

# CODE OF CONDUCT

***KappaStar***  
*group*

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## KAPPA STAR GROUP

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## **INTRODUCTORY NOTES**

This Code of Conduct (hereinafter referred to as: the “Code”) applies to Kappa Star Limited and all its subsidiaries (hereinafter collectively referred to as: the “Kappa Star Group” or the “Group”). The Code provides guidelines for professional and ethical conduct, which are key values in the Group's operations. Kappa Star Group operates in accordance with all regulations, good business practices and the highest ethical standards, while taking into account the safety and health of employees, in order to provide services and products of the highest quality.

The Code obliges all members of corporate bodies, employees, persons who are otherwise engaged or persons who represent the members of the Group or represent their interests on the basis of authorization, contract or other legal business. Unless otherwise arising from the context or otherwise noted, any reference to “employees” shall be construed as reference to all of the abovementioned persons and the provision shall apply accordingly to all such persons.

No one, including members of corporate bodies and top-level managers in the Group’s members, is entitled or authorized to order or induce others to act contrary to the Code. Duty and right of every employee is to report any breach of the Code.

Directors of the Group members are the persons responsible for implementation of the Code.

### **1. GENERAL GUIDELINES**

Principles and rules established by this Code apply equally and equitably to all employees. Implementation of the Code must in no way jeopardize individual rights of employees.

One of the most important goals of the Code is to provide a healthy and safe working environment, professional working atmosphere, and to develop the Group’s corporate culture through consistent and conscious application of the Code, which will help everyone in his/ her personal and professional development.

Employees of Kappa Star Group members are obliged to get acquainted with the Code in detail and to apply it consistently in their daily work. In case some clarification of the Code is needed, the employee may always contact his/ her immediate manager or HR department.

Non-compliance with the Code by employees is a violation of work obligations, i.e. non-compliance with work discipline, and may lead to material liability as well as to sanctions related to their employment status, including termination of their employment contracts. Non-compliance with the Code by members of corporate bodies, persons engaged under service contracts, agents or representatives of members of the Group, may lead to material liability of such persons and their dismissal, termination of the contract, or withdrawal of authority.

#### **1.1. PURPOSE OF THIS DOCUMENT**

The purpose of the Code is to provide:

1. Maintenance of high demands regarding norms of conduct at work and labor productivity;

2. Maintenance of a high ethical level through development of fair rules of conduct and work that would be applied to all employees without exception;
3. Establishment of corporate culture that will create a professional and dynamic environment for employees to be motivated, dedicated to work and satisfied with working conditions and their personal achievements.

## **1.2. OCCUPATIONAL HEALTH AND SAFETY**

Kappa Star Group is primarily concerned with the protection of health, safety and security of employees, in order to preserve good health and safe working environment, and in accordance with positive regulations and internationally recognized standards. All Group members and all employees have a joint responsibility to achieve this goal.

As a Group, we do our best to control hazards and take necessary precautions to prevent occupational injuries and occupational diseases.

Employees are expected to respect all safety procedures during their work, as well as at all times when they are in the Group's premises and workplaces, and to continually seek ways to improve processes in order to ensure health and safety as one of our core values.

Every security issue has to be solved without delay. Therefore, in cases when the employee cannot solve the problem alone, he / she is required to report any potential hazard to his / her immediate superior, without delay. If an employee notices something unsafe or has any safety issues, he / she should contact their immediate superior, the person responsible for occupational safety and health, human resources manager or internal audit manager of the member of the Group in which he / she is employed.

Threats or violence are in direct conflict with our commitment to health and safety and other values, and are not tolerated within our Group. Employees are obliged to treat their colleagues and any other person with full respect and to report to the immediate superior or human resources manager all actions or conducts that endanger or threaten him / her or any other employee.

At Kappa Star Group, we are all responsible for health and safety of other employees. We expect employees to take care of each other by adhering to all requirements and good practices for protection of health and safety. It is essential that everyone takes responsibility for implementing rules and procedures for protection of health and safety, from top management through department and sectorial managers to operators. Maintaining safety is a collective responsibility where each of us has an important role to play.

