



CODES OF CONDUCT ADMINISTRATION MANUAL

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1 Purpose and Scope

1.1 Purpose of manual

The ultimate responsibility for corporate governance rests with the Board of Directors of Vitaseed Oil Mills Limited hereinafter referred to as VSOML. Compliance is an important part of the way we do business in VSOML.

The Ethics & Compliance function shall support the CEO and Board of Directors in ensuring that the handling of business matters is in conformity with relevant laws, regulations, Codes of Conduct and other Governing Documents.

It is the purpose of this manual to facilitate uniform implementation of the Codes of Conduct and related activities throughout VSOML. This manual shall be implemented, monitored and enforced as a Governance document.

The manual distinguishes Ethics & Compliance Officer to a limited extent, as the differences are of minor importance for most of the defined regulations. The distinction is primarily relevant in connection with the handling Corporate *Compliance Incidents* and periodic reporting from Site level to VSOML BOD level.

1.2 Scope

This Manual sets the requirements and guidance for VSOML to support and monitor the implementation of the Codes of Conduct, standards and related principles detailed in other Governing Documents by describing:

- Codes of Conduct - Development and Implementation
- Monitoring requirements
- Hotline to Compliance
- Handling of Compliance Incidents (see definitions in chapter 4) including investigations and guidelines for disciplinary actions
- Reporting requirements

1.3 Applicability

This Manual applies to Vitaseed Oil Mills Limited Limited. Local laws shall be followed. Mandatory local law precedes regulations in the Manual.



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2 Codes of Conduct Development and Implementation

2.1 Development and approval

It is the responsibility of the Board of Directors to define VSOML's basic corporate values and formulate ethical guidelines in accordance with these values.

It is the responsibility of the Ethics & Compliance Officer to support the Vitaseed Oil Mills Limited Board of Directors and the CEO in ensuring that the Codes of Conduct reflect good business practices and comply with relevant laws, regulations and widely recognized treaties.

The Codes of Conduct shall be a regular part of the periodic revision process for Governing Documents in VSOML. In exceptional situations, a special update of the standards may be necessary. In such cases the Ethics & Compliance Officer will initiate a relevant update.

The Board of Directors shall approve the Codes of Conduct and any revision of Codes of Conduct. This approval shall be documented in the Board of Directors meeting minutes.

2.2 Distribution and implementation

As a prerequisite for compliance with the Codes of Conduct, the Code shall be made available to all Board members, management and other employees throughout the company as well as to others acting on behalf of VSOML. The term "others acting on behalf of VSOML" in this context refers to personnel temporarily hired by VSOML, such as substitutes, Management for hire, and similar. It does not include persons falling within the definition of *suppliers* outlined in VSOML Procurement Policy.

Codes of Conduct shall be distributed along with other Governing Documents whenever appropriate. In addition, the Code shall be easily accessible and clearly visible on the front page of the local SharePoint and on the external web pages.

Language shall not be a barrier for understanding the Codes of Conduct standards. The Ethics & Compliance Officer shall therefore consider the need for local translation. Any translation of the Codes of Conduct shall be approved by the CHRO/Legal Counsel before distribution to VSOML employees. In the event that there are interpretation differences between the English and local version, the Vitaseed Oil Mills Limited Board approved English version shall prevail.

Implementation of Codes of Conduct shall be based on the following principles:

- It is the responsibility of the line management to implement the Codes of Conduct as part of the VSOML Way framework.
- Line management implementation of Codes of Conduct shall be supported by



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the Human Resources department.

- Ethics & Compliance Officer shall initiate and monitor the implementation of the Codes of Conduct.

Line managers shall have an understanding of the Codes of Conduct as a platform for business decisions. They shall also have an understanding of their own role in implementing, overseeing, assessing and ensuring that the ethical atmosphere is consistent with the requirements in Codes of Conduct.

Every employee shall genuinely understand the requirements and standards set out in Codes of Conduct. Every employee shall have a clear understanding of what these requirements and standards mean for their day-to day work and behaviour. It is the personal responsibility of each employee to adhere to the applicable standards.

Evidence of employees' awareness shall be documented through their signature (electronic or otherwise) and stored as part of their electronic or physical employee records.

3 Hotline to Compliance

VSOML is required by recognised governance principles to have a whistle blower mechanism. The whistle blower mechanism shall act as an additional assurance when a reporter does not consider their line manager or local management to be the correct recipient of a specific incident or concern.

VSOML personnel are expected to notify their superior or the VSOML Ethics & Compliance Officer promptly of any possible breach. Reporting of breaches or suspicion of breaches is in the interest of VSOML and is expected behaviour from employees and others acting on behalf of VSOML.

In order to facilitate reporting, a Hotline to Compliance or whistle blower channel shall be established to provide personnel with a mechanism to alert the Ethics & Compliance Officer of a possible breach.

The hotline to Ethics & Compliance Officer shall:

- Be clearly visible to the employees, e.g. appear on the front page of the intranet (SharePoint).
- Provide assurance that the report, if requested, will be treated confidentially and that no reprisals will be allowed against those who, in good faith, report a breach or suspicion of a breach.
- Be easy to use. For example, it should state contact details supported by brief explanation of the hotline system and how the report will be handled with easily understandable instructions and templates. It shall be possible to report via e-mail, telephone call, text message, letter



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post and face-to-face meeting with the Ethics & Compliance Officer.

- Every employee shall have the opportunity to report in any official local language of the country.
- It shall be possible to report at any time, any day of the year. However, there is no requirement that the (telephone) Hotline to Compliance is manned around the clock.

Alleged breaches received through the hotline to compliance are handled by the Ethics & Compliance Officer according to the requirements in chapter 5 – Handling of Compliance Incidents.

4 Compliance Incident- definitions

COMPLIANCE INCIDENT

A Compliance Incident exists when there is reasonable likelihood that:

- 4.1 There is a significant breach of VSOML's Governing documents and/or relevant laws and regulations, and,
- 4.2 The breach has been committed by employees or others acting on behalf of VSOML and is relevant to the employment or the contract with VSOML. The term "others acting on behalf of VSOML" in this context refers to personnel temporarily hired by VSOML, such as substitutes, Management for hire, and similar. It does not include persons falling within the definition of *suppliers* outlined in VSOML Procurement Policy.

