




JAB

Governance Framework



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GOVERNANCE FRAMEWORK

This document provides the organizational framework for the Code of Conduct and all policies, i.e. the organizational governance is outlined here.

1. APPLICATION

1.1 JAB Holdings B.V., its direct and indirect parent companies (i.e. JAB Investments S.à r.l. and JAB Holding Company S.à r.l. respectively) and its direct wholly owned subsidiaries (“**JAB**” or the “**Company**”) is committed and expects its directors, officers, employees, authorized representatives and relevant third parties to be committed to:

- conduct business with high ethical standards;
- understand and comply with our Code of Conduct and all related policies; and
- comply with all applicable laws and regulations. This includes compliance with applicable legislation in all countries in which JAB operates or conducts business, and policies thereof. When the laws of those countries require a higher standard, the local standards will take precedent.

1.2 **Our Governance Framework** is intended to promote honest, ethical conduct and to ensure JAB’s operational accountability for compliance with the applicable laws, regulations, rules and obligations as well as with all policies, further outlined below, and thereby avoiding regulatory agency enforcement action, civil penalties or criminal sanctions. With this Governance Framework JAB intends to increase the professional proficiency on compliance and business ethical matters of Employees.

1.3 The purpose of this Governance Framework is to provide an organizational and joint framework for monitoring, detecting and reporting (indications of) non-compliance as well as JAB’s approach to business ethics and how it addresses ethical risks in its day to day activities as a holding and financing company, including use of controls to mitigate risk. JAB considers business ethics as the contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the organization and stakeholders around the organization.

1.4 This Governance Framework provides the organizational and joint framework as set out above with respect to the following policies (the “**policies**”), taking into account the nature and size of the activities of the business of JAB:

- Code of Conduct
- Supplier Code of Conduct
- Anti-Bribery and Anti-Corruption Policy (“**ABC Policy**”)
- Anti-Money Laundering Policy (“**AML Policy**”)
- Speaking Up - Whistleblower Policy
- Human Rights Policy
- Human Capital Policy

- Environmental Policy and Environmental Management System
- Responsible Investment & Stewardship Policy

1.5 This Governance Framework has the same scope of application as the policies and will be reviewed and updated periodically. This Governance Framework document is established, and may be amended by, the Managing Partners.

2. ROLES AND RESPONSIBILITIES

2.1 It is the responsibility of the Managing Partners to:

- encourage ethical conduct and lead by example (tone from the top);
- provide leadership and promote adherence to this Governance Framework among its Employees;
- support the activities of compliance and risk management, led by the Chief Financial Officer (CFO), Managing Partners and the Senior Partners (further detailed below);
- monitor and enforce compliance with this Governance Framework by the Employees, including taking appropriate disciplinary action;
- assess and discuss periodically the risks identified by the CFO and the Senior Partners, and other matters that may arise; and
- approve recommendations, including (risk) mitigations and remediation actions for significant non-compliance, illegal or unethical conduct identified/reported.

2.2 The Managing Partners have the final responsibility for developing and executing mitigation actions whenever an issue arises or is brought to its attention. Mitigation actions may include:

- communication and collaboration with relevant authorities;
- adjustments in internal and external processes to eliminate future sources of risks; and
- careful consideration of human resource management and business partners, among others.

2.3 The CFO together with the Senior Partners are responsible, to report significant risk matters to the Managing Partners, and to discuss possible risk mitigating measures, as deemed appropriate.

2.4 The Code of Conduct outlines everyone's individual responsibility of ethical behaviour and integrity. The General Counsel is responsible for providing advice and recommendations on remediation measures, as needed.

2.5 The General Counsel is responsible for the execution of Compliance and Business Ethics initiatives. The General Counsel's roles and responsibilities include:

- assist teams to understand the importance and requirements of this Governance Framework and how to apply them in practice;
- ensure compliance with all relevant laws, regulations, rules and professional standards applicable to JAB;
- staying up to date on compliance with all policy obligations;
- use reasonable care to monitor third parties acting on behalf of JAB to ensure that their work is in accordance with this Governance Framework;

- report directly to all Managing Partners where necessary, on (material) issues;
- implement measures to deter non-compliance and reduce exposure to unethical opportunities; and
- inform and train Employees.

