

CODE OF CONDUCT (BUSINESS ETHICS PRINCIPLES)

„BALMA” SA Furniture Factory

Dear Employees and Associates,

We are pleased to present to you the Code of Conduct of Furniture Factory "BALMA" SA, which is a fundamental document in our company regarding ethics. It is a collection of our principles, values, and attitudes that guide us daily in both internal and external relationships.

The foundation of this Code is based on the applicable and recognized international standards that define human rights and labor rights. We aim to develop in a responsible and sustainable way, which is why we commit to adhering to the provisions of the Universal Declaration of Human Rights, with the respect for ethical principles being one of our priority areas of concern.

I believe this is the foundation upon which every modern organization should be built, influencing not only its employees but also the business environment, local communities, and the natural environment. It is our collective responsibility to care for the rights, well-being, and development of all these groups.

The principles of ethical conduct apply to all of us equally and are the duty of each one of us. Integrating our values with ethical principles at every stage of designing and manufacturing our furniture enables us not only to create a friendly work environment but also to achieve even better business results.

As the CEO, I am open to dialogue and working together to address emerging challenges. The Employee Council is also at your disposal, serving as an advisory body on the observance of the values and principles presented in our Code of Conduct. The Council members were elected by employees to represent your needs and report any irregularities.

Since the inception of our company, it has been, and continues to be, of utmost importance to me to ensure the safety, stability, and reliability of our business, and to build mutual relationships based on respect and trust.

By establishing the Code of Conduct for Furniture Factory "BALMA" SA, we will continue our sustainable development, taking into account the applicable standards of business ethics and our values.

Thank you for your daily work and contribution to achieving our common goals.

Michał Balcerkiewicz
CEO

Declaration of Ethics in Practice

Ethics is both a heritage and a guiding principle for our Company. As a family-owned business, on the one hand, we strive to base our development and continuous pursuit of modernity on the ongoing search for innovative solutions in management and the use of new technologies. On the other hand, this development would not be possible without cultivating the tradition of entrepreneurship so highly valued in the history of our region. We are convinced that responsible, consistent, and credible conduct in business contributes to the growth of the Company and positively impacts its surroundings.

We are aware of the impact our activities have on society and our responsibility towards various entities connected with the Company's operations. We aim to make decisions and exhibit behaviors that will be perceived as moral and fair. We expect the same attitude from every Employee and Associate, regardless of the form of their cooperation. All of us—the Management Board, Employees, and Associates—are obligated to act in the best interests of the Company.

This document serves as a Code of Conduct and our commitment to acting in accordance with the highest ethical, legal, and cultural standards. It outlines the principles that guide us in our daily business activities. By adhering to these principles, we affirm that Furniture Factory "BALMA" SA is a responsible and reliable Company, rooted in family traditions and our regional heritage. Through our collective efforts, we strengthen the Company's image and achieve a competitive advantage.

As the CEO, I expect that all Employees and Associates will be familiar with this Code of Conduct and will adhere to its principles. It is extremely important that every Employee and Associate understands what the Code entails and what it means in practice. We promote an open culture where everyone can seek clarification of the rules and ask about their application in specific situations. We want instances of ethical violations or actions contrary to the Company's interests to be reported so that we can minimize losses and prevent such situations from occurring in the future.

We are collectively responsible for the success of our Company, and our actions influence that success. Let us ensure that this success is worthy of our brand and the highest trust of our Customers.

What Does Ethics in Action Mean to Us?

Compliance with Regulations

We operate in accordance with the applicable legal regulations. Every Employee is obliged to know the scope of responsibilities of their position and the related regulations, and to comply with them.

Our Company has policies and procedures aimed at minimizing risks associated with our business operations and ensuring that our actions are efficient and effective. All Employees are required to familiarize themselves with the procedures applicable in the Company and their workplace and to adhere to them.

Supervisors have the responsibility to effectively inform Employees about the procedures that apply to them and to provide comprehensive explanations if an Employee raises concerns.

Open Communication

Effective communication supports decision-making and influences the Company's success. Therefore, we ensure efficient and proper information flow and high-quality communication throughout the organization. We communicate openly with the public, ensuring a clear and precise message. At the same time, we take care to professionally represent our Company. For this reason, only authorized individuals may speak on behalf of the Company. The details are described in our Policies, which also serve as attachments and provide further details to this document.

Confidentiality

We expect that all information regarding the Company's operations will be treated as confidential by Employees and Associates, and that they will take all necessary steps to prevent the accidental or, even more so, deliberate disclosure of this information. This particularly applies to commercial plans, procedures and technological processes, marketing plans, research and development, suppliers, customers, the company's finances, copyrights, personal information, and employment conditions. These intangible assets are extremely important for achieving long-term success. Without them, the Company could not grow, and, worse, it would not be considered a credible entity by others, including our clients, contractors, and competitors.

The principle of confidentiality also applies to Employees leaving our Company and Associates who have ended their collaboration with us for various reasons.