Rationale behind *Compliance Incident*:

The classification of incidents as *Compliance Incidents* shall enable BoD's and CEO's to monitor all significant breaches of governing documents. All breaches of significance shall be handled pursuant to requirements in this Manual to ensure quality and consistency throughout the Company. The threshold for reporting Incidents to Ethics & Compliance shall be low. However, Ethics & Compliance shall not be misused as a reporting channel for minor incidents that should be dealt with between leader and employee. Nor should Ethics & Compliance be misused as escalation body for decisions rightfully taken by Line Management.



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MATERIAL COMPLIANCE INCIDENT

A Material Compliance Incident exists when there is reasonable likelihood of a breach that:

- Puts people's health at risk
- Has material adverse effect on VSOML's or the VSOML's brand, integrity or reputation
- Has material, adverse effect on VSOML's or the VSOML's business or business opportunities
- Destroys or damages assets, properties, etc. of significant value
- Involves fraud, corruption or competition law infringement
- Is a retaliation upon individuals who report breaches in good faith

All Compliance Incidents are at the same time Material Compliance Incidents.

Rationale behind Material Compliance Incident:

The classification of certain Compliance Incidents as *Material Compliance Incident* shall enable BoD and CEO to conduct their oversight and executive roles in a timely and effective manner, e.g. request mitigating actions.

COMPLIANCE INCIDENT

A set of situations and possible breaches that require handling at level have been defined. Please refer to the criteria and corresponding rationale in the table below.

Situation/criterion	Rationale
A member of VSOML Board of Directors, VSOML CEO, or an individual functioning in a key role within financial management in VSOML may be involved	An independent handling of a Compliance Incident by VSOML Ethics & Compliance Officer is by nature difficult if a Board member and/or the CEO are involved. Misconduct by a key person in accounting & finance may impact the correctness of figures reported to the financial market and investors' trust in financial information from VSOML.



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An individual with direct reporting line to VSOML CEO may be involved	VSOML CEO has a role in various steps of the process for handling Compliance Incidents. In order to ensure independent incident handling, it is considered appropriate that Ethics & Compliance Officer handles incidents involving a direct report of the CEO.
The financial impact is more than Ksh 50 Mm	Firstly, an incident involving significant loss of assets may impact the correctness of financial figures. Secondly, the incident may be indicative of a potentially larger loss that may impact the integrity of the financial reporting.
The incident may involve more than one Business Unit	The incident may be indicative for similar problems in other units. Only BOD has access to all Business Units.
Material negative impact on the reputation of VSOML	In such situations there is a risk for negative impact on VSOML's standing among key stakeholders and reduction in market capitalisation. BOD needs to co-ordinate the different measures to minimise losses and to identify adequate corrective actions.
Any alleged bribery of public officials	Various national laws applicable to VSOML regulate the prohibition of bribery of public officials. Violations of these regulations may have drastic personal (punishment), financial, and/or reputational consequences. Thus, it is considered appropriate that any alleged bribery of public officials is handled at BOD level.



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5 Handling Compliance Incidents

5.1 Introduction

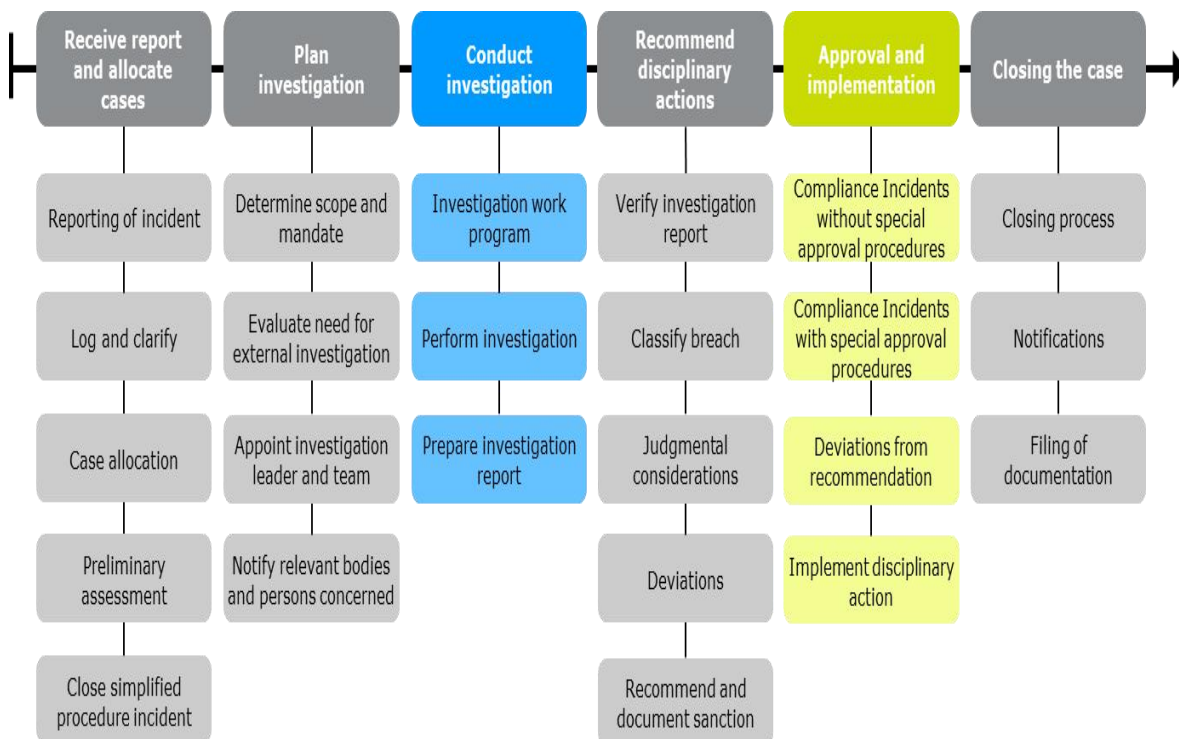
An important part of the Codes of Conduct is to manage alleged breaches of the Codes of Conduct and Governing Documents. Such alleged breaches are defined as Compliance Incidents (see definitions in chapter 4). All Compliance Incidents shall be handled by the Ethics & Compliance Officer.

