

## **Magnaccord Group SL Corporate Ethics and Compliance Code**

At Magnaccord, we understand how important it is to earn the trust and confidence of all with whom we have contact and work with.

Integrity, accountability and ethical behavior are central to our company's culture. We conduct our business around a core of financial integrity and operational control, and in our view, the only results worth achieving are those achieved with integrity, commitment and passion for excellence in everything we do.

Magnaccord's Board of Directors oversees and guides our company's business. The principal responsibility of Magnaccord's Board of Directors is to further the long-term success of the company, in line with our business strategy and goals. Within this framework, the Board also considers the interests of other constituents such as members, associates, business partners and the communities in which we operate.

Our Board members include directors of proven integrity and conduct.

Magnaccord recognizes the importance of and places high priority upon having strong corporate governance measures in place. We take great care to ensure that our measures align with Magnaccord's Standards of Ethical Business Conduct.

At Magnaccord, good corporate governance is a way of life.

### **ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING (AML) POLICY OF MAGNACCORD GROUP**

#### **I. Objectives**

Magnaccord, its subsidiaries and affiliates anywhere in the world are committed to doing business with honesty, efficiency, integrity and responsibility. These are and have always been our principles ever since we came to be as a group in 2020.

We are under the obligation and responsibility of complying with all applicable laws in the countries where we operate. This includes applicable anti-corruption

laws as well as international directives such as the Foreign Corrupt Practices Act (FCPA) in the USA and similar laws in other countries.

This Policy applies to all employees of Magnaccord and its subsidiaries and/or affiliates, regardless of where they are stationed. All Magnaccord employees are responsible for complying with this policy while conducting their obligations on behalf of the company.

Magnaccord management is responsible for warranting that employees under their supervision and authority comply with this policy. Management has vested on some employees the responsibility for enforcing compliance. The latter will help Magnaccord employees to understand and comply with this policy and will take the necessary steps to maintain and implement an anti-corruption program. Nevertheless, responsibility for compliance will continue to rest mainly on Magnaccord employees.

Magnaccord operations in certain countries may need specific additional anti-corruption directives to accommodate laws and respond to local conditions. Any additional directive specific to a country must conform to the present Policy. Violation of any law, be it national, state or foreign, will not be condoned.

Magnaccord's Audit Committee shall be responsible for overseeing compliance with this policy and the company's anti-corruption program.

The Director, will oversee compliance with this policy as well as the company's anti-corruption program. Under his direction an enforcement officer of the Audit and Ethics Committee, will process daily requests and routine approvals as set forth in this Policy.

## **II. Bribes and corruption are forbidden**

A bribe occurs when individuals, including public officials, corporate partners, clients or potential clients, are directly or indirectly provided with benefits (things of value) for their personal gain with the intention of influencing actions or decisions related to their official offices or company.

Bribes can be obvious but they may be very subtle on occasions. Magnaccord employees are responsible for recognizing signs pointing to possible bribes or

corruption, and for responding properly by following the provisions set forth in this Policy.

Laws in effect prohibit bribing and corruption both of public officials as well as private individuals. When dealing with public officials Magnaccord employees must be very cautious knowing that the consequences of corruption events related to the public sector and the individuals involved may be especially harsh on the company.

It is important to define those things that may lead to corruption cases. For example, "things of value" is a broad concept that may include cash money, cash equivalents (i.e. gift cards), meals, entertainment, travel, presents, employment, contracts, in-kind services such as repair or remodeling work in somebody's home, or any such kind of goods or services that carry a tangible economic value.

Corrupt practices may be promoted by public servants such as:

- Heads of state, ministers and other high level political officials; civil servants; full- or part-time employees hired by the government; civilians holding public office; security personnel (military, police, intelligence officers); judges and members of parliament; directors and employees of state-owned enterprises or those run by the government; and employees of other public institutions, including universities, laboratories, hospitals and such.

