

Sonesta International Hotels Corporation (and its subsidiaries)

Code of Business Conduct and Ethics

December 11, 2017

Introduction

This *Code of Business Conduct and Ethics* (this “Code”) has been approved and adopted by the Board of Directors of Sonesta International Hotels Corporation (the “Company”). *References to the Company in this Code include the subsidiaries of the Company, unless the context indicates or implies otherwise.*

This Code is based on the principle that the members of the Board of Directors, officers and employees of the Company, The RMR Group LLC, the business management services provider to the Company (the “Business Manager”), The RMR Group Inc., the managing member of the Business Manager (“RMR Inc.”), senior level officers (head of investor relations, Senior Vice President and more senior level officers) of the Business Manager, members of the Board of Directors and senior level officers of RMR Inc. and, to the extent involved in the Business Manager’s services to the Company, employees of the Business Manager (any or all of the aforementioned individuals, “Covered Persons” or “you”), owe a duty to the Company to conduct the Company’s business in an ethical manner that promotes the accomplishment of the Company’s goals. All Covered Persons are expected to adhere to this general principle as well as to comply with all of the specific provisions of this Code that are applicable to them (and in some instances applicable to their family members).

The Company expects Covered Persons to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, regulations and Company policies. Likewise, the Company also expects that its contractors, consultants and other agents, including their respective directors, officers, employees and other representatives, will conduct business with or on behalf of the Company in accordance with the highest standards of personal and professional integrity and ethics and in compliance with all applicable laws and regulations. The Business Manager and RMR Inc. have confirmed to the Company that each has adopted a Code of Business Conduct and Ethics that includes similar obligations for its officers and employees, including with respect to the Company, as those included in this Code. We must never compromise that integrity, either for personal benefit or for the Company’s purported benefit. In accepting a position with the Company or providing services to the Company, each Covered Person becomes accountable for compliance with the law, with this Code and with all the policies of the Company.

This Code applies to all Covered Persons. This Code should be read in conjunction with other policies of the Company. It is each individual’s responsibility to become familiar with this Code, these policies and any supplemental policies. We expect strict compliance with this Code.

Failure to comply with this Code may result in disciplinary action, including termination of employment. Furthermore, violations of this Code may also be violations of law and may result in civil or criminal penalties for you, your supervisors and/or the Company.

**Sonesta International Hotels Corporation
(and its subsidiaries)**

Code of Business Conduct and Ethics

The Company is dedicated to maintaining the highest integrity and standards of ethics. We will treat our guests, customers, hotel or property owners, landlords, franchisees, suppliers, employees and the community with honesty, dignity, fairness and respect.

This Code supplements our other applicable policies. If you have questions regarding this Code, you should contact any of the following: your supervisor, the Vice President of Human Resources, the Chief Compliance Officer or an executive officer of the Company. You also may use the Company's confidential message system at (855) 251-0649.

1. Work Environment

Each of us has a responsibility to help provide a work atmosphere free of harassing, abusive, disrespectful, disorderly, disruptive or other nonprofessional conduct. Our officers and management personnel seek to foster a work environment that is free from the fear of retribution. We provide equal employment opportunities by recruiting, hiring, training and promoting applicants and employees without regard to race, color, religion, national origin, sex, age, ancestry, sexual orientation, disability, handicap or Veteran status.

2. Safe and Healthy Environment

We are committed to providing a drug-free, safe and healthy work environment. Using or being under the influence of alcohol or illegal drugs while working is strictly prohibited, and smoking is limited to designated areas. Each of us is responsible for compliance with applicable health and safety laws and regulations.

Any environmental risks that may arise at our properties or from our operations should be identified and managed in accordance with applicable laws and regulations.

3. Company Property

You are responsible for the proper use of our property, the property of the Business Manager and the property of the owners of the hotels and other properties we operate, including our information resources, records, materials, facilities and equipment, and the property of our guests, customers, hotel or property owners, landlords, franchisees, suppliers or other third parties that is under your care or control. Use and maintain these assets with care and respect, guarding against theft, waste or abuse which may harm such property or assets. You may not misappropriate our property or the property of others for your personal use or for the use of others.

The computer, electronic mail, internet access and voice mail systems we provide are intended for business purposes. You may not use these systems in a manner which is harmful or embarrassing to us or our guests, customers, hotel or property owners, landlords, franchisees, suppliers or others. Under no circumstances are any of our systems to be used to solicit, harass or otherwise offend or for any unlawful purpose.

The Company reserves the right to inspect and monitor work spaces and to audit, access, and disclose all information and data (including electronic mail messages) stored on or in any Company owned, leased or licensed equipment, network, facility, server, database or similarly purposed items for any purpose.

4. Company Records and Information

We promote full, fair, accurate, timely and understandable disclosure in all public communications, including reports and documents that we file with, or submit to, governmental authorities. We must maintain accurate and complete records, data and other information in sufficient detail so as to reflect accurately our transactions. Our financial information and statements must be prepared in accordance with generally accepted accounting principles as in effect in the United States, and, as applicable, statutory accounting practices and procedures for regulatory purposes, and must fairly present, in all material respects, our financial condition and operating results. You are personally responsible for the integrity of information, reports and records under your care or control and reporting all such information timely, accurately and completely to the appropriate personnel in accordance with our policies to enable us to appropriately report such matters in a timely manner. Misrepresenting facts or falsifying records will not be tolerated and will result in disciplinary action.