Preventing Conflicts of Interest

Employees and Associates are obligated to act in the best interest of the Company. This means there is no tolerance for involvement in activities that are illegal or contrary to the Company's interests, or pursuing personal interests that conflict with the Company's interests through personal or family connections. This includes allowing related Employees to function in direct hierarchical dependency, participating in processes that impact the employment conditions of a related individual, or influencing the selection of a supplier linked to an employee through family or friendship ties, etc. Employees are also prohibited from taking up employment or carrying out tasks for the competition, a client, or a supplier.

Any additional outside employment must be reported to the Employer in accordance with internal labor law. Accepting any offer of future employment, consulting, or management from a contractor, supplier, client, competitor, or business partner constitutes a potential conflict of interest.

Symbolic Gifts

To foster good relationships, we permit the courteous giving and receiving of gifts of small value and in line with customary practices.

The most appropriate form of a gift we give is an approved gift set that refers to our product range, approved by supervisors or the Management Board. Any form of bribery or engaging in corrupt activities is unacceptable, such as giving or accepting money, discounts, coupons, vouchers, commissions, bribes, favorable payment terms, loans, or guarantees by an Employee or their family.

Gifts must not influence the objectivity of business decisions or be considered as business motivation. Care must be taken to ensure that giving or receiving a gift is not misinterpreted or implies any obligation. It is particularly unethical to give or receive gifts during the time of making important business decisions.

Employees and their families should not accept anything that could negatively affect the Company's image. Employees should inform their

supervisor about any gift received or planned to be given. Received gifts may be used by Employees exclusively for business purposes.

Proper Use of Company Resources

The assets and other resources of the Company are provided to Employees to achieve business objectives. We expect our Employees to use the company's resources responsibly and ethically. Occasional and sporadic personal use of these resources is permitted, provided it is agreed upon with the Company; any use of the Company's resources without such agreement will be considered a violation of the law and is prohibited. Additionally, the Company's resources must not be damaged or excessively used. This applies, among other things, to the improper use of company credit cards, computers and the internet, telephones, or company cars. Specific procedures and policies define the rules for their use. The use of the Company's resources must not conflict with the work time of the Employee or others.

Employees are prohibited from using the Company's assets, information, or their position to gain unauthorized personal benefits or to compete with the Company.

Proper Handling of Inventions and Intellectual Property

Employees are required to disclose any inventions made during their employment at the Company. Such inventions may result from the performance of standard job duties or the fact of being employed by our Company. To the extent permitted by law, the Company has a free and exclusive ownership right to use such inventions.

Appropriate Relations with Authorities

We communicate openly and honestly with representatives of the authorities while ensuring that the legal interests of the Company are duly protected. If an Employee has doubts regarding this communication, they should immediately consult with their superiors and the legal department unless otherwise required by law.

Offering illegal benefits to authorities or donations to political parties is always prohibited.

Accurate Reporting and Documentation

We adhere to the principle of transparency in all forms of reporting. Reports and information submitted to regulatory bodies and other government institutions must be complete and not misleading. All reporting and financial record-keeping must accurately reflect actual income and expenses in accordance with applicable laws and accounting standards. We accurately document transactions and significant events, and we archive documentation according to the rules specified in a separate policy. Uncontrolled destruction of documents is unacceptable.

Caring for the Image

We expect honesty, openness, and courtesy from all Employees and Associates. To protect the Company's interests and image, we require ethical behavior and respect for dignity and human rights in relations with Employees, business partners, and local communities. It is important for Employees to be aware that they represent the Company in contacts with the external environment, during regular work, and in various social situations in their private time, and they must constantly take care of its reputation.

Communication and Teamwork

We believe that two-way, open, reliable, and honest communication enhances work efficiency and Employee engagement. This also applies to fair and accurate feedback regarding work results and attitudes presented. We are convinced that working together as one team allows us to most fully achieve the Company's goals. It is unacceptable to act in a way that aims to achieve the particular interests of only one Employee or group of Employees. We strive to build high-quality cooperation within the team, department, and between departments through aligned goals, creating positive relationships, and ensuring high-quality communication.

Employment Conditions

We compensate our Employees fairly and openly communicate the principles of determining pay levels and granting benefits. We never, in any form, even indirectly, use forced labor. Young workers may perform work only within the scope provided by applicable laws.

Occupational Safety and Hygiene

We strive to eliminate workplace accidents completely. We ensure that the workplace is safe, healthy, and clean. We inform Employees, subcontractors, and guests about the safety rules in force at our Company and require them to adhere to these rules. All cases of potential threats and dangerous situations that may lead to accidents must be reported to the supervisor immediately and without fail.

Equal Opportunities and Individual Development

The conditions for employment and promotion of Employees are based on meeting the requirements of the position without discrimination based on gender, age, sexual orientation, race, religion, marital status, or physical ability, which does not affect the performance of the job. We care about fair treatment of Employees and good workplace relationships. Any form of favoritism towards colleagues and subordinates is unacceptable.

We do not tolerate cases of sexual, physical, or psychological harassment of Employees. We respect the right to create, join, and organize Employees. Individual Employee development contributes to the Company's success. We create conditions in which Employees can realize their professional potential. We value diversity and differences. The experiences and backgrounds of Employees from different environments enrich the culture of our Company and support its success.

