EASTERN PRODUCE KENYA LIMITED
CULTIVATING QUALITY

**FINANCIAL CRIME POLICY**

## 1. Policy Statement

Eastern Produce Kenya Limited (EPK) (the "Company") is committed to conducting its business with honesty, integrity, and in full compliance with the laws of the Republic of Kenya and international best practice.

The Company will implement appropriate systems, controls, and procedures to safeguard the integrity of its financial operations and maintain accurate and transparent financial records.

The company will comply with all applicable legislation, including but not limited to the Anti-bribery Act (No. 38 of 2016), the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), the Prevention of Terrorism Act Cap 59B, and the Penal Code (Cap 63).

Nothing in this policy shall be interpreted as permitting conduct that would violate any applicable law or regulation. Where there is any inconsistency between this policy and applicable law, the law shall prevail and employees must immediately seek guidance from the Finance Director.

## 2. Purpose

The purpose of this policy is to set out the Company's objective of preventing, detecting, and responding to all forms of financial crime. This includes bribery, corruption, fraud, money laundering, terrorist financing, tax evasion, and breaches of applicable sanctions.

This policy establishes clear responsibilities, controls, and procedures to promote integrity in EPK's business conduct, uphold compliance with applicable laws and international best practices, and maintain the trust of its stakeholders.

## 3. Scope

This policy applies to all Persons, defined as:

- All employees, directors, and officers of EPK (permanent, temporary, or seasonal).
- All consultants, contractors, and agents of EPK.
- All third parties acting on behalf of the Company, including suppliers, logistics partners, and joint venture partners.

Every Person covered by this policy is individually responsible for ensuring that their conduct complies with this policy and applicable law. A breach of this policy by any

Person will result in disciplinary action, which may include termination of employment or contract, and referral to relevant Kenyan authorities (such as the Ethics and Anti-Corruption Commission - EACC, or the Directorate of Criminal Investigations - DCI).

**4. Definitions**

For the purposes of this policy, the following definitions apply, aligned with Kenyan law:

**Money Laundering:** The process of concealing or disguising the proceeds of crime to make them appear legitimate. This includes any involvement with property or funds known or suspected to be derived from criminal activity (as defined in the Proceeds of Crime and Anti-Money Laundering Act).

**Terrorist Financing:** The provision or collection of funds, by any means, directly or indirectly, with the intention or knowledge that they will be used to facilitate or carry out terrorist acts (as defined in the Prevention of Terrorism Act).

**Bribery:** The offering, promising, giving, receiving, or soliciting of any advantage (financial or otherwise) to improperly influence the performance of another person in a relevant business function or activity. (As defined in the Anti-bribery Act, 2016)

**Corruption:** The abuse of entrusted power for private gain as further defined under the Anti-Corruption and Economic Crimes Act to include bribery, fraud, embezzlement or misappropriation of funds, abuse of office, breach of trust, or any offence involving dishonesty. This includes nepotism, favouritism, and conflicts of interest.

**Fraud:** Any intentional act or omission designed to deceive or mislead others, resulting in financial or reputational loss to the Company or gain to the perpetrator. This includes falsification of harvest records, theft of produce, payroll manipulation, and abuse of expense claims.

**Sanctions Violations:** Breaching international or domestic trade and economic sanctions administered by the United Nations, the Kenyan government, or our trading partners' governments (e.g., UK, EU sanctions).

**Tax Evasion:** The illegal non-payment or underpayment of taxes (e.g., VAT, Corporation Tax, PAYE) by deliberately concealing, misrepresenting or failing to disclose income, assets, or transactions to the Kenya Revenue Authority (KRA). Ref to Tax evasion policy (Serial blue 04/53)

**5. Governance and Responsibilities**

i. *The Board of Directors* has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

ii. *The Finance Director* (The Responsible Person) has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and setting up internal control systems and procedures with a view to preventing financial crimes.

iii. *General Manager-Finance and Administration (GMF&A)* – Responsible for monitoring suspicious transactions, conducting Anti Money Laundering /Know Your Customer checks, and fulfilling regulatory reporting obligations.
iv. *Operational / Department Managers* – Responsible for implementing controls within their areas, supervising staff adherence, and reporting any potential breaches.
v. *Internal Audit* – Provides independent assurance on the adequacy and effectiveness of controls and reports findings directly to the Board.

