

Planmeca Group – Global Sanctions and Third-Party Due Diligence Policy

Introduction

Planmeca Group is committed to continuously developing corporate responsibility in its operations. Complying with sanctions, export control, anti-money laundering, and terrorist financing laws is an integral part of this mission. The purpose of this policy is to ensure that Planmeca Group conducts required third-party due diligence measures and globally complies with all applicable sanctions, export control, anti-money laundering, and terrorist financing laws in its day-to-day business activities.

This policy has been drafted because it is in the best interest of Planmeca Group to know its business partners and to comply with sanctions, export control, anti-money laundering, and terrorist financing laws. Any conduct that is against applicable sanctions, export control, anti-money laundering, and terrorist financing laws is not only illegal, but it also weakens business efficiency. Additionally, monetary penalties and reputational risks related to these infringements are significant.

Planmeca Group's management requires all Planmeca Group employees to comply with applicable sanctions, export control, anti-money laundering, and anti-terrorist financing laws in their daily work. Supervisors must ensure that the employees of Planmeca Group understand the contents of this policy and comply with it.

Planmeca Group's Head of Compliance and Corporate Responsibility and Chief Financial Officer have oversight over this policy. Head of Compliance and Corporate Responsibility and Chief Financial Officer shall have the authority and duty to report any breaches to the management. Sufficient resources shall be given to Head of Compliance and Corporate Responsibility and Chief Financial Officer to ensure that Planmeca Group complies with this policy.

Scope of the policy

Planmeca Group has adopted this policy with respect to its global operations, including all Planmeca Group companies, joint ventures, partnerships, and business segments. This policy applies to all Planmeca Group employees, including management.

Planmeca Group will reasonably endeavour to influence entities not controlled by Planmeca Group, but acting on its behalf, to implement their own sufficiently similar policies in order to mitigate the risk of violating any applicable sanctions, export control, anti-money laundering, and terrorist financing laws.

This policy should be read in conjunction with Planmeca Group's Global Code of Conduct. Each and every employee of Planmeca Group has a responsibility to comply with this policy and Planmeca Group's Global Code of Conduct.

Definitions

"Business partner" means any supplier, distributor, representative, or customer of a Planmeca Group company.

"Chief Financial Officer" means the Chief Financial Officer of Planmeca Group.

"Corruption" means the abuse of entrusted power for private gain. Activities classified as corruption may be illegal, such as bribery or fraud, or just unethical. Corrupt activities may be undertaken by private individuals, public officials, politicians, and business operators.

“Customer” means any end-user customer of Planmeca Group.

“Distributor” refers to any distributor of a Planmeca Group company.

“Employee” means the employees, officers, supervisors, and directors of a Planmeca Group company.

“Export controls” refers to laws that restrict the export of goods, software, and technology. Usually, export controls apply to so called dual-use items that can be used both for civilian and military applications.

“Government entity” refers to any governmental actor, including all levels and subdivisions of government from national to local, any representatives, employees and officials of governments, any political parties, public officials and electoral candidates, any state- or government-owned entities or corporates and their employees, and any international organisations.

“Head of Compliance and Corporate Responsibility” means the Head of Compliance and Corporate Responsibility of Planmeca Group.

“Management” refers to Planmeca Oy’s Board of Directors and Management Board.

“Money laundering” means concealing the origin of money obtained through a criminal activity so that the money appears legitimately obtained.

“Planmeca Group” refers to Planmeca Oy and all of its direct and indirect subsidiaries and all of their employees, officers, directors, and anyone acting on behalf of Planmeca Group, including third parties.

“Politically exposed person” means an individual who is or has been entrusted with a prominent public function, such as in a national or local government or in an international organisation.

“Representative” refers to anyone acting on behalf of Planmeca Group, including distributors, agents, consultants, and others aiming to secure or retain business opportunities for Planmeca Group.

“Sanctions, export control, anti-money laundering and terrorist financing laws” refer to any laws that apply to Planmeca Group in the area of sanctions, export controls and prevention of money laundering, and terrorist financing globally.

“Sanctions” mean any applicable sanctions laws such as sanctions issued by the European Union, the United States of America, the United Kingdom, and the United Nations.

“Supervisor” refers to an employee of Planmeca Group who has one or more persons reporting to them.

“Supplier” means any Planmeca Group supplier.

“Terrorist financing” refers to the direct or indirect provision or collection of funds, or attempt thereof, to commit a terrorist offence.

“Third-party due diligence” refers to all measures taken to identify any sanctions and export controls applicable to a third party, country or a transaction, and all measures taken to identify any adverse media, criminal convictions, government entities, politically exposed persons, money laundering and terrorist financing risks, or other similar risk management activities.

Compliance with sanctions and export controls provisions

Planmeca Group follows applicable national and international trade compliance requirements such as sanctions, trade embargoes, and other export controls, including any sanctions lists and programmes issued by the European Union, the United States of America, the United Kingdom, and the United Nations.

Planmeca Group prohibits all transactions with any party subject to sanctions. Planmeca Group also requires strict compliance with export controls, meaning that it must always be ensured that the export of products to a specific country is allowed.

Each individual Planmeca Group employee, as applicable, is responsible to ensure that legislation is followed in their own day-to-day duties. This includes ensuring that third-party due diligence measures required by Planmeca Group, including sanctions screenings, are conducted according to applicable onboarding procedures for our business partners.

Transactions in sanctioned countries, in which the business partners of Planmeca Group are not subject to sanctions, always requires an approval from the Head of Compliance and Corporate Responsibility.

Anti-money laundering and terrorist financing provisions

Planmeca Group follows applicable national and international laws concerning the prevention of money laundering and terrorist financing.

