

HERO FINCORP LIMITED ECONOMIC SANCTIONS AND TRADE CONTROL COMPLIANCE POLICY

I. Our Sanctions Policy

A. Overview

Economic sanctions are financial, trade, and travel-related restrictions and embargoes targeting individuals, companies, and countries. Sanctions may be imposed by governments (e.g., the European Union member states and the United States) as well as international organizations (such as the United Nations) and are generally designed to (1) penalize past conduct; or (2) compel the targeted individual, entity or country to change its current conduct. **Hero Fincorp Limited (the “Company”) strictly prohibits violations of applicable economic sanctions and expects all employees to raise promptly any questions about the applicability of sanctions or about the screening procedures outlined in this policy.**

B. Relevant U.S. Regulations

The Office of Foreign Assets Control (“OFAC”) is an office within the U.S. Department of Treasury that has responsibility for administering, implementing, and enforcing economic sanctions. OFAC violations carry meaningful financial and possible criminal penalties. OFAC administers three types of sanctions programs:

Country-Based Sanctions	Country-based sanctions are wide-ranging sanctions that prohibit U.S. Persons from engaging in virtually all business and dealings with any individual ordinarily resident in, entity located or organized in, or government entity of a targeted country (each, an “ <u>Embargoed Country</u> ”).
List-Based Sanctions	List-based sanctions are targeted sanctions that prohibit U.S. Persons from engaging in transactions with (1) persons on the Specially Designated Nationals List and (2) entities majority owned by persons on the Specially Designated Nationals List (“ <u>Blocked Persons</u> ”).
Sectoral Sanctions	Sectoral sanctions are targeted sanctions that prohibit U.S. Persons from engaging in certain transactions with Russian financial institutions, Russian defense companies, and Russian energy firms.

Note: As of the date of this Policy, the following countries and regions are subject to comprehensive country-base sanctions that prohibit nearly all business transactions: Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine.

Note: Entities and individuals specifically targeted by OFAC’s List-Based Sanctions are included on OFAC’s Specially Designated Nationals and Blocked Persons List, which is available in a searchable tool online, at:

<https://sanctionssearch.ofac.treas.gov/>

These and other similar programs administered by OFAC also prohibit U.S. persons from “facilitating” activities with sanctioned persons or in sanctioned geographies that would violate OFAC sanctions if conducted directly by a U.S. person. In other words, a U.S. person may not assist or support another’s transaction as a means of avoiding or seeking a way around U.S. regulations.

Examples of prohibited facilitation include:

- Approving, financing, or providing transportation or insurance for transactions involving Embargoed Countries or Blocked Persons;
- Filling orders through a third party for Embargoed Countries or Blocked Persons; and
- Referring business requests from Embargoed Countries or Blocked Persons to a third party (*e.g.*, a colleague or a competitor in a jurisdiction outside of the United States).

C. Relevant EU Regulations

Within the framework of the EU’s Common Foreign and Security Policy, EU sanctions are imposed through EU Regulations that have direct effect on all EU Member States. Each EU Member State has its own “competent authority” that is responsible for implementation of these sanctions by adopting local laws and regulations. Much like the United States, the European Council passes “restrictive measures” against countries, entities, or individuals. These restrictive measures include arms embargoes, travel bans, financial restrictions, and trade restrictions. Accordingly, it is important to ensure compliance with both European Union law and the local law implementing a European Union-level sanction. Violations of the EU sanctions can be a criminal offense.

The European Union maintains list-based sanctions to further the objectives of the EU’s Common Foreign and Security Policy, and to prevent the financing of terrorism. Persons or entities targeted by restrictive measures are included on the EU Consolidated List and are referred to as “Designated Persons.” Persons subject to European Union rules are required to freeze all funds and economic resources of persons included on the List, and are prohibited from making funds or resources available to them. There is some overlap between the U.S. Specially Designated Nationals List and the EU Consolidated List of Designated Persons, but the lists are not identical; accordingly, it is necessary to monitor both lists.

D. Screening Procedures

In order to avoid violating the sanctions programs described above, Company personnel will:

1. Not deal directly or knowingly indirectly with persons in sanctioned geographies (presently, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine), which requires personnel to exercise diligent efforts and common sense to be alert to red flags for such activity¹;
2. Before engaging with a new customer, supplier, vendor, or other trade counterparty outside of the United States, take reasonable steps to determine the owners of that company, and work with the legal department to check that company and its owners against sanctions lists maintained by OFAC and the EU;
3. Take reasonable steps, including vetting during the due diligence process, to ensure that the Company is not sourcing goods, labor, materials, or parts from sanctioned geographies; and
4. Promptly report any suspicions, red flags, or observed wrongdoing to Compliance Officer or via the reporting methods set out in the Company's Whistleblower Policy.

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To summarize, Company personnel should not transact business related to any sanctioned geographies, or with any sanctioned persons or companies, without first discussing the proposed transaction with the legal department. Company personnel should be alert for and promptly elevate any questions or concerns relating to sanctioned persons or companies to the legal department.

¹ For example, a purchaser has a billing address in the United Arab Emirates, but requests to use a delivery address in Iran; or, during a basic online search of a new distributor, a Company employee develops a suspicion that the distributor is based in or has a meaningful presence in Cuba or another sanctioned geography.