

Install your future

KAN GROUP CODE OF ETHICAL CONDUCT

KAN Group is obliged to conduct their activity in an honest and diligent manner so that each employee, associate and business partner is treated with respect. Regardless of the business conduct principles, values or local rights applicable to other companies — this CODE OF ETHICAL CONDUCT contains key standards of business conduct being the code of ethical conduct that must be obeyed by all employees and associates of the KAN Group.

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

I. SAFETY CLAUSE - DON'T BE AFRAID TO SPEAK UP!

The above mentioned ethical standards should be always followed by all KAN Group employees and associates. If you ever come across a behaviour that in your opinion infringes this Code, report it to your supervisor or Inspector of Violations - please contact by:

- a) by e-mail: ethics@kan-therm.com
- b) by phone: +48 691 253 410
- c) by post: KAN Sp. z o.o. ul. Zdrojowa 51, 16-001 Kleosin , marked as follows: Inspector of Violations. Reports can also be anonymous.

The KAN Group Board Of Directors will ensure the safety of any employee and associate who, in good faith, seeks advice or reports misconduct on the basis of these ethical standards. The person who takes part in the infringement of any of the rules stipulated herein, but discloses it to the KAN Group Board Of Directors, shall also be protected (protected witness).

II. BUSINESS INTEGRITY

2.1. YOUR BEHAVIOUR AS AN EMPLOYEE OR ASSOCIATE

As an employee/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 the KAN Group goals. The employment/cooperation should be based on loyalty, mutual respect and trust, and the primary obligation of the employees/associates is the success of KAN Group.

Therefore, you should:

- a) contribute to the implementation KAN Group strategy, performing your tasks with the highest diligence;
- b) respect promptness, punctuality and generally accepted good manners, directly or in correspondence;
- c) strive for effective increase of your professional qualifications and knowledge, which will enable you to perform your tasks more effectively and give you the chances of personal development and promotion;

- d) take responsibility for your words which bind you as a formal document;
- e) preserve the KAN Group's good name and represent KAN Group outside with dignity, both formally and informally;
- f) preserve your own image within the company not provoke situations that could cause unnecessary suspicions or assumptions;
- g) not combine work and privacy matters, i.e. for example not invite family members to meetings organised by the company (with the exception of meetings organized with accompanying persons);
- h) respect the law and established procedures of conduct to which KAN Group is obliged against their customers, partners and co-operating companies;
- i) not use the working time and the workplace at KAN Group or the materials of KAN Group to perform tasks not related to your professional duties;
- j) take care of your appearance and language culture both inside and outside KAN Group.

2.2. ACEEPTING AND SEEKING OF ADVANTAGES. PREVENTION OF FRAUD.

- 2.2.1. The KAN Group expects that you do solid and honest work, restraining from theft or improper use of the company's property or the property of colleagues and that you will not mislead anyone in order to gain unintentional profit by KAN Group.
- 2.2.2. You are prohibited from accepting or seeking benefits connected with or resulting from your functions and duties.
- 2.2.3. **An advantage** is defined as: a present or a prize, such as money, occasional gifts, trip or leave charge, a credit, remuneration, contract, position, a client, co-operating company or supplier/vendor service, etc.
- 2.2.4. Only small occasional gifts are acceptable (not exceeding 100 EUR) subject to reporting to the Sales Director and HR Director.
- 2.2.5. In case of doubt, seek assistance in writing/email from your direct supervisor/Company Director, Sales Director and HR Director.
- 2.2.6. **Fraud** is a deception that is deliberately practiced to secure unfair or unlawful gain and include deceit, concealment, skimming, forgery or 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 the KAN Group is responsible for ensuring they have identified fraud risks, having appropriate controls in place, and tracking the effectiveness of controls on an on-going basis. Each manager should make him or herself familiar with the types of improprieties that might occur within his or her 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/associate is requiring a kickback in order for a certain supplier to be selected. This means that for each purchase employee/associate receives e.g. 2% of the contracted purchase price from the supplier. This is considered to be theft because apparently the purchase price for KAN Group could have been 2% lower than the contracted price. Such behaviour seriously harms KAN Group and results in the immediate dismissal of the employee or termination of the associate's contract.