Normally the incident shall be handled locally in VSOML by the Local Ethics & Compliance Officer. In the event that the criteria for a Compliance Incident (see definitions in chapter 4) are met, the incident shall be referred to the Ethics & Compliance Officer who decides further handling.

The reason for reporting a Compliance Incident to the Ethics & Compliance Officer is two-fold. First, such incidents may have consequences for the BOD financial reporting or may impact the reputation. Secondly, it is important to ensure that cases meeting the Compliance Incident criteria are subject to quality assurance.

All incidents shall be handled in accordance with the process and principles set out below.

5.2 The handling of Compliance Incidents process





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The above flowchart sets out the process for handling Compliance Incidents.

The Ethics & Compliance Officer handles the grey activities; the Investigation Team Leader handles the blue activities; and Line Management handles the green activities.

5.3 Fundamental Principles

Disciplinary actions shall be based on recommendations from the Ethics & Compliance Officer.

There are five fundamental principles that shall always be adhered to when handling Compliance Incidents within VSOML. In the event there are differences between laws and regulations and the principles below, the highest standard consistent with applicable local laws shall be applied.

- 1. The right to fair proceedings:** The investigation must balance thoroughness with fair treatment towards all persons involved. If there is a conflict between these interests, priority should be given to ensuring that the persons involved are treated fairly. It is important that the investigation is thorough, and confidential. The person concerned shall also have the right to be heard, to refute accusations (the right to contradiction) and to solicit advice.
- 2. The presumption of innocence:** An investigation shall be carried out with an open minded approach. Do not assume guilt. It is the facts of the investigation that shall evidence eventual breach (i.e. any action taken shall be based on evidence, not suspicion or speculation). The person concerned shall not have to prove his/her innocence.
- 3. Principle of Independence:** To avoid improper influence from participants who have a direct or indirect interest in the result of the investigation, the investigation shall be independent and impartial both in relation to the facts of the case and the persons concerned.
- 4. The right to privacy:** Investigations must take into account the right to privacy in accordance with Codes of Conduct and relevant Governing Documents. The investigation shall concentrate on issues that are the subject matter of the investigation as described in the investigation mandate. An investigation shall not intrude the privacy of the persons concerned more than necessary. Persons concerned shall be treated with respect.
- 5. Fair and proportionate disciplinary actions:** Disciplinary actions shall be based on justifiable reasons and be proportionate with the seriousness of the breach and the circumstances in which the breach has been made.



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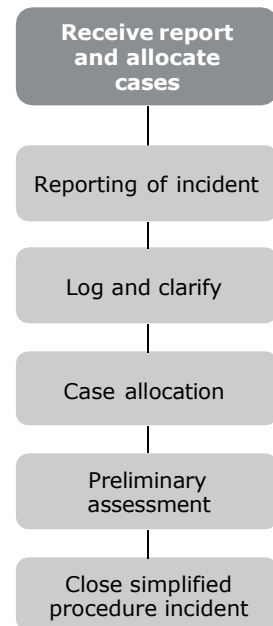
The disciplinary actions shall further be in accordance with local legislation and executed in understanding with the HR department.

5.4 Receive report and allocate cases

5.4.1 Reporting of incident

A Compliance Incident can surface in several different ways, for example:

- Discovered by the line- or staff management, the Local Ethics & Compliance Officer in the course of the business operations
- Reported by an employee or external party to the Ethics & Compliance Officer or through the Hotline to Compliance
- Reported by external party via contact persons in VSOML (e.g. communication or corporate responsibility department)



Regardless of how a Compliance Incident is detected, it shall be promptly reported to the Ethics & Compliance Officer by the person who obtains the information.

If requested by the informant, his/her identity shall be held confidential. It is only in the event that information may be subject to subsequent judicial proceedings that the identity may have to be disclosed.

5.4.2 Log and clarify incident

The Ethics & Compliance Officer provides an adequate logging system for the Dy. Ethics & Compliance Officer to use.

Any notification of a Compliance Incident by the Ethics & Compliance Officer shall begin with assigning the case with a number for identification and reference. The case shall be logged in the system provided by Ethics & Compliance.

Logging should normally be executed within two working days from receipt of an incident.

The Ethics & Compliance Officer shall confirm reception of the notification to the informant within two working days.

The Ethics & Compliance Officer shall evaluate if the reported incident meets the criteria for being treated as a Compliance Incident. The informant shall be informed of any decision on not to follow up on the notification.



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5.4.3 Case allocation

The Dy. Ethics & Compliance Officer shall assess the incident to determine whether it qualifies as a Corporate Compliance Incident. If so, the incident shall be referred to the Ethics & Compliance Officer, who decides whether the incident shall be handled by the BOD Ethics & Compliance Officer or be referred back to the Dy. Ethics & Compliance Officer for further handling.

When allocating the case, the Ethics & Compliance Officer shall also assess whether she/he will be perceived as independent/impartial handler of the case. If in doubt, the Ethics & Compliance Officer shall consult with his/her superior and the BOD.

If the Ethics & Compliance is deemed to be partial, the case shall be allocated to another function within VSOML or as a last resort, to BOD.

Parallel handling of an incident on different levels in the organization shall be avoided. Thus, investigation of an incident shall not be initiated before a decision has been made on which level of the organization the incident shall be handled.

5.4.4 Preliminary assessment

The Ethics & Compliance Officer shall start by conducting a preliminary assessment to clarify the situation and to assess whether there are any reasons to proceed with an investigation. A preliminary hypothesis should be developed in terms of what appears to have occurred and what laws, regulations or Governing Documents have been breached.

If the facts are unclear, or the circumstances otherwise require, the Ethics & Compliance Officer shall prepare for further investigations in accordance with the sections below.

Also in this phase, fact finding shall be conducted in accordance with the fundamental principles and the other requirements for the safeguarding of due process and securing of evidence as set out in this manual.

5.4.5 Close simplified procedure incident

If the case can be sufficiently clarified and decided upon without conducting a more detailed investigation, the Ethics & Compliance Officer may propose disciplinary actions, if any, based on the information available from this phase ("simplified procedure"). The recommendation shall then be handled for approval and implementation as described in Chapter 5.8. The fundamental principles outlined in 5.3 shall be adhered to when applying the "simplified procedure".



