

Code of Conduct and Business Ethics  
for **Fung Group Companies**

# Code of Conduct and Business Ethics for Fung Group Employees

## 1. INTRODUCTION

As employees of the Fung Group, we believe that we should always conduct ourselves and our business openly, honestly, in compliance with all applicable laws and in alignment with our deeply-held values.

Our reputation is built on the actions of our people and this is why what each of us does every day is so important. We believe that our success should be based on a common vision of shared values and a consistent standard of conduct. In other words, all of us have a responsibility to uphold our reputation and our values.

This Code of Conduct and Business Ethics (the “**Code**”) provides the general principles on the way we should conduct ourselves and our business, how we should serve our customers and how we should work with our suppliers. They are not meant to be exhaustive and cover every possible issue that may arise but instead, you should treat them as guiding principles to help you make the right decision in any situation you may face. You should read and understand what these principles mean and apply them every day.

If you have a question on anything related to this Code, you should speak to your Grade 2 line manager. He or she will raise matters to the Branch Manager, the Hub Manager, the Business Unit Head or the Group Chief Compliance and Risk Management Officer as appropriate.

## 2. BUSINESS INTEGRITY AND ETHICS

We must at all times perform our duties with honesty, faithfulness and fairness and ensure that we avoid conflicts of interests or situations of undue influence.

We must also abide by all applicable laws, rules and regulations and internal policies that apply to our business in all the countries which we operate.

We are committed to principles of good corporate governance which emphasize transparency, accountability and independence together with prudent management and enhancement of shareholder value.

## 3. CONFLICTS OF INTEREST

A “conflict of interest” is where our personal interests conflict with the interests of the company, a situation which could affect your ability to act objectively.

This is why we have a Declaration of Interest process to help you assess whether you have a situation of conflict. If one does exist, we will work with you to determine what, if anything, needs to be done to manage the conflict.

As it relates to our suppliers and service providers, a conflict of interest could potentially arise if you and/or your immediate family member (such as your spouse, your parents or children who live with you):

- Have a direct or indirect ownership interest in a supplier or service provider or holds a position as director, officer, legal representative or colleague of, or consultant to, a supplier or service provider; or
- Have a direct or indirect financial interest in a supplier or service provider including as a lender, guarantor, borrower or otherwise.

We must make full disclosure and get prior approval from senior management before:

- Being employed by any organization outside the Fung Group on a regular or consulting basis
- Engaging any outside organization in which you have a personal interest to undertake any work for any company within the Fung Group

#### 4. ANTI-BRIBERY AND ANTI-CORRUPTION

We take a zero-tolerance approach to bribery and are committed to complying with all applicable anti-bribery laws.

Bribery is when a person offers, promises or gives another person a benefit directly or indirectly (e.g. through a third party) intending that benefit to influence that person to perform their job improperly, or as a reward for doing so. Asking for, agreeing to receive or accepting such a benefit is also bribery. It doesn't matter if the bribe is offered or accepted by a third party. It is still a bribe.

We must not offer nor accept a bribe in any form on any portion of a contract payment, or use other routes or methods to provide improper benefits to customers, agents, vendors, contractors or colleagues of any party to a transaction or otherwise. We must not make a facilitation payment to any government, public official, or other persons in positions of authority able to exert improper influence on business transactions or individuals responsible for making decisions in the course of business.

We must not arrange for nor accept a bribe or kickback from customers, agents, vendors, contractors or colleagues of any party to a transaction or otherwise, or to any government or public official, or other persons in positions of authority able to exert improper influence on business transactions. The same applies to any person responsible for making decisions in the course of business for the purpose of benefiting the colleague or the colleague's family, friends, acquaintances, associates or other connected persons.

We care about the well-being of the communities in which we operate and support giving back to those communities in the form of charitable contributions and sponsorships.

However, we must all be careful to ensure that any charitable contribution or sponsorship (whether in cash, the donation of services, products or anything else) is free from any potential perception of being a bribe.

## 5. ACCURATE FINANCIAL INFORMATION AND RECORDS

We must ensure all transactions are properly included in the books and records of companies within the Fung Group and are available for audit. All accounting records must be reliable so they can be used to prepare financial information used within the business, for publication and maintaining accountability for assets and liabilities, and for presenting in compliance with all applicable accounting standards.

We must not attempt to create false or misleading records or conceal information from the company's auditors or regulatory agencies.

## 6. INSIDER TRADING ON COMPANY SECURITIES

We must not deal in securities of the publicly-listed companies of the Fung Group whilst in possession of unpublished price-sensitive information. Unpublished price-sensitive information is information which, if it were made public, would likely materially affect investment decisions and hence the share price of the companies.

More detailed information on special rules and provisions governing the dealing in securities of the Group's listed companies are available from the Group Company Secretary.

## 7. SUPPLIER CODE OF CONDUCT

We must work with suppliers to cultivate safe working conditions, to foster dignity and respect for workers, and to promote responsible environmental practices.

Our **Supplier Code of Conduct** and accompanying Standards detail the principles and practices that we expect our suppliers to uphold and cover:

- Human and labor rights in the workplace, including eliminating forced, compulsory or child labor
- Eliminating discrimination in employment and occupation
- Respect for freedom of association and collective bargaining
- Ethical conduct
- Responsible management of occupational health and safety and environmental issues
- Demonstrating responsibility, transparency and accountability in compliance with the **Supplier Code of Conduct**.

## 8. PROTECTION AND USE OF COMPANY INFORMATION AND ASSETS

We must protect company information and assets. You must get authorization from senior management before you disclose to any person outside the Fung Group of companies or use for your own purpose any confidential or proprietary information about the Group or third parties with which any company within the Group has entered into a confidentiality arrangement.

Confidential or proprietary information may include employee personnel records, computer system data, aspects of unpublished company operations, sales and marketing strategies, product information, financial information, customer information, intellectual property, patent, copyright materials etc.

## 9. ACCURATE REPORTING OF COMPANY INFORMATION

We aim to provide our shareholders and the investment community with accurate information about the Group on a timely, fair and transparent basis. Our listed companies have adopted the Shareholders' Communication Policy to ensure that:

- We comply with all Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other regulatory requirements related to disclosure of price-sensitive information; and
- All communications with the shareholders and the investment community are conducted in an informative and adequate way.

Only certain members of senior management are authorized to act as spokespersons and respond to related external enquires.

## 10. RELATIONSHIPS WITH STAKEHOLDERS

We must seek mutually beneficial long-term relationships with customers, suppliers, contractors, joint venture partners, regulators and other third parties based on fair, respectful and trustworthy practices.

## 11. PRODUCT QUALITY AND SAFETY

We must always use our best effort to promptly fulfill customer needs with good quality goods and services that meet high standards of safety and reliability and at prices which represent excellent value for money.

## 12. HUMAN AND LABOR RIGHTS, AND FAIR AND EQUAL TREATMENT

As a business within society, we play our part in supporting the UN Declaration of Human Rights as a necessary foundation for social development and economic progress.

We are committed to upholding the ten principles of the UN Global Compact covering human rights, labor, environment and anti-corruption throughout our operations.

We are also committed to supporting the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, including its core labor conventions to eliminate forced, compulsory or child labor; to eliminate discrimination in employment and occupation; and, respect for freedom of association and collective bargaining.

We are committed to fair and equal treatment in human resource matters, including recruiting, training and development, promotion, transfer, compensation and benefits, discipline, redundancy and dismissal, etc. We do not discriminate on the basis of gender, age, religion, marital status, race, sexual orientation, disability, disease, pregnancy, trade union and/or political affiliation.

We reward everyone based on individual performance as measured against the Fung Group's objective of maximizing long-term value for shareholders of its listed companies.

## 13. HARASSMENT

We must uphold values of mutual respect by maintaining a workplace that is free of all forms of harassment, including verbal, physical, visual or sexual.

## 14. CORPORATE POLITICAL ACTIVITY

We are politically unbiased and neither associate with political parties nor do we support any activity that is organized by or contributes to any political party.

Neither we nor our agents should use any company entity, facility, resource or finance to support, directly or indirectly, any political party, individual politicians or associates representing a political opinion, whether as a way of obtaining advantage in business transactions or for any other reason.

Group companies, their colleagues and agents shall not make any political contributions for the purpose of seeking improper advantages.

## 15. ENVIRONMENTAL PROTECTION

We strive to be environmentally responsible by adopting good environmental practices for offices, equipment and consumption of resources and by supporting practical measures and policies to protect and preserve the environment of the countries in which we operate.

**16. WORKPLACE SAFETY AND VIOLENCE**

We must all maintain a working environment that is clean, healthy, safe and free of physical violence.

No alcohol or illegal drugs and/or substances are permitted at the workplace.

**17. CONTRIBUTION TO COMMUNITY**

We care about the well-being of the societies in which we conduct our business. We endorse senior executive participation in community service and acceptance of public office as long as the engagement does not negatively affect work performance with the Group.

We encourage everyone to participate in sponsorships and charitable support through direct donation on behalf of the company. However, senior management must approve in advance any support in the form of sponsorships or charitable support by direct donation on behalf of any company within the Group or individual business units.

**18. REPORTING OF CONCERNS AND MISCONDUCT**

We encourage everyone to report actual or potential illegal or unethical behavior to appropriate senior management. We will investigate and report to senior management any material violation of this Code. Violations may result in disciplinary action, including termination of employment. In case of suspected fraud or corruption, we reserve the right to report violations to appropriate authorities.

If for whatever reason, you:

- Feel that you cannot speak with your direct line senior management about your concern or complaint, or
- Consider that your concern or complaint has not been handled by the direct line senior management properly, or
- Prefer to report anonymously

You may raise your concern or complaint to the Group Chief Compliance and Risk Management Officer by e-mail (GroupCCO@fung1937.com), by post (to 11/F, LiFung Tower, 868 Cheung Sha Wan Road, Kowloon, Hong Kong) or by fax (+852 3165 6295). Please include all relevant information and supporting documents.