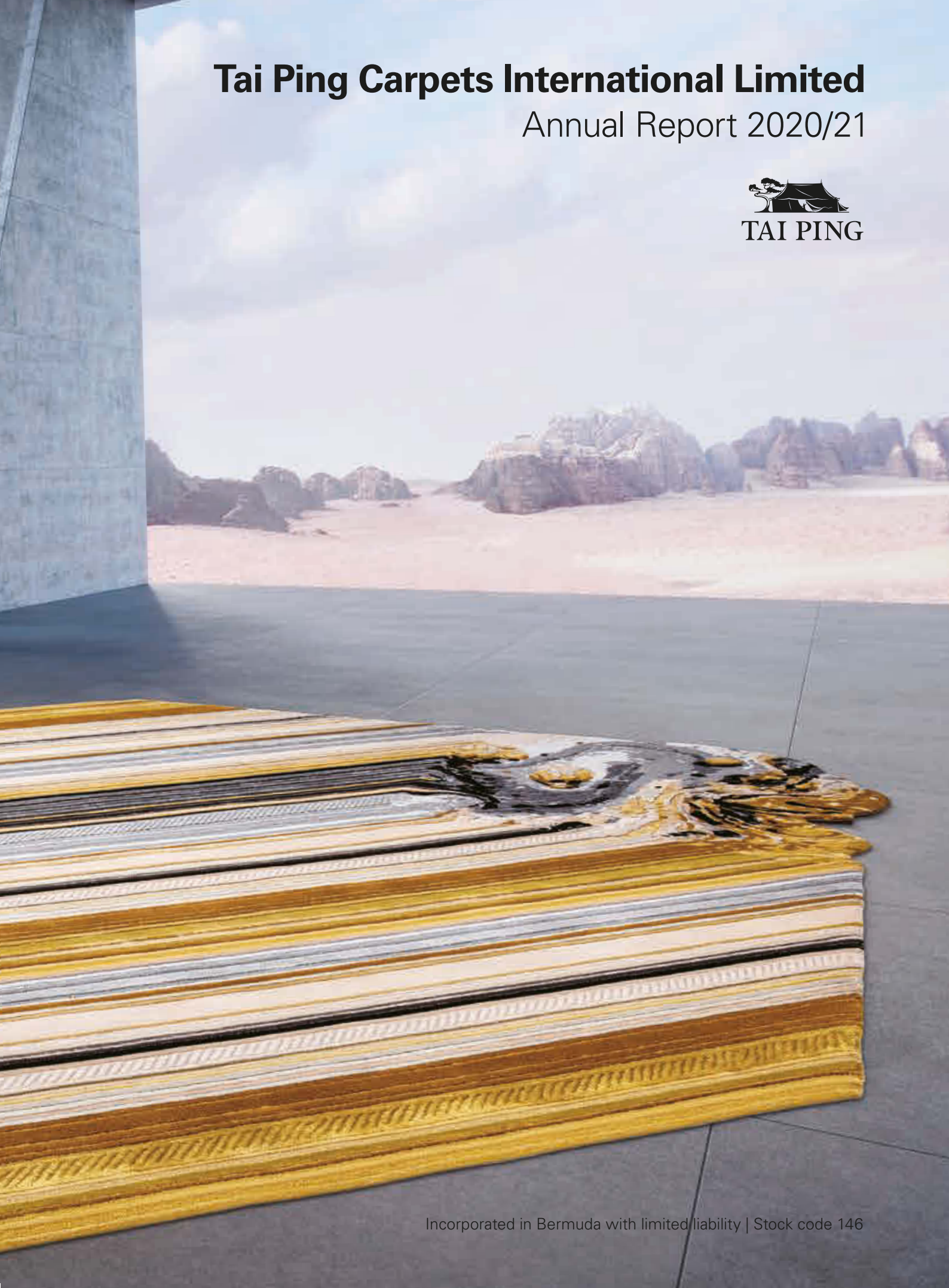


Tai Ping Carpets International Limited

Annual Report 2020/21



**Tai Ping
Carpets
International
Limited**
Annual Report
2020/21

EXTRACT

Environmental, Social &
Governance Report

Environmental, Social & Governance Report

ABOUT THIS REPORT

Aim of the Report

Tai Ping is pleased to present our Environmental, Social and Governance (“ESG”) report, covering our ESG management approach and performance for the financial year 2020/21. This report has summarised measures undertaken by the Group in its pursuit of sustainability and the evaluation of the environmental and social impact as a result of these actions.

