RespectUs

CCN-D21

Executive Summary Report

Project: LuxIMPULSE - ZYBCB
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RespectUs

For internal use with the Luxembourg national space programme LuxIMPULSE

The ESA procurement contract has enabled RespectUs to deliver on 20 December 2022 the first version of its one-stop-shop digital platform on export control compliance. Version 2.0 has been released on 31 July 2023 and validated by the European Space Agency, followed by mobile applications under iOS and Android in February 2024.

RespectUs, the Luxembourg based startup, a graduate of Fit4Start (9th ed., 2020), is offering an easy-to-use tool to do product classification with regard to export control lists, customer screening, risk assessment, license determination and a lot more.

In total 7 modules, built from scratch within 24 months. A dedicated and multi-cultural team of 11 people, focused on export control and space, working from Luxembourg, with the support of the Luxembourg national space program LuxIMPULSE under an ESA contract.

Module 1 - RespectUs' Knowledge Base, the collection of export control and sanctions regulations

When exporting goods or technology, the last thing an exporter wants is to threaten national and international security by ignoring export control laws. Export control rules determine:

- the items, software and technology that are restricted for export, import, transit, technical assistance or brokering;
- the countries under embargoes;
- the organizations and individuals that are sanctioned parties, and the restrictive measures are applying to them;
- the modalities of the licensing regimes;
- the sanctions applying in case of violations;

For an exporter, to be on the safe side, the best move to reduce risks is to know the laws that apply in the country you operate from, the country you are shipping to, any transit country the goods may pass through, and any country of end-use. In some cases, export control rules may even have an extraterritorial impact, meaning that a State applies and enforces its law to matters and persons outside its borders.

RespectUs is taking all burden of spending a lot of time to keep you updated on export control legislations of the countries you are dealing with. RespectUs doing all the background work, day after day, the platform is up-to-date with the legislations that you need to apply to your daily exports.

English translations are provided, together with the official legal versions. We are displaying coordinated versions, up-to-date, with a history of the different versions (with links to the respective texts), and the date of the latest update. For technical terms, definitions and specific language, you will find a glossary.

RespectUs' Knowledge Base is a collection of export control laws and regulations:
- in official versions, and their English translation
- in coordinated versions
- updated daily
- complemented by administrative regulations, soft-law, parliamentary work, academic articles, and case-law where available
- integrating a search engine by key words, in order to allow users to search for specific articles and provisions
- provided by RespectUs' Legal and Business Analyst team, in accordance with a strong quality control process and with the help of local correspondents

- covering in a medium term up to 50 different countries worldwide, starting by the EU, Luxembourg, Germany and France that are already integrated (US to be covered mid 2023, more than 45 other countries to be covered within 2 years)
- with a free subscription for the year 2023

Module 2 - Product Classification made by RespectUs, to determine dual-use and military codes

Determining applicable legal requirements starts with classifying your product, software or technology with regard to the control lists, which are established by the national States, most often on the basis of agreements they have taken in multilateral regimes.

Dual-use classification is a strictly technical check. It is necessary to compare the technical attributes of the product to be classified with the technical description in the checked list item. If there is match, your product is a listed dual-use item. The relevant control list for European exporters is Annex I (and Annex IV) of the EU Dual-Use Regulation 2021/821. The same approach is valid for the check against military lists (in Europe, the EU Common Military List; ITAR in the US). But how to check if your product meets the criteria of "specially designed or modified" for a military use (a condition often used by control lists to include the product in the list)? Do you have a clear understanding of what this means? Do you have internal processes in place to get technical information to do this assessment? All control lists may be easy to understand on the surface, but the challenges and difficulties to implement the checks are considerable.

Product classification also requires a clear documentation of technical checks and systematic maintenance of master data.

RespectUs has opted to integrate a maximum of automation in its product classification module. We thought it to be an end-to-end process, assessing products against military, dual-use and torture goods lists. It is based on the deep experience we have gained while working with our consulting clients on classifying their products.
The platform is guiding the way, asking the relevant questions, suggesting potential codes against which to assess, offering useful information about technical terms and legal wording. But the user is having and mastering technical knowledge about the products to assess and takes responsibility with regard to a match between the product and the technical code.

