



# PALM Principles and Guidelines for Sustainable Procurement

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

1.	CODE OF CONDUCT .....	2
1.1	<i>Code of Conduct of the PALM Group</i> .....	2
1.2	<i>Compliance with the Code</i> .....	2
2.	OUR REQUIREMENTS FOR EMPLOYEES, SUPPLIERS, SERVICE PROVIDERS AND OTHER BUSINESS PARTNERS .....	3
2.1	<i>Ecological responsibility</i> .....	3
2.2	<i>Social responsibility</i> .....	4
2.3	<i>Ethical business behaviour/governance</i> .....	6
3.	COMPLIANCE WITH THE LKSG/REMEDIATION CONCEPT/REMEDIATION MEASURES/AUDIT RIGHTS .....	7
3.1	<i>Duty to provide support</i> .....	7
3.2	<i>Audit rights</i> .....	7
3.3	<i>Development and implementation of a concept to end or minimise a breach of relevant duties</i> ....	7



## 1. Code of Conduct

### 1.1 Code of Conduct of the PALM Group

The **PALM Group**<sup>1</sup> is committed to ecologically and socially responsible corporate governance. 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 and international laws and regulations in the countries of the PALM Group, such as

- the German Supply Chain Due Diligence Act (LkSG)
- the Modern Slavery Act 2015
- the Data Protection Act 2018
- the UK GDPR
- the German Whistleblower Protection Act (HinSchG)
- the Employment Rights Act 1996, incl. Whistleblowers Rights
- the Equality Act 2010

The Code is also based on international conventions such as

- the United Nation's Universal Declaration of Human Rights
- the Children's Rights and Business Principles
- the United Nation's Guiding Principles on Business and Human Rights
- the OECD Guidelines for Multinational Enterprises
- the international labour standards of the International Labour Organization – ILO, in particular the International Labour Organization Convention No. 138 concerning the minimum age for admission to employment and No. 182 concerning the prohibition and immediate action for the elimination of the worst forms of child labour
- the United Nation's Convention on the Elimination of All Forms of Discrimination Against Women

### 1.2 Compliance with the Code

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, sub-contractors and business partners also comply with the principles of this Code. Should laws and regulations apply in individual countries in which the business partner operates that deviate from the requirements of the Code, the stricter requirements in each case shall be complied with, unless compliance with this Code would result in a violation of mandatory law.

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.

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

### 2.1 Ecological responsibility

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

PALM expects the responsible use of resources: The use and consumption of raw, auxiliary and operating materials shall be reduced to the necessary minimum, as shall the generation of waste.

#### **Handling energy consumption**

Energy consumption shall be monitored and documented. Economic solutions shall 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 must be sorted into types, monitored, inspected and, if necessary, treated prior to discharge or disposal. In addition, measures should be introduced to reduce the generation of wastewater.

#### **Decarbonisation**

PALM has made a commitment to the Science Based Target initiative (SBTi) to meet the 1.5 degree target in accordance with the Paris Agreement. PALM expects our suppliers and other business partners to at least commit to the European Union's climate targets by 2045. This also includes transparent disclosure with regard to our own emissions and the upstream supply chain.

#### **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<sup>th</sup> June 2023, within the set implementation period. All the papers we use are already 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 transport, storage, use, recycling or reuse and disposal.

The following international conventions form the basis for this:

- The **Minamata Convention** to protect human health and the environment from the anthropogenic effects of mercury and mercury compounds.
- The **Stockholm Convention** (POPs Convention) for the protection of human health and the environment from persistent organic pollutants.
- The **Basel Convention** on Transboundary Movements of Hazardous Wastes and their Disposal.

The PALM companies Palm Recycling GmbH & Co. KG and Palm Power GmbH & Co. KG are certified specialised waste management companies in accordance with the German Ordinance on Specialised Waste Management Companies (EfbV). All waste management companies operating at PALM's German sites must provide proof of valid certification as a specialised waste management company.

### **Handling emissions**

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

## **2.2 Social responsibility**

### **Prohibition of forced labour**

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 shall be 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, remedial 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 and working time**

National laws and regulations on working hours and rest periods, wages and salaries, and employer benefits shall be complied with. Employees' working time (including overtime) shall be remunerated according to the statutory minimum wage or the minimum standard customary in the sector (if this is higher than the minimum wage). It shall be 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.

With regard to women's rights, PALM follows the principles of the 1979 UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and is committed to the elimination of all forms of discrimination against women.

#### **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 developing and implementing the necessary preventive measures to avoid accidents at work and occupational safety hazards. Employees are also regularly informed and trained about applicable health and safety standards and measures in the field of occupational safety.

#### **Assignment or use of security staff**

Corporate due diligence obligations to prevent human rights violations in supply chains must be complied with. Companies must prevent security staff acting on their behalf from injuring life or limb, using torture or cruel, inhuman or degrading treatment or violating the freedom of association and union (Section 2(2) No. 11 German Supply Chain Duty of Care Act, LkSG). Compliance with the legal framework and the protection of human rights must be taken into account when drafting contracts. In addition, companies must ensure that security staff are appropriately instructed and that they monitor compliance with human rights-related requirements. Before assigning or utilising security staff, companies must check them for known human rights violations in the past.

