

Choose Responsibly



INTRODUCTION

Tai Ping Carpets was founded in British Hong Kong in 1956 with the ambitious goals of developing industry in the post-war colony and providing employment to migrant workers fleeing political turmoil in China. The core value system instilled by its founders of operating ethically and responsibly have been a cornerstone of the company's guiding principles ever since.

For over six decades, Tai Ping has designed and created beautifully-handcrafted products with a preference for natural, renewable fibres. Caring for people and respecting the environment have always gone hand in hand. Company-owned manufacturing facilities not only operate under rigorous sustainability standards, but they also offer a safe, enriching atmosphere for employees.

True compassion for the wellbeing of people extends beyond the workplace to include families, communities and the world. Tai Ping invests the same level of care in creating its bespoke, artisanal products as it does in managing natural resources and safeguarding its employees and associates.

Tai Ping demands the highest ethical and environmental standards throughout its global business operations and within its supply chain, and strongly encourages customers to do the same. Choosing responsibly means making informed, responsible buying decisions.

This document outlines a selection of company policies, activities and certifications that demonstrate Tai Ping's social and environmental credentials in three key areas: Environmental Sustainability, Responsible Sourcing and Employee Wellbeing.



ENVIRONMENTAL SUSTAINABILITY



Wastewater Treatment and Pollution Prevention

The Tai Ping artisan workshop in Xiamen, China is a zero-pollutant discharge facility where 100% of water needs are met through recycling and rainwater harvesting.

The workshop's state-of-the-art, US\$1m+ wastewater treatment plant removes all pollutants. The resulting clean water is upcycled for use in yarn dyeing, bathrooms, factory cooling equipment and irrigation systems to water the grounds and outdoor employee rest areas.

Every year, Tai Ping sets performance targets related to emission levels (water, gas, noise and other pollutants) and consumption levels (water, electricity and steam). In 2019, all targets were met including a 10% reduction versus 2018 in water consumption, a 5% reduction in electricity consumption and a 10% reduction in steam consumption.

All colorants used in dyeing comply with The Ecological and Toxicological Association of Dyes (ETAD) recommendations on heavy metal impurities in organic dyestuffs and pigment preparations and also with EU Directive 2002/61/EC which prohibits the use of Azo dyes containing 22 aryl amines.

Recycling and Waste Reduction – The ‘Three Rs’ Approach to Sustainability

REDUCE Tai Ping follows a continuous improvement program for waste reduction by controlling the weight and length of input materials and standardising the method of carpet fabrication that has resulted in a 30% reduction in input material weight and resulting output waste over the past eight years.

REUSE Yarn and other materials remaining after production are sorted into groups and stored in the workshop. In 2019, the workshop achieved an average yarn utilisation rate of 75.2% and the goal for 2020 is 78%.

RECYCLE Any materials not used via the normal reuse or recycling channels are donated or sold as raw materials to selected partners or innovators for upcycling into a variety of products including bedding materials, flexible outdoor sports surfaces and art installations.

Environmental Management System

Tai Ping is audited to meet ISO 14001, the international standard that specifies requirements for an effective Environmental Management System (EMS).

The Environmental, Health and Safety (“EHS”) Department has been established to manage policies and procedures that drive environmental protection initiatives and responsible stewardship of local resources for the Group’s manufacturing operations. The EHS Department is responsible for overseeing the manufacturing environmental management policy framework, which encompasses policies certified in line with relevant international standards such as the ISO 14001 standard. Guidelines and policies related to EHS issues are supplemented with clear instructions to ensure employees follow appropriate procedures that minimise the adverse impact of business activity.

Each department of our manufacturing workshop identifies its own ESG risks and takes steps to rectify them, with managing representatives reporting to the EHS Department for review in the annual management review meeting. This ensures efficient internal communication on sustainability issues so prompt action and policies can be implemented in response.



Quality and Durability

Tai Ping materials and specifications are engineered to strike a balance between aesthetics, durability and longevity.

Tai Ping is certified to ISO 9001.

