2017/9/11

António Guterres Secretary-General United Nations New York, NY 10017 USA

Dear Secretary-General,

Trayton Group joined United Nations Global Compact in 2007 and since then became a dedicated signatory while fully aligning our company strategies and operations with the key principals of UN Global Compact.

I am pleased to confirm that Trayton Group supports the ten principles of the Global Compact on human rights, labor, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Trayton Group will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles and support any specialized UN Global Compact issue platform that our company may join at a later date. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy which includes a statement signed by the chief executive expressing continued support for the Global Compact and renewing our ongoing commitment to the initiative and its principles, a description of practical actions that the company has taken(or plans to undertake) to implement the Global compact principle, and a measurement of outcomes.

Sincerely yours,

Simon Lichtenberg
CEO of Trayton Group

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name	Trayton Group	Period	2016/8-2017/7
Address	1999 Lianyou Road MInhang District, Shanghai, China	Country	China
Number of employees	2000		
Contact name	Sandy Guo	Contact Position	HR manager

Brief description of nature of business

Founded by Danish entrepreneur Mr. Simon Lichtenberg in 1995, Trayton Group is a multinational company and one of the largest furniture manufactures and retailers in China.

Our main business is design, branding, manufacturing and distribution of upholstery furniture, retailing of furniture and lifestyle products and trading businesses and service. With 20 years development, the Group has grown to a multinational furnishing company. Registered at Hong Kong, the Group is globally headquartered in Shanghai, and set up offices and owns subsidiaries in the U.S., Hong Kong, China mainland and Denmark. The Group produces upholstery products in China and distributes and retails products to all over the world.

In 2004 the brand "Simon Li" was born, the name itself came from the shortened form of Simon Lichtenberg, Trayton Group CEO. The company had been producing upholstery furniture since 1997 for other brands - the business was growing, it was time to create our own brand. In 2016 Simon Li will be operated in China through online business.

Being one of the largest furniture manufacturers in China, the Group has 3 factories in Shanghai and Zhejiang with 93,000 m² production space and 2000 employees.

Trayton also acts as the exclusive agent of Kvadrat. The business of Kvadrat started in Chinese market in the spring of 2010, the product – fashion design- oriented textiles has been introduced into China's architectural and interior design industry.

Statement of support

As a result of the global economic crisis, housing markets have been hit as well and consumers around the world are frightened and concerned. Nevertheless, Trayton Group turned around with lots of management "homework" done. We are going to stay focused and committed to a continuous path of learning and driving our business forward in a responsible manner.

We believe that our success is partly due to the way in which we integrated social responsibility and respecting for human rights into our business. Besides unwavering business efforts to develop, produce and promote quality products for a better way of living, we always show our commitment to create best living environment for all people through helping the disadvantaged community, protecting the environment and fostering the youth generation. To ensure safe working conditions for the employees with respect and dignity, the Group conducts regular internal audits to ensure all standards to be executed properly. Continuous attention on improving labor's working conditions has won globally recognized reputation and respect for the Group from its customers.

Trayton Group believes that people make the ultimate difference in success of business. People's development is the focus of the Group's human resource management approaches. We encourage an open, healthy, vigilant and creative corporate culture. Trayton introduced RICE –Responsibility, Innovation, Engagement, and Care as our corporate values. These have been embraced well by all of our employees and will have a lot of positive influence on our actions and performance in the years to come. In addition, multiple communication channels have been set up for more transparent and accurate information revealing and efficient communication between front-line employees and supervisors as well as the top management, such as Open Day, Workshop Communication Committee, and Employee Representative Committee etc.

We have committed ourselves to observe all principles of the United Nation's Global Compact. We will continue to incorporate the basic principles and elements of sustainable development into our strategies, business flow and corporate culture. We will work hard and join hands with our stakeholders to promote sustainable development and advance ourselves to be responsible corporate citizenship.

Signature Position Trayton Group CEO

PRINCIPLE I

BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Our Commitment or Policy

Trayton considers that respect for human rights is the basis for sustainable development. This is why we have defined our value system. Our values clearly reflect our position on human rights. Ensuring safe working conditions and products with no health risks to employees and customers is another aspect to embody our commitment to human rights.

