

Baidu Special Report on Healthy Workplace Action 2020



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Introduction

In 2020, the anti-corruption wave swept the global Internet industry. While the Internet industry has been in the eye of the business anti-corruption storm; creating a clean, transparent, and healthy workplace has also become a hot topic in the industry.

Internationally, many companies, including internet and technology companies, have become essential targets in combating corruption in recent years¹. In this context, Chinese businesses and individuals are increasingly subject to anti-corruption investigations initiated by the U.S., EU, other countries and regions, with the cases and fines rising significantly. This situation has undoubtedly posed more serious commercial anti-corruption challenges and compliance risks for Chinese Internet businesses that continue to go overseas for investment, financing, and business expansion².

Domestically, the Business Data News Department of Southern Metropolis Daily released *the Anti-Corruption Report of Internet Enterprises in the First Half of 2020* in July 2020. According to two respective sources of disclosure of China Judgement Online and company announcements in this report, there were over 60 corruption and fraud cases in the Internet industry during the first half of 2020. The disclosed cases involved 10 Internet businesses including Baidu, with over 100 people dismissed or transferred to public security authorities. The frequent cases since July also suggested that the wave of anti-corruption did not recede in the second half of 2020.

In 2019, there were 190 anti-corruption cases disclosed among 18 businesses, involving 400 employees. These facts signal that the anti-corruption campaign in China's Internet industry has entered a normalized and scaling stage over the past two years and has entered the deep-water zone where tough challenges will be met. On the one hand, various departments and positions in Internet businesses have been involved in corruption, especially within the core business, technical and operational departments. On the other hand, the middle and senior management of the industry is more frequently implicated in corruption scandals than before with the amount of money repeatedly reaching a record high.

On the whole, the frequent incidents of corruption not only lead to financial loss for the companies and a loss of public trust but can also expose companies to fatal business risks at any time. Internet enterprises are in a way more vulnerable to corruption when compared with traditional enterprises³. Therefore, it has urgent, significant, and practical implications for all internet enterprises to join the fight against business corruption.

Baidu Chairman and CEO Robin Li once said, "Anti-corruption is an issue that all Chinese Internet enterprises have to face and address because it is not only about the survival and prosperity of every business in the industry, but also about the healthy operation of the Chinese Internet ecosystem." As the world's largest Chinese search engine and a leading artificial intelligence (AI) technology company, Baidu always explores development challenges the company and the industry will or may face in response to rapidly changing external conditions.

To this end, for the first time, we prepared and disclose this special report themed with "corporate anti-corruption" and "healthy workplace" that are responsive to the global, domestic, and industry environment. We believe:

First of all, Baidu never covers up or whitewashes any corruption concerning itself, but instead exposes all corruption. Baidu's fight against corruption is not only a corporate action but also a part of efforts in the industry and society. Our efforts meet the need to build a fair and orderly workplace for employees, a fair and honest market for customers and peer companies; and a healthy and clean society for users and the public. Therefore, preventing and penalizing corruption behaviors is our duty-bound responsibilities, in which Baidu has strengthened its determination and confidence.

Secondly, anti-corruption efforts in Baidu are based on the principles of controlling the origin, focusing on the prevention, and addressing both the symptoms and the root causes. We establish and continuously improve various requirements, mechanisms, and measures at the institutional, organizational, awareness, and implementation levels. This report aims to showcase the progress and challenges in the institutional and cultural building in the field of anti-corruption.

Finally, as a part of the anti-corruption endeavor in both the industry and society, our anti-corruption efforts at the corporate level also need the understanding, support, and cooperation of our stakeholders, including employees, users, business partners, governments, social organizations, and communities. We hope to take this opportunity to further establish a mechanism for communication and cooperation with stakeholders for the purpose of promoting the construction and improvement of a multi-stakeholder ecosystem for anti-corruption initiatives.

This report is prepared by the ESG working group and approved by the Committee of Professional Ethics and the ESG Committee, aiming to disclose Baidu's performance in building the healthy workplace from January 1, 2020 to December 31, 2020 to stakeholders. It is also the first special report released by Baidu focusing on combating corruption and upholding our integrity and is also one of multiple special reports of the *Baidu 2020 Environment, Society and Governance Report*. We may release more reports of this nature in the future.

¹ In July 2019, Microsoft agreed to pay USD 25.3 million in fines under the United States' Foreign Corrupt Practices Act (FCPA) to settle its alleged bribery of officials from Hungary and Saudi Arabia. In December of the same year, Ericsson was fined USD 1.06 billion by the US Department of Justice because of bribery allegations. In January 2020, courts in France, the United Kingdom, and the U.S. imposed a hefty fine of USD 3.96 billion on Airbus under their respective anti-corruption laws.

² For example, listed companies under the FCPA definition include not only companies listed on the U.S. stock exchange or companies required to submit reports to the U.S. Securities and Exchange Commission, but also companies that trade in the form of American Depositary Receipts (ADR). A large number of Chinese companies, including Baidu, trade in the U.S. capital market as ADR, thus becoming targets of FCPA regulation.

³ For example, in early 2019, an employee of an Internet used-car platform was found to have resold the car source information, a core corporate resource, for corrupt purposes, which directly led to a setback on the new round of financing and big business shocks on the platform, as well as rumors of bankruptcy.

Prioritizing Systems to Build a Clean Environment

Baidu's efforts to combat corruption, uphold our business integrity and build a healthy workplace environment are based on an institutional foundation established by internal and external regulations.

Externally, we strictly abide by relevant applicable laws, regulations, and other regulatory documents in China. At the same time, as a company listed and operating overseas, we strictly comply with the local anti-corruption and anti-bribery laws as well as relevant international norms and guidelines.

Internally, we have developed our corporate anti-corruption philosophies based on the compliance with and incorporation of external norms, by combining rules and stages that are specific to the industry and our corporate development. We have translated these philosophies into a series of corporate rules and regulations for combating corruption and upholding integrity.



External Institutional Foundation

First, as a Chinese company, Baidu strictly complies with relevant applicable Chinese laws, regulations, and departmental rules, as well as the provisions relating to corporate corruption and its legal liability.

The *Interim Provisions on Banning Commercial Bribery*, issued by the State Administration for Industry and Commerce as early as 1996, specifies that commercial bribery by an employee is attributable to the business operator. Thus, employees engaging in bribery become the factual basis for administrative penalties imposed on operators by administrative organs for law enforcement. The *Anti-Unfair Competition Law of the People's Republic of China*, revised at the 30th Session of the Standing Committee of the 12th National People's Congress in 2017 and amended and implemented in 2019, provides more comprehensive and detailed provisions on the prohibition of commercial bribery, which, together with the relevant provisions of the *Company Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, and other laws, forms the basic legal regulatory system for punishing commercial corruption in China⁴. These have posed a relatively higher legal risk for Internet companies with a young and unstable workforce like Baidu.

Secondly, in addition to general laws and regulations, a series of special laws and regulations in China on tendering and bidding, asset appraisal, securities, finance, government procurement, construction, engineering, intermediary services, and carbon emissions trading include provisions and legal liability concerning anti-bribery and anti-corruption.

For example, the *Bidding Law of the People's Republic of China* (2017 Amendment), the *Asset Appraisal Law of the People's Republic of China*, and the *Government Procurement Law of the People's Republic of China* (2014 Amendment) and the *Interim Measures for the Administration of Carbon Emission Permit Trading*. The above laws covers the areas in which Baidu's operations, services, and business relationships are necessarily or potentially involved.