b) Example 2

An employee/associate presents forged documents to KAN Group in order to obtain financing for the purchase of material that he will sell for his own account. Such behaviour is considered theft and results in the immediate dismissal of the employee or termination of the associate's contract.

c) Example 3

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

2.2.9. QUESTIONS AND ANSWERS:

a) Question and answer 1

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

Please report the situation directly to your supervisor and/or Inspector of Violations (see "don't be afraid to speak up" clause). 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 and/or Inspector of Violations will review the matter and take the appropriate steps.

b) Question and answer 2

I suspect that my supervisor is involved in a fraud scheme and would like to know what action should I take? Report the situation to the KAN Group Management Board or Inspector of Violations, then the matter will then be reviewed without prejudice and investigated. In the case of any suspicion of fraud by executive employees, don't be afraid to speak up – report it by using:

- e-mail: ethics@kan-therm.com
- phone: +48 691 253 410
 Reports can also be anonymous.

c) Question and answer 3

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

KAN Group appreciates its employees/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.

2.3. NO CORRUPTION OR BRIBERY

- 2.3.1. The KAN Group 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 people, 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 Group avoids fraud or conflicts of interests under any circumstances.
- 2.3.3. You are allowed to give marketing materials prepared and registered in KAN Group 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 Group 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. UNFAIR COMPETITION - AVOIDANCE OF ANTI-COMPETITIVE/ANTITRUST BEHAVIOUR

- 2.4.1. Almost all countries where KAN Group operates have competition (or antitrust) laws. The essence of these laws is always the same: companies may not pass on any confidential information to their competitors, distributors, customers who compete with the KAN Group in sales markets (sell the same services or products). It is of course expressly forbidden to fix prices between competitors or to agree (even unofficially) to respect or focus on each other's customer groups.
- 2.4.2. The prohibition against cartels is understood even more widely. It is an infringement of competition law to provide a competitor's representative with information about our current policies, our intentions or even our latest commercial policy decisions.
- 2.4.3. There are, of course, areas of competition law that are more diverse, such as: can we cooperate with a company on research and development? Or, can we jointly buy input products, raw materials? What information can we share with our distributors, customers? Or, can we discuss exclusive dealing with a supplier or distributor/customer? These are questions that require delicate legal and economic analysis. Please do not make any decisions on such issues without first consulting your management. All our contracts and contacts with external partners are subject to antitrust law. Contacts with them are limited by certain basic rules. For example, fixed or minimum resale prices cannot be imposed on distributors or customers. These entities must always be free to decide on the resale price. We may inform them of recommended retail prices, unless such recommendations are binding.
- 2.4.4. Another aspect of competition law concerns the control of companies with a strong position on a particular market. If a company has a very strong position in the market (quasi-monopoly or dominance), commercial freedom is significantly restricted by certain competition laws. Market dominance is usually considered to occur when we can set our own rules without paying much attention to competition. Market share and distance from competitors are the decisive characteristics that determine dominance. If we believe that we have a market share of at least 5%, we need to analyse our conditions more carefully.
- 2.4.5. Can we still make exclusive arrangements or give discounts to customers? If you are dealing with such questions, please contact your management.

2.4.6. EXAMPLES:

a) EXAMPLE 1:

You are attending a meeting with an interest group. The interest group consists of different manufacturers of a market sector that sells a particular type of product. The participants discuss the conclusions to be drawn from the joint product analysis.

