

# ANTI-CORRUPTION COMPLIANCE POLICY AFRIFLORA

## I. Introduction

Sher Holland B.V and Sher Ethiopia PLC and its other affiliates and subsidiaries (collectively, “Afriflora” or the “Company”), are committed to conducting all aspects of its business in keeping with the highest legal and ethical standards and expects all employees and other persons acting on its behalf to uphold this commitment.

In accordance with this commitment, Afriflora has adopted this Anti-Corruption Compliance Policy (the “Policy”), which is applicable to all directors, officers, employees, agents, representatives and other associated persons of Afriflora (collectively “Afriflora Personnel”).

In brief, Afriflora will not tolerate bribery, kickbacks or corruption of any kind, directly or through third parties, whether or not explicitly prohibited by this Policy or by law. Afriflora Personnel are not permitted to give or offer anything of value (including gifts, hospitality or entertainment) to anyone for the purpose of improperly obtaining or retaining a business advantage. Similarly, Afriflora Personnel may not solicit or accept such improper payments.

This Policy and the internal controls herein have been designed to prevent bribery from occurring, avoid the appearance of wrongdoing and enables Afriflora to respond promptly and effectively to any inquiries about its conduct. Afriflora employees who violate this Policy may be subject to disciplinary action up to and including termination. The pages that follow provide a general guide to anti-corruption compliance but do not address every potential scenario that may implicate issues bearing on compliance with this Policy.

Therefore, any Afriflora Personnel who have any questions concerning the requirements of this Policy should consult with the Group Compliance Officer (Mr. Aswin Endeman) or our Compliance Officer in Ethiopia (Mrs. Lulit Tadele) at their contact details listed below.

## II. Our Policy

### **A. Afriflora Personnel shall not be permitted to pay or receive bribes**

Afriflora Personnel must conduct their activities in full compliance with this Policy, the laws of the Netherlands and of Ethiopia and all applicable anti-corruption laws, including the UK Bribery Act and the United States Foreign Corrupt Practices Act (“FCPA”).

Under this Policy Afriflora Personnel is not permitted to give or offer anything of value, directly or indirectly, to any Government Official\*1 or any commercial party for the purpose of

*\*1 The term “Government Official” includes all officers or employees of a government department, agency or instrumentality; permitting agencies; customs officials; candidates for political office; and officials of public international organizations (e.g., the Red Cross). This term also includes officers or employees of government-owned or controlled commercial enterprises such as state-owned or controlled universities, airlines, oil companies, health care facilities or other vendors. The term also includes family members and close associates of such individuals (e.g., it is not permissible to give a lavish gift to the sibling, spouse or child of a government employee if a gift to the individual would be prohibited under this Policy).*

improperly obtaining or retaining a business advantage. “Anything of value” should be broadly interpreted to include cash, gifts to family members, forgiveness of a debt, loans, personal favors, entertainment, meals and travel, political and charitable contributions, business opportunities and medical care, among other items. Simply put, bribes, kickbacks or similar payments are never permitted, whether made to a Government Official or to customers, investors, clients or other private parties. Similarly, Afriflora Personnel may not solicit or accept such payments.

If confronted with a request or demand for an improper payment or other violation of this Policy, the request or demand must be immediately rejected and reported to Afriflora’s Group Compliance Officer or its Compliance Officer in Ethiopia. Similarly, if any employee or agent knows or believes that an improper payment has been or will be made, the employee or agent must also report such payment to our Group Compliance Officer or our Compliance Officer in Ethiopia.

Afriflora’s policy is that no adverse employment action will be taken against any personnel in retaliation for, honestly and in good faith, reporting a violation or suspected violation of anti-corruption laws or this Policy.

For the avoidance of doubt, Afriflora will also not tolerate the facilitation of tax evasion by employees, customers, suppliers and other third parties with whom we transact, under any circumstance.

## **B. Gifts, Meals, Entertainment, Employment and Political Contributions and Charitable Donations**

This Policy sets forth various rules relating to gifts, entertainment, travel, meals, lodging and employment. All such expenditures must be recorded accurately in the books and records of the Company, in accordance with Section IV below.

### **1. Gifts**

As a general matter, the Company competes for and earns business through the quality of its personnel, products and services, not with gifts or lavish entertainment. The use of Company funds or assets for gifts, gratuities, or other favors to Government Officials or any other individual or entity (in the private or public sector) that has the power to decide or influence the Company’s commercial activities is prohibited, unless **all** of the following circumstances are met:

- (a) the gift does not involve cash or cash equivalent gifts (e.g., gift cards, store cards or gambling chips);
- (b) the gift is permitted under both local law and the guidelines of the recipient’s employer;
- (c) the gift is presented openly with complete transparency;
- (d) the gift is properly recorded in the Company’s books and records;
- (e) the gift is provided as a token of esteem, courtesy or in return for hospitality and should comport with local custom; and
- (f) the item costs less than ETB 1,000 or €50.

Gifts that do not fall specifically within the above guidelines, require advance consultation and approval by our Group Compliance Officer or Compliance Officer in Ethiopia.

