

# **CODE OF CONDUCT FOR SUPPLIERS AND PARTNERS**

„BALMA” SA Furniture Factory

## Introduction

The Code of Conduct for Suppliers and Partners of the "BALMA" Furniture Factory SA (the "Code") sets out the expectations of the "BALMA" Furniture Factory SA ("BALMA") regarding the way its suppliers and business partners conduct their current and future business activities.

All suppliers of goods and services to BALMA are expected to be familiar with and adhere to the provisions of the Code, including compliance guidelines, business policies and practices, as well as ensuring communication and enforcement of the Code within their own organisation and supply chain, including with subcontractors.

Suppliers should act in accordance with the principles of professional integrity and in a manner that demonstrates commitment to legal, ethical, safe, fair, and environmentally responsible business practices.

BALMA seeks to collaborate with suppliers who conduct their business in compliance with all applicable environmental protection regulations and who are capable of efficiently and effectively utilising their natural resources. BALMA believes in an inclusive culture and does not tolerate any form of discrimination. We expect our suppliers to be fully committed to implementing policies of social inclusion, particularly equal employment and diversity principles in the workplace.

Suppliers are required to acquaint themselves with the requirements of this Code, to act in accordance with the expectations outlined within, and to ensure, as a minimum, compliance with all applicable laws, rules, regulations, and standards within the geographic area of their operations. In cases where there are discrepancies between the standards described in this Code and local legal requirements, suppliers are obliged to adhere to these standards within the framework of applicable local law. Suppliers must be open to cooperation with regulatory bodies and comply with jurisdictional requirements. This document provides a summary of BALMA's expectations of suppliers, subcontractors, collaborators, and employees.

## Suppliers and Partners Code of Conduct

### 1. Ethical Business Practices

BALMA is committed to conducting its business operations in accordance with the highest ethical standards and all applicable laws, rules, and regulations. We expect our suppliers to adopt and implement these same principles and to develop appropriate strategies and programmes to ensure that these standards are understood and respected by their employees.

#### 1.a. Anti-Bribery and Anti-Corruption

BALMA has a zero-tolerance policy towards bribery and corruption involving employees, suppliers, representatives, and other business partners, as described in the ANTI-CORRUPTION POLICY, which is Annex No. 1 to the Code of Conduct of Fabryka Mebli “BALMA” SA.

We expect our suppliers and partners to fully comply with all applicable anti-bribery and anti-corruption laws, including international and Polish laws. In this regard, BALMA expects suppliers (and other third parties acting on behalf of or for the benefit of suppliers, including intermediaries, agents, and business partners) to always act in accordance with the ANTI-CORRUPTION POLICY and this Code, maintain appropriate policies and procedures, and include anti-bribery provisions in their contracts. Suppliers must not, corruptly or otherwise, offer, provide, pay, authorise, promise, solicit, or receive any financial advantage, directly or indirectly, to obtain or retain business or an improper business advantage, or to induce, reward, or support the improper performance of a relevant function or activity. Suppliers are prohibited from making or offering illegal or inappropriate payments, including so-called "facilitation payments," which are payments made to public officials (including individuals holding public office or employees of governments or government-owned or controlled entities) to expedite or secure the performance of routine, non-discretionary governmental actions.

Bribes may take the form of "any financial advantage," such as improper payments, cash, or illegal commissions, or other direct or indirect inducements, benefits, or advantages (such as inappropriate gifts, meals, travel, entertainment, charitable donations, political contributions, and offers of employment or internships). Any financial advantage may also include dishonest payments made under the guise of legitimate payments for goods or services.

### **1.b. Gifts, Travel, and Entertainment**

Suppliers must not give extravagant or inappropriate gifts, fees, favours, benefits, or any other form of compensation, including travel and entertainment, which are intended to influence a business decision or could be perceived as such. Offering gifts, travel, and entertainment can create an improper obligation, expectation, or impression of improper exchange. It may also pose issues, even if no actual benefit is ultimately given.

### **1.c. Conflicts of Interest**

Suppliers must avoid inappropriate situations and conflicts of interest, including apparent conflicts. A conflict of interest may arise when a supplier is involved in activities that have, or could have, an impact on impartiality.

### **1.d. Confidentiality, Privacy, and Data Protection**

Suppliers are expected to protect confidential information. Suppliers must implement and maintain appropriate technical and organisational measures and processes to ensure the protection of personal data, as well as confidential and proprietary information, including information they access, receive, or process on behalf of BALMA.