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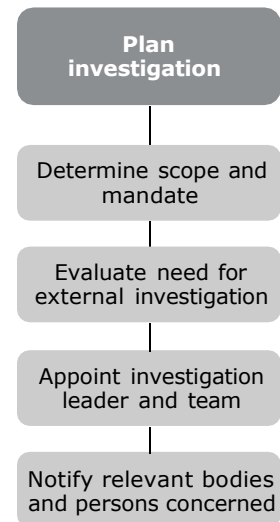
5.5 Plan investigation

5.5.1 Determine scope and mandate

The Ethics & Compliance Officer defines and decides on the scope of the investigation. The scope shall be based on the preliminary assessment of the allegations made and the subject matter.

The Ethics & Compliance Officer shall prepare a written mandate for the Investigation Team Leader. The mandate shall contain:

- Description of the incident(s) and subject matter to be investigated including any relevant adjustment factors (ref Chapter 5.7.2) that should be assessed as part of the investigation
- Hypothesis of “what went wrong”, e.g. the part of VSOML’s Governing Documents and/or relevant laws and regulations that have not been complied
- Description of the deliverable.
- Estimated need for resources, including use of internal legal advisors and external expertise
- Deadline for delivery of the investigation report.



If the resources required to conduct the investigation necessitate cost beyond the approved cost forecast for the Ethics & Compliance function, approval of the scope and staffing must be given by the relevant line management.

Any changes in the investigation mandate shall be in writing and in consultation with the Investigation Team Leader.

5.5.2 Evaluate need for external investigation

If special circumstances so require, the Ethics & Compliance Officer shall consider commissioning an external investigation. Important considerations in this respect are whether there are public interests in the case that necessitate particular external credibility and legitimacy. Furthermore, external investigation may be required if the Ethics & Compliance function in VSOML does not have sufficient expertise or capacity to conduct an internal investigation.

The decision to commission an external investigation shall be subject to approval by the CEO or the person with the authority to do so.



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If the Ethics & Compliance Officer has indications that the incident is a criminal offense which could result in public prosecution, the Ethics & Compliance Officer shall, in consultation with the Legal Counsel, consider if immediate reporting is required. If affirmative, reporting or notification to public authorities shall be governed by applicable procedures and powers of attorney. See also "Reporting/notification to public authorities" in 5.7.2.

5.5.3 Appoint investigation team leader and team

If the Ethics & Compliance Officer considers that an investigation team needs to be established, he/she shall appoint a qualified Investigation Team Leader. The Investigation Team Leader is responsible for assigning an investigation team in consultation with the Ethics & Compliance Officer. The investigation team members shall, both in fact and in appearance, be objective, independent and possess the appropriate skills pertaining to the subject matter. Incidents with complex issues indicate the need for a team staffed with senior personnel with specialist competence. Internal Audit should be considered as a resource when conducting investigations, particularly in financial issues such as theft, embezzlement and fraud.

The investigation team shall make sure that they fully understand the investigation mandate before commencing the investigation. The Investigation Team Leader shall clarify any uncertainties with regard to the mandate with the Ethics & Compliance Officer.

The members of the investigation team shall treat all information related to the case as confidential. This obligation is also applies after the case is closed.

5.5.4 Notify relevant bodies and persons concerned

Involvement of line management / Board of Directors

The Ethics & Compliance Officer shall notify the BOD and CEO about any Material Compliance Incidents (see definitions chapter 3) and Corporate Compliance Incidents. If such notification is likely to inhibit the capability to obtain relevant information or other just cause, such notification may be postponed. Any postponement should be as short as possible.

After logging the Incident, the Ethics & Compliance Officer shall notify relevant line management responsible for the person making the alleged breach or the area in which the breach has occurred. Exceptions may be necessary if it is unclear whether line management may be subject to investigation.

The line management shall be informed that full cooperation is required and that parallel fact findings on their part shall not be conducted. Line management shall treat all information related to the case as confidential. This obligation also applies after the case is closed.



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Involvement of the person concerned

The person concerned shall normally be notified that allegations of a Compliance Incident have been made against them. If such notification is likely to inhibit the capability to obtain relevant information or there is other just cause, such notification may be postponed. Any postponement shall not be longer than necessary.

Involvement of other staff functions

The Ethics & Compliance Officer shall notify any other staff functions about the reported Compliance Incident if it is:

- Possible that the staff function may be directly involved (e.g. Legal, HR)
- Likely that support from the staff function is needed
- Likely that the staff function has a legitimate interest in the Compliance Incident

5.6 Conduct investigation

5.6.1 *General*

The purpose of the investigation is to gather and verify relevant facts relating to the allegations in accordance with the investigation mandate, as updated from time to time, ref. Chapter 5.5.1 above. The investigation shall result in a written investigation report, ref. Chapter 5.6.4.

The Investigation Team shall have the right to inspect all premises and to access all relevant personnel and information in order to comply with the mandate. The right is limited, subject to the privacy of the persons concerned and to applicable law.

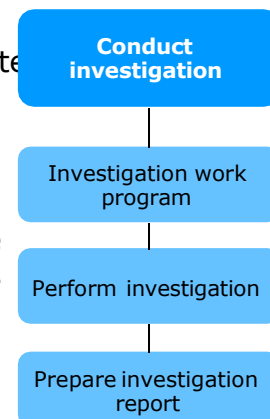
The investigation shall not disturb daily work and operations more than necessary.

The Investigation Team shall ensure that all evidence is recorded and safely stored to avoid loss or damage and unauthorized access, and to preserve its integrity and authenticity.

The Investigation Team Leader shall inform the Ethics & Compliance Officer of the key investigation activities, key findings and results.

5.6.2 *Investigation work program*

The Investigation Team shall start by developing an investigation work program. The program shall be prepared based on a review of the allegations and





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hypothesis already at hand and assumptions about what type of additional relevant information can be obtained inside or outside VSOML. The initial program shall reflect that the investigation is professional, reasonable, prompt, and in accordance with the fundamental principles in chapter 5.3.

