Kaak compliance policy

This compliance policy defines the principles and requirements of Kaak Groep B.V. and all of its subsidiaries ("Kaak") for all its business partners, in every way, regarding their responsibility in the battle against bribery, corruption, money laundering and other illegal activity. Kaak reserves the right to amend the requirements of this policy in the event of changes to the Kaak Compliance Program.

1. Introduction

Kaak's mission is to provide innovative bakery solutions to our clients all around the globe involved in the production of bread. So Kaak's business is internationally spread, however, at the same time geopolitical tensions between countries increase.
Kaak is committed to carrying on and growing its business in compliance with all applicable sanctions regulations. This means that Kaak will do its utmost to ensure it continues to comply to national as well as international legislation, sanctions and other directives.
Kaak expects nothing less of its business partners and therefore, as a condition of doing business with Kaak, we expect our business partners to adhere to and comply with this policy. This policy applies to all of Kaak's business partners, including customers, suppliers and agents. We expect all existing business partners to confirm to adhere to this policy. For new business partners this policy will become part of the agreement with Kaak.

This policy is an extension to the Kaak values and principles:

- ONE Kaak – doing it together.
- Sustainable Development Goals established by the UN.

2. Definitions

Bribery	The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of money, gifts, loans, fees, rewards or other advantages (taxes, services, donations, favors etc.).
Conflict of interest	A situation in which a person or organization has multiple interests or loyalties because of their duties to more than one person or organization. In case of a conflict of interest no justice can be done to the actual or potentially conflicting interests of both parties.
Corruption	The misuse/abuse of entrusted power (by heritage, education, marriage, election, appointment or whatever else) for private gain. Because corruption can take many forms it can happen anywhere and to anyone. Corruption erodes trust, weakens democracy, hampers economic development and further exacerbates inequality, poverty, social division and the environmental crisis.
Criminal conduct	All conduct which constitutes an offence and which is punishable by law. Crimes are an offence against society and punishable by a state or other authority.

Criminal property	The proceeds generated by money laundering or other benefits from criminal conduct. These may take any form, including money or money's worth, securities, tangible property and intangible property.
Dual-use goods	Goods, software and technology that can be used for both civilian and military application. The European Union controls the export, transit and brokering of dual-use goods in order to contribute to international peace and security.
Money laundering	The generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds (revenues) of criminal conduct by making such proceeds appear to have derived from a legitimate source. Money laundering can occur practically anywhere in the world, which is why it is important for all of our business partners to adhere to this policy.
Sanctions	Instruments in the foreign and security policy that are used as a response to violations of international law or human rights, or to change one's policy when legal or democratic principles are not respected. Sanctions also are an important tool in the fight against terrorism. More specifically, sanctions are regulatory restrictions applicable to dealings with certain countries or territories, governments, groups, entities, individuals or with respect to certain goods or services. The most common types of sanctions are embargoes on arms; embargoes on the import and/or export of certain goods, software and technology; additional permit requirements for sensitive goods, software and technology; financial restrictions (restrictions on loans and credit; freezing of assets); and travel and visa restrictions.
Terrorism financing	The providing, depositing, distributing or collecting of funds, directly or indirectly, intended to be used, or knowing that these funds are to be wholly or partially used, for the committing of terrorists acts. It is a collective term for various acts of which the ultimate purpose is to provide the material resources to make terrorist activities possible. Whilst in the case of money laundering the origin of the money is an issue, in terrorist financing it is the matter of by whom and for which purpose the money is used. Terrorists require financing to recruit and support members, maintain logistics hubs, and conduct operations. Thus, preventing terrorists from accessing financial resources is crucial to successfully counter the threat of terrorism.

3. Policy

- Kaak is competing on the world market and believes competition is bringing better solutions to its customers. Kaak will not engage in any act of ***bribery, corruption or money laundry*** and also demands its business partners to refrain from getting involved in such practices. Furthermore, Kaak will not do business with parties involved in illegal activity, including terrorist actions or funding.
- Kaak employees will act in the interest of Kaak and will avoid any ***conflict of interest*** between their own and the interest of Kaak or any of Kaak's business partners.
- With respect to ***dual-use goods***, Kaak considers their products and services not to be suitable for dual use, nor to be of strategic nature.
- Kaak will respect the EU and US ***sanctions*** and restrictions. Therefore, Kaak will not import nor export goods, conduct services or software in or from countries that are qualified with an extreme risk. Trading with high risk countries, against which sanctions apply, can only take place after further due diligence and approval by the Kaak Board.

4. Risk & Approach

4.1 Risks

Violations of sanctions legislation may lead to severe civil and/or criminal penalties against companies and individuals, including significant monetary fines, imprisonment, extradition and blacklisting. These

penalties can have major consequences for doing business for every company that gets involved, which is why it is of the utmost importance to comply with sanctions legislation.

4.2 Due diligence

In order to comply to sanctions legislation Kaak has in place processes and procedures to conduct appropriate counterparty due diligence. Kaak will properly identify the business partner with which it performs transactions and verifies this identity based on provided documentation and/or publicly available information on the (potential) business partner, obtained from reliable and independent sources.

Kaak reviews the business partner's background (both of the company as well as the people involved like employees or shareholders) through a search and review of the list of blacklisted organizations and persons, before starting business with a potential new partner.

Each business partner is to provide upfront the necessary and/or required information or documents needed for Kaak to review the partner's background.

4.2 A risk based approach

The threat of being involved in money laundering and terrorist financing activities depends to a large extend on the countries where Kaak's business partners are located. Sanctions apply to several countries all over the world and Kaak has to deal with requirements of its stakeholders. Therefore Kaak will classify its business partners based on a risk level in order to manage and mitigate risks and implement controls.

4.3 Go/No-Go decision

Kaak will not do business, directly or indirectly, with organizations or persons that fall under these categories:

- Organizations or persons who originate in any of the countries or regions qualified with an extreme risk by Kaak's stakeholders. At the moment of distribution of this policy these are: Cuba, Crimea & Sevastopol area (in Ukraine and Russia), Iran, North-Korea, Sudan, South-Sudan, Syria & Venezuela.
- Organizations or persons included in any official lists of sanctions policy; especially the lists administered by the Office of Foreign Assets Control ("OFAC") and the European Union ("EU").
- Organizations or persons indicating possible involvement in criminal activities, based on available information about them;
- Organizations or persons with businesses in which the legitimacy of activity or source of funds can't be reasonably verified;
- Organizations or persons refusing to provide the required information or documentation; or
- Entities whose shareholder / control structure cannot be determined

4.4 Reporting

Kaak's business partners are required to report any situation that could lead to violation of this policy (i.e. money laundering; terrorist financing; and/or corruptive practices). The first point of contact for such matters and for any queries business partners of Kaak may have is the Kaak compliance team (compliance@kaak.com). A report on suspicious activity directed to the compliance team should contain at least the following information:

a) Identity of the person and organization raising the suspicion;
b) Date of the report;
c) Name of the person/organization who is suspected of money laundering, terrorist financing or corruptive activities;
d) Address of the person/organization as referred to under c);
e) Company registration number and/or VAT number of the organization as referred to under c).

5. Audit

Regular reviews of the effectiveness of this policy are carried out under supervision and responsibility of the Kaak Group CFO. The policy in general and the risk qualifications more specifically are evaluated to assess the effectiveness and topicality of the program and determine new actions and/or directions.