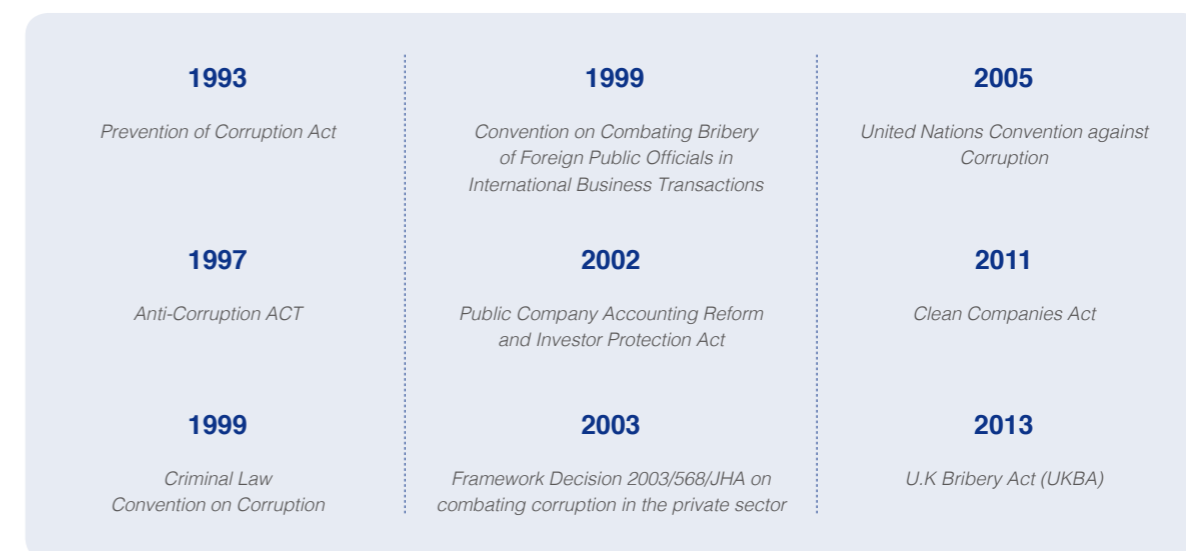
Some laws and regulations exclusively regulating the operation of the Internet and the industry also identify legal requirements such as compliance with business ethics and fair competition, including the *Telecommunications Regulations of the People's Republic of China* revised in 2016, the *Cybersecurity Law of the People's Republic of China* implemented in 2017, and the *E-Commerce Law of the People's Republic of China* effective in 2018.

Thirdly, as a multinational corporation listed in the U.S. and operating in other multiple countries, Baidu's work on anti-corruption enjoys a legal basis for being in compliance with applicable foreign laws.

For example, the *Public Company Accounting Reform and Investor Protection Act of 2002* (also known as the Sarbanes-Oxley Act, Section 406 et seq.) has imposed strict compliance requirements on companies listed in the U.S. and particularly increased the criminal liability for white-collar crimes involving integrity issues such as top corporate executives. In addition, the U.S. *Foreign Corrupt Practices Act* requires listed companies in the country to establish a sound financial management system, prohibits direct or indirect bribery for improper gain, and imposes serious civil and administrative liability in the event of suspected domestic and overseas bribery. Most of our existing and potential overseas markets also have strict local anti-corruption and anti-bribery legislation, such as Germany's *Anti-Corruption Act*, Singapore's *Prevention of Corruption Act promulgated in 1993*, the *Clean Companies Act* signed by the Brazilian president in 2013, the U.K Bribery Act (UKBA) effective in 2011 and the EU's Framework Decision 2003/568/JHA on combating corruption in the private sector.

Finally, international conventions and documents, applying to China and other markets in which Baidu raises capital, operates, and invests, also constitute a part of our external regulations and systems for Baidu to combat corruption and uphold integrity.

These international conventions and documents include the *United Nations Convention against Corruption* (effective in 2005 and ratified by China in the same year), the *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (effective in 1999), and a series of anti-corruption and anti-bribery conventions formulated by the EU and the Council of Europe, including the *Criminal Law Convention on Corruption of the Council of Europe*.



⁴ Please refer to Appendix I

Internal Code of Conduct

Baidu has formulated and continuously improved a series of internal anti-corruption regulations and institutional documents while following and absorbing the above-mentioned external regulations, systems, and requirements. We make such an effort to create a corporate operating environment that is harmonious, orderly, and clean; and a healthy workplace to protect the legitimate rights and interests of the company and its employees.

Baidu Professional Ethics and Code of Conduct

The *Baidu Professional Ethics and Code of Conduct (the Code of Conduct)* is a basic specification for Baidu to control corruption and is also a set of fundamental rules for Baidu to operate.

Since the first edition was released in July 2005, *the Code of Conduct* has been revised and improved several times. The existing 11th edition was unveiled in December 2019.

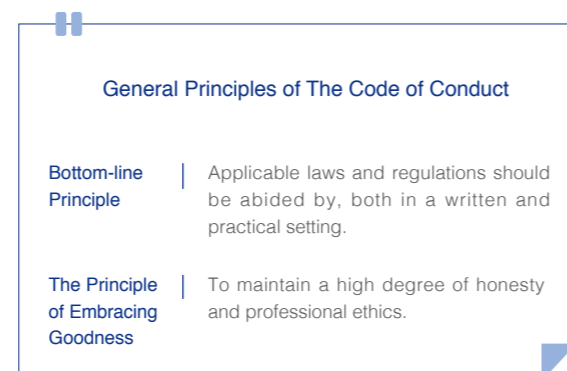
The Code of Conduct applies to all employees, executives, consultants, and board members of Baidu in its branches, affiliates, and subsidiaries, holding all employees to the most demanding business ethics that are guiding the operations of the company.

The Code of Conduct has firstly established the general principles of professional ethics and code of conduct for our employees on two levels. One is the bottom-line principle, which means applicable laws and regulations should be abided by, both in a written and practical setting. The other is the principle of embracing goodness to maintain a high degree of honesty and professional ethics.

The latter sets a higher bar for our employees, which highlights the pursuit of honesty, good character, positive attitudes, and a strong sense of ethical responsibility in everything we do.

Guided by the above two principles, *the Code of Conduct* expects employees to observe these two principles in terms of employee relations, fighting against the unfair competition, illegal and improper payments, business partners, suppliers and customer relations, confidentiality and protection of company information and property.

Furthermore, *the Code of Conduct* has also set up a mechanism for reporting violations and countering retaliation and identified penalties for violations of *the Code of Conduct*.



Other Basic Internal Regulations

Under the guidance of *the Code of Conduct*, Baidu has also formulated basic institutional documents concerning business ethics, professional ethics, and anti-corruption issues at the corporate level. The documents include the *Baidu Professional Ethics Regulations on "Red Line" Management*, the *Baidu Avoiding Conflicts of Interest Policy*, the *Baidu Management Regulation of Construction of Professional Ethics*, the *Baidu Management Rules on Undisclosed Information and Prohibition of Insider Trading*, the *Rules for Awarding and Punishing Employees*, and *Baidu Professional Ethics Reporting Management Regulations*.

These institutional documents have further clarified and refined the specific requirements in *the Code of Conduct* from three aspects.

Firstly, these documents have identified what is encouraged and prohibited by the code of conduct for professional ethics. For example, the *Baidu Professional Ethics Regulations on "Red Line" Management* has identified six types⁵ of negative behaviors categorized by the company as the red line and intolerable behaviors; namely falsification, solicitation for personal gain, extorting and accepting bribes, leakage of information, conflict of interest, and interfering with investigations. The *Baidu Management Regulation of Construction of Professional Ethics* stipulates six professional ethics; namely adhering to honesty and integrity, avoiding conflict of interest, keeping business secrets, valuing the interests of partners, protecting company assets, and cooperating with investigations.

Secondly, corresponding systems have been established to prevent and respond to those behaviors. For example, the *Baidu Avoiding Conflicts of Interest Policy* establishes two types of reporting mechanisms for conflict of interest and gift and hospitality respectively. The *Baidu Professional Ethics Reporting Management Regulations* establishes the reporting systems for Baidu employees suspected of violations of laws and professional ethics.

Finally, positive and negative incentive rules are set for these behaviors. For instance, both the awarding and punishing measures in the *Rules for Awarding and Punishing Employees* include details for rewards and punishments on behaviors related to professional ethics.



Figure: Baidu Basic Anti-corruption Systems

Furthermore, some business departments have developed their own rules and systems, including rules to prevent and control corruption and bribery. These rules showcase scenarios and details of the above-mentioned fundamental regulations of the company. For example, most sales systems have process specifications and constraints on behavior for the sales procedures and the procurement department has more specific ones targeting suppliers. These departmental level requirements shall be subject to the fundamental documents at the corporate level.

⁵ Referred to as the "Six Red Lines" in Baidu.

Eliminating Corruption with Collaborative Teamwork

Effective corporate anti-corruption work relies on a strong organization safeguard. Baidu has adopted a guaranteed model of a 'two-pronged' design.

One is governance, which establishes a system of authorization, division, and cooperation in anti-corruption. The other is supervision, responsible for establishing the corresponding balancing and constraining mechanisms.



Governing System with Three-Level Supervision

Baidu's anti-corruption organization consists of three levels of management, including the Board of Directors, the Committee of Professional Ethics, and the Professional Ethics Department.



Figure: Baidu Organizational Governance System for Anti-corruption

Board of Directors

The Board of Directors has the highest authority and undertakes the responsibility for corporate governance.

For corporate anti-corruption governance, the roles of Baidu's Board of Directors include the following three aspects.

