



ASA International Group plc
Sanctions Compliance policy

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INTRODUCTION & STATEMENT OF POLICY

This sanctions compliance policy aims to establish the principles to be followed when managing compliance of ASA International Group plc (“ASA International” and/or the “Company” and/or the “Group”), a holding company holding microfinance institutions across Asia and Africa) with economic sanctions regimes. It also aims to establish the minimum standards that protect ASA International, its directors, employees, staffs, and its shareholders from exposure to sanctions risks.

It is the policy of ASA International to comply with all potentially applicable sanctions regimes. ASA International is committed to operating legally and ethically in compliance with the sanctions laws and regulations of the European Union, the United Kingdom, the United Nations, and the United States, as well as other applicable sanctions laws and regulations in the jurisdictions in which ASA International operates, subject to the primacy of local laws and regulations, and hence would rather forgo a potential business opportunity than violate potentially applicable law. This policy is a working document and is the first point of reference for sanctions issues. It will be reviewed regularly to ensure that it is comprehensive and useful for all concerned.

Md. Shafiqul Haque Choudhury

Chairman



The purpose of this policy is to set out ASA International’s position against business dealings that violate or potentially violate relevant sanctions laws. This policy provides guidance to all ASA International employees, wherever located, on global sanctions laws that apply to their work. It is ASA International’s policy to strictly comply with all relevant sanctions regimes across the Group.

1 Concept of Economic Sanctions

Economic sanctions are a foreign policy tool that countries use to ensure compliance with international laws and standards. Economic sanctions programs are often designed to force a change in policy. Sanctions can include:

- bans on travel to a particular country;
- prohibitions on engaging in certain activities in relation to a particular country;
- restrictions on establishing business relationships with the government of a particular country, or with specific people or companies; and
- freezing money and other assets belonging to sanctioned people or companies.

A breach of economic sanctions may constitute a criminal offense and can lead to severe consequences, including fines, loss of business or standing, and criminal liability. In short, it could expose ASA International to legal, financial, and reputational risks. For individuals, violating sanctions laws can lead to fines and even imprisonment.



2 Sanctions Legal Framework

ASA International, a UK-listed entity with global operations, must comply with the sanctions laws of the UK, the EU, and the countries where it does business, presently it does not operate in the United States and other than its office in Amsterdam, The Netherlands, it does not operate in the European Union.

2.1 U.S. Sanctions

The U.S. sanctions countries that sponsor terrorism or perpetrate human rights violations on their people. The U.S. government has imposed broad economic sanctions that prohibit engaging in any business, directly or indirectly, with the long lasting sanctioned countries or regions in Section 3.1 below (together the "**Sanctioned Territories**") and other Sanctions Programs and Country Information administered by OFAC from time to time. Prohibited indirect business could include, for example, loans to individuals or entities who use the proceeds of those loans to conduct business in or directed toward Sanctioned Territories. U.S. sanctions programs vary in scope. Some are broad-based and oriented geographically (i.e. Cuba, Iran), whereas others are "targeted" (i.e. counter-terrorism, counter-narcotics) and focus on specific individuals and entities. Countries with the longest-standing sanctions against them include Cuba, Iran, North Korea, and Syria.

The United States government also maintains a list of "Specially Designated Nationals and Blocked Persons" (the "**SDN List**") applicable from time to times. Individuals and entities on the SDN List are considered "blocked" by the U.S. government, and conducting any business (whether direct or indirect) with blocked individuals and entities is forbidden.

ASA International's policy is to voluntarily comply with all U.S. sanctions. Accordingly, even non-U.S. employees and ASA International entities are prohibited from engaging in any business or dealings (whether direct or indirect) in or with Sanctioned Countries and with blocked individuals and entities.

2.2 EU Sanctions

The European Union and its Member States apply similar restrictions on their citizens and for business and activities done wholly or partially within their territory.

EU sanctions usually prohibit specific business or activities with sanctioned countries or regions ("**Sanctioned Activities**"), such as the prohibition on providing financial services related to sensitive sectors or territories. EU sanctions empower Member States to freeze assets of listed individuals or entities and the prohibit making funds or assets (directly or indirectly) available to them. There are three types of sanctions regimes in place in the EU. First, there are sanctions imposed by the UN which the EU transposes into EU law. Secondly, the EU may reinforce UN sanctions by applying stricter and additional measures (e.g. vis-à-vis the Democratic People's Republic of Korea (DPRK) primarily target the country's weapons of mass destruction (WMD) and ballistic missile programs). Finally, the EU may also decide to impose fully autonomous sanctions regimes (e.g. vis-à-vis Syria, Venezuela, Ukraine/ Russia).

