



Tai Ping Carpets
Global Code of Conduct
2014

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Purpose and Scope

This version of the *Global Code of Conduct* supersedes all earlier provisions and procedures for Tai Ping Group (“the Company”), in regards to the *Global Code of Conduct*. The *Global Code of Conduct* establishes the fundamental principles relating to the Company’s adherence to ethical, respectful, and honest business practices, globally.

The principles in the *Global Code of Conduct* apply to all Company employees in all departments, regions, and functions. Please note that certain regions may have further specific policies to address their business needs.

It is the responsibility of the Employee to know and be in full compliance with the *Global Code of Conduct*. Employees are held accountable for exercising sound business judgment and ethical behavior when applying the *Global Code of Conduct* to specific circumstances.

Any questions concerning the *Global Code of Conduct* should be directed to the Employee’s local Human Resources Department.

INTRODUCTION

Tai Ping, which means, “Great Peace,” in Chinese, was founded in 1956, in Hong Kong. Initially, the company was established to preserve China’s venerable tradition of handmade carpets, and to protect a generation of craftspeople who were fleeing Mainland China. Tai Ping Group has since developed into a multinational company, operating in over three continents, continuously evolving its occupational and social responsibilities.

Tai Ping Group owns and operates its own factories, as well as design ateliers and showrooms. The Company honors its obligation to safeguard the communities in which it operates, and is dedicated to the welfare of its employees, associates, customers, and the Environment. The Company promotes environmental, social, and economic sustainability, and is committed to operating its facilities at a level that meets or exceeds regulatory guidelines.

Tai Ping Group entrusts its employees to uphold and demonstrate the ethical principles and practices in this code of conduct.

1. EMPLOYMENT PRACTICES

- 1.1** The Company is committed to fair and equal employment practices. The Company observes all applicable labor and employment laws wherever we operate and prohibits Company employees from practicing any and all forms of illegal discrimination against any other employee or applicant.
- 1.2** Employment-related decisions that include but are not limited to recruitment, hiring, training, compensation, promotion, and job-performance evaluation will be based on merit, qualification (e.g. competencies, experience, etc.), and other job-related criteria.
- 1.3** The Company is dedicated to providing all employees a work-environment free of harassment, such as harassment directed at an individual because of his or her race, religion, gender, national origin, or other legally-protected status.
- 1.4** The Company respects the privacy rights of employees by maintaining personnel, payroll, and benefit data in accordance with applicable confidentiality laws. The Company maintains employee privacy, but reserves the right to monitor use of Company property and resources, such as computers, company email, phones, proprietary information, etc., in accordance with applicable laws.
- 1.5** Employees will be kept informed of the goals, direction, and performance of the Company, and the Company will ensure open channels of communication in order to foster an atmosphere of mutual trust and respect. By providing equal access and fair treatment to all employees on the basis of merit, the Company can sustain its success while cultivating the skills and progress of individuals.

2. BUSINESS ETHICS

- 2.1** The Company strives to maintain honest business practices at all times. It is Company policy to always observe laws and regulations, applicable to the business. The Company strongly believes that conducting honest, principled, and ethical business is the best practice to achieve healthy, sustainable growth that will benefit both the Company and its employees.
- 2.2** The Company aims to manage its business ethically and honestly, which includes Company financial practices, budget proposals, and the economic evaluation of all Company endeavors and investments.
- 2.3** The Company is sensitive to and respectful of the local customs and culture of its employees in all locations. Company employees are expected to take into account and be sensitive to the local customs and culture of those with whom they are conducting business. This pertains to business with other Company employees, as well as with outside vendors, clients, etc.
- 2.4** The Company expects all its employees to always uphold Company policies, accounting procedures, and other controls. An employee who suspects a violation of the *Global Code of Conduct* that may harm the Company's reputation should report the suspected offense accordingly:
- Personnel-related matters should be reported to the local Human Resources Director.
 - Non-personnel-related matters should be reported via the method specified in the *Global Whistleblower Policy*. (Please see the *Global Whistleblower Policy* for more information; a copy can be obtained from any Company employee in the Human Resources Department.)

