



HOTELIERS SINCE 1897

Code of Conduct and Business Ethics

1 April 2017 / v1

1. Introduction

This Code of Conduct and Business Ethics is a global policy that applies to all members of our organisation, regardless of their position, location, or seniority. It applies to all Kempinski employees, as well as employees of companies that have entered into management agreements with Kempinski who are staff of hotels, residences, and facilities that operate under the Kempinski brand. References to “members of staff” and “employees” in this policy therefore refer to staff of hotels operated by Kempinski, as well as Kempinski employees at a corporate and regional level. We also expect all external parties working on behalf of our organisation, such as independent contractors and consultants, to embrace the spirit of the policy and to respect its values and standards of behaviour.

The Code of Conduct and Business Ethics demonstrates our commitment to maintaining high standards of ethics, integrity and professionalism across our organisation, and to conducting business in accordance with all applicable laws and regulations. The policy is intended to be a resource to help staff contribute to Kempinski’s culture of integrity by guiding them in making decisions and fulfilling their roles. In so doing, it is intended to protect our organisation, staff, guests, and third parties by ensuring that high standards of business ethics are consistently maintained.

Not all Kempinski policies and procedures are set forth in this Code; rather, this Code operates in conjunction with other existing policies. Since the policy cannot cover every possible situation, members of staff must use their personal judgment and good sense to act properly and to seek guidance when necessary.

2. Employee Responsibilities

Each staff member is responsible for ensuring that their behaviour and actions consistently comply with this Code. Behaviours covered by this policy include physical actions and verbal statements, as well as online behaviour, email and other electronic communications. It is prohibited for staff to encourage or commission external parties to undertake activities that staff members are prohibited under this policy from doing themselves.

Members of staff are responsible for reading the entire Code and understanding how it applies to their particular roles, as well as how to respond to situations in order to avoid potential unethical or illegal actions taking place. We share a collective responsibility for ensuring that the policy is consistently implemented by others as well as by ourselves. When considering whether potential actions or situations could damage Kempinski or its reputation, members of staff should assess the following:

- Is the action or situation legal?
- Is it consistent with Kempinski’s policies?
- Is it consistent with Kempinski’s core values such as maintaining the highest standards of ethical behaviour and professionalism?
- If the action/situation became widely publicised, could it damage the reputation of the hotel or the Kempinski brand?

3. Violations of the Code of Conduct and Business Ethics

We are committed to the consistent application of and adherence to this Code. Any member of staff whose actions are found to violate the Code of Conduct and Business Ethics may face disciplinary action, which may include – but is not limited to – suspension without warning or termination of employment, subject to local legal requirements. The nature of any disciplinary action will vary according to the circumstances of the violation. In the case of suspected serious violations of Code, employees may wish to consider raising a concern through the mechanisms described in the **Whistle**

Blowing Policy which you will find on the intranet (mykempinski), on the bulletin board, and with your HR department.

4. Professionalism

We are committed to maintaining consistently high standards of professionalism across our organisation. Kempinski expects employment decisions, including recruitment, promotions and compensation to be made solely on the basis of professional criteria, and free from discrimination based on any characteristic protected by law or company policy.

Managers are prominent ambassadors of the Kempinski brand and are role models for displaying high standards of integrity. As such, managers in particular – as well as all staff members more generally – should be sensitive to the potential for their personal conduct to impact the Kempinski brand or the reputation of their hotel, even if it occurs outside of the workplace or whilst “off duty”. Managers have a responsibility to ensure that their personal conduct and relationships do not damage our organisation’s reputation or interfere with the efficiency of commercial operations.

5. Illegal Activities

Kempinski is subject to laws, regulations and rules applicable to our operations and to the jurisdictions in which we operate. Reflecting the diversity of the jurisdictions in which we operate, certain activities, items or substances may be permitted in one jurisdiction but illegal or restricted in another. It is not expected that everyone is a subject matter expert in all areas of law, but every individual is held responsible for being familiar with the pertinent laws governing his or her areas of responsibility. Our policy is to adhere to all governmental laws, rules, and regulations applicable to our business, and we will not tolerate illegal behaviour in any location – even if the perpetrator intends his/her actions to benefit our organisation.

