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SD-EC-001: Export Compliance

1. Purpose

- 1.1. The purpose of this policy is to ensure that Supplying Demand LLC conducts its global business activities in full compliance with all applicable U.S. and international export control laws and regulations, including but not limited to the Export Administration Regulations (EAR), International Traffic in Arms Regulations (ITAR), and the Office of Foreign Assets Control (OFAC) sanctions programs.

2. Scope

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2.1. This policy applies to all business units, employees, contractors, subsidiaries, and third-party entities engaging with Supplying Demand LLC, specifically covering distribution activities as required by AS9120B. It governs the export, re-export, transfer, and sharing of tangible goods, software, technology, technical data, and services. To enforce this policy, Supplying Demand LLC implements comprehensive export controls, including mandatory training, pre-screening of parties, strict document and license tracking, regular audits, and disciplinary actions for violations. We maintain robust record-keeping, continuously monitor compliance, and regularly update our policies to reflect regulatory changes.

3. Compliance Statement

3.1. Supplying Demand LLC will adhere to the highest ethical standards and will comply with all applicable export control laws. Any employee found in violation of export control laws, or this policy will be subject to disciplinary action, up to and including termination, and may also face civil or criminal penalties. This policy ensures that Supplying Demand LLC conducts its global business activities in compliance with applicable U.S. and international export control laws, while maintaining alignment with AS9100 and AS9120B quality standards for distribution.

4. Definitions

- 4.1. Export: Any shipment, transmission, or release of goods, technology, or services to a foreign country or a foreign national, including via physical shipment, email, cloud storage, or verbal disclosure.
- 4.2. Deemed Export: The release of controlled technology or software source code to a foreign national within the United States, considered as an export to the person’s country of citizenship.
- 4.3. Re-export: The transfer or shipment of items from one foreign country to another.
- 4.4. Controlled Goods and Technology: Items subject to licensing and classification under the Commerce Control List (CCL) for EAR or the U.S. Munitions List (USML) for ITAR.

5. Roles and Responsibilities

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5.1. Export Compliance Officer (ECO)

- 5.1.1. Oversees the development, implementation, and monitoring of the Export Compliance Program.
- 5.1.2. Maintains up-to-date knowledge of relevant laws and regulations.
- 5.1.3. Provides training and guidance to employees.
- 5.1.4. Coordinates with legal counsel as needed to address complex compliance issues.
- 5.1.5. The ECO is also responsible for ensuring that all distribution activities comply with AS9120B requirements, including traceability of products and recordkeeping.

5.2. Senior Management

- 5.2.1. Supports the ECO in policy enforcement and resource allocation.
- 5.2.2. Reviews and approves compliance initiatives and corrective actions.

5.3. Employees and Contractors

- 5.3.1. Responsible for understanding and adhering to the export compliance policies.
- 5.3.2. Report any potential violations or concerns to the ECO.
- 5.3.3. Employees involved in distribution activities must understand and adhere to the quality requirements outlined in AS9120B.

5.4. Export Control Classification and Licensing

5.4.1. Export Classification Process

- 5.4.1.1. Identify whether the item or technology is subject to the EAR or ITAR.
- 5.4.1.2. Determine the appropriate Export Control Classification Number (ECCN) or USML category.
- 5.4.1.3. If the classification is unclear, seek assistance from the ECO or legal counsel.
- 5.4.1.4. Document and maintain classification records for at least five years.

5.5. Licensing Requirements

- 5.5.1. Review destination country restrictions using the EAR Commerce Country Chart.
- 5.5.2. Assess licensing requirements based on the end-user and end-use.
- 5.5.3. Apply for licenses as necessary, ensuring complete and accurate submissions to the Bureau of Industry and Security (BIS) or Directorate of Defense Trade Controls (DDTC).

