export control conditions or the provisions of the export control laws**

If the supplier violates these export control conditions or the provisions of the export control laws in any way, KTM AG shall be entitled – in addition to any claims for damages – to declare the business relationship with the supplier as terminated with immediate effect. In the event of violations of these provisions, KTM AG shall in all cases be indemnified and held harmless.

At the request of KTM AG, the supplier shall immediately submit any relevant certificates and documents that may serve to clarify the circumstances in the event of an official or judicial prosecution of KTM AG, or its affiliated companies, on the basis of a violation of these export control conditions or the provisions of the export control laws.

In the event that the supplier is placed on a UN, EU, or US sanctions list, KTM AG shall be entitled to terminate all business relations and transactions with immediate effect.

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 Place, date

.....  
 Signature of the supplier

.....  
 Name of the supplier

.....  
 Company stamp

.....  
 Name and function of the signatory