

Our code of conduct

Do The Right Thing



maxeda

**The Code of Conduct is
an important corner
stone of our joint culture.
The Code shows what
Maxeda stands for:
A Passion to Serve.**

Maxeda is a versatile retail group with the ambition of achieving retail leadership in all its markets within the near future.

Its prospects are excellent: Maxeda is the largest non-food retailer in the Netherlands and our retail formats are growing rapidly in several other European countries. Millions of people shop in our retail formats every week.

When I joined what used to be Vendex KBB in June 2005, I noticed that many of our formats achieve excellent results. I have also noticed that the individual formats and the group as a whole holds more potential. Since the second half of 2005 the market for non-food retail is growing again. Practically all our formats are beating the market with respect to performance. So we are gaining market share in practically all markets.

We, as the Executive Board, have a clear picture of the promising future ahead of us. Our aim is to achieve retail leadership in every format in all markets in which we operate. To realise this mission, Maxeda has devised a new Formula for Success:

1. We will Win by Serving the Needs of Our People and Our Customers;
2. We will Maximize the Opportunities of Each Format and Optimize Group Synergy;
3. We will Deliver Great Results for All our Stakeholders.

To achieve these objectives we must work together as a team. Everyone who works at Maxeda has his or her own role and responsibilities. And all of us, throughout the entire organisation, will work according to one philosophy: **A Passion to Serve.**

A philosophy that places both customers and employees at the heart of the company and in which teamwork and readiness to help come first. We will only achieve great results if we are prepared to serve our people who in turn serve our customers!

The essential elements of A Passion to Serve are our **core values**:

Passion for Customers

Understanding and exceeding customer's expectations is our driving force. They will be ready to build a relationship with us. Customers want relationships, but only with companies that make the effort to reach out to them.

Striving for Constant Improvement

We are willing to change constantly in order to improve. Today's markets and customers simply demand that. Change to improve on major issues, but also on the details.

Respecting Every Individual

We need to have a real interest in what our people desire and aspire to. And by people we mean our customers and colleagues. We respect their opinions, ambitions and behaviour.

Delivering on Commitments

In the Netherlands we say, a deal is a deal. It is this culture of discipline that is absolutely necessary for building a successful business. Discipline is the beginning of mutual trust. And trust is the beginning of good relationships.

Integrity is our Basis for Trust

If our integrity is unquestionable, our colleagues and customers will trust us. And trust is the base for building relationships. With everybody in the business and with all our customers. Trust is a starting point for success.

We will always Work as One Team

We give priority to the interests of the team we work for. In the end, our personal interest will be served by giving priority to teamwork and to the interests of Maxeda.

How can we translate these core values into our daily activities? This **Code of Conduct** has been drawn up to help us.

A single Code of Conduct for Maxeda is nothing new in itself. But the document you have before you is. The Code has been completely rewritten to reflect our core values, the changing position of our group and the expectations of today's society. We are also implementing concrete new measures to monitor compliance, including a new reporting system. Violation of the Code of Conduct can thus be reported safely, easily and anonymously.

The Code of Conduct is an important corner stone of our joint culture. The Code shows what Maxeda stands for: A Passion to Serve.

Tony DeNunzio
Executive Chairman Maxeda

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1. The scope of the Code of Conduct

To whom does the Code of Conduct apply?

This Code of Conduct first and foremost applies to all employees within the Holding and Business Units of Maxeda.

Our employees, most of whom have intensive contacts with our customers and suppliers, play an important role in setting the public image of the various formats and are therefore crucial for the image and reputation of our group as a whole. Keeping that reputation intact is essential. All our employees should understand the policy principles, put those principles into action and actively propagate them.

The executive staff within Maxeda has an important role to play in this matter. They have to set the example and ensure employees have a sound knowledge and adequate means to be able to comply with the Code of Conduct. The executive is also the first point of contact if the employees have any questions about the compliance with this Code of Conduct and integrity.

We aim that this Code of Conduct also applies to our franchisees. Indeed, they also contribute to the public image of our formats. We therefore consider it to be part and parcel of the various franchises and expect our franchisees to subscribe to this Code of Conduct and comply with it.

Finally, the Code of Conduct in some respects also applies to our suppliers, agents and other third parties with whom we do business. In some cases this has been explicitly mentioned in the text. But also if the Code of Conduct does not explicitly refer to our business partners, we expect them to respect the fundamental values laid down in the Code of Conduct.

