

SOCFIN GIFTS, HOSPITALITY & ENTERTAINMENT PROCEDURE

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A guide to manage gratuities such as gifts, hospitality or entertainment in the course of conducting Socfin's business.

1. Introduction / Purpose

What is a Gift, Hospitality or Entertainment?

In the course of our business, it may be expected or customary to give or receive tokens of appreciation to or from our suppliers, clients or other third parties. These forms of gratification are generally accepted provided these are modest in value and can take various forms going from a company branded pen, an invitation to attend a year-end drink to a group visit of an exhibition.

There is however a limit to the (perceived) value or frequency of such gratuity above which it may raise questions.

How can a Gift, Hospitality or Entertainment be a problem?

Even without intention, such tokens of appreciation could be perceived as a form of corruption because of their link to an ongoing business negotiation, because they are repetitive, secretive or because their perceived value is too high.

In particular, when the gift, hospitality or entertainment is benefiting only the one or few persons responsible for the relationship with the third party, irrespective of its value there will be a suspicion of wrong-doing.

Why create Gift, Hospitality & Entertainment Procedure?

Socfin wished to ensure that management of gifts, hospitality and entertainment is clearly understood by all its employees and that its giving and/or receiving is handled in a coherent and transparent manner throughout its operations.

This procedure sets out the limits within which a gratuity is acceptable and how it should be managed and recorded.

There is however not a single acceptable approach as our working environments vary significantly and a present that is deemed small and inconsequential in one country may be considered as exaggerated in another. In some cultures, the absence of some token of appreciation may be considered as a lack of politeness if

not an offense; while in another the opposite may be true. This procedure will not cover all situations and customs, but provide guidance on how to prevent errors.

What does the Gift, Hospitality & Entertainment Procedure include:

This procedure provides an outline of all the forms of gratuities; gifts, entertainment and hospitality that could occur in the course of conducting our business.

It includes explanations about the impact that gratuities could have on our business, whether perceived or actual, and how to avoid as much as possible the risks of these gratuities to be considered as forms of corruption.

This procedure outlines the steps to be taken to ensure that all understand how gifts, entertainment and hospitality should be handled and reported in a professional manner to ensure Socfin's reputation as an ethical and transparent management organisation.

Where do I go if I have questions?

By reading this procedure, you should have a clear understanding of gratuities and the necessary steps to be followed in handling these. However, should situations arise that fall outside the scope of this procedure, you are invited to seek advice from your hierarchy or Compliance. Support is available from your supervisors, your management, the Compliance department, and your legal adviser. You can contact the Group Compliance department by email at compliance@socfin.com. Your questions or concerns will be kept confidential to the extent possible and will be answered promptly and appropriately.

When should the Gift, Hospitality & Entertainment procedure be used?

In every case where an employee is offered, receives, proposes or gives a gratuity such as a gift, hospitality or entertainment, this procedure should be applied, irrespective of the value of the gratuity under consideration.

The procedure offers guidance on how to determine if a gratuity is acceptable or not and how it should be managed. There are no exceptions to the type or value of a gift, hospitality or entertainment for it to fall under the procedure.

The procedure does not apply to gratuities being offered by Socfin to its employees.

2. Putting the Gift, Hospitality & Entertainment Procedure into practice

Who should take account of the procedure?

The procedure applies to all Socfin entities and all employees (including trainees, temporary workers and sub-contractors) involved in, for example, giving or receiving gifts, joining third parties in a restaurant or participating in a cultural event. In case of doubt, please refer to your hierarchical head, compliance representative or head office (compliance@socfin.com).

Employees particularly exposed to the risk of not adequately managing gifts, hospitality & entertainment are those involved in procurement, sales, contract and government negotiations

What are the consequences of not following the procedure?

An employee that fails to abide by the gift, hospitality and entertainment procedure runs the risk of being suspected, if not accused, of corruption with undesirable consequences for the individual as well as Socfin's reputation.

The objective of the procedure is to provide guidance on preventing potential harm resulting from actions that could be perceived as corruption. Failing to adhere to the procedure could reduce Socfin's ability to demonstrate that the actions were harmless if no adequate documentary trail is available.

Employees failing to apply the recommendations of this procedure may expose themselves to disciplinary actions and, depending on the impact such failure may have on Socfin's business and reputation, termination of their employment.

What happens if my manager deems in unnecessary to follow the procedure?

Each employee is individually responsible to abide by the policies and procedures of Socfin as well as the law. In no event should a gratuity (gift, hospitality or entertainment) be given or accepted against the decision of your hierarchy. However, in such case when a gratuity is given or received with the approval of your hierarchy it should be done in accordance with the procedure.

Failing to follow the procedure can be subject to disciplinary action against the responsible employee as well as his/her superior and should be reported.

What if the customs in my country are different from the instructions in this procedure?

Common sense should prevail. There may be instances where the instructions in this procedures differ from the habits, industry codes or customs of a particular country.

In cases where local customs are more restrictive than this procedure, local customs must be followed. If, on the other hand, this procedure provides a higher

standard, comply with the procedure. For example, you should follow the advice in this procedure on gift-giving, even if in a particular culture or country a cash payment might be considered an acceptable business practice, it should not be done. However, if following this procedure would cause offence in your country, you must respect the customs and notify the Compliance Department of the conflicting situation.

Who decides what gratuity value is acceptable?

It is ultimately the General Manager who will decide the value limits of gratuities in accordance with this procedure. There are three levels of approval for gifts, hospitality & entertainment values, provided these are unique occurrences and fall outside the scope of an ongoing negotiation.

