

Policy

This Policy is in accordance with Kathmandu Corporate Governance Standards and outlines ethical values and Principles, which are essential to the Company's continued success and reflects the direction and approach in the conduct of our business activities.

Purpose

The code of conduct sets the standard of behaviour and conduct for all Employees and seeks to ensure that Kathmandu's professional standing and integrity is maintained at all times. *Kathmandu's 14 Governing Conduct Principles* map the Conduct and Behaviour expectations for the Company and its Employees.

The purpose of the *Employment Relationship Standards* is to adhere with the Company's requirement to provide relevant information to Employees so they are aware of what constitutes appropriate behaviour. The consequences of breaching the Code of Conduct, and Company expectations are outlined in *Misconduct and Disciplinary Action*.

Scope

The Code of Conduct applies to all Employees of the Company and, where relevant and to the extent possible, contractors of the Company. Compliance with the Code of Conduct is the individual responsibility of each Employee.

The standards set out in the Code of Conduct cannot, and do not try to, anticipate every situation, which may pose a legal, ethical or moral issue. Therefore, the Code is not a prescriptive set of rules for business behaviour, but rather a practical set of principles giving direction and reflecting the Company's approach to business conduct. Directors, senior management and employees need to exercise sound judgment when evaluating an issue of business conduct. If they are in any doubt, directors, senior management and employees should seek advice before taking any action which may compromise themselves or the Company

1.0 Kathmandu's Governing Conduct Principles

To avoid any doubt, if an Employee has any concern or doubt about what constitutes a breach of the 14 Governing Conduct Standards, they should discuss it with their line manager or Human Resources in the first instance and where required, it will be appropriately directed to the *Company Secretary** Mark Todd +64 3 3736115 or email Mark.Todd@kathmandu.co.nz.

Principle 1 - Openness, honesty, fairness and integrity

All Employees must conduct themselves with openness, honesty, fairness and integrity and in the best interest of the Company in all business transactions and in all dealings with others including shareholders, employees, joint venture partners, suppliers, creditors, financiers, the financial markets, governments and the general public.

An Employee:

- a) must not make promises or commitments which to their knowledge the Company is unable to, or does not intend to, honour;
- b) must seek to ensure that all business decisions with customers and suppliers are made solely on sound commercial grounds having regard to the quality, price and service;
- c) must not use the Company's name or their position for personal gain or in competition with the Company;
- d) must act with due care and diligence in fulfilling the functions of their office or employment; and
- e) should not engage in conduct which is likely to bring discredit upon the Company.

Principle 2 - Giving and accepting of business courtesies (gifts, invitations and events)

An Employee must not give, seek or accept in connection with the Company's operations any gifts, meals, refreshments and entertainment which goes beyond common courtesies associated with ordinary and proper course of business and could not reasonably be construed as a bribe or improper inducement.

Holiday season gifts:

- a) All Holiday season (Xmas) gifts given to employees/departments by suppliers/contractors/partners must be surrendered to the EA to CFO in NZ or the ER, People & Performance Manager in AU.
- b) Holiday season gifts in all instances will be surrendered for appropriate holiday/celebration purposes.

All gifts any other time of year:

- a) All gifts must be declared on the gift register (to the EA to CFO in NZ or the ER, People & Performance Manager in AU) and a decision regarding whether the gift will be surrendered or not will be made on a case by case basis, as approved by GM HR for gifts over \$50 and the department GM for gifts under \$50.

Tickets, events, invitations:

- a) All invitations to conferences, concerts, shows or sporting events etc., must be declared on the gift register (to the EA to CFO in NZ or the ER, People & Performance Manager in AU) and a decision regarding whether the gift will be surrendered or not will be made on a case by case basis as approved by GM HR for gifts over \$50 and the department GM for gifts under \$50.

Any gift, tickets, invitations, etc. not declared may be viewed as a bribe. The rationale for this restriction is that the offer or acceptance of a gift, ticket or invitation can create an obligation or be construed or used by others to allege favouritism, discrimination, collusion or similarly unacceptable practices by the Company.

To lodge any gift, invitations or courtesy in the register please email the EA to CFO in NZ- Sheree.Dixon@kathmandu.co.nz or the ER, People & Performance Manager in AU- Renee.Wlas@kathmandu.com.au .

Principle 3 - Financial and other inducements

An Employee should not make any payments or payments in kind (gifts, favours, etc) to influence individuals to award business opportunities to the Company or make business decisions in the Company's favour.

