



of Ethical Conduct

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CODE OF ETHICAL CONDUCT contains detailed explanations and examples of behaviour in problematic situations, and a safety clause.

1 SAFETY CLAUSE - DON'T BE AFRAID TO TALK!

The ethical standards described below should be consistently followed by all KAN employees and associates. If you ever come across a behaviour that in your opinion infringes this Code, report it to your supervisor or contact KAN using the e-mail address: ethics@kan-therm.com (also anonymously).

The Management Board of KAN shall take care of the safety of any employee and associate who, in good faith, seeks advice or reports improper behaviour based on these ethical standards. A person who takes part in the infringement of any of the rules stipulated herein, but discloses it to the Board, shall also be protected (protected witness).

2 HONESTY IN BUSINESS

2.1. YOUR BEHAVIOUR AS AN EMPLOYEE OR ASSOCIATE

As an employee or associate you are obliged to perform entrusted tasks in such a way that your behaviour has a decisive impact on professional achievements and directly contributes to the achievement of KAN goals. The cooperation should be based on loyalty, mutual respect and trust, and the primary obligation of the employees and associates is the success of KAN.

Therefore, you should:

- contribute to KAN policy implementation, performing your professional duties with the highest diligence;
- respect promptness, punctuality and generally accepted good manners, directly or in correspondence;
- strive for effective increase of your professional qualifications and knowledge level, which will enable you to perform your tasks more effectively and give you the chances of personal development and promotion;
- take responsibility for your words which bind you as a formal document;
- preserve KAN's good name and represent KAN outside with dignity, both formally and informally;
- preserve your own image within the company- not provoke situations that could cause unnecessary suspicions or assumptions;
- not combine work and privacy matters, i.e. for example not invite family members to meetings organised by the company;
- respect the law and established procedures of conduct to which KAN is obliged towards its clients, partners and co-operating companies;



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- not use the working time and the workplace at KAN or the materials of KAN to perform tasks not related to your professional duties;
- take care of your appearance and language culture both inside KAN and in any outside contacts.

2.2. ACCEPTING AND SEEKING ADVANTAGES. PREVENTION OF FRAUD.

- 2.2.1. KAN expects that you do solid and honest work, refraining from theft or improper use of the company's property or your colleagues' property, and that you will not mislead anyone in order to gain profit in a manner not intended by KAN.
- 2.2.2. You are forbidden to accept or seek advantages related to or resulting from your functions and duties.
- 2.2.3. An advantage is inter alia a present or a prize, such as: money, occasional gifts, a payment for your trip or leave, a loan, remuneration, a contract, a job, a service rendered by clients, co-operating companies or suppliers, etc.
- 2.2.4. Only small occasional gifts with a value not exceeding the amount of ca. 25 euro are acceptable, subject to reporting the receipt of such gift in writing to the HR director.
- 2.2.5. In case of any doubt you should ask your direct supervisor/company director/HR director for help in writing/ by e-mail.
- 2.2.6. Fraud is a deception that is deliberately practiced to secure unfair or unlawful gain, including deceit, concealment, forgery or illegal alteration of (electronic) documents. Fraud may be committed by one or more person/s (collusion) and may involve internal and/or external parties such as suppliers or customers.
- 2.2.7. The management of KAN is responsible for identifying fraud sources and risks, having appropriate controls in place, and tracking the effectiveness of controls on an on-going basis. Each manager should make themselves familiar with the types of improprieties that might occur within their area of responsibility, and orient their personnel to be alert to any indications of potential fraud.
- 2.2.8. EXAMPLES

a. Example 1

An employee is requiring a kickback in order for a certain supplier to be selected. This means that for each purchase the employee or associate receives e.g. 2% of the contracted purchase price. This is considered to be theft because apparently the purchase price for KAN could have been 2% lower than the contracted price. Such behaviour seriously harms KAN and results in an instant dismissal of the employee concerned.

b. Example 2

An employee or associate presents forged documents to KAN in order to obtain financing for the purchase of material that they will sell for their own account. Such behaviour is considered theft and results in an instant dismissal of such employee or a termination of such associate's contract.



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c. Example 3

An employee receives advantages for granting an additional trade discount for a contractor. Such action exposes KAN to financial losses and results in an instant dismissal of such employee or a termination of such associate's contract.

