1. BACKGROUND

1.1. Sanctioned Countries and Persons

The United States currently has broad sanctions embargoes in place against certain countries, including without limitation, Cuba, Iran, North Korea, Sudan and Syria, and the European Union (“EU”) (collectively “Sanctioned Countries”). Many other countries have also imposed sanctions of varying scope relating to these countries. In addition, certain restrictions and reporting requirements are in place for investment by US persons and US companies in Myanmar. Please note that the Sanctioned Countries are subject to change and it is each employee’s responsibility to review an updated list of Sanctioned Countries prior to any transaction. The Office of Foreign Assets Control (“OFAC”), within the US Department of the Treasury, administers economic sanctions targeting certain countries, individuals, entities and organizations in order to further the national security and foreign affairs objectives of the US government. Economic sanctions are also administered by national authorities in the EU and in other countries – these sanctions partially overlap with US sanctions and in other respects differ in their nature and scope. General information on US economic sanctions can be found at: http://www.treasury.gov/ofac.

In addition, US export control rules (which are separate from the sanctions rules) generally prohibit the sale or transfer of certain US-origin items or non-US items containing US-origin content to certain countries, including without limitation, Cuba, Iran, North Korea, Sudan and Syria. Again, please note that these export control rules and list of countries are subject to change and it is each employee’s responsibility to review the current export control rules prior to any transaction and/or to consult the legal department for clarification. The United States and other countries also have sanctions targeting specific persons involved with certain political organizations, such as the Taliban, or those otherwise involved with terrorism, narcotics trafficking or the proliferation of weapons of mass destruction.

In general terms, economic sanctions prohibit most financial transactions or dealings with the following individuals, entities, governments and countries: (i) several thousand individuals and entities included in the US list of Specially Designated Nationals (“SDN List”), which can be found at http://www.treasury.gov/sdn; (ii) persons on a list of designated persons under economic sanctions administered by the EU, UK or other regions or countries, as applicable; (iii) the governments of Sanctioned Countries and their agents; (iv) any person owned or controlled by, or acting on behalf of, any of the foregoing; (v) persons located within or doing business from a Sanctioned Country; and (v) armed forces and groups in Myanmar. The foregoing are referred to in this Policy as “Sanctioned Persons.”

i. A citizen or other national of any of the Sanctioned Countries, including without limitation, Cuba, Iran, North Korea, Sudan or Syria, that is not included in the SDN list is not considered a Sanctioned Person under this Policy. There is no restriction under this Policy on hiring or otherwise dealing with such an individual, so long as he or she is not actually located within the territory of any of the Sanctioned Countries and is not acting on behalf of any person in any of the Sanctioned Countries or any person on the SDN list.
ii. Under US law, all US persons must comply with US economic sanctions. “US person” is defined to include: (i) any US citizen or permanent resident alien (sometimes referred to as a “green card” holder), wherever located; (ii) any entity organized under US law; and (iii) any person located within or operating from the United States.

iii. Many US sanctions are directly applicable to non-US entities owned or controlled by a US person, including many sanctions on Iran and Cuba. Some US sanctions can be applied even to non-US entities with no ties or contact to the United States at all. Non-US companies are also subject to the applicable economic sanctions issued by other countries.

2. POLICY

It is the policy of Grupo Phoenix that no group Company will sell any goods or services, directly or indirectly through sales agents, distributors or other third parties, to any of the Sanctioned Countries where such sale is prohibited by US or other applicable law, or otherwise to engage in transactions involving Sanctioned Countries or Sanctioned Persons that would be prohibited under US economic sanctions or other applicable economic sanctions.

Also, it is the policy of the Grupo Phoenix that all group companies will end any remaining customer relationships with Sanctioned Countries and Sanctioned Persons as soon as legally and practicably possible. If any group Company has any remaining relationships with Sanctioned Countries or Sanctioned Persons, they should promptly contact the Legal/Compliance Department of the Company to discuss arrangements to terminate such relationship and any related contractual obligations.
All Employees of Grupo Phoenix companies must follow both the spirit and the letter of these policies and of all sanctions laws applicable (or deemed to be applicable) to them or to any group Company.

3. COMPLIANCE PROCEDURES

3.1. Screening of Customers and Transactions

Each group Company will carry out appropriate screening procedures to ensure that it does not deal with any customers or third party service providers that are Sanctioned Persons or are located in Sanctioned Countries. Each new customer, transaction or sale should be checked against the SDN List and ensure that the transaction or sale does not involve, directly or indirectly, any of the Sanctioned Countries.
If a customer raises any suspicion of being a Sanctioned Person, being affiliated with a Sanctioned Person, or shipping the goods on to a Sanctioned Country, the customer should be asked to furnish statements verifying intended use and ultimate destination of goods. In particular, these procedures should be followed if any such suspicion is raised in relation to a customer located in a country that is known to have a high volume of resales to Sanctioned Countries, such as the United Arab Emirates, Turkmenistan, Jordan, Turkey, Malaysia, Thailand, Singapore, Hong Kong, Cyprus and Malta. Employees at any level are authorized to delay any order that raises concerns for compliance with this Policy.
3.2. Dealings with Agents, Distributors and other Third Parties

When engaging sales representatives, advisors, agents, distributors and other third parties who will distribute or market products on behalf of a group Company ("Sales Representatives"), each group Company should ensure that such arrangements do not result in transactions that would violate this Policy. All Sales Representatives are prohibited from making sales on behalf of any group Company to Sanctioned Countries or Sanctioned Persons.