A contravention of anti-bribery legislation has serious consequences, such as imprisonment or fines. Offering a bribe to a government official and the receipt of a bribe by a government official is prohibited under New Zealand and Australian law and the laws of most countries. New Zealand, Australia and the United States of America are signatories to the OECD Convention Combating Bribery of Foreign Public Official in International Business Transactions and have enacted legislation prohibiting the offering of anything of value to foreign public officials which enables each country to prosecute its citizens and corporations for the bribery of public officials in other countries.

Principle 4 - Ethical Conduct, Mutual Respect and Advantage

An Employee must act ethically in their approach to business decisions, actions and behaviour. Employees are expected to treat each other, joint venture partners, customers, shareholders and anyone else with whom they interact in their work, with courtesy and respect.

Principle 5 - Compliance with laws and regulations

- a) An Employee must comply with all laws and regulations relating to their business conduct and the Company's operations. This includes being familiar with the duties and responsibilities applying to them under the laws relevant to the Company and in the context of their role in the Company.

Where an Employee works or is responsible for "work" outside their Base Country, State or Region; the Employee must ensure compliance with all legal requirements and local body regulations that are applicable to the country, state, region or other federal body.

Principle 6 - Trading in Shares

The law prohibits a person from dealing in the shares of a Company while in possession of inside information. Inside information is information that is not generally available to the public and if it was available, a reasonable person would expect it to have material effect on the price or value of shares (or a decision whether or not to trade them).

An Employee must not or cause another person to; trade in Company shares or the shares of any other Company to which the information relates on the basis of inside information or, pass inside information onto any other person who, might use inside information to trade in the Company shares or any other Company to which the information relates.

All trading of the Company shares must be done in accordance with the Securities Trading Policy.

Where an Employee is in breach of insider trading provisions or the Securities Trading Policy it will constitute serious misconduct, therefore the Employee may be subject to Dismissal without notice and criminal prosecution.

Principle 7 - Privacy, Intellectual Property and Advantage

An Employee who accesses or may have access to records which;

- a) which contain information of a personal nature (Employees, suppliers, customers, loyalty members) or,
- b) which the Company has obtained to assist in the management of the business or; such as works, information or knowledge gained during their employment related to products, processes, brand or marketing concepts or ideas;
 - must ensure the security and use of such information is not compromised. This information is private and confidential and may not be disclosed to any unauthorised third party or used for any other purpose than the use it was intended for.
 - An Employee must adhere to the applicable Privacy Act, Privacy Policy and; confidentiality and intellectual property provisions of their employment agreement.
 - All intellectual property generated in relation to the Company and its activities are the sole property of the Company. Each Employee is responsible for protecting the Company's intellectual property rights, brand integrity and security.

- An Employee must not pursue or take advantage of any business opportunities, which arise, as a result of their position within the Company or the use of the Company's property or information.

Principle 8 - Financial integrity

The Company has stringent financial accounting procedures that are overseen by management, the Audit and Risk Committee and the external auditor. Therefore:

- a) the use of Company funds or assets for any unethical or unauthorised purpose, including for the advantage of others, or to cause loss to the Company is prohibited. No undisclosed funds or assets of the Company have, or will be, maintained or established for any purpose;
- b) no false entries may be made in the books or records of the Company for any reason; and
- c) no payment on behalf of the Company may be made or approved on the understanding that it will or might be used for something other than the stated purpose.

Employees must seek to ensure that:

- a) the Company's financial books, records, reports and statements properly document all assets, liabilities, and revenue; and
- b) expenses accurately reflect all transactions of the Company and are retained in accordance with the Company's policies and all applicable laws and regulations.

An Employee must not falsify Company transactions, documents or records in any way and must not represent any other employee (e.g. use the point of sale logon, employee number or password of another employee).

Principle 9 - Oath of Personal Conduct

An Employee must:

- a) act honestly, in good faith and in the best interests of the Company as a whole;
- b) exercise their duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment;
- c) recognise that they have a responsibility to the Company's shareholders as a whole;
- d) attend and undertake their work without being under the influence of drugs or alcohol; and
- e) protect any Company assets under their control and not use them for personal purposes, without the Company's prior approval.