With an active research and development team monitoring technological advancements in yarn preparation, dyeing, tufting and overall product construction, Tai Ping leads the industry in extending product lifespan and reducing environmental impact.

Vertical Integration and Sustainable Factory Architecture

Unlike many other companies in the floor coverings industry, Tai Ping's artisan workshop is a wholly-owned facility that is vertically integrated for maximum process control and greater independence from supply chain uncertainties.

Tai Ping's state-of-the-art workshop in Xiamen, China features environmentally-friendly elements throughout. Overall energy consumption has been minimised by taking advantage of naturally-shaded, north-facing ceiling vents, evaporative cooling and a high roof exhaust fan grid for forced air circulation, thereby eliminating the need for mechanical heating, ventilation and air conditioning (HVAC) systems in most areas.



RESPONSIBLE SOURCING

Ethical & Sustainable Value Chain Partners

Selecting the right supply partners means choosing responsibly, and Tai Ping has longstanding partnerships with preferred yarn suppliers who are audited regularly to confirm and reapprove their material supply credentials.

Performance assessments on incoming raw materials include a series of tests such as yarn fibre measurement, abrasion, wear, colourfastness, strength, appearance, fire performance and others.

Ethical sourcing works both ways, and many of Tai Ping's clients perform audits on the Xiamen workshop to assess workplace conditions and to verify compliance with labour laws and environmental standards.



Natural versus Recycled Materials

Tai Ping encourages the use of natural fibres – such as wool, silk, cashmere, cotton, jute and flax – because they are the sustainable choice.

In addition to being renewable and recyclable, natural fibres are capable of ground-enriching decomposition compared to synthetic materials which do not decompose.

Natural fibres are also inherently resilient with impressive performance features that include mechanical strength, anti-soiling properties and flame resistance, all while retaining a luxury appearance for longer than their synthetic counterparts.

Tai Ping's Product Development & Innovation team is focused on adopting recycled and sustainable materials in their product line-up.

New partnerships are developed with upcycling specialists and spinners who create yarns from reprocessed textile wastage.



Carpet versus Other Flooring Options

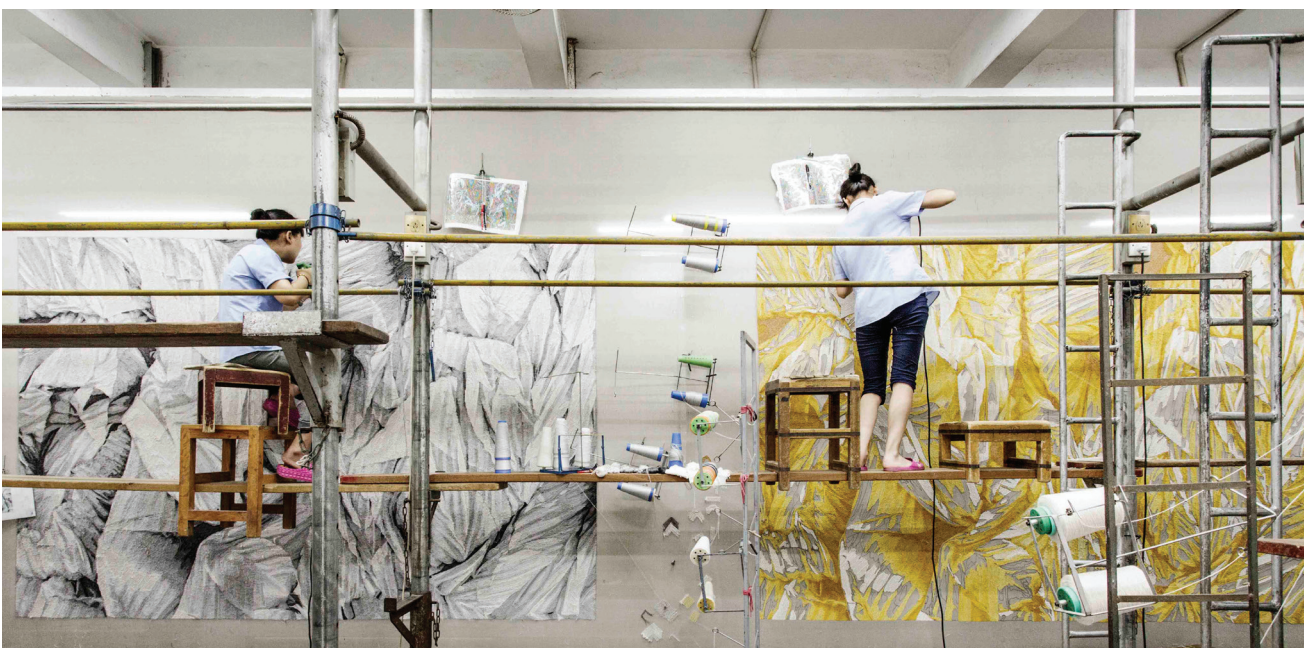
Tai Ping products emit zero volatile organic compounds (VOCs) and have been certified as Green Label Plus for both wool and silk by an independent laboratory that measures indoor air quality.