### **III. Policy on admissible expenses**

Magnaccord understands that giving out gifts, entertaining and sponsoring are all legitimate parts of business in many countries. Nevertheless, you are responsible for observing the Policy on Gifts, Entertainment and Sponsorships because these are activities that in some cases could be considered corrupt practices. Magnaccord's Policy on Gifts, Entertainment and Sponsorships elaborates on whether when such expenses are admissible and when not, as well as on the controlling procedures applied thereto.

When dealing with clients, partners or government officials our employees must make sure that they offer, bestow and accept gifts, meals, entertainment and covering of travel expenses only if they are within reasonable limits, adhere to the

laws and regulations of the recipient, are not bestowed with the corrupt intention of improperly influence actions or decisions of the recipients, and are of an infrequent nature.

This Policy is intended to warrant that Magnaccord handles its legitimate commercial practices in a manner consistent with this anti-corruption manual, that all laws and regulations in effect are complied with, and that accurate ledgers and registers are kept to reflect such expenses.

In order to be explicit on the scope of this Policy, a gift, a meal, an opportunity to travel or an entertainment event will be referred to as a "corporate courtesy". The term "gift" will mean any present, bonus, favor, benefit, discount, grace or any other tangible or intangible object with a monetary value which the recipient does not pay for at a fair market price. A "gift" also includes meals, drinks, entertainment and recreation (tickets, passes, etc), services, training, transportation, discounts, promotional items, lodging, gift cards or entrance tickets whose numbers will be drawn during an event.

No Magnaccord employee may bestow or accept a corporate courtesy that infringes the law, regulations, contracts or covenants, or reasonable standard market procedures.

Gifts in quantities intended for personal or corporate use that carry Magnaccord promotional labels are usually appropriate.

Upon deciding on the relevance of bestowing or accepting a corporate courtesy employees must consider:

(i) how its value compares with that of common practices in gift bestowal in the industry and country at hand; (ii) whether there are legal or regulatory restrictions; (iii) the total value of corporate courtesies to or from that person or entity during the current year; (iv) conformity of the corporate courtesy with the office held by the Magnaccord employee in the company; (v) impact of the corporate courtesy on establishing positive trade relations with the recipient or provider of the corporate courtesy; and (vi) whether a third party would consider the corporate courtesy reasonable in value and quantity or on the contrary, extravagant.

Given that the corporate courtesy may be considered as bestowed by

Magnaccord this principle should be upheld even in the event that personal funds or assets are used and no reimbursement from the company is expected.

If an employee tries to offer, or is offered, a corporate courtesy that could be interpreted as excessive under this Principle, he should request approval in advance from his supervisor and the Audit Committee, and the latter must inform a company director of the circumstance.

The director is responsible for reviewing the relevance of corporate courtesies offered to or by Magnaccord employees. The director approval is an indication that the review was completed and that the supervisor determined that the courtesies provided were appropriate. Supervisors must make sure that they take their time to understand the details related to a corporate courtesy and that they follow established procedures for approval.

Examples of corporate courtesies and cases in which they are considered to infringe on this Policy may include the following:

1. Delivering or accepting cash or cash equivalents such as gift cards, gift certificates or coupons (vouchers) almost always infringes on this Principle. Under limited and specific circumstances, within special conditions, Magnaccord policies and procedures may allow such gifts, but before proceeding employees must consult the Audit Committee. When in doubt it is best to avoid problems by declining or abstaining from offering said gifts.
2. Delivering or accepting corporate courtesies that are too expensive or frequent in respect to common market practices or corporate status. Such extravagant courtesies will usually infringe on this principle.
3. Delivering or accepting corporate courtesies with the intention of influencing or seem to influence, improperly or corrupt in manner, on a decision involving Magnaccord. Bribes and clandestine commissions are illegal and infringe on this Principle.
4. Offering a corporate courtesy that could infringe company Policy or the recipient's essence.
5. Offering or bestowing corporate courtesies to government officials, unless it is clearly lawful according to laws and regulations in effect, or offering them without the Director's prior approval.

