



**Farmfit
Fund**

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

ADOPTED BY A RESOLUTION OF THE
MANAGEMENT BOARD ON 15 NOVEMBER 2019

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1.

INTRODUCTION

The Farmfit Fund B.V. (the “Fund”) is a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) established under the laws of the Netherlands, having its registered office at Arthur van Schendelstraat 500, 3511 MH Utrecht, the Netherlands, established for the purpose to finance and invest in smallholders farming (and related services and financing) projects in emerging markets.

The Fund has implemented an anti-bribery and anti-corruption policy (the “Policy”), identifying potential describing mitigation measures that are in place to prevent and/or control the potential consequences of any potential corruption practices. The management board of the Fund (the “Board”) is committed to maintaining a control environment that mitigates corruption and ensures actions undertaken are in the interests of the Fund.

This policy applies to the Fund (including the Board and other instituted governance bodies, whether statutory or not)) and IDH Investment Management B.V (hereinafter the “Manager”) and its employees.

All capitalized terms referenced to in this Policy shall have the same meaning as defined in the articles of incorporation of the Fund (the “Articles”), unless otherwise provided herein. In case of discrepancy between this document and the newest approved version of the Articles, the newest approved version of the Articles shall prevail.

2.

KEY PRINCIPLES

This Policy operates on the basis of the following key principles:

- The Fund is a partly publicly funded organisation. Therefore, the public expects the Fund (and the Manager on its behalf) to act with honesty and care.
- The Fund conducts business honestly, without the use of corrupt practices or acts of bribery. This means that no person within the Fund (or the Manager) is allowed to give or receive anything of value for the purpose of encouraging improper performance or gaining any improper advantage.
- Bribery and corruption may take various forms, including consulting fees, marketing expenses, travel and entertainment expenses, hospitality, reciprocal favours, rebates or discounts, free goods and more, paid or provided directly or through third parties.
- Engaging in bribery or corruption, as well as supporting it may lead to criminal prosecution, fines and reputation damages for the Fund and dismissal, substantial fines and (even) criminal punishment for individuals. Gifts and hospitality must be reasonable, proportionate and appropriate in the circumstances. The Fund only reimburses goods and services in case these are in line with expense and travel policies and supported by third party invoices.
- Together we must ensure that third parties providing services to us or acting on our behalf do not engage in bribery or in corruption.
- All the Fund's books and accounts must be accurate and reasonably detailed and may not include false, artificial or misleading content.
- Your manager and the senior manager operations and risk are there to help you, always seek their advice when in doubt
- The Fund's Whistleblower policy may also be used to share anti-bribery and anti-corruption concerns.

2.1 DO'S

- Maintain the Fund's standards at all times, complete all required training and read and comply with the Fund's Code of Conduct and specific policies.
- Remember that different cultures and localities will have different gifts and corporate hospitality thresholds, in certain countries as well as our own this can be seen as excessive and is therefore an unacceptable gift.
- Remember that bribery is not necessarily a simple cash transaction.
- Beware of a lack of transparency in expenses and accounting records.
- Ensure that all expense claims relating to gifts and hospitality incurred from or with third parties are submitted.
- Be cautious when conducting business in a country with a history of corruption.
- Be careful when a government official recommends hiring a third party.
- Avoid cash payments.
- Avoid paying unusually high commissions.
- Avoid unusual payment patterns or financial arrangements.

2.2 DONT'S

- Make a payment, provide a gift or other service in order to obtain a contract or business.
- Provide or accept lavish gifts or hospitality.
- Provide or accept gifts in the form of cash or cash equivalents like vouchers.
- Make improper payments by "off the book" arrangements or falsification of books and records.
- Appoint an agent to act on the Fund's behalf unless the Board has approved its full terms of engagement.
- Ignore corrupt behaviour by others. If in doubt, please contact management or senior manager operations and risk or use the Fund's Whistleblower policy.