For everything we do, it is necessary to do it safely. No job is so important that it cannot be done safely. Risks need to be constantly assessed and controlled to acceptable limits, in order to prevent any kind of injury or damage to the health of our employees and all others who come to our Group for various reasons (business partners, contractors, visitors ...).

## **1.3. RESPECT FOR HUMAN RIGHTS**

Every employee has to act conscientiously and fairly while working, respecting his / her colleagues and respecting other persons with whom he / she comes into contact within performance of his / her duties.

Kappa Star Group insists on respecting for human rights guaranteed by local regulations and international acts. Every employee has to respect human dignity, privacy, diversity, equality as well as the rights of every individual with whom he / she comes into contact in connection with the performance of his / her duties.

To act in any way that may cause or contribute to the violation or obstruction of the exercise of human rights or that directly or indirectly drive others to violate human rights is strictly prohibited.

Discrimination in any form is prohibited at the Kappa Star Group. Equality is a primary value in any practice concerning employment, employment status or engagement. In this regard, it is prohibited to discriminate on the basis of race, color, sex, sexual orientation, age, disability, language, religion, ethnic background or social origin, financial standing, political belief or other status.

Degrading treatment of any employee is not permitted, and if it occurs, it will be severely sanctioned.

Kappa Star Group respects the right to freedom of association. Respecting the right of employees to their personal political engagement, property and assets of the Group members cannot be used for political activism.

Members of the Kappa Star Group fully comply with the regulations governing protection of whistleblowers, applying through their internal acts the provisions on whistleblower rights, whistleblowing procedure, as well as on other issues of importance for whistleblowing and whistleblower protection.

#### **1.4. CORRUPTION AND BRIBE**

Kappa Star Group strictly adheres to all regulations governing the fight against bribery and corruption.

Employees are strictly prohibited from providing financial or other benefits to another person, institution or organization, in order to ensure an illicit commercial advantage or service to any member of the Group.

At the same time, it is strictly forbidden to receive or accept a financial or other benefit in exchange for providing a commercial benefit / service to another natural or legal person (e.g. when selecting a supplier, in relation to employment, etc.).

For example, employees must not use contracts with intermediaries to direct payments to anyone in a way that could be construed as corruption. A member of the Kappa Star Group may be held liable for any bribe offered by a third party acting on behalf of a member of the Group, whether acting with or without the knowledge of the member of the Group. It is therefore extremely important that anyone who acts on our behalf or represents our interests is made aware of this Code, our business practices and ethical and transparent manner of conducting business.

#### **1.5. CONFLICTS OF INTEREST**

Kappa Star Group respects individual rights of employees to private life and private interests. At the same time, employees are expected to be fair and loyal to the employer and their interests. Employees must not take actions or have interests that make it difficult for them to do their job professionally and objectively.

Job must never be misused for acquiring personal gain and benefits.

Every employee has to report performance of any other commercial activity beyond his / her employment to the human resources manager of the member of the Group in which he / she is employed. Such obligation exists whether the activity is formally registered or not, regardless of whether the employee performs the activity independently or together with other people and regardless of whether the employee has only ownership interest or also performs business operations in another business entity.

Performing any activity that is competitive with that of their employer is strictly forbidden. An employee may not work based on any form of work engagement for legal entities or entrepreneurs registered for the activity that is competitive with their employer in the Group, but also in the event that such entities actually perform an activity that is competitive regardless of the formally registered activity.

It is necessary to avoid conflicts of interest wherever possible. Employees must not participate in decision-making or influence decision-making, reaching an agreement or concluding a legal transaction if there is a conflict of interest or any circumstances that may give rise to suspicion of someone's impartiality.

Conflicts of interest may, inter alia, apply to customers, suppliers, contractors, employees and candidates for employment, competitors or business activities beyond employment or regular employment. Also, it comes to the conflict of interest in relation to the employee when the existence of personal interest relates to a member of the employee's family.

Employees shall notify the human resources manager without delay of any case or suspicion that there is their personal interest or conflict of interest.