Firstly, fundamental rules and institutional documents, including the *Baidu Professional Ethics and Code of Conduct*, should be approved by the Board of Directors before implementation. Secondly, the Board of Directors appoints the Committee of Professional Ethics and has the right to address inquiries to the Committee. Thirdly, the Board proposes advice on handling corruption cases involving corporate executives.

Through these efforts, the Board of Directors has also assumed the organizational responsibility to address corruption. We believe that only when the Board of Directors recognizes the significant risk and negative impacts that corruption can have on the company and actively promotes the supervision and governance on corruption, can a serious and collective awareness of anti-corruption be formed across the company, thus preventing executives from becoming the source of corruption.

Committee of Professional Ethics

The Committee of Professional Ethics is the decision-making body of professional ethics construction systems, consisting of three SVPs.

It is the highest decision-making body for the implementation of anti-corruption. The Committee is responsible for the instruction, decision, supervision, and inspection of the company's professional ethics, code of conduct and business ethics, and reports to the Board of Directors.

Professional Ethics Department

The Professional Ethics Department is the executive body of the Professional Ethics Committee and is responsible for its daily operation.

The Professional Ethics Department is instructed, supervised by, and reports to the Committee. As a daily executive body, the primary responsibilities of the Professional Ethics Department are:

- (1) revising relevant systems of professional ethics and anti-corruption, as well as establishing corresponding mechanisms and processes;
- (2) investigating and handling cases of suspected fraud and violations of laws or rules of administrative discipline involving employees.

For example, the formulation of general institutional regulations of anti-corruption and professional ethics at the company level is led by the Professional Ethics Department, which is based on consultations with a wide range of departments while engaging the Internal Audit Department, Legal Department, and Human Resource Department in reviewing. The formulation and revision of such regulations must consult the primary trade unions and secure their confirmation. Currently, for some basic systems, we make it a routine to review and revise them once every quarter (see the table below), aiming to ensure these systems to be more rigorous, scientific, and standardized against the backdrop of the fast-changing external environment. It is also our hope that the systems can be more relevant and operational in light of new issues and trends.



Name of Systems	Number of Revisions in 2019	Number of Revisions in 2020
Baidu Professional Ethics and Code of Conduct	3	0
Baidu Avoiding Conflicts of Interest Policy	2	4
Baidu Professional Ethics Regulations on "Red Line" Management	Newly Formulated	4
Baidu Management Regulation of Construction of Professional Ethics	Newly Formulated	2
Baidu Professional Ethics Reporting Management Regulation	Newly Formulated	1
Baidu Management Rules on Undisclosed Information and Prohibition of Insider Trading	1	0

Table: 2019-2020 Revisions of Baidu Anti-corruption Systems

The Audit Committee, affiliated with Baidu's Board of Directors, supervises the disclosure process of financial reports and related audit work while carrying out other obligations and rights conferred by the *Sarbanes-Oxley Act*. The Professional Ethics Department reports to it every quarter on work related to professional ethics. The Internal Audit Department reports to it quarterly on internal audit-related work.

Supervision System with All-Around Safeguards

The supervision system is the core of Baidu's anti-corruption organizational safeguards. After years of exploration and improvement, Baidu has formed a supervision system with its own applicable operational and functional division of labor and all-around guarantee.

The Supervision System

From the perspective of the business | The frontline staff of each business section has responsibilities to manage risks from a preventive perspective. The actual results show that most corruption risks are eliminated at this stage.

From the perspective of functions | Functional departments, including the department of budget, procurement, finance, and legal affairs, are responsible for risk supervision and review from their different areas of expertise.

From the perspective of supervision | Various supervision departments, including the Professional Ethics Department, are responsible for supervising operational loopholes, the actual corruption clues, and the people involved, which is an ex-post line of defense.

Of the above-mentioned supervision systems with all-around guarantees, the Professional Ethics Department plays a special role in supervising and investigating the whole of all personnel in line with its responsibility and authority.

In addition to the internal and external standard system mentioned above, the supervision and investigation of the Professional Ethics Department are pursuant to other rules and regulations of our company, business contracts and plans, budget-related regulations, and various business processes, records, and related control measures in the course of operation.

The Professional Ethics Department exercises its investigative authority independently without any intervention from institutions, personnel, and operations. The Professional Ethics Department has the right of investigation, inspection, supervision, and penalty recommendation, which no other departments and personnel may interfere with or restrict; and each department and its managers must cooperate when they are involved in the supervision and investigation.

At present, the Professional Ethics Department, together with other departments, has constructed a set of sound general procedures of supervision and investigation, as shown in the Figure below.

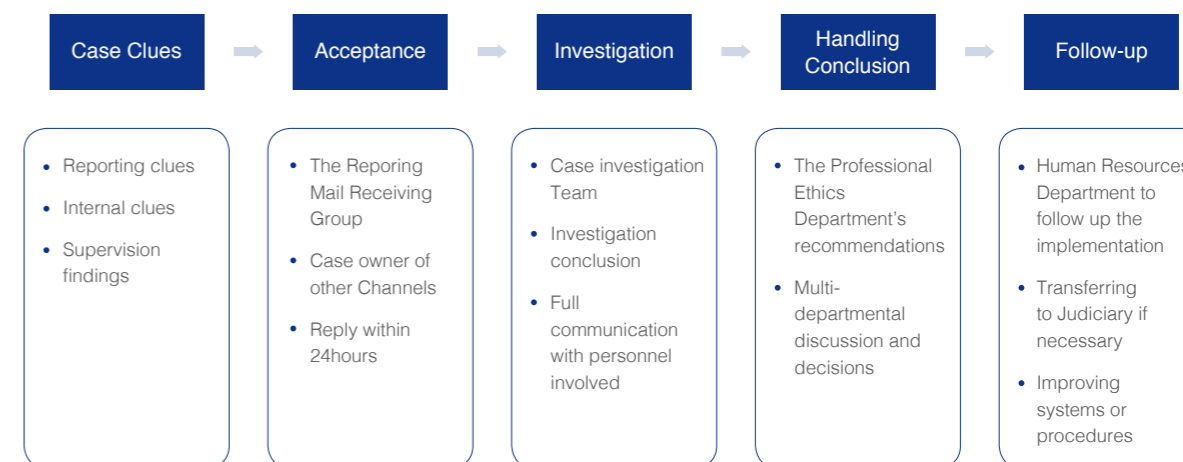
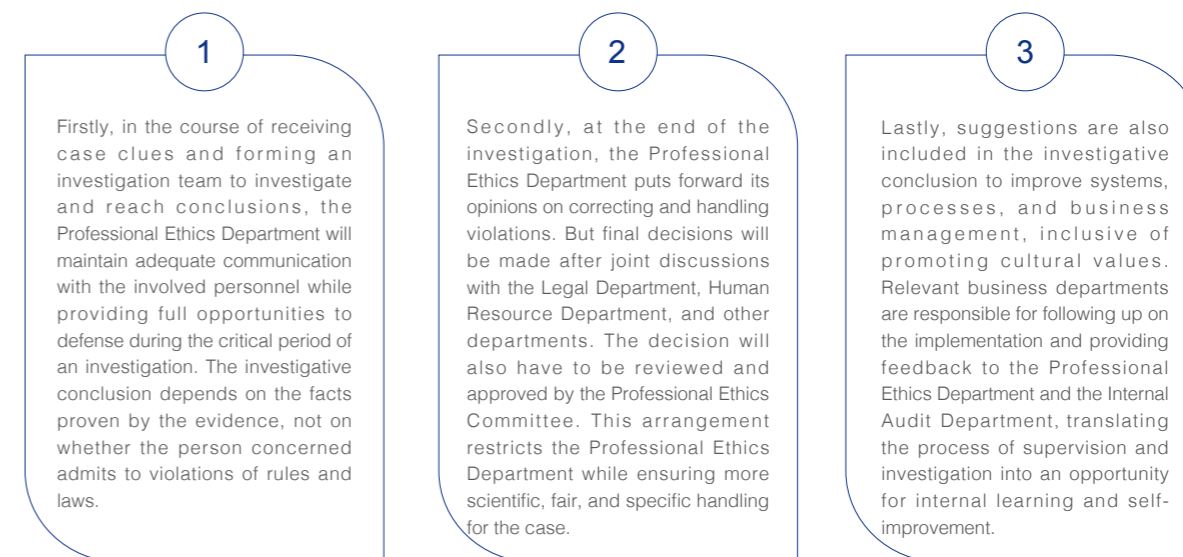


Figure: Baidu's Anti-corruption Supervision and Investigation Procedure

These procedures ensure that the Professional Ethics Department's supervision authority is fair and impartial, while the feedback of the investigation process improves corporate management.



