

# GOODMAN GLOBAL GROUP, INC.

## EXPORT CONTROL AND SANCTIONS COMPLIANCE POLICY

Goodman Global Group, Inc. and its subsidiaries (collectively, the “Company”) are committed to complying with all laws applicable to us. With distributors and customers around the globe, we must be especially alert to those U.S. laws that regulate exports of products, software, and technology and to those laws that regulate the business we can do with specific countries, entities, and individuals that are subject to sanctions or embargoes. Those laws continue to apply to Goodman Global Group, Inc. and its subsidiaries notwithstanding the Company becoming a member of the Daikin Group in 2012. Additionally, as further set forth in Section 3 below, certain transactions with our non-U.S. affiliates are also prohibited under those laws.

This Export Control and Sanctions Compliance Policy addresses what we must do in order to comply with those laws.

### **1. Introduction**

The U.S. laws that regulate exports of products, software, and technology (collectively, “items”) are called the “export control” laws. U.S. export control laws apply to activities both within the United States and abroad. The export control laws of particular relevance to the Company are those administered by the U.S. Department of Commerce under the Export Administration Regulations (“EAR”). The EAR regulates the following activities:

- shipments or transmission to other countries from the United States of products, software, or technology (e.g., technical information or know-how);
- shipments or transmission between foreign countries (“re-exports”) of items originally exported from the United States;
- re-exports from a foreign country of items that are produced outside the United States and which (1) incorporate U.S.-origin parts and components above a certain level or (2) are based on U.S.-origin software or technology; and
- access to certain software code or technology granted to nationals of foreign countries (“deemed exports”) who are located in the United States.

Depending on the items being exported or re-exported, the countries of destination, the end uses of the items, and the end users of the items, it may be necessary for the Company or its foreign distributors to obtain a license from the Department of Commerce before a particular exportation or re-exportation can take place, or it may be unlawful for the Company or its foreign distributors to export or re-export the items.

The U.S. laws that regulate the business we can do with specific countries, entities, and individuals are called the “sanctions” or “embargo” laws. U.S. sanctions laws are administered by the U.S. Department of the Treasury. The sanctions laws apply to U.S. citizens and residents, wherever located, as well as to persons located in the United States, regardless of their nationality. In some cases, the sanctions laws also apply to the foreign subsidiaries of U.S. companies. Specifically, U.S. sanctions laws regulate the following activities:

- virtually all business dealings with Cuba and Cuban nationals, Iran and persons located in Iran, and Sudan and persons located in Sudan;
- certain business dealings with North Korea, Syria, and Russia, and persons located in those countries;
- many business dealings with the regimes or former regimes of certain other countries around the world;
- virtually all business dealings with thousands of organizations and individuals listed on the U.S. Department of Treasury’s List of Specially Designated Nationals and Blocked Persons (the “SDN List”), which includes organizations and individuals that are considered to be terrorists, proliferators of nuclear weapons, narcotics traffickers, or persons under the control of sanctioned countries (although located outside those countries).

Those few business dealings with restricted countries or parties that are permitted under U.S. sanctions laws may require advance governmental authorization in the form of licenses.

## **2. Export Control Compliance**

Company employees must be sure, before authorizing the exportation or re-exportation of a Company product, software, or technology, that appropriate export licenses have been obtained and that the transaction is lawful. Any questions in this regard must be brought to the attention of the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department.

Specifically, the Company has in place a process by which the Global Trade Compliance Manager oversees the classification of the Company’s products, software, and technology under the EAR, which in turn determines the permissible country destinations of the items. The Company also has in place a process by which the Global Trade Compliance Manager checks prospective international distributors and foreign customers (including U.S. customers that we have reason to believe are exporting our products) to ensure that there are no export control restrictions on sales to those persons. Finally, the Company also has in place a process by which the Global Trade Compliance Manager checks whether a particular prospective exportation to a particular country destination calls for any confirmation of the end use of the item before it can be exported. If the Global Trade Compliance Manager determines that the export control laws impose any restrictions on a prospective commercial relationship or

transaction, he must halt further activity until and unless the restrictions can be satisfied.

Company employees who process purchase orders, requests for parts, proposals from potential international distributors, or other prospective export transactions or commercial relationships must ensure that the Global Trade Compliance Manager is informed and has completed the aforementioned compliance processes before any export activity occurs. Once the Global Trade Compliance Manager has completed the necessary compliance processes, he will inform the relevant employee that the export activity can proceed, that further information or licensing authority must be obtained, or that the activity cannot be pursued due to EAR restrictions.

All contracts with international distributors and foreign customers must include provisions requiring compliance with U.S. export control laws and with this Policy. Standard contractual provisions can be obtained from the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department. Contracts containing appropriate compliance provisions must be signed by an authorized Company employee before any transactions involving the distributor or customer occur.

