



# PALM Principles and Guidelines for Sustainable Procurement

Code of Conduct for employees, suppliers, service providers and other business partners of the PALM Group

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## 1. Introduction

The **PALM Group** is committed to ecologically and socially responsible corporate management. The clear strategy of the family-owned PALM company is to shape the future together with all customers, employees, suppliers, service providers and other business partners in close, trusting cooperation.

This **Code of Conduct** ("Code") governs the non-negotiable **minimum standards, guidelines and principles required by the PALM Group**. The Code is based on national laws and regulations such as the German Supply Chain Due Diligence Act (LkSG) as well as international conventions such as the United Nations Universal Declaration of Human Rights, the Guidelines on Children's Rights and Business Conduct, the United Nations Guiding Principles on Business and Human Rights and the International Labour Standards of the International Labour Organisation. The Code is intended to support PALM's employees, suppliers, service providers and other business partners in the practical implementation of these principles and to raise awareness of the criteria of sustainable action.

It is important to us that our **employees** know and respect the principles of ecological, social and ethical conduct. We expect the same from our **suppliers, service providers and other business partners**: We demand compliance with the requirements of the Code as well as all applicable national and international laws and regulations. This also includes communicating the requirements of the Code in an appropriate manner to all employees of the company. Furthermore, we expect our business partners to make reasonable efforts to ensure that their own suppliers, subcontractors and business partners also comply with the principles of this Code. Should laws and regulations apply in individual countries in which the business partner is active that deviate from the requirements of the Code, the stricter requirements in each case must be complied with.

As a matter of principle, we expect our business partners to implement processes that enable them to identify risks within their own company and the supply chain and to take appropriate measures to avoid and minimise risks. If the business partner becomes aware of risks or violations within its supply chain, it is required to inform PALM about the identified violations and risks as well as about the measures taken and their effectiveness.

PALM will regularly review this Code and make changes where necessary and appropriate. Significant changes to the Code will be communicated to business partners in writing. The latest version of the Code is available for download on the PALM website: <https://www.palm.de/en/sustainability/self-declarations.html>

PALM reserves the right to take measures in the event of violations of this Code and, as a last consequence, to terminate the business relationship including all associated supply contracts. All processes and measures taken are documented and reviewed for their effectiveness. Pursuant to Section 10 (2) LkSG, PALM shall report the implementation of its due diligence obligations to the Federal Office of Economics and Export Control (BAFA) once a year.



## 2. Our requirements for employees, suppliers, service providers and other business partners

### 2.1 Social responsibility

#### **Prohibition of forced labor**

Workers must be able to leave work or employment at any time. Furthermore, there must be no unacceptable treatment of workers, such as psychological hardship, sexual and personal harassment and humiliation.

#### **Prohibition of child labour**

The recommendations of the ILO conventions on the minimum age for the employment of children are observed. This includes that children under 15 years of age, as well as children who are required to attend school according to national law, may not be employed. If children are found at work, corrective measures must be taken and documented and the children must be allowed to attend school. For workers under the age of 18, special rules must be followed to protect the health, safety and morals of minors.

#### **Fair remuneration & working time**

National laws and regulations on working hours and rest periods, wages and salaries, and employer benefits are complied with. Employees' working time (including overtime) is remunerated according to the statutory minimum wage or the minimum standard customary in the sector (if this is higher than the minimum wage). It is ensured that all employees receive clear, detailed and regular written information on the composition of their remuneration.

#### **Prohibition of discrimination / promotion of diversity, equal opportunities and inclusion**

Employees must not be discriminated against on the basis of gender, national, ethnic or social origin, skin colour, disability, health status, political conviction, ideology, religion, age or sexual orientation. At the same time, diversity and equal opportunities should be promoted as best as possible, for example in the form of certifications, employee training or self-imposed diversity goals.

#### **Health protection / safety at the workplace**

The statutory provisions on occupational health and safety must be complied with. All employees must be guaranteed a safe and healthy working environment. In addition, PALM expects the introduction and continuous further development of functioning occupational safety systems. This includes the development and implementation of necessary preventive measures to reduce occupational accidents and occupational safety hazards to a minimum. Employees are also regularly informed and trained about applicable health and safety standards and measures in the field of occupational safety.