Principle 10 - Business agreements and contracts

The Company expects to compete fairly and ethically for all business opportunities. Employees involved in the negotiation of agreements and contracts must ensure that they act in accordance with the law. All appropriate approvals must be obtained before contracts are executed.

All statements, communications and representations made to customers, suppliers, partners, competitors and others with whom they undertake business transactions, should be accurate and truthful and must not be misleading.

The Company is committed to meeting all of its contractual obligations. Employees are expected to know, understand, and honour the terms of the Company's contractual obligations that are relevant to their role.

Principle 11- Conflict of interest

A conflict of interest arises when a person may prefer their own interests or the interests of others (such as friends or relatives) instead of the interests of the Company. All Employees must fully and promptly disclose to the Company any private or other business interests or other matters which may lead to potential or actual conflicts of interest. Therefore, whilst you are an employee of Kathmandu you must disclose any personal relationships that may cause conflict and declare in writing any other work activities to your Manager.

If an Employee has any doubt about conflicts of interest, they should contact their manager or Company Secretary.

Principle 12- Gathering Competitor Information

While the Company acknowledges that an understanding of the market, and therefore its competitors, is essential in undertaking business, gathering this information should be done legally and ethically. Information should not be gained through unlawful or deceitful means.

Principle 13- Kathmandu's conduct commitment to:

a) *Shareholders and the financial community*

Kathmandu is committed to delivering shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community generally.

b) *Employees*

Equal Opportunity

Kathmandu actively supports the principle of equal employment opportunity regardless of race, religion, national origin, sex, age, physical disability, marital status or sexual orientation or other attributes set out in the KHR 3.10 Equal Opportunity in Employment policy; and expects its senior management and employees to practice and support this principle set within this policy and shall not take any action or non-action in breach of the Human Rights Act.

Recruitment and Internal Opportunity

Kathmandu will not support discriminatory practices of any kind and to make employment and career decisions strictly on the basis of individual ability, performance, experience and Company requirements in accordance with the Retention, Recruitment and Termination Policy and performance appraisal systems.

Workplace Bullying and Harassment

Kathmandu believes that every individual has the right to dignity and respect in the workplace. Therefore, the Kathmandu regards any personal, physical or sexual harassment as totally unacceptable. That sort of behaviour is unacceptable regardless of whom the perpetrator is, and may lead to the termination of their employment. The use of any medium (including email or the Internet) to disseminate or access material, which is sexually explicit, defamatory, vulgar, or racist, is also prohibited. Refer to the *KHR 3.13 Computer Use* and *KHR 3.08 ANZ Harassment and Workplace Bullying Policies*. These policies apply to all Employees regardless of their position.

Occupational Health and Safety, Environment (OHSE)

Kathmandu is committed to protecting the Environmental and Occupation health and safety of its employees, visitors and the public. Kathmandu expects and requires all Employees to comply with Occupational Health and Safety laws and Company policies, including their obligation to report any hazardous conditions in the workplace and any workplace incidents, accidents or near miss events.

Kathmandu will:

- promote a healthy and safe work environment free from harassment or discrimination.
- provide systems for Hazard identification and Management (Eliminate, Isolate, minimize)
- ensure emergency management and evacuation plans are in place
- designate and train First Aid Officers and provide adequate First Aid supplies
- Limit the risk to Employees and the Public by identifying measures to limit such a risk, where a person is found to have attended work in a contagious state or, where a pandemic or other general health issue has been declared by a governing body. This may include additional Hand sanitation and cleaning procedures.

Company behaviour

Kathmandu will:

- Respect the rights of all Employees and treat it's Employees with dignity
- Communicate appropriately with Employees and act in Good Faith
- Be procedurally fair and reasonable in dealing with Employees
- Consult with Employees on matters which affect them
- Promote an environment which encourages Employees to use their initiative and grow
- Provide opportunities for professional growth and development
- Provide the resources necessary for Employees to effectively and efficiently carry out their responsibilities

c) The Environment

The protection of our environment is important in ensuring future generations can all live their dream. Kathmandu supports paper, plastic, glass and other material recycling by its Employees and Suppliers. Employees should support Kathmandu in being "Green" and use the recycling facilities available wherever possible.

- All Employees are expected to ensure printing of documents is necessary and to avoid waste.
- All Employees must ensure resources provided by Kathmandu are not wasted (or removed from the workplace) eg: stationery supplies, printing paper, milk, coffee etc, turn lights off in empty offices, turn off or unplug unused equipment.