I.I A brief description of our Processes or Systems

We consider the first and foremost thing in Trayton is people. We believe that putting our Values into practice creates long-term benefits for shareholders, customers, employees, suppliers, and the communities we serve – and ourselves!

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

To keep the sustainable development of Trayton, we have Trayton Group's core values as Responsibility Innovation, Engagement, and Care. We practice our values well in our daily work under the guidelines of each value.

In order to apply these values into our day-to day business, we carried out a series of programs as well. From Aug. 2016 to Jul.2017, we organized outward bound activities and outing for our managers and staff and Annual Parties.

In September 2017 we organized 2nd indoor sports event including badminton, table tennis, basketball and Foosball, more than 400 Participants took part in the games. Then in October Autumn outdoor sports event will be hold in Jiashan and there will be more athletics events and participants. Trayton will enhance the physical culture of our group and set up more sports facilities.

In 2017 Trayton Group held a successful Trayton Summer Concert which invited our employees and other guests to attend to introduce classic music and let our employees take a rest in routine works and get more concert experience.

We have built the employees' clubs of badminton, mountaineering, self-driving tour, basketball, swimming and Yoga, which not only enriches our employees' lives, but also enhances trust, communication and cooperation among our employees.

In 2017 Trayton hold health check for all staff and workers and let them get more information about their health. And we invited professional doctor here to give professional trainings to office workers to improve their health. Meanwhile we buy the height adjustable tables to help our staff keep spinal column health.

Trayton Group has created a fund for workers' health and security. The fund is managed by the employee and is used for special medical needs. Workers and staff donate money and the company matches all donations. These efforts show Trayton's commitment to the highest standard of social responsibility.

1.2 A brief description of our Processes or Systems

Trayton Group has always been committed to ensure safe working conditions and assure production and the use of Trayton products do not pose health risks to employees and customers.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Each Year our company passes the evaluation of occupational hazards, which is held by the institute of State Board of Health. We also arrange the employees to have occupational disease examination to ensure health yearly.

Continuous attention on improving labor's working conditions and working protection equipments is to ensure employees' safety and health. We provide the appropriate Personal Protective Equipment and specific protective clothing to all workers and visitors in any harmful or potentially risky work areas. Employees are also provided with heatstroke prevention medicines, carbonated drinks, Green beans soup to prevent heatstroke in summer.

In 2017 summer season, Trayton factory built icehouse that can store drinks well and let our workers drink cool water.

First aid equipment is adequately stocked and available to workers during all shifts in case of urgent accident. We have the appropriate fire fighting equipment, the placement and maximum distance between fire extinguishers complies with applicable laws and regulations or specific approvals from the fire authorities. We organize fire-fighting exercise every

half year to improve employees' awareness and practical methods to save themselves.

Trayton organized Disaster Prevention, Safety and Occupational Health Committee, which is responsible for safety production and employees' health. The General Manager is responsible for the company overall safety production, each department manager is responsible for the safety of his/her location department. The safety affair office is responsible for organizing safety affairs in factories, monitoring and instructing each department and plant to carry out safety jobs. The committee executes routine patrol, and record those failed items, then correction actions are made known to the department or plant. The committee will finally follow up those correction actions. In order to improve employees' first-aid skills, we sent 10 employees from workshops to Red Cross to receive the training on first-aid knowledge and skills and they were certified as first-aid responders.

The occupational hazard factors' monitoring and evaluation in workplace of Trayton are in line with national standards. With the whole EHS system, we are capable to ensure safety and health for all the employees in Trayton Group.

1.3 A brief description of our Processes or Systems

Trayton Group has integrated insurance to secure all its employees for a variety of life contingencies.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

In conformity with the nation's related laws and regulations, Group has established social insurance system for employees, covering pension, medical care, work-related injury safety, and unemployment insurances, and housing accumulation fund. Trayton Group also provides supplementary medical care insurance for all its employees and their family members. During the period of August 2016 and June 2017, Trayton employees and their family members have got totally RMB 400,000 Yuan medical compensation.

1.4 A brief description of our Processes or Systems

In order to acknowledge the employee who achieved good performance in Trayton Group, the rewarding policy is established to set a good example for the attitude and behavior embraced by the company and to explore their potential ability.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

In the first half of 2017, We selected 5 Excellent teams from 26 registered team as Trayton Best Employee, who were rewarded with gifts, certificates, and their stories were introduced in Trayton Group's internal We chat. And we held Excellent team Sharing Meeting that our best team can introduce their good experience to others face to face.

