

Communication on Progress Report 2022

TRAYTON GROUP



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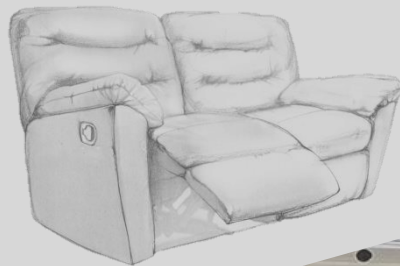
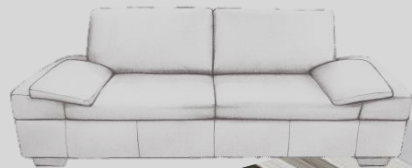
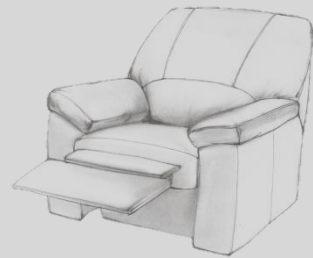
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INTRODUCTION

TRAYTON GROUP

特 雷 通 集 团



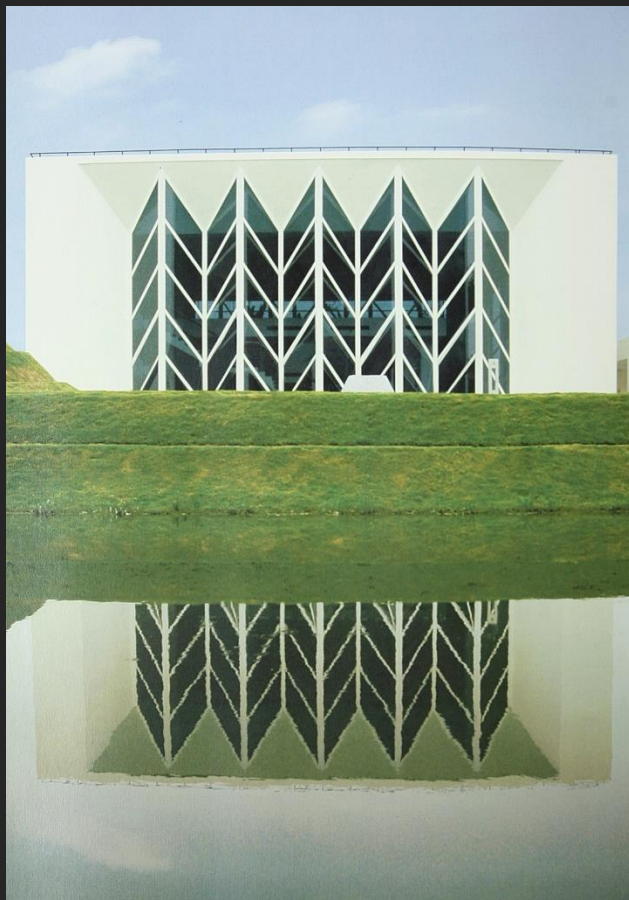
Founded by Danish entrepreneur Mr. Simon Lichtenberg in 1995, Trayton Group is a multinational company and one of the largest furniture manufacturers and retailers in China.

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 Hong Kong and Shanghai, and sets up offices and owns subsidiaries in the U.S., Hong Kong and China mainland. The Group produces upholstery products in China and distributes products all over the world. Being one of the largest furniture manufacturers in China, the Group has 4 factories in Shanghai and Zhejiang with 150,000 m² production space and 2000 employees.

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 was started in China with establishment of online stores. In September of 2018, the first retail store of Simon Li Brand in China was opened.

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.