Principle 14 - Kathmandu's commitment to it's Governing Principles

Company Policies, Procedures and Rules

Kathmandu is committed to its overall long term growth and profitability and compliance with Kathmandu Holdings Ltd Governance Standards and all applicable Laws and regulations of its subsidiary locations.

All Employees are expected to make themselves familiar with the Company's policies and procedures that the Company may have in force from time to time and to adhere to those policies in conducting business or operations on behalf of the Company. Each Employee is responsible to commit to ensuring they have a full understanding of all Company Policies, Procedures and Rules and the expectations as they relate to the Employee's position.

Compliance

It is difficult to always ensure compliance with applicable Laws, Code of Conduct, Company Policies, Procedures and Rules and therefore, the cooperation of every person is required.

If an employee suspects that any fraudulent or unethical behaviour has occurred, or is concerned that any conduct by any Employee may be in breach of applicable law or this code, they should contact the Company Secretary or Manager. Details of any concerns and the identity of any persons making the report will be treated confidentially. Any matter reported will be handled promptly and in a manner that aims to ensure the individual is not disadvantaged for reporting their concerns.

Breach of the Code of Conduct

All suspected breaches will be thoroughly investigated by the Company. If these investigations reveal breaches of the code of conduct, appropriate disciplinary and remedial action will be taken. This may include providing the Employee with training, coaching and counselling through to formal warnings and/or to termination.

2.0 Employment Relationship Standards

2.1 Employee Behaviour

An Employee must:

- Adhere to the *Kathmandu Customer Service and Sales Standard*.
- Follow all reasonable and lawful instructions of Managers; Directors or Executive.
- Ensure competence and efficiency in the performance of their duties.
- Not incur any liability on the part of Kathmandu without the proper authorisation, including exceeding financial or human resources delegations of authority.
- Refrain from unreasonable absence from the workplace or habitual irregular attendance. Persistent lateness without a good reason or early departure from work is not acceptable.
- Be ready to start work each day at the rostered shift time, or other agreement. (Ready to clock-in before your start time to ensure you are ready to commence work on time.)
- Adhere to the Kathmandu uniform policy.
- Refrain from inappropriate periods of socialising with other Employees while working. Staff standing together talking or gossiping in the presence of customers is not acceptable; customers are the focus of our attention.
- Seek permission from your manager to make personal phone calls. Incoming calls should be limited to essential calls.
- Not carry their mobile phone with them on the floor at any time. (Mobile phones are only permitted to be used by Store Manager's and Assistant Managers on the floor during the first four days of sale, for business purposes only). Mobile phones are to be kept in the staff room and checked during scheduled breaks only.
- Employees must not participate; or assume an identity to participate in chat room or message board discussions on the internet or other portal (eg : Facebook, twitter.com) where the subject matter relates to the Company or make derogatory or inappropriate comments about employees, contractors or suppliers. This behaviour will constitute a serious breach of this policy (serious misconduct) and may be subject to disciplinary action in accordance with this Code of Conduct and an Employee's Employment agreement.
- Refrain from chatting to friends on the phone or visitors to your place of work.
- Articulate your training needs to your manager who will assist in your development.
- Respect the staff facilities provided and keep them in a clean and tidy state for the enjoyment of all staff.
- Maintain professionalism at all times – especially while in the presence of official visitors, customers and suppliers – arguing or gossiping openly is not acceptable.
- Be supportive of changes in work processes and attitudes that are necessary and give constructive feedback re these changes
- Employees may be faced with unexpected questions from external parties - for example, pre-arranged briefings sometimes move outside the scope of intended discussion, or Company executives may be asked for information in situations other than formal briefings. When faced with an unexpected question, an Employee is expected to respond (if they do so at all) only with information which has previously been disclosed to the market. If answering the question requires the disclosure of information that has not been disclosed, or if in doubt as to whether or not certain information has already been disclosed, decline to answer the question.

- Any comments or information provided to the Media or, to a third party who discloses such comments, alleging inside trading information or information that may disadvantage or impact investor confidence, or impacts trade in its shares or provides our competitors with an advantage that they would otherwise not have had or;
 - a) Material price sensitive information, comments or statements or,
 - b) any statement that may impact the Brand, Integrity or Confidence in our brand, operations or;
 - c) Investor, Shareholder, Supplier or General Public perception of our brand; false or true
 are prohibited and will be subject to disciplinary procedures and, may in certain circumstances be a matter of civil proceedings; except where the senior person has been given express permission by the Company Secretary to do so.
- Report any accidents, injuries or near misses in accordance with reporting requirements and the Health and Safety Policy.
- In the event of an accident or injury to any customer or employee within Kathmandu's premises, Employees are not permitted to give any verbal or written statement of responsibility on behalf of Kathmandu unless authorised to do so by a member of Senior Management.