In brief: An internal classification process
- based on current legislation of the jurisdiction of the user
- always considering the up-to-date control lists
- providing a path to assessment against military, dual-use and torture goods control lists
- allowing to search for customs numbers
- suggesting potential dual-use and military codes against which to assess a product, software or technology
- offering the personalised assistance of RespectUs to validate a classification made online by the user
- storing the saved classification sheets in a dashboard
- providing the user alerts in case the description of technical codes used in a classification has changed since the classification date

Module 3 - Sanctions & Embargoes, RespectUs style, to get fast answers to an interrogation about exports
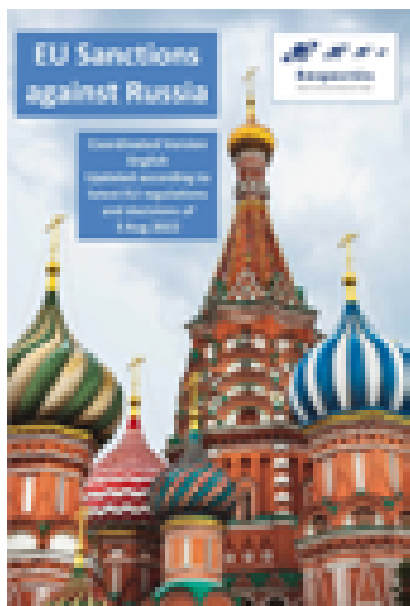
Restrictive measures or "sanctions" are an essential tool of the foreign and security policy of a large number of countries. In Europe, they are used by the EU as part of an integrated and comprehensive policy approach, involving political dialogue, complementary efforts and the use of other instruments at its disposal.

The sanctions landscape is constantly changing and evolving. The broad scope of many sanctions regimes and the deep impact on business relations with customers in targeted countries makes compliance with all applicable laws a permanent challenge for businesses engaging in international trade and investment.

RespectUs provides easy answers with legal references. RespectUs has taken a totally new approach to provide information on sanctions and embargoes.

When using module 3 of our platform, a user chooses
1. his country of establishment or shipping,
2. the destination country,
3. the product, software or technology he is handling,
4. the operation he is doing with this product (export, import, transit, technical assistance, brokering, financial assistance etc.)

As a result, the platform displays if there is a restriction on this particular transaction, and if so, what type of restriction (prohibition, license requirement etc.). The process does not take more than 2 minutes, and the downloadable report comes with a detailed explanation of the legal sources used.

In short: An innovative tool to get information about applicable sanctions and embargoes against countries, entities and people:
- in real time, in less than 2 minutes
- without reading any legal text
- in an easily understandable language
- through 4 steps, with an answer to give by the user to a very simple question
- integrating daily the changes operated by the authors of the sanctions worldwide
- providing a downloadable and storable report
- integrating within 2 years the sanctions legislations of 50 different countries worldwide, and targeting more than 25 sanctioned countries
- providing a clear answer, avoiding infringements that may result in heavy fines, reputational damage or even criminal prosecution.

Module 4 - Customer Screening, with due diligence processes and name checks

Knowing Your Customer is key, not only for banks and financial providers, but also for exporters of sensitive goods, technology and software. Everyone wants to be sure that the exported items get the end-use they were intended to have, and will not land in the hands of countries and people using it for proliferation or for sanctions circumvention.

Customer due diligence is a daily job for export control compliance staff. But they are dependent on other company departments to support them in the screening process and in the collection of relevant information.

RespectUs is putting all tools in your hand and guiding the way

In our Customer Screening module, we have integrated a customer profile template, which you can use for all of your customers and end-users. Herein, you can document due diligence you have done on your clients, store know-your-customer and visit reports. It is the one place within a company where you centralising all information you have about a particular customer. It facilitates up-to-date and complete information finding at the time when you shipping your products or transferring technology or software. Our template already offers a set of relevant questions, but you may add other questions if you want. You can access your saved profiles, and edit them again when new information comes in.

The second part of this module is a name check. This tool allows you to check natural and legal persons against sanction lists. You may set your matching levels on your own, and install goods-guys- and white lists. You may search by name, address or birthdate. The report generated by the use of the tool is indicating if the person is subject to a restrictive measure, and describes the legal references of the listing. We are innovative in displaying the exact type and scope of any restrictive measure existing against the listed person. You may store your reports on the dashboard.

In brief, a customer profile template and name check tool:
- easy to use, with full functionalities
- helping to identify customers and prospects subject to restrictive measures in sanctions legislations
- designing the way to go to reach a fully complete customer profile for your clients
- fulfilling the criteria for an efficient customer profile and name check compliance tool
- documenting all your due diligence, know-your-customer and compliance measures performed on existing and future clients and end-users.

Module 5 - End-use checks, a set of diversion and other risk indicators designed by RespectUs

While the government is doing its job to keep controlled goods out of the wrong hands, all exporters must do their part to support these efforts and facilitate successful end-use checks.

End-use check are often forgotten, but are tremendously important. End-use checks are first relying on the so-called End-Use Certificates (EUC) that the end-user or, in case the end-user is not yet known, the consignee or intermediary is filling in and signing. An end-use check implies that you verify if the company is a reliable end-user. It should go without saying that you have to screen end-users, also when they are not your direct customers. That you are able to detect a suspect transaction or a non-reliable end-user means that you have put into place a series of indicators, or red flags, that you are regularly reviewing.