You must use common sense and be professional when choosing the content and language that comprise business records and other documents (such as electronic mail).

You must comply with the Company's policy on record retention. If any government agency or official requests access to any of our records, data or other information in our possession, you must advise your supervisor, manager or a senior officer of this request immediately. Supervisors and managers must ensure that senior officers are informed of all such requests that are outside the ordinary course of the Company's business. You may not destroy or alter any records, data or other documents which are potentially relevant to a violation of law or any litigation or any pending, threatened or foreseeable government investigation or proceeding or lawful request.

You must cooperate fully with appropriately authorized internal or external investigations. Making false or misleading statements to anyone, including internal or external auditors, in-house or external counsel, representatives or other employees, or regulators can be a criminal act that can result in severe penalties. You must never withhold or fail to communicate information that should be brought to the attention of higher level management.

5. Proprietary and Confidential Information

You may receive or create information about us which is proprietary and/or confidential information. In addition, you may receive information about our guests, customers, hotel or property owners, landlords, franchisees, suppliers, competitors or others which is proprietary to us or which we or they have an obligation to keep confidential. You must respect these confidences and comply with any applicable laws governing their use and disclosure.

Both during and after your association with us, you may not disclose any such proprietary or confidential information to anyone without proper authorization from us. This applies to disclosures by any medium, including the internet or other electronic means. You must take precautionary steps to prevent the unauthorized disclosure of proprietary or confidential information, including by protecting and securing documents and data containing this information. Disclosure of proprietary or confidential information within our Company or the Business Manager should not be made to any individual who is not authorized to receive it and has no need to know the information.

Our proprietary or confidential information includes, but is not limited to, non-public information that might be of use to our competitors, or harmful to us or our guests, customers, hotel or property owners, landlords, franchisees, suppliers or other third parties, if disclosed. Examples of proprietary information include guest or customer lists, management or franchise agreements or leases, contracts and supply agreements and amendments to or termination of management or franchise agreements or leases, contracts and supply agreements, occupancy rates, plans for acquisitions, dispositions or financings and business and strategic plans and budgets. Examples of confidential information include employee records, guest or customer information, hotel or property owner, landlord or franchisee information, including but not limited to name, address, telephone number, e-mail address, medical and billing records, government issued identification (such as, social security number) and credit card, banking or other financial information.

6. Anti-Bribery, Anti-Corruption and Compliance with Laws

We conduct our business in accordance with all applicable laws and regulations. Compliance with the law does not comprise our or your entire ethical responsibility. Rather it is a minimum, essential condition for the performance of our and your duties. The Company will not tolerate corrupt or illegal practices, including bribery or kickbacks, by its employees, officers and directors or anyone acting on behalf of the Company. Such actions will result in disciplinary action and could result in severe civil or criminal penalties for both the Company and the individual(s) involved. The Company has prepared a detailed policy called the Anti-Bribery, Anti-Corruption and Compliance With Laws Policy (the “Policy”) which is included as Exhibit A to this Code and should be read in conjunction with this document. Failure to comply with the Policy may cause immediate termination of employment or other engagement by the Company.

This Code highlights a few laws and issues, but does not attempt to cover every circumstance which may arise. These are complex, rapidly changing laws and issues which may affect your personal conduct outside of our business environment. You are responsible for knowing and complying with laws and regulations applicable to you and you are urged to consult with our legal counsel as to questions concerning these laws and regulations. If you have any compliance questions relating to us or our business, you should consult with one or more of the individuals listed at the beginning of this Code.

7. Insider Trading

As a company which may be considered to be affiliated with one or more publicly owned companies we must always be alert to and comply with securities laws and regulations. To prevent insider trading or allegations of insider trading, and to protect the Company’s reputation for integrity and ethical conduct, we have adopted insider trading policies and procedures that restrict your ability to trade in any securities of Government Properties Income Trust, Hospitality Properties Trust, Select Income REIT, Senior Housing Properties Trust, Tremont Mortgage Trust, Five Star Senior Living Inc., TravelCenters of America LLC and RMR Real Estate Income Fund (together, the “Covered Public Companies”) and to share material, non-public information about the Covered Public Companies. This insider trading policy also applies to trading in securities of (i) RMR Inc., (ii) other public companies to which the Business Manager or its affiliates provide management services and (iii) other public companies on the basis of material, non-public information which you may have learned in the course of performing your duties for the Company.

You are required to comply with our policies and procedures relating to insider trading, which are set forth in full detail in the Insider Trading Policies and Procedures of the Company available from the Human Resources department or the Chief Compliance Officer.

You should contact the Chief Compliance Officer if you have any questions regarding our Insider Trading Policies and Procedures.

8. Antitrust Laws

We are committed to fair competition and competing fairly and ethically for all business opportunities. In conducting our business you must adhere to all antitrust laws. These laws prohibit practices in restraint of trade, such as price fixing and boycotting suppliers or customers, and they also bar pricing intended to run a competitor out of business; disparaging, misrepresenting, or harassing a competitor; stealing trade secrets; bribery; and kickbacks. Antitrust laws also prohibit agreements between competitors regarding prices to be charged, bidding, clients to be solicited or geographic areas to be served.

