The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

The Ten Principles of the United Nations Global Compact are derived from:
the <u>Universal Declaration of Human Rights</u>, the <u>International Labour Organization's</u>
<u>Declaration on Fundamental Principles and Rights at Work</u>, the <u>Rio Declaration on</u>
Environment and Development, and the <u>United Nations Convention Against Corruption</u>.

Human Rights

<u>Principle 1</u>: Businesses should support and respect the protection of internationally proclaimed human rights; and

<u>Principle 2</u>: make sure that they are not complicit in human rights abuses.

By following our statement subject to 8.4 Equal Opportunity, we state and support for no racial discrimination, no sex discrimination, no disability discrimination in our company/organization.

Actions:

- (1)No racial discrimination: We hire employees from any races locally in China, and we also hire employees all over the world, such as Columbia, Argentina, Venezuela .. etc (2) No sex discrimination: We hire both female & male at all different departments, in the office, in the workshop, in the logistic...etc.
- (3) No disability discrimination: We follow the government rule (the percentage?) to hire workers/employees with disabilities.

Measure Progress:

We review the list of our employees every month on the salary pay date to ensure and to measure the percentages of these employment (mentioned above) are not going any lower or unbalanced, and still compliance to the government labour law.

Labour

<u>Principle 3</u>: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Action:

We have set up an Employee Welfare Association in our organization/company, the purpose is to mediate any conflict or unfair matters at the work between the employers/management and the employees, and to ensure the effective communication prior to the collective bargaining.

Measure Progress:

We have had no record of the collective bargaining so far since we started our company/organization. The Employee Welfare Association is also to provide the financial support/help, donate to the employees who need particular help.

Principle 4: the elimination of all forms of forced and compulsory labour;

Action:

The Employee Welfare Association in our organization/company provides the complaint pipeline if any forms of forced and compulsory labour occur at work. The government labour department also provides the complaint pipeline to monitor the organization regarding to this criterion.

Measure Progress:

We have had no records in the government labour department regarding to this criterion.

Principle 5: the effective abolition of child labour; and

Action:

We have complied to the government labour law, the Child Labour is prohibited in our

organization/company. The ID of every employee is required and recorded at our HR department on the first working day, the age is checked.

Measure Progress:

- (1)We double check the list of our employees on the salary pay date to ensure there is no Child Labour is hired in our organization/company.
- (2)We have had no records in the government labour department regarding to this criterion.

<u>Principle 6</u>: the elimination of <u>discrimination</u> in respect of employment and occupation.

• Please refer to our Action & Measure Progress at Principle 1 & Principe 2.

Environment

<u>Principle 7</u>: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

<u>Principle 9</u>: encourage the development and diffusion of environmentally friendly technologies.

By following our statement subject to 8.1 Environmental Legislation, we state and support the precautionary approach to environmental challenges, and we undertake initiatives to promote environmental responsibility, we encourage the development and diffusion of environmentally friendly technologies.

• Action:

- (1) We have been certified with ISO14001 certification, yearly renewed and audited.
- (2) We have been certified with FSC certification, yearly renewed and audited.
- (3) We only use E1 or E0 standard boards in all our products we make.
- (4) We only purchase from the suppliers who can provide us the sustainability certificate to prove their raw materials are taken from the sustainable forest.
- (5) We develop and promote FSC certificate/standard products to our customers.
- (6) We develop and promote the products which can use/recycle the offcuts (of our boards) to reduce the waste of the wood resource, such as partitions/paneling system.

(7) We encourage of the development and diffusion of environmentally friendly technologies, we use the water recycling system in our organization/company to recycle the living water to reduce the waste of water resource. We use the LED light to reduce the waste of the electricity resource...etc. .

Measure Progress:

We have our ISO14001 & FSC certifications renewed and audited every year to ensure we are compliance to all the principles and rules to the environmental friendly standards.

Anti-Corruption

<u>Principle 10</u>: Businesses should work against corruption in all its forms, including extortion and bribery.

Action:

We have listed our company/organization Anti-Corruption Principle in every of our order we place with (send to) all our suppliers. If there is any Corruption occurs or suspicious in any of the purchase, we will terminate all of purchase with them/suppliers.

Measure Progress:

We review the performance of all our suppliers with our ERP system, especially we do monthly review with our main suppliers (board suppliers).