

## *Policy and Practice*

### *Anti-corruption and Sound Governance*

#### **I. Anti-corruption and Anti-commercial Bribery**

Yuexiu REIT and the Manager attach great importance to transparency, independence, accountability, responsibility, fairness and compliance, strictly abide by the requirements of the applicable laws and regulations. The Company has formulated a series of anti-corruption rules and regulations to ensure asset transparency, management process routinization and expenditure rationalization and clarifies that anti-corruption and anti-commercial bribery are the “red line” that every person must strictly adhere to. The Company has established an internal supervision and management system on anti-corruption and anti-commercial bribery. All kinds of illegal, irregular and violating behaviors, or misconducts that may cause great losses to the Company’s reputation or economy are put under strict supervision and handled strictly. Internal rules and regulations, training and supervision mechanism on anti-corruption and anti-commercial bribery cover directors, employees (full-time/internship), front-line operators and various outsourcing service providers.

##### **(1) System and mechanism**

The Manager continuously improves various rules and regulations in order to ensure that all branches abide by business ethics and consolidate non-corrupt corporate culture through prevention, supervision and reward and punishment measures. The Manager has formulated compliance management system documents such as Compliance Manual, Guideline on Anti-money Laundering, Measures for the Management of Risk Preference and Implementation Measures for Internal Audit to closely monitor and control various compliance risks and established a supervision and reporting mechanism. The Manager has also established the procedure for dealing with the conflicts of interest, which all directors and employees must strictly follow.

##### **(2) Independent supervision and whistleblower protection**

The Manager reviews formulated anti-corruption and anti-commercial bribery policies and improves system contents every year to broaden the jurisdiction of the system. At present, the Manager has established an independent supervision mechanism. According to the Compliance Manual, the compliance team regularly conducts compliance inspections on front-line operators every year. According to the Implementation Measures for Internal Audit, the internal audit team conducts internal control evaluation/ internal audit on the Manager’s functional departments and front-line operators from time to time every year, accepts whistle-blowing, and keeps information sources and whistleblowers’ information strictly confidential to ensure that they are protected by law and away from interference. For management defects found in the inspection, relevant departments or front-line operators are instructed to formulate rectification/optimization plans and implement them. In the process, if violations of law, discipline or business ethics are identified, they will be reported and investigated according to the established mechanism.



### **(3) Employees' business ethics training**

The Manager requires employees to make commitments to integrity and organizes business ethics training every year and requires front-line operators to effectively promote and train integrity. The relevant functional departments of the Manager carry out special supervision from time to time to prevent the occurrence of events that damage the overall image of Yuexiu REIT.

### **(4) Anti-bribery of suppliers**

The Manager emphasizes the integrity management of supply chains and has "zero tolerance" for any suppliers who violate the integrity agreement. In order to carry out the integrity construction of various property capital transformation contract projects, the Manager requires the other party of the Contract and the Bidder to sign an Integrity Agreement with the Company, so that they promise to give no rebates, procedure fees, commissions, referral fees to employees to obtain any business opportunities.

### **(5) Anti-money laundering**

The Manager has established an anti-money laundering mechanism. For routine business, we carry out customer identification and verification based on customer identification rules. A lease management system has been established to register and maintain the business information and basic identity information of customers and their agents. The copies or photocopies of relevant persons' valid identity documents or other identity documents are properly kept. We have also included "anti-money laundering clauses" in the lease contract, requiring tenants to declare that the source of each fund submitted to the Company are legal and promise that the identity information submitted for filing is true and reliable. For investment and financing affairs, the Manager entrusts lawyers or qualified professionals to conduct due diligence to ensure the legality and compliance of relevant economic activities.

## **II. Anti-unfair Competition**

We deeply understand that healthy competition can improve efficiency and promote innovation, enhance service quality to meet the needs of owners and improve customer experience. The Manager advocates that all business activities shall be conducted in good faith and fairness to gain the trust of business partners, tenants, investors and the public. According to the Competition Ordinance, we prohibit anti-competitive behaviors, actively identify risks in the competition routine and formulate control measures and include bidding and tendering regulations clearly in the internal system.

## **III. Intellectual Property Protection**

We respect intellectual property rights, regard trademarks, brands and other intellectual property rights as important assets, which are managed by the Asset Management Department in a unified way, and try our best to protect various intellectual property rights involved in business activities. All employees are not allowed to copy or disseminate any unauthorized copyright materials in order to avoid encroaching on the rights of copyright owners. Tenants of the wholesale mall own lots of brands. Therefore, we create an atmosphere of initiative and originality through various channels and call on and supervise tenants and the public to take practical actions to protect intellectual property rights.

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