9. Fair Dealing with Others and Ourselves; Illegal and Questionable Gifts or Favors

We will not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practices. We will not make materially false, misleading or unsubstantiated statements about competitors or ourselves on internet message boards, blogs, social media sites (such as Twitter or Facebook) or similar forums or by other means of communication. You, as our representative, must adhere to these standards in your conduct on our behalf. You may not publish information about us on the internet or by any other means anonymously and may only speak for us if authorized to do so.

Buying, selling and bidding on our behalf must be done on an “arm’s length” basis. You are not permitted to offer, give, solicit or accept any payment, gift, bribe, secret commission, favors or other business courtesies that constitute, or could be reasonably perceived as constituting, unfair business inducements or that would violate laws or regulations or our other policies.

The federal government, each state and many local jurisdictions have laws that restrict the ability of Covered Persons and the Company to give gifts, including meals and entertainment, to public officials and employees, and in some cases to their spouse or children. These laws range from absolutely prohibiting such gifts, to permitting them as long as there is no intent to influence a specific official decision with the gift.

You are responsible for becoming familiar and complying with any and all applicable gift laws and regulations in jurisdictions in which you may have contact with public officials and employees on behalf of the Company. Any questions regarding the appropriateness or legality of offering, giving, soliciting or accepting a gift or invitation should be addressed to one or more of the individuals listed at the beginning of this Code.

10. Political Contributions and Activities

United States federal laws generally prohibit companies from donating corporate funds, goods or services (including employees’ work time), directly or indirectly, to candidates for federal office, political party committees or political action committees. State and local laws may also impose requirements and restrictions regarding similar matters, including restrictions, prohibitions and reporting requirements regarding political donations by companies. As a result, any political contributions or expenditures made by the Company must be pre-approved by the Board of Directors, a Director or the Secretary of the Company. This includes not only monetary contributions but also “in-kind” contributions by the Company (such as using the Company’s facilities or resources to benefit a campaign or committee).

In addition, while we encourage your involvement in civic affairs and your participation in the political process, that involvement and participation must be on an individual basis, on your own time and at your expense, using your own resources or those of the campaign, and never using the Company's facilities or resources, and not as our representative. Any political activity that could cause someone to believe that such actions reflect the Company's views or position requires the prior approval of the Board of Directors, a Director or the Secretary of the Company.

Lastly, certain federal, state and local "pay-to-play" laws may place additional restrictions on political contributions by a government contractor, its affiliates, and personal political contributions of its covered employees (and in some cases, their family members). If you are an officer or member of the Board of Directors of the Company, or a senior level officer or member of the Board of Directors of the Business Manager or RMR Inc., or have been designated as a "covered donor" by the Company (as may be determined by the Board of Directors, a Director, the Secretary, an executive officer or the Chief Compliance Officer of the Company), you must notify the Chief Compliance Officer prior to making political contributions.

11. Company Opportunities

You have an obligation to give the Company your complete loyalty and to advance the Company's legitimate business opportunities. We expect the best interests of the Company to be foremost in the minds of Covered Persons as they perform their duties. These duties include your not (i) taking for yourself personally opportunities that are discovered through the use of Company owned, managed or leased property, Company information or your position, (ii) using Company owned, managed or leased property, Company information or your position for your own personal gain and (iii) competing with the Company. You may determine whether we consider an action you propose to take to be consistent with your duties to us by following the procedure described below relating to conflicts of interest. When you become an employee, officer or member of the Board of Directors, and receive pay and benefits in such capacity, you make this commitment.

12. Conflicts of Interest

You must be sensitive to activities, interests or relationships that interfere with, or appear to interfere with, our interests. These activities, interests or relationships are considered "conflicts of interest."

Conflicts of interest arise from financial or other business relationships with our guests, customers, hotel or property owners, landlords, franchisees, suppliers or competitors that might impair, or appear to impair, the independence of any judgment you may need to make on our behalf. They may arise from your personal investing, your outside business activities, your consideration of our business opportunities and dealings with related parties. Examples include those matters referred to above under "Company Opportunities"; accepting employment by a competitor or potential competitor while you are employed by us without providing us prompt notice; accepting gifts, payment or services from those seeking to do business with us or your receipt of improper personal benefits as a result of your position with us; accepting loans or guarantees from us; and owning, or having a substantial interest in, a company that is a competitor, guest, customer, hotel or property owner, landlord, franchisee or supplier of us or to which we provide hotel management services. If something would constitute a conflict of interest if it involves you directly, it will likely constitute a conflict of interest if it involves a family member or business associate of yours.

You are under a continuing obligation to disclose to us any situation that presents a conflict of interest; disclosure is the key to remaining in compliance with this policy. Disclosure permits our representatives who are independent of the conflict of interest to understand the conflict of interest and to determine

whether our interests as a whole are being protected. If you think that you have a conflict of interest, or something that others could perceive as a conflict of interest, you should report it to your supervisor or to the Chief Compliance Officer.

You may pursue transactions or relationships which involve a conflict of interest that are not otherwise expressly permitted by our governing documents or our agreement with the Business Manager only if (i) that transaction or relationship does not impair the independence of any judgment you may need to make on our behalf and (ii) the transaction or relationship has been approved as provided in the following two paragraphs.

In the case of a senior officer or member of the Board of Directors, you must seek approval from disinterested directors for investments, related person transactions and other transactions or relationships which you would like to pursue and which may otherwise constitute a conflict of interest or other action falling outside the scope of permissible activities under this Code. If there are no disinterested directors, the approval must come from both the affirmative vote of a majority of our entire Board of Directors and the affirmative vote of a majority of our independent directors.