Suppliers must be aware that the unauthorised use or disclosure of such information can lead to personal, legal, reputational, and financial consequences for the supplier, the individuals to whom the personal data pertains, and BALMA.

Additionally, suppliers are required to comply with all applicable laws and regulations related to privacy, data protection, and information security.

### **1.e. Grievance Mechanism**

We expect our suppliers to implement a process that allows employees to report workplace or process-related irregularities without fear of negative consequences. This grievance mechanism should be transparent and understandable to employees and should provide appropriate protection for those reporting irregularities.

### **1.f. Responsible Mineral Sourcing Policy**

Suppliers who provide products containing minerals from conflict-affected and high-risk areas, including tantalum, columbite-tantalite (also known as coltan), tin, cassiterite, wolframite, tungsten, or gold, collectively referred to as "conflict minerals," must ensure that they do not use conflict minerals in any products they manufacture or commission, and that the sourcing of any minerals they use does not directly or indirectly contribute to armed conflict, including the financing of terrorism or human rights violations. We expect that mineral sourcing practices will comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

### **1.g. Prevention of Tax Evasion and Facilitation of Tax Evasion**

BALMA has zero tolerance for unlawful tax evasion or the facilitation of unlawful tax evasion. Suppliers must not, directly or indirectly, engage in or facilitate others in engaging in deliberate and dishonest avoidance of transferring funds to a tax authority. We also expect suppliers to require the same from their agents, subcontractors, intermediaries, and employees by adopting, maintaining, and implementing appropriate processes to prevent such conduct.

## **2. Employee Rights and Human Rights**

BALMA recognises its responsibility to protect human rights. Examples of these rights are outlined in recognised international standards, including the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the Fundamental Conventions of the International Labour Organization (ILO). BALMA's stance on this matter is reflected in our HUMAN RIGHTS POLICY, which is Annex No. 4 to the Code of Conduct of Fabryka Mebli "BALMA" SA, as well as in the context of BALMA's actions wherever business operations are conducted.

We expect our suppliers to implement similar policies and practices in this regard, applicable to all employees, suppliers, and their supply chains, including migrant and temporary workers, concerning the following thematic areas (a) to (h):

## **2.a. Wages and Benefits**

Suppliers must provide wages and employee benefits at levels that meet or exceed the requirements of applicable laws. Additionally, suppliers are strongly encouraged to commit to providing a living wage, which may be higher than the legally required minimum wage. As a minimum, suppliers should pay their employees regularly and on time, at the level of the legally mandated minimum wage, the prevailing industry rate, or the rate agreed upon in collective bargaining agreements, whichever is higher. Any other mandatory benefits under the law must be provided in compliance with applicable regulations, including, but not limited to, paid leave, pension contributions, mandatory insurance, health benefits, maternity leave, parental leave, caregiver leave, and childcare benefits, as applicable. All overtime work should be performed and compensated in accordance with legal requirements and the terms of the employment contract or other relevant agreement or collective bargaining agreement.

## **2.b. Working Hours**

Employees should not be required to work beyond the legally defined limits on working hours, overtime hours, and the number of working days per week. Employees must be granted and appropriately compensated for all legally entitled paid leave, including, for example, holidays, maternity/parental leave, caregiver leave, and sick leave.

## **2.c. Slavery, Forced Labour, and Human Trafficking**

BALMA has zero tolerance for slavery, forced labour, or human trafficking in any form and will not knowingly engage with any supplier involved in or tolerating such practices among their subcontractors.

We expect our suppliers to fully comply with all applicable laws regarding slavery, forced labour, and human trafficking.

All work must be performed under and in accordance with agreements entered into voluntarily. Suppliers must not benefit from any form of involuntary labour, including prison labour, debt bondage, or forced labour imposed by state authorities. Suppliers must not engage in practices associated with forced labour.

These practices, as identified by the International Labour Organization (ILO), include withholding wages, retaining identity documents, and restricting freedom of movement.

Suppliers should implement mechanisms to ensure that workers are not exploited by external service providers, such as recruitment agencies or labour brokers. These mechanisms include setting limits on or eliminating recruitment fees paid by workers, signing contracts with workers in their native language or another language they can understand, and eliminating deposits paid by workers to suppliers or labour brokers to secure employment.

Additionally, suppliers must not engage in or support human trafficking. It is also recommended that suppliers implement appropriate due diligence mechanisms to ensure that no human trafficking occurs within their extended supply chains.