Note that the provision of gifts, as well as the reporting requirements, in this Policy, apply even if Afriflora Personnel are not seeking reimbursement for the expenses (i.e. paying these expenses out of your own pocket does not avoid these requirements).

Afriflora Personnel must not accept, or permit any member of his or her immediate family to accept any gifts, gratuities or other favors from any customer, supplier or other person doing or seeking to do business with the Company, other than items of nominal value. Any gifts that are not of nominal value should be returned immediately and reported to your supervisor. If immediate return is not practical, they should be given to the Company for charitable disposition.

## 2. Meals, Entertainment, Travel and Lodging

Common sense and moderation should prevail in business entertainment and the payment of travel and lodging expenses engaged in on behalf of the Company. Afriflora Personnel should provide business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest and intended to serve legitimate business goals.

Meals, entertainment, travel and lodging should never be offered as a means of influencing another person's business decision. Each should only be offered if it is appropriate, reasonable for promotional purposes, offered or accepted in the normal course of an existing business relationship, and if the primary subject of discussion or purpose of travel is business.

The appropriateness of a particular type of entertainment, travel and lodging of course, depends upon both the reasonableness of the expense and on the type of activity involved. This is determined based on whether or not the expenditure is sensible and proportionate to the nature of the individual involved. Adult entertainment is strictly prohibited.

Expenses for meals, entertainment, travel and lodging for Government Officials or any other individual or entity (in the private or public sector) that has the power to decide or influence the Company's commercial activities may be incurred without prior approval by our Group Compliance Officer or our Compliance Officer in Ethiopia only if **all** of the following conditions are met:

- (a) The expenses are bona fide and related to a legitimate business purpose and the events involved are attended by appropriate Company representatives;
- (b) The cost of the meal, entertainment, travel or lodging is less than ETB 1,000 or €50 per person; and
- (c) The meal, entertainment, travel or lodging is permitted by the rules of the recipient's employer (if applicable).

For all such expenses, the reimbursement request must identify total number of all attendees and their names, employer, and titles (if possible). All expense reimbursements must be supported by receipts, and expenses and approvals must be accurately and completely recorded in the Company's records. In all instances, Personnel must ensure that the recording of the expenditure associated with meals, lodging, travel or entertainment clearly reflects the true purpose of the expenditure. Note that the provision of meals, entertainment, travel and lodging as well as the reporting requirements, in this Policy, apply even if Company personnel are not seeking reimbursement for the expenses (*i.e.* paying these expenses out of your own pocket does not avoid these requirements).

When possible, meals, entertainment, travel and lodging payments should be made directly by the Company to the provider of the service, and should not be paid directly as a reimbursement. Per diem allowances may not be paid to a Government Official or any other individual (in the private or public sector) that has the power to decide or influence the Company's commercial activities for any reason.

Any meal, entertainment, travel or lodging expense greater than ETB 2,000 or €100 per person, and any expense at all that is incurred for meals, entertainment, travel or lodging unrelated to a legitimate business purpose, must be pre-approved by our Group Compliance Officer or our Compliance Officer in Ethiopia.

Please note that in addition to traditional gifts, meals, entertainment and travel that are provided to business relationships where Afriflora Personnel are not in attendance shall be considered gifts, and subject to the rules and requirements for gifts specified in this Policy.

### **3. Employment/Internships**

On occasion, Government Officials or Afriflora's business partners may request that Afriflora provide internships or employment to certain individuals. Offering internships or employment to Government Officials or Afriflora's business partners may be viewed as providing an item of value.

This Policy sets forth guidance for handling such requests from Government Officials or Afriflora's business partners. If a candidate is interviewed for an internship or employment within the ordinary course of filling a position, our Group Compliance Officer or our Compliance Officer in Ethiopia must be notified of the candidate's relationship to a Government Official or Afriflora's business partner.

If a candidate related to a Government Official or Afriflora business partner is interviewed outside of the ordinary course of filling a position, any internship or employment offer must be pre-approved by our Group Compliance Officer or our Compliance Officer in Ethiopia .

### **C. Political Contributions and Charitable Donations**

Afriflora Personnel may not make political or charitable donations, whether in their own name or in the name of Afriflora, to obtain or retain business or to gain an improper business advantage.

Any political or charitable contributions by Afriflora must be permitted under the law, permissible pursuant to the terms of this Policy, made to a bona fide organization, and in the case of political contributions or charitable contributions connected to any Government Official or government entity made with the prior approval of our Group Compliance Officer or our Compliance Officer in Ethiopia.

In certain instances where there is heightened risk of corruption, our Group Compliance Officer or our Compliance Officer in Ethiopia may require diligence to be conducted. Our Group Compliance Officer or our Compliance Officer in Ethiopia must be notified if a Government Official solicits a political or charitable contribution in connection with any government action related to Afriflora or its affiliates. Individual employees or agents may not make political contributions on behalf of Afriflora or its affiliates.

### **III. Relationships with Third Parties**

Anti-corruption laws prohibit indirect payments made through a third party, including giving anything of value to a third party while knowing that value will be given to a Government Official for an improper purpose. Therefore, Afriflora Personnel should avoid situations involving third parties that might lead to a violation of this Policy.