3. CONFLICTS OF INTEREST

- 3.1** All Company employees and members of the Board of Directors should avoid conflict between their own interests and the interests of the Company, relating to interaction with suppliers, customers, and other third-party individuals.
- 3.2** Company employees and members of the Board of Directors should not disclose Company information to third-party individuals without first obtaining proper written authorization from the Company. This information should never be used for the Employee's own benefit, during and/or subsequent to employment with the Company.
- 3.3** The Company prohibits all Company employees and members of the Board of Directors from disclosing and using "inside information" for his or her own benefit and/or for the benefit of third-party individuals. "Inside information" includes information that is not disclosed to the public under the Hong Kong Securities and Futures Ordinance, under regulations of the Hong Kong Stock Exchange, and in accordance with other applicable laws.*
- 3.4** Save where allowed by local law, a Company employees may not take up concurrent employment (either regular, or on a consulting basis) without the prior approval of the Company. Additionally, save where allowed by local law, a Company employee may not serve as the Director of any non-affiliated commercial, financial, or industrial organization for which business interests may conflict with the interests and business of the Company.
- 3.5** If an employee believes that his or her own business activities outside of the Company, or the activities of an immediate family member, may be in existing or potential conflict with the Company's interests, the Employee should immediately contact the Company, in writing. An employee may do so by contacting their manager, their Managing Director, or their local Human Resources Director. It is the final decision of the Company as to whether any such outside business activity of a Company Employee, member of the Board, or an immediate family member constitutes a conflict with the Company. If such conflict exists, it is the final decision of the Company to determine what corrective action will be taken.

* The legislative amendments to the Hong Kong Securities and Futures Ordinance (SFO), on 1 January 2013, introduce the concept of "inside information" into the SFO. A key requirement of this legislation is that "inside information" should be disclosed to the public as soon as possible. It is important that inside information is kept confidential before public-disclosure.

- 3.6** Employees should utilize Company resources efficiently and with reasonable moderation. Employees should neither take nor use Company resources/products for their own personal benefit, unless the Company has approved otherwise. Company resources should not be used in a manner that conflicts with the interest of the Company.

4. BRIBERY, GIFTS, AND ENTERTAINMENT

4.1 Honesty, integrity, and fair play are rudimentary qualities of the Company's business practices. Company employees and members of the Board of Directors should not solicit and/or accept any advantage from clients, suppliers, or third-party individuals. The term, "advantage," refers to a gift, loan, fee, reward, commission, favor, contract, service, release/discharge of any loan, obligation, or other liability, and/or an offer of employment, and any other items considered as "advantage" under the laws of the places in which the Company operates. Company employees should always strive to ensure that the Company's reputation is not tarnished by fraud and/or unethical behavior.

4.2 Employees should decline advantages offered in connection with their job duties, unless with the permission of the Company. Situations in which the Company will not grant permission are when the acceptance of an advantage might affect objectivity, persuade the Employee to act against the interest of the Company, and/or lead to complaints of bias against the Employee. Situations in which the Company may consider granting permission are:

- The acceptance of a gift will not influence the performance of the recipient (e.g. gift baskets, seasonal gifts, etc.)
- The Employee will not feel obligated to do something in return for the gift-giver (e.g. tickets to a performance, an invitation to lunch, etc.)
- The nature and value (not exceeding USD100) of the gift are such that refusal might be seen as impolite (e.g. an advertising or promotional gift, etc.)
- The Employee feels comfortable openly discussing the acceptance of a gift, without reservation.

If the Employee has any doubt regarding whether or not to accept a gift, he or she should obtain advice from his or her Managing Director, or from the local Human Resources Director.

4.3 If an Employee finds that he or she is receiving excessive gifts and invitations to meals/entertainment from one individual, the Employee should feel comfortable respectfully declining.

5. CUSTOMER RELATIONS

5.1 The Company recognizes that customer satisfaction is a primary factor in the Company's success. Company employees should make every effort to understand the Customer's needs and concerns, and to merit the Customer's business by responding effectively to said needs and concerns.

5.2 It is Company policy

- To always put the customer first.
- To always provide customers with quality goods and services that meet or exceed customers' expectations.
- To provide reliable services that meet Company standards of performance, efficiency, and courtesy.
- To provide timely, accurate, and sufficient information about Company operations, capabilities, and services, without misrepresenting and/or overestimating.
- To provide the Customer with sound, thorough advice regarding Company goods and services.

6. SUPPLIER AND CONTRACTOR RELATIONS

6.1 The Company requires that procurement of goods, raw materials, works, and services be carried out with the highest ethical standards. Business between Company employees and outside suppliers and contractors should be conducted consistently, using the following principles and guidelines:

- Competitive estimates should always be given, and all employees should use impartiality when selecting appropriately-qualified suppliers.
- Employees should always be objective when evaluating estimates, and selecting contractors and suppliers.
- Employees should always utilize the appropriate, locally-sanctioned contractual forms.
- Management should ensure the implementation of effective monitoring systems and management controls, throughout all stages of the procurement process. This is to ensure proper fulfillment of contractual obligations and to detect/prevent bribery, fraud, and/or other malfeasance.

6.2 The Company strives to develop and secure long-term relationships with suppliers and contractors, which are established objectively, on the basis of value, technical qualification, financial capability, and mutual trust.