2.2.9. QUESTIONS AND ANSWERS:

a. Question and answer 1

I suspect an employee or associate of fraud and want to know what I should do?

Please report the situation to your direct supervisor. If you suspect fraud, do not discuss the matter with any of the individuals involved and do not attempt to investigate or determine facts on your own. Your supervisor will review the matter and take the appropriate steps.

b. Question and answer 2

I suspect my supervisor to be involved in a fraud scheme and want to know what action to take.

Report the situation to KAN Management Board, the matter will then be reviewed without prejudice and investigated. In the case of any suspicion of fraud by executive employees or associates, don't be afraid to talk – report it directly to the President of KAN to the e-mail address: **ethics@kan-therm.com**

c. Question and answer 3

Will there be consequences for me if I misjudged the situation?

KAN appreciates its employees or /associates being committed to the company's interests and willing to raise concerns regarding suspicious situations. The ability to investigate and remediate fraud successfully depends on prompt and confidential reporting. You will of course not be affected for creating awareness for fraudulent conduct where in hindsight your judgement will prove to be incorrect. It is, however, not allowed to impeach someone intentionally without a justifiable reason.



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2.3. NO CORRUPTION OR BRIBERY

- 2.3.1. The KAN policy absolutely forbids any corruption practices in public and private sectors in all countries where it operates.
- 2.3.2. It is forbidden to corrupt (or attempt to corrupt) other persons, organisations or companies in any way. You are not allowed to offer or accept anything of value with a view to obtaining aid in business. KAN avoids bribery or conflicts of interests under any circumstances.
- 2.3.3. You are allowed to give marketing materials created, prepared and registered in KAN companies, according to rules described in marketing material circulation procedures.
- 2.3.4. QUESTIONS AND ANSWERS:

a. Question and answer 1

We have applied for a permit to make adjustments to our plant. A local official has suggested that he may speed up the process against payment of a small amount. May we accept the local official's offer for speeding up the process in our company?

KAN prohibits giving facilitation payments. You are not allowed to accept the local official's offer and must report this to your supervisor/company director and HR director.

b. Question and answer 2

We invite a few directors of a valued client for dinner every year. Is it allowed?

Expenditure on representation aimed at maintaining a good relationship with clients is allowed. However, no undue illegal influence may be exerted and any impression of bribery must always be avoided.

2.4. INFORMAL MEETINGS WITH CLIENTS/CONTRACTORS

- 2.4.1. When taking part — as a KAN representative — in common meetings with clients or contractors you are obliged to represent KAN with dignity and culture.
- 2.4.2. When accepting an invitation to a meeting you must stay objective and act in KAN's interest.
- 2.4.3. Business meetings (also dinners) concern company's affairs, thus you are not allowed to invite members of your family to them.
- 2.4.4. The acceptance of an invitation from a supplier, contractor must be approved by your supervisor in writing or by e-mail. At least two persons from KAN must be present at the meeting with a supplier.



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2.5. INFORMATION OWNED BY KAN/CONFIDENTIALITY AND KAN PROPERTY PROTECTION

- 2.5.1. As a KAN employee or associate, you are obliged to preserve confidentiality in terms of information you were entrusted by KAN or you obtained regardless of its source but in connection with your employment — except a situation when you are authorised to disclose the information or if it is required by the law.
- 2.5.2. It means that generally each piece of information concerning KAN is not public information. It also applies to information entrusted by clients, contractors, suppliers, etc. Especially:
- a. You are forbidden to disclose information owned by KAN without an express permission.
 - b. During an employment relationship and after its termination you are obliged to maintain confidentiality with regard to any information related to work in KAN for an unlimited period of time.
 - c. Your duty is to protect information related to KAN activity you gathered against any unauthorised third parties. You must take actions to protect tangible property and other assets against unlawful use or loss, including offence or crime, and in case of trust abuse.
 - d. All data protected by KAN in any way — regardless of how and where they are recorded (documents, computer, technical drawings, etc.) — in case of unauthorised revealing, copying, sending from the company or outside the KAN IT infrastructure (servers, storage media, company computers) as well as unauthorised damage, removal — regardless the purpose — is considered abuse and detrimental to KAN, and can result in disciplinary and penal consequences, and civil liability.
 - e. Disclosure of information owned by KAN in order to obtain personal benefits or a use for private purposes is considered abuse and detrimental to KAN, and can result in disciplinary and penal consequences, and civil liability.
 - f. After the termination of your employment contract in KAN, you are obliged to return all the documents you have been given or have created while performing your job untouched. It applies to any documentation, regardless of the storage media.
- 2.5.3. You must duly protect all KAN assets against loss, theft or damage. It especially applies to tangible assets, intellectual property and information on any electronic (computer) media. The examples of such information are: organisational data, technologies and processes, production methods, marketing, advertising, commercial and financial data and development plan elaborations.
- 2.5.4. Moreover, you are forbidden to use tangible assets, intellectual property, the data on electronic (computer) media and the position held for private purposes.