Behaviour in the workplace that may be interpreted as offensive, intimidating, threatening, or violent is prohibited. Offensive language or gestures, harassment or bullying will not be tolerated in the workplace.

2.2 General employment conditions and standards

An Employee is expected to perform their work in accordance with the terms and conditions of their Employment Agreement. Failure to perform work (unless prevented by ill health or other lawful excuse) shall constitute grounds for disciplinary action and/or summary dismissal without notice.

2.2.1 Attendance/Sickness

An Employee must be available for, and attend work in accordance with these terms unless they are prevented by ill health or other lawful reason.

Where an Employee is unable to attend work, then they must:

- Notify their manager as soon as possible; and
- Comply with all requirements regarding providing reasons for their absence, including provision of a medical certificate if required.

Texting will not be considered appropriate notification

2.2.2 Timekeeping

You must adhere to clocking/swipe procedures. An Employee must not:

- clock-in or out/swipe for another person
- allow another person to clock-in or out/swipe their time record
- take excessive or extended breaks (without authorisation)
- falsify or attempt to conceal lateness or other time related matters
- falsify reasons given to the Employer for absences or occasions of lateness

2.2.3 Leave

Annual or unpaid leave must be applied for in advance and authorised by the appropriate management level. (refer to the KHR 3.05 Leave Policy) Any annual or unpaid leave leading up to, or during key trading times in the business, including Sales, Summit Club events, holidays or stocktake periods will be by specific agreement only.

2.2.4 *Entry & Exit to Company premises*

All Employees are required to use the designated staff entrance/exits during working hours (including directly before and after finishing a shift).

- An Employee should not be on Company premises outside their normal shift hours or in areas of the business where they do not normally work, unless authorised or where it is part of their normal duties.

2.2.5 *Alcohol & Drug use*

- Alcohol must not be consumed on Kathmandu's premises at any time other than special celebratory occasions that are approved by Senior Management. Outside of these occasions, consumption of alcohol during work time, including during breaks, is prohibited.
- Use of any illicit drug or abuse of prescription drugs, or any remedy that may affect the safety the Employee or others is prohibited at all times.
- Where an Employee attends work whilst under the influence of alcohol or drugs or where the Employer reasonably believes that an Employee is under such influence, Kathmandu has the right to refuse to allow the Employee to work (stand-down) on the grounds of occupational safety.
- Refer to *KHR 040 Drug and Alcohol* and *KHR 3.12 Behaviour at Social Functions* policies.

2.2.6 *Smoking*

Smoking is not permitted inside any part of Kathmandu's premises or in doorway entrances to any Kathmandu premises. Employees must adhere to the smoke-free workplace policy. Refer to *KHR 041 Smoking* policy.

2.2.7 *Staff Purchases & Discounts*

Completion of staff product purchases may only be conducted in accordance with the *KHR 3.07 Staff Purchase* policy. This includes security procedures/guidelines and discount policies. Seconds or clearance items are subject to the staff purchase policy and must be recorded against the Employee.

2.2.8 *Bag Checks*

Kathmandu reserves the right to request to inspect an Employee's bag or belongings taken into or out of Company premises.

2.2.9 *Use of surveillance technology*

Kathmandu may utilise closed circuit television and/or other surveillance technology on Company premises from time-to-time where it has reason to believe that its Employees or customers may be involved in fraud, theft or other dishonest behaviour.

2.2.10 *Staff Honesty Expectation*

It is an expectation that as an Employee you will be honest in all dealings with the business. A breach of this duty is deemed serious misconduct and justifies disciplinary action.

Kathmandu will not tolerate from its Employees any form of dishonest behaviour or employee malpractice.

a) Definition of Dishonesty

Kathmandu considers 'Staff Dishonesty' to include any practice, behaviour or activity which is illegal, unethical or improper carried out by an Employee, which results in a loss (financial or otherwise) to, or is not in the best interests of, Kathmandu.