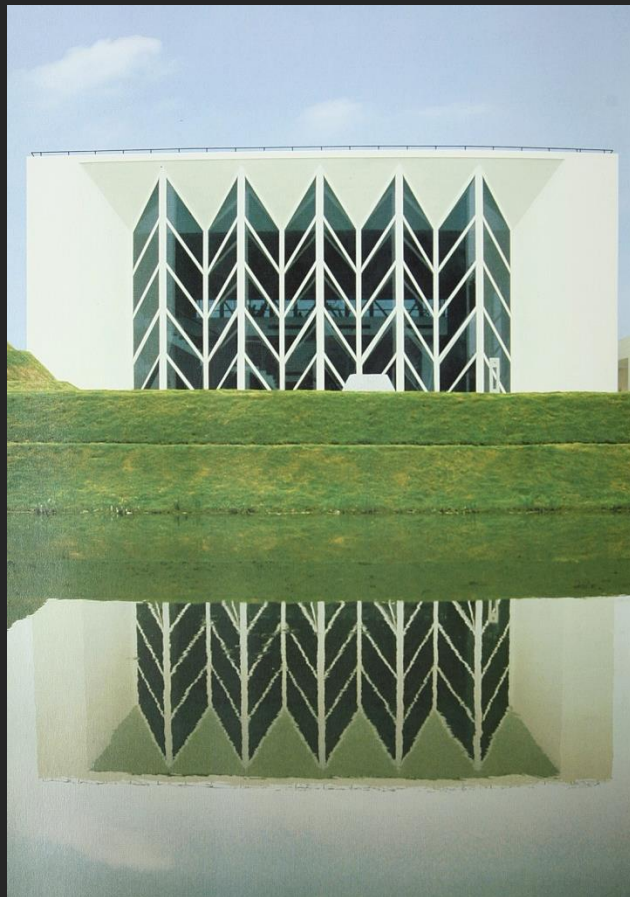
In 2020, new JV named NEST was founded under the deep cooperation between Trayton and Markor. Combined the Scandinavia design and Chinese outstanding craftsmanship, NEST business is growing rapidly and owns 37 flagship retail shops since establishment.



Starting from 2021, a brand new business concept named NISS (Nordic Innovation Sustainability Shanghai) was raised.

NISS Campus will be China's first "zero carbon" and "zero energy consumption" commercial park, located in the Hongqiao Business District. We will bring sustainable building concepts, products and technologies from the Nordics to create a showcase for future developments across China for a greener real estate industry. The sector accounts for 30% of carbon emissions in China, and the project is hence attracting great interest also both from the Nordic missions in China and the local government.

We aim to make NISS Campus not only a meeting place for Nordic and Chinese companies around the important topic of sustainability, but also a hub for research and development of new ideas. We hope the demonstration of a carbon natural park can connect global partners on this highly important topic.



CEO's MESSAGE



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.

A handwritten signature in blue ink, which appears to read 'Simon Lichtenberg'. The signature is stylized with a large, looping 'S' and a long, sweeping underline.

Simon Lichtenberg

CEO Trayton Group

HUMAN RIGHTS & LABOR







PRINCIPAL ON HUMAN RIGHTS AND LABOR

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

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

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

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

BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

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

Company Culture Guideline

TRAYTON GROUP
特 雷 通 集 团

R

责任

Responsibility

I

创新

Innovation

C

关心

Care

E

投入

Engagement

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.

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!

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

We provide our staffs with abundant activities and chances to enjoy and explore the goods in life.

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

In order to apply these values into our day-to day business, we carried out a series of **programs** as well.

To support working couple family, Trayton Children Summer Camp has been conducted continuously since 2018 within the group. More than 100 employee families were benefited from the project every year. We committed to create a harmonious environment of balancing life and work.

Various **Fun-Clubs** were operated continuously to support both physical and mental health. Badminton, mountaineering, self-driving tour, basketball, swimming and Yoga... All employee can find their own interests inside the group.

Annual heath check is applied to all employees to ensure their heath status.



SAFE WORKING CONDITION

Evaluation of Occupational Hazards

Occupational Disease Examination

Protective Equipments

First-aid Equipments

Disaster Prevention, Safety and
Occupational Health Committee



SAFE HEALTHY HAPPY

VARIOUS LIFE CONTIGENCIES

Social Insurance System

Supplementary Medical Care Insurance



REWARDING POLICY

5 Excellent Teams Award

Team Buildings

Skill Competition





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

Trayton Group provides competitive paid leave, maternity leave, paternity leave, convalescence systems and practices according to the law and above similar to other big companies in our industry. What's more, Trayton Group always shows its commitment to enrich employees' leisure time, and provides a series of employee clubs for entertainment.



RELAX

FUN

TEAM

KNOWLEDGE AND SKILL

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

Since the trade union set-up in the group entities,
various activities regarding employee cares were
conducted to ensure their better working
environment and happier working life.



