

Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies

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Chapter I General Provisions

Article 1 These Instructions have been formulated in accordance with the *Company Law*, the *Securities Law* and other laws, administrative regulations and the rules of competent authorities for the purpose of implementing scientific outlook of social development, building social harmony, accelerating sustainable economic and social development and promoting commitment to social responsibilities.

Article 2 For the purpose of these Instructions, social responsibilities refer to the obligations listed companies should assume for the social development, for natural environment and resources, and for the interested parties including their shareholders, creditors, employees, customers, consumers, suppliers and communities.

Article 3 While pursuing economic results and protecting shareholders' interests, listed companies (hereinafter, Companies) should proactively protect the legitimate rights and interests of their creditors and employees, be honest and trustworthy towards their suppliers, customers and consumers, and commit themselves to social welfare services like environmental protection and community development in order to achieve social harmony.

Article 4 In business operations, Companies should follow the principles of free will, fair trade and good faith, observe moral and business ethics, and be subject to the supervision of the government and the public. They should not seek improper benefits by bribery, smuggling and other unlawful activities, nor infringe upon other people's intellectual properties like trademark, patent and copyright for the purpose of unfair competition.

Article 5 Companies shall, as required by these Instructions, perform their social responsibilities, make regular evaluation and issue voluntary disclosure on the performance.

Article 6 These Instructions apply to the companies whose shares are listed on Shenzhen Stock Exchange (hereinafter, Exchange).

Chapter II Protection of the Interests of Shareholders and Creditors

Article 7 Companies shall improve their corporate governance structure, treat their shareholders fairly and ensure that their shareholders enjoy all the rights and interests as provided in laws, regulations and rules.

Article 8 Companies shall select appropriate time and venue for convening the shareholders' meeting. Online voting is advocated, in a view to facilitate shareholder participation in shareholders' meeting for the exercise of their rights.

Article 9 Companies shall fulfill their information disclosure obligations in strict accordance with laws, regulations, rules and the Exchange's rules. Voluntary disclosure is advocated with respect to information that may have an impact on the decision-making of shareholders and other investors. All investors shall be treated in a fair manner. Selective disclosure is prohibited.

Article 10 Companies shall formulate long-term and consistent profit distribution policies and methods and work out viable and reasonable bonus plans in return for the shareholders.

Article 11 Companies shall ensure that they are financially sound and their assets and capital are safe. Due regards shall be paid to creditors' interest. Maximization of shareholder interests shall not be made at the expense of creditor interests.

Article 12 In business operations and decision-making process, Companies shall give ample consideration to the legitimate rights and interests of their creditors and inform the creditors in a timely manner of the material information relating to the creditors' rights and interests. Companies shall furnish cooperation and support when the creditors seek access to Companies' financial, operational and management information for the purpose of protecting their interests.

Chapter III Protection of Employee Interests

Article 13 Companies shall strictly abide by the *Labor Law*, protect the legitimate rights and interests of their employees in accordance with law, establish and improve employment systems such as remuneration and incentives, and ensure that employees enjoy their rights and fulfill their obligations.

Article 14 Companies shall respect the dignity of the employees and guarantee their legitimate rights and interests, care for them, promote harmonious and stable relation between the employees and employer, and provide special labor protection to female employees in accordance with State regulations. They shall not unlawfully force employees to work, nor shall they inflict corporal punishment, physical or mental intimidation, verbal humiliation or any other form of abuse.

Article 15 Companies shall establish and improve the system of occupational safety and health, strictly implement relevant rules and standards of the State, educate the employees accordingly, provide them with healthy and safe working and living environment, minimize the chance of accidents, and reduce occupational hazards.

Article 16 Companies shall follow the principles of pay based on work and equal pay for equal work. Pay shall not be deducted or delayed without justification. It is prohibited that temporary contracts or any other disguised probation contracts be signed with employees to reduce their wages and social security.

Article 17 Companies shall not interfere with employees' freedom of religious belief. No discrimination shall be imposed regarding employment, remuneration, training, promotion, dismissal or retirement due to ethnic community, race, nationality, religious belief, gender or age.

Article 18 Companies shall establish a vocational training system, mobilize and use the funds for vocational training in accordance with State regulations, make great efforts to train employees, encourage and support on-the-job training and continuing education for the purpose of providing more career development opportunities.