PRINCIPLE 2 BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Our Commitment or Policy

Trayton Group provides competitive paid leave, maternity leave, paternity leave and convalescence system among companies of the same industry. What's more, Trayton Group always shows it commitment to enrich employees' leisure time, and provides a series of employee clubs for entertainment.

2.1 Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

We have paid vacation for each employee in Trayton Group, such as annual legal holidays, annual paid leave, marriage leave, maternity leave, paternity leave etc... With the provided paid vacation, employees can have the chance to refresh from the working pressure, and we create a harmonious working environment for employees to have time enjoy their lives.

2.2 Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

We established various clubs for employees to enjoy their leisure time and practice hobbies. There are badminton, mountaineering, self-driving tour, basketball, swimming and Yoga club. Through a variety of regularly held club activities, employees not only exercise their physical body, but also enhance the team spirit.

PRINCIPLE 3 BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Our Commitment or Policy

Trayton Group supports the employees' rights to form groups and collective negotiation, and established Employee

Representative Committee, Trayton Fund, and employee communication convention,

3.1 A brief description of our Processes or Systems

Trayton Group established Employee Representative Committee so as to promote the development of employee relationship, enhance the communication between management and employees, induct employees to be involved in business management, Raise employees' awareness of company ownership.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Employee representative meetings are held every two months, on which the production and operation objectives and key matters are discussed and reviewed, and important decisions relating to rights of employees are voted by the employee representatives. The group organized employee representatives to propose advice and suggestion regarding company's new policies and procedures, and monitor the execution of those policies and procedures. The employee representative committee collects the suggestions and requirements related with employees' working and lives, and submit to the management for problem resolving. With these efforts, Trayton Group basically fulfils the transparency of company affairs, solving the problems in open and just forms. It has achieved fruitful results and played an active role in creating opening, transparent and just environment and mobilizing employees' activeness.

3.2 A brief description of our Processes or Systems

Trayton Group established Trayton Fund so as to provide aid to the employees or people outside Trayton who are facing great difficulties. Trayton Fund gives full play to safeguard employees' interests and help the disadvantaged people, which promotes the awareness that I help others, and I can get help when I need.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Since the establishment of Trayton Fund in Jan. 2009, it has totally donated to the difficult people for 100,000 Yuan.

3.3 A brief description of our Processes or Systems

Trayton Group supplies communication platform for every member, and help to strengthen the understanding between company and employees, and listen to employees attentively. The Group provides necessary information for refinement management of different parts in company, and total quality management.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

The Trayton Human Resources Department organizes employee communication convention quarterly, which is attended by the employees from every different department. They clear up the suggestions and advices and communicate with the related department about these, and write up The Results and Solution of Employee Communication Convention, and then track the actions. Through the proposals from employee communication convention, Trayton group has made a lot of adjustment and improvement measures on various aspects such as management process, operating devices and equipments, employees' working condition and environment, employee' safety and health, the employees' dines, enriching recreational activities for employees, employees' motivation programs etc..

PRINCIPLE 4 BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Our Commitment or Policy

The protection of human rights and the observance of fundamental labor standards - these are principles that should be a matter of course for all Trayton companies.

4.1 A brief description of our Processes or Systems

Trayton Group pays out wages for every employee on time, and ensures the minimum wages standard according to the laws and regulations. And the Group processed employing and leaving procedures in strict accordance with Chinese Labor Law to safeguard employees' interests, do not make use of bonded or involuntary labor.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Trayton Group follows Chinese Labor Law strictly, all the employees' wage is above the lowest wage standard of the area where the company is located in, and we adjust wage according to company business situation, and employees' performance, and market salary quotation. Trayton Group always pays out the wage on time every month, and we have

never delayed to pay out. If employment contracts are terminated according to agreed notice time, We will not make any salary deductions for workers who leave.

All the employees have offered their work voluntarily. It is prohibited that work or service that a person is compelled to carry out under any threat of punishment or confiscation of any personal belongings, such as ID card, passport etc.. Employees are not bonded by financial debts, loans or deposits as well. Trayton Group allows its employees to freely leave the factory premises when their work shifts end.