The principles of this Code should apply throughout all locations in which our organisation operates. However, there may be some instances where the requirements of this policy appear to conflict with local laws. If so, we advise staff to contact their local or regional Legal Department to understand how to resolve the matter effectively. All members of staff have a continuing obligation to be up-to-date with applicable laws relating to their responsibilities, in addition to the relevant Kempinski policies.

6. Handling and Managing Confidential Information

Members of staff handle and maintain access to confidential information on a day-to-day basis. Types of confidential information can vary significantly and include – but are not limited to – information regarding: guests; other employees; clients, suppliers and vendors; financial data concerning our organisation and its operations; and hotels, residences, and corporate facilities operated by our organisation.

Types of confidential information include, but are not limited to:

- Guest names
- ID/ passport data
- Credit-card data
- Supplier and vendor data
- IT usernames and passwords
- Sales and marketing strategies
- Pricing strategies
- Development strategies and plans
- Corporate revenues and financial data
- Proprietary methods of doing business
- Standard operating procedures
- Policy manuals
- Internal memos and e-mails
- Trade secrets
- Business plans
- Information about undisclosed mergers, acquisitions, and joint ventures
- Changes in Kempinski’s management
- New product or service developments
- Former or Current Employee Files including private data and medical information

We are committed to protecting and upholding the confidentiality of this information. Confidential information may be the subject of local laws and regulations regarding data protection and privacy, such as Payment Card Industry data security standards, with which all staff must comply. Please also refer to the policy and training material regarding **PCI compliance**.

Staff must protect the confidentiality of guests, and must not disclose information – either deliberately or accidentally – obtained during the course of their professional duties to other parties (external or internal) without authorisation. For the avoidance of doubt, approval requirements apply to sharing information in industry platforms. The obligation to respect confidentiality requirements continues beyond the duration of staff members' employment. In addition, staff should not compromise the confidentiality of information they have obtained during previous employment at other organisations – even if such information could potentially be used to commercially benefit our own organisation. Deliberate violation or negligence regarding the confidentiality of information under our custodianship represents serious breach of policy, and may result in disciplinary action.

7. Protection and Usage of Company Assets, Facilities and Services

We are committed to the protection and proper usage of company and our hotel owners' assets. Our organisation possesses and/or operates a variety of physical and non-physical assets used by staff and guests, which include – but are not limited to: hotel /residence buildings and offices; furnishings and decorations; equipment and vehicles; tools and machinery; clothing and accessories; food and beverages; financial assets; services such as phone and email facilities; intellectual property; and electronic data such as messages or information composed, sent, received or stored using company-provided email systems, instant messaging tools or other company-provided systems. These company assets do not belong to individual members of staff – even if staff members are entitled to use them. All staff members are responsible for ensuring company assets are well-maintained and used only for their intended purpose. Usage of IT assets and resources is governed by a specific **IT Resources Policy** that is applicable to each property or office location, which staff should consult for further detail.

Deliberate destruction, damage, misuse or embezzlement of company assets – or negligence leading to such scenarios – all represent serious violations of our policies. For the avoidance of doubt, using company assets or resources for political activism; or in furtherance of private commercial/financial objectives unrelated to staff members' professional roles; or in furtherance of commercial objectives of external organisations constitutes misuse – even if conducted outside of working hours or outside of the workplace. Likewise, the usage of counterfeit software, accessing pirated content from disreputable websites, and bypassing of security measures are all considered misuse of company assets. Company data and records are considered company assets, and their destruction or removal without authorisation represents a violation of policy. **Policies for the approved removal of company assets** from company premises and the authorisation procedures required vary at each property; please consult the local policy relevant to your property/office for further detail.

The following examples are intended to convey an impression of possible scenarios:

Ex 1: Complimentary Room for a Friend

A Kempinski Front office employee encounters a long-time friend checking into a Kempinski hotel for a one-night stay. It is late in the evening, and the hotel has vacancies. The employee would like to offer his friend a complimentary room.