Reporting Period

This report covers Tai Ping’s ESG management approach and performance for the period from 1 July 2020 to 30 June 2021 (“the Reporting Period”).

Scope of this Report

The scope of this report primarily covers Tai Ping’s core business, including the key manufacturing workshop based in Xiamen, China, as well as showrooms and sales offices located in major cities around the world including New York, Paris, Hong Kong and Shanghai.

Reporting Guidelines

This report is compiled in accordance with the ESG Reporting Guide under Appendix 27 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (“HKEX”), meeting the “comply or explain” provision of the ESG Reporting Guide. This report summaries the initiatives, quantitative data, and approach that the Group undertakes to managing its material ESG issues, as well as discloses environmental quantitative information related to its sustainability performance and involvement which aims to provide the transparency and accountability of the Group’s actions to stakeholders. For more information relating to the Group’s business and its corporate governance practices, please refer to the Corporate Governance section in this Annual Report.

In the preparation of this ESG Report, the Group follows the four reporting principles as set out in the ESG Reporting Guide:

Reporting principles	Materiality	Quantitative	Balance	Consistency
Application in this ESG Report	Material environmental and social issues were identified and prioritised with inputs from internal and external stakeholders of the Group, and are disclosed in this ESG Report.	The Group accounts for and discloses KPIs in quantitative terms for proper evaluation of the effectiveness of ESG policies and actions.	This ESG Report aims to disclose data in an objective way, which aims to provide stakeholders with a balanced overview of the Group’s overall ESG performances.	The Group adopts consistent measurement methodology to achieve meaningful comparison of ESG performances over time whenever practicable. Any updates in the methods or KPIs used will be disclosed.

Endorsement and Approval

The board of directors (the “Board”) is responsible for overseeing the statutory compliance, stakeholder engagement, ESG performance and risk management. The approval of this ESG report from the Board was obtained on 17 September 2021.

Feedback for this Report

The overall direction of the development is set according to the stakeholders’ views and insights, and to address their concerns wherever possible. Tai Ping values stakeholder engagement as it provides valuable input which contributes to steering the Group’s development in the ESG aspects. Any comments and suggestions regarding this report are welcome and any enquiries shall be mailed to Tai Ping’s Hong Kong office at Units 1801-1804, 18th Floor, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

ESG GOVERNANCE

The Board has ultimate responsibility for overseeing ESG issues related to the Group’s operations, risks and the overall ESG strategy and reporting. The Board reviews and directs sustainability initiatives to ensure they are relevant and effective responses to sustainability opportunities and concerns.

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.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Tai Ping recognises the importance of engaging with its stakeholders and considers their input key to the sustainable development of the Group. We maintain effective communication and interaction with different stakeholders through a diverse array of communication channels and have collected opinions and suggestions from government and regulatory authorities, shareholders of the Group, employees, suppliers, customers and the general public to meet their expectations and demands as possible.

Stakeholder	Communication Channel
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance management • Comply with policies
Shareholders of the Company	<ul style="list-style-type: none"> • General meeting • Regular reporting • Direct communication • Company website
Employees	<ul style="list-style-type: none"> • Regular performance assessment • Direct communication • Team-building activities
Suppliers	<ul style="list-style-type: none"> • Comprehensive management of bidding and tendering • Carry out projects in accordance with contracts • Assessment and review regularly
Customers	<ul style="list-style-type: none"> • Carry out customer satisfaction survey • Maintain interactions and open ways of communication with our customers • Regular external audit performed by specific customers
General public	<ul style="list-style-type: none"> • Charity activities • Company website • Staff volunteer activities

Tai Ping identifies stakeholders who are impacted by business activities and outcomes and selects those with the closest interactions to provide feedback on its business decisions. The Group engages with different stakeholder groups on an ongoing basis to understand expectations, interests, concerns and needs. In preparation of this Report, an online stakeholder survey was distributed to collect opinions from various stakeholder groups on Tai Ping’s material issues and other sustainability-related opinions. The survey invited stakeholders to rate the material issues by importance and provide comments and suggestions on sustainability performance and disclosures.