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2.5.5. A detailed description of data confidentiality can be found in the NND programme in the IT/DATA SAFETY/SAFETY STANDARDS folder.

2.5.6. EXAMPLES:

a. Example 1

You are the coach of your child's football team and you need to send e-mails to different sponsors of the next football tournament urgently. You are not allowed to use your company e-mail address to do this. Your company e-mail address contains the company's address, therefore it collides with the company activity and can be harmful for KAN image or reputation. Such mailing should be sent from your private address after work.

b. Example 2

An employee uses office materials to provide their children with pens, pencils, etc. necessary for homework. Such action is forbidden and shall be considered theft.

c. Example 3

You are going on a business trip and your family ask you to combine the trip with private holidays. Combining business lunches/dinners/trips with private dinners/holidays/trips in the company of family members or friends is forbidden.

2.6. ELECTRONIC DATA

2.6.1. KAN's electronically transferred and/or stored data are assets requiring special protection. Therefore, IT data — regardless of how and where they are recorded — in case of any unauthorised revealing, copying, sending from the company or outside the KAN IT infrastructure (servers, storage media, company computers) as well as any unauthorised damage, removal — regardless of the purpose — is considered an abuse detrimental to KAN, and may result in disciplinary and penal consequences, and civil liability.

2.6.2. During working hours and at the workplace, KAN maintains zero tolerance for any behaviour infringing basic values and KAN policy, including watching pornographic footage and other material contradictory to general ethical standards and good manners. Any improper, contrary to KAN's valid orders of electronic/IT equipment (computers) and means of communication, regardless of the type, shall be considered a serious offence against KAN.

2.6.3. KAN holds DATA SAFETY standards. Each data user is responsible for maintaining compliance with those standards and related procedures. A detailed description of data protection can be found in the NND programme in the IT/DATA SAFETY folder.



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2.7. CONFLICT OF INTEREST

- 2.7.1. A conflict of interest is a situation when the personal interest collides with KAN interest. As a KAN employee or associate, you are obliged to avoid situations that could result in the conflict of interest.
- 2.7.2. You should especially avoid and protect yourself against:
- a. undeclared financial and other relations with clients and entities co-operating with KAN;
 - b. any relations with the competition, including employment or consultations;
 - c. involvement in competitive activity against KAN in any way;
 - d. working for third parties using KAN equipment and working time paid by KAN;
 - e. any other set-up or circumstances involving your family or friends that could prevent you from acting in the best interest of KAN.
- 2.7.3. In case you or a member of your family is involved in a competitive activity (actually or potentially) — you are obliged to inform your supervisor/company director and HR director about it in writing.
- 2.7.4. As a KAN employee or associate, you are obliged to inform your supervisor/company director and the HR director about the conflict of interest each time it occurs.
- 2.7.5. EXAMPLES:
- a. **Example 1**
You work in the Planning or Purchasing Department of KAN, and you know that the members of your (even distant) family run a business that sells products being competitive to the products manufactured/sold by KAN. You are not allowed to use your knowledge e.g. of suppliers, prices, discounts of KAN to bring benefits to your family's business. The information about suppliers/customers/prices/discounts is confidential and is subject to special protection. You should also immediately report the existence of such business in writing in order to eliminate the conflict of interest.
 - b. **Example 2**
You work in the company's Development Department and your brother works in the Sales Department of a competitive company. Your brother suggested to you establishing a new company combining your and his knowledge. The knowledge you obtained during your work at KAN is considered KAN intellectual property and may not be used in your or your family members' favour.