## **2.d. Child Labour**

Suppliers must not use child labour illegally and should take necessary preventive measures to ensure that no individuals below the applicable legal minimum age are employed. These measures may include age verification systems, training for managers, and communication with subcontractors and suppliers on child labour issues. BALMA fully supports the provisions of ILO Conventions 138 and 182, as well as the UN Convention on the Rights of the Child, and adheres to these provisions. The term "child" refers to anyone under the age of 15 (or 14 where national laws permit), below the age of completion of compulsory education, or below the minimum age of employment in the country, whichever is higher.

When employing workers over the age of 14 (or 13 where national laws permit) but under the age of 18, suppliers must ensure that the employment relationship complies with applicable laws and provides appropriate protection against any factors that could negatively affect the health and safety of young workers.

## **2.e. Freedom of Association and Collective Bargaining**

We expect suppliers to respect employees' rights to freedom of association to the extent that meets or exceeds the requirements of applicable local laws.

## **2.f. Respect for Rights, Mutual Acceptance, and Non-Discrimination**

Employees must always be treated with respect and dignity.

We expect suppliers to comply with all applicable laws regarding non-discrimination in recruitment and employment.

We expect suppliers to create a workplace free from discrimination, harassment, victimisation, and any other inappropriate behaviour or abuse on any grounds, particularly regarding age, disability, social or ethnic origin, gender, gender identity, nationality, race, sexual orientation, marital status, parental status, pregnancy, political views, religious beliefs, or union affiliation.

We expect suppliers to ensure a working environment free from harassment, violence, and abuse (whether physical or verbal) at all times.

## **2.g. Safe and Healthy Working Environment**

Suppliers should provide a safe and healthy working environment to minimise safety and health risks, support accident prevention efforts, and strive to ensure occupational safety and hygiene for all staff members and others affected by their operations.

Suppliers are required, and should also require their subcontractors, to comply with all applicable occupational health and safety laws and regulations in the

jurisdictions where they operate, and to provide employees with free access to appropriate personal protective equipment.

## **2.h. Sanitation, Water, and Accommodation**

Suppliers must ensure that employees have easy access to clean sanitary facilities and drinking water. Where suppliers provide accommodation for employees, it must be maintained in a clean and safe condition, with appropriate emergency exits, fire safety systems, access to hot baths and showers, adequate heating and ventilation, and reasonable rights for entering and leaving the building.

## **3. Diversity, Equity, and Inclusion**

BALMA believes that diversity, equity, and inclusion are both social and economic imperatives. Therefore, we expect suppliers to reflect this commitment in their own operations and workforce, as well as throughout their supply chains.

### **3.a. Workplace Diversity and Inclusion**

Suppliers and their subcontractors are expected to promote equal opportunities in the workplace. Suppliers are also required to take proactive measures to foster a work environment free from discrimination and harassment.

### **3.b. Supplier Diversity**

Creating an inclusive supply chain is important to BALMA. Suppliers should make reasonable efforts to provide opportunities for a full spectrum of companies—based on ownership structure (e.g., owned by people with disabilities, ethnic minorities, women), size (e.g., small businesses), or the nature of the enterprise (e.g., socially responsible businesses)—to compete on fair and equal terms.

## **4. Environmental Management**

Environmental management is a key aspect of BALMA's operations, as reflected in the SUSTAINABLE DEVELOPMENT POLICY, which is Appendix No. 2 to the Code of Conduct of Fabryka Mebli “BALMA” SA.

We encourage suppliers to make similar efforts to protect the environment, appropriate to their operations and in line with local and global industry best practices. This includes implementing processes to identify and manage risks and opportunities related to climate change and environmental performance. Where relevant to the size and nature of the suppliers' operations, they should address environmental impacts arising from their activities, including raw material and energy consumption, greenhouse gas emissions, water usage, waste disposal, air quality, and biodiversity.

### **4.a. Energy and Emissions**

We encourage our suppliers to monitor, manage, and reduce the environmental impact of their operations and adopted strategies, including those of their

sub-suppliers. Wherever feasible, suppliers should take steps to mitigate climate impact in their business strategies and resilience plans, including by setting greenhouse gas emissions reduction targets, selecting energy-efficient products and services, utilising smart building technology, and, where appropriate, implementing other initiatives. We encourage suppliers to disclose, upon BALMA's request, their energy management and greenhouse gas emissions policies and related performance data.