Employees are liable for understanding and avoiding situations that lead to conflict of interest. Typical situations in which conflicts usually occur:

- Conflict may arise if an employee is in charge of procurement or selection regarding one of its suppliers, and if or a member of his / her family has a financial or personal interest with the said supplier;
- Working with a family member can also be a real conflict of interest, especially if the functions they perform interfere with objective decision-making;
- Conflict of interest may also arise when an employee accepts any managerial function in a company that is or will become our customer, supplier or competitor.

In the event that an employee is not sure whether a particular activity may constitute a conflict of interest, it is necessary for them to obtain written approval from the director of the member of the Group at which they are employed.

## **1.6. ENTERTAINMENT AND GIFTS**

Employees have to be careful when it comes to giving or receiving gifts and tokens of appreciations in a business context. It is strictly forbidden to accept gifts or other rewards or benefits in case there is a reasonable suspicion that their purpose is to influence business decisions.

It is essential that employees adhere to the following rules regarding gifts and entertainment:

It is allowed to give or accept a gift, i.e. to provide entertainment that is intended for a legitimate business purpose, that is not of greater value, that is not unusual in business terms and that is not provided in exchange for a certain gain or action, i.e. gift / entertainment that cannot put any employee or a member of the Group in an inappropriate position in case they are discovered;

It is allowed to accept a gift of symbolic value, provided that it is a common and standard practice within the business and that the frequency of such gifts is not excessive. For example, a small gift from a customer with the company logo as a sign of acknowledgement of good business cooperation;

Gifts that do not belong to the customary and standard business practice have to be reported to the human resources manager, who is obliged to keep records of the same. Examples of such gifts would be vouchers, trips, seminars, trainings, educations, entertainment events and the like;

Budget or resources of the members of the Group may not be spent for the purposes of payments to government authorities or as bribes intended for employees of other companies;

The use of third parties to perform certain forbidden activities or to cover up bribes in the form of compensation, fund repayment and the like is also strictly forbidden.

In the event that employees are unsure whether a particular offer or acceptance of a gift meets the requirements set forth in the Code, it is necessary for them to obtain written approval from the director.

## **1.7. COMPETITION AND TRADE PRACTICES**

Kappa Star Group strives for fair and open competition in all markets. Under no circumstances may employees cause or participate in any breach of competition law, such as: cooperation / negotiation in the field of pricing, market sharing or any other conduct infringing relevant competition laws.

Kappa Star Group fully respects all aspects of national and international competition regulations, demanding a fair and open global market, where our Group's competitive advantage will be achieved by offering high quality products and services and never by illegal and unethical business practices.

Employees are liable to do business with our competitors in a fair and honest way. It is permitted to collect information on market trends and practices solely in an ethical manner. Employees should never engage with competitors to discuss pricing policies and sales strategies, either formally or informally, in order to avoid any violation of antitrust legislation (for example, any agreement with competitors on product prices, market sharing, customer sharing is strictly forbidden, etc.).

## **1.8. ACCOUNTING RECORDS**

Kappa Star Group properly records all business changes in accordance with domestic law and the principles of good accounting practice.

Employees are responsible for fully and properly disclosing and documenting all business changes within the scope of their jobs, in accordance with current accounting practices.

Annual and periodic statements shall be drawn up by law and in accordance with the International Accounting Standards and the principles of good accounting practices.

No one, regardless of the hierarchical level of its position, has the authority to force or induce an employee to do anything that is illegal and unethical. In the event that an employee assesses that he / she is under pressure to do otherwise or feels any discomfort in terms of the correctness of accounting records, it is necessary for him / her to notify the internal audit manager, director of the human resources function of the Group and / or the Group's Supervisory Board thereof.

## **1.9. ENVIRONMENT**

In its business, Kappa Star Group adheres to the relevant locally and internationally recognized standards, minimizing its impact on the environment and constantly improving its results in the field of environmental protection.

As a Group, we are committed to protecting people and the environment by promoting environmentally friendly technologies and actions aimed at preventing pollution, promoting recycling and reducing waste.