RespectUs is a complete online solution to facilitate end-use(r) checks

Our End-use Checks module in the RespectUs platform is guiding you along the way. It has designed a series of red flag questions about your product, its end-use, its end-user, shipment, finance and contract conditions. You may store and download the report. Communicating the report to your export control officer or management will make sense if red flags have appeared and need to be processed in order to take the final decision about serving your customer.

It also offers different end-use certificate templates. You may invite your supplier through the platform to send you the appropriate form. You may store the EUCs in your dashboard, along with the information collected for a particular transaction and product. This makes the entire process easier and faster.

The RespectUs solution allows you to operate name checks or sanctions assessments for your product through the platform. A link with the customer profile you have already completed in the platform is established.

In short, the RespectUs End-use Checks module is:

an innovative tool to collect and process all information about the end-use of your product, technology or software,
- allowing you to prove to the authorities that you have performed all required end-use checks
- completing your internal compliance measures arsenal
- mixing questionnaires, forms, templates and name check tools
- easy to use
- responding to the guidelines of authorities worldwide about knowing your product, your customer and end-user.

Module 6 - Risk Assessment, designed by RespectUs, to determine your export control compliance risk level

Risks in export compliance are threats that can negatively affect your organization's reputation and export business, if ignored. Businesses that wish to establish an effective internal compliance program (ICP) need to be aware of the risks and dangers of various export control scenarios. It is essential that you look out for the key warning signs that can appear anywhere in the business process – from the initial offer to final delivery – and recognize the indicators of suspicious inquiries, bids, or customers.

The goal for any exporter is to identify preventable risks it may face and then build safeguards to control for these risks. Often, an internal compliance program is thought of as the frame where these safeguards are documented and implemented.

RespectUs has developed a risk assessment and matrix to address these challenges

The RespectUs solution helps you determine your organization's current performance on export controls. It is a cost-efficient solution to your export control compliance needs. It results in a risk matrix visualising strong and weaker points in your export control management. It then serves to establish or review your internal compliance program.

Various employees from different departments can be given access to the online risk assessment tool environment. Your employees will determine, in a collaborative approach, the potential level of likelihood and impact for multiple risk-based export control scenarios.

In brief, the RespectUs Risk Assessment module is
a risk assessment tool, whose outcome will be plotted in a risk matrix, reflecting an organization's performance on export control compliance, that

- leaves you with a practical, prioritized list of actions to strengthen the export compliance measures at your company
- delivers a handy risk assessment report, able to be shown to your management
- allows you to monitor your progress
- identifies and attacks vulnerabilities in your compliance efforts
- serves as a basis to determine how to manage export control risks, and for developing or improving an ICP
- shows the progress that you have made in mitigating the risks to which you are exposed.

Module 7 - License Determination, a unique and innovative way to check if a license is needed

Everyone working in export control has got this question: Do I need a license? The reply should be "yes" or "no". No "perhaps", no "it depends", no "I have to see", no "I have to ask", no "I'm not quite sure, but look at the website XYZ", no "Ask the authority ZYX".

The license requirement is part of the overall efforts to protect national and international security and fight against proliferation and the use of weapons of mass destruction. Most developed countries have a set of licensing requirements when it comes to the export of items, technology, or software, as well any subsequent re-export. Technical and financial assistance, import and transit, brokering are also export controlled when it comes to sensitive items.

To determine whether your export transaction requires a license, you must first decide which country has jurisdiction over your item or activity. You must have classified your product with regard to export control lists. What is the military or dual-use code which applies to your item? You must know your customer and end-user of your product. What is the type of activity you performing on your product? Export, import, transit, brokerage? Is training considered

as technical assistance and restricted? What about financial assistance, delivering loans and credits? To what country are you exporting? Is it a direct export, or is the product transiting through more countries?

RespectUs solution is an online tool to answer the question if a license is required for a particular transaction. Our entire platform is built on delivering a clear and certain answer to the question if a license is required. Based on legal texts, no approximation. Benefitting from the experience of our staff in export control. Built on a tool we developed for more than 2 years. Up-to-date every day, and considering the currently applicable export control laws of all the countries participating in your transaction.

If there are technical words in the question, we provide further information on what they mean. The same for the answers, as we provide additional guidance on what the different options are consisting of.

In brief, an easy-to-use online tool to get a firm answer if a license is required for a specific export transaction,
- taking 2 to 30 minutes to get an answer, with legal references justifying the result we provide
- providing a "Not restricted", "License required" or "Prohibited" answer
- based on currently applicable legislation and updated every day
- grounded on the inputs of the user during the process

Pricing. User management.