In 2020, the Professional Ethics Department strengthened its initiatives in supervision and investigation. This shift is mainly reflected in the fact that the Department conducts proactive follow-up and investigation of abnormal situations that it finds in its daily operations or work, such as a significant or sudden increase in reports against a particular department or system.

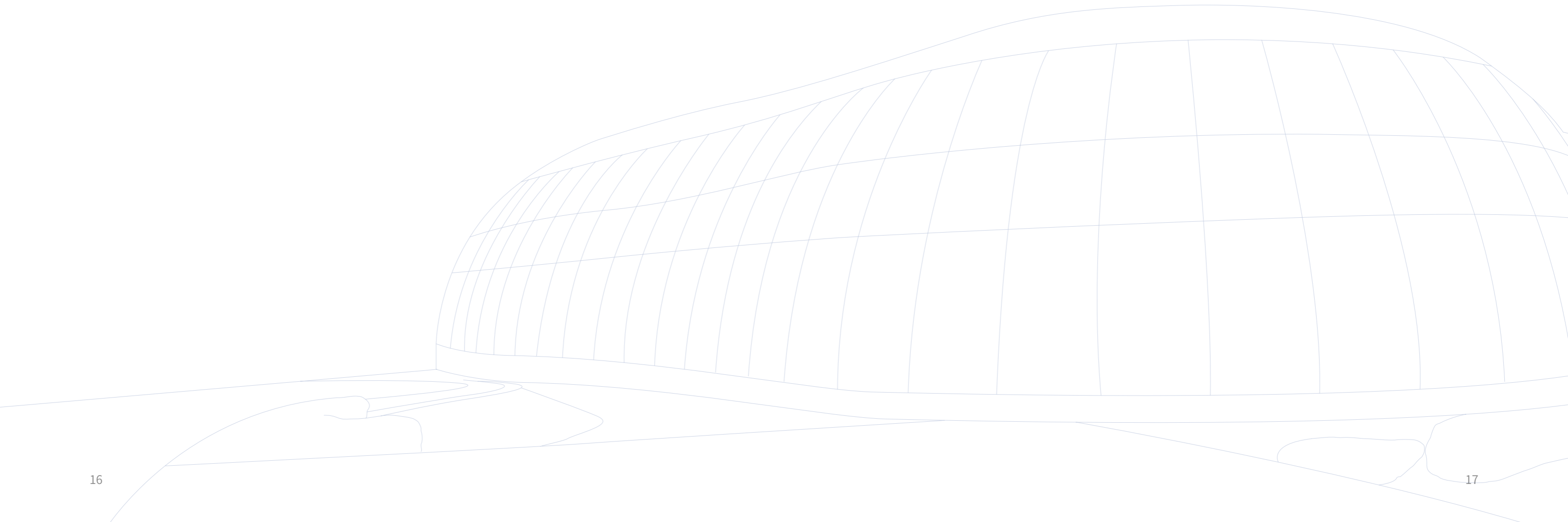
In terms of processing standards for supervision and investigation, the company insists on a zero-tolerance attitude and has the right to terminate employment contracts for violations of the "Baidu Professional Ethics Regulations on 'Red Line' Management" and serious violations of company rules and regulations, labor discipline and professional ethics. Also, for employees who cause losses to the company, the company will recover the losses from those responsible and reserve the right to pursue their legal responsibilities; if the relevant behavior constitutes a crime, it will be referred to law enforcement agencies for legal treatment.

Moreover, Baidu will recover losses from the responsible employees and reserve the right to pursue their legal liabilities; if the relevant behavior constitutes a crime, it will then be transferred to law enforcement agencies to handle accordingly.

For violations of the *Baidu Professional Ethics Regulations on "Red Line" Management* and serious violations of company rules and regulations, labor discipline, and professional ethics, Baidu adopts zero-tolerance policies and has the right to terminate employment contracts.

The anti-corruption supervision mechanisms grant the Professional Ethics Department with great power, which no doubt needs to be restricted and balanced. Such restriction and balance can be seen in two aspects.

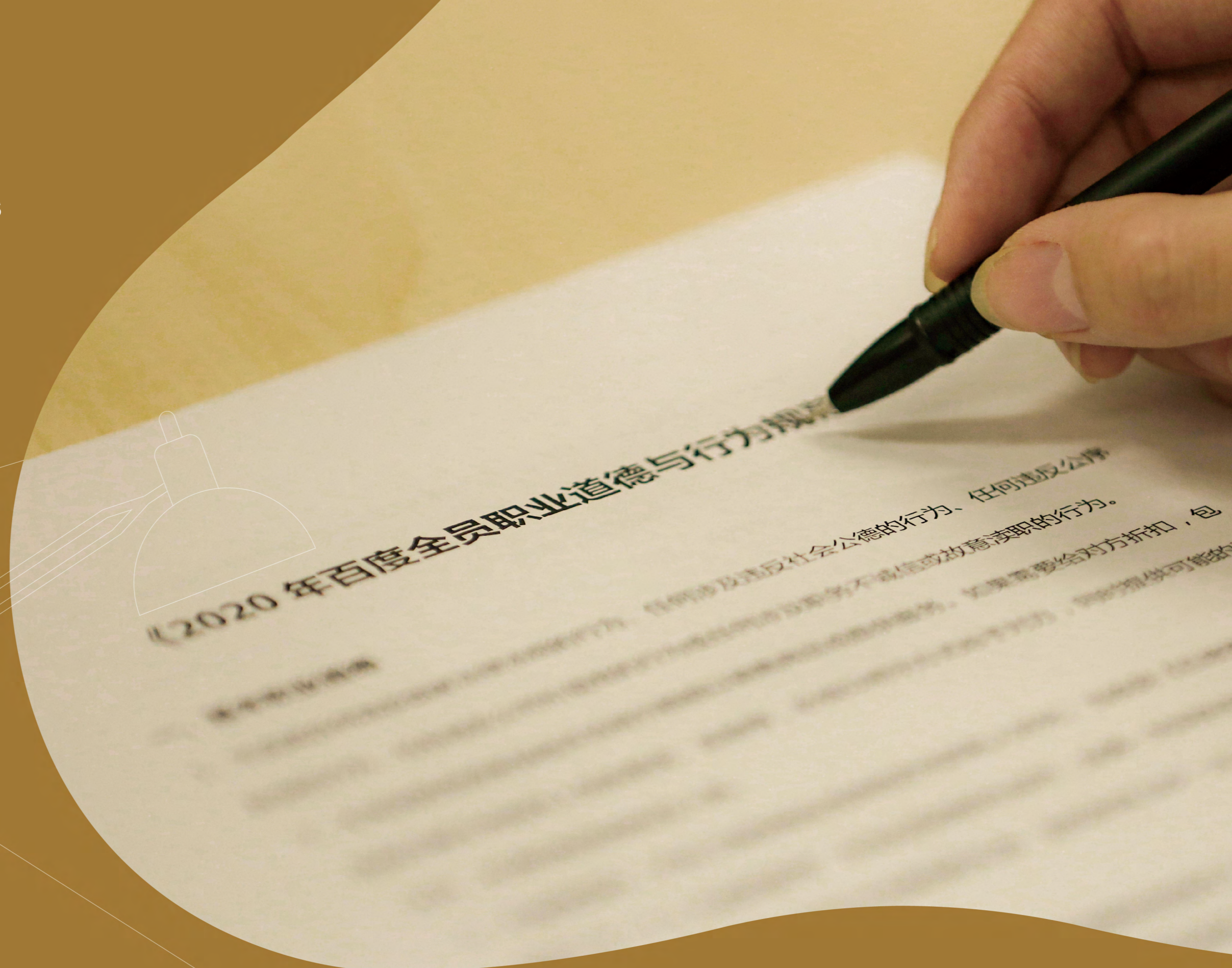
- First, both corporate anti-corruption rules and regulations require the Professional Ethics Department to exercise its rights correctly. The department must investigate in compliance with rules, seek truth from facts, and adhere to professional ethics objectively and impartially.
- Second, the Professional Ethics Department itself is also under the supervision of all employees and the Board of Directors is entitled to address inquiries about the Professional Ethics Department's work. Such supervision and inquiries are part of the supervision and restriction of the Professional Ethics Department.



Raising Awareness in Internal-External Approaches

Full awareness of employees and external stakeholders on corruption as well as its harm it creates contributes to good professional ethics, corporate culture, and business ecosystem. Therefore, awareness-raising efforts are fundamental to fight against corruption in Baidu.