The General Counsel will be entrusted with enough resources to support her / him in order to carry out its role with regards to compliance. The Managing Partners may designate additional team members to execute and oversee Compliance and Business Ethics matters.

2.6 The CFO and the Senior Partners are responsible for identifying any risk of non-compliance within JAB based on the requirements imposed by laws and regulations.

2.7 Risk Management entails the day-to-day execution of the risk management function and is the responsibility of the CFO supported by the Senior Partners. Its role and responsibilities include:

- implementation of effective risk management procedures in order to identify, measure, manage and monitor on an ongoing basis all risks (see section 5) to which the various parts of JAB may be exposed to;
- monitoring compliance and notifying the Managing Partners in a timely manner when a significant risk matter arises; and to provide regular updates to the Managing Partners, at a frequency which is in accordance with the nature, scale and complexity of the JAB activities, that include:
- the adequacy and effectiveness of the risk management procedures, indicating whether appropriate remedial measures have been or will be taken in the event of any actual or anticipated deficiencies; and
- an outline of the risks that JAB potentially faces and any actual or foreseeable breaches of compliance, fraud, corruption, to ensure that prompt and appropriate action can be taken.

3. ANNUAL COMPLIANCE TRAINING AND CONFIRMATION BY EMPLOYEES

3.1 JAB ensures that its Employees are aware of the professional obligations concerning compliance, by providing its Employees with annual compliance and ethical standards training. This compliance training covers all JAB's policies, including topics such as:

- conduct and business ethics
- conflicts of interest
- anti-bribery and corruption
- anti-money laundering,
- avoiding tax evasion facilitation, international sanctions compliance;
- non-discrimination;
- environmental matters; and
- whistleblower mechanism.

Aside from compliance training, Employees may also encounter other topics tailored to their situation or role.

3.2 Each Employee is required to follow a periodic compliance training.

- 3.3 The General Counsel monitors the developments and informs the Employees of relevant changes in compliance requirements and/or facilitates (updated) training to the extent relevant. The content of training shall be appropriate for the level of knowledge and experience of the relevant Employee and their function.
- 3.4 The General Counsel will require Employees to confirm that they have understood and complied with the Code of Conduct and all JAB policies on an annual basis.

4. RISK ASSESSMENT

- 4.1 Before starting a business relationship with a third party and consistent with a risk-based approach, Risk Management conducts a risk assessment that will indicate the level of due diligence to be performed.
- 4.2 JAB faces various risks in undertaking its business activities. Risk assessment forms the basis for determining how to manage risks. It involves a dynamic process of assessing risks to the achievement of the objectives of a business. It also requires that JAB considers the suitability of objectives and the impact of possible changes in the external environment and within its own business model that may render internal controls ineffective.
- 4.3 JAB identifies as risks:
- risk of being involved in actual or potential money laundering;
 - bribery and corruption risks; and
 - ethical risks.

Money laundering and bribery and corruption risks, and how to identify and manage those risks, are outlined in the respective “AML Policy” and “ABC Policy”. Ethical risks are set out below. This is not intended to be an exhaustive list of all risks that JAB may potentially encounter nor a comprehensive checklist of all the procedures that JAB should incorporate to address the identified risks. While this program identifies actions that can be used to mitigate ethical risks, there may be alternative methods and procedures to address the identified risks effectively.

4.4 Ethical risk assessment

- 4.4.1 Consistent with a risk-based approach, JAB is committed to identify and address (significant) ethical risks. For this purpose, JAB will conduct periodic ethical risk assessments, where the situation requires, or where JAB deems necessary. The ethical risk assessment consists of the identification and evaluation of ethical risks, assessing the significance of each ethical risk based on likelihood and consequence, determining the current and desired level of controls and the acceptable level of each risk. Specifically, for JAB, the following ethical risks described below are considered relevant.