3.

ABOUT THIS POLICY

3.1 WHAT IS THIS POLICY ABOUT?

This policy forms part of the Fund's Code of Conduct. The Code of Conduct provides the ethical framework in which the Fund operates. This policy contains the major aspects of the Fund's anti-bribery and anti-corruption standards. This Policy provides guidance on what is and what is not acceptable and sets out the appropriate procedures to avoid, prevent and report bribery and corruption for all our people, any other associated persons or partners and third parties providing services to or acting on behalf of the Fund.

The policy is designed to help you in your day-to-day work by explaining what you can and cannot do. Please seek advice from your manager or senior manager operations and risk at the Fund when having doubts about certain conduct.

3.2 WHY IS THIS POLICY IMPORTANT?

Bribery and corruption are threats to sustainable development, and as such are threats to the core values that the Fund seeks to promote. It is for this reason that the Fund recognizes the need to have a policy on anti-bribery and anti-corruption and to comply with all applicable laws and regulations.

In addition, acts of bribery and corruption put the Fund at risk of heavy fines and measures imposed by authorities, endangering the Fund's business and reputation. Anti-bribery and anti-corruption laws also hold liable every person who engages in bribery and corruption, regardless of his/her position within the organisation's hierarchy. For that matter, those who aid or support bribery or corruption are often as guilty as the primary offenders. All persons that are directly or indirectly involved in bribery or corruption face the risk of severe fines and extensive jail sentences.

3.3 WHO SHOULD COMPLY WITH THIS POLICY?

This Policy also applies to all employees of the Manager. By "all employees of the Manager" it means everyone who works for or on behalf of the Manager, regardless of the individual's position or role. It does not matter whether such person works on the basis of a contract or via a secondment or temporary employment agency, whether such person is a third-party working on behalf of the Manager, or a volunteer; everyone at the Manager must abide by this policy. Furthermore, we expect our business partners to apply similar standards of conduct when working for the Fund.

4.

OUR ANTI-BRIBERY AND ANTI-CORRUPTION STANDARDS

4.1 WHAT CONSTITUTES BRIBERY AND CORRUPTION?

Most people will already have a general understanding of what a bribe is, and when there is corruption. Bribery and corruption go beyond the obvious case of handing over a suitcase full of cash to a government official or a third party to "ease" a specific transaction. It covers a wider range of dishonest conduct than just handing over a significant amount of money.

This definition covers conduct in which anything of value is given to a person in order to gain an improper advantage or to encourage inappropriate behaviour. The bribe could be camouflaged as friendly gestures, gifts, free goods, royalties, personal favours or consulting fees. Bribes can come in many forms and shapes and do not necessarily need to consist of cash. Improper performance means performance that amounts to a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust. The specific benefit that may be sought through bribery and corruption depends on the context. It may include all sorts of financial or other advantages, business opportunities, concessions, contracts, licences, waivers and more. In many occasions, bribery and corruption are hidden, implicit and carried out by third parties, e.g. by paying kick-backs to the person being bribed.

5.

CORE STANDARDS

- The Fund (and the Manager on its behalf) conducts business honestly, without the use of corrupt practices or acts of bribery.
- The Fund (and the Manager on its behalf) will not, directly or indirectly, receive from or provide to any person anything of value for the purpose of gaining or rewarding any advantage reached through improper performance or otherwise to obtain an improper advantage.

5.1 CONSEQUENCES OF BRIBERY AND CORRUPTION

In most countries, bribery and corruption are strictly prohibited by law. By engaging in such activities, by supporting them or turning a blind eye to them, the Fund is put at risk of criminal prosecution, fines and reputation damages. Any breach of this policy puts our goal of promoting sustainable development at risk. Additionally, our employees can be subject to criminal prosecution which may lead to fines or jail sentences. Compliance with this policy avoids or minimises exposure of the Fund, the Manager and those working for it to the risk of these consequences.