All written contracts or agreements with Sales Representatives, including appropriate provisions prohibiting sales on behalf of any group Company to Sanctioned Countries or Sanctioned Persons. Such provisions should be prepared with the input of the Legal/Compliance Department of the Company.

Sales Representatives should, on a regular basis, submit reports on their activities on behalf of group companies. These reports should be reviewed by the appropriate Company employees to ensure that, among other things, transactions are not being entered into by the Sales Representatives that would violate this Policy.

This Policy must be distributed to all Sales Representatives and the Sales Representatives must be asked to abide by this Policy in writing.

3.3 Exports and Transfers of Goods, Software and Technology

Before carrying out any export or transfer of goods, services or technology across national borders, sales, compliance and legal personnel should work together to ensure that the relevant group Company has a good understanding and good records regarding each of the following issues:

- What is the item? Identify the origin, nature and technical characteristics of the goods, software or technology as necessary to determine whether it is subject to US export controls.
- Where is it going? Identify its country of ultimate destination, and any other countries through which it will transit. Consider whether the ultimate user could be in a Sanctioned Country, particularly if the sale is to one of the countries identified in Section 2 above.
- Who will receive it? Identify the ultimate end-user of the goods, services or technology and all other parties directly involved with its export, and confirm these persons are not Sanctioned Persons.

It is prohibited under this Policy to export goods to a customer, agent or distributor with the knowledge that those specific goods are destined for Sanctioned Countries or Sanctioned Persons. As a result it is important to conduct appropriate due diligence on customers, agents and distributors to understand where they intend to send Company products.

3.4 Additional Procedures for US Persons

If any US person board member, director, officer or other employee receives an e-mail or other correspondence related to Cuba, Iran, North Korea, Sudan or Syria or Sanctioned Person, he or she should send a standard reply stating that because he or she is a US person, he or she cannot review the correspondence or reply to it except to indicate that he or she is unable to be involved with the subject
matters of the communication. The US Person should report the correspondence promptly to the Legal/Compliance Department of the Company.

3.5 Transactions Involving Cuba, Cuban Persons and Companies

US law provides that the US economic sanctions targeting Cuba are binding on all persons subject to US jurisdiction, which includes US persons, any non-US entity owned or controlled by US persons, and any individuals that are residents of the US. US sanctions generally prohibit persons subject to US jurisdiction from dealing with Cuba, the Cuban government, any person in Cuba, and with Cuban companies and Cuban persons located anywhere in the world. On the other hand, the laws of the EU, Canada and Mexico may seek to restrict compliance with US sanctions against Cuba. If any group Company has existing business, or there is any proposed business, with Cuba, Cuban companies or persons, or if any other issues arise in relation to US sanctions against Cuba, you must bring these matters to the attention of the Legal/Compliance Department of the Company as soon as possible.

3.6 Corporate Transactions

Guidance must be sought when engaging in mergers and acquisitions and other corporate transactions. Internal regulations for Due Diligence (Anti-Corruption Policy) is available for conducting appropriate due diligence and negotiating appropriate contractual provisions related to economic sanctions in corporate transactions.

3.7 Communication of Concerns

Every employee must communicate any concerns identified that arise under this Policy. Employees may speak with their supervisor, a higher level of management, or the Legal/Compliance Department of the Company. Employees may also raise concerns or questions through the email address Compliance@grupophoenix.com. This may be done anonymously, in which case your identity and the concerns raised will remain confidential, and will be disclosed to as few people as possible. Alternatively, for any questions regarding this Policy, please contact any member of the Legal Department. The Company will not tolerate any form of retaliation against a person that raises a concern in good faith through any of these channels.

3.8 Disciplinary Action

Disciplinary action up to and including termination of employment may be taken (subject to applicable labor and employment laws) against any individual who (a) violates this Policy, (b) deliberately fails to report a violation as required, (c) deliberately withholds material and relevant information concerning a violation or fails to cooperate with an investigation into an actual or potential violation, or (d) is the supervisor or manager or a violator, to the extent there was a lack of reasonable leadership, supervision or diligence. In addition, regulators may impose criminal or civil penalties on the Company or the individuals involved in any violation of economic sanctions.