If guest workers or temporary labor are employed on a contractual basis, such workers have never been required to remain employed against their own will for any period beyond the agreed time of the contract. We pay all commissions and other fees to the recruitment agency in connection with their employment.

BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD PRINCIPLE 5 **LABOUR**

Our Commitment or Policy

Trayton Group clearly forbids hiring child labor or teenager workers. Trayton Group evaluates the high risk of using child labor, and formulates the measure of elimination child labor according to the related laws and regulations.

5.1 A brief description of our Processes or Systems

Trayton Group follows both international regulations and Chinese Labor Law, and has completed our procedure of employing and using employees. We prevent the occurrence of using child labor and teenager labor with the system.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

In Trayton Group employee manual, the hiring stipulate shows that the age of the employee must follow nation's regulation. Trayton Group always hiring employees strictly follows the regulation, there has never been any child labor events till now.

PRINCIPLE 6

BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment or Policy

Trayton Group complies strictly with Non-discrimination principle, eradicating racial discrimination, colour discrimination, religion discrimination, nationality discrimination, social position discrimination and any other discrimination.

We provide equal career development opportunity for each employee, and we insist on the principle of Open, Fair, Competing and Selecting the best, perfect open competing system, promote the employees who have abilities and excellent performance, and achieve human resources optimization, improve employees' enthusiasm for work.

6.1 A brief description of our Processes or Systems

It clearly states in Employee manual of Trayton Group: when we employ people we should not have discrimination for nation, gender, age and region and so on.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Trayton Group employs people from different regions and from abroad as well. The males and females have equal promotion opportunities, the females also can be managers.

Trayton Group employees can appeal the discrimination issue through general manager's email and inquiry ways, and they also can submit to employee representative committee, and the employee representative committee will submit to management about discrimination issue. We also can solve these issues via legal channels.

There has never been any discrimination in Trayton Group till now.

BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO PRINCIPLE 7 **ENVIRONMENTAL CHALLENGES**

Our Commitment or Policy

Trayton holds a successful history of environmental protection. But we don't want to stop here - we want to continue to work to protect people and the environment.

7.1 A brief description of our Processes or Systems

Trayton Group ensures compliance with applicable laws and classification regulations relating to purchasing, storage, handling, use and transportation of chemicals. We have a valid permit for chemicals that are legally restricted or controlled.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

We establish and maintain an updated list of all chemicals, including the name of the chemical product, the purpose/area of use and a reference to an MSDS used in production, operations and maintenance. We have documented procedures for the purchasing, storage, handling and use of chemicals as well.

We ensure that workers who purchase, store, handle and use chemicals have the right competence and are adequately trained before starting work. We store, handle and transport chemicals in a way that prevents emissions to air, ground and water, prevent risks of ignition/explosion and ensure workers health and safety.

Applicable information regarding the risks and safe handling of chemical compounds and substances are displayed at storage areas and in operations areas where the chemical is used. All containers of chemicals, including temporary containers, are properly labeled with appropriate danger symbols and chemical names to ensure that the contents are known and the potential risk minimized.

7.2 A brief description of our Processes or Systems

Trayton Group ensures compliance with applicable laws & regulations relating to handling, storage, transportation, recycling and disposing of hazardous and non-hazardous waste.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

We establish and maintain a list of hazardous and non-hazardous waste in order to monitor the type and quantity that is generated. The list clearly shows which type of waste is hazardous and which is not, and is continuously updated. We establish a procedure for the handling, storing, transportation and disposal of hazardous waste that prevents harmful emissions to air, ground and water, prevent risks of ignition/explosion and ensure workers health and safety as well.

We ensure workers handling hazardous waste have the right competence and are adequately trained. We store, handle and transport waste in a way that prevents contamination to air, ground and water, ensure workers health and safety and facilitates recycling when possible.

We ensure that our contractors for transport, storage and final disposal of hazardous waste are licensed according to applicable legislation.

7.3 A brief description of our Processes or Systems

In order to strengthen the consciousness of against mouse and insect pest, and protect environment as well, Trayton Group has formulated the control system against mouse and insect pest.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

The measures we take are that we maintain the fly-exterminating lamps one time each month, exterminate mice, mosquitoes, flies and roaches all the time in our factories, and we Increase eradication measures during the peak period of summer pest. So we have not encountered pest troubles for our products or food, and the environment are protected well.