Ethics in Customer Relations

Products and Their Development

When offering products that others use, it is essential to ensure their quality. This applies to the entire process of their creation—from procurement through production to marketing, logistics, and customer service. In developing and improving our products, we consider the well-being and safety of our Customers and end-users. We study their needs to deliver products that meet their expectations.

Responsible Marketing

We promote our products in an honest way. Our products are clearly labeled and meet legal requirements, including safety and hygiene

standards. Our packaging includes information that allows for conscious and reasonable use of our products. We conduct marketing, advertising, and promotions, as well as other ways of communicating with the public, with regard to cultural norms and legal regulations, in a way that supports a sustainable lifestyle and, where possible, considering the specifics of the product, protects and considers the needs of disabled persons. Our communications to Customers and users are clear, unambiguous, and not misleading. We comply with the applicable law, including the Act on Competition and Consumer Protection.

Ethics in Relations with Contractors, Suppliers, and Business Partners

We conduct our business in an honest, ethical manner, respecting the rights and interests of our contractors. We select them based solely on objective criteria. We expect that our relationships with business partners, suppliers, and customers will be mutually beneficial. When establishing and maintaining business relationships, we comply with competition protection laws and regulations, and we expect the same from them—fair and free competition. We ensure that they are not engaged in activities contrary to these rules or related to unfair competition. We deliver what we commit to, and we expect the same from the companies we collaborate with. We support open and honest communication and cooperation based on trust. We are convinced that the development of our contractors contributes to the success of our company, so we strive to support this development. It is unacceptable to violate the property or other resources of customers, suppliers, or business partners in any way.

Ethics in Relations with Competition

We advocate free, open competition. We will compete assertively but fairly and ethically, complying with all regulations and rules of protection and competition principles.

All Employees should be aware that breaking the rules of fair competition and violating legal regulations, especially the Act on Combating Unfair Competition or the Act on Competition and Consumer Protection, involves significant risks for the Company, including a ban on advertising, and if revealed, could lead to the Company's bankruptcy.

We strive to ensure that our business goals are ambitious but realistic and achievable for Employees. Excessive pressure or encouraging employees to engage in unethical sales practices is unacceptable.

In relations with competition, we take care of the Company's image through appropriate attitudes and behavior. It is unacceptable to violate the property or other resources of competing companies in any way.

Actions for Local Communities and the Environment

We are part of the life of local communities and are interested in their development. We support good relations with our neighbors and strive to respond to their needs with the highest sense of social awareness. Therefore, we encourage and support the efforts of our Employees and Associates in developing the communities in which they live and work.

We ensure transparent communication, especially in situations that may affect the well-being of the Company's neighborhood. We are aware of our responsibility for the environment, which we have a direct impact on. We undertake initiatives that reduce this impact and build awareness and engage Employees to take active action in this area.

We are a joint-stock company. This entails specific obligations towards shareholders—long-term protection of the Company's value and generating profits at a level attractive to the owners. We communicate openly with our owners, reliably reporting data regarding the Company and its condition. In our mutual relations, we build knowledge and understanding of the Company's and our Employees' needs to improve operations and utilize Employee activities for the benefit of the shareholders, as well as shareholder opportunities for the Company's pro-employee development.

Code of Ethics in Practice

The Code of Conduct of Furniture Factory "BALMA" SA applies to all Company Employees, as well as its suppliers, customers, and other associates. We expect all Employees to conduct business in accordance with ethical principles. Non-compliance with the standards set forth in this Code will result in disciplinary measures, including termination of employment. It may also necessitate notifying the appropriate authorities to take actions prescribed by law.

The Code of Conduct cannot predict all possible situations and issues. Therefore, everyone is obliged to apply the principles defined in this document according to the best judgment of the events that have occurred. Referring to this Code of Conduct is intended to support Employees in communication with business partners, especially in difficult,

ambiguous situations. Employees can also correct each other's conduct by drawing attention and referring to this document. If there are interpretative doubts related to the application of the principles defined in the Code, they should be reported to the supervisor or directly to the Management Board.

If there are any doubts, justified suspicions, or knowledge of a violation of the law related to work or a breach of these principles, the Employee is obligated to take at least one of the following actions, which in the Employee's opinion will effectively solve the problem:

Notify the supervisor

Contact the Legal or HR Department

Contact the Management Board

Send a notification to: zglos@balma.pl

The conclusions and principles of conduct—unless they would reveal the identity of the whistleblower—will be communicated to Employees to shape correct attitudes and indicate the appropriate way of behaving in similar situations. We will make every effort to protect the identity of individuals who share their concerns with us. Attempts to prevent Employees from expressing such concerns will be treated as a serious disciplinary offense.

It is both the duty and the right of Employees to know and comply with these principles. We will make every effort to ensure that every Employee understands what the Code of Conduct entails and what it means in practice.

The development of individual issues discussed in this document, and thus its integral part, are the following Policies:

Anti-Corruption Policy

Sustainable Development Policy

Human Rights Policy

Supplier Code of Conduct

Anti-Mobbing and Anti-Discrimination Policy

Tarnowo Podgórne, August 1, 2024

Michał Balcerkiewicz – CEO