6. Bestow a corporate courtesy to reward a government official for a decision made.
7. To organize raffles or “presents” for a group mainly consisting of government officials that would not be able to accept the raffle or the prize if it was offered as a gift.

**Sanctions:**

Transgression of the law and of this Magnaccord Policy will lead to disciplinary measures including dismissal.

**IV. Facilitation fees**

“Facilitation fees” is a term that assumes different meanings around the world. In some countries facilitation fee is a term that disguises a bribe. In others, such the case of the FCPA (Foreign Corrupt Practices Act) in the United States, the term is perfectly defined as a means to speed up certain payments that although not illegal must be closely controlled and registered in the company ledgers.

Facilitation fees are illegal under the laws of most countries. Consistent with its Policy of compliance with all applicable laws Magnaccord does not allow facilitation fees. Should you be asked to pay a facilitation fee you should refuse to do so. Such payments are not permitted in the performance of professional company activities even if they were to be conducted using personal funds without expecting company reimbursement. All requests for payment of facilitation fees must be reported to the company official responsible for enforcement of this policy.

**V. Political activity**

Company resources may no be used for political contributions and activities. The use of funds, property or other company resources to make contributions or offer valuables to political candidates, political parties or party members is prohibited. The company will not reimburse any contribution with political ends made by an employee. Everybody is free to participate in political activities during their spare time and on their own, provided it does not interfere with their work for Magnaccord and that it is not done on behalf of the company. Besides being prohibited by company policy such payments may pose problems with the anti-corruption program.

## **VI. Policy on charitable activities**

Contributions to charitable organizations and for sponsoring events deserve special consideration.

Magnaccord is committed to serve the communities in which it operates. To that effect, Magnaccord employees may sponsor events or make contributions to charitable organizations for educational, social or other legitimate corporate ends. Anti-corruption laws do not forbid legitimate donations and sponsorships, but we do have the responsibility to warrant that funds allocated for such purposes are finally used as intended and are not diverted to hands other than those of the proper beneficiaries for adequate uses. This policy considers contributions and sponsorships in moderate quantities to known charitable organizations for legitimate commercial purposes that do not pose special problems. Such aids can be provided without previous approval.

Contributions and sponsorship of events that may arouse special concerns require prior approval by the General Counsel or the regional Finance Director. Examples of special concerns in the sponsoring of charitable activities may arise from:

- Suspicion that the charitable organization or the sponsored event are closely related to a public official or a close member of his family or to a business related to a public official.
- The donation or sponsorship has been requested by a public official. The charitable organization or the organizers of the event are not transparent in that which concerns the use of funds.
- The entity requesting the funds is not an established or known organization.
- The charitable organization or the organizers of the event request that the contribution be made in cash.
- Any other fact or circumstance that leads to wondering whether the contribution will be put to proper use.

To these effects it is expected that Magnaccord employees use good judgment, but in any case, contributions below US\$ 1,000 at the exchange rate in effect are to be considered modest. When considering whether a contribution or sponsorship is modest amount wise, consideration should be given to frequency

of contributions and the relevant amounts. Magnaccord employees may not divide a contribution in smaller portions so as to make it appear as a modest contribution.

## **VII. Obligation to keep trustworthy ledgers and registers**

Honesty and integrity in all company areas distinguishes us as a corporation and we are required by law to keep complete and trustworthy ledgers, registers and accounts.

Expenses must be described in accurate and complete manner in all corporate documentation, not only in respect to amounts but also as to their nature or destination. No false or deceitful registers may be opened, nor should vouchers that do not conform to our standards be accepted from any supplier or third party. All corporate information, including trade and financial transactions, must be timely and accurately reported.

Financial information must show actual transactions and conform to accounting principles commonly accepted. The establishment of funds or assets not revealed or registered is forbidden.