#### **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 natural resources**

Harmful soil changes, water and air pollution, noise emissions, as well as excessive water consumption are to be avoided 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 and 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 PALM suppliers and sub-contractors. PALM's business partners are obliged to pass on these requirements in the supply chain accordingly.

## **2.3 Ethical business behaviour/governance**

### **Fair competition/ban on cartels**

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. Any anti-competitive behaviour relevant to antitrust law must be avoided.

### **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 expertise transfers shall be made in a way that protects intellectual property rights and customer information.

### **Integrity/bribery, anti-corruption and prohibition of 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.

### **Export controls, customs and taxes**

PALM is aware of its social responsibility in the fulfilment of its tax and customs obligations. Tax returns and declarations are prepared truthfully and all dutiable goods are properly cleared through customs. PALM also complies with all national and international regulations that restrict or prohibit the import, export or domestic trade of goods, technologies or services. We expect the same from our suppliers.

### **Money laundering**

PALM does not tolerate money laundering and is committed to strict compliance with all anti-money laundering laws. We do not accept suspicious forms of payment or other transactions that may indicate money laundering. We also expect this from our suppliers.

## **3. Compliance with the LkSG/remedial concept/remedial measures/audit rights**

PALM falls within the scope of application of the LkSG and shall comply with the due diligence obligations incumbent on PALM with regard to the supply chains in an appropriate manner.

### **3.1 Duty to provide support**

The business partners shall support PALM in the fulfilment of the obligations arising from this Code and the LkSG to the extent possible, necessary and reasonable; in particular, the business partners shall support PALM in the implementation, updating and review of the effectiveness of preventive and remedial measures and, subject to any confidentiality obligations, shall provide PALM with the necessary information. The business partners shall assist in checking the plausibility of reports and enquiries from the competent authority to PALM.

### **3.2 Audit rights**

If PALM discovers that a business partner has breached an obligation under this Code, in particular the LkSG, in its supply chain or obtains substantiated knowledge of such a breach, PALM is entitled, after giving reasonable prior notice, to carry out audits and inspections at the business partner's premises in order to verify the breach and any preventive and remedial measures ("**Audit Right**"). The business partner shall cooperate with PALM. The business partner shall also agree suitable Audit Rights with its contractual partners along the supply chain and, where possible and reasonable, involve PALM as an authorised third party.

### **3.3 Development and implementation of a concept to end or minimise a breach of relevant duties**

If the breach of obligations under this Code, in particular the LkSG, cannot be ended in the foreseeable future due to its type or nature, PALM and the business partner concerned shall jointly agree on and implement a concept of measures in accordance with Section 7(2) No. 1 LkSG and a plan to end or minimise the breach ("**Concept**"). The Concept should clearly state the remedial measures to be taken



by both PALM and the business partner concerned to end or minimise the breach and include a specific timetable. If the business partner refuses to cooperate in the development or implementation of the Concept without objective reason despite prior request, PALM shall be entitled to temporarily suspend the business relationship with the business partner concerned (temporary suspension) until a concept for risk minimisation has been agreed and implemented, without the suspension of the business relationship constituting a breach of duty on the part of PALM. In all other respects, the rights and obligations of the parties remain unaffected.

Papierfabrik Palm GmbH & Co. KG

A handwritten signature in blue ink, appearing to read 'M. Palm', is positioned above the printed name.

Dr Marina Palm  
Managing Director



<sup>1</sup> Palm Group company to which this consent applies:

1. Wellpappe Alzenau GmbH & Co. KG
2. Brenner Verpackung GmbH & Co. KG
3. Cartiera Palm Srl
4. Europack GmbH
5. Eurowell GmbH
6. Emil Stahl GmbH & Co. KG
7. John Hargreaves (Collyhurst and Stalybridge) Ltd.
8. Wellpappe Forchheim GmbH & Co. KG
9. Monowell GmbH & Co. KG
10. Nestler Wellpappe GmbH & Co. KG
11. OL Pack S.r.l.
12. Ondulato Lecchese srl
13. Packwell GmbH
14. Packwell GmbH & Co. KG
15. Palm Packaging Cabourg SAS
16. Palm Packaging Mortagne SAS
17. Palm Packaging Saint-Amand SAS
18. Palm Packaging Bilbao S.L.U.
19. Palm Packaging Ovar S.A.
20. Palm Paper Limited
21. Palm Papier sp. z o.o.
22. Palm Recycling Limited
23. Palm Recycling GmbH & Co. KG
24. Papeteries Palm s.a.s.
25. Papierfabrik Palm GmbH & Co. KG
26. PilloPak B.V.
27. REKA GmbH & Co. KG
28. Seyfert GmbH
29. Seyfert Champagne SAS
30. Seyfert Décines SAS
31. Seyfert Forez SAS
32. Seyfert Libercourt SAS
33. Seyfert Provence SAS
34. WellPack AG
35. Wellprint GmbH & Co. KG