The Fund (and the Manager) values honest business conduct and can take disciplinary actions when this policy is not adhered to, including dismissal and ceasing all business and other relationships with those who do not adhere to our standards.

5.2 CLARIFICATIONS

Q: *To whom do these standards apply?*

A: These standards apply to the Fund and to the Manager as well as to their (insofar relevant) employees, officers, directors, agents, representatives or any other associated person or third-party providing services to or acting on behalf of the Fund or the Manager.

Q: *How do I know if a payment or any other advantage I am about to give or receive is permitted or prohibited?*

A: Our policy prohibits any payment or advantage if it is given or received in order to gain or reward any

advantage reached through “improper performance” or otherwise to obtain an “improper advantage”. Generally, this means that our policy prohibits receiving or giving any benefits that are aimed to influence a decision-maker to act dishonestly or in violation of his or her duty (e.g. to approve a false statement); or to produce any advantage to which the provider of the benefit is not clearly entitled (e.g. receiving a permit although the applicable conditions are not met). You should actively avoid business dealings where there is an apparent conflict of interest or the appearance of a bribe. The suspicion of exchange of advantages is sufficient for the Fund and its employees to become subject to investigation and prosecution.

The list of practices that are prohibited by this Policy is non-exhaustive. Each case should be examined according to the standards above.

Additionally, you may always ask yourself guiding questions, such as:

- Would I feel uncomfortable sharing with my manager, colleagues or the authorities that I had received or provided a certain benefit?
- Was the advantage given or received in suspicious or sensitive circumstances?
- May somebody interpret the advantage given or received as dishonest? Corrupt? Inappropriate?

→ **If you have answered any of these questions in the affirmative, you should consult senior management to get further instructions.**

Q: *Is it also prohibited to promise a bribe to somebody, even if it is never actually given?*

A: Yes. The prohibition on receiving and giving bribes or other corrupt payments has a broad scope and includes also accepting, requesting, agreeing to receive, giving, promising or offering to pay or authorise others to do any of those. Therefore, promising somebody a corrupt payment is a violation of this policy even if the promise never actually materialises. Please also be aware that the appearance of the payment of a bribe can be as damaging to the Fund as an actual bribe.

Q: *Does the prohibition apply only to our relationship with government officials?*

A: No. There is no person to/from whom a corrupt payment is permitted. The policy prohibits corrupt payments given to or received from any person, private or public person, legal person or entity. The prohibition also applies to any officer, employee, agent or representative of any government, including any department, agency, or any person acting in an official capacity therefor or on behalf of such organisations.

Q: *Does the policy prohibit only cash payments?*

A: No. The policy prohibits giving or receiving anything of value. This includes money but also any financial or other advantage, tangible or intangible. It is important that this must be accepted or provided with a purpose of gaining or rewarding improper performance or otherwise to obtain an improper advantage. An advantage could consist of upgrades to first class airfare, entering into contract with or hiring a family member, meals, entertainment, free or discounted tickets to events and anything else that has a value.

6.

SPECIFIC PRACTICES

6.1 GIFTS AND HOSPITALITY

In many markets and cultures providing and receiving gifts and hospitality (such as travel and lodging, meals, invitations to social gatherings or other forms entertainment) is a common and acceptable way of doing business. Anti-bribery and anti-corruption laws nevertheless prohibit receiving and providing gifts and hospitality for the purpose of gaining or rewarding any advantage reached through improper performance or otherwise to obtain an improper advantage.

Small gifts and reasonable hospitality are appropriate when given or accepted in good faith, without any intention of influencing any person in order to gain any advantage through improper performance or otherwise obtaining an improper advantage.

Receiving and providing gifts and hospitality are permitted, provided that they meet all of the conditions below. Accepting and providing gifts or hospitality that do not meet all conditions is strictly prohibited unless specifically approved by a member of the Management Board in writing.