Employees are expected to respect the environment and not to harm or negatively affect the environment through their actions. In this regard, employees are required to comply with all laws, policies, permits and regulations relating to environmental protection, and find in every aspect of their work a way to improve the Group's performance in terms of environmental protection and efficient consumption of energy and resources.

## **1.10. DATA PROTECTION**

Kappa Star Group business information, database and technical information are competitive advantage in the market. All employees are responsible for protecting and respecting trade secrets and all other confidential information they come across in their work and are prohibited from sharing them, either with other colleagues or third parties, orally, electronically or in writing or in any other way.

As a Group, we are committed to protecting confidentiality of information about our business, our employees and the partners we cooperate with.

Internal procedures of the Group members regulate the issue of confidential information, its storage and disposal. Confidential information includes all trade secrets and personal data in accordance with relevant regulations, as well as any other information that has commercial value or whose disclosure to third parties may harm a member of the Group. Confidential information may include recipes, new product development methodologies, technical specifications, budget, project plan, marketing strategies, financial statements not publicly available, calculations, customer or supplier databases, employment records, data on compensations and benefits, employees, etc.

Employees are required to keep and carefully handle confidential information as they would protect their personal information and must not disclose it to other persons (whether or not they are employees of a member of the Group) unless they are authorized to see it, except when disclosure or provision of such information is required by law.



The employees' obligation to protect confidential information also applies when they cease employment with a member of the Kappa Star Group. Upon termination of their employment, former employees are not allowed to share confidential information with their new employer, or with any other person.

**1.11. APPEARANCE AND CONDUCT AT WORK**

Employees directly promote the Group and its values through their appearance and conduct. At Kappa Star Group, we believe that a formal way of dressing allows employees to feel appropriate in any business situation. Employees who, due to the nature of their work, have to wear a uniform, are obliged to keep it in order.

General rules of dressing:

- Employees have to come to work in clean and neat clothes;
- Footwear has to be formal and clean, sneakers are not allowed;
- Make-up and hairstyle have to be balanced and neat, high-level personal hygiene, men have to be properly shaved / with properly kept beards;
- Jeans and other denim clothing are not allowed.

Group members may define clothing standards in more detail by their internal rules, taking into account specific needs of jobs and positions.

An exception to the standard may be envisaged for the positions that are not externally exposed, with the employees who are physically active at work and the standard way of dressing might impede their work.

When employees take part in meetings or attend events with persons outside the Group premises, it is recommended to wear standard clothing, unless the circumstances or the invitation to the event indicate otherwise.

<b>Example of standard formal dressing</b>	
<b>Men</b>	<b>Women</b>
Suit or a combination of a suit jacket and trousers	Suit (a suit jacket with a skirt or trousers)
Shirt with long sleeves combined with a sweater, pullover or suit jacket	Trousers and skirts combined with a stylish blouse, sweater or shirt
Tie (mandatory for formal meetings)	Skirt/ dress of appropriate length
Appropriate shoes	Sandals/ shoes/ boots

**1.12. ORDER AT WORK**

All employees at their workplaces have to maintain cleanliness and order. The hygiene of the employee's workspace is also a reflection of their personal hygiene. Although there is a special department in charge for the hygiene of the workspace, it is a duty of every employee to contribute to maintaining cleanliness in the workspace by its conduct.

It is strictly forbidden to play games on the computer or phone, to visit social media that have no business purpose and in general, to practice any form of leisure.

**Smoking cigarettes and/ or electronic cigarettes**

Smoking cigarettes and / or electronic cigarettes is strictly forbidden in all manufacturing, warehouse and office premises of the Group members, except in specially designated places which are provided for and marked as such. The ban applies to all categories of employees, as well as to customers and guests of the Kappa Star Group.

### **1.13. PROPERTY AND ASSETS**

Kappa Star Group expects employees to use the property of the Group members solely for the purposes of efficient work with the obligation to protect it and behave rationally during its use, protecting it from loss, damage or misuse.