## 6. Prohibited Conduct

It is prohibited for an employee (or someone on behalf of an employee) to:

i. Offer, promise, give, request, or accept any improper advantage, including facilitation payments;
ii. Acquire, use, conceal, convert, transfer, or possess proceeds of crime, or assist others in doing so;
iii. Engage in terrorist financing in any form;
iv. Falsify records, establish off-book accounts, or misrepresent transactions;
v. Cause or permit any third party to violate applicable financial crime laws;
vi. Fail to disclose conflict of interest;
vii. Engage in procurement fraud

## 7. Risk Assessment and Management

The Company operates in a high-risk environment (agriculture and export). Therefore, we adopt a dynamic, risk-based approach to identify and mitigate financial crime risks.

The Company will conduct formal risk assessments biennially or when significant changes occur in the business model or regulatory environment.

**Key Risk Areas include:**

i. **Payment Transactions:** High volumes of payments to employees and small-holder farmers;
ii. **Procurement Fraud:** Collusion between employees and suppliers of inputs such as fertilisers, pesticides, or packaging material; manipulation of tender processes; inflated invoices;
iii. **Political and Government Interactions:** Risk arising from interactions with public officials, regulators, or politically exposed persons, including attempts to improperly influence licensing, regulatory inspections, permits, or other government decisions affecting Company operations;

iv. **Theft of Assets:** Risk of theft, diversion or unauthorized removal of company assets including agricultural produce, fuel, agro-inputs, packaging materials, equipment;
v. **Export Controls:** Misdeclaration of goods to customs authorities, KRA or violation of phytosanitary requirements;
vi. **Third-Party and Intermediary Risk**: Financial crime risks arising from agents, consultants, contractors, clearing agents, logistics providers, or other intermediaries acting on behalf of the Company who may engage in bribery, fraud, or other unlawful conduct;
vii. **Payroll and Workforce Fraud**: Risks relating to payroll manipulation, ghost workers, inflated labour records, or unauthorized payments within large seasonal or casual workforce arrangements;
viii. **Sanctions and Restricted Trade Exposure**: Risks arising from conducting business with sanctioned individuals, entities, or jurisdictions in violation of international trade sanctions;
ix. **Gifts, Hospitality and Sponsorship Abuse**: Risks that gifts, hospitality, sponsorships or donations may be used to improperly influence decision-making or disguise bribery; or
x. **Financial Systems Manipulation**: Risks relating to unauthorized access, alteration, or manipulation of accounting systems, financial records, or electronic payment systems.

## 8. Red Flags: Indicators of Potential Financial Crime

Employees are encouraged to remain alert to warning signs that may suggest financial crime risks. Examples include:

- Requests for facilitation payments or "unofficial fees."
- Excessive gifts, hospitality, or entertainment offered or expected.
- Pressure to approve contracts without proper documentation.
- Use of intermediaries with no clear role or justification.
- Payments made in cash or through unusual channels.
- Requests to split transactions to avoid reporting thresholds.
- Business partners reluctant to provide identification or company details.
- Complex ownership structures designed to obscure beneficial owners.
- Invoices that appear inflated, duplicated, or altered.
- Requests to backdate contracts or issue side letters.
- Discrepancies between goods/services delivered and amounts billed.
- Unexplained adjustments in financial records.
- Transactions involving individuals or entities in sanctioned regions.
- Requests to ship goods through third countries without clear rationale.

- Partners unwilling to disclose end-users or destinations.

## 9. Key Controls and Procedures

To mitigate the identified risks, the Company implements the following controls:

### 9.1 Anti-Bribery & Corruption (AB&C)

- **Facilitation Payments:** strictly prohibited. No employee is authorised to make unofficial payments to secure or expedite routine government actions.
- **Gifts and Hospitality:** All gifts and hospitality offered, given, or received in connection with Company business must be declared through individual declaration forms and in the Gifts and Hospitality Register.
- **Donations and Sponsorships**: Charitable donations and sponsorships must not be used to improperly influence any person or organisation. All such payments must receive prior written approval from the Operations Director and/or Finance Director and be transparently recorded.
- **Political Contributions**: The Company does not make or receive political contributions.
- **Third Party Due Diligence:** Before engaging agents, logistics companies, or major suppliers, the Company shall conduct due diligence to verify their integrity and business practices.

**Contractual Safeguards:** All third parties engaged by the Company are required to comply with applicable anti-bribery, anti-money laundering, sanctions and anti-fraud laws. Where the risk assessment identifies medium or high financial crime risk, the Company shall require written confirmation of compliance and incorporate appropriate contractual provisions, including termination rights and audit or information access rights where necessary.

The foregoing notwithstanding, the Company may periodically require any third parties engaged by it to confirm their commitment to comply with applicable anti-bribery, anti-money laundering, sanctions and anti-fraud laws.