In the case of other persons subject to this Code, you must seek approval from an executive officer of the Company who has no interest in the matter for which approval is being requested.

If you discover that, as a result of changed circumstances or otherwise, you have become involved in a conflict of interest or are in competition with us in a way that violates or may violate this Code, you must report that conflict as provided above. Unless you obtain appropriate approval, you must promptly eliminate that conflict or competitive situation.

Because it is impossible to describe every potential conflict of interest, we necessarily rely on you to exercise good judgment, to seek advice when appropriate and to adhere to ethical standards in the conduct of your professional and personal affairs.

13. Reports of Violations

We require any officer or member of the Board of Directors who knows of a violation of laws, rules, regulations or this Code by any employee, officer, member of the Board of Directors, vendor, contractor or agent of the Company or other Covered Person, to report that violation to the Chief Compliance Officer of the Company or an executive officer of the Company. We encourage other employees to report any violations or possible violations to your supervisors, managers or other appropriate personnel. You may report such violations as follows:

- By written correspondence to:

Sonesta International Hotels Corporation
Chief Compliance Officer
Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458

- By toll-free telephone to: (855) 251-0649
- By e-mail to: Compliance@sonesta.com
- By use of the Company's web site at: <http://www.sonesta.com>.

We have adopted procedures for handling concerns or complaints about accounting, internal accounting controls or auditing and we will handle complaints or reports of violations in accordance with those procedures.

Similarly, we encourage you to speak with your supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. The Company's interests are never served by unlawful or unethical business practices.

Any report or information that you submit must be made in good faith. This does not mean that you have to be certain or correct when you raise a concern, but it does mean that you believe the concern you are raising is legitimate and the information you are providing is accurate. Submitting a report or information that you know to be inaccurate is a violation of this Code. We prohibit any retaliatory action against any individual for raising legitimate concerns or questions regarding ethics matters or for reporting violations or suspected violations in good faith.

Note: If you have a question or concern regarding human resources matters that do not fall within the scope of this Code or the related policies and procedures of the Company, please refer such question or concern to the Human Resources department.

14. Accountability for Adherence to this Code

Covered Persons who violate this Code will be subject to appropriate discipline. This determination will be based upon the facts and circumstances of each particular situation. Disciplinary measures include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment or other relationship with us and restitution.

Persons who may be subject to disciplinary measures include, in addition to the violator, others involved in the wrongdoing such as (i) persons who fail to use reasonable care to detect a violation, (ii) persons who, if requested to divulge information, withhold or misrepresent material information regarding a violation and (iii) supervisors who approve or condone the violations or attempt to retaliate against Covered Persons for reporting violations or violators.

Any waiver of the applicability of this Code or of a violation by an individual covered by this Code, other than a senior officer or member of the Board of Directors requires the approval of the Chief Compliance Officer or an executive officer of the Company. Any waiver for a senior officer or member of the Board of Directors requires the approval of the Board of Directors of the Company. Waivers will be granted only as permitted by law and in extraordinary circumstances.

EXHIBIT A

**TO SONESTA INTERNATIONAL HOTELS CORPORATION'S
CODE OF BUSINESS CONDUCT AND ETHICS**

ANTI-BRIBERY, ANTI-CORRUPTION AND COMPLIANCE WITH LAWS POLICY

Sonesta International Hotels Corporation (“SIHC”) and its subsidiaries (together with SIHC, the “Company”) do not tolerate corrupt or illegal practices, including bribery or kickbacks, by its employees, officers and directors, or anyone acting on behalf of the Company. In furtherance of this general principle, the Company is committed to complying, in all material respects, with the highest standards of ethical business practices and conduct and the requirements of all applicable laws, rules and regulations, including without limitation (i) laws governing interactions with Government Officials (as defined below), (ii) anti-corruption laws and (iii) the U.S. Foreign Corrupt Practices Act (the “FCPA”).

This Anti-Bribery, Anti-Corruption and Compliance with Laws Policy (the “Policy”) applies to the Company as well as to those acting on behalf of the Company, including officers, directors, employees, affiliates, agents and representatives of the Company. All such persons are expected to become familiar with and comply with this Policy and to participate in relevant training sessions when required.

If anyone has any doubts or questions as to whether their conduct is permissible under this Policy, or applicable anti-bribery or anti-corruption laws, there is an expectation that they will contact the Chief Compliance Officer of SIHC (the “CCO”).

1. PROHIBITED CONDUCT

(a) Bribery of Government Officials

- (i)** This Policy generally makes it illegal to bribe (i) *Government Officials (“GOs”)* (ii) by offering them *anything of value or an undue advantage*, (iii) either *directly or through an intermediary*, (iv) in a corrupt attempt to *obtain or retain business or to influence, delay or cause the omission of an official act*.
- (ii)** Each of these key terms will be explained in further detail below. However, employees should further understand that this Policy prohibits bribery even if:
 - (1)** the payment is made for the benefit of someone other than the Company or a Company employee;
 - (2)** the payment is made to someone other than the GO, such as a close relative of the official;
 - (3)** the GO rejects the offer, or fails to bring about the desired outcome; or,
 - (4)** the GO demands or suggests the payment.

(b) Who is a GO?

