



FOREIGN CORRUPT PRACTICES POLICY

1. POLICY STATEMENT

Kahala Brands, Ltd., its affiliates and subsidiaries (collectively, the “Company” or “Kahala”), is a global company whose employees, independent associates, franchisees, and third-party agents, including consultants (“representatives”), engage in various transactions and practices with foreign persons, entities, and governments, including the retention of foreign consultants and the export of products, technology, and services to foreign countries. U.S. and other foreign laws control such activities to eliminate and discourage bribery and corruption around the world in an effort to create a safer, more stable political and business environment. Kahala is committed to compliance with these laws and has adopted the following Foreign Corrupt Practices Policy (“FCP Policy”) to guide its representatives’ conduct. The FCP Policy is a supplement to Kahala’s Employee Handbook and Franchise Agreement. Representatives are encouraged to ask questions and seek advice before, rather than after, acting.

The Foreign Corrupt Practices Act (“FCPA”) makes it a criminal offense to pay, offer, or give anything of value to a foreign official or employee of a foreign government who has discretionary authority with the intent to improperly influence the business decisions of that official. Civil penalties for violations of the FCPA can include fines up to \$500,000.00. Criminal penalties can exceed \$2,000,000.00 and may include imprisonment for up to five years. The FCPA also contains certain recordkeeping requirements and prohibits the use of false records or accounts in the conduct of foreign business. Certain foreign laws and international treaties make it a criminal offense to pay, offer, or give anything of value to any individual, regardless of that person’s private or governmental status, with the intent to improperly influence the business decisions of that individual. Kahala complies with the FCPA and applicable foreign laws. Kahala will compete fairly and ethically for all business opportunities. Kahala representatives, wherever located, must comply with the FCPA and all applicable foreign laws.

2. POLICY COMPLIANCE

2.1 Compliance Coordination

Kahala’s compliance efforts are coordinated through its legal department, which is responsible for:

2.1.1 Coordinating with stakeholder representatives from the legal, marketing, sales, human resources, and accounting departments to implement this policy.

2.1.2 Ensuring that international business agreements (*e.g.*, franchise, sales, consultants, independent contracting, distribution, agency, joint venture) have the appropriate contractual clauses consistent with this policy.

2.1.3 Rendering yearly reports to the Board of Directors regarding Kahala's compliance with U.S. and other foreign laws governing foreign transactions and practices.

2.1.4 Reporting known or suspected violations of U.S. laws governing foreign transactions and practices to a designated member of the Company's Board of Directors.

2.1.5 Overseeing the coordination of Kahala's responses to regulatory agency inquiries or requests for information.

2.1.6 Ensuring that this policy is updated with any changes in the law.

2.1.7 Monitoring the effectiveness of this policy.

2.1.8 Coordinating periodic internal audits of compliance with this policy.

2.2 Audits and Reports

Kahala's, or its parent's company's, Chief Executive Officer, President, or legal counsel may direct audits as needed to further ensure compliance with this policy. A report including findings and recommendations of each such audit shall be presented to the Board of Directors for review and approval. The Board of Directors may adopt any recommendations presented, which may include additional measures to correct any weaknesses or problems observed during the audits.

2.3 Training

2.3.1 The success of this policy depends on Kahala representatives developing a clear understanding of applicable laws.

2.3.2 Kahala will regularly send key staff to seminars conducted by regulatory agencies. Kahala will also require designated representatives to attend compliance training.

2.3.3 A copy of all handouts, sign-in rosters, and similar materials generated from any training attended by Kahala representatives will be maintained by the legal department pursuant to Section 2.4 below.

2.4 Records Maintenance

2.4.1 “FCP Records” include any and all records maintained by Kahala, including export documentation, correspondence, contracts, invitations to bid, proposals, books of account, financial documents, restrictive trade practice or boycott documents and reports, and other records, that relate in any way to transactions with foreign persons, entities, or governments and practices related to same.

2.4.2 FCP Records will be retained for at least **five years** from the time a respective transaction **ends**. For example, even though an initial transaction that may be subject to an FCPA violation is completed, if a separate agency, distributorship, or other agreement is in-place as a result of the initial transaction, then records pertaining to the **entire transaction** must be maintained for five years after the termination of the agreement. Regardless of how long maintained, records implicated by pending government requests, internal investigations, or contract disputes will not be destroyed or disposed of without written authorization from the agency concerned, and the Company’s legal counsel.

2.4.3 All FCP Records will be maintained by the designated departmental member in a complete, legible, orderly, and accessible manner.

2.4.3.1 All original FCP Records must be maintained in the form in which they were received or created. In cases where original documents are not the property of Kahala, every effort will be made to obtain a complete, accurate, and legible copy of such documents.

2.4.3.2 For FCP Records stored as digital images, Kahala will maintain a digital storage system capable of readily locating and reproducing all records relating to a particular transaction.

2.4.3.3 Kahala is committed to full, accurate, timely, and understandable disclosures in all documents. In no case shall an entry be made in any document that intentionally obscures or disguises the true nature of a transaction.