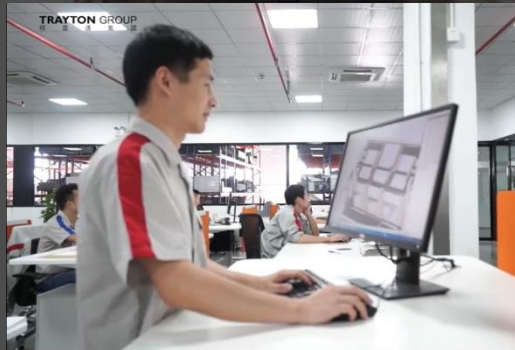
BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Trayton Group follows Chinese Labor Law strictly and all the employees have offered their work voluntarily.



ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

We provide equal career development opportunity for each employee.



BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

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.



ENVIRONMENT

SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

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.

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.

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

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.



ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

We evaluate the risks, develop safety, health and environmental protection concepts and check that they are implemented correctly.

We 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 E1 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.

BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

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.

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.

Besides tractional business model, Trayton would like to contribute more on carbon neutral for world sustainable development. We initiated the project called NISS (Nordic Innovation Sustainability Shanghai) in 2021. The NISS Campus has the ambition to become a carbon zero showcase in the Yangtze River delta area.

The office campus will be a showcase through visibly displaying the carbon reducing features and technologies. Technology partners of the campus will also be promoted actively. Since zero carbon standards are still being defined, and new technologies are continuously pushing boundaries for what is possible, the project aims to be “certifiable” for whatever standards will be used in the future.



ANTI-CORRUPTION



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

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.

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.

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.

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.



SOCIAL RESPONSIBILITY





TRAYTON CARES FOR THE SOCIETY AND CHILDREN

Trayton Group has been trying its best not only taking care of its employees but also contributing to social development.

We are the co-founder of REED---Rural Early Education Development Fund, which now helps around **16501 children** in south-western China in total. We have established **101 classes** in **67 villages** with education materials, teachers and all things that help the children there get better education and teach them to improve living habit. And we organize our staffs to visit children there every year to better understand the importance on helping others.

More and more our partners are attracted to be involved into the REED project. With continuous support from the local government and donors, we're confident to create more chances for Butuo children to see a wider world.

reed
Rural Early Education Development Fund



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Covid lockdown in Shanghai



3-month lockdown response

From 18th March, 2022 – the government advised Shanghai plant shutdown
Till May 12th – we're back to closed-loop production with limited capacity
Finally, the whole city resumed on June 1st

- Employee care

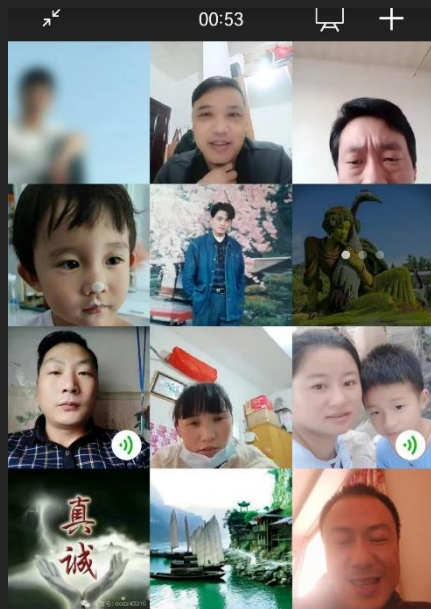


- Send food package to all employees to ensure life care



- No matter the logistic cost and difficulties, employee first

- Working in “new normal”



- Employee mental care communication



- Management online weekly meeting

• Closed-loop production

Loop Production Status update.pdf
 返岗员工“复工码”申请表--模板 (1)(1) 1.xlsx
 返岗员工“复工码”申请表--特雷通.xlsx
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 返岗员工“复工码”申请表--特雷通 20220509.xlsx
 Resume Production timeline 20220508.xlsx
 第三批“白名单”推荐表_特雷通.xls
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 上海特雷通复工物资费用汇总 20220424.xlsx
 ST Re-production timeline and checklist.xlsx

• Sufficient preparation for production resuming

- **Closed-loop production**



- **Strict covid prevention**



- **Health first!**

- **Closed-loop production**



- **Lockdown production can combine with healthy lifestyle**

- Inspire the public



- Volunteer to help the community

- Online forum to inspire the public

A black and white photograph of a modern building with large glass windows and a curved walkway, with a white sofa in the foreground and a 'Thank You!' text overlay.

Thank You!