In terms of mechanisms for raising awareness, Baidu adopts an external-to-internal approach of building the awareness of employees and relevant parties through external measures. In terms of strategies for raising awareness, Baidu adopts an internal-to-external approach of promoting the awareness of external partners through internal business requirements.



Building Internal Awareness

The awareness-raising campaigns of Baidu targeting all employees are twofold: training and assessment, publicity and warnings.

Training and Assessment

In anti-corruption and professional ethics field, Baidu's training and assessment are interconnected and can reinforce each other.

There are three types of training, namely new employee orientation, regular employee training, and specialized training. "Professional Ethics and Sunny Workplace" is a compulsory course for new employees, which means freshmen including directors and above must complete courses launched by the Human Resources Department and pass examinations.

The regular training for employees is usually carried out by activities such as the "Baidu Legal Literacy in Progress" once per quarter. Such activities target all employees and continue throughout the year. All employees, including inspectors from the Professional Ethics Department, must complete regular training and assessment every year. The "Professional Ethics and Security Awareness" exam is the specific form of assessment, which tests employees on our company's basic policies of professional ethics and laws and regulations that may be encountered or violated in daily work.

Employees must get full marks to pass it, which means any people who cannot get full marks shall retake the examination until a full mark is attained. The approach seems inflexible, while it ensures that our employees bear in mind the bottom line of professional ethics. Under such an arrangement of the system, our employees will voluntarily further their study in professional ethics and uphold the basic principle of the bottom line. Besides, Baidu requires new employee orientation and assessment, and the regular training and exam to cover all target groups.

Year	Total Length of All Training (Hour)	Exams for New Employees		Regular/ Specialized Exam	
		Frequency	Coverage	Frequency	Coverage
2018	/	/	All new employees	Once in Q4	Compulsory for all
2019	1,880	Twice a month on average	All new employees	Once in Q4	Compulsory for all
2020	1,928	Three times a month on average	All new employees	Once in Q1, twice in Q2, once in Q3, and once in Q4	Compulsory for all

Table: 2018-2020 Coverage of New Employee Orientation and Regular Training (with Assessment)

Specialized training is a training or promotion program targeting a specific department, system, or problem. It is not a regular move, but one that is planned and implemented according to needs and situations. Since 2020, we have strengthened specialized training on systems, departments, and issues (see Table 3). After every training and promotion program, there is a simple quiz. Different from the aforementioned compulsory exam, employees are encouraged to take the quiz voluntarily. Furthermore, the specialized training program is more targeted and operational with instant results⁶.

⁶ For example, in April 2020, Baidu conducted specialized training in the reporting systems related to conflict of interest and the company asked employees to report their situations that may lead to a conflict of interest on the platform within a month as a follow-up action of the training. The platform received a huge number of reports on conflict-of-interest matters from employees during the month.

It should be pointed out that the exam results of anti-corruption, as the bottom-line requirement, are not directly linked to employees' performance assessment or job promotion but serve as a reference in their performance evaluation. However, the examination results will be reported to their department directors and vice presidents so that they can understand the ethical performance of the employees under their management and thus have a more comprehensive assessment of them.

Number	Training Target	Training Content	Training Direction	Number of Participants	Course Duration (Minutes)
1	Department & team managers Fund managers of departments & teams	Online video courses & compulsory examination	Explicitly explains red lines in financial management that departments and teams may easily step over and spreads the common knowledge of law.	1,310	8
2	Sales team managers of ACG system	Offline course & live streaming & compulsory examination	Focuses on problems that employees of ACG system face in daily work and explains relevant regulations and laws such as Baidu Professional Ethics Regulations on "Red Line" Management, through specific cases in order to call for employees to comply with regulations and laws.	164	40
3	ACG Crowd testing Department	Offline course		100	40
4	SLG System	Offline course & live streaming & compulsory examination	Focuses on the explanation of regulations and cases related to the full protection of business secrets in the Baidu Professional Ethics and Code of Conduct; Focuses on regulations and cases related to information leakage in Baidu Professional Ethics Regulations on "Red Line" Management;	60	40
5	Experience Business Department	Offline course & live stream & compulsory examination	Explains the significance of the protection of the Company's business information and firewalls and the prevention of information leakage.	40	40
6	Corporate Group Strategy Department	Offline course & Compulsory Examinations		20	40
7	Branches of Direct Selling (Include Beijing, Shanghai, Guangzhou, Shenzhen, Dongguan, Suzhou and Tianjin Branches; Contact Center)	Online video course & compulsory examination		5,643	40
8	Employees of Natural Language Processing and Knowledge Graph Department (Including outsourcers)	Online video course	Explains the "Red Line" Management system through specific cases in order to call for employees to comply with regulations and laws.	130	40
9	The Business Development Department of Intelligent Transportation System	Offline Course		50	40
10	The Department of Alliance Development	Offline Course		80	40

Table: Specialized Training Program in Combating Corruption in 2020

Note:

1. The above online courses are available for all employees. The number of participants in the table does not include people who watch video courses voluntarily.
2. The Code of Ethics training for new employees is not included.

Publicity and Warnings

For all training that allows video to be saved, we keep them on the internal 'Duxuetang' Platform for employees to learn at any time. These trainings are also used as a support for the publicity of anti-corruption and professional ethics in the company.

Besides, the company has been publicizing anti-corruption by permeating employees' daily life. Through Baidu's intranet⁷, the WeChat official account of Infollow⁸, the home page of the projection screen in the meeting rooms, the posters in elevators, the bulletin boards in toilets, flashcards and online articles, we intensively publicize the regulation and information related to anti-corruption and comprehensively build a transparent workplace culture with employees' responsibility highlighted.



Figure: Posters in Elevator

The same important awareness-raising activities include warning and education on anti-corruption.

7 An internal communication platform of Baidu, facilitating employees to learn company strategies, business progress, and to share their feedback on products and daily lives.

8 Baidu's internal communication app.

Influencing External Partners

For external partners, including the clients, suppliers, and business partners, Baidu adopts two approaches to combat corruption and improve professional ethics: optional communication and training, and compulsory signing the *Honesty and Integrity Agreement*.

Communication and Training

The overall anti-corruption management requires a company to establish an internal anti-corruption system with an inward focus while strictly managing upstream and downstream partners, including clients and suppliers.

According to the *Baidu Management Rules for Suppliers*, all "certified suppliers"⁹ must participate in one-to-one lectures and training before being included in the supplier pool under Baidu's approval.

There were two main requirements for commercial ethics before October 2020, which are "offering bribes to Baidu's employees and relevant stakeholders is strictly prohibited" and "offering bribes to government officials is strictly prohibited".

The effective implementation of these requirements depends on suppliers establishing and improving their equivalent anti-corruption systems. Therefore, we added another requirement since October 2020 that "suppliers need to formulate anti-corruption systems based on their situations", which requires some of the suppliers passed performance evaluation to formulate their internal anti-corruption systems within one year. Baidu's procurement department will include this requirement in the performance evaluation of such suppliers.

Furthermore, in the semi-annual meeting on supplier management¹⁰, we circulate and promote our requirements and systems on anti-corruption. We also include anti-corruption content in the evaluation and review of suppliers.

9 Refer to suppliers with which Baidu has reached long-term and frequent cooperation. They are the majority of Baidu's suppliers, which are mainly categorized into marketing suppliers and equipment and O&M suppliers. The former covers public relations, media monitoring, design and production, meetings and activities, business trips, promotion activities, market research, communication channels, goods marketing, content production, media placement; the latter covers servers, network equipment, computer room O&M, human resources outsourcing, computers, and other relevant equipment.

10 In most cases, directors or VPs of suppliers would attend the meeting.

The Honesty and Integrity Agreement

The effective approach to uphold integrity is to make integrity the foundation of bilateral business agreements. For this reason, we have requested our business partners to obey the relevant code of integrity in their business relationships with Baidu and sign the *Honesty and Integrity Agreement* that regulates ethics in transactions along with the business contracts with Baidu since 2014. It should be mentioned that Baidu also subjects to the lawful and valid contract between equal parties.

According to this agreement, Baidu and its business partners promise and guarantee that they have taken and should always take appropriate measures in business cooperation to strictly abide by business ethics and market rules, preventing themselves or any agent from engaging in any behavior that violates fair dealing, national laws and regulations, the company's regulations of anti-bribery, anti-corruption, and anti-money laundering under any circumstances.