The detailed steps of the materiality assessment are as follows:



Material topics of the Group	Relevant sections of the Report
Use of chemicals	<ul style="list-style-type: none"> • Water Resource Management and Wastewater Treatment • Pollution Prevention
Air pollutants and effluent discharge	<ul style="list-style-type: none"> • GHG Reduction and Energy Conservation • Water Resource Management and Wastewater Treatment
Product quality and safety	<ul style="list-style-type: none"> • Product Responsibility
Intellectual property management	<ul style="list-style-type: none"> • Product Responsibility
Product and process innovations	<ul style="list-style-type: none"> • Sustainable Manufacturing
Corporate governance	<ul style="list-style-type: none"> • ESG Governance • Anti-corruption
Product lifecycle	<ul style="list-style-type: none"> • Waste Management • Sustainable Manufacturing • Supply Chain Management
Human rights and labour practices	<ul style="list-style-type: none"> • Employment • Employee Welfare • Labour Standards
Occupational health and safety	<ul style="list-style-type: none"> • Occupational Health and Safety
Talent development and training	<ul style="list-style-type: none"> • Development and Training
Employee benefits	<ul style="list-style-type: none"> • Employment • Employee Welfare
Sustainable sourcing	<ul style="list-style-type: none"> • Supply Chain Management

Tai Ping recognises that effective engagement is crucial to pave the way for continuous success; hence these insights inform the framework to the Group’s sustainability approach and aligns with its long-term strategic planning.

ENVIRONMENTAL PROTECTION

Climate change poses one of the greatest risks to global economies and businesses. Tai Ping recognises the need to shift towards a low carbon economy and is taking adaptive measures through energy and water efficiency initiatives, as well as working to reduce the amount of waste production.

The Group complies with relevant laws and regulations on environmental protection and conducts an annual internal and external environmental audit. The relevant laws and regulation include the *Environmental Protection Law of the People’s Republic of China (the “PRC”)* (《中華人民共和國環境保護法》), the *Law of the PRC on the Prevention and Control of Air Pollution* (《中華人民共和國大氣污染防治法》), the *Law of the PRC on the Prevention and Control of Water Pollution* (《中華人民共和國水污染防治法》) and the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》). During the Reporting Period, there have been no reports of non-compliance with regulations.

Various KPIs relating to environmental performance goals that apply across all departments have been set up by the Group. The following KPIs are monitored monthly to ensure targets are met and follow up action can be taken.

Environmental Targets in 2021

Key Performance Indicators (KPI)	Methods	Targets	Status
Environmental pollution accident	Calculated by nearby resident and enterprises complaints or government judgment	0	Target met
Water emission level shall adhere with the Standard of Emission Limits of Water Pollution	The third-party monitoring report	Comply	Target met
Gas emission level shall adhere with the Standard of Emission Limits of Air Pollution	The third-party monitoring report	Comply	Target met
The noise level shall adhere with the Emission Standard for Industrial Enterprise Noise at Boundary	The third-party monitoring report	Comply	Target met

GHG Reduction and Energy Conservation

Tai Ping is committed to reducing its GHG emissions, which are primarily generated from manufacturing and transportation. The Group strives to limit emissions created from transportation with our regional production facilities in the United States, Europe and Asia which are in closer proximity to local markets. The installation of frequency converters in various facilities of the Xiamen manufacturing workshop has successfully reduced power consumption in the Reporting Period. Shipments are consolidated and heavy crafting and wrapping materials are reduced to eliminate extraneous journeys.

The Group also promotes the principles of energy conservation and GHG emissions reduction in daily operations of the Xiamen manufacturing workshop. Measures to conserve energy, include adopting energy-efficient LED lighting systems, switching off idle electric appliances, with a machine operating schedule in place to increase energy efficiency. Modern glass facades of the Group's buildings make use of natural light and minimise the amount of artificial lighting to reduce electricity costs.

Tai Ping's state-of-the-art manufacturing workshop in Xiamen – designed by Paris-based Sandrolini Architecture – incorporates environmentally-friendly features that significantly reduce energy consumption, including evaporative cooling systems and north-facing ventilation methods. In addition, the heating, ventilation and air conditioning (HVAC) system is limited to critical areas (dyestuff storage, dyeing and the control room), while other work areas have air circulating fans and natural air vents, with projected shade and atrium spaces that feature plants to draw in fresh air and reduce excessive energy consumption.