Planmeca Group and its employees are prohibited from conducting business with terrorists, criminals, or sanctioned parties aiming to launder money or to fund terrorism-related activities. It is always important, and a responsibility of each employee, to ensure that applicable legislation is followed in day-to-day business activities and to ensure that any funds Planmeca Group receives come from a legitimate source. This includes ensuring that third-party due diligence measures required by Planmeca Group are conducted according to applicable onboarding procedures for our business partners.

Dealing with government entities or politically exposed persons poses a heightened risk of money laundering. All employees must pay special attention to such transactions for any signs of conduct that could increase the risk of money laundering, such as corruption.

Third-party due diligence measures and screening tool

Third-party due diligence is conducted by screening Planmeca Group's business partners with a screening tool. Third-party due diligence measures are planned to ensure that Planmeca Group can reasonably confirm that its business partners are not subject to sanctions and that their business operations are reputable and conducted according to applicable sanctions, export control, anti-money laundering, and terrorist financing laws. Conducting third-party due diligence measures in an accurate and timely manner will enable Planmeca Group to detect any illegal or unethical activities in its value chain.

Planmeca Group applies a risk-based approach to conducting screenings of its business partners. Stricter measures are applied when there are increased risks, for example in cases in which Planmeca Group is operating in sanctioned countries, in countries with widespread corruption, with government entities, or with politically exposed persons.

Planmeca Group requires that all its business partners are screened against any sanctions prior to establishing a business relationship.

Besides sanctions screenings, Planmeca Group conducts anti-corruption, human rights, adverse media, government entity, politically exposed person, and other applicable screenings on a risk-based approach. From time to time, Planmeca Group may modify its screening procedures as provided by a risk-assessment.

If a potential business partner is subject to sanctions or is otherwise deemed unacceptable, such business relationship must be rejected. If an existing business partner becomes subject to sanctions or otherwise unacceptable, such existing relationship must be terminated immediately according to the terms of the agreement with the business partner, unless termination is otherwise allowed. Planmeca Group's Legal and Compliance Departments shall be consulted before informing any potential or existing business partners of the reason for the rejection or the termination of the business relationship.

Planmeca Group's Compliance Department shall issue a more detailed guideline of the screening process for employees to comply with sanctions, export control, anti-money laundering, and terrorist financing laws.

Periodic risk assessment

Planmeca Group's Head of Compliance and Corporate Responsibility shall conduct a periodic risk assessment regarding Planmeca Group's exposure to sanctions, export control, money laundering and terrorist financing risks, and compliance with this Global Sanctions and Third-Party Due Diligence Policy.

Examples for red flags regarding sanctions evasion, export control evasion, money laundering and terrorist financing

- Transaction is related to a country subject to sanctions
- Adverse media found concerning the business partner
- Any criminal background found concerning the business partner
- A transaction involves a government entity
- Intermediaries are used to conduct business
- Credit cards are used improperly by business partners
- Business partner is located in a country that has widespread corruption
- Distributor or supplier refuses to comply with Planmeca Group's Global Distributor and Supplier Code of Conduct
- Distributor or supplier lacks the facilities or staff to perform the agreed services or is otherwise new or inexperienced in the business
- Odd requests from business partners, such as modification of invoices or other official documentation
- A business partner tries to hide the identity of their beneficial ownership
- A distributor asks for commission rates significantly higher than market pricing
- Large cash payments
- Complex ownership structures in multiple jurisdictions
- Payment comes from a different company than what is listed in the agreement
- Artificial payment mechanisms, such as bank accounts in third countries.

Training and certification

Where applicable, all new Planmeca Group employees must certify that they have access to this Global Sanctions and Third-Party Due Diligence Policy, that they have received, read, and understood this policy, and that they will comply with this policy for the whole duration of their employment. Annual trainings and relevant certifications will be directed to employees working in identified risk areas.

Whistleblowing

All Planmeca Group employees are encouraged to report suspected breaches or misconduct to their supervisors. If employees do not feel comfortable doing this, they can always report the matter to a representative of the Human Resources, Legal or Compliance departments, or to any management representative. To foster a speak-up culture and to comply with applicable laws, Planmeca Group operates a whistleblowing channel, in which reports of misconduct can also be made. Each Planmeca Group employee is encouraged to report any breaches or suspected breaches they encounter, regardless of whether they concern the law, applicable regulations, our own Global Code of Conduct, or this policy.

Through the whistleblowing channel, all Planmeca Group employees and stakeholder representatives are able to report any witnessed or suspected violations confidentially and anonymously. Breaches or suspected breaches can be reported even when the reporting party is not absolutely certain of whether a breach has been committed or not. However, the reporting party must have just cause to suspect that a breach was committed.

Planmeca Group is prohibited from retaliating against the reporting party for reporting any breaches or suspected breaches. Planmeca Group is also prohibited from attempting to prevent a person from reporting information on breaches.

Planmeca Group counts on each employee to do the right thing and act in the best interests of Planmeca Group.

Further information

If you have any questions regarding this policy, or if you are unsure of the right course of action, you can always contact the Planmeca Group's Compliance Department by email at compliance@planmeca.com.

In case you wish to report a case on the whistleblowing channel, you can access the whistleblowing channel here:

<https://report.whistleb.com/en/planmeca>.

Changes to this policy

This Global Sanctions and Third-Party Due Diligence Policy is maintained by Planmeca Group's Compliance Department.

The mandatory reviewer of this policy is Planmeca Group's Head of Compliance and Corporate Responsibility.

The mandatory approver of the policy is Planmeca Group's Chief Financial Officer.

The English version of this policy has been approved. The approved version will be translated into applicable languages.

Version History

Originally published on 07.08.2023