The investigation work program shall give clear directions on the tasks that need to be performed and what evidence to obtain. The investigation work program should in particular address the following items:

- Whether immediate steps need to be taken, such as to issue an information freeze order (legal hold) that suspends VSOML's normal disposition or processing of information.
- In which order the evidence should be gathered to avoid loss of evidence
- What kind of expertise would be required (e.g. electronic forensic experts, trained interrogators, lawyers, Policy Owner)
- Actions to minimize the damages hereunder protection and safeguarding of assets
- Limitations to the investigation resulting from VSOML's policies, employment contracts and local jurisdiction

The Investigation Team should keep in mind that during the course of the investigation other documents and witnesses of relevance are likely to turn up. The investigation work program will thus normally be an evolving document.

5.6.3 Perform investigation

Documents and physical evidence

An important part of the investigation would be to find any physical and electronic evidence that could shed light on and document the case. Documents of relevance will typically be written communication between the persons involved in the investigation and records created about the subject matter.

Physical evidence could vary depending of the particular incident, including computers, cameras, phones, money, drugs etc.

Electronically stored evidence

Relevant information, such as e-mails, calendar information, voice messages, text messages and cell/location based information will often be stored electronically. There is always a risk that such evidence will be destroyed or tampered with unless they are secured at an early stage. However, it is important that seizure and review of such information is only conducted in accordance with national legislation and applicable policies. Thus, seizure and review of electronic information shall be done in consultation with legal expertise. If seizure is technically difficult, it may be necessary to consult electronic forensic experts.



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Conducting interviews

Interviews will normally be an essential source of information in an investigation. In circumstances where this information may impact the outcome of the case the information needs to be documented. Guidelines for conducting interviews are described below.

As part of his/hers duties and in accordance with local legislation, the employee has an obligation to cooperate and contribute to clarification of factual circumstances related to the employment. Employees are usually obliged to respond to questions from the employer regarding the performance of his/her work tasks, as well as other issues related to the employment. External third parties are not obliged to make any statements. Thus, interviews of third parties require their cooperation and consent.

It is important to plan the interview carefully to establish which questions should be answered. During the interview at least two persons representing the investigation team shall be present. The interview leader shall have relevant experience in conducting investigations. Interviewees shall be treated with due respect. In particular, the interviewers shall not intrude the privacy of the interviewee or act in any other way that can be seen as unpleasant to the interviewee unless it is necessary for the purpose of the Investigation.

The interviewer should begin by informing the interviewee about the background for the interview and why he/she has been asked to provide information.

The interview may be voice recorded if the interviewee has consented in advance. However, this may hinder the interviewee from speaking freely.

Immediately after the interview, the interviewers shall evaluate the interview and prepare written minutes from the meeting based on their respective notes.

The minutes shall then be presented to the interviewee for verification. The interviewee shall be given the opportunity to provide comments to the minutes within a short deadline.

5.6.4 Prepare investigation report

The work of the investigation team shall result in an investigation report. The objective of the investigation report is to document the investigation process and present the facts of the matter in a way that enables the Ethics & Compliance Officer to:

- Determine whether or not there has been a breach
- Recommend adequate disciplinary actions accordingly (if any)
- Suggest how similar infringements can be avoided in the future



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In order to achieve this objective, the investigation report must present the factual findings in a balanced and objective way, and take into account necessary facts and material circumstances. Facts that are established in the report shall be based on a free assessment of the available evidence. Any significant uncertainties shall be reflected in the report.

The investigation report shall cover the following main items:

- **Executive summary:** An overview of the incident including a brief summary of the reasons for the investigation, the investigation mandate (including any possible changes in the course of the investigation), shortcomings of the investigation and major factual findings
- **Sources of information:** What type of information was obtained (interviews, data records, e-mails, etc.)
- **Allegations:** Description of the alleged Compliance Incident
- **Persons Involved:** Who has been involved in the investigation as subjects and / or witnesses (in-house / third parties / experts)
- **Scope:** The scope of the investigation
- **Investigation:** Summary description of the work of the investigation team, including objectivity and competence of the investigation team
- **Factual findings:** The factual findings from the investigation pointing out the relevant evidence
- **Conclusions:** Any conclusions to be drawn from the investigation regarding the allegations and relevant adjustment factors. The conclusions shall give the Ethics & Compliance Officer a sound basis for preparing any recommendations

The person(s) accused of breaches shall be given the opportunity to comment on information that the investigation team considers to provide the basis for the conclusions in the report.

Any information from the investigation, including the final investigation report, shall be delivered from the investigation team to the Ethics & Compliance Officer only. Access to the report or any other investigation material shall be decided by the Ethics & Compliance Officer. The Ethics & Compliance Officer, in cooperation with the Investigation Team Leader, decides what should be archived as formal documents.



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5.7 Recommend disciplinary actions

5.7.1 Background

General

Any procedural requirements according to applicable laws, regulations and agreements must be complied with before recommending a disciplinary action. In some jurisdictions this may include consultations with the alleged person and/or an employee representative.

Those who breach laws, regulations or VSOML's Governing documents must be prepared to face consequences. Codes of Conduct chapter 5.2 states that misconduct that may result in disciplinary action includes (but is not limited to):

- Violation or request for violation of, laws and regulations, Codes of Conduct or other governing documents
- Failure to promptly raise a known or suspected violation
- Failure to cooperate in VSOML investigations of possible violations
- Retaliation against any employee for reporting integrity concerns in good faith

Use of disciplinary actions together with individual improvement plans shall foster a better corporate culture and reinforce compliance with Codes of Conduct and/or other Governance documents. Any disciplinary action must be carefully assessed and meet the following requirements:

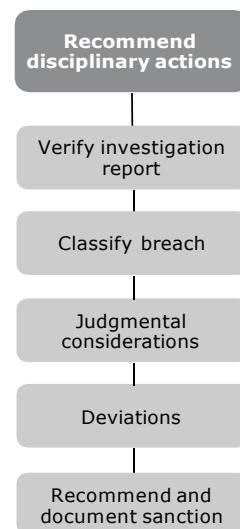
- (i) Fair and proportional to the breach and
- (ii) Based on due process (including investigation)
- (iii) In accordance with applicable laws, regulations and agreements

Due process and proper procedure

Handling of compliance incidents must at all times be based on a due process, a proper procedure and be in accordance with applicable laws, regulations, agreements and VSOML principles. This includes, but is not limited to, adherence to the Fundamental Principles described in section 5.3.