Afriflora Personnel who deal with third parties are responsible for taking reasonable precautions to ensure that the third parties conduct business ethically and comply with this Policy. Such precautions may include, for third parties representing Afriflora before governmental entities, conducting an integrity due diligence review of a third party, inserting appropriate anti-corruption compliance provisions in the third party's written contract, requiring the third party to certify that it has not violated and will not violate this Policy and any applicable anti-corruption laws during the course of its business with the Company, and monitoring the reasonableness and legitimacy of the services provided by and the compensation paid to the third party during the engagement.

Afriflora Personnel retaining third parties that will be representing Afriflora before governmental entities must discuss the engagement with our Finance Director and Group Compliance Officer or our Compliance Officer in Ethiopia prior to hiring the third party. Any doubts regarding the scope of appropriate due diligence efforts in this regard should be resolved by contacting our Finance Director and Group Compliance Officer or our Compliance Officer in Ethiopia.

In addition, once a third party is engaged, Afriflora Personnel who deal with third parties must always be aware of potential red flags. Red flags are certain actions or facts which should alert a company that there is a high possibility of improper conduct by a third party. A red flag does not mean that something illegal has happened, but rather that further investigation is necessary. Red flags are highly fact-dependent, but some examples of red flags are:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, ill-defined or last-minute payments, success fees, unusual commissions or midstream compensation payments;
- Requests for payments to an account in a country other than where the third party is located or is working on behalf of the Company;
- Requests for payment to another third party, to a numbered account, or in cash or other untraceable funds;
- Requests for political or charitable contributions;
- The third party is related to a Government Official or has a close personal or business relationship with a Government Official;
- Any refusal or hesitancy by the third party to disclose its owners, partners or principals;
- The third party uses holding companies or other methods to obscure its ownership, without adequate business justification;
- The third party expresses a desire to keep his representation of the Company or the terms of his retention secret; or
- The third party has little experience in the industry but claims to “know the right people”;

If Afriflora Personnel have reason to suspect that a third party is engaging in potentially improper conduct, they shall report the case to our Finance Director and Group Compliance Officer or our Compliance Officer in Ethiopia, immediately. Afriflora shall conduct an investigation and stop further payments to the third party if the Afriflora’s suspicions are verified through the investigation.

#### **IV. Recordkeeping and Internal Controls**

This Policy requires that all expenditures made by the Company are accurately reflected in the Company’s financial records and that all payments made with Company funds, or on behalf of the Company, have been properly authorized. Afriflora Personnel must follow all applicable standards, principles, laws and practices for accounting and financial reporting. Afriflora Personnel must be timely and complete when preparing all reports and records required by management. In particular, Afriflora Personnel should ensure that no part of any payment is to be made for any purpose other than that to be fully and accurately described in Afriflora’s books and records.

Afriflora Personnel should use best efforts to ensure that all transactions, dispositions, and payments involving Company funds or assets are properly and accurately recorded in the Company’s financial records. No undisclosed or unrecorded accounts are to be established for any purpose. False or artificial entries are not to be made in Afriflora’s books and records for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy. Our Finance Director and Group Compliance Officer or our Compliance Officer in Ethiopia are primarily responsible for the oversight and enforcement of this Policy. The Company will conduct periodic audits of its books and records to monitor compliance with this Policy.

#### **V. Compliance Procedures and Training**

As part of Afriflora's ongoing commitment to anti-corruption compliance, all relevant employees must be aware of and understand this Policy. All such employees must then certify in writing that they (1) understand this Policy; (2) agree to abide by the Policy; and (3) agree to report any potential violations of the Policy to our Group Compliance Officer or our Compliance Officer in Ethiopia. In addition, the Company will offer periodic anti-corruption compliance training programs to educate employees about the requirements and obligations of anti-corruption laws and this Policy. All relevant employees of the Company must participate in such training and our Group Compliance Officer or our Compliance Officer in Ethiopia must retain attendance records establishing compliance with this requirement.

## **VI. Reporting Requirements and Whistleblower Protection**

Afriflora takes its commitment to anti-corruption compliance very seriously and expects all Afriflora Personnel to share that commitment. Afriflora therefore expects and requires any Afriflora Personnel who have knowledge of, or reason to suspect, any violation of this Policy to contact our Group Compliance Officer or our Compliance Officer in Ethiopia immediately.

Reports may be made anonymously. If any Afriflora Personnel fail to report known or suspected violations, then the relevant Afriflora Personnel may be subject to disciplinary action, up to and including termination.

It is Afriflora's policy that, if the report of known or suspected violations is made honestly and in good faith, no adverse employment-related action will be taken against any Afriflora Personnel in retaliation for reporting a violation or suspected violation of anti-corruption laws or this Policy.

All questions regarding this Policy should be directed to Group Compliance Officer (Mr. Aswin Endeman), at +31(0)850436800 or [aendeman@afiriflora.nl](mailto:aendeman@afiriflora.nl), or our Compliance Officer in Ethiopia (Mrs. Lulit Tadele), at +251 911505170 or [ltadele@sherethiopia.com](mailto:ltadele@sherethiopia.com)

**ADOPTED: December 2015**

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