General conditions:

- It is not made with the intention of influencing, inducing or rewarding any person in order to gain any advantage through improper performance or otherwise obtaining an improper advantage; and
- Any gifts or hospitality must be reasonable, proportionate and appropriate in the circumstances at hand. There must be no possibility of them being misunderstood by the recipient or others as a bribe; and
- No prior gifts or hospitality have been frequently provided to the same recipient that could raise an appearance of impropriety; and
- It is given openly, not secretly, and it is recorded fairly and accurately in the Fund's compliance register; and
- Any gifts or hospitality must comply with the applicable local laws.

Additional conditions for receiving and providing gifts:

- In line with the Fund's Code of Conduct, gifts received and provided are considered reasonable if they do not exceed the value of € 25 per person (non-repetitive). You are not permitted to accept or provide gifts that exceed this value. Notify management in case you are presented with a gift that exceeds the value of € 25; and
- The gift should reflect esteem or gratitude; and
- It does not include cash or a cash equivalent, such as for example gift certificates, pre-paid cards or vouchers.

Additional conditions for receiving and providing hospitality (such as travel and accommodation, meals and entertainment):

- The hospitality can be paid only for those invitees whose participation is directly related to and necessary for the company's legitimate business

purposes. Hospitality for spouses, family members or private guests is oftentimes not appropriate; and

- The payment for hospitality should be made directly to the service provider (e.g., travel and accommodation vendors) or reimburse costs only upon presentation of a receipt; and
- A representative of the Fund should be present at all meals and entertainment activities; and
- Meals received or provided are ordinary working meals under local standards.

Examples

- It is allowed to present a small gift (such as typical Dutch cookies) to a business partner as a way to break the ice;
- In the Netherlands, it is customary for small gifts to be given at Christmas time. These should reflect a simple gesture of gratitude. You are not permitted to accept gifts with a value that exceeds € 25. Should you be presented with a gift that exceeds this value, contact senior management;
- A trip to the central highlands of Vietnam for government officials that mainly consists of sightseeing and includes a high amount of “pocket money” for each official would be an example of improper travel and entertainment;
- Business related entertainment for government officials and business partners is allowed as long as it relates to the business at hand, such as dinner after a seminar. It is therefore not allowed to include family members in the course of the business entertainment.

6.1.1 CLARIFICATIONS

Q: You organise a fair to promote a new project. At the fair, you provide free pens, hats, T-shirts, and other promotional items with the Fund’s logo. You also serve free coffee and other beverages. Is this permitted under this policy?

A: Yes. This policy allows promotion activities, including the provision of promotional items and reasonable

hospitality. There is nothing to suggest that by giving the promotional items and serving beverages, the Fund intends to encourage improper performance or to obtain an improper advantage.

Q: Representatives of the Fund are travelling abroad to meet with a client, whom the Fund has been working with for many years. The general manager of the client recently got married, and one of the Fund’s representatives proposes to provide him a moderately priced painting as a wedding gift. Is this gift permitted under this policy?

A: Yes. It is appropriate to provide reasonable gifts as tokens of esteem or gratitude. There is nothing in these circumstances to suggest that the gift is given as an attempt to influence the recipient to misuse his/her position. The gift seems reasonable, proportionate, and appropriate in the circumstances. It is important that such gifts are made openly, properly recorded in the Fund’s books and records, appropriate under the local law and reasonable for the occasion.

6.1.2 RED FLAGS

Red flags are warning signs that should be used to determine whether accepting a gift or hospitality is appropriate and if moving forward what risks should be mitigated. Below you will find a number of red flags. These are illustrative and not comprehensive.

Red flags

- Any gift that would be illegal, e.g. any gift offered to a government official in breach of local or international bribery laws.
- Any gift that is intended as a quid pro quo, i.e. offered for something in return.
- Any gift that appears excessive, e.g. because it is of a value above the maximum permitted by company policy, or might adversely affect THE FUND’s reputation.
- Any gift that is paid for personally in order to avoid having to report or seek approval.