List of potential disciplinary actions

Below is an indicative but non-exhaustive list of potential disciplinary actions. Please note that some of the actions might be applicable only in part or not available at all in VSOML due to laws, regulations or agreements.





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The use of some of the actions below requires specific procedural steps, which may also vary according to local laws and regulations, and assistance from local HR and/or local legal might be necessary. Please see also chapter 5.7.2 on quality assurance / deviations below.

- Termination of employee as set forth in local employment law
- Re-assignment of tasks in full or in part or position as set forth in local employment law
- Written warning according to employment law
- Eliminate or reduce bonus or other performance based remunerations according to employment law and contractual obligations
- Reflect in TDP rating (performance consequence), if relevant with the effect of reduced salary increase as part of the annual adjustment process and according to the applicable guidelines for the salary process
- Written record of breach documented in employees personnel file
- Individual and committing improvement plan with pre-stated or agreed consequences if not fulfilled
- No warning but process remediation/improvement/other mitigating action. This is relevant when a breach is identified, but not allocated to individual or the breach being a direct result of poor system/implementation, i.e. "excusable" from the individuals point of view

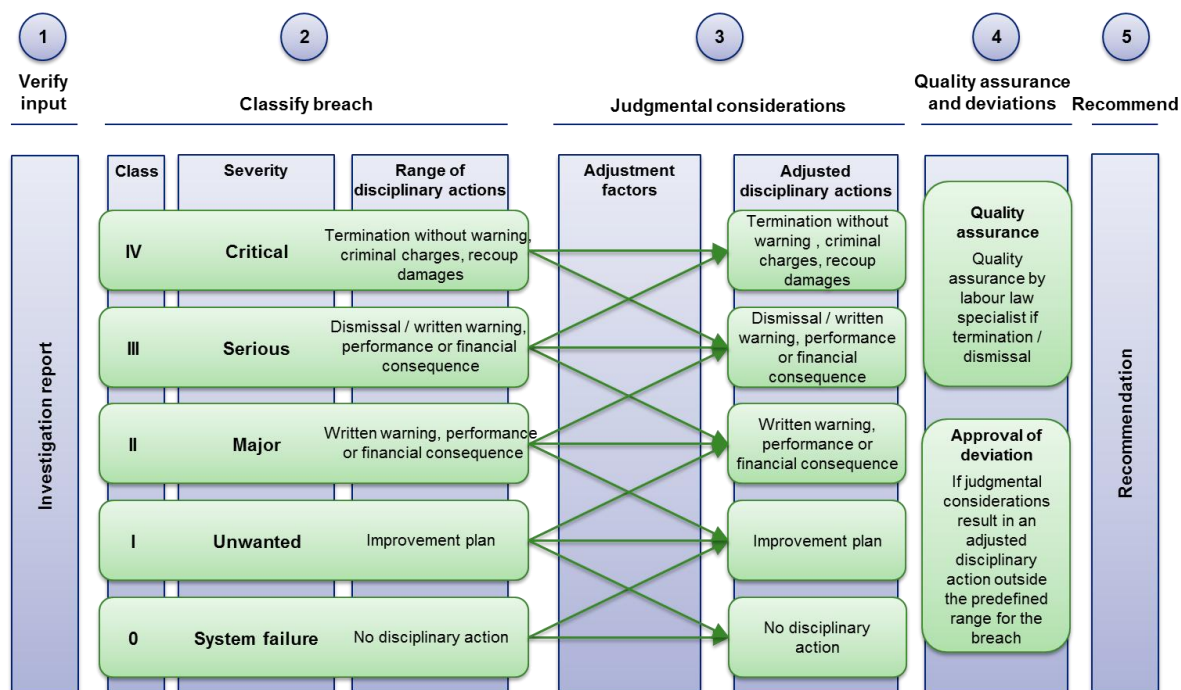
Note that in most cases, more than one disciplinary action is applicable for a breach, for example both written warning and reduction of bonus. Note also that in most cases where a breach is proved, and the disciplinary action recommended is not termination/summary termination, an individual improvement plan for the employee should be recommended. If applicable this may come in addition to any other disciplinary action.



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Disciplinary action evaluation framework

The framework below provides a schematic overview of the determination of disciplinary actions.



The framework covers five different work-steps:

1. The Ethics & Compliance Officer shall verify that the investigation report provides sufficient basis for recommending disciplinary actions.
2. Based on the breach identified in the investigation report, the breach shall first be classified into one of five classes according to severity. The range of disciplinary actions applicable for each class will follow from the framework as a starting point before adjustments due to judgmental considerations, if any.
3. If the result from classifying the breach is not perceived as fair and proportionate the Ethics & Compliance Officer shall exert his/her best judgement to adjust the classification due to judgmental considerations, see chapter 5.7.2, subsection "Judgmental considerations".
4. Judgmental considerations and reclassifications at the discretion of the Ethics & Compliance Officer can only result in a deviation to the immediate higher or lower class. If the Ethics & Compliance Officer after applying his/her best judgement still believes that the classification should be further adjusted, approval must be granted by his/her superior.
5. The recommended disciplinary action shall be documented and the need for an individual improvement plan considered.



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5.7.2 Work steps

Verify investigation report

The Ethics & Compliance Officer shall also verify that the investigation was conducted in accordance with applicable laws, regulations, agreements and VSOML guidelines, including a due process and proper procedure. The Ethics & Compliance Officer shall verify that the investigation report provides sufficient basis for recommending disciplinary actions. This includes factual information required to classify the breach and to apply relevant adjustment factors. If the investigation report is deemed incomplete it shall be returned to the investigation team leader for supplementary work.

Classify breach

Based on the breach identified in the investigation report, the breach shall first be classified into one of five classes: IV, III, II, I, O. This should be as objective and fact-based as possible. The range of disciplinary actions applicable for each class is listed in the table below.'