To be specific, these behaviors include but are not limited to the following:

<p>False Qualifications</p> <p>One party deliberately conceals the real situation of its qualifications, and provides the other party with forged, altered or invalid tender documents, industry qualifications and other proof of qualifications required</p>	<p>Commercial Bribery</p> <p>Employees of one party ask for, receive, offer or give (giving or give with unfair value) any direct or indirect interests of unreported business cooperation to employees of the other party or their immediate relatives, or other stakeholders</p>	<p>Conflict of Interest</p> <p>In the course of cooperation, existing or former employees directly or indirectly take equity stakes, serve, work part-time or gain other interests at the other party or affiliates (excluding stock investment in the open market) in the name of their own or their relatives without reporting or explaining to the other party.</p>
<p>Bid-rigging and Surround-bidding</p> <p>Within the business scope of one party, its employees incite the other party to cooperate in violation of regulations and laws, including bid-rigging and surround-bidding</p>	<p>Money Laundering</p> <p>One party launders money or attempts to launder money in the name of a business cooperation, or attempts to conceal the source of illegal funds using the partnership with the other party</p>	<p>Business secrets</p> <p>One party infringes the other party's intellectual property rights, business information, trade, and technical secrets, etc., by doing business with another party in bad faith or by (attempting to do so by) doing business with another party</p>

It is worth mentioning that although the signing of the *Honesty and Integrity Agreement* is based on business cooperation, it has in fact established the 'Rules of Independence'. Under the rules, the Honesty and Integrity Agreement is independent of the business relationship when entered into between the parties as a result of the specific cooperation and is not invalidated, terminated, or discharged as a result of the invalidity, termination, or discharge of the business contract, in order to ensure the maximum applicability of the agreement¹¹.

Since 2020, Baidu has vigorously promoted the signing of the Honesty and Integrity Agreement. If suppliers or clients cannot sign the agreement due to special conditions, our Legal Department and other relevant departments shall make special approval decisions after comprehensive assessments.



¹¹ For example, we ended the cooperation with former supplier Beijing Boyue Tax Consulting Co., Ltd. and blacklisted the company, because there was tunneling between the company and some former employees of Baidu, which broke the Honesty and Integrity Agreement.

Taking Diversified Measures with Multiple Parties

Aside from well-built system restrictions, powerful organizational safeguards, and continuous awareness improvement, the outcome of anti-corruption also relies on rigorous, discreet, and strict execution.

Over the years, Baidu has been exploring, establishing, and improving a series of internal and external initiatives to promote and implement prevention, education, disposal, punishment, collaboration, and communication on anti-corruption.



Internal Execution Measures

Internally, Baidu has constructed firewalls and identifies clues on corruption in a timely manner through the reporting system of multiple channels. Through the strict internal audit, we strengthen our line of defense and improve our management capabilities on preventing corruption. To make sure our employees hold on to the bottom line, we have built a strict but considerate gift handling system.

Reporting Mechanism

At the end of 2019, the company formulated the *Baidu Professional Ethics Reporting Management Regulations ("Regulations")* to encourage, regulate and support employees and outsiders to report suspected violations of discipline, law, and professional ethics of Baidu employees. We have set up four reporting methods: email, in-person reporting, professional ethics mailbox, and letter. For each reporting channel, the responsible person is required to handle it within 24 hours after receiving the report.

First of all, "Regulations" requires all reporting work must adhere to the two principles of fairness. The first principle is that the company shall fairly handle the report following the law and will ensure that employees or outsiders will not receive unfair treatments such as dismissal, demotion, suspension, intimidation, harassment, or any form of retaliation for reporting through legitimate channels. The second principle is that if someone deliberately fabricates facts to make false accusations on others, the company will deal with it seriously according to relevant regulations, including referring the case to judicial authorities if it constitutes a crime. However, misreports or false reports due to an incomplete understanding of the facts will not be punished.

Besides, we ensure the confidentiality of reports and shall keep the details of the informant and the information of the reported case strictly confidential. For example, the reporting mailbox is managed by an authorized team of four people, including the director of the Professional Ethics Department, the director of the Internal Audit Department, a authorized representative from Human Resources Department, and a case handler, so as to strictly ensure confidentiality of information by limiting the scope of information dissemination. At the same time, the reporting information from all channels will be received, registered, responded to, and reported by a dedicated person, who is also responsible for the confidentiality and management of information.

Finally, we have also established a reward mechanism for reporting. If a report is verified after investigation, a cash reward will be given to the informant who provides significant clues or valuable assistance in investigating and handling the case.



Internal Audit Mechanisms

The internal audit system is one of the primary mechanisms to prevent and control corruption through process monitoring and risk assessment. This is the inclusive duty of the Internal Audit Department.

When the Professional Ethics Department investigates corruption cases, the Internal Audit Department will engage to identify possible loopholes in the procedures and mechanisms concerning the cases. The Internal Audit Department will later cooperate with the Professional Ethics Department and other relevant business departments to fill and fix the loopholes in a timely manner.

The complexity of internal audit places high competence requirements on internal auditors. Therefore, the Internal Audit Department organizes various professional training regularly or irregularly. The purpose is to continuously improve and optimize the internal audit team's professional capabilities. The department also continues to improve the efficiency of internal audit teams by productizing internal audit tasks as well as utilizing methods like comprehensive analysis supported by big data.

To summarize, the key of the cooperation between the Professional Ethics Department and the Internal Audit Department is the optimization of the internal control environment, which involves both the optimization of procedures and mechanisms along with the improvement of monitoring mechanisms. It also requires to update the understanding of risks and businesses under continuous risk monitoring.

Gift Management

In Baidu, employees and their families are not allowed to accept gifts (including but not limited to all kinds of goods, cash, shopping cards, all sorts of valuable securities), services, travel, or hospitality from agents, customers, suppliers, or partners. When given a gift, employees are obligated to explain the company's rule of not accepting gifts and to decline. If they cannot decline a gift in person, they should return it later, and whether or not it is successfully returned, employees are required to report it to the gift and hospitality reporting system truthfully. The information to be reported includes the person who gives the gift, the purpose of the gift, the gift and its value. The report should be done within two weeks after receiving the gift.

For gifts that cannot be returned, the recipient shall submit the gift to the Baidu Foundation after reporting in the gift reporting system. The Foundation holds the Charity Auction Day twice a year to sell all collected gifts with all proceeds going to charitable activities.



Figure: Baidu Charity Auction Poster

In 2020, the gift reporting system received **3,119** reports, and the two online auctions on those items welcomed **4,930** employees, raising CNY **564,000**.

External Execution Measures

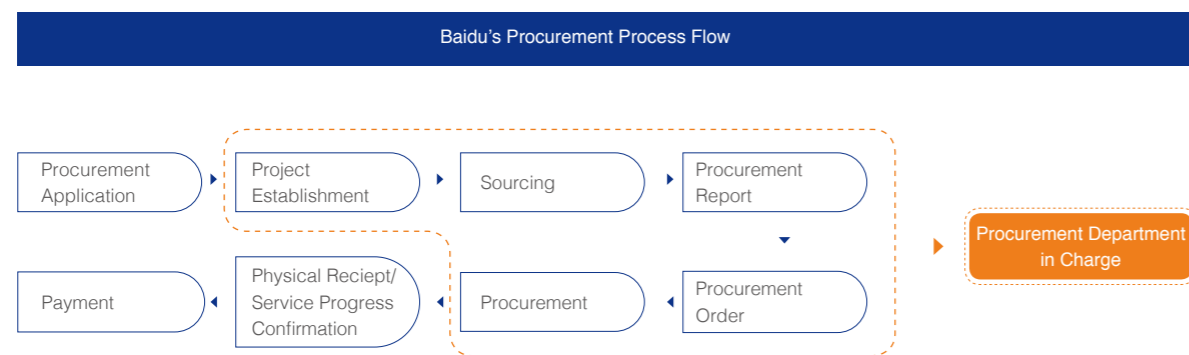
Externally, Baidu has firstly established a strict procurement system to prevent corruption in the high-risk areas. Meanwhile, we cooperate and exchange with counterparts in the industry and stakeholders to improve public governance as well as to learn from and internalize the international experience.

Supplier Management

The procurement relationship with suppliers is one of the most corruption-prone links of external connections, based on which Baidu has established correspondingly strict and detailed procedural mechanisms.

First, Baidu's procurement business has two models: independent procurement and centralized procurement. Independent procurement refers to the procurement activities carried out by the in-demand departments which are responsible for the execution, including supplier selection, procurement content confirmation, price negotiation, contract signing, PO execution, goods acceptance, and payment.