- 4.4.1.1 Holding and financing activities related risk - Holdings and financing activities risk generally refers to the risk of loss that may arise from running the JAB’s business. It captures the risks arising from

inadequate or failed internal processes, people, and systems, and from external events, and also includes financial losses from investments, asset theft and other fraud and regulatory violations as well as issues relating to corporate responsibility such as breaching environmental safeguards.

The ways in which the risks may manifest themselves include:

- failure in execution, delivery, or process (such as data entry errors);
- internal fraud (such as insider trading);
- external fraud (such as forgery); and
- problems with consultants, products, or business practices (such as failing to protect confidential customer information).

4.4.1.2 *Personal risk* - when it comes to ethical issues Employees are at personal risk of prosecution or sanctions including financial fines, disbarment from holding office and prison sentences.

4.4.2 The consequences of the abovementioned risks may be financial, reputational, or regulatory.

4.4.3 JAB considers these risks most relevant during its investment decision process. Hence, consistent with a risk-based approach, JAB shall consider, before entering into an investment agreement with any potential future investment company, a risk assessment taking into account factors, among others:

- the jurisdiction in which the future investment is located;
- the regulation and/or supervision by a supervisory authority;
- where appropriate, the sanctions imposed by a supervisory authority;
- the reputation of the investment company;
- the shareholder structure of the investment company;
- the governance structure of the investment company;
- the organizational structure of the investment company;
- the organization of the control functions within the investment company (e.g. compliance, internal audit and risk control); and
- the review of the claims and complaints received by the investment company.

4.4.4 Additionally, ethical risk assessment may be performed on other aspects of the business operations, if necessary.

4.5 In addition to the ethical risk assessment described above, JAB has the measures in place to prevent non-compliance and reduce exposure to unethical opportunities. These are outlined in the JAB Code of Conduct and JAB policies, in annual reports and on the JAB website.

5. ETHICAL MONITORING SYSTEM

5.1 Consistent with a risk-based approach, the CFO supported by the Senior Partners regularly audits JAB's internal business operations, transactions and business relationships to enable the detection of unusual or suspicious business conduct.

5.2 JAB has monitoring programs that evaluate JAB's compliance with key policies and procedures

and the relevance, adequacy and effective operation of key quality control policies and procedures.

- 5.3 Where the situation requires, the results and overall findings from the monitoring programs are discussed with the Managing Partners and lessons from these programs are communicated within the Company.

6. MONITORING EXISTING BUSINESS RELATIONSHIPS THROUGH PERIODIC FILE REVIEW

- 6.1 The CFO supported by the Senior Partners monitor existing business relationships where the situation requires, or where it deems it necessary consistent with a risk-based approach. The CFO supported by the Senior Partners aim to ensure that the services rendered by JAB are, and remain, in compliance with the applicable legal, regulatory and contractual requirements and the agreed standards of service.
- 6.2 Depending on the risk level of the counterparties, a full review of the file will be performed. The aim of the counterparty review is to ensure that all documents in the file are up to date and that the allocated risk level is still in line with the actual structure and profile of the business relationship.
- 6.3 A re-assessment of the file may be conducted at any time.
- 6.4 Any files of the counterparty that are not in good order (with information pending verification due to outstanding documentation or discrepancies noted during the verification process), or whose rating has been subsequently increased to a high-risk rating, will be reported promptly to the General Counsel who will decide what actions shall be taken on a case-by-case basis.

7. OPERATING GUIDELINES FOR REPORTING, INCIDENT INVESTIGATION AND CORRECTIVE ACTIONS

- 7.1 JAB has policies in place for reporting any suspected wrongdoing, including breaches of JAB's Code of Conduct and all policies.
- 7.2 For further detail, please refer to the Speaking Up - Whistleblower Policy, available on the JAB website and our Training Portal.

ANNEX 1

I. LIST OF DEFINITIONS

1. In this Governance Framework, the following terms have the following meanings:

ABC means anti-bribery and corruption.

ABC Policy means the Anti-Bribery and Anti-Corruption Policy of JAB.

AML means anti-money laundering.

AML Policy means the Anti-Money Laundering Policy of JAB.

ACP Policy means the anti-competitive practices policy of JAB.

Articles of Association means the articles of association of JAB.

Chairman means the chairman of the Managing Partners.