During the discussion, it becomes clear that several product changes will need to be made and the production process modified to meet certain technical standards. During lunch, the manufacturer says that the prices of raw materials and test results will increase. He says that, in his opinion, marketing activities should focus on improved product features. The meeting can be considered legal, but one must always remembered to beware of prohibited topics when dealing with competitors. Anything that goes against the legitimate purpose of joint development and marketing (e.g. any information on marketing activities, prices or markets relevant to the meeting as well as information on production or purchasing costs) is not permitted. If the conversation is about increases in raw material prices and their impact on production costs and prices, you should distance yourself from the discussion and explain that you do not want to be involved in the exchange of such information. Same applies to other confidential information regarding customers, turnover, sales volume, capacity, investment, innovation and technology. At most, it is permissible to talk about total sales or business development in general, which do not allow conclusions to be reached about specific products or individual producers.

b) EXAMPLE 2:

You are attending a trade fair and representing our products. A competitor's employee visits your stand and introduces himself as an competitor's employee. He says he would like to know more about product development and asks about the specific products on display at the stand. He wants to know more about pricing, manufacturing and development costs, as well as the materials used. How should I respond?

Do not disclose any information other than the information provided in product brochures, price sheets or other information available at your company's stand or website. Information related to product launches, production and development costs as well as know-how, belongs to very important business details. The exchange of this information is a breach of competition law. Even if the other person offers to also disclose information about a competitor's product development, etc., you are not allowed to provide such a confidential information.

c) EXAMPLE 3:

If we were in a situation where we were selling certain products directly to end-users via the Internet and thus competing with our distributors in this market. The distributor asks you to send information related to future plans for prices and discounts. Can I share such information?

No, in this situation you are a competitor of your distributor. You cannot share such information. You cannot receive similar information from your distributor.

2.5. INFORMAL MEETINGS WITH CLIENTS/CONTRACTORS

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

2.6. INFORMATION OWNED BY KAN GROUP/CONFIDENTIALITY AND KAN GROUP PROPERTY PROTECTION

- 2.6.1. As an employee/associate of the KAN Group, you are obliged to preserve confidentiality in terms of information you were entrusted by KAN Group or you obtained regardless of its source but in connection with your employment/cooperation except a situation when you are authorised to disclose the information or if it is required by law.
- 2.6.2. It means that generally each piece of information concerning the KAN Group 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 Group without the express permission.
 - b) During the validity of the employment/cooperation you are obliged to maintain confidentiality with regard to any information related to work in the KAN Group for an unlimited period of time.
 - c) Your duty is to protect information related to the KAN Group 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 Group 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 Group IT infrastructure (servers, media, company computers) as well as unauthorised damage, removal regardless the purpose is considered abuse and detrimental to KAN Group, and can result in disciplinary and penal consequences, and civil liability.
- e) Disclosure of information owned by KAN Group in order to obtain personal benefit or a use for private purposes is considered abuse and detrimental to KAN Group, and can result in disciplinary and penal consequences, and civil liability.
- f) After the termination of your employment/cooperation with the KAN Group, 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 media.
- 2.6.3. You must duly protect all KAN Group 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, personal data, technologies and processes, production methods, marketing, advertising, commercial and financial data and development plan elaborations.
- 2.6.4. Moreover, you are forbidden to use tangible assets, intellectual property, the data on electronic (computer) media and the position held for private purposes.
- 2.6.5. A detailed description of data confidentiality can be found in the NND programme in the IT/DATA SAFETY/SAFETY STANDARDS folder.

2.6.6. 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 GROUP image or reputation. Such mailing should be sent from your private address after work.

b) Example 2

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.

2.7. **ELECTRONIC DATA**

- 2.7.1. **KAN Group'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 Group IT infrastructure (servers, media, company computers) as well as any unauthorised damage, removal regardless of the purpose is considered an abuse detrimental to the KAN Group, and may result in disciplinary and penal consequences, and civil liability.
- 2.7.2. During working hours and at the workplace, the KAN Group maintains zero tolerance for any behaviour infringing basic values and the KAN Group policy, including watching pornographic footage and other material contradictory to general ethical standards and good manners. Any improper, contrary to KAN's Group valid orders of electronic/IT equipment (computers) and means of communication, regardless of the type, shall be considered a serious offence against the KAN Group.
- 2.7.3. The KAN Group 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.