- (i)** The term GO refers, in any jurisdiction outside of the United States, to: (i) any person who, even if transitorily or without remuneration, holds a full or part-time public employment or function, including an employment or function in state-owned companies or companies with public participation; (ii) any elected or

appointed GO; (iii) any employee or other person acting for or on behalf of a GO, government body or undertaking and exercising governmental functions; (iv) any officer of a political party, its employees or other persons acting for or on behalf of a political party or candidate for public office; (v) an employee or person acting for or on behalf of a public international organization (e.g. United Nations); or (vii) any other person who otherwise qualifies as a government or public official pursuant to local legislation.

- (ii) The word “government” includes all governmental levels and instances in any jurisdiction outside the United States in which the Company conducts business (i.e., executive, legislative and judiciary bodies at local, regional or national instances). For the purposes of this policy, all government officers and employees of government-owned companies also qualify as GOs.
- (iii) Company personnel (employees, officers and directors) are responsible for gathering the necessary information to determine whether a proposed transaction involves a GO, a government-owned company, or an entity that is owned or controlled by a GO. In some cases, government involvement will be obvious, but in many cases it will not. Employees are expected to seek guidance from the CCO whenever they are uncertain about potential government involvement in a transaction.

(c) What is “Anything of Value”?

- (i) This Policy prohibits offering a GO an undue advantage or “anything of value” to induce the GO to misuse his or her official authority to the benefit of the Company. The term “anything of value” has a broad scope, and may include gifts, entertainment, favors, services, loans and loan guarantees, investment or business opportunities, the use of property or equipment, job offers, transportation, and the payment or reimbursement of travel expenses or debts.
- (ii) Importantly, there is no “small payment” or *de minimis* exception for payments made with a corrupt intent. Thus, even minor payments can violate this Policy and applicable law if they are intended as bribes.

(d) What Are Undue Advantages Designed to “Induce a Government Official to Perform, Omit or Delay an Official Act”?

- (i) This Policy prohibits offering, authorizing or giving anything of value / paying bribes to induce a GO to perform, omit or delay an official act, including for the purposes of obtaining or retaining business for the Company. The term “official act” for the purposes of this Policy is broad and includes any act conducted by the GO when acting in his or her official capacity.
- (ii) Additionally, when this Policy makes reference to an intent to “obtain or retain business”, you should understand that the term “business” has a far broader meaning than it would first appear. It is not limited to payments designed to win a government contract or public tender. Rather, for the purposes of this Policy, the term “business” includes any commercial or financial benefit. For example, a payment to persuade a GO not to impose a lawful fine or tax on the Company would violate this Policy. Similarly, a payment to induce a GO not to enforce an

applicable law or regulation against the Company could also result in a violation of this Policy.

- (e) Acts by Third Parties
 - (i) The Policy prohibits corrupt payments whether they are made directly or through an intermediary. Accordingly, the Company and individual employees can violate this Policy if they make a payment to a third party—such as a consultant, agent, or joint venture partner—while “knowing” that the third party intends to give at least a portion of the payment to a GO as a bribe. A knowing state of mind exists if the employee is either aware that the third party is engaging in improper conduct, or has a firm belief that improper conduct is substantially certain to occur.
 - (ii) This “knowing” requirement can also be met if it can be shown that the employee consciously disregarded evidence that a third party was engaging in improper conduct. Company employees, therefore, cannot simply turn a blind eye to evidence of misconduct by third parties acting on behalf of the Company.
 - (iii) Company employees are strictly prohibited from making or authorizing payments to a third party if they have reason to suspect the third party is acting as an intermediary for a GO.

2. ACCOUNTING STANDARDS AND CONTROLS

- (a) The Company is also required to maintain books and accounting records that accurately and fairly reflect all transactions and dispositions of the Company’s assets. These record keeping requirements apply to all payments, not merely those that would be material in the traditional financial sense. Accordingly, employees must be timely and complete when preparing all reports and records required by the Company’s various policies and procedures.
- (b) It is a crime to manipulate the Company’s books and records in an effort to mask transactions, either by characterizing them in some oblique way, or by omitting them from the Company’s books entirely. No undisclosed or unrecorded accounts are to be maintained for any purpose.
- (c) The Company must also implement and maintain a system of internal controls to ensure that all transactions are properly authorized by management. Employees must therefore follow all policies and procedures for accounting and financial reporting, and must obtain the necessary approvals for all transactions.

3. ADDITIONAL GUIDANCE REGARDING PAYMENT PRACTICES

- (a) Payments / Benefits to GOs
 - (i) Requests by GOs for payments or gifts that could violate applicable laws arise in varied settings and can be much more subtle than a direct request for a kickback or bribe. Special care must be taken when a GO requests a gift, travel or entertainment. All such requests must be referred to the CCO for additional review before any benefit is provided.