Tai Ping products are also ISO 16000 certified, the recognised standard for VOC testing in Europe.

Transport / Carbon Footprint

As a multi-national company, Tai Ping addresses the challenge of local and overseas transportation through an ongoing analysis of shipping needs, thereby reducing overall energy consumption and emissions.

Tai Ping currently owns and operates manufacturing facilities in Asia, Europe and North America. Additional footprints are also being explored in order to further reduce carbon emissions by improving proximity to customers.



EMPLOYEE WELLBEING

Workplace Conditions

Tai Ping commissions independent annual audits of its Xiamen artisan workshop in order to assess important factors surrounding labour, wages and working hours, health and safety, management systems, environment and other areas affecting workers.

Tai Ping is certified to ISO 45001, the standard for management systems of occupational health and safety (OH&S). The goal of ISO 45001 is the reduction of occupational injuries and diseases, including promoting and protecting physical and mental health. This demonstrates Tai Ping's compliance with systems and processes that provide workers with assurances of a safe working environment.

In 2019, Tai Ping's Workplace Conditions Assessment was undertaken by the independent firm Intertek – the foremost global quality assurance assessor and largest tester of products in the world – resulting in an overall facility score of 94% versus a global industry average of 79%, a health and safety score of 93% versus an industry average of 78%, and a perfect score of 100% for overall working environment, far exceeding the industry average of 81%.

At Tai Ping, working hours are strictly regulated and overtime is controlled. Tai Ping is 100% compliant with all labour laws, and all employees working in the Xiamen artisan workshop have signed employment contracts.

Social Security and Employee Benefits

All of Tai Ping's showrooms, offices and production facilities – which span the US, France, the UK, Germany, Italy, Dubai, Hong Kong and mainland China – strictly comply with local employment regulations and in many cases exceed requirements in terms of social security and benefits, including contributions to retirement funds, extended medical and dental coverage, sponsorship of training and development programs and education assistance.

In China, Tai Ping maintains ongoing compliance with Chinese and international employment regulations. Tai Ping rents 78 apartments in four residential buildings nearby its Xiamen artisan workshop in order to provide free housing to factory workers, and if an employee opts to arrange their own housing, Tai Ping provides a monthly subsidy. Six shuttle bus routes are offered for the transportation needs and the company provides optional transportation subsidy. Tai Ping's onsite canteen serves three free meals a day to factory workers. Tai Ping also makes contributions to China's social security system on behalf of employees, with areas funded including a pension fund, medical insurance, industrial injury insurance, unemployment insurance and maternity insurance.

Educational programs are also in place throughout the organisation to provide ongoing industry training along with self-improvement classes in language, arts, management and more.

Child Labour Protections

The Chinese government has established a number of laws aimed at preventing child labour – including the Chinese Labour Law, the Law on the Protection of Women's Rights and Interests, the Law on the Protection of Minors, Regulations on the Prohibition of Child Labour and the Notice on the Prohibition of Child Labour – and international treaties like the U.N.'s Convention on the Rights of the Child and the International Labour Organization's Minimum Age Convention are also in place.