2.8. **CONFLICT OF INTEREST**

- 2.8.1. A conflict of interest is a situation when the personal interest collides with the KAN Group interest. As an employee/associate of the KAN Group, you are obliged to avoid situations that could result in the conflict of interest.
- 2.8.2. You should especially avoid and protect yourself against:
 - a) undeclared financial and other relations with clients and entities co-operating with the KAN Group;
 - b) any relations with the competition, including employment or consultations;
 - c) involvement in competitive activity against KAN Group in any way;
 - d) working for third parties using KAN Group equipment and working time paid by KAN Group;
 - e) any other set-up or circumstances involving your family or friends that could prevent you from acting in the KAN Group interest.
- 2.8.3. In case you or a member of your family is involved in a competitive activity (really or potentially) you are obliged to inform supervisor/company director and HR division director of KAN Group about it in writing.
- 2.8.4. As an employee/associate of the KAN Group, you are obliged to inform company representative and personal director of KAN Group about the conflict of interest each time it occurs.

2.8.5. EXAMPLES:

a) **Example 1**

You cooperate with the Planning or Purchasing Department of KAN Group, 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 Group. You are not allowed to use your knowledge e.g. of suppliers, prices, discounts of KAN Group 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 cooperate with 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 Group is considered company intellectual property and may not be used in your or your family members' favour.

c) Example 3

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

2.8.6. OUESTIONS AND ANSWERS:

a) Question and answer 1

My good friend works in a company that could be a serious client of KAN Group — he asks me as a sales employee/associate if KAN Group would be interested in selling goods to his company. What should I do? You must report this situation to your supervisor, and he or she will take care of it. You should not be involved in this transaction. However, as you can obtain an important client, there is no need to refuse at once.

b) Question and answer 2

My good friend asked me for consultation in his company which is a competitor of KAN Group. 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".

III. RELATIONS WITH CONTRACTORS AND THE COMPETITION

3.1. FAIR AND OPEN COMPETITION

- 3.1.1. As an employee/associate of the KAN Group you are obliged:
 - a) not to disclose the information on KAN Group companies if you have obtained it as a result of employment/cooperation, informal contacts or by chance;
 - b) to obey copyrights;
 - c) not to disclose KAN Groups protected documentation and materials to third parties without the express written contest of the KAN Group Board Of Directors; protected information is every piece of information on the KAN Group that has not been made public.

3.2. PROHIBITION OF COMPETITION

- 3.2.1. During the work for the KAN Group you are forbidden to conduct any activity being competitive to the KAN Group.
- 3.2.2. This obligation covers all legal forms of competitive activity in branches identical to those of the KAN Group, and especially: acting as an employee, associate, agent, contractor, contract work, intermediary (proxy) of competitive companies, running a company at your own or through a third party, shareholder-company relationship.

IV. SAFE INTERNATIONAL BUSINESS

- 4.1. Due to the international nature of its business, the KAN Group complies with all applicable trade or economic sanctions, export controls, embargoes or similar laws, regulations, rules, restriction measures, restricted or designated party lists, licenses, orders or requirements that may be in effect from time to time, applicable in the EU, UK, US and UN.
- 4.2. COUNTRIES COVERED BY THE TRADE PROHIBITION:
- 4.2.1. The KAN Group currently does not conduct direct or indirect business with the following countries: Syria, Sudan, North Korea, Iran, Cuba, Crimea, part of the territory of Ukraine: Donetsk region and Lugansk region.

4.3. MILITARY OR SANCTIONED DUAL-USE ITEMS

- 4.3.1. Employees and associates of the KAN Group shall verify whether products, services, knowledge or technology are considered military items, dual-use items or are covered by sanctions of a particular country (e.g. target country).
- 4.3.2. Dual-use items can be used for both civil and military purposes and include radar and laser technologies for maritime and other navigation, but also potentially for missile launcher navigation systems or nuclear weapons production.
- 4.3.3. Employees and associates of the KAN Group are obliged to follow the relevant laws and obtain permits before exporting products, which are limited by sanctions.