As a result, ASA International may be limited in its ability to provide financing or services related to sensitive sectors, such as the energy or military, or territories, such as the Crimea region. ASA International may also be limited in its ability to conduct business with certain listed individuals and entities. Executives and employees who are EU citizens must ensure compliance with European sanctions regulations, even those who work at ASA



International entities outside the European Union. EU sanctions can also apply to non-EU citizens in connection with any business done in whole or in part within the European Union.

2.3 UK Sanctions

The UK government publishes the UK sanctions list, which provides details of those designated under regulations made under the Sanctions and Anti-Money Laundering Act 2018. **UN Sanctions**

With a few exceptions, UN sanctions are generally implemented by the United States and the European Union (or its Member States) and are incorporated into their sanctions regimes.

2.4 Other Sanctions Regimes

ASA International's numerous companies and subsidiaries are subject to different laws and sanctions regimes. ASA International group companies are each responsible for seeking local legal advice about relevant sanctions regimes and implementing policies and procedures reasonably designed to ensure compliance with them.

3 Scope of Sanctions Programs

3.1 Sanctioned Territories

ASA International may not conduct any business, directly or indirectly, in any Sanctioned Territory. As of the most recent issue of this policy, the long lasting Sanctioned Territories are:

- The Crimea Region of Ukraine
- Cuba
- Iran
- North Korea
- Sudan
- Syria

The prohibition on "conducting business" covers all aspects of the ASA International's operations, including sales, loans, licensing, and marketing. Simply put, ASA International, its employees, and Associated Persons (defined below) are prohibited from directly or indirectly engaging in any activities whatsoever in or directed toward Sanctioned Territories.

3.2 Sanctions Targets

ASA International is also prohibited from conducting business with any Sanctions Target. Sanctions Targets can be individuals, corporations, limited liability companies, unincorporated organizations, or any other type of entity.

Sanctions Targets might not have any connection to a Sanctioned Territory. Sanctions Targets' names will appear on relevant sanctions lists, and ASA International's Know Your Customer ("KYC") screening process will automatically compare prospective customers and counterparties against those sanctions lists.



3.3 Activity-Based Sanctions

3.3.1 Myanmar – The US and EU prohibit providing direct or indirect financial assistance related to internal repression and the importation of military goods or any military related business in Myanmar. The US, Canada, the European Union and the UK further have expanded targeted sanctions with regard to several individuals and entities associated with the Myanmar military regime since the coup on February 1, 2021. Through issuing new regulations, Executive Order and various statements/announcements by OFAC-US, EU UK, more restrictive sanctions have been imposed upon individuals as well as large commercial entities directly or indirectly associated with or seen to fund the Myanmar military regime (i.e. Myanmar Economic Corporation Limited (MEC) and Myanmar Economic Holdings Limited (MEHL) and the State Administration Council).

ASA International is committed to comply with all potentially applicable sanctions regimes and does not directly or indirectly deal with persons and entities designated as SDN List/Blocked issued by US, UK, EU nor it operates to benefit to or from or has a role in a transaction, or engage in or support any of the following activities which may violate the new sanctions subject to the primacy of the local laws. ASA International does not operate or provide services or have any transactions or dealings with any person directly or indirectly involved in the defense sector of the economy of Myanmar or any other sector of the economy of Myanmar as may be determined by the US, UK and EU from time to time, nor it directly or indirectly engages any of actions or policies that undermine democratic processes or institutions in Myanmar; actions or policies that threaten the peace, security, or stability of Myanmar; actions or policies that prohibit, limit, or penalize the exercise of freedom of expression or assembly by people in Myanmar, or that limit access to print, online, or broadcast media in Myanmar; the arbitrary detention or torture of any person in Myanmar or other serious human rights abuse in Myanmar. ASA International may not provide financing or other services which are related, or may reasonably be suspected to be related, to these activities and will ensure the respect of this obligation through its KYC policy.

3.4 Continual Review

This sanctions compliance policy will be reviewed and updated regularly (but at least once a year), as other sanctions regimes may become relevant in the future, depending on the potential adoption of new sanctions or the development of ASA International’s activities. Before engaging in business in any new territory, ASA International’s Legal & Compliance Department shall review all potentially applicable sanctions regimes and update this policy accordingly.

4 Scope of this Policy

The board of directors and senior management are committed to implementing and enforcing effective systems throughout ASA International to prevent, monitor, and eliminate sanctions violations.