The decision depends on the value of the gratuity, the level of seniority at which it is exchanged and circumstances for its occurrence.

- a) A small gratuity with a value of up to (20 EUR) can be given or accepted by the agent him/herself, provided it is a unique event and the circumstances can be justified. However, while such value can be considered small at the senior management level of an entity, it is very significant in the eyes of a field worker in our plantations. As a rule of thumb a small gift should have a value no higher than the equivalent of a day's work for the persons involved in the exchange.
- b) A medium gratuity with a value of up to (50 EUR) or the equivalent of two days' work for at the level of the persons involved in the exchange should be approved by the entity's general manager.

In both of the above cases, the exchange of gift, hospitality or entertainment should be registered and made public using the format in Appendix I.

The recipient, in case of a Socfin agent, is allowed to benefit from the gratuity him/herself and has no obligation to share it with other staff, unless the gratuity is a gesture of appreciation for a team of which the employee is a mere representative.

- c) A larger gratuity with a value in excess of (> 50 EUR) should preferably be declined. However if, for reasons of courtesy or other circumstances it cannot be refused, the gratuity should be reported and handed over to compliance for safe-keeping and handling.
Compliance will have the responsibility to dispose of the gratuity in an equitable way such as for example sharing it among a larger group of employees, use it as a price for an employee raffle, or making a donation to a charity.

3. Gift, Entertainment and Hospitality (Gratuities) Policy Statements

Are gifts, entertainment and hospitality a necessity?

Socfin does not encourage exchanges of gratuities.

While we accept that giving or receiving appropriate gifts is common business practice, these should never be offered or accepted with the intention to influence, or appear to influence, business decisions or relationships in any way.

Unless there is a genuine cultural justification to do so, gifts should be limited to special circumstances and in the form of company branded (promotional) items of modest value such as calendars, agendas, pens, caps, t-shirts and similar objects.

What are the general rules governing gifts, entertainment and hospitality?

Regardless of their value, Gratuities must:

- be of modest value
- be in line with all applicable laws
- be for legitimate business or relationship reasons
- be unsolicited
- be reasonable, appropriate and occasional
- not create a conflict of interest
- not be offered as a bribe, payoff or kickback

What is considered a Gratuity?

Gifts, entertainment and hospitality includes, for the purpose of this manual:

- Corporate branded items,
- Cultural courtesies,
- Business gifts,
- Travel or accommodation associated with a business conference, meeting or event,
- Business meals and refreshments,
- Tickets to sports, music or cultural events,
- Anything else of value offered or received without payment in return, other than a donation or a sponsorship

May we offer gratuities to government representatives?

As a rule, gifts, entertainment or hospitality must not be offered to government officials or representatives.

However, in the (often-isolated) environments in which Socfin's plantations are located, it is not always possible to receive official visitors without offering some food and drinks and in some cases even accommodation. Such hospitality should be adequate with no excesses and independent from any negotiations than may be ongoing with the government.

Regarding gifts, it may be customary to offer some token of gratitude to all stakeholders (including some government agents) at year-end. Such exceptional gifts should be no more than symbolic and of modest value such as a calendar, agenda or a small quantity of oil, and the same for all stakeholders. Money or individualised gifts are not allowed, even for year-end present.

What should be done if you are offered an excessive gratuity?

When an employee is offered a gift or entertainment of an estimated value exceeding the limits set in this procedure, if possible the gratuity should be declined. An explanation should be given to the offering party that such gratuity contravenes Socfin's policy.

If the gratuity cannot be refused, for example because it was delivered by a courier or is being offered in front of an audience where refusal would bring embarrassment to the offering party, "discreetly" returning the gift should be considered. Even in case of return, the gift exchange must be recorded. In the case of entertainment or hospitality, Socfin's employee must offer to reimburse the offering party for its hospitality.

Gratuities of excessive value that cannot be refused or returned, must be registered and submitted for safe keeping with compliance.

How should gifts be recorded?

All gifts, entertainment or hospitality received or given should be recorded with:

- the date of the event
- the name of the offering party (company and person)
- the name of the receiving party (or parties) (company and person(s))
- the location of the free exchange
- the nature of the gift, entertainment or hospitality
- the circumstances (end-of-year gift, trade fair, business meeting, official visit, etc.)
- the estimated value of the gratuity
- whether or not the gratuity was accepted
- if accepted, the name(s) of the beneficiary or custodian

Complete the register, a model of which is attached in appendix 1, and hand it in or send it to the Compliance Officer.

Steps to follow in managing gifts, entertainment and hospitality

DOs

ALWAYS act with honesty and integrity by following the Socfin Code.

ALWAYS seek advice in case of doubt and err on the side of caution.

ALWAYS report any gratuity received or declined.

ALWAYS seek advice from your senior management before offering any form of gift, entertainment or hospitality.

ALWAYS comply with Company guidelines if you want to reimburse a government official for travel, meals, or other expenses.

ALWAYS immediately report any problems or suspected violations of this procedure or Socfin's Code of conduct.

ALWAYS comply with applicable laws in your country, including procurement and anti-bribery laws.

DON'Ts

NEVER give, promise or offer anything of value to a government official.

NEVER never give, promise, offer or accept any form of cash.

NEVER accept gifts, invitations, or any other benefits that could cause a conflict of interest between your personal interest and the interests of the Company.

NEVER give, offer or accept a gratuity without disclosing it publicly.

NEVER organise events without a legitimate business reason.

NEVER participate in an event organised by a supplier, customer or other contracting party without the approval of your senior management.