PRINCIPLE 8 BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Our Commitment or Policy

With the economic development, people are growing awareness of protecting the natural environment. In Trayton Group, we always pursue the concept of sustainable development, conserving resource, reducing energy consumption and mitigating business operation impacts on environment.

8.1 A brief description of our Processes or Systems

With the effective management system, we control the implementation of our environmental protection measures and

monitor the compliance with our objectives.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Trayton Group and the subsidiary companies require all the employees to save water, electricity and energy. We set up the emission reduction target, and break down to sections, then follow up the result through evaluation. Although we have the expansion of production since 2007, but the emission quantities of unit volume still maintain at a low level.

Trayton completed transformation of the road lights in Shanghai Plant to solar light, and have installed 750 kWp of solar panels on the roof of our Jiashan factory. Today this installation covers about 35% of our entire power consumption at our main factory.

In 2016 the use of energy-saving lamps, incandescent phase-out in Shanghai and Jiashan plant could save energy and reduction environmental pollution.

In 2017, Trayton Group used hot melt glue instead of 608 glue which will reduce VOC(that is volatile gas), although hot melt glue is much higher priced than 608 glue.

8.2 A brief description of our Processes or Systems

Trayton Group subsidiary companies drain water following the regulation of Shanghai Water Draining Rules and abide by the water quality standard of urban Watercourse water-draining.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

The related government department tests the quality of waste draining water from Trayton factories every year, and our test results are all qualified. We get the water draining permission certificate that is certified by Shanghai Municipal Bureau of Water Resources.

PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment or Policy

For all factories in Trayton, we evaluate the risks, develop safety, health and environmental protection concepts and check that they are implemented correctly. Compliance with these, steps is laid down in a guideline that is binding throughout the Group.

9.1 A brief description of our Processes or Systems

Trayton Group demands a high quality of raw materials.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Trayton Group check strictly for raw materials, and request the contents of formaldehyde in Wood-based Panel should be higher than the national standard, and we use European EI standard. The productions that are sold to North America should be above CARB P2level. The glues we use are environmental protection glues, and the contents of formaldehyde, toluene and methanol accord with standard. We strictly ensure the overall formaldehyde emissions of our products, so that decrease the environmental pollution.

9.2 A brief description of our Processes or Systems

Trayton ensures its operation related with forest management to achieve sustainable and accountable business requirements.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

In the area of procurement of raw materials, Trayton strictly audits suppliers, does not use non-controlled timber --- does not accept or purchase illegal and non-controlled timber based on FSC and SmartWood regulations.

PRINCIPLE 10 BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

Our Commitment or Policy

We comply with the laws and respect the good anti-corruption practices of the countries in which we operate. We

work against corruption in all its forms, including extortion and bribery.

10.1 A brief description of our Processes or Systems

Trayton Group and the subordinate subsidiary companies implement the method of punishing and preventing corruption, and prevent the corruption through effective risk prevention and control system.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Trayton Group's anti-corruption management Focuses on the requirements of the Global Compact, Deepening company culture and the work of the anti-corruption campaign, Continuing to promote the construction of anti-corruption. We strengthen internal oversight, Getting into promoting the building of corporate integrity, and preventing and controlling the possible risks of corruption. While we design and carry out the anti-corruption program, we learn from the international advanced anti-corruption methods.

10.2 A brief description of our Processes or Systems

Trayton Group encourages fair competition and do not adopt the business strategy of dumping and monopoly.

Actions implemented in the last year / planned for next year and Measurable Results or Outcomes

Trayton Group encourages fair competition, and do not adopt the business strategy of dumping and monopoly. Our business strategy is: lowest total cost, key account focus, production and service sophistication. Trayton Group follows the country laws and regulations, respects requirements from customers, and wins the customer trusts and social praise. Trayton Group observes the regulations related with anti-monopoly, protecting fair competition in the market, improving efficient economic development, maintaining customers' benefits and social benefits, so that we contribute to economic development.

How do you intend to make this COP available to your stakeholders?

The stakeholders will receive a PDF version as well as a paper copy. They will attend an annual meeting to share their inputs.