Theft or misappropriation of Company assets including, property, product, monies, and information, and additionally property belonging to customers or team members, will not be tolerated in any circumstances.

b) *Company Assets*

Company assets includes but is not limited to the following:

'Property' – fixtures, fittings, equipment, issued gift vouchers or family and friends vouchers and any other tangible items belonging to or under the control of the Company

'Product' – merchandise/stock, in any state/condition

'Monies' - any form of payment received in a Company transaction

'Information' – policy, procedures, trading information, security information, personnel details, designs and concepts, promotions, and supplier and customer details.

c) *Dishonest behaviour includes but is not limited to,*

- Removing any Company or customer owned property out of stores, warehouses or any other Company premises without the appropriate documentation and approval.
- Taking, using, appropriating and/or not declaring Company monies.
- Failing to secure and bank Company monies in the appropriate manner and timeliness as instructed.
- The giving of unauthorised discount to staff, customers or suppliers.
- Manipulation of point of sale system, sales records, invoices or orders, trading return, or banking documentation in order to provide deceptive figures or to conceal losses.
- Taking Company merchandise for personal use and failing to pay, or account for it in the correct manner.
- Disposing of Company assets or property in any way without the appropriate permission.
- Taking, wearing or consuming Company merchandise whilst working without the appropriate permission.
- Giving or receiving a loan of Company money, property or merchandise.
- Not declaring shortages or overages in takings.
- Not declaring shortages or overages in stock counts, stocktakes, transfers or deliveries.
- Revealing any trade, professional or other like information of a confidential nature gained by the team member during the course of employment, which could be used to the detriment of Kathmandu or to the personal gain of the team member.
- Receiving or accepting any form of benefit or personal gain as a result of a Company transaction without first declaring to, and receiving written approval from Senior Management.
- Assisting any other persons in the conduct of dishonest activities, whether or not a personal gain is made.
- Actively participating in theft, or passively supporting theft or dishonest activity including by failure to report such theft or activity to Kathmandu, through the correct channels.

d) *Reporting mechanisms – Employee dishonesty*

All Employees are expected to report any breaches of Company guidelines or procedure or other activity, which leads you to believe that dishonest activities, fraud, theft or irregular POS transactions are occurring or likely to occur.

These concerns are to be communicated to the Employee's Manager, Senior Management and/or Pro Active Strategies (using the Pro Act Link line), in the knowledge that the information will be treated with the strictest confidence. You may be requested to assist in any subsequent investigations.

3.0 Misconduct and Disciplinary Action

All Employees must comply with the Code of Conduct and all applicable policies, procedures and rules in respect to their employment. Failure to adhere to the Code of Conduct may result in disciplinary action including termination of your employment in accordance with the terms of their employment agreement. Employment may be terminated without notice for serious misconduct.

Subject to the severity of the breach the following warning process steps will follow:

- (counselling, coaching, training)
- (Notice of Caution) additional step
- (Verbal warning) additional step (valid for 6 months)
- **First Written Warning** (valid for 12 months)
- **Final Written Warning** (valid for 12 months and may be extended)
- **Termination with or without notice**

Warnings may escalate for each instance of behaviour including dislike breaches or behaviour. Serious Misconduct is liable to result in Termination with or without notice despite having no previous or current valid warnings.

3.1 Lesser Misconduct-

The following are examples of, but not limited to, the type of actions and behaviour that Kathmandu considers to be **Lesser Misconduct**. **Lesser misconduct** may, after warnings, result in dismissal:

- Acting in a negligent or careless manner while carrying out duties, or consistent inefficiency or incompetence in performing duties.
- Continual lateness or lack of application to assigned tasks.
- Unauthorised absence from work or leaving the assigned place of work without permission.
- Preventing or interfering with another employee carrying out their work functions.
- Failure to follow defined Kathmandu policies or procedures
- Publicly contesting the appropriateness of Kathmandu policies or positions other than through official channels.
- Unfounded or unjustified negative portrayal of the Company or the companies actions to a fellow staff member or member of the public.
- Reporting for work in such a condition as to be unable to perform the required duties in a safe and proper manner.
- Using inappropriate or offensive language (e.g. swear words) or gestures towards fellow employees or customers of or visitors to Kathmandu.
- Negative or disrespectful behaviour towards a fellow employee or supervisor.
- Failure to promptly report any serious workplace accident.
- Unauthorised gambling on Kathmandu premises.
- Engaging in behaviour otherwise falling within the category of serious misconduct, but where the particular case is such as to fall short of warranting dismissal.