- (ii)** Without limitation, Company employees and representatives must never pay or give things of value to GOs for the following purposes:

 - (1)** to influence the award of a government contract;
 - (2)** to prevent some governmental action, such as the imposition of a tax or fine;
 - (3)** to obtain a license or other authorization from a government where the issuance involves the official's or his government's discretion;
 - (4)** to obtain confidential information about business opportunities, bids or the activities of competitors;
 - (5)** to obtain a permit or license, other than to cover appropriate processing fees;
 - (6)** to secure a zoning ruling;
 - (7)** to influence the rate of taxes that would be levied on the Company's business;
 - (8)** to resolve disputes, such as potential tax deficiencies or disagreements over customs duties payable; or
 - (9)** to otherwise obtain or retain business, influence government action or decision, or secure any other improper commercial or financial advantage.
- (iii)** You are expected to consult the CCO in advance if there is any uncertainty about permitted interactions with GOs, including any applicable monetary limits on any entertainment (including meals), gifts or travel being provided. More specific guidance as to limits on permissible entertainment, gifts, and travel, is provided below.
- (iv)** In addition, all payments related to entertainment, gifts and travel for GOs must be fully documented, supported by original receipts, properly approved, be for legitimate purposes, and permitted under applicable laws.
- (v)** Employees are reminded that they may not use agents or other third party intermediaries to engage in the improper conduct described above.
- (b)** Guidance on Entertainment, Gifts and Travel

 - (i)** Entertainment

 - (1)** It is the Company's policy that entertainment expenses (including meals) for GOs may be incurred without prior approval by the CCO only if all of the following conditions are met:

 - (A)** The entertainment or meals occur in connection with substantive business meetings, occur in the same general location as such

meetings, and are attended by appropriate Company representatives, and do not exceed the value of \$200 per individual;

- (B) The entertainment or meal expenses are legitimate and commensurate with generally accepted local customs for private business people;
- (C) The entertainment or meals are permitted under applicable laws and, for officers and employees of a public international organization, the rules of that organization; and
- (D) The expenses are supported by appropriate documentation and properly recorded and approved in accordance with Company policies.

(2) In addition, the following rules should always be adhered to in the context of incurring entertainment expenses for GOs:

- (A) All business entertainment expenses must be reasonable; and,
- (B) The business entertainment expense must avoid the appearance of impropriety.

(ii) Gifts

(1) It is the Company's policy that gifts to GOs should be reviewed and approved in advance by the CCO, except under the following circumstances:

- (A) Gifts or items valued at US \$200 or less, bearing the Company's logo or otherwise generally distributed by the Company to its customers and vendors as a token of goodwill;
- (B) Gifts that are commensurate with legitimate and generally accepted local customs for private business people and which do not exceed US \$200 per person;
- (C) The gift is permitted under applicable laws and, for officers and employees of a public international organization, the rules of that organization; and
- (D) The expenses involved are properly recorded and approved in accordance with Company policies.

(2) In addition, the following rules should always be adhered to in the context of providing gifts to GOs:

- (A) In absolutely no circumstances is it acceptable to provide a gift in the form of cash;

- (B) The gift should be for official use rather than personal use; and,
- (C) The gift should be presented openly with complete transparency.

(iii) Travel

- (1) At times, the Company is requested to pay the travel and lodging expenses of GOs in connection with trips by such officials to meet with Company representatives or to visit Company facilities. Reimbursements by the Company for such expenses on behalf of GOs require the prior written approval of the CCO.
- (2) Reimbursement is generally acceptable where the expenses relate to reasonable and bona fide travel, accommodation and meal expenses in connection with a contract between the Company and the government. Advance per diem compensation is discouraged and requires prior express approval of the CCO. Wherever possible, the Company should arrange to reimburse service providers or the government entity directly for the expenses rather than reimburse the individual GOs. In no case should reimbursements be made:
 - (A) by cash payment directly to a GO;
 - (B) for expenses relating to family members or other persons accompanying a GO;
 - (C) for expenses relating to destinations that are not directly related to the Company's facilities, products, or services; or
 - (D) for travel expenses in excess of those that would likely be incurred by Company employees of equivalent status as the GOs if such Company employees were to travel to the same destination.
- (3) In addition, the following considerations and rules apply in the context of providing travel and lodging to GOs:
 - (A) The Company should not select the GOs who will travel. Having the government agency nominate the GOs for travel demonstrates transparency between the Company and the government.
 - (B) The travel must directly relate to promotion, demonstration, or explanation of products or services.
 - (C) The travel should be economy airfare and any per diem – which are discouraged as a practice and requires prior express approval of the CCO - should be modest (no more than US \$35/day).
 - (D) Travel will more likely avoid compliance concerns when the travelers have no authority to award business to the Company

and when no contracts or other issues with the potential to impact the Company's business are pending before the officials' agencies.

- (E) Any souvenirs you provide the visiting GOs should reflect the Company's business and/or logo and would be of nominal value.

4. POLITICAL AND CHARITABLE CONTRIBUTIONS

- (a) For purposes of this Policy, a "political or charitable contribution" includes not only monetary contributions to political parties or candidates or charities, but also payments for fundraising dinners and similar events. It is the Company's policy that no Company funds, assets, services or facilities shall be contributed to any candidate for political office in any jurisdiction, political party or political action committee or to any charity without the prior written approval of the CCO. All political and charitable donations must comply with local law.
- (b) Contributions to charities must never be a condition for – or made in an effort to influence – any governmental action or decision.