- **Anti-Money Laundering (AML) & Know Your Customer (KYC)**
- **Customer Due Diligence:** The Company shall undertake Customer Due Diligence for all commercial buyers (export partners), to verify their identity and ownership structure.
- **Supplier Onboarding:** All suppliers (including out-growers) must provide valid KRA PIN certificates, bank details, and proof of business registration or farm ownership in the case of outgrowers.
- **Risk Developments**: Changes in ownership or control, alterations in payment instructions, or refusal to provide updated information shall

prompt a documented risk reassessment and, where necessary, enhanced due diligence and senior management review.

- **Ongoing Monitoring:** The Company shall monitor customer and supplier relationships for unusual or inconsistent transaction patterns, including unexplained increases in transaction volumes, deviations from contractual terms and changes in payment behaviour,
- The Company applies a risk-based approach and reserves the right to decline or terminate relationships where due diligence concerns cannot be satisfactorily resolved.

### 9.2 Fraud Prevention

- **Segregation of Duties:** Critical functions, including recording harvest weights, calculating wages, and disbursing cash, must be performed by different individuals to prevent conflicts of interest and reduce the risk of fraud. Responsibilities shall be clearly assigned and documented for all financial and operational processes.
- **Expense Claims:** All expense claims must be accompanied by valid supporting documentation and require approval from the relevant line manager. Claim for personal or non-business-related expenditures is strictly prohibited. The Chief Internal Auditor shall ensure periodic audits of applicable expense claims to confirm compliance.
- **Payroll Verification:** Payroll records shall be regularly reconciled against the actual workforce to identify and prevent unauthorized payments, including "ghost workers." Any discrepancies must be investigated immediately, and corrective actions documented.

### 9.3 Sanctions and Export Controls

- The Company shall screen all international buyers and partners against applicable sanctions lists (e.g., UN, OFAC, UK Sanctions List etc.) before contract signing.
- All export documentation must be complete, accurate and compliant with KRA customs regulations.

### 9.4 Record Keeping

- All financial records, transaction documents, and due diligence information shall be maintained for a minimum of seven (7) years following the end of the business relationship, as required by Company policy and Kenyan law.
- Agents and third parties acting on behalf of the Company are required to maintain accurate books and records which, in reasonable detail, reflect all transactions related to Company business. The Company may, where

necessary, request information or documentation to verify compliance with applicable financial and legal obligations

## 10. Reporting and Investigation

The Company encourages all employees to report any suspected, attempted or actual financial crime.

**Who may report:**

i. The affected employee
ii. A witness to the incident
iii. A representative acting on behalf of the affected employee (with the employee's consent)

**How to report:**
An Employee may report an incident through any of the following channels:

i. Whistleblower Email: confidential@easternproduce.co.ke
ii. The OGM (Tweguu Akase) channels

Any internal investigation of financial crime will be handled in line with the Company's Whistleblowing Policy and Procedure.

Where the Company identifies or reasonably suspects that a transaction, activity, or conduct may constitute money laundering, terrorist financing, fraud, bribery, corruption, or any other financial crime, the Company shall report the matter to the relevant competent authorities in accordance with applicable law.

## 11. Retaliation and Protection

The Company strictly prohibits retaliation, victimisation, or discrimination against any Employee, complainant, or witness who reports a concern in good faith. This protection extends to participants in investigations of reported incidents. Any act of retaliation is considered a serious violation of Company policy and may result in disciplinary action, up to and including summary dismissal.

## 12. Training and Awareness

- **Induction:** Relevant employees are required to be conversant with this policy as part of their induction.
- **Annual Refresher:** Relevant employees shall receive annual refresher training to maintain awareness of emerging financial crime risks, reinforce

internal controls, and ensure ongoing compliance with relevant laws and Company policies.

- **Specialised Training:** The Finance and Procurement teams shall receive enhanced training on fraud detection, AML compliance, and the Bribery Act.

## 13. Coordination with Other Company Policies

This policy should be read together with other relevant Company policies and procedures, including:

i. The Whistleblowing Policy and Procedure
ii. The Code of Conduct and Ethics
iii. The Procurement Policy
iv. The Anti-Facilitation of Tax Evasion Policy
v. The Operational-level Grievance Mechanism (Tweguu Akase); and
vi. The Disciplinary Policy.

## 14. Policy Review

This policy shall be reviewed biennially to ensure effectiveness and continued alignment with legal and international standards.

Approved by the Board of Directors following review by the EPK PRC, May 2026