Scope of the Code of Conduct

In this Code of Conduct we indicate our primary objectives. These apply to the Holding and all Business Units of the Maxeda group. However, the Business Units may complement the Code of Conduct with further guidelines or rules on the manner in which the employees, suppliers and other stakeholders should behave if they work for or do business with the Business Unit in question. These further guidelines or rules cannot be contradictory to this Code of Conduct.

Where in this Code of Conduct the term Maxeda is used this refers to the Group as a whole, unless the opposite is clear from the text.

Developments

Our company has a long history. Various retail formats have been around for more than a century. Both the separate formats and the Group as a whole have gone through many changes in the course of time. They will continue to develop in the future.

Given that we work and live in a dynamic environment, we want to regularly review the Code of Conduct and adjust it if necessary. This Code of Conduct is, at all times, a reflection on the social developments and our own opinions on the role and position of our company within society.

Integrity

We wish our company to be dependable. Our integrity should be beyond all doubt. In view of the important social role of Maxeda, it is imperative that all our employees comply with the legislation and regulations of the countries in which we are active and also comply with the values and standards that apply within Maxeda and which have been laid down in this Code of Conduct.

We expect our employees to show integrity and honesty in their mutual relationships and in relationships with third parties.

We also expect integrity and reliability from our business partners, such as suppliers, agents and franchisees.

2. Integrity

Privacy

We respect the privacy of our customers and employees and protect their personal data.

At our operations we can gather information on customers, suppliers, competitors and other parties. We deal with those data in a confidential manner and will only use them for acceptable commercial purposes of Maxeda, whereby the currently applicable legislation will be complied with.

Gifts / invitations

The general principle is that employees of Maxeda are not allowed to give or accept gifts.

By gifts we do not only mean products, but for example also services, entertainment, tickets for sports events or the like. In short, anything that is given voluntarily and has a certain value for the receiver.

There are some cases where refusal of a gift could cause embarrassment or hurt to the person offering it. For example when visiting another country and the gift is something from that country offered as part of a public occasion. In these cases, the gift can be accepted on behalf of the company and this must be reported to the manager and handed over to the Compliance Officer of the company. This also applies to gifts that are sent by mail. The Business Units will regularly put up all received gifts for raffle amongst their employees.

Dinners must be paid for by the relevant employee unless the manager or management team has approved that the company or the other party pays for it. Invitations for trips or events can only be accepted with approval of the manager or management team.

We expect our suppliers and other business partners to refrain from offering gifts to our employees or to third parties with the aim of influencing them. Should we find that this was not complied with, we may end the commercial relationship.

Giving or taking bribes is forbidden in any event.

Theft and fraud

It is the policy of Maxeda to immediately investigate, report, and, should the occasion arise, prosecute any cases of internal or external theft related to Maxeda. This policy consists of guidelines on how to act in the event of theft, fraud and other types of crime.

Administration

The management must make sure that all relevant transactions and other actions are recorded in the administration in a correct, precise and truthful manner.

Conflicts of interest

We depend on the trust of our customers, suppliers and other third parties. Conflicts of interest or the appearance of conflicts of interest undermine Maxeda's good reputation. A conflict of interests arises in a situation in which the position of an employee within the company is used to serve personal, commercial or financial interests, be it to the detriment of the company or not.

Any situation in which a conflict (or the appearance of a conflict) could arise between personal interests and the interests of Maxeda, should be avoided. In particular, any transaction of a Business Unit where an employee has a personal interest must be approved by the manager of the person to whom that employee is directly reporting. This includes transactions with that employee himself or herself, but also transactions with businesses in which the employee has an interest or is in any other way involved (for example as advisor or supervisory director). However, this does not apply to entering into or amending employment agreements or to purchases made in the ordinary course of business in one of the retail formats.

Doing business

3. Doing business

Customers

Our customers are decisive to our success. Therefore, we do our utmost to meet or exceed our customers' needs.

We provide our customers with good service and are open to complaints, comments and recommendations.

Competition

We do business on the basis of honest and ethical management, good faith and integrity. We expect the same from everyone with whom we do business.

Legislation on competition aims at promoting free and fair competition. The Business Units of Maxeda comply with this legislation. Maxeda is supportive of constructive legislation prohibiting trade restrictions, sharp practices and abuse of economic power. Employees of Maxeda are not allowed to exchange information on prices and market shares if it leads to a violation of competition legislation.