Answer: Unless the employee has special authorization, the giving of a complimentary room could be a misappropriation of a Kempinski asset.

Ex 2: Loan from the Cash Bank

An employee who has access to a Kempinski cash bank needs a short-term loan. Without anyone else's knowledge, he takes \$50 USD from the cash bank and pays the money back the next day.

Answer: Although the employee returned the money, the unauthorized "loan" could be seen as a theft of Kempinski's property.

8. Protection and Usage of Third Party Assets

Our guests and other parties such as vendors and contractors regularly bring their own assets into our hotel and office premises, and we are committed to ensuring the safety of such assets. Our policy regarding the usage of company assets (see above) is also extended to apply to assets controlled by third parties. Unauthorised usage, mistreatment, theft or deliberate damage of assets belonging to third parties all represent serious violations of our policies.

9. Harassment and Bullying

We are committed to the protection and welfare of our members of staff, guests, and other parties such as suppliers and contractors. All members of staff have a responsibility to ensure that the welfare and safety of others consistently remains a top priority and consideration. Managers in particular function as role models in displaying integrity and professionalism without discrimination at all times.

Harassment can take multiple forms, which may include – but are not limited to: physical violence and threats of violence; verbal abuse, bullying, and intimidation; sexual harassment, bragging about sexual prowess, comments of a sexual nature or displaying sexually offensive materials; propositions of physical intimacy, demands for dates or sexual favours, unwelcomed physical contact; suggestive remarks about members of a specific gender, nationality, ethnicity or sexual orientation; gender-related abuse or taunting; leering or inappropriate staring; spreading rumours; or paternalism based on gender, nationality, ethnicity or sexual orientation. Such behaviours can be demonstrated physically, verbally, visually or through email or electronic communication. We do not tolerate any form of harassment of guests, members of staff, or other parties. Acts of harassment are considered serious violations of our policies and may result in disciplinary action being taken. Please consult the **Employee Handbook** relevant to the hotel property or office concerned for details regarding how to address any concerns regarding specific instances of harassment.

10. External Conduct and Personal Social Media Usage

All members of staff and managers are ambassadors for our brand, and should be sensitive to the potential for their conduct outside of the workplace, either online or offline, to impact their professional reputation and by extension the Kempinski brand. Members of staff have a responsibility to refrain from any behaviour outside the work place – including online behaviour or participation in social media– that may reflect negatively on the organisation. Please remember that content that published on the internet can remain in the public domain indefinitely and reach global audiences instantaneously. Senior leaders in the organisation have a particular role to act as role models in this respect, as they are ambassadors of the brand in and outside of the workplace.

When participating in events, activities, or online platforms outside of the workplace, staff should exercise personal judgement to ensure that their private actions and views are not interpreted by others as representing our organisation. Unless acting as an approved spokesperson for the organisation, our policy is that staff communications on social media platforms and other communication channels are personal opinions, which do not reflect the opinion of the organisation. Please refer to our **Social Media Policy** for further details.

11. Professional Communication to External Parties

We are committed to communicating with external parties through an approved and consistent message, and to maintaining the highest standards of professionalism. As a result, only authorised members of staff can speak as representatives of Kempinski or individual hotel properties. If a member of staff who is not authorised to speak as a representative of Kempinski and its operations receives a request for commentary or information from a journalist, regulator, attorney, investigator or any other an unknown person, please consult the Corporate Communications Department prior to any discussion or providing any information. Please also consult the Crisis Communications hotline and adhere to the mechanics described in the **Crisis Communications policy**. Publishing or communicating material in professional communications that is obscene, defamatory, profane, threatening, harassing or abusive represents a serious violation of our policies, and may result in disciplinary action. Individuals may be held personally liable for defamatory, proprietary or libellous material.