The Group employs innovative technologies to further reduce emissions and pollutants from the source. For example, our carpets emit limited volatile organic compounds (VOCs) and allergens, providing cushioning, anti-slip, acoustic and thermal benefits to homes while also benefiting allergy sufferers.

Water Resource Management and Wastewater Treatment

Tai Ping takes measures to conserve fresh water in light of the potential risks to water supply stability due to climate change impacts, which could affect carpet manufacturing in the future.

The Xiamen manufacturing workshop adopts various water-efficient measures. Recycled water is used where possible to reduce the use of underground water, and manufacturing technologies are reviewed on an annual basis to be optimised and upgraded to minimise water consumption in production. In addition, the soft-water discharged from the Wastewater Treatment System in the manufacturing workshop is upcycled for use in bathrooms and irrigation systems to water outdoor grounds and employee rest areas. This contributes to reducing the amount of effluent discharged to the environment.

The manufacturing workshop houses a highly efficient wastewater treatment plant that processes around 200 tonnes of wastewater per day throughout the year. The wastewater treatment process is strictly monitored to avoid pollution of other natural resources and ensure compliance with regulations on wastewater discharge. The wastewater treatment plant incorporates settlement, filtration, ultra-filtration, aeration, flocculation, chemical and biological treatments, as well as reverse-osmosis to remove all colour and pollutants. PH meters are installed in the wastewater treatment process to monitor the water quality. The Group's *Wastewater Treatment System and Pollution Management Guideline* (《污水處理設備及安全操作規程》) outlines staff responsibilities for the operation and management of the system, including optimal operation schedules and practices. A weekly analysis of water quality is conducted to ensure continuous compliance with national standards.

Pollution Prevention

The Group endeavours to limit pollution and impacts on the environment. Tai Ping has guidelines and procedures in place to ensure the responsible handling of chemicals used in the production process.

Tai Ping's fully-integrated dyeing process results in better quality yarns and shorter supply times with industry-leading colour management and colour dye performance. All colourants used in dyeing comply with the Ecological and Toxicological Association of Dyes (ETAD) recommendations, which help reduce heavy metal impurities in organic dyestuffs and pigment preparations, as well as EU Directive 2002/61/EC which prohibits the use of azo dyes containing 22 aryl amines.

The *EHS Management Regulations for Hazardous Chemicals* (《危險化學品EHS管理規定》) outlines the emergency response procedures for handling hazardous chemicals to reduce the impact on the environment and protect staff occupational health and safety. Each department has responsibility for managing the storage, transportation, use and disposal of hazardous chemicals, with the EHS Department supervising the implementation of respective regulations and suggesting rectification measures to further mitigate risk. The *Emergency Procedure for Chemical Leakage* (《化學品洩漏應急預案》) sets out the detailed emergency response procedures in case of an accidental leakage in the process of storage, transportation, use and disposal of hazardous chemicals.

Waste Management

Tai Ping is in strict compliance with requirements for the treatment of waste and packaging materials. Fibre, fabric, glue, plastic, solid waste and sludge are wastes generated from production, packaging, office operation and wastewater treatment. Internal policies and procedures are in place to ensure the proper management of waste processing to minimise environmental impact.

The Group implements a continuous improvement program for waste reduction. Waste reduction is promoted by imposing stringent control of the weight and length of input materials and standardising the method of carpet fabrication. To achieve waste reduction at the source, recycled materials are used throughout the manufacturing process. Offcuts (yarn and other materials) are reused in manufacturing through re-dyeing or in other projects.

The *Waste Management Procedure* (《廢棄物管理程序》) is the Group's internal guideline for ensuring the proper classification of waste and processing. A waste segregation system is in place under which employees are required to collect and separate waste according to different categories. Different hazardous wastes are stored separately by category. Both hazardous wastes and non-hazardous wastes are collected by third-party contractors, who are authorised by a regulatory body to properly process and dispose waste in fulfilment of environmental protection requirements.

Sustainable Manufacturing

Tai Ping recognises the importance of sustainable manufacturing and environmental stewardship in its business operations and continues to modernise operation processes to improve efficiency and limit impact on the environment. The Group sources predominantly natural sustainable fibres, such as wool, silk, cashmere, cotton, jute and flax, which remain the source of economic vibrancy for millions of people including small-scale processors and farmers. These natural fibres are renewable, recyclable, biodegradable, have anti-soiling properties and are flame resistant. These are preferable to synthetic fibres which are produced using fossil fuels and consume significant amounts of energy, shed microfibres and produce dangerous emissions.