6.2 FACILITATION PAYMENTS

Facilitation payments are small payments made to a government official to secure or expedite routine governmental actions that involve no discretion on the government official's part. Examples of these routine governmental actions include processing visas, permits, licenses, power and water supply, protecting perishable products or receiving phone service. Facilitation payments relate to situations in which a person applies to obtain something he/she is entitled to from a government authority (routine governmental action) but he/she wishes to get faster than normal and therefore pays the government official to expedite the process. However, using a legal and formally publicized "fast track" procedure operated by a government authority, whereby an additional advertised payment is made to expedite a process, for example applying for an emergency visa, is not considered a facilitation payment within the scope of this policy. Facilitation payments are often hard to distinguish from a plain bribe. Therefore, in many countries such payments are explicitly prohibited.

Our standards:

- The Fund prohibits the payment of facilitation payments.
- Whenever you are asked to make a payment on the Fund's behalf, you should be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided.
- Contact someone from senior management when you encounter any request you suspect to be a payment to facilitate a routine action.

6.2.1 RED FLAGS

Red flags are warning signs that should be used to determine whether a request constitutes a facilitation payment and if moving forward what risks should be mitigated. Below you will find a number of red flags that may occur when dealing with government officials. These are illustrative and not comprehensive.

Red flags

- A governmental officer refuses to perform a routine governmental action, such as processing a visa.
- A governmental officer requests additional costs (for instance with a description such as "fast track service") for a standard procedure.

6.3 THIRD PARTIES, INTERMEDIARIES AND ASSOCIATED PERSONS

Anti-bribery and anti-corruption laws most often do not distinguish between a company and the people acting on its behalf. They expressly prohibit corrupt practices, even when carried out through third parties. Actions of third parties can therefore lead to the Fund being liable for their conduct, especially in cases where the Fund was aware or should have been aware of their conduct.

This means that we have to be careful and selective when choosing the third parties, intermediaries and associated persons we do business with. It should be noted that some relationships carry a higher risk of bribery and corruption than others. This is, for instance, the case with third parties dealing on our behalf with government officials or private sector clients, as well as agents operating in countries where bribery and corruption are more widespread. We must ensure that they follow our policy to prevent bribery and corruption from taking place.

6.3.1 DO'S

- Conduct a background check on third parties, intermediaries or associated persons before entering into engagements to ensure authenticity, good reputation and qualification. Keep a file of the efforts made in this respect.
- Conduct proper due diligence on the investee before entering into a new agreement and monitor the investee on an ongoing basis.
- Clearly communicate our anti-bribery and corruption standards and our zero tolerance to bribery and corruption.
- Follow up on any circumstances that cause you to believe there is or may be improper behaviour by a third party, intermediary or associated person.

- Try to seek a written commitment that the third party, intermediary or associated person has read, understands and agrees to comply with the Fund's Code of Conduct and Anti-Bribery and Anti-Corruption policy.
- Any engagement with a third party, intermediary or associated person should be contained within a detailed written contract, including the services they are to provide and the terms of their engagement.
- Confirm that fees paid by the Fund are reasonable and in proportion to the services provided and are payable to the party engaged.
- When appropriate, train the third party in our anti-bribery and anti-corruption standards.
- Our relationship with third parties needs to be based on integrity. This means that all payments need to be documented properly and that all communications with third parties do not create any wrong impression of corrupt conduct.
- Appreciate the importance of confirming *in writing* principle agreements, variations to contracts and key verbal discussions.

6.3.2 RED FLAGS

Red flags are warning signs that should be used to determine whether to move forward with a business partner and if moving forward what risks should be mitigated. Below you will find a number of red flags that may occur when dealing with third parties. These are illustrative and not comprehensive.