The independent procurement is generally limited to purchases in kind with a single total of less than CNY 50,000 and a unit price of less than raising CNY 10,000, and service purchases with a single total of less than CNY 200,000. However, special products¹² are not included. If the demand for independent procurement is beyond the above limit due to special reasons, it will be regarded as beyond-scope independent procurement. Such request shall be approved by the highest-level VP, and the Internal Audit Department shall be informed accordingly to review and supervise it. With these measures, corruption can be prevented throughout the cycle. Centralized procurement refers to the procurement mode in which the procurement department determines suppliers and prices according to the demand of each department under the company's management process. Such procurement is carried out by professional personnel from procurement department and is subject to a strict monitoring and auditing process (as shown below).



¹² Such as pharmaceuticals, luxuries, cooperation with specified universities and institutions in certain areas, pattern service and due diligence.

Regardless of how they participate in Baidu's procurement, all suppliers are required to observe the *Baidu Sustainable Development and Corporate Social Responsibility Requirements* for partners with the same standards of being included in the supplier pool will apply to both independent and centralized procurement suppliers from 2020.

In particular, for the aforementioned certified suppliers, they must also strictly comply with the *Baidu Procurement Department Code of Practice for Offline RFQs and Supplier Quotations and the Supplier Contact Guidelines*.

The former identifies a strict process for inquiry, quotations, and price comparisons to prevent the risk of corruption therein. The latter, on the other hand, specifies the code of conduct applicable to Baidu employees and their relatives when it comes to contacts with suppliers, including:

- The prohibition of receiving cash or gifts from suppliers under any pretext
- The prohibition of meeting suppliers alone outside the company (including working hours and non-working hours)
- The prohibition of dining with suppliers alone
- The prohibition of unauthorized participation in external meetings or any form of external activities invited by suppliers

Peer Cooperation

While strictly managing corruption internally, we have keenly recognized that Baidu's integrity is closely linked to the environment of the industry as a whole. Hence, we have strengthened peer collaboration on anti-corruption to improve public governance in a spirit of openness and cooperation in recent years, thus building a clean industry ecosystem together with enterprises in this industry.

Trust and Integrity Enterprise Alliance

The Trust and Integrity Enterprise Alliance¹³ was founded in February 2017. It comprises of 500 corporate members, more than half of which are public ones. The Alliance advocates business integrity, builds a healthy and honest workplace, promotes honesty and compliance to jointly create a healthy and transparent business environment. On September 19, 2019, Baidu participated in the first "Corporate Integrity and Compliance Day" initiated by the Alliance. Baidu also joined hands with other members to launch the Corporate Integrity and Compliance Promotion Month Project, during which Baidu carried out activities such as voting for integrity mascots and logos and the independent publicity activity evaluation, displayed the mascot of integrity "Baidu Sunny Bear" and organized a series of internal promotion and training activities themed with "strictly preventing information leakage and jointly building green firewalls".

¹³ The alliance was launched by the Research Center of Criminal Jurisprudence of the Renmin University of China and well-established companies including JD.com, Tencent, Baidu, Walmart China, P&G, Lenovo, Midea, Xiaomi, Meituan, Vipshop, Li-Ning, Yonghui Superstores, and Joy Wing Mau.

Enterprise Anti-Fraud Alliance

The Enterprise Anti-Fraud Alliance, or Guangdong Enterprise Institute for Internal Controls (GEIC), is the only association for enterprise internal control in China. It comprises of 754¹⁴ corporate members¹⁵, more than half of which are public ones. Since its inception in 2013, GEIC has been adhering to the philosophy of “Building Integrity, Strengthening Internal Control and Opposing Fraud” and focusing on such functional areas as internal audit, supervision, risk control, legal affairs, integrity and compliance.

Baidu joined the association in September, 2020 and has been approved by voting at the 2nd Session of Fourth Meeting of the General Council of GEIC to become an executive member of the council thanks to our contribution to the anti-fraud efforts made in the industry. We will join hands with the association and embrace the vision of “Building an Incorrupt China to Facilitate a Clean World” to cultivate talents and develop standards for the anti-fraud cause in China, as well as to provide Chinese wisdom and solutions to the work worldwide.



Figure: Baidu Was Awarded as the Standing Member of Anti-Corruption Organizations in the Industry

In addition to cooperation with alliances, we also actively carry out one-to-one industry communications and cooperation. Since 2012, the integrity departments of Baidu, Alibaba, and Tencent hold the ‘BAT Integrity Work Exchange’ annually. With this mechanism, the three leading Internet companies set themes each year to regularly share their experience and discuss issues on establishing internal integrity. In 2020, Baidu conducted an exchange forum on anti-corruption with Xiaomi. These thematic exchanges between industry players have not only made Baidu one of the leading providers of knowledge on public governance of industry compliance but also helped Baidu and other companies to build a joint ‘firewall’ for the top companies, leaving no space for corruption to create or exploit compliance loopholes in the industry.

International Initiatives

Anti-corruption is also a long-standing issue of concern for industry and other organizations both at home and abroad. The International community has offered various global initiatives and solutions, from which experience Baidu must learn.

Business Principles for Countering Bribery

To assist companies in designing and implementing effective anti-bribery policies, Transparency International and Social Accountability International jointly launched the *Business Principles for Countering Bribery* in 2003, which cast an extensive influence on international anti-bribery standards, initiatives, and industry practices. Baidu absorbed the principles when establishing and improving its anti-corruption systems and rules. In the session relating to the professional ethics of the Baidu Employee Manual, Baidu states that relevant systems for professional ethics draw on and references the *Business Principles for Countering Bribery* as well as other international practices and universal anti-corruption rules.

¹⁴ As of February 2021.
¹⁵ Including renowned Chinese companies such as Vanke, Ali, Shimao, China International Marine Containers (CIMC), SF Express, Midea, Country Garden and Fosun.

The United Nations Global Compact (UNGC)

The United Nations Global Compact (UNGC) is the world’s largest international organization promoting corporate social responsibility and sustainable development, consisting of approximately 10,000 corporate members and over 3,000 other stakeholder members from 170 countries. All members must commit to the Ten Principles of the UN Global Compact, which includes respect for human rights, compliance with labor standards, and anti-corruption.

In 2008, Baidu joined the UNGC, and Baidu Chairman and CEO Robin Li, signed a document to support the Ten Principles of the UNGC.

In 2015, Mr. Robin Li became the first Chinese entrepreneur to publicly express his support for the UN Sustainable Development Goals (SDGs) when he met with the then UN Secretary-General Ban Ki-moon. The SDG 16.5 explicitly states “substantially reduce corruption and bribery in all forms”.



Figure: Mr. Robin Li Meeting with the then UN Secretary-General Ban Ki-moon



Figure: Baidu Signed A Statement from Business Leaders for Renewed Global Cooperation issued by the UNGC

In September 2020, Baidu signed A Statement from Business Leaders for Renewed Global Cooperation issued by the UNGC. As an extension of the Ten Principles of the UNGC, this statement calls for intensified global cooperation to address future challenges in a particular international context, including “demonstrating ethical leadership and sound governance through values-based strategies, policies, operations, and relationships with stakeholders”. It also calls on governments to “promote multilateralism and global governance to combat corruption, build resilience, and achieve the SDGs.”

Partnering Against Corruption Initiative (PACI)

Baidu has been following The PACI Principles for Countering Bribery (PACI Principles), formulated by a core group of chief executive officers (CEOs) from the World Economic Forum in 2004, and the resulting Partnering Against Corruption Initiative (PACI) in 2015. The PACI calls on companies worldwide to join collective action initiatives to improve public trust in businesses and create fair markets and a level playing field by combating corruption. Baidu has been actively learned and applies the experience and tools of PACI, and are considering joining it at the appropriate time.

Achievements and Prospects



Preliminary Achievements of Creating a Healthy Workplace

Baidu is determined to build an effective anti-corruption system with clear strategies, sound regulations, and strong measures, upgrading corporate compliance management to a new level.

The Anti-Unfair Competition Law revised in 2019 makes a new provision that "A bribery committed by an employee of a business is deemed to have been committed by the business unless the business can prove that the act of the employee is irrelevant to seeking a transaction opportunity or competitive edge for the business." This suggests that the key point on the immunity of operator liability from employee bribery is that the company should have a strict and efficient compliance management system.

Similarly, in the Garth Peterson case involving the U.S. Foreign Corrupt Practices Act, the companies involved were exempt from prosecution due to well-established effective compliance internal control measures. As aforementioned, Baidu is improving anti-corruption rules and has also developed professional systems and processes. Baidu has set up a specific compliance department, conducted effective employee training, and established effective reporting channels. All of these can help the company operate and develop in a sounder internal and external environment, thus remarkably reducing compliance risks and potential losses.

