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# **CODE OF CONDUCT**

NKD Group GmbH

English/business partners

## Preamble

With this Code of Conduct NKD clarifies its requirement, to deal with their business partners in a moral, law-abiding and fair manner and to ask from them in return, to behave in the same way.

Many of the mentioned points might be assumed as implicitness. This document shall mainly create an orientation and nurture correct conduct, where business partners of NKD, especially suppliers and service providers are connected to NKD, and face legal and ethical challenges. By strictly adhering to this Code of Conduct a proper legal behavior can be ensured and at the same time the public trust in the service and integrity of NKD can be further strengthened.

Universally applicable core values such as respectful and tolerant behavior amongst each other, whereby the value and dignity of each individual are respected, a fair and responsible conduct towards humans and the environment such as avoidance of interest conflicts are reflected in the „Code of Conduct“ for the business partners of NKD.

## 1. Objective

This Code of Conduct summarizes the various existing rules of conduct, with which the business partners of NKD have to be familiar with and combines it into one legally binding set of regulations for all business partners of NKD.

This Code of Conduct builds the baseline for the cooperation of NKD with all business partners. Every business partner of NKD shall guarantee the adherence to the regulations included in this Code of Conduct and at the same time guarantee that their pre-suppliers, sub-contractors also adhere to these regulations.

As far as national laws are more stringent than this Code of Conduct, these laws are to be complied with.

## 2. Compliance with all legislations

NKD is subject to numerous laws, regulations and norms – domestic and abroad. All transactions with NKD have to therefore comply with these practicable, national and foreign laws, regulations and norms in form and content!

This Code of Conduct cannot and should not represent an exhaustive legal requirement for the conduct of the business partners of NKD. It is the responsibility of each business partner of NKD, to be aware of the individually

applicable regulation and to be informed on an ongoing basis.

## 3. Worker rights

NKD complies with laws and regulations to observe human rights and fair working conditions.

Each business partner of NKD has to treat their employees<sup>2</sup> with respect and dignity. Any kind of corporal punishment, sexual or verbal harassment and any other form of intimidation are in any case forbidden, irrespectively of valid local laws and standards. The business partner of NKD must not expose their employees to disciplinary measures, if they complain about working conditions and especially about breaches of this Code of Conduct.

The working hours have to be set out in compliance with the local laws. In any case the workers must not work more than 48 hours in a regular work week. Overtime has to be conducted on a voluntary basis, must not exceed 12 hours per week and must be remunerated or equivalently be compensated by free time. All employees of business partners of NKD have to at least receive one day off after six consecutive working days.

All employees of business partners of NKD have to receive remuneration for completed work during normal working hours, which at least conforms to the legal or industry norms of minimum wage, whatever which standard is higher. Overtime has to be remunerated according to legal or industry standard surcharges. Moreover the business partners of NKD are obliged to strive for remuneration for their employees, which covers their cost of living and which allows an amount for free disposal, in case the legal minimum wages are not sufficient. Salary deductions as disciplinary measures are prohibited. Furthermore the employees of the business partner of NKD have to be informed in an understandable way about the composition of their wages.

The business partners of NKD have to ensure, that the employment of each employee can be documented with a formal document e. g. an employment contract or an appointment letter. This document must provide information about the working- and employment conditions including remuneration and it's time for payment, vacation and termination conditions.

The regulations included in this Code of Conduct may not be bypassed, especially not by apprenticeship programs, sub-contract relations, and contracted work or similar.

The work place and work execution must not endanger the health and safety of each employee from a business partner of NKD. Health at the work place and safety trainings shall be nurtured, so that accidents and injuries at work are avoided. Especially the health related issues

<sup>1</sup>Thereafter named as „NKD“.

and needs of pregnant women and severely disabled each business partner of NKD has to consider in an appropriate way.

NKD makes clear, that

- any form of child labor is forbidden. The age of an employee shall be at least 15 years or comply with the legal minimum age for employment in the according country, if latter should be higher;
- any form of forced labor is forbidden. Especially all occupations and services, which are imposed on a person under threat of disciplinary measures and which the mentioned person has not offered on a voluntary basis or such occupations or services which are requested to repay debt,
- any form of discrimination (especially discrimination based upon gender, religion, age, race, social background, caste, nationality, ethnic and national origin, membership in a worker organization, disability, sexual or political orientation) is forbidden. The business partners of NKD must treat all employees the same.

The right of an employee from the business partner, to found an association and organization of their own choice for the purpose of promoting and protecting the interests of the employees, to become a member or to cancel membership such as to be active for them, has to be respected by the business partner. In case domestic norms limit the right to freedom of association, as an alternative at least free and independent association of employees has to be made available and be permitted for the purpose of negotiation.

#### **4. Product safety**

The safety of NKD's products is of crucial significance. The goods delivered by NKD's business partner therefore must neither indicate any deficiencies nor dangerous features, which for example could harm the health of our customers or third parties or which could damage their property.

All goods which a business partner of NKD delivers and which could harm the health of our customers or third parties or damage their property, have to be tested for deficiencies and dangerous features, according to the latest legal and scientifically acknowledged methods and testing standards, before they are delivered to NKD. In cases of doubt the goods must not be delivered to NKD.