The Group has an active research and development team that monitors technological advancements in yarn preparation, dyeing, tufting and overall project construction to lead the industry in extending product lifespan and reducing environmental impact.

SOCIAL RESPONSIBILITY

Employment

Employees are the greatest contributors to the long-term success of the Group. The Group adheres to the *Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》) and all employment regulations in markets it operates. Employee Handbook is accessible to all employees, and covers policies related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Tai Ping relies heavily on its dedicated employees to execute corporate strategies and deliver product and service excellence. As such, the Group endeavours to create an inclusive and supportive workplace, free of harassment, intimidation, bias and discrimination on the grounds of age, gender, disability, religion, family status and obligations, race and colour. The *Code of Conduct* is communicated to all new employees and is refreshed annually during the declaration for complying with the Group's *Global Code of Conduct*.

Any employment-related decisions such as recruitment, compensation, promotion, and performance evaluation are conducted solely based on employees' merits and qualifications. The *Global Code of Conduct* also outlines an employee's expected behaviour, as well as anti-harassment, sexual harassment and personal relationship guidelines. The Group has zero tolerance towards any forms of discrimination or harassment in the workplace. An anti-discrimination mailbox is in place in the Xiamen manufacturing workshop for employees to raise any grievances relating to discrimination.

During the Reporting Period, there were no known material instances of non-compliance with relevant employment, labour practice laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in any of the countries where the Group operates.

Safeguarding against the Coronavirus

The COVID-19 pandemic has caused unprecedented disruption in people's lives and business operations worldwide. Tai Ping's highest priority remains the safety and wellbeing of its employees, clients, suppliers, and the broader community. The Group has set up a registered emergency team to evaluate the situation and take necessary actions to safeguard employees from the pandemic.

Tai Ping works tirelessly to ensure a safe and healthy workplace, and to support employees with stable jobs and sources of income. The Group maintains correspondence with relevant government departments and keeps track of policies and regulations on epidemic prevention and control through various channels. A comprehensive coronavirus emergency plan has been established, such as setting up a temperature checkpoint at the security gate and a quarantine and health observation room. All employees and visitors are required to wear surgical face masks and conduct twice-daily temperature body checks with internet logging of results. The Group has also provided necessary vaccination support to its employees in the Xiamen manufacturing workshop.

Disinfection of the factory and the office is conducted regularly. A 'Healthy Working' policy with supporting training to minimise the risk of contracting or passing on infections has also been carried out.

Flexible working options are also provided to employees in case they or their family members and close contacts display relevant symptoms, or when in self-quarantine following a recent trip to a high-risk location. The senior management team convenes regular meetings to follow up on the latest development of the pandemic and oversee the implementation of all necessary protocols to maintain a safe working environment.

Employee Welfare

A wide range of benefits are made available to employees. These include accommodation for workers relocated from different provinces, meal plans, paid leave, medical insurance plans, regular body check-ups, and transportation subsidies for migrant workers to visit families at home. Family-friendly initiatives such as paternity leave for male employees are also in place. Beside social insurance, the Group also provides accident insurance and emergency fund for employees in the Xiamen manufacturing workshop.

The Group promotes active and healthy lifestyles through a wide variety of different interest groups, such as the fishing association, basketball club, and square-dancing association. These benefits help build a cohesive work environment and maintain a low employee turnover rate. To foster a spirit of togetherness, social activities such as Spring Festival reunion dinners, monthly birthday gatherings, Mid-Autumn Festival party and lucky draws, and Christmas celebrations are organised. In addition, female employees are granted half-day leave on International Women's Day.

Occupational Health and Safety

The wellbeing of employees is of paramount importance to Tai Ping; the Group has comprehensive policies and procedures in place to ensure the safety of employees at our factories. These include the *Control Procedures for Environmental Operation* (《環境操作的控制程序》), *Hazardous Chemicals EHS Management Regulations* (《危險化學品環境、健康及安全管理條例》) and the *Control Procedures for Occupational Health and Safety (OHS) Operation* (《職業健康安全運行的控制程序》) that safeguard compliance with applicable occupational health and safety laws and regulations.