2.5 Reporting Suspected Violations

2.5.1 Effective implementation and administration of this policy requires ongoing and consistent cooperation between Kahala and its representatives. Accordingly, any questionable, unauthorized, or illegal activity, whenever

discovered, must be immediately reported to the legal department or anonymously via www.kahalamgmt.com/international/policies/fcpa.

2.5.2 Any person may submit a good faith complaint regarding perceived violations. Once received, Kahala is committed to investigating and responding to any report of a violation.

2.5.3 Kahala will not discharge, demote, suspend, threaten, harass, or in any manner discriminate against any representative in the terms and conditions of any agreement based upon any lawful actions of such representative with respect to good faith reporting of complaints regarding foreign transactions or practices.

2.5.4 Kahala follows a zero-tolerance standard for willful violations of this policy and applicable laws. Accordingly, following an investigation, any verified violation may lead to disciplinary action, up to and including termination of employment and/or termination of all other contracts with the representative.

2.5.5 The legal department will maintain a log of all reports of violations, tracking their receipt, investigation, and resolution, and shall prepare a periodic summary report thereof for review by the Board of Directors.

2.6 Compliance with Laws of Other Countries

Kahala's policy requires representatives to comply with the laws of the country in which they are doing business. If representatives have any doubt about the applicable law of a foreign country, or if local law conflicts with this or any other Kahala policy, they must consult with the Company's legal counsel.

2.7 No Gifts to Foreign Government Officials

No Kahala employee or anyone directly acting for Kahala may give, or promise to give, money or anything of value to an executive, official, or employee of any customer, government, or its agency, political party (including candidates for political office), or other organization if it is intended to influence Kahala's business relationship with them. Specifically, such payments must not be made to obtain or retain business or secure any improper advantage. There are limited exceptions to the FCPA, which may only be authorized in writing by the Company's Chief Executive Officer, President, or Board of Directors.

2.8 Gifts to Private Individuals or Companies

Meals, refreshments, and entertainment of reasonable value may be provided in conjunction with business discussions with non-government personnel. Gifts, other than those of reasonable value, to private individuals or companies are prohibited, unless

specifically approved in writing by the Company's Chief Executive Officer, President, or Board of Directors.

2.9 Gifts to Kahala Employees

Employees may accept meals, refreshments, or entertainment occasionally and of reasonable value in connection with business discussions. For items where a determination of dollar value is not possible, a common sense determination should dictate what would be considered lavish, extravagant, or frequent. Regardless of this determination and the value of a gift, no gift can be accepted if it may be construed in any way as an attempt by the offering party to secure favorable treatment. Under no circumstance may an employee accept funds in connection with business discussions. The Company recommends that any gifts (other than meals, refreshments, or entertainment of reasonable value) offered to or accepted by Kahala employees be reported in writing to the Company's legal counsel.

2.10 No Company Political Contributions

2.10.1 As a matter of policy, Kahala will not make political contributions domestically or in foreign countries.

2.10.2 Kahala in no way discourages representatives from participating in the political process in their own right, including the making of voluntary contributions to candidates or parties of their choosing; provided, however, that such political contributions are never conditioned upon any agreement or understanding to take or refrain from taking any particular governmental action on behalf of Kahala. Any employee involvement must be on an individual basis on an employee's own time and expense, and an employee may not use Kahala's facilities in connection with political activities, candidates, or parties.

2.10.3 Kahala forbids any pressure, direct or implied, that infringes upon an employee's right to decide whether, to whom, and in what amount they make personal political contributions.

2.11 Charitable Donations

2.11.1 All charitable donations by Kahala will be approved in advance by the Company's Board of Directors, Chief Executive Officer, President, or legal counsel based on the following requirements:

2.11.1.1 The intended recipient is a legitimate charitable organization that does not support terrorism and there is a proper charitable reason for the donation;

2.11.1.2 The recipient is not owned or controlled by any government official or government contract decision maker capable of providing Kahala with an unfair or competitive advantage (inquiry should establish that charity was not suggested or referred to by such party); and

2.11.1.3 The donation is lawful under the written laws of the country or state in which it is made.

2.12 Facilitating Payments

2.12.1 There is an exception to the FCPA anti-bribery prohibition for payments made to facilitate or expedite performance of a “routine governmental action.” The statute lists the following examples: obtaining permits, licenses, or other official documents; processing governmental papers, such as visas and work orders; providing police protection, mail pick-up and delivery; providing phone service, power and water supply, loading and unloading of cargo, or protection of perishable products; and scheduling inspections associated with contract performance or transit of goods across country.

2.12.2 Except in emergency situations, such as the need to obtain an exit visa at an airport to avoid a dangerous situation, facilitating payments are not allowed without prior written permission from the Company’s legal counsel.

2.12.3 Employees may provide Kahala products, advertising or promotional items of nominal value, such as a coffee mug, calendar, or similar item displaying the Kahala or franchise logo; and may provide food and refreshments in connection with business activities.

2.13 Business Partners and Agents

2.13.1 In dealing with business opportunities outside of the U.S., it is sometimes necessary for Kahala to enter into partnerships with other business entities and persons and engage the services of agents, to include international consultants, for lobbying and other efforts. All requests to enter into a business partnership or engage a foreign agent must be pre-approved, in writing, by the Company’s Chief Executive Officer or legal counsel.