The pricing structure is clean and simple. We did not want, at least in a first step, to relate the pricing for a module to the number of checks or processes users will perform in the module. Our monthly prices are flat rates, each of them valid for up to 3 users within a company. Our modules and packages may be cancelled at any time, effective for the next billing day.

Modules have different price tags, depending on the added value the processes contained therein are providing. Product classification (M2) and license determination (M7) are the most innovative ones and providing substantial time and cost savings for platform users, thus are the most expensive ones, compared to more standard processes (name check, customer screening).

The platform is a self-service portal, to empower existing customers to manage subscriptions they already have. There are videos and article series to learn about our product at their own pace. We provide ongoing support and use a billing solution that automates subscription billing and recurring payment processing, dunning communications and failed transaction retries.

The platform currently covers the legislations of the European Union, the United States of America, Germany, France and Luxembourg. More than 50 more country legislations will be integrated until end 2026, on our way to become number 1 worldwide for digital export control solutions.

Luxembourg, 26 February 2024.

Patrick Goergen, CEO
RespectUs

RespectUs

Executive Summary:

644 words

RespectUs, an innovative startup based in Luxembourg, has developed a cutting-edge digital platform for export control compliance, serving the needs of businesses worldwide. Through a partnership with the European Space Agency (ESA) and the Luxembourg Space Agency, RespectUs has successfully delivered Version 2.0 of its platform, along with mobile applications for both iOS and Android platforms. This comprehensive platform encompasses seven modules designed to streamline various aspects of export control compliance, catering to the diverse requirements of exporters across different industries and jurisdictions.

Module 1, RespectUs' Knowledge Base, serves as a central repository of up-to-date information on export control regulations from around the world. It provides users with access to official versions of laws, translations, administrative regulations, case law, and other supplementary materials. This module aims to simplify the process of navigating complex export control laws by offering comprehensive and easily accessible resources.

Module 2, Product Classification, offers users a guided process for determining the classification of their products according to dual-use and military codes. By leveraging advanced automation and deep expertise, RespectUs assists users in accurately classifying their products and ensuring compliance with relevant regulations. The platform provides valuable insights and suggestions to facilitate the classification process, ultimately helping exporters make informed decisions.

Module 3, Sanctions & Embargoes, provides users with a fast and intuitive tool for checking the applicability of sanctions and embargoes to specific transactions. With just a few simple steps, users can obtain accurate information on any restrictions or requirements, helping them avoid costly compliance errors. This module is designed to streamline the compliance process and minimize the risk of sanctions-related issues.

Module 4, Customer Screening, enables users to conduct thorough due diligence processes and name checks to ensure compliance with export regulations. By centralizing customer information and offering robust screening tools, RespectUs empowers users to mitigate risks and maintain regulatory compliance. This module is essential for businesses operating in highly regulated industries where customer screening is critical to ensuring the integrity of supply chains.

Module 5, End-use Checks, helps users assess the intended use of their products and identify potential red flags or risks. By providing a comprehensive set of indicators and tools, RespectUs enables users to conduct effective end-use checks and prevent unauthorized or illicit use of their products. This module plays a crucial role in safeguarding national security and preventing the proliferation of sensitive technologies.

Module 6, Risk Assessment, offers users a systematic approach to evaluating and managing export control risks. By analyzing various risk factors and generating customized risk matrices, RespectUs helps organizations identify areas of vulnerability and implement targeted risk mitigation strategies. This module is invaluable for businesses seeking to establish robust internal compliance programs and minimize exposure to regulatory risks.

Module 7, License Determination, provides users with clear and definitive answers regarding the need for export licenses. Leveraging advanced algorithms and real-time data, RespectUs enables users to quickly assess whether a license is required for a specific transaction, thereby streamlining the compliance process and reducing the risk of non-compliance. This module is essential for businesses seeking to navigate complex licensing requirements and ensure regulatory compliance.

In addition to its comprehensive suite of modules, RespectUs offers a transparent and user-friendly pricing structure, with flat-rate monthly fees for up to three users per company. The platform also features self-service capabilities, enabling users to manage their subscriptions and access support resources with ease. With plans to expand its coverage to include regulations from over 50 additional countries by the end of 2026, RespectUs is poised to become the leading digital export control solution worldwide.

In summary, RespectUs offers a sophisticated and user-friendly platform that addresses the diverse compliance needs of exporters across different industries and jurisdictions. By leveraging advanced technology and deep expertise, RespectUs helps businesses navigate complex export control regulations with confidence, enabling them to operate more efficiently and effectively in today's global marketplace.