In 2021, the Group has been accredited with the ISO 45001 occupational health and safety standard, the internationally recognised standard for occupational health and safety. A dedicated team – the Safety Committee – has been set up comprising senior executives from all key business units. It is responsible for administering the health and safety management system of the Group and ensuring that its procedures are adopted in its day-to-day operations. There are regularly reviews of the internal occupational health and safety management systems with employee and contractor feedback taken into consideration to drive continuous improvement on safeguarding the health and safety of employees. Safety meetings were regularly organised by employee representatives during the Reporting Period. Internal and external OHS audits has also been conducted annually.

Tai Ping has set specific targets on its OHS performance. *The Targets and Management Plan* (《目標及管理方案》) is in place to standardise the Group's target setting procedure, responsibilities, and reporting mechanism. Division managers and representatives will keep track of the target status and report to the Quality Assurance (QA) Department regularly.

OHS Targets in 2021

Key Performance Indicators (KPI)	Methods	Targets	Status
Workplace injuries	Total number of workplace injuries as defined by the Identification of Industrial Injury in 2021	≤ 4	Target met
Workplace injuries (including serious injury, lead to over 105 lost days)	Total number of workplace injuries in 2021 and workplace injuries defined by the Identification of Industrial Injury, including the number of serious injury (lead to over 105 lost days)	0	Target met
Pitfall correction rate	(The number of corrective pitfall/Total pitfall) *100%	100%	Target met
Occupational disease	The number of occupational diseases	0	Target met
Direct economic loss of non-personnel casualties which over 20,000RMB	The number of direct economic loss of non-personnel casualties which over 20,000RMB	0	Target met

Regular safety training for operational staff is performed to raise safety awareness and minimise the risks of hidden hazards at work aiming to rule out fatalities, severe work-related injuries and significant errors related to failure of equipment and facilities failure. Fire drills, practice emergency drills and workshops on different workplace hazards are also organised to prepare employees to respond effectively in case of any accident. Besides, workers are required to wear protective gear, including safety shoes, safety glasses, ear protection, gloves and task-specific protection, at all times when in the manufacturing site to ensure health and safety.

Development and Training

The Group is committed to employee development and training. It is Tai Ping's expectation for the employees to thrive and view their personal growth as an integral component of its business sustainability. The investment in the employees for them to grow their skills will not only boost productivity but also help to retain talents by encouraging people to build a rewarding career with Tai Ping.

Tailored on-the-job training and self-learning programs are offered to improve employees' knowledge and skillsets in the garment manufacturing industry. Team building activities and environmental operation training are organised in collaboration with external professional institutes to strengthen team bonding and deepen employees' sense of belonging to the Group.

To motivate employees to deliver high performance, an effective performance assessment mechanism is adopted which comprises the *Goal and Performance Management* (《目標與績效管理》) and *Performance Improvement Plan* (《績效改善計劃》). This enables the Group to evaluate employees' performance as well as plan relevant training and development programmes effectively.

Two-way communication with employees is maintained through networking activities and feedback sessions. The annual performance appraisal provides an opportunity for all staff members to discuss career planning, identify areas for further development and maximise career potential with their line managers.

Labour Standards

Tai Ping respects and safeguards the human rights in all aspects of business operations. Our *Human Rights Policy* (《人權政策》) is in line with the international standard, Social Accountability 8000 (SA8000). Tai Ping firmly opposes employing child labour and upholds high labour standards and require suppliers to apply the same standard in their operations to prevent child and forced or trafficked labour. *Child Labour Protection Procedures* (《防止童工政策》) are developed and implemented at the regional and local levels in compliance with the related regulations and laws. In the recruitment process, identity checks are performed by the human resource department to ensure all recruited employees are above the legal working age.

During the Reporting Period, the Group was not found with nor involved in any non-compliance in employment and labour or employment of any child labour or forced labour.

Supply Chain Management

Tai Ping demands the highest ethical and environmental standards throughout its global business operations and within its supply chain. The Group verifies the source of all incoming materials and the ethical standards of all approved suppliers. Various Standard Operation Procedures (SOP) on supply chain management are in place, including the *Management of Raw Materials Suppliers* (《外部供方的管理》), *Procurement Control* (《採購控制》), *Suppliers' EHS Management* (《供應商環境安全管理程式》), etc. A supplier management system has been established to verify their qualifications, assess their performance, review the occupational health and safety measures in place, and ensure suppliers meet the Group's internal environmental and social standards. Suppliers who fail to meet the standard and show no improvement after remedial actions were communicated will be terminated. World-renowned luxury brands have registered Tai Ping as an approved supplier based on external auditing of its ethical sourcing.