Code of Conduct means the Code of Conduct of JAB.

Conflicts of Interest means the conflicts of interest policy of JAB.

Company means JAB Holdings B.V., its direct and indirect parent companies (i.e. JAB Investments S.à r.l. and JAB Holding Company S.à r.l. respectively) and its direct wholly owned subsidiaries.

Governance Framework means this document.

Disclosure of Improper Conduct means any disclosure of information regarding any conduct within JAB, made by an Employee who has reason to believe that the information concerned shows or tends to show that any Improper Conduct has been committed or is likely to occur.

Employee(s) means any director, officer, full-time, part-time and seconded employee including any third-party contractor, who receives or is entitled to receive remuneration for goods or services from JAB

EDD means Enhanced Due Diligence as defined in the Anti-Money Laundering Policy.

General Counsel means the general counsel of JAB.

Improper Conduct means any conduct that is deemed improper under JAB' policies and procedures, including but not limited to any of the following to the extent that they might impact or be related to the business operations of JAB or might have an effect on the ability of any JAB Employee to perform his or her obligations:

- i. committing a criminal offense;
- ii. failing to comply with a material contractual and/or legal obligation to JAB;
- iii. behaving improperly including, but not limited to, financial or non-financial mismanagement; engaging in or being complicit in fraud, bribery or corruption; or behaving unethically;

- iv. materially endangering the health and/or safety of any person;
- v. illegally discriminating based on someone's race, color, religion, natural origin, sex, sexual orientation or disability, or creating a hostile work environment by making racial, sexist, homophobic or other derogatory comments about someone's race, color, religion, natural origin, sex, sexual orientation or disability;
- vi. failure to comply with the JAB Code of Conduct policies and procedures issued in terms of such Code; or
- vii. the public interest is affected by:
 - a breach (or impending breach) of a statutory requirement, including any criminal offence (or impending criminal offence),
 - a risk (or impending risk) to public health,
 - a risk (or impending risk) to human safety,
 - a risk (or impending risk) of environmental damage,
 - a risk (or impending risk) to the proper functioning of the organization due to an improper way of taking action or failure to act,
 - a breach (or impending breach) of any rule other than a statutory requirement,
 - a waste (or impending waste) of government funds, and
 - deliberate withholding, destruction or manipulation of information concerning the matters described in paragraphs a) to h) above (or an impending risk of the same).

In writing means by letter, by telecopier, by e-mail, by WhatsApp or by message which is transmitted via any other current means of communication and which can be received in written form.

JAB means JAB Holdings B.V., its direct and indirect parent companies (i.e. JAB Investments S.à r.l. and JAB Holding Company S.à r.l. respectively) and its direct wholly owned subsidiaries.

Managing Partners means the managing partners of JAB.

Occupational Detriment occurs in relation to the workplace, where an Employee is, as a result of disclosing any Improper Conduct:

- subjected to disciplinary action;
- dismissed, suspended, harassed, intimidated, or demoted;
- transferred involuntarily;
- refused a transfer or promotion;
- subjected to conditions of employment or retirement that were changed to his/her disadvantage;

- refused a reference, or given an adverse reference;
- denied an appointment to any service or position;
- threatened with any of the above actions; or
- otherwise adversely affected in respect of his/her service or position, including employment opportunities and work security.

Personnel means the directors, officers, full-time, part-time and seconded employees of JAB, and anyone working on JAB's behalf, e.g. consultants and representatives.

Subsidiary has the meaning attributed to it in Section 2:24a of the Dutch Civil Code.

2. Save where the context dictates otherwise, in this Governance Framework:
 - (a) unless a different intention clearly appears, a reference to a Clause or Annex is a reference to a clause or annex of this Governance Framework;
 - (b) words and expressions expressed in the singular form also include the plural form, and vice versa;
 - (c) words and expressions expressed in the masculine form also include the feminine form; and
 - (d) a reference to a statutory provision counts as a reference to this statutory provision including all amendments, additions and replacing legislation that may apply from time to time.

3. Headings of clauses and other headings in this Governance Framework are inserted for ease of reference and do not form part of this Governance Framework for the purpose of interpretation.