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Severity / Potential effect	Class	Range of disciplinary actions
Critical <ul style="list-style-type: none"> Peoples life or health being put at risk Material adverse effect on VSOML's or VSOML's brand, integrity or reputation VSOML's business or business opportunities The value or share price of VSOML or VSOML being affected Bribery of public officials Special circumstances¹. 	IV	Termination without notice, criminal charges, recoup damages
Serious <ul style="list-style-type: none"> VSOML's/VSOML's property/assets being put at risk Negative effect on VSOML's or VSOML's brand, integrity or reputation Negative effect on VSOML's or VSOML's business or business opportunities Increasing risk level for VSOML, including political, economic or other risk, including risk of government investigations or actions (relating to applicable laws and regulations, including license terms) Undermines VSOML's values and way of work (the VSOML Way) and/or negatively affects morale and motivation amongst other employees 	III	Dismissal / written warning, performance or financial consequence
Major No direct, external impact but the breach demonstrates that the individual is not fit for his/her tasks and responsibilities, does not subscribe to or does not want to follow, the values and ethics that is required from VSOML's employees.	II	Written warning, performance or financial consequence
Unwanted <ul style="list-style-type: none"> No direct or indirect external impact, but the breach represents unwanted behaviour or demonstrates lack of respect for VSOML codes, policies and values or demonstrates the employees tendency to not put the best interests of the BOD before its own (or other) interests. 	I	Improvement plan
System failure <ul style="list-style-type: none"> The breach was outside the employees control or the result of an excusable event/circumstances 	"0"	No disciplinary actions

The table gives a range of applicable disciplinary actions, but in extraordinary or special cases deviations can, and sometimes must, be made.

¹ Special circumstances may be based on defined priorities or requirements for example in cases involving theft, corruption or fraud. Any such special circumstances should be clearly defined in writing from time to time.



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In such events the requirement for the level of detail in the documentation shall be greater than normal to ensure an extra level of legitimacy, transparency and integrity with respect to the recommendation.

Based on the classification, a range of disciplinary actions can be applied. This will provide a basis and temperature for an appropriate disciplinary action before considering the matter in more detail and applying adjustment factors. This step of initially matching class and disciplinary actions should be the objective starting point for the remaining process, aiming to assist in recommending a fair and proportionate disciplinary action.

The range of disciplinary actions available within each class is broad. A breach in one class can also lead to an additional disciplinary action from a "lower" range of disciplinary actions.

For example –

- a class III breach resulting in a written warning should also normally be followed by an improvement plan (i.e. a disciplinary action in class ii)
- a class IV breach resulting in termination should also normally include annulment of any bonus (i.e. a disciplinary action in class III)

Judgmental considerations

If the use of the framework for classification of breaches leads to a classification that the Ethics & Compliance Officer concludes is unfair and disproportionate, he/she shall exert his/her best judgement to adjust the classification. It should be noted that the framework only allows elevation of the class to one level higher or lower in this work step.

The below adjustment factors (which need to have been sufficiently addressed in each individual investigation report) shall be assessed and used for selecting the fair and proportionate disciplinary action.

Adjustment factors:

- Degree of consciousness (from intentional via gross negligence to negligence)
- Position in the organization ("we expect more from our leaders")
- Level of contribution to the investigation by the individual
- Repetition/previous breaches/previous warnings
- Expectations to the individual within the area where the breach is proven
- Personal value/reward from the breach
- Level of experience/tenure/training for the individual committing the breach
- Level of complexity in understanding the rules within the area for the breach



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- Degree of control over breach and outcome
- The situation in which the breach occurred
- Time period lapsed since breach was notified, i.e. delays not due to employee

Note that the above list is not exhaustive. Furthermore, there may be circumstances requiring that other considerations also be taken into account.

Quality assurance / deviations

With the aim of providing an extra layer of legitimacy and comfort to the recommendation, appropriate quality assurance should be performed prior to concluding on a recommendation for a disciplinary action to assure that due process has been followed and that the disciplinary action recommended is fair and proportional under the circumstances.

Local labour laws and/or local HR expertise must be consulted in advance when recommending certain disciplinary actions in certain jurisdictions, for example if recommending termination or reduction of bonus.

In case the recommendation, for example due to applying the adjustment factors, deviates from the disciplinary actions following from the framework, a person with a higher ranking shall approve the recommendation. This will normally be the direct superior of the Ethics & Compliance Officer.

Recommend and document disciplinary action and improvement plan

Any disciplinary action recommended must be followed by a written notice describing the breach, process and the reasons for recommending the particular disciplinary action(s).

In case of deviations from the indicative link between initial classification and disciplinary action, the requirement for the level of details should be higher than normal so as to ensure an extra level of legitimacy and integrity with respect to the recommendation.

The Ethics & Compliance Officer should consider whether an individual improvement plan should be prepared as part of the recommended disciplinary action.

If applicable the Ethics & Compliance Officer should also consider and recommend preparing a process improvement plan to improve the processes which are relevant for the breach. The preparation of the plan(s) is the responsibility of the line management.



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Reporting/notification to public authorities

If the Ethics & Compliance Officer believes that the incident qualifies as criminal offense, the Ethics & Compliance Officer shall consult with the Head of Legal. If the possible criminal offense is not covered by applicable procedures/power of attorney for reporting to public authorities, Legal Counsel/Head of Legal decides whether the Board of Directors shall be informed. The Board shall then decide whether the incident is to be reported to the relevant public authority (e.g. police).

Approval and implementation

5.7.3 *General*

Management shall normally follow the recommendation from the Ethics & Compliance Officer and approve and implement the recommended disciplinary action. Management/line management will normally refer to the immediate superior of the person facing a disciplinary action.

If local law or practice implies that a specific function (e.g. HR) or authority (e.g. CEO or Legal Counsel) shall approve and/or implement the sanction, this specific function or authority is to be understood as *Management* in this context.

Before a final decision is made by the decision-maker or decision-making body, one must ensure that all applicable laws, regulations and agreements are complied with. This includes, but is not limited to, procedural requirements such as employee consultation obligations.

5.7.4 *Compliance Incidents with special approval procedures*

Material Compliance Incidents shall be routed to the CEO and Board for approval of closing. In the event the VSOML has set up a special Compliance Review Committee, all incidents shall be routed to the committee for review and resolution.