### **3. Sanctions Compliance**

Before engaging in any commercial relationships or transactions with international distributors, foreign customers, or other parties, Company employees must also be sure that these relationships or transactions comply with U.S. sanctions laws. Any commercial relationships or transactions that appear to involve sanctioned countries, entities, or individuals must be brought to the attention of the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department before any action is taken.

Specifically, the Company has in place a process by which the Global Trade Compliance Manager conducts due diligence with respect to any prospective international distributor or foreign customer to ensure compliance with the sanctions laws. Company employees must bring to the attention of the Global Trade Compliance Manager any prospective international distributor or foreign customer that has not yet been subject to this due diligence process; if there is any doubt whether due diligence has been conducted with respect to a prospective international distributor or foreign customer, the Global Trade Compliance Manager must be contacted. Company employees must cooperate with the Global Trade Compliance Manager in obtaining information relevant to the due diligence process.

All contracts with international distributors and foreign customers must include provisions requiring compliance with U.S. sanctions laws and with this Policy. Standard contractual provisions can be obtained from the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department. Contracts containing appropriate compliance provisions must be signed by an authorized Company employee before any transactions involving the distributor or customer occur.

Company employees must not engage in any commercial relationships or transactions that directly or indirectly involve the countries or nationals of Cuba, Iran, North Korea, Sudan, Syria, or the territory of the Crimean Peninsula without the express written permission of the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department. Any commercial relationships or transactions that appear to involve those countries or nationals must be brought to the attention of these compliance personnel immediately.

It is also prohibited to conduct business indirectly that is prohibited to conduct directly. For example, if a foreign company (even a foreign affiliate of Goodman or Daikin) receives an order from a sanctioned country and places an order on Goodman to fulfill that order, we may be prohibited from filling that order. Any Company employees who are aware of such a situation must immediately bring it to the attention of the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department.

Additionally, Company employees are prohibited from facilitating activities by foreign persons, even including our non-U.S. affiliates and our non-U.S. distributors, that involve countries or persons subject to U.S. economic sanctions. Prohibited facilitation includes referrals of business, provision of warranties, provision of financing, provision of customer service or technical support, authorization, or other assistance. Because the sanctions laws, by contrast with the export control laws, focus not on the U.S. origin of items but on the U.S. nationality or location of companies and individuals, this prohibition against dealings with Cuba, Iran, North Korea, Sudan, Syria, or the territory of the Crimean Peninsula applies whether the Company products are manufactured in the United States or abroad. From time to time, the Export Compliance Officer may supplement or alter the list of prohibited countries and country nationals, as the sanctions laws change.

#### **4. Reporting and Record-Keeping**

Any employee who suspects that a proposed commercial relationship or transaction may violate the U.S. export control or sanctions laws must report this information immediately to the Export Compliance Officer, the Global Trade Compliance Manager, or the Legal Department and must halt the proposed activity until and unless clearance is obtained. Any employee who believes that a past commercial relationship or transaction may have violated the U.S. export control or sanctions laws must also report this information. The relevant contact information is as follows:

Export Compliance Officer: Timothy Pischulla  
Phone: 713/263-5471      E-mail: [timothy.pischulla@goodmanmfg.com](mailto:timothy.pischulla@goodmanmfg.com)

Global Trade Compliance Manager: Fausto Vinueza  
Phone: 713/263-5782      Email: [fausto.vinueza@goodmanmfg.com](mailto:fausto.vinueza@goodmanmfg.com)

Legal Department: Mike Bryant, Associate General Counsel

Phone: 713/263-5663      Email: [mike.bryant@goodmanmfg.com](mailto:mike.bryant@goodmanmfg.com)

Any employee who prefers to report anonymously may do so through the Company's compliance hotline, 800/241-5689.

Records of international transactions and any commercial relationships that may be subject to the U.S. export control or sanctions laws must be maintained for a minimum of five years. Except as otherwise expressly permitted by the Company's document retention policy, employees must obtain written permission from the Export Compliance Officer, Global Trade Compliance Manager, or the Legal Department before discarding or destroying records subject to this Policy within five years of the completion of the transaction or the termination of the commercial relationship.

## **5. Penalties**

Violations of U.S. export control and sanctions laws may subject the Company, our directors, and our employees to serious penalties, including fines and even imprisonment. Furthermore, violations of these laws or failure to comply with this Policy may subject employees to disciplinary measures, including termination of employment.

## **6. Self-Certification**

After reviewing this Policy, each employee must sign and return to the Global Trade Compliance Manager the attached Certification. The Company may require that the Certification be signed again periodically.

Dated: August 20, 2009

Revised: August 10, 2010

Updated: August 6, 2015