

Company Code of Conduct

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 Company 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.

Scope

The Code of Conduct applies to all employees of the Company and, where relevant 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.

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.

Gifts

All gifts must be declared on the gift register 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

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

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 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) contain information of a personal nature (employees, suppliers, customers, loyalty members) or,
- b) 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 3.08 Equal Opportunity in Employment, Harassment and Workplace Bullying 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 will make employment and career decisions strictly on the basis of individual ability, performance, experience and Company requirements.

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 Equal Opportunity in Employment, 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.

c) Company behaviour

Kathmandu will:

- Respect the rights of all employees and treat 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

d) 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 its 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 their 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 termination.

2.0 Policy Review

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.



Xavier Simonet

Chief Executive Officer

Date: 31 July 2018