12. Recklessness and Activities Endangering the Safety of Others

The health and wellbeing of staff, guests and other third parties are priority considerations. Recklessness that may endanger the health and wellbeing of others may include – but is not limited to: staff operating under influences that may prevent them functioning safely (such as narcotics, alcohol, or certain medications that have not been disclosed to the management) or tampering with equipment such as fire-fighting or first aid resources that may compromise their effectiveness. Recklessness causing the potential for harm to others represents a violation of our policies.

For the avoidance of doubt, the possession of weapons, explosives and other dangerous articles on company premises – unless operated in a professional capacity – is a serious violation of our policies, even if such items are legally held.

13. Truthful and Accurate Recording and Representation of Information

We are committed to maintaining consistently truthful, reliable and accurate records. Such records include – but are not limited to: balances and volumes in financial transactions; financial statements, ledgers, and accounts; inventories of stock and other items; expense and quality reports; and time sheets. Members of staff who contribute to the creation of business records have a responsibility to ensure their accuracy.

Deliberate falsification of records or misrepresentation of data contained in records is prohibited, and is considered to be a serious violation of our policies. For the avoidance of doubt, misrepresentation of data includes the recording of any payments made with the intention that part of such payments will be used for an alternative purpose than is described in the documents supporting the payment. Deliberate ignoring/circumvention of internal controls designed to ensure the accuracy of records or obstruction of audits intended to monitor compliance with our policies are also violations of policy. Please consult the local **Procurement Policies** at each hotel property and office for details regarding how to comply with correct procedures.

The following example are only intended to convey an impression of possible scenarios:

Ex 1: Moving expenses to another category

A manager is over budget in guest supplies and allocates costs related to guest supplies to operating supplies in order to report a lower deviation from budget.

Answer: The manager may not distort the purpose of expenses, no matter how insignificant the amount.

14. Conflicts of Interest

Our policy is to make business decisions based on impartial assessment of facts and sound commercial reasoning. A conflict of interest may be defined as a situation in which a member of staff's own personal interests and motivations are influenced by factors to the extent that they impact their objectivity and differ from the organisation's own interests. Conflicts of interest, commercial competition with our organisation, and diversion of business by staff are strictly forbidden. Transparency is a key principle for avoiding conflicts of interest arising: members of staff have a responsibility to avoid situations arising that may be perceived as conflicts of interest and to be transparent in declaring the existence of conflicts to their line management and to HR if they arise or develop. Failure to declare the existence of relationships that could be perceived as conflicts of interest or to respond truthfully if asked represent violations of our policies.

- **Beneficial relationships with third parties.** Scenarios in which staff members maintain relationships through which they receive a direct or indirect financial benefit from an external party as a result of that party's relationship with our organisation (for instance, receiving personal commission payments from a particular supplier or service provider) represent a conflict of interest and are strictly prohibited.

Ex. Hiring a spouse's business

An employee is hiring a landscaper for a new Kempinski resort. In response to an open request for bids, he receives a proposal from a landscaping business in which his wife has a significant but passive interest. The wife's business has a good reputation, has offered a fair price, and satisfies all requirements.

Answer: The employee should not select a landscaper until he informs the General Manager of the potential conflict of interest in selecting the landscaper. The General Manager may decide to transfer this decision to another employee or take other measures to mitigate the appearance of a conflict.

- **Related parties.** Within our organisation, spouses, partners, and members of the same family may be employed by the same hotel or office – provided that their recruitment and appointment are based on objective assessments of their qualifications, performance, skills and experience and the recruitment decision has been taken without reference to the personal relationship and by members of the management team who have no such personal relationship with the candidate. However, a member of staff may not report directly or indirectly to another family member, partner or spouse; or interact significantly in a professional capacity with one of these parties. Staff are also forbidden from using personal influence to induce our organisation to conduct business with an external organisation in which a spouse/partner or immediate family maintains a commercial interest.
- **External employment.** We prohibit external employment that could interfere with a staff member's ability to perform their professional duties at our organisation to the highest standards. Likewise, employment by commercial competitors, suppliers or service providers to our organisation, or entities that support the activities of these parties, is prohibited. Failure to proactively disclose external employment to HR may potentially be interpreted as an attempt to conceal the existence of a potential conflict of interest, and may lead to disciplinary action.
- **External investments.** Staff should not maintain external private business interests or investments that could jeopardise their ability to perform duties at our organisation to the highest standards of professionalism, or that could potentially influence their ability to objectively make decisions in relation to their role within our organisation.
- **Other external organisational affiliations.** Affiliations held by members of staff to commercial and non-commercial organisations may include – but are not limited to: directorships, trusteeships, membership of advisory or supervisory committees; or consultancy arrangements. We consider such affiliations with commercial competitors, suppliers or service providers to represent conflicts of interest. Whether affiliations to other categories of external organisation may represent a conflict of interest will vary according to individual circumstances. Please consult your local HR Department to obtain clarification regarding individual circumstances.

