



HOTELIERS SINCE 1897

## POLICY REGARDING LABOUR STANDARDS BY THIRD PARTY PROVIDERS

Kempinski Hotels is committed to abiding by the highest ethical standards as an international luxury hotel operator. This is particularly relevant in the area of Human Resources, where Kempinski strives to be an **employer of choice** throughout the world and supports four fundamental principles and rights at work, specified in the ILO (International Labor Organisation) Declaration of 1998 and human-centered approach specified in the ILO Centenary Declaration of 2019.

Equally, we expect all **subcontracting companies** to abide by these same standards.

This policy outlines to all those who are involved in the negotiation and supervision of suppliers providing **outsourced labour** of the **principles** that have to be complied with regarding the provision of such casual staff working in our hotels, same as for team members employed directly by our hotels and residences.

It furthermore addresses a mandatory **review of supplier agreements** regarding the provision of contracted staff / casual labour for compliance with minimum standards that all Kempinski hotels must abide to and must ensure their subcontractors abide to as well.

### 1. COMPLIANCE

The absolute **minimum** standard that must be complied with at all times is set out in the **laws** of the country where your hotel or residence is located. In particular, persons performing work at the hotel or residence, whether employed on a permanent or temporary contract, or seconded to the hotel through an external supplier, must be treated equally and fairly with working conditions that are in line with local laws and practices.

The local laws and practices to be adhered to have to include, without limitation, at least the following, which have to be captured in the **supplier agreement** with any providers of outsourced labour:

- Staff must receive **rest time**/time off at least in accordance with local labour law and suppliers have to guarantee that employees will not be placed on work assignments with other suppliers during rest times. The maximum consecutive number of days staff should work, provided local law permits it, is 6 days; thereafter as a minimum one rest day has to be given.
- Daily, weekly, monthly, and annual **working hours** must not exceed the maximum working hours stated in the labour law. Overtime must be tracked and compensated as per legal regulations. Suppliers need to be able to demonstrate based on their time tracking (made available to the client) that this is adhered to when taking into account the number of hours actually worked. If the employer provided accommodation is located further than 1 hour from the workplace, the supplier must account for the time above 1 hour travel as overtime, where legally required.
- Staff have to be paid at least at **minimum wage** level prescribed by local labour law, and it needs to be paid in a timely manner. Suppliers need to be able to provide evidence in the format of payslips or payroll records that there was no wage paid below the minimum.
- **Recruitment fees** cannot be charged to the staff by the employer or any other third party and all recruitment costs should be absorbed by the employing entity.
- Any salary or wage **deductions** from staff must be made within the boundaries of the labour law.
- Any **living arrangements** such as accommodation where part of local employment practice provided to the staff need to be in accordance with the requirement of local law. The

hotel/residence needs to have the contractual right to do spot checks on the living arrangements of outsourced staff at their discretion.

- Proper **insurance** of staff in prescribed health and accident insurances and where applicable statutory social security is adhered to.
- Staff are not deprived of any **rights** of free speech or association. Staff have a possibility to submit their grievances in anonymous ways to the contractor, and contractor has a process to record, review and take the grievances into consideration for further action.

Furthermore, **supplier agreements** regarding the provision of outsourced labour needs to contain at least the following provisions:

- The provider guarantees to be in the possession of all **licences** and authorisation for the provision of labour which may be necessary in the respective country.
- Mandatory pre-employment background **checks** are being performed, and the hotel/residence has a right to perform additional background checks if it sees a need for them.
- The provider guarantees that all staff is **fit** to work and **skilled** to perform the services required, including any professional licenses which may be necessary.
- The provider acknowledges the **Kempinski Code of Conduct & Business Ethics** and accepts staff assigned to our premises to be asked to adhere to it and be instructed in the use of the whistleblowing policy in case of any malpractice.
- The hotel/residence has the right to question staff regarding their employment conditions to **check compliance** with the above mentioned, upon joining and sporadically in spot checks.
- Upon request, e.g. in case of a suspected malpractice or in the course of a regular internal audit, the supplier accepts to give access to **information** regarding all above mentioned and relevant employment conditions to the client (hotel/residence).
- The supplier assumes full **responsibility** for any breaches of the labour law and any provisions mentioned in the contract, and is liable for any **damages** (including financial compensation for reputational damages) caused to the client by this non adherence.
- Furthermore, the contract needs to include a provision that if any of the above is not followed and upon warning not remediated within 30 days (or immediately if the law would not permit a delay), the supplier agreement may be **terminated** immediately.

## 2. REVIEW OF SUPPLIER AGREEMENTS

In light of the foregoing and to ensure compliance with the all relevant laws, practices, policies and procedures, we request that you carry out an annual **review of all supplier agreements** for the provisions of outsourced labour, as well as the practices at your hotel.

If any discrepancies are found, we expect you to take **immediate action** to remedy the situation and ensure compliance.

Should there be any indications of **malpractice** by a supplier through routine spot checks or whistleblowing from outsourced staff or external sources, the improvement areas need to be sent to the supplier as a **warning** and be rectified within a given deadline of maximum 30 days, after which an immediate renegotiation of the contract, and if required change of provider, needs to take place.

All future supplier agreements have to contain as a minimum the clauses listed under section 1.

### 3. ONGOING REVIEW OF PRACTICES

In order to ensure smooth ongoing compliance, please ensure that local employment practices for any staff working at your hotel/residence, whether employed or contracted through external providers, are regularly (at least annually) **audited** (quarterly spot checks and annual review as a minimum).