## **VIII. Obligation to report blackmailing and extortion events**

The fact that a public official or another person (i.e. a potential client) asks for an improper payment is no excuse for infringing this Policy. Magnaccord employees must reject such requests and immediately report any blackmailing or extortion attempt.

Magnaccord Policy forbids bribery and corruption, direct or indirectly. In some countries it is common practice to take on well-connected agents or "facilitators" to help identify and propose new businesses, introduce individuals or pressure public officials. This can result in a bribe channel. We expect our agents, consultants, business participation partners, or any other third party acting on our behalf ("corporate partners) to carry out legitimate business and adhere to ethic and professional standards as set forth in this Policy. Should you recognize an alert, please contact the person responsible for enforcing global ethics.

## **IX. KYC of our corporate partners and AML provisions**

Magnaccord may be held legally responsible for the behavior of a corporate partner when an event occurs while rendering professional services for the company. A partner cannot be asked to render services for the company without our having completed adequate due diligence and without an agreement which includes the necessary anti-corruption and anti-money laundering warrants. Commercial and financial due diligence is not enough. Due diligence must consider the goodwill and integrity of a potential corporate partner as well as the scope of its internal controls to hinder abusive behavior. Deliberately ignoring alert signs may have the same consequences as having clear knowledge of dishonest behavior.

Once an alert has been recognized the Audit Committee must be notified so as to assess the risk and determine if adequate measures can be taken to reduce it to an acceptable degree.

In view of the possibility of liabilities related to cooperation with corporate partners there are a number of measures designed to protect Magnaccord:

- Due diligence must be documented and kept in an open file for the corporate partner to access. The file shall be under the custody of Legal Counsel. Due diligence must be updated periodically, at least every four years.
- Corporate partners must not be required to render services without a contract. Contracts help to evidence the legitimate reasons for contracting a partner (or any other entity for that matter) and the services it offers. Contracts usually include provisions to protect Magnaccord and are therefore important.
- Employees must also make sure that compensations paid out to a corporate partner represent a congruent value for the legitimate goods used or services rendered. Payments to corporate partners must not be made in cash, to somebody not party to the contract or in a place that has nothing to do with the business site of the corporate partner or where the contracted services are rendered, such as a tax haven, or to off-shore enterprises not connected to the corporate partner.

Our responsibilities are not over upon signing a contract with a corporate partner. Their activities must be kept under permanent supervision. The global ethics officer must be duly informed as soon as signs of improper demeanor are detected in the course of work with a corporate partner so that risks can be assessed and proper measures implemented.

Examples of problems that could arise on account of a corporate partner's actions:

- The corporate partner requests an additional compensation though no legitimate need is at hand;
- There are indications that a public official, or a relative of his or a partner of a public official has interests in a company's corporate partner; or
- There are rumors that a corporate partner is under investigation for alleged money laundering or some other criminal activity. Should it be relevant, Magnaccord may conduct background checks, audits or compliance certifications of corporate partners.

Magnaccord encourages its employees to share this Anti-Corruption Policy with its corporate partners so that they become aware of our commitment to legal and ethical commercial practices.

Magnaccord employees working for a client must not allow themselves to be tempted by improper pay offs or other such dishonest behavior. Employees confronted with a situation that suggests such concerns must, as soon as possible, contact their supervisor or consult with Audit Committee personnel. Do not try to resolve this kind of problems on your own.

## **X. Employee knowledge of these policies**

All employees must attest that: they have read and understand this Policy; that they will comply with its terms; and that they currently have no knowledge of infringements on this Policy.

All Magnaccord employees with knowledge or suspicion of possible infringement on this policy must immediately alert the Audit Committee.

Employees who infringe on this policy will be subject to disciplinary measures,

which may include dismissal, and may also be subject to individual criminal prosecution and/or civil prosecution before the proper jurisdiction. Corporate partners in violation of this Policy will be subject to termination of all commercial relation with Magnaccord.

February 2020.-

Jorge Miroslav Jara Salas  
Chairman and CEO Magnaccord Group SL