Capital assets and information

4. Capital assets and information

The group's financial means

Employees are responsible for the adequate use, protection and maintenance of the group's financial means. These means consist of, among other matters, cash, cheques, credit cards, invoices and receipts. It is paramount to protect these against abuse, loss or theft. All claims, receipts, invoices and bills must be correct and complete.

Use of the computer, Internet and email

Information technology and infrastructure that function adequately are crucial to our commercial success. Each employee using the computer and the network, therefore, must do this in a responsible and appropriate manner. Personal (non-business) use must remain within reason and must be kept to a minimum.

Maxeda has an internal policy 'Internet in the workplace', that can be requested at the department of Human Resources Management.

Confidentiality

Every employee must treat confidential data with care. Employees handling confidential information have a duty of confidentiality. Unwarranted disclosure of this kind of information can harm Maxeda and can lead to disciplinary measures.

Working conditions and working environment

5. Working conditions and working environment

Starting point

Our management style aims at creating conditions in which our employees are committed to their work and feel responsible for their task. Maxeda provides good, safe and healthy working conditions.

Discrimination

Maxeda conducts a staff policy that does not discriminate on the grounds of race, religion, sexual inclination, political preference, disability or other similar status. No discrimination whatsoever on the basis of these characteristics shall be tolerated.

Intimidation and harassment

Sexual harassment, other kinds of intimidation and harassment are inadmissible. Executives should be attentive to possible cases of intimidation or harassment and immediately report such a situation to the Compliance Officer, or the person or authority appointed in accordance with local law or regulations, and end this situation as soon as possible.

Complaints can be submitted to the executive, the Compliance Officer, the Human Resources Department or to senior management. In the event a complaint is made, Maxeda will start an investigation and, if necessary, take appropriate action.

Use of drugs and alcohol

We expect our employees to behave in an appropriate manner at all times. This means, amongst other matters, that the consumption of alcohol or drugs at work and during working hours is strictly forbidden. During business dinners the use of alcohol is allowed.

The right of association

Employees have a right of association and are entitled to bargain collectively. They are also entitled to become a member of a trade union or works council.

Extra activities

We welcome the fact that our employees have extra activities, as long as these do not go against Maxeda's interests. If these activities have to be fitted in the daily working activities, this happens in consultation with management.

Working conditions of suppliers

Our Business Units and business relations purchase products from a large number of countries across a wide spectrum of cultural backgrounds and social conditions. Therefore, we have set a number of basic conditions concerning working methods and conditions that we expect our suppliers and manufacturers to meet.

In accordance with the ILO conventions, the Universal Declaration of Human Rights, the Convention of Children’s Rights, and the Convention on the Elimination of all Types of Discrimination against Women this Code of Conduct aspires to reaching compliance of the following social standards:

6. Working conditions of suppliers

Legal Compliance

Compliance with all applicable national laws and regulations, industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements, whichever requirements are more stringent.

Freedom of Association and the Right to Collective Bargaining

In situations or countries in which the rights regarding freedom of association and collective bargaining are restricted by law, parallel means of independent and free organisation and bargaining shall be facilitated. In accordance with ILO conventions 87, 98 and 135.

Prohibition of Discrimination

No discrimination shall be tolerated on the basis of gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organisations including unions, political affiliation, sexual orientation, or any other personal characteristics. In accordance with ILO conventions 100 and 111.

Compensation

Wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums and/or industry standards in the relevant country. Illegal or unauthorised deductions from wages shall not be made. In situations in which the legal minimum wage does not cover living expenses and provide some additional disposable income, companies shall strive to provide employees with adequate compensation to meet these needs. In accordance with ILO conventions 26 and 131.

Working Hours

Overtime hours are to be worked solely on a voluntary basis. The maximum allowable working hours in a week are 48 and the maximum allowable overtime hours in a week are 12. An employee is entitled to at least one free day following six consecutive days worked. In accordance with ILO conventions 1 and 14.

Workplace Safety

A clear set of regulations and procedures must be established and followed regarding occupational health and safety. Workplace practice and conditions which violate basic human rights are forbidden. In accordance with ILO convention 155 and ILO recommendation 164.

Prohibition of Child Labour

Child labour is forbidden as defined by ILO and United Nations conventions and/or by national law. Of these various standards, the one that is the most stringent shall be followed. Any forms of exploitation of children are forbidden. Working conditions resembling slavery or harmful to children's health are forbidden. The rights of young workers must be protected. In accordance with ILO conventions 79, 138, 142 and 182.