According to statistics, Baidu has circulated notice of criticism of nearly 80 people¹⁶ involved in corruption cases and serious violations of disciplines since 2019. In 2020 alone, Baidu's anti-corruption efforts saved the company more than CNY 17 million direct losses and prevented incalculable indirect losses. These harsh measures have educated and warned our employees while significantly increasing their trust and sense of belonging to Baidu. Transparency and cooperation among business departments have been greatly improved.

Data:

<p>Baidu circulates notice of criticism of nearly 80 people involved in corruption cases and serious violations of disciplines since 2019</p>	<p>In 2020 alone, Baidu's anti-corruption efforts saved the company more than CNY 17 million direct losses and prevented incalculable indirect losses</p>
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Baidu's explorations and practices to prevent and control corruption have also contributed to the construction of a healthy industry ecosystem and social environment. In the industry, Baidu's anti-corruption system and personnel capabilities enjoy a high reputation, and the series of cases it has investigated and handled have had a significant impact on the industry, which is a good reference for companies both inside and outside the industry.

Meanwhile, Baidu's anti-corruption systems and the investigated and handled cases, together with similar efforts made by other enterprises, are mapping out the corruption risks and internal and external triggers of the industry as a whole. This undoubtedly contributes to the research of the mechanisms of corruption occurrence and effect from the industry and social levels and promotes the construction of anti-corruption strategies at the industry and social levels.

¹⁶ Ranging from ordinary employees to VPs

Future Preventive Measures and Addressing Challenges Actively

We know that corporate corruption will remain in the medium and long term and evolve towards a more intelligent, complex, and hidden direction to a certain extent. This raises new requirements for the prevention, investigation, and punishment of corruption behaviors. In light of this, Baidu will actively respond to the compliance challenges in the new situation by continuously improving anti-corruption systems, organizations, awareness, and initiatives.

Continue to improve anti-corruption systems	We will improve anti-corruption systems in accordance with the changes in the internal and external environment and the new situation of corruption so that the system is more forward-looking, adaptable, and comprehensive with stronger value orientation and action guidance.
Continue to optimize anti-corruption organizations	We will continue to see the improvement of governance and strengthening of supervision as our purpose, and enhance internal coordination and cooperation among various organizations related to anti-corruption. At the same time, we will enhance the capacity building of multiple organizations to improve anti-corruption work efficiency.
Continue to strengthen anti-corruption awareness	We will intensify our awareness-raising efforts towards employees and suppliers by promoting the publicity of our anti-corruption regulations, disseminating related cases, and increasing training and assessment, so as to achieve a shift from "not daring to corrupt" to "not willing to corrupt."
Continue to improve anti-corruption initiatives	We will optimize our internal reporting and audit systems as well as promote cooperation and communication with external parties to make our anti-corruption initiatives more sophisticated and preventive. We will also increase the application of technology, such as big data and information systems, to enhance the effectiveness of various anti-corruption initiatives.

At last, we call on all internal and external stakeholders, including employees, users, partners, peers, government departments, social organizations, communities, and media, to understand and support our work to combat corruption and work together with us to build a clean and healthy workplace.

Appendix I: China's Main Laws and Regulations Governing Corporate Corruption

Documents	Articles	Penalties
	Laws	
Criminal Law (2017)	Article 163, 184 Crime of acceptance of bribes by a non-state functionary	Detention/ fixed-term imprisonment, confiscation of property
	Article 164 the Crime offering bribes to a non-state functionary	Detention / fixed-term imprisonment, fines
	Article 164 Crime of giving bribes to foreign public officials and officials of public international organizations	Detention / fixed-term imprisonment, fines
	Article 385, 388 Crime of acceptance of bribes	Detention/fixed-term or life imprisonment, confiscation of property
	Article 388 Crime of indirectly taking a bribe	Detention / fixed-term imprisonment, confiscation of property
	Article 387 Crime of acceptance of bribes by an entity	Detention / fixed-term imprisonment, fines
	Article 389 Crime of offering bribes	Detention / fixed-term imprisonment, fines
	Article 390 Crime of offering bribes to influential people	Detention / fixed-term imprisonment, fines
	Article 391 Crime of offering bribes to an entity	Detention / fixed-term imprisonment, fines
	Article 392 Crime of Bribing as an Intermediary	Detention / fixed-term imprisonment, fines
Anti-Unfair Competition Law (2019)	Article 7 A business shall not seek transaction opportunities or competitive edges by bribing the following entities or individuals with property or by any other means: (1) An employee of the other party to a transaction; (2) The entity or individual authorized by the other party to a transaction to handle relevant affairs; (3) An entity or an individual that uses power or influence to affect a transaction;	Article 19 Where a business bribes another person in violation of Article 7 of this Law, the supervisory inspection department shall confiscate its illegal income, and impose a fine of not less than 100,000 yuan nor more than three million yuan on it. If the circumstances are serious, its business license shall be revoked.
	Article 147 Directors, supervisors and senior management shall not use their authority to accept bribes or other illegal income and shall not misappropriate the property of the Company.	Article 149 Directors, supervisors and senior management personnel who violate the provisions of laws, administrative regulations or the articles of incorporation when performing their duties for the company and cause losses to the company shall be liable for compensation.
Company Law (2018)	Article 170 The company shall provide the hired accounting firm with true and complete accounting documents, accounting books, financial accounting reports and other accounting information, and shall not refuse, conceal or misrepresent.	Article 202 If the company makes false entries or conceals material facts on the financial and accounting reports and other materials provided to the relevant competent authorities in accordance with the law, the relevant competent authorities shall impose a fine of not less than CNY 30,000 and not more than CNY 300,000 on the persons in charge and other persons directly responsible.
	Article 171 The Company shall not keep separate accounting books other than the statutory accounting books.	Article 201 The financial department of the government at or above the county level shall order corrections and impose a fine of more than CNY 50,000 and less than CNY 500,000.
	Article 189 Members of the liquidation team shall not use their authority to accept bribes or other illegal income.	Article 206 If a member of the liquidation team uses his or her authority to play favouritism and commit irregularities, make illegal income or misappropriate the company's property, the company registration authority shall order the return of the company's property, confiscate the illegal income, and may impose a fine of not less than double or more than five times the illegal income.

Judicial Interpretation / Documents

Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Certain Issues Concerning the Application of Law in Handling Criminal Cases of Embezzlement and Bribery (2016)

Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Certain Issues Concerning the Specific Application of Law in Handling Criminal Cases of Active Bribery (2012)

Opinions of the Supreme People's Court and the Supreme People's Procuratorate on Certain Issues concerning the Application of Law in Handling Criminal Cases of Commercial Bribery (2008)

Opinions of the Supreme People's Court and the Supreme People's Procuratorate on Issues Concerning the Application of Law to Criminal Cases involving the Acceptance of Bribes. Bribes (2007)

Reply from the Research Office of the Supreme People's Procuratorate on the question of whether the internal institutions of state-owned units can constitute the subject of the Crime of Bribe Acceptance by a Unit (2006)

Provisions of the Supreme People's Procuratorate on Standards for Acceptance of Bribery Cases (2000)

Ministry Regulations

Opinions of the Central Leading Group for Combating Commercial Bribery on Correctly Understanding the Policy Boundary in the Special Work of Combating Commercial bribery (2007)

Central Leading Group for Combating Commercial Bribery on the in-depth promotion of the special work of combating commercial bribery (2007)

On the business field to further promote the special work of combating commercial bribery (2007)

Interim Provisions of the State Administration for Industry and Commerce on Prohibition of Commercial Bribery (1996)

Appendix II: Baidu's Main Anti-Corruption Rules and Regulations

Baidu Professional Ethics and Code of Conduct
Baidu Management Regulation of Construction of Professional Ethics
Baidu Professional Ethics Regulations on "Red Line" Management
Baidu Professional Ethics Reporting Management Regulations
Baidu Avoiding Conflicts of Interest Policy
Rules for Awarding and Punishing Employees
Baidu Management Rules on Undisclosed Information and Prohibition of Insider Trading
Internal Audit Charter of Baidu
Baidu Employee Manual
Baidu Employee Information Security Manual
Baidu Human Rights Policy
Baidu Reimbursement Rules for Companies
Baidu Reimbursement Rules for Employees
Baidu Risk Control Redlines for User Products
Code of Ethics for Sales Practices of Baidu MEG Sale System
Code of Ethics for Sales Practices of Baidu AI Cloud
Management Rules for Suppliers
Supplier Contact Guidelines
Baidu Measures for Supplier Daily Management and Handling Complaints
Sustainable Development and Corporate Social Responsibility Requirements
Honesty and Integrity Agreement



Baidu Special Report on Healthy Workplace Action 2020



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