

**Texhong Textile Group Limited**  
**Whistleblower Protection and Reward System**  
**(Revised in 2021)**

Texhong Textile Group is committed to becoming “to create a textile industry platform with global influence; to become a company for continuous learning and growth”, adheres to the core value of “Respect, Benevolence, Cultivation, Altruism” We work with suppliers, customers and other partners to establish a close cooperation and win-win relationship. In order to encourage suppliers, customers and other partners and staff of Texhong to participate in the supervision system operated by Texhong Textile Group with integrity, actively report violations such as corruption and duty crimes and strengthen the protection of whistleblowers, Texhong Textile Group has issued the “Whistleblower Protection and Reward System”.

### **1. Concept of Whistleblowers**

The whistleblowers referred to herein means any unit or individual reporting the violation of the “Regulations on the Administration for Anti-Bribery and Anti-Corruption of Texhong Textile Group” by the staff of Texhong Textile Group, including but not limited to the suppliers, customers and other partners of Texhong Textile Group and their employees as well as staff of Texhong Textile Group.

### **2. Reporting Scope**

The whistle-blowing referred to herein means the disclosure and reporting of the violation of the “Regulations on the Administration for Anti-Bribery and Anti-Corruption of Texhong Textile Group” by the staff of Texhong Textile Group, including but not limited to the following circumstances:

- 2.1 Staff of Texhong Textile Group accept any form of improper benefits such as cash, gifts, presents or travel from suppliers, customers and other partners.
- 2.2 Staff of Texhong Textile Group have committed illegal acts such as embezzlement, theft and misappropriation of funds and conversion of the Company’s assets and favouritism to harm the Company’s interests.
- 2.3 Staff of Texhong Textile Group accept, seek and introduce bribes, etc.
- 2.4 Staff of Texhong Textile Group seek improper benefits for themselves, interested parties or others by taking advantage of their positions.
- 2.5 Staff of Texhong Textile Group accept commission, handling charges or other advantages for the benefits of individuals or teams.
- 2.6 Staff of Texhong Textile Group implement connected transactions or breach the terms for conflict of interest;
- 2.7 Other acts of corruption.

### **3. Reporting Channel and Acceptance Procedure**

Any report regarding the accounting and legal matters of the Group can be submitted by means of any of the following:

3.1 Telephone: (FTNS) +86-21-20680206\20680285.

3.2 Email: jubao1@texhong.com;jubao2@texhong.com

This email address is one of the Office of the Director-General of the Group with security access, which could only be used by designated staff of the Office of the Director-General for receiving and sending emails such that the identities of the whistleblowers could only be available to the Office of the Director-General, or

3.3 Post: Office of the Director-General, Floor 23, Building C, No.88 Second East Zhongshan Road, Bund Soho, Huangpu District, Shanghai, P.R.C, 200001

A confidential letter should be submitted to the Office of the Director-General in a sealed envelope.

3.4 Official website of Texhong Textile Group: Reporting channel.

3.5 Reporting in person by appointment.

3.6 Other means as the whistleblowers consider appropriate.

#### **4. Protection of Whistleblowers**

4.1 The board of directors of the Group is the highest governing body for its business ethic management, the audit committee of which is responsible for monitoring its compliance with the rules, standards and policies that work as the guidance of the Company's acts, while the Office of the Director-General is the only department authorized by the audit committee of Texhong Textile Group to conduct corruption investigations and reports directly to the chairman of the board of directors, the director-general or the audit committee of Texhong Textile Group, guaranteeing the independence and objectivity of reporting, acceptance and investigation from the perspective of governance structure.

4.2 The Office of the Director-General treats the confidentiality of reporting as top priority, and has strict control systems and procedures for the acceptance and investigation of reports. The personal information of the whistleblower and all the reported information that he/ she has provided is kept strictly confidential.

4.3 National laws and regulations and confidentiality requirements of Texhong Textile Group for whistleblowers and reported information would be complied with, and information would be kept strictly confidential in all aspects of acceptance, registration, custody and investigation to prevent leakage or loss. Those who are responsible for violating the confidentiality provisions will be dealt with in a strict manner, and those who have committed crimes will be liable for criminal responsibility in accordance with the laws.

4.4 Texhong Textile Group strictly prohibits any form of retaliation against whistleblowers. Any form of retaliation will be dealt with strictly in accordance with the national laws and regulations and the systems of Texhong Textile Group. Any parties violating the laws shall

assume legal liability; if the whistleblower receives any form of retaliation to any extent, please promptly reflect the facts to the Office of the Director-General.