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c. Example 3

You or a member of your family holds a financial share in an entity willing to make business with KAN, and you participate in decision making. This is a serious problem — you should talk about it with your supervisor and HR director. They will decide to take action in order to ensure you will not be working on behalf of KAN with such entity.

2.7.6. QUESTIONS AND ANSWERS:

a. Question and answer 1

My good friend works in a company that could be a serious client of KAN — he asks me as a sales department employee if KAN would be interested in selling goods to his company. What should I do?

You must report this situation to your supervisor, and they will take care of it. You should not be involved in such transaction. However, as you can obtain an important client, do not answer until you talk to your supervisor.

b. Question and answer 2

My good friend asked me for consultation in his company which is a competitor of KAN. Although it was only technical advice, which is not confidential, I am not sure what to do.

You should ask your supervisor who will objectively consider the question. You should always bear in mind that sharing information among competing companies is in many cases legally forbidden by the regulations on Unfair Competition. See also the section Fair and Open Competition.



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3 RELATIONS WITH CONTRACTORS AND COMPETITION

3.1. FAIR AND EXPLICIT COMPETITION

3.1.1. As a KAN employee or associate you are obliged:

- a. not to disclose the information on KAN companies if you have obtained it as a result of co-operation, informal contacts or by chance;
- b. to obey copyrights;
- c. not to disclose KAN protected documentation and materials to third parties without the express written consent of the Board; protected information is every piece of information on KAN that has not been made public.

3.2. PROHIBITION OF COMPETITION

3.2.1. During the work for KAN you are forbidden to conduct any activity being competitive to KAN.

3.2.2. This obligation covers all legal forms of competitive activity in business lines identical to those of KAN companies, and especially: acting as an employee, agent, contractor, service provider under contract for services, a party accepting an order (under contract for specific work), intermediary (proxy) of competitive companies, running a company at your own or through a third party, shareholder-company relationship.

4 CONTACTS WITH THE PRESS AND WITH OTHER MEDIA

4.1. Primarily the President of KAN is authorised to handle contacts with the media and give information to authorities and institutions. He may authorise a person to handle contacts with the media and give information to authorities and institutions.

4.2. If you are an employee/associate giving replies to questions of media representatives, you are obliged to give the information maintaining secret and commercial information confidentiality, keeping also in mind the interest of KAN and not to publish any information that could deteriorate KAN's competitive position in any way.

4.3. The final substantive scope and the form of information given outside shall be accepted by the President of KAN and, in the absence of the latter, a person indicated by the President of KAN.

4.4. If you are not an employee or associate authorised by the President of KAN — you are not allowed to give any information on KAN to the media.



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5 SAFE WORK ENVIRONMENT

5.1. OCCUPATIONAL HEALTH AND SAFETY

KAN strives to create accident-free, safe and healthy working environment for all its employees/associates. All OHS rules or instructions valid in the plant must be followed and all accidents, potentially dangerous situations and threats must be immediately reported to respective supervisors. You are forbidden to put you or anyone else in danger of loss of health or other threats, even if you think such an act could improve work productivity. Moreover, KAN maintains zero tolerance for violence or threats of violence at work.

5.2. NO CHILDREN EMPLOYED

KAN is compliant with valid legal regulations concerning the employment of children and minors. At KAN, we strictly follow the absolute prohibition of children employment.

5.3. NO PERSECUTION, DISCRIMINATION OR VIOLENCE

KAN maintains zero tolerance for any type of persecution or violence, especially because of race, skin colour, religion, sex, sexual orientation, ethnicity, age or disability. Persecution, discrimination or violence may have many forms, such as verbal, visual or physical. Such behaviours are unacceptable and shall not be tolerated. The employment at KAN is based on individual skills and qualifications directly related to the position at work. Any employee being persecuted or discriminated or experiencing violence should immediately report such situation to their supervisor and to the HR Department.

5.4. EQUAL OPPORTUNITIES

Being an industry leader requires flexibility, innovativeness, creativeness and understanding other people's points of view. KAN strives for giving equal opportunities to its employees and associates — in terms of promotion, remuneration, training and development. We expect that our managers play a leading role by modelling proper behaviour.

In case of any doubts send a question to the KAN's address: ethics@kan-therm.com