This policy applies to all ASA International group entities and all ASA International individuals working at all levels and grades, including directors, senior managers, officers, employees (whether permanent, fixed-term, or temporary), temporary workers, consultants, contractors, agents, trainees, seconded staff, agency staff, and subsidiaries acting for, or on behalf of, ASA International and any of ASA International’s subsidiaries or their employees, wherever located (together “**Associated Persons**”).



In this policy, “third party” means any individual or organisation that Associated Persons come into contact with during the course of their work for ASA International, and includes actual and potential clients of ASA International, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians, and political parties.

This policy extends to all of the company’s domestic and foreign operations, without exception, including operations conducted by any of ASA International’s departments, subsidiaries, affiliates, employees, agents, distributors, consultants, or other representatives or other Associated Persons, and to the operation of any joint venture in which ASA International is a participant. ASA International will closely monitor relevant sanctions programs and will update this manual as needed. The company’s prohibition on doing any business in a Sanctioned Territory will change only when this manual is updated. The end of a sanctions program does not change this policy or the ban on doing business in a Sanctioned Territory.

If you have any doubts about the scope of relevant laws or this policy, or if you need more information, you should contact the ASA International Legal & Compliance Department. At the end of this policy you will find the contact details.

An electronic version of this policy, as well as additional information on sanctions programs, is available at ASA International’s website.

ASA International Legal & Compliance will develop and provide detailed guidance and training to assist ASA International entities and employees in understanding best practices and complying with sanctions.



5 Preventive Measures

This section describes the steps ASA International will take to ensure compliance with applicable economic sanctions laws.

5.1 Screening

ASA International conducts business in many countries that contain Sanctions Targets. To prevent any sanctions violations, the company will implement the following screening procedure:

1. Before signing a new client or starting a business relationship with a third party, as part of ASA International's KYC process, those potential clients or third parties must be screened against relevant sanctions lists and Sanctioned Activities, using the designated electronic screening system. The KYC policy is discussed further in Section 7 of ASA International's Anti-money Laundering Policy.
2. All action taken during client or third-party approval must be properly recorded and documented.
3. Clients and third parties will be re-screened periodically. Rescreening frequency will be based on the client's or third party's risk, but will be done at least once every year.

ASA International has the right to terminate any client or third-party relationship if the Company detects that the client or third party operates in a Sanctioned Territory, is a Sanctions Target, or continuing the relationship would result in ASA International being involved in a Sanctioned Activity. ASA International has this right even if this manual has not been updated.

This screening procedure will be part of the customer and third-party onboarding process (see Sections 6 and 7 of ASA International's Anti-money Laundering Policy).

5.2 Contractual Terms

Sanctions laws may be violated no matter how much money is involved. For this reason, as set forth in the operations manual, the loan officer, in consultation with ASA International Legal & Compliance, must always consider the loan proceeds' proposed use and compliance with economic sanctions laws. Further, if the requested loan amount is greater than U.S. \$5,000, then the loan agreement must contain a provision prohibiting the use of loan proceeds for activities that involve Sanctions Targets or occur in or are directed towards Sanctions Territories. ASA Legal & Compliance will develop sample contractual language.

5.3 Training

ASA International group entities must provide sanctions training to new employees at induction and on an annual basis thereafter.



6 Enforcement

This sanctions compliance policy is an integral part of ASA International's compliance program. Any employee who breaches this policy may be subject to disciplinary action, including civil penalties, criminal penalties, and termination from employment.

6.1 Reporting Suspected Violations, Nonretaliation

Anyone who suspects a sanctions violation must report it by formal letter, over the dedicated phone number, or at the dedicated email address (see Step One of Section 8 to ASA International's Whistleblowing Policy). The Legal & Compliance Department will investigate as set out in paragraph 6.1(iv) of the Anti-bribery Compliance Manual. Those who do not report suspected violations may be subject to discipline, including termination.

Any recommended, threatened, or actual retaliation because someone has made a disclosure according to this policy will be treated as gross misconduct and dealt with accordingly. Retaliation includes any act of discrimination, reprisal, harassment, suspension, dismissal, demotion, vengeance, or other occupational detriment, whether direct or indirect.



7 Questions or Concerns

As ASA International employees or Associated Persons, all have a responsibility to help detect, prevent, and report sanctions violations. ASA International encourages its employees and anyone doing business on its behalf to raise any questions about the sanctions compliance policy or its application to ASA International operations, and to report any suspected violations of this policy to appropriate personnel as soon as possible.

In case of any questions about this policy or to report a concern, please contact the local Legal & Compliance Officer or the Group Legal & Compliance Officer Martijn Bollen, via telephone at (31) 640542551, or via e-mail at mbollen@asa-international.com. You should also feel free to discuss any question or concern with your supervisor or local manager.

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