

## Palsgaard Supplier Code of Conduct

Dear Supplier,

At Palsgaard, our dedication to Corporate Social Responsibility is deeply-rooted. We believe that we are obligated towards society and our stakeholders and that this obligation goes beyond legal obligations.

Palsgaard is a signatory to the United Nation Global Compact (UNGC), and we are committed to promoting the 10 principles of the UNGC in the interaction with our suppliers. Our Supplier Code of Conduct, our company policies including our Code of Conduct are based on the principles of the UNGC as well as our strong corporate culture at Palsgaard - a culture of responsibility and commitment going more than 100 years back. Our corporate culture is expressed in how we approach business ethics:

- *We act as a good corporate citizen*
- *We act respectfully towards the environment, local communities and our stakeholders*
- *We conduct our business in a lawful manner in compliance with anti-trust laws*
- *We see ourselves as a company with high ethical and moral standards and we act accordingly*

We aim at only doing business with honest and committed suppliers and expect from our suppliers to:

- Adhere to applicable laws and regulations in the countries where you operate.
- Treat your employees with dignity and respect.
- Support the local communities and seek to reduce negative impacts that your operations may cause
- Manage your production in an environmentally responsible manner and strive for increased use of renewable energy
- Follow a zero-tolerance policy towards bribery and all other aspects of corruption
- Respect International human rights principles and labour standards such as UN Universal Declaration on Human Rights and International Labour Organisation's Declaration on Fundamental Principles and Rights at work (ILO)

We expect that you have similar expectations towards your suppliers.

### Co-operation with Palsgaard requires

By signing the Palsgaard CSR Supplier Code of Conduct and returning it to us, you commit yourself to striving to comply with the principles of good business conduct described herein. You may at any given time be requested to fill in a CSR Supplier Information Sheet to help us understand your social, environmental and ethical practices as well as be subject to an audit based on the Supplier Code of Conduct. In the event of an audit, this will be agreed upon with you and the date announced.

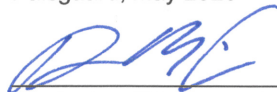
We also expect you to maintain the necessary and relevant documentation to demonstrate compliance with the requirements of the Supplier Code of Conduct at all times. This documentation must be made available to us on our request.

In the event of a non-compliance with our Supplier Code of Conduct, we will through openness and dialogue cooperate with you to effect improvements. As a last resort we may be forced to terminate our relationship.

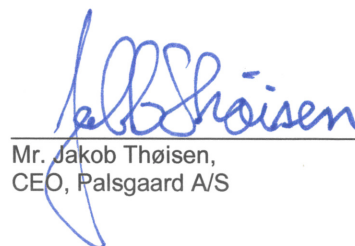
Kindly sign and return the Supplier Code of Conduct to Palsgaard A/S at your earliest convenience and no later than 3 weeks from the day you receive this document as a sign of your acceptance of the principles in Palsgaard Supplier Code of Conduct.

Yours faithfully

Palsgaard, May 2020



Mr. Anders Brix,  
Group CEO, The Schou Foundation



Mr. Jakob Thøisen,  
CEO, Palsgaard A/S

## Palsgaard Supplier Code of Conduct

As a supplier to Palsgaard, I hereby agree to conduct my business according to the following principles for responsible business behaviour that reflect the 10 principles of the United Nation Global Compact (UNGC):

### **Human rights**

We support and respect internationally declared human rights and treat our employees fairly, equally and with respect. We shall make sure not to be complicit in human rights abuses in our business operations. Respecting human rights includes avoiding complicity.

*UNGC 1: Businesses should support and respect the protection of internationally proclaimed human rights*

*UNGC 2: Businesses should make sure they are not complicit in human rights abuses*

### **Wages and working hours**

We agree that wages, benefits, overtime compensation and working hours in our business operations shall at the very least comply with national legislation and agreements.

### **Freedom of association**

We shall uphold the freedom of association and the right to collective bargaining for our employees.

*UNGC 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining*

### **Forced labour**

We agree to eliminate all forms of forced labour such as bonded labour, prison labour, slavery, human trafficking or retention of identification documents of employees in our business operations.

*UNGC 4: Businesses should uphold the elimination of all forms of forced and compulsory labour*

### **Child labour**

We don't accept child labour in our business operations. Every child is to be protected from economic exploitation and from carrying out work that can be considered dangerous, to have a negative effect on the child's education or to be harmful to the child's health or development.

*UNGC 5: Businesses should uphold the effective abolition of child labour*

### **Discrimination**

We don't accept discrimination, threats, oppression or harassment in any form in respect of employment and occupation within our business operations.

*UNGC 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation*

### **Working environment and safety**

We will as a minimum follow and comply with the minimum standards according to local laws and regulation regarding the working environment. Accidents and work-related injuries must be prevented and we are continuously engaged in preventative measures in our business operations.

### **Environment**

We will as a minimum comply with local laws and regulation regarding the environment as well as respect the UNGC principles. We actively work to reduce CO<sub>2</sub> emissions connected to our business operations as well as develop ideas and technologies for more efficient use of resources. We show an overall responsibility to the environment in our business operations.

*UNGC 7: Businesses should support a precautionary approach to environmental challenges*

*UNGC 8: Businesses should undertake initiatives to promote greater environmental responsibility*

*UNGC 9: Businesses should encourage the development and diffusion of environmentally friendly technologies*

### **Business ethics**

We accept that we are obliged to work against all forms of bribery, corruption, cartels and unlawful restrictive trade practices in our business operations.

*UNGC 10: Businesses should work against corruption in all its forms, including extortion and bribery*

For more information on the UN Global Compact, please see <http://www.unglobalcompact.org>

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Company name and stamp

.....  
Signature

.....  
Name and title of signatory

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Date