4.5 Texhong Textile Group spares no effort to protect the legitimate rights and interests of whistleblowers from infringement. In particular, for units or individuals reporting in real names, a number of strict protective measures have been formulated to realize the protection of whistleblowers. Specific measures are as follows:

- For real-name reporting, Texhong Textile Group has specially set up a confidential “Special Protection List”, which is managed by designated personnel in the Office of the Director-General of Texhong Textile Group, with no right of access to other individuals or departments.
- The personnel managing the “Special Protection List” are responsible for matters such as communication, training, rewards and protection for those on the “Special Protection List” to ensure strict confidentiality.
- When those on the “Special Protection List” are internal employees of Texhong Textile Group, their promotion, salary increment, awards and other matters shall be given priority, and the rewards will be distributed through exclusive channels to ensure the privacy is effectively protected. More options and assistance will be provided for their abnormalities, and attention will be paid in a timely manner for their resignation to save them from being squeezed out or retaliated.

4.6 In addition to providing protection to the individual whistleblowers, Texhong Textile Group provides multiple kinds of protection for suppliers, customers and other partners who actively report corruption to Texhong Textile Group. The main measures are as follows:

- Immunity: Whether you actively or passively provide improper benefits to the employees of Texhong Textile Group or their associates or not, if you actively explain the situation to Texhong Textile Group, it will maintain its cooperation with you, while neither violation responsibility nor punishment will be pursued on you.
- Right on business development protection and additional incentive: Whether you actively or passively provide improper benefits to the employees of Texhong Textile Group or their associates or not, if you actively explain the situation to Texhong Textile Group, it will, in addition to the above immunity, ensure the sustainable and steady development of the reporting unit. In addition, Texhong Textile Group offers corresponding rewards with reference to the reward terms for whistleblowers.

4.7 During the investigation by the Office of the Director-General, for the suppliers, customers or partners who have cooperated in the investigation and explain the existing problems, Texhong Textile Group shall pursue less liability on them for violation. Any person who proactively provides us information of the corrupt personnel which is not in our possession during the investigation will be exempted from punishment and will be given the right on business development protection; if the information so provided is related to a major corruption event, corresponding cash reward will be given.

## **5. Reward to Whistleblowers**

5.1 Rewarded targets of Texhong Textile Group for reporting are in principle limited to real-name reporting, which helps Texhong Textile Group effectively and quickly investigate corruption

issues and ensure the proper distribution of reporting incentives. Texhong Textile Group encourages whistleblowers to use their real names for reporting and to truthfully and objectively reflect the issues, and offers generous rewards to whistleblowers or whistleblowing units based on final investigation result.

- 5.2 For individual reporting, when information provided for corruption is real after investigation, Texhong Textile Group will offer various cash rewards to the whistleblower based on the validity of the clues provided as well as the nature and the severity of the case.
- 5.3 For reports by partners, when information provided for corruption is real after investigation, cash awards ranging from RMB5000 to RMB1 million will be given with reference to Clause 2 of Article V for the System regarding the cash reward standard for individual reports, or in combination with the requirements of the whistleblowing unit, such incentives will be given to the whistleblowing unit by means of increasing business cooperation, reasonable discount on prices and so forth.
- 5.4 For the cases of providing direct and effective evidence when reporting embezzlement and bribery of non-civil servants, which are finally identified by the police as crime reporting, the minimum reward amount is RMB20,000. Higher severity of cases after final investigation means higher reward.
- 5.5 Malicious report, false allegation and framing are prohibited. For malicious reports that have distorted facts or malicious complaint for retaliation, not only will the reward distribution be cancelled, but also the concerned parties shall assume relevant responsibilities. If they are internal employees, the case will be treated as serious violation of discipline in accordance with the Employee Manual.

## **6. SUPPLEMENTARY PROVISIONS**

- 6.1 The guidelines for and requirements on suppliers and customers of “Whistleblower Protection and Reward System of Texhong Textile Group” are also attached. Should the suppliers, other business partners or employees of Texhong Textile Group have any doubt, please contact the Office of the Director-General of Texhong Textile Group for further information with reference to the above contact information.
- 6.2 The Office of the Director-General of the Group is responsible for the approval of the System, including its draft, amendment, interpretation and abrogation.
- 6.3 The System has taken effect and has been being implemented since 1 August 2021.

**Texhong Textile Group Limited**

**1 August 2021**