5. JOINT VENTURE / BUSINESS PARTNERS, AGENTS, CONSULTANTS OR OTHER REPRESENTATIVES

- (a) Introduction
 - (i) This Policy prohibits independent third parties acting on behalf of the Company from offering anything of value / bribes to GOs. In certain circumstances, the Company and its employees can be held responsible for improper payments made by these third party representatives.
 - (ii) Agreements with joint venture / business partners, agents, consultants or representatives who may have direct or indirect contact with GOs on behalf of the Company (referred to here collectively as "Agents") must be in writing and must describe the services to be performed, the fee basis, the amounts to be paid, and other material terms and conditions of the representation. Such agreements must be approved by the CCO. Further, payments must bear a reasonable relationship to the value of the services rendered, must be fully and accurately documented, and must not violate applicable anti-bribery and anti-corruption laws, including the FCPA.
 - (iii) Payments to Agents should never be made in cash, and should be made to the Agent's bank account in the country where the services are performed or where the Agent's offices are located. Payment to other locations must be approved beforehand by the CCO.
- (b) Due Diligence for Agents
 - (i) With the assistance of the CCO, as needed, Company employees responsible for engaging an Agent who it has been determined may have direct or indirect contact with GOs, must conduct a thorough background check to ensure that the proposed Agent possesses both the requisite qualifications and a solid reputation

for business integrity. The detailed due diligence will address the requirements and type of situations contemplated by applicable anti-bribery and anti-corruption laws, including the FCPA.

- (ii) A written due diligence report must be prepared and sent to the CCO. Such reports, along with the underlying documentation, must be retained for 5 years.

(c) “Red Flags” or Other Warning Signs

- (i) If Company employees ever have reason to suspect that an Agent is engaging in potentially improper conduct, no further payments should be made until an investigation can be conducted.

- (ii) While not exhaustive, the following warnings or “red flags” are signs that an Agent might be violating any applicable anti-bribery and anti-corruption laws, including the FCPA:

- (1) Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, ill-defined or last-minute payments, success fees, or unusual commissions;
- (2) Requests for payments to an account in a country other than where the Agent is located or is working on behalf of the Company;
- (3) Requests for payment to a third party, to a numbered account, or in cash or other untraceable funds;
- (4) The Agent is related to a GO, or has a close personal or business relationship with a GO;
- (5) Any refusal or hesitancy by the Agent to disclose its owners, partners or principles, or to promise in writing to abide by the Policy;
- (6) The Agent uses holding companies or other methods to obscure its ownership, without adequate business justification;
- (7) Charges against the Agent for violation of local or foreign laws, or of regulations concerning the award of government contracts;
- (8) A demand or strong suggestion by a GO that a particular Agent should be retained;
- (9) Reliance by the Agent on government contacts as opposed to knowledgeable staff, sufficient infrastructure, and investment of time to promote the Company’s interests; or
- (10) The Agent expresses a desire to keep his representation of the Company or the terms of his retention secret.

(d) Contractual Provisions

- (i) All agreements with Agents are to contain provisions requiring the Agents to comply fully with the applicable anti-bribery and anti-corruption laws, including the FCPA, and to refrain from giving anything of value to GOs, political parties or candidates in order to obtain or retain business or secure any improper advantage for the Company, substantially in the form as set forth in Annex 1.
- (ii) The agreement also should contain an obligation on the part of the representative to certify periodically that it has no knowledge of any illegal activities, substantially in the form as set forth in Annex 2.

6. COMMERCIAL BRIBERY

- (a) The Company also prohibits “commercial bribery.” Commercial bribery refers to the furnishing of something of value to an intermediary (e.g., an employee of a customer) without his or her supervisor’s knowledge, with the intent to influence the supervisor’s commercial conduct. The Company prohibits any employee, officer, director, consultant, middleman, or other agent acting on such individual’s behalf or on behalf of the Company from directly or indirectly engaging in commercial bribery.

ANNEX 1

Anti-Bribery & Anti-Corruption Representations and Warranties

Set forth below is an anti-corruption-specific clause for use in written agreements with Agents (as defined in the Policy). The provisions set out below provide a framework for such agreements, but will need to be tailored to the particular circumstances of each transaction. The Chief Compliance Officer of SIHC, should be consulted to determine the precise language to include in the applicable deal documents.

1. **Representations and Warranties Regarding Compliance with Applicable Laws:** [Insert Name of Third Party] hereby represents and warrants:
 - (a) That it is licensed, registered, or qualified under local law, regulations, policies, and administrative requirements to do business and, to the extent required by applicable law, has obtained licenses or completed such registrations as may be necessary or required by law to provide the good or services encompassed by this Agreement;
 - (b) That no one acting on its behalf has given, offered or promised to give money or anything of value to any Government Official¹ or to an intermediary for payment to any Government Official in a corrupt or improper effort to obtain or retain business or any commercial advantage, such as a permit or license to do business, [in connection with the subject contract]. [Insert Name of Third Party] further warrants that all persons acting on its behalf have complied with all applicable laws in connection with [obtaining and performing the subject contract], including but not limited to laws of [country where this Agreement is to be performed], the U.S. Foreign Corrupt Practices Act (“FCPA”), laws implementing the Convention on Combating Bribery of Foreign Government Officials in International Business Transactions (“OECD Convention”) and local laws prohibiting bribery, kickbacks, or other unlawful or improper means of obtaining business or commercial advantages
2. **Covenant to Remain in Compliance with Applicable Laws:** [Insert Name of Third Party] warrants and represents that it and all persons acting on its behalf are currently in compliance with all applicable laws, regulations, and administrative requirements and will remain so throughout the duration of this Agreement. [Insert Name of Third Party] further warrants and represents that all persons acting on its behalf have complied with and will continue to comply with all applicable local laws, as well as the requirements of the FCPA and the OECD Convention, regardless of these laws’ jurisdictional limitations.
3. **Involvement of Government Officials:** [Insert Name of Third Party] warrants and represents that none of its employees, officers, directors or indirect owners are Government Officials or

