

# **NATURE FLOORING HOLDING COMPANY LIMITED**

(the “Company”)

## **WHISTLE BLOWER POLICY**

*(adopted by the Board of Directors of the Company on 28 March 2014)*

### **Reporting violations**

It is the responsibility of all relevant stakeholders, including directors, managers, officers and frontline staff, to notify the occurrence of questionable acts under the notion of good-faith. These questionable acts include, but are not limited to, unethical behaviors, wrongful conduct, malpractices, embezzlement, fraud, violation of the organization’s policy, violation of law, and questionable accounting and auditing. These reports can be presented orally, but must also be in writing so as to assure a clear understanding of the issues raised and for proper documentation. Whether presented orally or just through writing, reports should be factual and should contain as much specific information as possible to allow for proper investigation. In addition, it is essential that the complainant provide truthful information in connection with his/her report. If at any time an employee suspects such a violation, he/she can address the issue to an immediate supervisor who will then notify the department head. Alternatively, if the employee is uncomfortable speaking with the supervisor or feel that his/her issue is not properly addressed, he/she must contact one of the following under a confidential basis:

- the internal auditor, failing that;
- the legal counsel;
- the President;
- the Chairman of the Board of Directors, in that order.

### **Confidentiality**

Disclosure of violations or suspected violations, by a complainant, may be submitted on a confidential written basis but not anonymously, to the Chairman of the Board of Directors. Every written report will be numbered and documented securely with the complainants name and division in the firm’s database properly, as reference for other cases, before destroyed. Disclosure of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

### **Procedures for making reports:**

#### **1. Handling the investigation**

All submissions are expected to be handled in a timely manner; therefore, in the event that violations cannot be resolved within the department, the staff is recommended to notify the case officer identified above.

If wrongful conduct involves a member of senior management, the employee should file the report with the Board of Directors, who will then administer the implementation of the whistle blower policy. All submissions will be documented and be dealt with within a 30-day period.

An independent party will be formed under the guidance of the Board of Directors to investigate the claim(s). The independent party will include members from the audit committee and preferably outside parties including other members of the board. Moreover, the members chosen will be unrelated to any person involved, or any involvement with the violation. A written summary of these reports will be required to be presented to the Board of Directors. Through this channel, the investigation will allow for complete confidentiality and will lead to an un-biased investigation of the parties involved with the violation.

## **2. Violation submissions**

Upon reception of a submission, the investigating party will decide whether the submission has any validity. Once identified as a whistle blower problem, the process of investigation will begin, if necessary, by interviewing the employee to clarify facts or any missing links to the chain of events leading up to the violation. All reports, when received, will be acted upon with utmost confidence as to gather facts, to conduct an effective investigation, and to take necessary corrective action. In any case, with the exception of members at the senior management level who are involved in any part of the violation, all investigating parties to whom the complaint is reported, will notify the concerned individuals of their findings directly.

In the case where a member of the senior management is involved or associated with the violation, he/she will be excluded from supervising the investigation. The investigation will be headed up by a member of the Board of Directors or as a delegated member of management who is more senior than the supervisor who initially administered the action. If a member from the highest level of management is involved with the violation, an ad hoc independent party will be formed and will supervise the process, and will report to the Board of Directors upon completion. If any employee wishes, a fellow employee may represent him or her in the hearing.

## **3. Treatment of complaints**

The ad hoc independent party committee will report its findings to the Board of Directors. The report should be supported by a sufficient amount of evidence, and the Board of Directors will decide whether further investigation is required, or to proceed with appropriate remedial disciplinary action. Disciplinary action occurs with the justification of the circumstances, and includes the possibilities of terminating board membership or employment, seeking of restitution, removal from office or criminal prosecution.

### **No retaliation policy**

The organization will not tolerate retaliation, whether direct or indirect, against any director, manager, officer or frontline staff who in good-faith reports a violation or who cooperates with an investigation of a complaint. The organization will ensure that the complainant will not incur harassment, retaliation or adverse employment. An employee who retaliates against someone who has reported a violation in good-faith is subject to discipline up to and including termination of employment. This whistle blower policy is intended to encourage and enable employees and others to raise serious concerns within the organization.