6.3 The Company prohibits employees from taking advantages and/or personal benefits from suppliers and contractors. Employees who are involved in selecting suppliers and contractors, and/or purchasing from said suppliers and/or contractors, should avoid situations in which there may be a conflict of interest. Employees should always maintain the ability to make free and independent decisions regarding purchase and/or procurement for the Company consistent with the *Global Code of Conduct*.

7. RESPONSIBILITIES TO SHAREHOLDERS

- 7.1** The Company aims to achieve growth in earnings, for shareholders, over the long-terms. Shareholders will benefit from the productive and efficient operation-results of the Company.
- 7.2** The Company respects its shareholders' right to know all necessary information so that Company shareholders may accurately evaluate the way their investments are being managed. Accurate and factual information regarding the management of the Company, its financial position, and its operational results, are reported regularly to the Company shareholders in accordance with the Hong Kong Stock Exchange and in accordance with other statutory requirements.
- 7.3** It is the policy of the Company to maintain complete and accurate records and accounts in accordance with applicable laws and professional accounting standards. The account records of the Company will, with reasonable and accurate detail, reflect the transactions in, and disposition of, the Company's assets. The Company prohibits any and all falsification of Company accounting records, and/or the creation and/or maintenance of any and all off-the-record bank accounts. Any employee who has information relating to hidden funds or false entries within Company records should promptly report the matter via the method specified in the *Global Whistleblower Policy*. (Please see the *Global Whistleblower Policy* for more information; a copy of the *Global Whistleblower Policy* can be obtained from any Company employee in the Human Resources Department.)

8. SAFETY AND OCCUPATIONAL HEALTH

8.1 The Company makes every effort to conduct its business in a manner that is safe, and that protects the occupational health of its employees. The Company is committed to continuously identifying, eliminating, and managing safety risks for employees within the workplace.

Accordingly, it is Company policy to:

- Respond quickly, effectively, and conscientiously to emergencies and/or accidents that occur in the workplace or during Company operations.
- Cooperate with authorized government agencies and other industry organizations.
- Comply with all applicable laws and regulations, and to apply reasonable standards of its own, where laws and regulations do not exist.
- Develop and conduct training that ensures all employees acquire the necessary knowledge and understanding to work safely in the workplace.
- Ensure the workplace is free of known hazards and occupational illness, and that safe working procedures are in place.

9. SOCIAL RESPONSIBILITY

9.1 Environmental

- The Company is committed to being in compliance with all current environmental laws and regulations in every region in which the Company is located. In locations for which no enforceable law exists, the Company will apply appropriate standards.
- The Company is dedicated to alleviating any adverse environmental effects it may produce. It is the commitment of the Company to undertake appropriate reviews and evaluations in order to properly measure and ensure compliance with current environmental law and policy.
- The Company encourages its employees to have a strong concern for the environment and to feel responsible for the environment's well-being and preservation.

9.2 Human Welfare and Child Labor

- The Company prohibits and will not tolerate the use of forced labor or illegal child labor in any and all Company workplaces and facilities.
- The Company complies with all applicable, regional child labor laws and regulations in all manufacturing operations and business facilities, globally.
- The Company supports temporary workplace internship and apprenticeship programs that are intended to encourage further educations and advancement of young people. The Company adheres to all local laws and regulations regarding internships, apprenticeships, and summer-hire programs.

10. MONITORING AND ENFORCING COMPLIANCE

- 10.1** The Company expects all employees to earnestly uphold Company policies, accounting procedures, and all other controls; illegal and/or unethical actions will not be tolerated.
- 10.2** If an employee suspects a non-personnel-related violation of the *Global Code of Conduct*, and/or actions that may damage the Company's reputation, the Employee should report the violation via the method specified in the *Global Whistleblower Policy*. (Please see the *Global Whistleblower Policy* for more information; a copy can be obtained from any Company employee in the Human Resources Department.)
- 10.3** All employees, shareholders, board-members, customers, suppliers, and contractors are free to report personnel-related concerns and dilemmas. Personnel-related concerns should be reported to the local Human Resources Director and will be handled confidentially, impartially, and promptly, with appropriate respect, professionalism, and discretion.
- 10.4** Anonymous personnel-related reports are strongly discouraged. If concerns/allegations are reported with malicious intent or harm, the reporting Employee will be subject to disciplinary action, up to and possibly including termination.
- 10.5** It is the personal responsibility of every Company employee and board-member to understand and comply with the *Global Code of Conduct*.
- 10.6** It is the responsibility of all managers to ensure that their direct reports understand and comply with the standards and requirements stipulated in the *Global Code of Conduct*.
- 10.7** If an employee is not adhering to the principles and points within the *Global Code of Conduct*, the Employee's manager should speak to the local Human Resources Director. Any employee who violates the *Global Code of Conduct* will have disciplinary action taken against him or her, up to and possibly including termination.