Red flags

- Excessive commissions to third party agents or consultants;
- Requests of a third party to keep his identity hidden or to create false statements;
- Unreasonably large discounts to third party distributors;
- Third party consultancy agreements, letters of assignment or proposals that include only vaguely described services;
- The consultant is in a different line of business than that for which it has been engaged;
- The third party is merely a shell company incorporated in an offshore jurisdiction;
- The third-party requests cash payment or payment to an offshore bank account;
- The third party strongly insists on cooperating with or the Fund contracting a certain other party;
- The third party is reluctant to make anti-bribery certifications in an agreement.

7.

RECORD KEEPING AND ACCURATE RECORDING

Full transparency is the best way to combat bribery and corruption. Among many other reasons, the prevention of bribery and corruption is a major reason to ensure that all correspondence, memoranda, accounts, files, documents, presentations and books are reasonably detailed, accurate and credible. According to fraud and anti-bribery laws, the attempt to include a false record or account consists of an independent violation that is severely punished.

7.1 DO'S

- The Fund's books and accounts must be reasonably detailed. They must accurately and fairly reflect all transactions and other business engagements.
- Include no false, artificial or misleading content in any books and records.
- Have all transactions, gifts and hospitality, received and given, fully documented: all accounts, invoices, memoranda and third-party related documents should be prepared accurately and completely.
- Ensure that all expense claims relating to gifts and hospitality incurred from or with third parties are submitted.
- Contact your manager or senior manager operations and risk when you are in doubt or encounter any suspicious record or attempt to falsify books and records. You may also use the Fund's Whistleblower policy to share your concerns.

7.2 CLARIFICATIONS

Q: *The Fund sponsors an event organised by the local business association. The F wishes to avoid the wrong impression that it has been bribing the association, and therefore records the expenses as "commission and consulting fees" without any further details. Is this permissible under this policy?*

A: No. All the Fund's books and accounts must be accurate and reasonably detailed and may not include false, artificial or misleading content. Furthermore,

if the sponsorship is provided in circumstances that may reasonably create the wrong impression of corrupt payment, it is by itself prohibited by this policy.

7.3 RED FLAGS

Red flags

- Unusual pay arrangements (e.g., requests for payments in cash or to out of country bank accounts, or upfront payment for services);
- Invoices or requests for payment that are unusual or outside the normal third-party authorisation, approval or payments process;
- Invoicing with a lack of supporting documentation. Vague or false description of services provided such as "Consultancy services" or "For services rendered". No supporting written agreement with clear detail of the services being provided;
- Excessive payments for the services described on the invoices;
- Payments to a third party other than as detailed and other than to the party named in the agreement; and
- Incomplete or unclear journal entries in the accounting system.

8.

IN CASE YOU HAVE QUESTIONS OR ENCOUNTER ISSUES.

We encourage everybody to discuss questions they may have about this policy and to suggest ways to improve it with senior management. Additionally, we urge everybody to report to senior management any concerns and suspicious conduct that may violate this policy. Your manager and senior manager operations and risk are there to help you. Always seek their guidance when in doubt. The Fund recognizes it may not be easy to report concerns or suspicious conduct, however, when we know of a (potential) issue, we can address it and can probably mitigate (some of the) consequences. Reporting concerns and suspicious conduct is very important and the right thing to do.

If you are not comfortable reporting to your manager and/or senior manager operations and risk or if you prefer to remain anonymous, the Fund's Whistleblower policy enables employees to raise concerns about inappropriate conduct that is occurring or suspected within the Fund, or another organization with which the Fund is partnered, in a safe and confidential environment.

8.1 STEPS AFTER REPORTING

After you reported a concern or suspicious conduct internally, the (potential) issue will be assessed. If this primary assessment leads to the conclusion that there is indeed an issue, the procedure as set out under the Fund Whistleblower Policy will be followed. Any reported concerns and suspicious conduct under this policy will be included in the yearly report of the Management Board on the execution of the Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy.