

# CREATIVE TECHNOLOGY LTD

## CODE OF BUSINESS CONDUCT AND ETHICS

### 1. Introduction

One of our Company's most valuable assets is its integrity. Protecting this asset is the job of everyone in the Company. To that end, we have established this Code of Business Conduct and Ethics. This Code is designed to give you a broad and clear understanding of the conduct expected of all our employees everywhere we do business. This Code applies to every officer, director and employee of Creative Technology Ltd and its subsidiaries, who, unless otherwise specified, will be referred to jointly as "employees." We also expect that those with whom we do business (including our agents, consultants, suppliers and customers) will also adhere to this Code. This Code does not cover every issue that may arise, but it sets out basic principles and a methodology to help guide you in the attainment of this common goal. Under this Code, (a) the term "director" refers to a member of the Company's Board of Directors, rather than an employee whose job title designates that employee as a director, and (b) the term "Company" refers to Creative Technology Ltd and its subsidiaries.

Honest and ethical conduct is critical to our business. All employees have a duty to act in an honest and ethical manner. All of the Company's employees must carry out their duties in accordance with the policies set forth in this Code and with applicable laws and regulations. This Code is intended to supplement, not replace, the employee handbook and the other policies and procedures of the Company. To the extent that other Company policies and procedures conflict with this Code, you should follow this Code. Any violation of applicable law or any deviation from the standards embodied in this Code will result in disciplinary action. Depending on the seriousness of the violation and other relevant circumstances, violations of this Code may result in warnings, reprimands, demotion, suspension, termination, or other disciplinary action. Disciplinary action also may apply to an employee's supervisor who directs or approves the employee's improper actions, or is aware of those actions but does not act appropriately to correct them. In addition to imposing its own discipline, the Company may also bring suspected violations of law to the attention of the appropriate law enforcement personnel. If you are in a situation or are aware of a situation which you believe may violate or lead to a violation of this Code, follow the procedures described in Sections 9 and 10 of this Code.

The Company has designated the Company's Chief Financial Officer to act as the Compliance Officer, responsible for overseeing communication, training, monitoring, and overall compliance with this Code.

### 2. Compliance with Applicable Laws, Rules and Regulations

Creative operates on a worldwide basis and is subject to many laws, rules and regulations that define and establish obligations with which the Company, its employees and agents must comply. Under certain circumstances, local country law may establish requirements that differ from this Code. You are responsible for complying with all local country laws in conducting the

Company's business and in performing your duties for the Company. If you violate these laws or regulations in performing your duties for the Company, you not only risk individual indictment, prosecution and penalties, and civil actions and penalties, you also subject the Company to the same risks and penalties, and you may be subject to immediate disciplinary action, including possible termination of your employment or affiliation with the Company.

You should undertake to acquire knowledge of the legal requirements related to your duties sufficient to enable you to recognize potential dangers and to know when to seek advice from managers or other appropriate personnel. If you believe there is any conflict between this Code and local laws, you should consult the Compliance Officer.

### **3. Public Reporting**

As a public company, we are required to follow strict accounting principles and standards, to report financial information accurately and completely in accordance with these principles and standards, and to have appropriate internal controls and procedures to ensure that our accounting and financial reporting comply with law. The integrity of our financial transactions and records is critical to the operation of our business and is a key factor in maintaining the confidence and trust of our employees and shareholders.

It is of paramount importance to the Company that all disclosures in reports and documents that the Company files with, or submits to, the Singapore Exchange Securities Trading Limited, the U.S. Securities and Exchange Commission, and other regulatory authorities, and in other public communications made by the Company is full, fair, accurate, timely and understandable. You should consult with the Compliance Officer if you have any concerns about the accuracy of any public disclosure. You must take all steps available to assist the Company in these responsibilities consistent with your role within the Company. In particular, you are required to provide prompt and accurate answers to all inquiries made to you in connection with the Company's preparation of its public reports and disclosures.

It is important that all transactions are properly recorded, classified and summarized in our financial statements, books and records in accordance with our policies, controls and procedures, as well as all generally accepted accounting principles, standards, laws, rules and regulations for accounting and financial reporting. If you have responsibility for or any involvement in financial reporting or accounting, you should have an appropriate understanding of, and you should seek in good faith to adhere to, relevant accounting and financial reporting principles, standards, laws, rules and regulations and the Company's financial and accounting policies, controls and procedures. If you are a senior officer, you should seek to ensure that the internal controls and procedures in your business area are in place, understood and followed. Any attempt to enter inaccurate or fraudulent information into the Company's accounting system will not be tolerated and will result in disciplinary action, up to and including termination of employment. You are required to promptly report any case of suspected financial or operational misrepresentation or impropriety.

It is important that those who rely on records and reports - managers and other decision makers, creditors, customers and auditors - have complete, accurate and timely information. False, misleading or incomplete information undermines the Company's ability to make good decisions about resources, employees and programs and may, in some cases, result in violations of law. Anyone involved in preparing financial or accounting records or reports, including financial statements and schedules, must be diligent in assuring that those records and reports are complete, accurate and timely. Anyone representing or certifying as to the accuracy of such records and reports should make an inquiry or review adequate to establish a good faith belief in their accuracy.

Even if you are not directly involved in financial reporting or accounting, you are likely involved with financial records or reports of some kind - a voucher, time sheet, invoice or expense report. In addition, most employees have involvement with product, marketing or administrative activities, or performance evaluations, which can affect our reported financial condition or results. Therefore, the Company expects you, regardless of whether you are otherwise required to be familiar with finance or accounting matters, to use all reasonable efforts to ensure that every business record or report with which you deal is accurate, complete and reliable.

Our auditors have a duty to review our records in a fair and accurate manner. You are expected to cooperate with independent and internal auditors in good faith and in accordance with law. In addition, you must not fraudulently induce or influence, coerce, manipulate or mislead our independent or internal auditors regarding financial records, processes, controls or procedures or other matters relevant to their engagement. You may not engage, directly or indirectly, any outside auditors to perform any audit, audit-related, tax or other services, including consulting, without written approval from the Chief Financial Officer and the Audit Committee of the Board of Directors.

#### **4. Insider Information and Insider Trading**

Creative's Insider Trading Policy prohibits employees from purchasing or selling Company stock, directly or indirectly, on the basis of material non-public information concerning the Company. Any person possessing material non-public information about the Company must not engage in transactions involving Company securities until this information has been released to the public. Generally, material information is that which would be expected to affect the investment decisions of a reasonable investor or the market price of the stock. You must also refrain from trading in the stock of other publicly held companies, such as existing or potential customers or suppliers, on the basis of material confidential information obtained in the course of your employment or service as a director. It is also illegal to recommend a stock to (i.e., "tip") someone else on the basis of such information or to pass on confidential information to someone for the purpose of enabling them to make a profit or avoid a loss trading securities. Both the tipper and the tippee, and anyone else to whom the tippee passes the information, may be held liable.

Creative employees should review the Insider Trading Policy for more information. If you have a question concerning appropriateness or legality of a particular securities transaction, consult with the Compliance Officer.

Executive officers, members of the Company's board of directors and certain other employees of the Company are subject to additional responsibilities under the Company's Insider Trading Policy.

## **5. Conflicts of Interest and Corporate Opportunities**

Your decisions and actions in the course of your employment with the Company should be based on the best interests of the Company and not based on personal relationships or benefits. You should avoid situations in which your personal, family or financial interests conflict or even appear to conflict with those of the Company. You may not engage in activities that compete with the Company or compromise its interests. You should not take for your own benefit opportunities discovered in the course of employment that you have reason to know would benefit the Company.

The following are examples of actual or potential conflicts:

- you, or a member of your family, receive improper personal benefits as a result of your position in the Company;
- you engage in activities that interfere with your loyalty to the Company or your ability to perform Company duties or responsibilities effectively;
- you work (whether as an employee or a consultant) for a competitor, customer or supplier simultaneously with your service to the Company;
- you, or a member of your family, have a financial interest in a customer, supplier, or competitor which is significant enough to cause divided loyalty with the Company or the appearance of divided loyalty (the significance of a financial interest depends on many factors, such as size of investment in relation to your income, net worth and/or financial needs, your potential to influence decisions that could impact your interests, and the nature of the business or level of competition between the Company and the supplier, customer or competitor);
- you, or a member of your family, receive a loan or a guarantee of a loan from a customer, supplier or competitor (other than a loan from a financial institution made in the ordinary course of business and on an arm's-length basis);
- you divulge or use the Company's confidential information - such as financial data, customer information, or computer programs - for your own personal or business purposes;

- you make gifts or payments, or provide special favors, to customers, suppliers or competitors (or their immediate family members) with a value significant enough to cause the customer, supplier or competitor to make a purchase; or
- you are given the right to buy stock in other companies or you receive cash or other payments in return for promoting the services of an advisor, such as an investment banker, to the Company.

Any transaction proposed between the Company and a related party must be submitted to the Company's Audit Committee for review. The Company will not, directly or indirectly, extend or maintain credit, or arrange for an extension of credit, in the form of a personal loan to or for any executive officer or director.

Neither you, nor members of your immediate family, are permitted to solicit or accept valuable gifts, payments, special favors or other consideration from customers, suppliers or competitors.

Conflicts are not always clear-cut. If you become aware of a conflict described above or any other conflict, potential conflict, or have a question as to a potential conflict, you should consult with your manager or the Company's Compliance Officer and/or follow the procedures described in Sections 9 and 10 of the Code. If you become involved in a situation that gives rise to an actual conflict, you **must** inform your manager or the Company's Compliance Officer of the conflict.

## **6. Confidentiality**

All confidential information concerning the Company obtained by you is the property of the Company and must be protected. Confidential information includes, but is not limited to, all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. You must maintain the confidentiality of such information entrusted to you by the Company, its customers and its suppliers, except when disclosure is authorized by the Company pursuant to its confidentiality policy or required by law.

Examples of confidential information include, but are not limited to: the Company's trade secrets; business trends and projections; information about financial performance; new product or marketing plans; research and development ideas or information; manufacturing processes; information about potential acquisitions, divestitures and investments, public or private securities offerings; significant personnel changes; and existing or potential major contracts, orders, suppliers, customers or finance sources or the loss thereof.

Your obligation with respect to confidential information extends beyond the workplace. In that respect, it applies to communications with your family members and continues to apply even after your employment or director relationship with the Company terminates.

## **7. Working with Customers, Suppliers and Competitors**

You should deal honestly with the Company's customers, suppliers, competitors, and other employees. Under various laws, the Company is prohibited from engaging in unfair methods of competition, and unfair or deceptive acts and practices. Examples of prohibited conduct include, but are not limited to: bribery or payoffs to induce business or breaches of contracts by others; or acquiring a competitor's trade secrets through bribery or theft.

You may, from time to time, provide or accept business amenities to aid in building legitimate business relationships. Business amenities may include gifts, meals, services, entertainment, reimbursements, favors, privileges or other items of value. Any business amenity should be consistent with customary business practice and reasonable and appropriate for the circumstance. Business amenities should not be lavish or excessive. You should avoid providing or accepting any cash payment or other business amenity that can be construed as a bribe or payoff. All Company funds expended for business amenities must be accurately recorded in the Company's books and records. We encourage you to contact the Legal Department if you have any questions as to whether a business amenity is permissible.

Conducting business with governments, government employees and public officials is not the same as conducting business with private parties. These transactions are often covered by special legal rules. You should comply with all applicable laws and regulations governing contact and dealings with governments, government employees and public officials. If you deal with governments, governmental employees or public officials, you should undertake to understand the special rules that apply. If you have any questions concerning government relations, you should contact the Legal Department.

You must handle the nonpublic information of others responsibly and in accordance with our agreements with them. Nonpublic information of others includes notes, reports, conclusions and other materials prepared by a Company employee based on the nonpublic information of others. You should not knowingly accept information offered by a third party, including a customer, supplier or business partner, that is represented as nonpublic, or that appears from the context or circumstances to be nonpublic, unless an appropriate nondisclosure agreement has been signed with the party offering the information. You should contact the Legal Department to coordinate the appropriate execution of nondisclosure agreements on behalf of the Company.

## **8. Protection and Proper Use of Company Assets**

Company assets, both tangible and intangible, are to be used only for legitimate business purposes of the Company and only by authorized employees or consultants. Intangible assets include intellectual property such as trade secrets, patents, trademarks and copyrights, business, marketing and service plans, engineering and manufacturing ideas, designs, databases, Company records, salary information, and any unpublished financial data and reports. Unauthorized alteration, destruction, use, disclosure or distribution of Company assets violates Company policy and this Code. Theft or waste of, or carelessness in using, these assets has a direct

adverse impact on the Company's operations and profitability and will not be tolerated.

The Company provides computers, voice mail, electronic mail (e-mail), and Internet access to certain employees for the purpose of achieving the Company's business objectives. As a result, the Company has the right to access, reprint, publish, or retain any information created, sent or contained in any of the Company's computers or e-mail systems of any Company machine. You may not use e-mail, the Internet or voice mail for any illegal purpose or in any manner that is contrary to the Company's policies or the standards embodied in this Code.

You should not make copies of, or resell or transfer (externally or internally), copyrighted publications, including software, manuals, articles, books, and databases being used in the Company, that were created by another entity and licensed to the Company, unless you are authorized to do so under the applicable license agreement.

**9. Reporting Violations of Company Policies and Receipt of Complaints Regarding Financial Reporting or Accounting Issues**

You should promptly report any violation or suspected violation of this Code to the Chief Financial Officer. If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible. If you wish to remain anonymous, send a letter addressed to the Chief Financial Officer at 31 International Business Park, Creative Resource, Singapore 609921. If you make a anonymous report, please provide as much detail as possible, including copies of any documents that you believe may be relevant to the issue.

If your concerns relate to accounting, internal controls or auditing matters, or if the Chief Financial Officer is implicated in any violation, you may also contact the Audit Committee of the Board of Directors by sending a letter addressed to the Audit Committee of the Board of Directors at 31 International Business Park, Creative Resource, Singapore 609921.

Reprisals, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

If you become aware of a suspected violation, do not try to investigate it or resolve it on your own. Prompt disclosure to the appropriate parties is vital to ensuring a thorough and timely investigation and resolution. The circumstances should be reviewed by appropriate personnel as promptly as possible, and delay may affect the results of any investigation. A violation of the Code or of applicable laws and/or governmental regulations is a serious matter and could have legal implications. Allegations of such behavior are not taken lightly and should not be made to embarrass someone or put him or her in a false light. Reports of suspected violations should always be made in good faith.

## **10. Compliance Procedures**

The Code is based on the Company's core values, good business practices and applicable law. The existence of a Code, however, does not ensure that employees will comply with it or act in a legal and ethical manner. To achieve optimal legal and ethical behavior, the individuals subject to the Code must know and understand the Code as it applies to them and as it applies to others. You must champion the Code and assist others in knowing and understanding it.

### *Compliance.*

You are expected to become familiar with and understand the requirements of the Code. Most importantly, you must comply with it.

### *Corporate Compliance Management.*

The Company's Chief Financial Officer shall act as the Compliance Officer. The Compliance Officer shall oversee communication, training, monitoring, and overall compliance with the Code, and, with the assistance and cooperation of the Company's officers, directors and managers, foster an atmosphere where employees are comfortable in communicating and/or reporting concerns and possible Code violations.

### *Access to the Code.*

A copy of this Code and periodic updates will be made available to all employees. It will also be made available to agents and contractors of the Company.

### *Monitoring.*

The Company's managers are the "go to" persons for employee questions and concerns relating to the Code, especially in the event of a potential violation. Managers or supervisors will immediately report any violations or allegations of violations to the Compliance Officer. Managers will work with the Compliance Officer in assessing areas of concern, potential violations, any needs for enhancement of the Code or remedial actions to effect the Code's policies and overall compliance with the Code and other related policies.

### *Approvals and Waivers.*

The Board of Directors or its designated committee must review and approve any matters requiring special permission under the Code for a member of the Board of Directors or an executive officer. The Chief Financial Officer must review and approve any matters requiring special permission under the Code for any other employee, agent or contractor. Any waiver of any provision of this Code for a member of the Board of Directors or an executive officer must be approved in writing by the Board of Directors or its designated committee. Any waiver of any provision of this Code with respect to any other employee, agent or contractor must be approved in writing by the Chief Financial Officer.

### *Internal Investigation.*

The Board of Directors or its designated committee will be responsible for investigating violations and determining appropriate disciplinary action for matters involving members of the Board of Directors or executive officers. The Board of Directors or its designated committee may designate others to conduct or manage investigations on its behalf and recommend disciplinary action.

Subject to the general authority of the Board of Directors to administer this Code, the Chief Financial Officer will be responsible for investigating violations and determining appropriate disciplinary action for other employees, agents and contractors. The Chief Financial Officer may designate others to conduct or manage investigations on his behalf and recommend disciplinary action. The Chief Financial Officer will periodically report Code violations and the corrective actions taken to the Board of Directors or its designated committee. The Board of Directors reserves the right to investigate violations and determine appropriate disciplinary action on its own or to designate others to do so in place of, or in addition to, the Chief Financial Officer.

The Company will promptly investigate any suspected violations. If it is determined that evidence of a violation exists, the individual subject to investigation will be notified. The subject of an investigation will have an opportunity to respond to any allegations made against that person. A person suspected of violating the Code may be suspended with or without pay while an investigation is conducted. The Company will follow local grievance procedures in jurisdictions where such procedures apply.

### *Disciplinary Actions.*

The Company will take appropriate action against any employee, agent or contractor whose actions are found to violate the Code. Disciplinary actions may include, at the Company's sole discretion, oral or written warnings, reprimand, suspension without pay, demotion, probation or immediate termination of employment or business relationship. In addition to imposing discipline upon employees, agents or contractors involved in non-compliant conduct, the Company also will impose discipline, as appropriate, upon such individual's supervisor, if any, who directs or approves such individual's improper actions, or is aware of those actions but does not act appropriately to correct them, and upon other individuals who fail to report known non-compliant conduct. In addition to imposing its own discipline, certain violations of this Code may require the Company to bring the violation to the attention of appropriate law enforcement personnel.

### *Corrective Actions.*

Subject to the following sentence, in the event of a violation of the Code, the manager and the Compliance Officer should assess the situation to determine whether the violation demonstrates a problem that requires remedial action as to Company policies and procedures. If

a violation has been reported to the Audit Committee or another committee of the Board, that committee shall be responsible for determining appropriate remedial or corrective actions. Such corrective action may include providing revised public disclosure, retraining Company employees, modifying Company policies and procedures, improving monitoring of compliance under existing procedures and other action necessary to detect similar non-compliant conduct and prevent it from occurring in the future. Such corrective action shall be documented, as appropriate.