#### **5. Protection of intellectual property**

NKD respects and protects intellectual property of any kind. Intellectual property is a valuable asset, which may not be used or made public without permission

and which has to be therefore protected. This includes business secrets, confidential information, copyrights, trade brands and logos such as designs, business opportunities and product specifications and is valid independently of it being the intellectual property of NKD, business partners or third parties.

#### **6. Environmental protection**

NKD is aware of the ecological impact of their business activities and therefore obliges their business partners to protect and preserve the ground, the water, the air and the natural diversity.

Each business partner of NKD has to actively be engaged in making efforts to prevent or keep negative impacts on the environment at a minimum by taking measures to avoid or minimize such as to handle natural resources with care.

The local environmental laws and regulations have to be strictly adhered to. Business partners of NKD have to document this and have to be presented to NKD upon request.

The impact of the business activity of NKD on the environment are continuously being evaluated and monitored. Possible deficiencies have to be brought to attention immediately by the responsible internal departments.

#### **7. Free competition**

NKD realizes competition benefits exclusively by trade activities in compliance to the law.

In reference to all business agreements, NKD ensures especially the legal regulations to ensure the free competition. NKD does not participate in price consultations or prohibited consultations regarding market behavior. NKD proclaims itself to fair dealings with business partners and competitors and does not exploit existing trade scopes.

#### **8. Prohibition of corruption**

NKD strictly refuses any form of corruption and forbidden consultations.

Corruption denotes the bribery, bribability, accepting advantages and granting an undue advantage. Bribery or bribability are present, if an employee of a company is offered, promised or granted advantages by a third party, so that he or she favors them in an anti-competitive way. Same goes, if the employee asks for granting of advantages for him- or herself or a third party.

Any form of corruption such as the attempt of such, are strictly and explicitly prohibited at NKD. Third parties e. g. Consultants, brokers, agents or other facilitators may not be involved, in order to bypass this regulation.

Any blending of private and business interests can lead to conflict of interests and is therefore principally refused by NKD.

Provisions and professional fees, which are paid to a consultant, facilitator, broker or agent, have to always withstand a comparison to a third party and have to be in relation to provided services.

## **9. Presents, Invitations, Catering**

NKD instructed their employees, to principally not accept any present – irrespectively of their value.

Moreover NKD instructed their employees, not to accept any invitations to events. In individual cases NKD can permit an event invitation. Responsible for issuing a permit is the Compliance representative of NKD or the management. An event invitation without such a permit is always prohibited.

The employees of NKD may be provided with food and service. Though catering must always

- be in accordance to the usual local customs,
- be in accordance to the position of the invitee and
- be identified as a business connection.

Caterings, whereby a business connection cannot immediately be identified, have to be permitted by the Compliance representative or by the management of NKD.

NKD points out, that a violation against the aforementioned regulation can lead to an immediate termination of business relations with the according business partner and to labor law related consequences of the affected employee of NKD.

## **10. Selection of suppliers and service providers**

NKD sources their business partners, especially suppliers and service providers through an orderly procedure by objective and comprehensible criteria.

Principally no officials are appointed as business partners or facilitators, agents or similar.

## **11. Payment transactions and prohibition of cash disbursements**

The payment for received deliveries and services always has to be conducted in accordance with the given

payment methods by bank transfer to the immediate business partner namely to his business account in a country, in which the business partner has his head quarter.

The total or partial payment by cash disbursement is – except for single minor offences – prohibited.

## **12. Adherence to this Code of Conduct**

Each business partner of NKD is obliged to adhere to this Code of Conduct. Regularly this shall be verified by undersigning and returning this Code of Conduct.

NKD's business partners have to ensure, that all production processes take place under conditions, which observe this Code of Conduct. Especially each business partner of NKD has to consider the health and safety of his employees in an appropriate and suitable manner.

Business partners of NKD have to post this Code of Conduct freely accessible at all work places. All employees of the business partner – irrespectively of the nature of employment – have to be capable, to acknowledge this Code of Conduct in a language which is comprehensive to them. Each business partner of NKD has to instruct and possibly train their employees about the obligations which are included in this Code of Conduct. These instructions and trainings are to be documented and be made available to NKD upon request.

All business partners of NKD have to adhere to the according national legislations, especially labor- and social laws such as environmental regulations.

## **13. Universal validity of this Code of conduct from beginning until end of the production chain**

All business partners of NKD have to oblige all of their sub-contractors and pre-suppliers from beginning until end of the production chain in regards to any kind of distributed merchandise, to adhere to this Code of Conduct. Every business partner of NKD has to take care, that the adherence to the aforementioned regulations from beginning until end of the production chain of each business partner distributing merchandise is ensured, monitored and documented. These documentations are to be made available to NKD upon request.

## **14. Audits**

In addition NKD reserves the right, to visit the production sites of the business partner at any time for monitoring purposes and to receive unlimited access. Each business partner of NKD is obliged to oblige all of their sub-contractors and pre-suppliers from beginning until end of the production chain, to allow NKD such right.

## **15. Sanctions**

The adherence to this Code of Conduct by all business partners of NKD is of especial significance. NKD reserves the right to immediately terminate business relations in case of violations against the aforementioned regulations, especially in regards to violations against human rights and also in case of insufficient documentation.