The conflict of interest scenarios above are not exhaustive. Staff should exercise best judgement when considering whether a conflict of interest situation may have arisen. If in doubt, staff should consult their Line Manager or a representative of the HR Department.

15. Receipt of Gifts, Favours and Benefits

At times, members of staff may be offered gifts or entertainment by external parties such as business partners, suppliers or clients. Members of staff have a responsibility to express gratitude and politeness when offered gifts by external parties, regardless of whether or not such gifts can be accepted. Please consult the local **Employee Handbook** relevant to your hotel/office for detail and guidance regarding the circumstances regarding whether or not gifts or entertainment may be accepted and the appropriate mechanism for declaring gifts. For the avoidance of doubts, product samples or the inclusion of “rebates” or bonuses of additional products in bulk orders from suppliers and potential suppliers are not considered gifts or “perks” for individuals; but are company assets provided to our organisation that should be accounted for appropriately.

Independently of the local Employee Handbook the following minimum rules apply:

Soliciting gifts, entertainment or benefits from external parties by any member of staff represents a violation of our policies.

Our policy is to make decisions regarding suppliers and vendors objectively and impartially, and to operate without the appearance of influence as a result of staff members accepting gifts and entertainment from external parties. Employees in procurement functions may not accept any gifts from suppliers or vendors apart from advertising or promotional items of nominal value (such as pens, keychains, cups or glasses, or hats).

Any other employee may only accept gifts, entertainment, or benefits if the value is below €40 or the equivalent in other currencies (local policy limits may be lower).

The employee has to declare the receipt of any gift, favour, or benefit to her/his line manager. If refusing a gift or benefit is deemed culturally not acceptable, the decision about what to do with it will be taken by the General Manager or Hotel Manager if so delegated by the General Manager; in case of the receipt of a gift by a General Manager or corporate / regional employee, by the senior executive in charge of the region or corporate department. In case of receipt of a gift by any of the above mentioned senior managers themselves, they will proactively notify their own line managers.

In case refusing the receipt of a gift or benefit is deemed culturally not acceptable, the decision maker mentioned above will either politely decline on behalf of the employee or, if the gift or benefit could not be refused without damaging a business relationship, incorporate it into company property or put it to common use for all the employees of the location.

The following examples are only intended to convey an impression of possible scenarios:

Ex 1: Costly Gift from a Vendor

An employee with responsibility for making purchasing decisions receives a watch, valued at \$750, as a gift from a vendor who has done recurring business with the employee's department for many years. May the Head of department approve acceptance of the watch?

Answer: Considering the employee's role in the procurement process the line manager of the employee must direct the employee to return the gift.

Ex 2: Tickets to a Sports Event

A vendor offers an employee of a Kempinski hotel floor-level seats to a popular sporting event. The vendor explains that he does not want anything in return; he cannot attend the event, and he does not want the seats to be wasted. The value of the tickets, however, exceeds the value limits established by Kempinski (€40).

Answer: Even if the employee does not believe that the gift was offered to gain any improper advantage, the employee must politely decline the tickets because their value exceeds the value limit specified in the policy.

Ex 3: Painting from a Vendor

A business partner offers to an employee working in Sales a painting valued at €250. He does not want to refuse the gift as this would be considered impolite in the local cultural context.