5.7.5 *Deviations from recommendation*

If line management disagrees with the recommendation, the Ethics & Compliance Officer shall be contacted for discussion.

In the event agreement is not reached and line management still is of the opinion that deviation from the recommendation is warranted, the appropriate line manager's leader shall review and approve the alternate disciplinary action. The Local Ethics & Compliance may also escalate the case to a relevant body, ref. 5.9.1. If the end result is the approval of an alternate disciplinary action, the basis and reasoning for the deviation shall be thoroughly documented.





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5.7.6 *Implementation of disciplinary action and improvement plans*

Line management is responsible for implementing the disciplinary action and designing and implementing any improvement plans.

The individual improvement plan shall identify the breach actually committed, describe the improvement needed and set forth both a deadline and method/activities. It can also include specific follow-up by the manager in a particular time period or other measures. The plan could also include a pre-stated consequence if the employee does not comply.

The process improvement plan, if any, shall be designed to mitigate system or process weaknesses identified as a result of the investigation. The plan shall cover identification of the weaknesses, mitigating actions, responsibilities and timeframe.

Line management shall report the outcome of the sign-off and implementation of the disciplinary actions and process improvement plan to the Ethics & Compliance Officer.

5.8 Closing the case

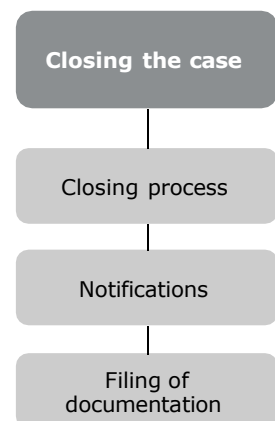
5.8.1 *Closing process*

If the disciplinary action and/or improvement plan is in accordance with the recommendation, the case shall be closed. If not, the Ethics & Compliance Officer shall consider escalating the case to relevant body.

5.8.2 *Notifications*

In addition to line management the Ethics & Compliance Officer shall, when applicable, notify the following:

- **The person concerned:** The person shall be informed that the case is closed
- **Witnesses:** Witnesses (including informant) should normally be informed that the investigation has been completed
- **Any other persons having a particular interest in the outcome of the case:** E.g. the Chief Financial Officer or Legal
- **The CEO:** Must be notified after the closing of material cases
- **The Ethics & Compliance Officer:** Shall be notified of the outcome of Compliance Incidents handled by the Dy. Ethics & Compliance Officer
- **Relevant Board Committee**





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5.8.3 Filing of documentation

The Ethics & Compliance Officer is responsible for secure handling and storage of all notifications and reports, including the investigation report, evidence and other relevant information related to the investigation. Such information shall be filed and stored at an access-restricted confidential sharepoint site or similar.

Any physical documentation or evidence shall be stored safely. If an employee is found responsible for a breach, a copy of the investigation report, the recommendation and any supporting documentation may be included in the employee's HR records if it may impact future performance evaluation. In all other cases, no information from the investigation shall be included in the employee's HR records.

Information on cases shall not be stored for longer than specified in relevant Governing Documents.

6 Monitoring

The Ethics & Compliance function is an important component of VSOML's governance-, risk management-, and internal control systems.

The presence and effectiveness of Codes of Conduct related measures need to be assessed over time. This is accomplished through various monitoring activities performed by the Ethics & Compliance Officer.

There are two main categories of monitoring activities:

- Monitoring of Codes of Conduct components that due to their nature and importance require tight controls and mandatory monitoring. Such monitoring activities include:
 - Overseeing Codes of Conduct awareness activities,
 - Verification of signing of Codes of Conduct by new employees, and
 - Overseeing implementation of corrective actions derived from closed Compliance Incidents
- Monitoring efforts connected to specific risks derived from Ethics & Compliance Officer's risk assessment

The Ethics & Compliance Officer shall develop, maintain and complete a work program outlining the monitoring activities. The work program shall, at a minimum, include the following information: activity name, objective of the monitoring activity, description of the activity and frequency.



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7 Summary of reporting requirements

7.1 Reporting of Corporate Compliance Incidents

Any reported incident meeting the criteria for Corporate Compliance Incidents shall be reported to the Ethics & Compliance Officer as soon as possible. The method of reporting can be by telephone but in any event, a written summary of the matter shall be promptly furnished to the Ethics & Compliance Officer.

If the Ethics & Compliance Officer's preliminary assessment of the Incident indicates need and reason for investigation, the chairperson of the Ethics and Compliance Committee shall be informed about the Incident. For certain types of incidents also the chairperson of the Audit Committee shall be informed. The External Auditor shall be notified about Incidents with significant financial impact and Incidents with impact on the correctness of the financial reporting.

7.2 Reporting of Material Compliance Incidents and other matters

The Dy. Ethics & Compliance Officer shall without delay report Material Compliance Incidents to the CEO and the Board.

7.3 Reporting to Ethics & Compliance Officer

The Dy. Ethics & Compliance Officer shall report bi-annually to the Ethics & Compliance Officer as follows:

- Summary of Ethics & Compliance Officer's monitoring activities
- Summary of Material Compliance Incidents

7.4 Reporting to the Ethics and Compliance Committee

The Ethics & Compliance Officer shall periodically report to the Ethics and Compliance Committee about the handling of compliance cases and other compliance activities. Establishment of Ethics and Compliance Committee or similar in VSOML is a local decision. If such Committee has been established as part of Board of Directors or Executive Management Board, the Ethics & Compliance Officer shall have a reporting relationship to the Committee.



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8 Reference documents

8.1 Other Governing documents

- Codes of Conduct
- Governing Principles
- [Audit Committee charter]

9 Change log

Revision Category New requirement/ Update/Wording	Placement Chapter/ Subchapter	Description of main revisions	Approval date (YYYY.MM.DD)

10 Implementation Declaration

I hereby the Manual Owner give declaration that all the principles and requirements as set out in Manual are implemented in VSOML. The requirements that are yet to be implemented are as follows with Management Action Plan and Timelines.

Reference	Clause	Management Action Plan
<<e.g. chapter 3>>	<<statement to be pasted here>>	<<Target Date>> <<Responsibility: Owner Name>>