¹ The following definition of the term Government Official can be included in the Agreement’s Definitions section: (i) Any elected or appointed official, officer or employee of a government, whether at the national, state or local levels. This includes members of the legislative, executive and judicial branches of government, and further includes low-level employees of government agencies, such as office workers; (ii) any officer or employee of a government-owned or government-controlled business enterprise (such as a state-owned bank or utility company); (iii) any officer or employee of certain public international organizations (such as the United Nations, the World Bank or the International Monetary Fund); (iv) any person acting in an official capacity for a foreign government, government agency, or state-owned company (i.e., someone acting under a delegation of authority from these entities to carry out official responsibilities); (v) any foreign political party and any officials thereof; (vi) any candidate for political office; and (vii) members of a royal family.

immediate family members of a Government Official, except [insert relevant individuals, their titles and duties, and, if applicable, the officials to whom they are related]. In the event that during the term of this Agreement there is a change in the information contained in this paragraph, [Insert Name of Third Party] agrees to make immediate disclosure to [insert appropriate instructions], and in that case [the Company] may immediately terminate this Agreement by written notice.

4. **Duty to Remedy and Notify of Breach:** [Insert Name of Third Party] further warrants and represents that, should it learn of or have reason to suspect any breach of the covenants in this Section, it will take appropriate remedial steps and promptly notify [the Company].
5. **Use of Third Parties:** [Insert Name of Third Party] agrees not to assign its rights or obligations under this Agreement to third parties without prior written approval from the Company. Further, [Insert Name of Third Party] shall not utilize or employ any third parties or entities in connection with the performance of its duties under this Agreement without the prior written approval of the Company.
6. **Books and Records Requirements:** [Insert Name of Third Party] agrees to maintain, throughout the course of this Agreement, books and records that accurately reflect its assets and transactions in reasonable detail, and to maintain a system of internal accounting controls to ensure that all transactions are properly authorized by management. Further, the Company shall be allowed reasonable access to [Insert Name of Third Party]'s books and records, and shall have the right to audit [Insert Name of Third Party] on a periodic basis during the Agreement and for a period of two years after the end of the Agreement.
7. **Right to Terminate, Remedies and Indemnification:** If either party should believe, in good faith, that the other party has breached or intends to breach any of its representations, warranties and covenants in this Agreement, either party may immediately terminate this Agreement and declare forfeit of any unpaid amounts and will be entitled to repayment of any amounts paid or credited to the other party. Further, should [Insert Name of Third Party]'s actions result in the assessment of fines, penalties, or disgorgement of profits against the Company for violation of applicable laws, [Insert Name of Third Party] hereby agrees to indemnify the Company for same.

ANNEX 2

Annual Third Party Compliance Certification

I hereby certify that, in regard to all of the activities related to the contract / agreement dated _____, between [identify parties], the [Insert Name of Third Party] hereby certifies for the twelve months immediately preceding the date of this certification that it:

1. has complied and will comply with the prohibitions of all applicable anti-corruption and anti-bribery laws with regard to the above-mentioned contract, as well as any applicable rule, or regulation of any locality, or any other law, rule or regulation of similar purpose and effect;
2. does not know or have reason to believe that the [Insert Name of Third Party], or any director, officer or employee of the [Insert Name of Third Party], or any person acting on their behalf, has paid or will pay, offer, promise, or authorize the payment of money or anything of value, directly or indirectly, to a Government Official² while knowing or having reason to believe that any portion of such exchange is for the purpose of:
 - (a) corruptly influencing any act or decision of such Government Official(s) in their official capacity, including the failure to perform an official function, in order to assist the [Insert Name of Third Party] or any other person in obtaining or retaining business, or directing business to any other party;
 - (b) securing an improper advantage;
 - (c) corruptly inducing such Government Official(s) to use their influence to affect or influence any act or decision of a Government Authority in order to assist the [Insert Name of Third Party] or any other person in obtaining or retaining business, or directing business to any other party; or
 - (d) providing an unlawful personal gain or benefit, of financial or other value, to such Government Official(s).

I further certify that I have reviewed [Insert Name of Third Party]'s adherence to applicable anti-corruption and anti-bribery laws for the preceding year and have noted no violations other than as reported below.

² “**Government Official**” means (i) an employee, officer or representative of, or any person otherwise acting in an official capacity for or on behalf of (a) a national government, political subdivision thereof, or local jurisdiction therein; (b) an instrumentality, board, commission, court, or agency, whether civilian or military, of any of the above, however constituted; (c) a government-owned/government-controlled association, organization, business or enterprise; or (d) a political party (collectively, “**Government Authority**”); (ii) a legislative, administrative, or judicial official, regardless of whether elected or appointed; (iii) an officer of, or individual who holds a position in, a political party; (iv) a candidate for political office; (v) an individual who holds any other official, ceremonial, or other appointed or inherited position with a government or any of its agencies; or (vi) an officer or employee of a supra-national organization (e.g., World Bank, United Nations, International Monetary Fund, OECD).

Date of Violation	Description of Violation	Resolution

I agree to immediately notify the Company if subsequent developments cause the certifications and information reported hereinafter to be no longer accurate or complete.

Signature

Date