3.1.1 *Disciplinary Action:*

If, as a result of an investigation the Company forms the reasonable opinion that an Employee has breached the Code of Conduct, the Employee may be subject to disciplinary action appropriate to the breach.

Where the Company forms the reasonable opinion that an employee has engaged in **lesser misconduct**, the unacceptable behaviour will be addressed with the staff member in the form of a counselling session, First Written or Final Written warning and an opportunity to improve will be provided.

Any counselling session will depend on the degree of misconduct that has occurred. In some cases it may be deemed appropriate to address the behaviour through formal disciplinary procedures in the first instance.

Note: The warning procedure is not limited to repetitions of the same or a similar breach, but may be applied to breaches of a different nature.

3.2 Serious Misconduct-

The following are examples of, but not limited to, the type of actions and behaviour that Kathmandu considers to be **Serious Misconduct**. **Serious misconduct** may result in termination of employment, with or without notice or warnings:

- Refusal or failure to undertake the duties of a position held or to carry out the lawful and reasonable instructions of a supervisor or manager.
- Acting in an official capacity in a manner that brings Kathmandu into disrepute: or failing to act in an official capacity, which results in bringing Kathmandu or its staff into disrepute.
- Intentional damage or grossly negligent behaviour resulting in damage or loss of property belonging to Kathmandu, customers, staff or members of the public.
- Physical or verbal violence against other people including members of the public, customers or fellow staff members, on Kathmandu premises, or while on Kathmandu business or during work hours.
- Falsification of any record or document of Kathmandu including time sheets, expense claims, or Company transactions.
- Consumption or possession of alcohol while on Kathmandu premises or on Kathmandu business (except where permission has been given by a senior manager or as part of an officially sanctioned Kathmandu event).
- The use of, or being in possession of, or where the Employer is *substantively justified* in *reasonably believing* the Employee is under the influence of prohibited or other drugs or remedies while on Kathmandu premises or on Kathmandu business.
- Reporting to work or being at work in such a condition of alcohol, drug or substance intoxication, as to be unable or unfit to perform designated duties effectively or safely.
- Engaging in behaviour detrimental to the quality or efficiency of Kathmandu's services or detrimental to the safety of staff, customers or visitors.
- Sexual, racial, or other harassment, discrimination, or unwelcome behaviour towards customers, staff or visitors.
- Posting offensive written or visual material on notice boards, computer systems or elsewhere on Company premises.
- Removal, copying, falsification, destruction, or disclosure of Company information, software, Company records, documents or any materials deemed to be the property of Kathmandu.
- Participating in, facilitating or condoning any practice, behaviour or activity, which is illegal, unethical or improper carried out by a team member, which results in a loss (financial or otherwise) to, or is not in the best interests of, Kathmandu.
- Failing to provide truthful responses during a misconduct or security investigation.
- Breach of the Kathmandu *Governing Principles*.
- Theft or misappropriation of Company assets including, property, product, monies, and information, and additionally property belonging to customers or team members, will not be tolerated in any circumstances.
- Participation in a personal capacity in any sale, tender, auction or other disposal of property, rights, or other benefit by Kathmandu without the express permission of the Directors or Senior Management.
- Acting in any capacity which is deemed to be a conflict of interest.
- Blatant or repeated disregard for Occupational Health and Safety minimum standards as stated in Company procedures and / or as directed by Senior management.

3.2.1 *Disciplinary Action:*

Breaches that constitute serious misconduct may result in the following disciplinary actions, depending on the degree and circumstances of the breach;

- Suspension from duties (either with or without pay) whilst the investigation is conducted.
- Issuing of a final warning in lieu of dismissal
- Dismissal without notice, without prior warnings being issued.

In addition, where the breach indicates illegal activity, the business may refer the matter to the police with a view to criminal proceedings, as well as instigating civil restitution proceedings to recover Company costs and loss of assets incurred.

This Policy comes into force on the date of signing and replaces all previous revisions.

The Code of Conduct will be reviewed annually or as required.

Employees will be advised of any updates to this policy and are required to meet their obligation to read and understand any revisions or updates to this Policy that may be required from time to time.

Approved:  : _____ Date: 12 August 2010

Peter Halkett
Chief Executive Officer