Prohibition of Forced Labour

All forms of forced labour are forbidden, as is prisoner labour that violates basic human rights. In accordance with ILO Conventions 29 and 105.

Environment and Safety Issues

Procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must meet or exceed minimum legal requirements.

Maxeda and its Business Units expect their suppliers and manufacturers to check the working conditions in their production sites against the aforementioned criteria. For this purpose, Maxeda will establish the assessment procedures and organisations it deems acceptable.

Society, environment and safety

Maxeda plays a prominent role in society and we aspire to do business in respect of our corporate social responsibility. In this regard we have formulated a number of goals, which are summarised on the next pages.

7. Society, environment and safety

Labor conditions in factories of our suppliers

Business Units shall arrange that all suppliers are audited in respect of labor conditions in their production facilities. See also paragraph 6 above.

Use of sustainable raw materials

To the extent possible we aspire to using sustainable raw materials. This is specifically true for timber, for which we strive to come from forests managed in a demonstrably sustainable manner.

Whenever possible, in co-operation with the manufacturers and suppliers, ecologically sound alternatives are sought besides the existing product range, taking also into account the pressure materials put on the environment.

We aim that all clothing sold by us is free from harmful materials.

Advancing insight in the area of potential harmfulness of materials can signify that a substance that is considered safe today, becomes suspect tomorrow. We do our utmost to only use raw materials that are safe for human beings and the environment.

If there is cause to doubt the safety of certain substances at any point in time, we will look for a safer alternative, in collaboration with our manufacturers and suppliers.

Our products and the raw materials for our products are manufactured in a manner that is not harmful to animals. Our products do not contain animal fur of animals that have been specially hunted down or bred because of that fur. Our (private label) cosmetics are not animal tested.

We aim to reduce the use of GMO ingredients (genetically modified organisms) in our food products to a minimum.

Health and safety of our customers and personnel

We aim that all our Business Units have an approved and tested recall procedure.

We aim that all our children's clothing complies with the applicable national and international rules and guidelines.

We aim that all our Business Units have a safety and security manual.

Our activities are labour-intensive and mostly take place in areas that should be easily accessible to large flows of consumers. In places where many people gather, safety aspects should be a major concern. This is why we are continually devoted to creating safe working and shopping conditions for both employees and customers.

Saving of energy

All Business Units draw up an energy saving plan, and aim for continuous energy savings.

Waste management

All Business Units develop a waste management administration to be able to monitor the packaging waste brought to the Dutch market.

It is our aim to decrease the pressure on the environment in a structural manner, in the production stage, the use stage and the waste stage. As retail is an important link between manufacturers and suppliers on one hand and consumers on the other, it is possible to contribute substantially to reducing the amount of consumer packaging waste, to separating and recycling industrial waste, to reducing energy use and to limiting the pressure on the environment as a consequence of transport.

Compliance

8. Compliance

Employees

Working in retail means working with people. In this labour-intensive business, staff quality and commitment and attention for the customer are key to successful operations. Therefore, it is of vital importance that the employees act sincerely and are treated with sincerity as well. This means that they must be aware of this Code of Conduct and comply with it in good faith. If they fail to properly comply with these standards, they do not only harm themselves but also their colleagues, their Business Unit and Maxeda as a whole. Breach of this Code of Conduct can lead to disciplinary measures, including the termination of the employment.

Franchisees, suppliers and other stakeholders

As explained in paragraph 1, we also expect our franchisees, suppliers and other business partners to stick to the principles of this Code of Conduct. If we establish that their behaviour is contrary to this Code of Conduct, we reserve the right to end the business relationship, possibly with immediate effect.

Reporting Policy

As we aspire to a culture based on integrity, trust and individual responsibility, Maxeda offers its employees the possibility to report behaviour that is contrary to this Code of Conduct in a way that is safe and honest (possibly anonymously). Reporting suspected breaches of applicable acts, rules and regulations is possible too.

We use a reporting policy in this respect. This policy will be introduced in phases because of different legislation in the various countries in which we operate. The reporting policy is delivered together with the employment contract and can also be requested from the HR department, the Compliance Officer or the department of Legal Affairs of Maxeda. The reporting policy offers the opportunity to report possible breaches to management, the Compliance Officer of the relevant Business Unit or the Group Compliance Officer, or anonymously by way of a special telephone line. More details can be found on the Maxeda website.

Telephone number and address

9. Telephone number
and address

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**We will only achieve
great results if we
are ready to serve
the people who serve
our customers.**

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