### **Freedom of association**

Workers have the right to organise, bargain collectively and strike. Workers shall not be discriminated against on the basis of forming, joining or being a member of such an organisation. Workers' representatives shall be granted free access to the workplaces of their colleagues.

### **Preservation of the natural resources**

Harmful soil changes, water and air pollution, noise emissions, as well as excessive water consumption are to be refrained from if this harms the health of persons, significantly impairs the natural basis for the production of food or prevents the access of persons to safe drinking water or sanitary facilities.

### **Whistleblower Portal & Grievance Mechanism**

PALM has set up a whistleblower portal. Suspected cases of wrongdoing and misconduct in the company and in the supply chain can be reported via this reporting centre. PALM expects its business partners to inform their employees in an appropriate manner about the PALM whistleblower portal or to set up their own confidential reporting points. Link to the PALM whistleblower portal: <https://www.palm.de/en/notice-guideline.html>

### **Handling of conflict minerals**

For minerals and raw materials from conflict and high-risk areas, including tin, tungsten, tantalum, gold and cobalt, processes must be established that are in line with the corresponding guidelines of the Organisation for Economic Co-operation and Development (OECD). These requirements apply to all suppliers and subcontractors in the supply chain and must be passed on accordingly.

## 2.2 Environmental responsibility

### **Handling raw materials and natural resources**

PALM expects its business partners to handle resources responsibly: The use and consumption of raw, auxiliary and operating materials must be reduced to the necessary minimum, as must the generation of waste.

### **Handling energy consumption**

Energy consumption shall be monitored and documented. Economic solutions must be found to improve energy efficiency and minimise energy consumption.

### **Treatment and discharge of industrial waste water**

Wastewater from operations, manufacturing processes and sanitary facilities should be typed, monitored, inspected and, if necessary, treated before discharge or disposal. In addition, measures should be introduced to reduce the generation of wastewater.



### **Biodiversity protection / deforestation-free supply chains**

PALM is committed to the protection and preservation of natural ecosystems and biodiversity. We expect the same from our suppliers, service providers and other business partners. Deforestation or forest degradation in the supply chain must be stopped.

PALM is committed to fully complying with the requirements of the EU Regulation on Deforestation-Free Supply Chains (2023/1115), which came into force on 30 June 2023, within the set implementation period. Already today, all the papers we use are certified according to the valid FSC and PEFC standards and thus fulfil the criteria of sustainable forestry.

### **Handling waste and hazardous materials**

Waste shall be collected separately and disposed of or recycled responsibly and in accordance with legal requirements. Chemicals or other materials that pose a hazard if released into the environment shall be identified and handled in a manner that ensures safety during their handling, transport, storage, use, recycling or reuse and disposal.

### **Handling emissions**

General emissions from operations (air and noise emissions) and greenhouse gas emissions shall be typified, routinely monitored, verified and, if necessary, treated prior to their release. PALM business partners are required to find economic solutions to minimise any emissions

## 2.3 Ethical Business Conduct / Governance

### **Fair competition**

PALM expects that the standards of fair business, fair advertising and fair competition are observed and that the applicable antitrust laws are applied. Agreements and other activities that influence prices or conditions and thus lead to unfair competition are prohibited.

### **Confidentiality/data protection**

The laws on data protection and information security and official regulations must be observed when collecting, storing, processing, transmitting and forwarding personal information.

### **Intellectual property**

Intellectual property rights shall be respected; technology and know-how transfers shall be made in a way that protects intellectual property rights and customer information.

### **Integrity/Bribery, Taking Advantage**

PALM does not tolerate bribery, corruption, extortion and embezzlement in any form and expects the same from its business partners. Compliance with anti-corruption laws must be ensured at all times. PALM employees are prohibited from accepting gifts, invitations or gratuities from suppliers or business partners, unless these are of minor value.