Property (assets) of a Group member is comprised of all that the Group member possesses:

- tangible assets - plants, buildings, equipment, vehicles, stock, etc.;
- funds - cash, money in bank accounts, creditworthiness and other;
- technology - computer hardware, software, information systems, mobile devices and the like;
- intellectual property - patents, trademarks, business methods, know-how, recipes, designs, industrial processes and the like;
- business methods, recipes, designs and industrial processes.

Employees are not allowed to use the property of the Group members for personal purposes or to give it to third parties without special approval; to alienate or embezzle company's assets; to dispose of or handle company's property without authorization; not to follow the instructions provided for handling the means of work; to destroy or damage company's property due to negligent or malicious conduct; to cover up damage caused by the use of property.

It is strictly forbidden to download, copy or share the software, unless the employee has received a special permission to do so. The permit can only be issued by the director, based on the previously obtained approval from the Group's Supervisory Board. Illegal downloads constitute a breach of the copyright law and may endanger employees and the Group.

All employees are responsible for the company assets managed by them. Accordingly, employees have to:

- take care of the space in which they work, leave tidy offices and cleared-up tables at the end of the working hours;
- treat carefully the machines and devices they work with, take care of the serviceability of the devices, follow the instructions for their use;
- treat carefully the motor vehicles owned by the company – endeavoring to drive them in accordance with regulations and instructions for use; park motor vehicles so as to minimize the risk of potential damage; drive vehicles in a way to optimize fuel consumption;
- use electricity rationally – including air-conditioning / heating system as well as other larger electricity-driven devices. Employees shall, when leaving their offices, turn off all computers, air conditioners, lights, rationally use office supplies, printers, photocopiers and the like, and
- use office supplies rationally.

## **2. COMMUNICATION**

### **2.1. COMMUNICATION STANDARDS**

Employees are expected to conduct professionally on a daily basis, both in internal and external communication, in accordance with business etiquette, respecting their superiors / colleagues / business partners /clients /customers.

Verbal communication among employees implies a respectful rapport. It is obligatory to address the interlocutor respecting its status and age. In our Group, the application of etiquette envisages using the polite / formal form of address among colleagues, unless a more direct relationship has been established with a colleague due to the long-term cooperation.

In communication with superiors / colleagues / business partners / clients / customers, a professional attitude in conduct, respect for cultural differences, respect for the personality and integrity of the interlocutor are expected. Treating another employee in a way that endangers his / her personal integrity and insults his / her dignity is considered inappropriate and impermissible.

Formal way of answering official phone calls and business correspondence via email is obligatory (slang is not allowed, as well as the use of swear words).

## **2.2. INTERNAL COMMUNICATION**

Communication, i.e. uninterrupted two-way flow of information, is one of the most important preconditions for successful functioning of the Group's complex operations. Therefore:

- The duty of each employee is to notify his / her superior in a timely and accurate manner about the functioning of his / her job or work of the department he / she is in charge of;
- Managers are expected to provide employees with all information that is relevant to their work - in terms of understanding their tasks, changes in methods or organization of work, as well as giving feedback on the quality and results of work done;
- It is important that communication also takes place at team-level, because it is of common importance that all departments cooperate in a well and professional manner.
- Internal communication implies a mutual relationship of respect and appreciation, with the application of the Group's ethical standards. Every relationship with other employees should have the character of a partnership in which the common goal is company's success.

All meetings should be scheduled in a timely manner (at least one day in advance). It is not allowed to be late for meetings. Conclusions drawn at the meetings should be recorded in a written electronic form. Conclusions drawn at meetings, in the form of tasks, shall be forwarded to all employees to whom their execution refers, even if not having taken part in the meetings. Tasks have to be precisely formulated, which means that they have to be clearly states - who, what and until when should the task be performed.

All information which: is of greater importance; represents goals or tasks of employees within the company; refers to the conclusions drawn at the meetings, projects, plans, reports, etc., should be drafted in writing. Internal communication is done electronically (email) and in writing (letters), by using the latter to forward information that has to be documented and accompanied by the sender's signature.

If several employees participate in performance of a duty, it is necessary to have all relevant information passed on to each other. Information and plans related to the projects of a team / sector / department are regularly exchanged at meetings that are held periodically (weekly, bi-weekly, monthly) - depending on the requirements of work and the specifics of the sector / department. All team members working on the same

task have the right and obligation to express their view if they disagree with some elements and explain that view.