Article 19 Companies shall, in accordance with the provisions in the *Company Law* and their articles of association, establish a system for selecting and appointing directors and supervisors from among the employees so as to ensure that employees have full rights in corporate governance. Companies shall support the trade union to conduct legitimate activities. They shall solicit opinions,

through the employee representative meetings or union meetings, on matters related to the interests of employees such as wages, welfare, occupational safety and health, and social insurance and pay due regards to employees' reasonable needs.

Chapter IV Protection of the Interests of Suppliers, Customers and Consumers

Article 20 Companies shall be honest and trustworthy towards their suppliers, customers and consumers. They shall not seek profits by means of false advertisement or promotion, nor shall they infringe upon the intellectual properties of their suppliers and customers like copyright, trademark and patent.

Article 21 Companies shall guarantee that the commodities or services they provide are safe. With regard to commodities and services that may threaten personal or property safety, a truthful explanation, plain warning as well as user instruction shall be provided.

Article 22 In case serious defects are found in the commodities and services they provide, which may impose threat on the personal or property security of customers even at proper usage, Companies shall immediately report to the competent authorities and make public announcement. In the meantime, preventive measures shall be taken against any possible damage.

Article 23 Companies shall urge their customers and suppliers to comply with business code of conduct and moral ethics or stop partnership with customers or suppliers who refuse to make improvement in this regard.

Article 24 Companies shall establish appropriate procedures to strictly monitor and prevent commercial bribes between the Companies/employees and the customers or suppliers.

Article 25 Companies shall keep confidential the personal information of their suppliers and customers and, without authorization or permission, may not use or sell such information for profit.

Article 26 Companies shall provide excellent after services and properly handle the complaints and suggestions submitted by suppliers, customers and consumers.

Chapter V Environmental Protection and Sustainable Development

Article 27 Companies shall formulate environmental protection policies based on their impact on the environment. There shall be dedicated human resources in charge of the establishment, implementation, maintenance and improvement of their environmental protection system, and furnish necessary manpower, resources as well as technical and financial support to environmental protection.

Article 28 Companies' environment protection policies normally cover the following areas:

- (1) to comply with all the laws, regulations and rules that govern environmental protection;
- (2) to reduce resource consumption, including raw materials and fuels;
- (3) to reduce waste generation and make every effort to recover wastes for recycling;
- (4) to avoid, to the greatest extent, waste generation that pollute environment;
- (5) to apply environmental-friendly materials and energy-saving, waste-reducing design, technology and raw materials;
- (6) to minimize the adverse impact of corporate performance on environment;
- (7) to provide trainings to employees for the purpose of enhancing environmental protection awareness; and
- (8) to create an environment for sustainable development.

Article 29 Companies shall implement, as far as they can, facilities and processes that allow the greatest utilization of resources and lowest discharge of pollutants, as well as economical and rational technology for comprehensive utilization of wastes and pollutant treatment.

Article 30 Companies shall report to and file with the competent authorities regarding pollutant discharge. In case the discharge exceeds the national or regional standards, Companies shall pay a fee in accordance with the State regulations and assume the responsibility for the elimination.

Article 31 Companies shall allocate dedicated human resources for regular inspection of implementation of environmental protection policies. Behaviors in breach of environmental protection policies shall be rectified.

Chapter IV Public Relations and Social Welfare Services

Article 32 Companies shall pay due regard to the interests of their communities in business operation. The Exchange encourages that dedicated unit be set up and dedicated personnel be allocated to harmonize the relations between Companies and communities.

Article 33 Companies shall, as much as they can, take part in public welfare activities in their regions relating to environment protection, education, culture, science, public health, community development and poverty relief in the best interest of the regions.

Article 34 Companies shall accept the supervision and inspection of the competent authorities and pay due regard to the public comments and media reports on themselves.

Chapter VII Institutional Building and Information Disclosure

Article 35 The Exchange advocates that Companies should establish the social responsibility mechanism as required by these Instructions and work out social responsibility reports on a regular basis based on their review and evaluation of the status quo.

Article 36 Companies may release their social responsibility reports along with their annual reports. The social responsibility report shall include, but not limited to, the following:

- (1) implementation of social responsibility relating to employee protection, impact on environment, product quality and community relationship;
- (2) assessment of implementation of these Instructions and reasons for the gap, if any; and
- (3) measures for improvement and the timetable.

Chapter VIII Supplementary Provisions

Article 37 The power of interpreting these Instructions rests with the Exchange.

Article 38 These Instructions come into effect as of the date of promulgation.