Answer: The employee declares the gift to the General Manager who decides, due to the local cultural context, to not refuse the gift and place the painting in an internal meeting room.

16. Giving of Gifts, Entertainment and Other Benefits

Anti-corruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act, prohibit companies and their employees, agents, and officers from providing items of value (including gifts and entertainment) to government officials and employees for the purpose of securing business or other governmental benefits. Our policy is to comply with national and international laws and regulations concerning acceptance by government employees of entertainment, meals, gifts and benefits or officials from organisations and persons with which they conduct business or over which they exercise regulatory authority. We are committed to not using the exchange of gifts or business courtesies to gain unfair competitive advantages. Members of staff are responsible for avoiding scenarios that are open to interpretation as attempts to improperly influence external parties.

Business gifts, meals and entertainment of reasonable value may be offered and provided to non-government individuals in support of our organisation's business activities, so long as they are not offered for any improper purpose and do not violate any law or regulation. Please refer to the local **Employee Handbook** relevant to your hotel/office for further detail.

The following examples are only intended to convey an impression of possible scenarios:

Ex 1: "Thank You" Gift for Retired politician

A politician recently retired. He had been instrumental in passing legislation of importance to Kempinski and even met with a Kempinski employee to discuss Kempinski's views on the legislation. Now that the politician has retired, the employee considers sending a gift basket to the politician in recognition of his retirement and to thank him for his hard work on the legislation.

Answer: The employee may not provide the gift basket because it might appear to be a gratuity given because of an official action by the politician.

Ex.2: Cash in Exchange for Permit Approval

An employee is responsible for obtaining a necessary land use permit for a Kempinski hotel. All of the legal conditions for the permit have been satisfied. The government official responsible for reviewing Kempinski's application says he will approve it in exchange for \$50 USD.

Answer: Employees may not give or receive bribes no matter how small the sum.

17. Consumption of Alcohol

Different jurisdictions in which our organisation operates have different laws and regulations regarding the permissibility of consuming alcohol, and each hotel property and office facility maintains its own policy concerning staff usage of hotel food and beverage facilities by members of staff and the permissibility of staff consuming alcohol. As a general policy, only senior members of staff are permitted to consume alcohol whilst on duty – typically when entertaining guests or clients – and only under conditions that are regulated by the applicable policy and provided this is in compliance with local law. Please consult the local **Policy on Use of Hotel Food and Beverage Facilities** relevant to your hotel/office for further detail.

18. Narcotics and Controlled Substances

Although laws and regulations regarding the permissibility and legality of consuming narcotics and controlled substances vary across the different jurisdictions in which our organisation operates, we are committed to maintaining a drug-free workplace. Even if legal or de-criminalised, the possession of narcotic substances on company premises by staff; consumption of narcotic substances on company premises; the manufacture, sale or distribution of narcotics; and operating or reporting for duty under the influence of narcotic substances are all major violations of our policies and may result in disciplinary action.

19. Gambling

Although laws regarding the permissibility of gambling vary across the jurisdictions in which our organisation operates, our policy is to operate a gambling-free workplace for staff – including the usage of company assets and premises for gambling by staff.

20. Political Activities and Contributions

We are committed to dedicating our full attention and resources to fulfilling professional responsibilities within our organisation. As such is that staff are prohibited from using company premises, assets, resources and facilities or their professional position within the organisation for the purposes of political activism – including fundraising – regardless of how well-intentioned such activities may be considered. All members of staff are responsible for ensuring that a separation is maintained between their professional roles and any private legal political activism they are involved in outside of the workplace.

21. Questions, Clarifications and Further Guidance

If you are unclear or uncertain at any point regarding whether certain actions or scenarios are consistent with this Code of Conduct and Business Ethics, please consult a representative of HR or your Line Manager in the first instance. Further clarifications may also be obtained from your Head of Department; the General Manager or Hotel Manager (or Number 2 equivalent); or the senior executive in charge of your region or corporate function, as well as the Regional or Corporate HR department, as appropriate.