4.4. SANCTIONED PARTIES

- 4.4.1. Employees and associates of the KAN Group shall verify whether the transacting parties are included on the most recent lists ("blacklists") of sanctioned parties in the respective country, the EU, the UK, the US or on lists defined by the UN.
- 4.4.2. Information on regulations of the European Union, the United Kingdom, the United States and the United Nations regarding specific restrictive measures and lists of entities covered by these measures are available on the following websites:
 - a) European Union: https://www.sanctionsmap.eu/#/main
 - b) United States: https://sanctionssearch.ofac.treas.gov/
 - c) United Kingdom: https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing
 - d) <u>United Nations: https://www.un.org/securitycouncil/sanctions/1267;</u> <u>https://www.un.org/securitycouncil/sanctions/1988</u>

4.5. HIGH RISK COUNTRIES

Territories where the risk of money laundering and terrorist financing may be higher are referred as **countries at higher risk.**

a) Employees and associates of the KAN Group are required to verify whether the transactions involve high-risk countries, and conducting business with these countries may be subject to restrictions, also depending on the parties of the transaction.

4.6. ALERT-WHAT TO LOOK OUT FOR

- 4.6.1. Employees and associates of the KAN Group are required to be aware of **unusual situations or circumstances** which may be different depending on the product, market or other factors involved in the transaction.
- 4.6.2. What in particular to look out for:
 - a) the customer's name or address is similar to a sanctioned person or entity on "blacklists";
 - b) the customer or intermediary is unwilling to provide information on the customer's identity, where the products are used;
 - some logistical information remains unclear/unspecified: conditions of dispatch or delivery (e.g. post office box, hotel, freight forwarder, airport, delivery to unknown logistic hub; re-dispatch; country of destination or final destination);
 - d) some aspects of the transaction are unusual: the terms or method of payment; the customer is unfamiliar with the product or its use; the product does not fit into the customer's area of activity or location; the shipper is listed as the final destination; unusual packaging or method of delivery is requested; the customer refuses to use standard services (warranty, maintenance, update, etc.); anything else out of the ordinary or outside the ordinary course of business.

V. CONTACTS WITH THE PRESS AND OTHER MEDIA

- 5.1. Primarily the President of the KAN Group 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.
- 5.2. 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 Group and not to publish any information that could deteriorate KAN Group's competitive position in any way.
- 5.3. The final substantive scope and the form of information given outside shall be accepted by the President of the KAN Group and, in the absence of the latter, a person indicated by the President of the KAN Group.

5.4. If you are not an employee/associate authorised by the President of the KAN Group — you are not allowed to give any information on the KAN Group with the media.

VI. SAFE WORK ENVIRONMENT

6.1. HEALTH AND SAFETY AT WORK

KAN Group strives to create accident-free, safe and healthy working environment for all employees and associates. All Health and Safety rules or instructions valid in the company must be followed and all accidents, potentially dangerous situations and threats must be reported to respective supervisor. 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, the KAN Group maintains zero tolerance for violence or threats of violence at work.

6.2. NO CHILDREN EMPLOYED

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

6.3. NO HARASSMENT, DISCRIMINATION OR VIOLENCE

The KAN Group maintains zero tolerance for any type of harassment and violence, including race, skin colour, religion, sex, sexual orientation, ethnicity, age or disability. Harassment, discrimination or violence can have many forms, such as verbal, visual or physical. Such behaviours are unacceptable and shall not be tolerated. The employment/cooperation at the KAN Group is based on individual skills and qualifications directly related to the position at work. If an employee/associate is subject to harassment, discrimination or violence should immediately report this situation to the supervisor and HR Director.

6.4. EQUAL OPPORTUNITIES

Being a branch leader requires flexibility, innovativeness, creativeness and understanding other people's points of view. The KAN Group strives for giving equal opportunities to employees/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 doubt, please contact us:

a) by e-mail: ethics@kan-therm.com

b) by phone: +48 691 253 410