It is advisable to respond to a call or email from a colleague within 24 hours. Failure to respond to a call or email from a colleague within a reasonable time frame shall be considered a violation of this Code. In the event that an employee is absent from the office for more than one weekday, he / she should leave an automatic response in his / her email, which has a standard form and is activated via Microsoft Outlook.

### **2.3. EXTERNAL COMMUNICATION**

Every individual employee represents the business attitude and professionalism of the Group as a whole. Therefore, when it comes to external communication, all employees are expected to conduct:

- professionally
- in accordance with business etiquette
- with respect to the business partner / client / customer

As in the case of internal written communication, if the information to be forwarded is externally official, it should be put in the form of a letter and thus forwarded, while less formal communication may take place electronically.

### **2.4. REPRESENTATION OF THE KAPPA STAR GROUP**

It is essential that the information shared with the public regarding the Kappa Star Group is accurate and consistent. Unless a particular employee is specifically authorized, no one may speak publicly on behalf of the Group or any of its members without a written approval of the director.

In the event that some media representatives contact one of the employees for certain information, copies of documents or even a personal opinion, it is necessary for the employee to forward such an inquiry to his / her director.

In addition to official business communication, employees represent the Group and their employer even beyond the working hours, in their private lives. The information provided about the company has to be accurate and such that it does not threaten the interests and credibility of the Group.

Kappa Star Group employees are responsible for their public announcements on the Internet and social media. When posting announcements on the Internet and social media, it is not allowed to refer to the Kappa Star Group or a member of the Group, to mention the Group or a member of the Group in any context, or to create the impression that the employee has the authority to speak on behalf of the Group or any member of the Group. The same applies to any statements given to any media or forum regarding various social and / or political topics.

## **3. PROCEDURE IN THE EVENT OF BREACH OF THE CODE OF CONDUCT**

In cases employees learn of a breach of the Code, have questions or need assistance in understanding or interpreting any provision of the Code, they may contact their human resources manager, internal audit manager of the Group member in which they are employed, or director of human resources at the level of the Group.

Managers have additional responsibilities, not only to oversee and enforce the Code, but also to set a personal example. Managers are required to help employees understand the Code and encourage them to seek help regarding any questions or dilemmas they may have with respect to application of the Code.

Failure to report the breach of the Code is also considered a breach of this Code.

No one in the Group, regardless of the hierarchical level of its position, has the authority or right to force or induce an employee to do anything that is illegal and unethical. In the event that the employee assesses that he / she is under pressure to do otherwise or feels any discomfort in that regard, he / she should notify internal audit manager, director of human resources of the Group and / or the chairman of the Group's Supervisory Board thereof.

Kappa Star Group guarantees full protection of the identity and integrity of a person who reports a breach of the Code in good faith or suspects that such a breach or any other unlawful or unethical conduct has been committed.

#### **4. CONCLUSION**

All members of the Kappa Star Group shall adopt the Code as their own or adopt their own act with the same content, in accordance with the legislation of the country in which they are registered and their founding and other internal acts.

Kappa Star Group expects all employees to show entrepreneurship spirit, initiative and independence in their daily work. The goal is for employees to think autonomously and learn constantly. Employment decisions have to be based on objective assessments of the candidates' abilities, achievements, qualifications and relevant experience.

With the mentorship of managers and the application of employee performance management tools, Kappa Star Group wants to enable all employees to perform assigned duties and tasks independently from the beginning to the end. As a Group, we appreciate individual contributions of our employees, promote them on merit, reward them fairly and encourage their personal and professional development. We strive for continuous trainings, which is why our managers have an obligation to permanently train their employees.

We are committed to developing good relationships with local communities in which we do business, which is why we are always willing to support charities, school and university initiatives and encourage development of local economies.

Through the credible implementation of this Code by all employees, we strive to make others recognize us as a socially responsible Group that does business in an ethical manner. We thank all our employees who are a part of it.

**Kappa Star Group**