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5.6. License Exceptions and Exemptions

- 5.6.1. Use license exceptions (e.g., LVS, ENC) only if permitted and approved by the ECO.
- 5.6.2. Maintain documentation justifying the use of any exception or exemption

6. Restricted Party Screening (RPS) and Due Diligence

6.1. All transactions, customers, and business partners must undergo screening against:

- 6.1.1. Denied Persons List (DPL)
- 6.1.2. Entity List
- 6.1.3. Specially Designated Nationals (SDN) List
- 6.1.4. OFAC Sanctions Programs
- 6.1.5. Unverified List (UVL)

6.2. Screening Procedures

- 6.2.1. Perform Restricted Party Screening at the time of order acceptance and before shipment.
- 6.2.2. Retain screening records for at least five years.
- 6.2.3. Immediately notify the ECO if a potential match or 'red flag' is identified.

7. End-User and End-Use Verification

7.1. End-Use Statements

- 7.1.1. Obtain end-use statements for all exports, including information on the ultimate consignee and end-user. The statement should include:
 - 7.1.1.1. Purpose of the export.
 - 7.1.1.2. Identification of the end-user and any intermediaries.
 - 7.1.1.3. Confirmation that the items will not be used for any prohibited purposes (e.g., weapons development).

7.2. Red Flags

- 7.2.1. Be vigilant for signs of possible illicit diversion or misuse, including:
- 7.2.2. Orders for excessive quantities.
- 7.2.3. Requests for delivery to a freight forwarder or unknown third party.
- 7.2.4. Vague or unusual end-use descriptions.

8. Technology Control Plan (TCP)

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- 8.1. Supplying Demand LLC will implement a Technology Control Plan to safeguard controlled technical data and technology from unauthorized access. This includes:
 - 8.1.1. Segregating controlled information.
 - 8.1.2. Restricting access based on nationality.
 - 8.1.3. Using encryption for electronic transmission. Ensure that all products can be traced back to their original manufacturers and that records are kept complying with AS9120B traceability requirements.

9. Recordkeeping and Documentation

- 9.1. Supplying Demand LLC will maintain accurate records of all export-related activities for a minimum of five years. Required documentation includes:
 - 9.1.1. Export classification and licensing determinations.
 - 9.1.2. End-use and end-user statements.
 - 9.1.3. Screening results and due diligence records.
 - 9.1.4. Shipping and transactional documents.
 - 9.1.5. Retain records of all distribution activities, including purchase orders, delivery notes, and traceability documentation, for a minimum of seven years to comply with AS9120B requirements.

10. Training and Awareness

10.1. Annual Training

- 10.1.1. All employees involved in export activities must complete annual export compliance training. New hires must receive training within 30 days of their start date.

10.2. Specialized Training

- 10.2.1. Employees in high-risk roles, such as sales, logistics, and procurement, must complete specialized training on export controls, technology transfer, and anti-boycott regulations.

10.3. AS9120B-specific training

- 10.3.1. Employees involved in distribution activities must complete specialized training on AS9120B requirements for traceability, handling, and quality assurance.

11. Reporting Violations and Concerns

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11.1. Employees are required to report any known or suspected violations of this policy to the ECO. Reporting can be done confidentially and without fear of retaliation.

11.1.1. Reporting Options:

11.1.1.1. Email: ExportCompliance@sdemandllc.com

11.1.1.2. Hotline: 1-800-COMPLIANCE.

11.1.1.3. In-Person: Company Address/Compliance Office Location

12. Corrective Actions and Internal Investigations

12.1. The ECO, in conjunction with legal counsel, will investigate all reported violations. If a violation is confirmed, Supplying Demand LLC will take corrective actions, which may include:

12.1.1. Revising internal policies and procedures.

12.1.2. Conducting additional training.

12.1.3. Implementing disciplinary measures.

13. Penalties for Non-Compliance

13.1. Non-compliance with export regulations can result in severe consequences, including:

13.1.1. Civil penalties up to \$300,000 per violation.

13.1.2. Criminal penalties, including imprisonment.

13.1.3. Loss of export privileges.

13.1.4. Reputational damage and loss of business.

14. Contact Information

14.1. For any questions or guidance regarding export compliance, please contact:

14.1.1. Export Compliance Officer: TBD

14.1.2. Phone Number: [Phone Number]

14.1.3. Email: [Email Address]

14.1.4. Office Address: [Company Office Location]

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