Tai Ping continues to promote environmentally-informed decisions regarding the use of recycled components in the manufacturing process. A comprehensive procedure has been implemented to ensure the selection of qualified materials that are not harmful to humans and the environment. The Group gives preference to materials or products that can be obtained locally or nearby cities to support the domestic economy and reduce the environmental impact from transportation.

Product Responsibility

High-quality products and services are the key to business success. The standard of excellence has defined the Tai Ping brand since 1956. Our carpets are manufactured in compliance with the *American with Disabilities Act (ADA)*, as products are edged to facilitate wheelchair activities and the Green Label Plus (GLP), pass toxicity tests, and are fire-proof.

To better understand the needs of its customers, the Group collects feedback on its services and product quality through communication channels such as the annual customer satisfaction survey. The customer service department conducts the customer satisfaction survey in December every year. Staff from the customer service department will submit the information collected from the survey to the manager, who will then review the content and data of the customer's feedback. The Group will identify room for improvement according to the survey result and formulate corrective measures where practicable.

The Group has adopted a quality management system certified with ISO 9001 standard in various supporting facilities, including high-tech dyeing machinery and advanced testing equipment. This ensures raw materials and products procured, manufactured and delivered are in compliance with quality control requirements.

The Group's human resources policies include practices regarding conflict of interests, confidentiality, intellectual property, copyright protection and sensitive data privacy protection. A *Confidential Data Policy* (《資料保密政策》) has been established to lay out standards for the use of confidential data and outline specific security controls in protection of this data.

Tai Ping ensures all marketing strategies and associated advertisements are in full compliance with relevant local and national regulations. The Group observes strict compliance with the laws and regulations of the PRC for health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. None of our products were subject to recalls for safety and health reasons during the Reporting Period.

Anti-Corruption

The Group is committed to doing business with integrity and avoiding corruption in any form. We expect all Tai Ping employees and representatives to conduct business in a fair, ethical and legal manner. The Group strictly complies with the relevant laws and regulations, such as the *Criminal Law of the PRC* (《中華人民共和國刑法》) and the *Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》).

The *Global Code of Conduct* outlines an employee's expected behaviour. Employees are required to comply with all applicable anti-corruption laws and specific guidance on the Group's stance on the payment to government officials, bribes and kickbacks, gifts, and conflicts of interest, especially for all new employees during their orientation sessions.

In addition, employees are required to sign the *Global Code of Conduct* and the *Whistleblower Policy* (《舉報政策》) on an annual basis. The *Whistleblower Policy* is designed to provide an official communication channel for the employees to raise their legitimate concerns of malpractice to the Audit Committee. Confidentiality is safeguarded, with no form of retaliation allowed for reports or complaints made in good faith. Investigation procedures are instigated to ensure that all complaints are treated promptly and fairly. When the whistleblower's report is received, the Internal Audit Manager, after consulting with the Chairman of Audit Committee, will first review the allegation received to assess whether the matter has any substance and falls under the preview of this *Whistleblower Policy*. The whistleblower will be informed as to whether any initial inquiries have been made. In conducting an investigation, precautions will be taken to safeguard against unfounded, inaccurate, or unwarranted accusations. The target of any investigation will have the opportunity to present relevant evidence and to understand the nature of the allegations. The format and length of an investigation will vary depending on the nature and particular circumstances of each reported case. Where appropriate, the matters raised may be referred to local regulatory authorities.

Ongoing monitoring, regular reviews, and periodical staff training are carried out to ensure the effectiveness of the *Whistleblower Policy*. During the Reporting Period, approximately 248.5 hours of anti-corruption related training was conducted for employees and all directors. The Group had no known material instances of non-compliance with relevant laws and regulations regarding bribery, extortion, fraud, or money laundering in its countries of employment.

Community Investment

Tai Ping remains strongly committed to the social obligations towards the communities. The Group fully realises the importance of the various factors that have contributed to its success, and strives to support the development of the communities and various stakeholders and make a positive impact in their lives. The Group acts as a responsible corporate citizen by fostering an ideal workplace, emphasizing employing locals wherever possible to boost the domestic economy at Xiamen. In addition, employees are encouraged to participate in local charity activities and create greater value for society.