#### **4.b. Water**

We encourage suppliers to implement systems for water conservation, reduction of usage, and reuse within their operations. Suppliers are also encouraged to manage water resources in a way that ensures their activities do not prevent access to sufficient quantities of safe water, sanitation, and hygiene for all nearby communities, both upstream and downstream of the suppliers' facilities.

#### **4.c. Waste**

We encourage suppliers to take specific actions aimed at minimizing or eliminating waste within their own operations and those of their sub-suppliers. All waste, especially hazardous waste, must be managed responsibly. Chemicals and other materials that pose a risk if released into the environment should be identified and controlled to ensure they are handled, transferred, stored, recycled, reused, or disposed of safely.

All employees handling waste, including hazardous waste, should receive appropriate training on handling such substances and the potential risks associated with improper management or release into the environment.

Suppliers should use only approved transportation and logistics companies with a proven track record in safety, complying with relevant transport laws and following best practices in management.

#### **4.d. Material Restrictions and Handling**

All materials used by suppliers must comply with applicable rules, laws, and regulations regarding the prohibition or restriction of certain substances, ensuring their safe and responsible handling, storage, transfer, reuse, recycling, and disposal.

### **5. Business Continuity, Resilience, and Crisis Preparedness**

We expect suppliers to manage business continuity risks and ensure the availability, continuity, and resilience of critical services during events that threaten continuity.

Depending on the application and nature of their operations, suppliers should have plans in place to ensure their operations and services continue with minimal interruptions in the event of an emergency, crisis, severe weather or other natural disasters, pandemics or epidemics, terrorist acts/security incidents, strikes, labour or resource shortages, system or facility failures or unavailability, power outages,



and/or telecommunications failures or inaccessibility. This is to ensure that there are no significant disruptions to BALMA's operations that could affect the company's reputation. Suppliers will provide these plans upon BALMA's request.

## 6. Management Systems

BALMA encourages its suppliers to implement effective management systems based on the best available techniques and practices to ensure compliance with this Code and continuous performance improvement. Such systems should include processes for identifying and proactively preventing risks related to compliance with the provisions of this Code, as well as processes for continuously monitoring and assessing risk control systems to enable prompt and accurate reporting of any incidents.

Management systems related to the content of this Code may include, for example:

ISO 9001, ISO 14001, ISO 50001, SA 8000, ISO 45001:2018 oraz ISO 22301.

All new and potential suppliers must meet minimum expectations and strive for continuous improvements in their operations in accordance with this Code.

Any facts or circumstances that may potentially result in a supplier's inability to meet the requirements and expectations set forth in this Code must be promptly reported to BALMA management or a BALMA-designated representative responsible for supplier relations.

As part of BALMA's operational practice, we provide various channels for our employees and the public to report concerns related to integrity without fear of retaliation. Any potential integrity concerns, including but not limited to violations of applicable laws, regulations, this Code, or unethical behaviour, should be reported, either anonymously or openly. Any retaliatory actions against a person who in good faith raises concerns are against BALMA's principles and will not be tolerated.

We expect our suppliers to join us in our efforts to increase transparency and accessibility of information. We expect suppliers, upon request, to disclose information and data related to their activities in the areas covered by this Code. BALMA also reserves the right to audit compliance with this Code and other company policies at any time. We expect suppliers, upon request, to disclose information and data related to their activities in the areas covered by this Code to BALMA or other entities.

If it is found that a supplier is violating the requirements outlined in this Code, we expect the supplier to notify BALMA of this fact promptly or at the earliest possible opportunity and to rectify any such violations without delay and with appropriate sensitivity. Failure by the supplier to fulfil this obligation may result in the review or termination of collaboration with our company.

BALMA commits to continuously monitoring and updating the provisions of this Code. As a result, the content of this Code may be modified from time to time. The

latest version of the Code is available here and takes effect from the date of publication.

The provisions of this Code are supplementary and in no way affect or undermine any rights or remedies available to BALMA under agreements signed with individual suppliers, if such agreements exist. In the event of any inconsistency with the requirements set forth in this Code or violation of the agreement provisions, BALMA reserves the right and exclusive discretion to enforce any rights available to it under this Code, any relevant agreements, or local laws and regulations.

Improper enforcement or non-enforcement by BALMA of full implementation and compliance with any provision of this Code shall never and under no circumstances constitute a waiver of its rights under it.

In the event of a conflict or inconsistency between the provisions of this Code and the provisions of any agreements entered into with suppliers, the terms of the agreements shall take precedence.