

Code of conduct for subcontractors and suppliers

1.0 Preface

PalletBiz, hereinafter referred to as "PB" has a leading position in the wood packaging and handling material sector.

PB is structured as a franchise network, with PalletBiz Franchising Kft., Budapest, Hungary being the franchisor that owns the worldwide rights to the PalletBiz name, logo, products, and concepts - as well as franchisee companies doing the manufacturing, distribution and consulting to customers in trade and industry on a global base.

In this, we offer our clients sustainable solutions with the objective of contributing to forest bio diversity, green growth principles, and recognized social responsibility.

2.0 General Conditions

We expect from our subcontractors and suppliers that they comply with the applicable national laws and legislation and abide by the values and principles described in this Code of Conduct (CoC).

In addition, we expect that the values and principles of this code are also declared applicable for companies in the supply chain that deliver goods and services to our subcontractors and suppliers.

Furthermore, subcontractors and suppliers that enter the PB locations are required to comply with the applicable rules and regulations in relation to quality, safety, health, labor and the environment. These rules and regulations shall be made available.

3.0 Code of Conduct

3.1 Professionalism

We expect our subcontractors and suppliers to always fully operate in compliance with the relevant laws and regulations. Subcontractors and suppliers are expected to deliver high quality services and products and are expected to keep a record of transactions in accordance with applicable procedures for traceability, and to handle information carefully. Subcontractors and suppliers are deemed to respect and be committed to the principles and values of PB and to refrain from conduct and actions that may undermine PB's reputation.

3.2 Safety

Subcontractors and suppliers are required to comply with the applicable safety rules and regulations. We expect that they remain aware for our and their own safety, as well as that of others. Subcontractors and suppliers are expected to do their utmost to report unsafe situations and immediately solve them.

3.3 Sustainability

PB expects its subcontractors and suppliers to contribute to environmentally acceptable and energy saving solutions, which we are able to offer to our clients and principals and are able to use in our company operations.

We expect our subcontractors and suppliers to stimulate entrepreneurship as well as innovation and sustainable solutions. Subcontractors and suppliers are expected to know and undertake their responsibility with regard to the environment and surroundings.

3.4 Teamwork

The basis for teamwork is to approach each other in a mutually open and unprejudiced way. Subcontractors and suppliers are expected to seek and use each other's advice and qualities, and successfully co-operate with all parties within the supply chain.

3.5 Transparency

Subcontractors and suppliers are expected to be open and accessible and to communicate in a transparent and clear manner. Commercial transactions, considerations and processes within the supply chain are to be clear and comprehensible.

3.6 Integrity

We expect our subcontractors and suppliers to separate personal interests from business/professional interests and to avoid any appearance of conflicting interest. Presents and gifts from and to internal parties as well as from and to external parties, shall never affect the process of decision making. Subcontractors and suppliers are to handle their business at all times with a clear conscience. Abuse of position shall in no case be acceptable.

PB imposes strict rules with respect to gifts. Our employees do not accept gifts from business partners or prospective business partners that exceed the value of € 50. Employees of PB do not accept or give presents, services or other advantages that would create the appearance of impropriety. Employees of PB never accept or host lavish entertainment, luncheons, or dinners. Whereas PB understands that each business environment has its own culture, it will not overstep the boundaries of customary and generally accepted local hospitality standards.

3.7 Respect

Subcontractors and suppliers are required to create a pleasant working environment in which everyone feels comfortable and is approached free of prejudice and in a respectable manner. In this working environment, everyone needs to be accepted as they are.

3.8 Discrimination

Under no circumstances shall a subcontractor or supplier discriminate or act in a discriminating manner in the process of employing or hiring personnel, equipment and services, including the awarding of compensation, access to education and training, termination of agreements and retirement.

4.0 Specific Regulations

4.1 Conditions of Employment

We expect our subcontractors and suppliers to at least comply with all (local) laws and regulations concerning (monetary) remuneration and working hours including the legal requirements with regard to minimum wages, overtime wages, sick leave, unit rates and other rulings of compensation.

4.2 Working Hours

In general, subcontractors and suppliers are to at least comply with the local employment regulations whereby employees shall not work more than 60 hours a week. Employees and workers shall be entitled to have at least 1 day off in a period of 7 calendar days.

In case of special employment agreements wherein extended working hours with realistic financial compensation have been stated and in which the agreement is in accordance with national and international laws and legislation, the subcontractor and/or supplier may deviate from the working hours

stated in the first paragraph under this clause. However, over a period of 12 weeks an employee or worker shall not be required to work more than 60 hours per week on average.

4.3 Freedom to join Workers Associations, Organizations and Unions

Subcontractors and suppliers shall not restrain workers and employees from joining any form of organizations, unions and workers associations that collectively legally promote the rights of employees and workers in an honest and fair manner.

4.4 Intimidation and Disciplinary measures

Subcontractors and suppliers shall under no circumstances, use, allow or promote any form of corporal punishment, and/or any other form of psychological and physical abuse, punishment of suppression or sexual intimidation.

4.5 Child Labour

Based on fundamental ethical values the use of child labour is not tolerated. We expect our subcontractors and suppliers to ensure that no children under the age of 15 are employed in any way. Moreover, the companies should take into consideration local schooling and educational obligations.

If a subcontractor or supplier should establish child labour in the supply chain, then the subcontractor or supplier should take all the necessary and responsible measures to improve the child's personal situation and health including securing the schooling of the child.

It is the responsibility of subcontractors and suppliers to report child labour to a certified Aid Organisation, and the Local Authorities.

4.6 Forced Labour

Subcontractors and suppliers shall under no circumstances permit the use of forced labour and/or involuntary prison labour on its own sites and premises or in any supply chain.

4.7 Corruption and Bribery

Within the framework of the Integrity paragraph, subcontractors and suppliers shall not, directly nor indirectly, engage into any practices of corruption, including extortion, fraud and/ or bribery.

Subcontractors and suppliers shall comply with all applicable anti-corruption and anti-bribery laws, rules and regulations including the OECD convention on combating bribery of foreign public officials in international business transactions and the UK Bribery Act 2010. Subcontractors and suppliers must indemnify for any breach of such anti-bribery rules and regulations. Subcontractors and suppliers shall make no expenditures other than for lawful purposes. Subcontractors and suppliers shall make no payments, gifts or promises to public officials or principals and representatives of the principal with the purpose of obtaining or retaining business or projects, or to obtain other improper advantage.

Subcontractors and suppliers shall keep clear and transparent records of all expenditure and of hours spent in the execution of the project. Such records are to be available for regular monitoring by PB. In addition, subcontractors and supplier are expected to rule out any of these practices within their supply chain.

4.8 Environment

We expect that the subcontractors and suppliers meet all relevant local environmental regulations, as well as the environmental requirements stated in the purchase orders, agreements, or contracts, and that they strive to restrict and even prevent damage to the environment and surroundings at all time.

5.0 Corporate Social Responsibility

PB assents to the guidelines for Corporate Social Responsibility established by the ILO and OECD organizations. These guidelines are available on www.ilo.org and www.oecd.org respectively.

January, 2017