

Zhongshan Huali Industrial Group Co., Ltd.

Code of Conduct

1. Purpose

Huali Group establishes this Code of Conduct to define the fundamental principles and minimum standards to be upheld throughout the Group's operations. The Code aims to ensure that all supervisors actively practice and propagate the Group's core values, resolutely protect employees' legitimate rights and interests, and continuously enhance employee's well-being, with special attention given to vulnerable groups such as women, migrants, and temporary workers. Concurrently, the Group commits to utilizing natural resources efficiently with a strong sense of responsibility, actively reducing waste generation and greenhouse gas emissions to advance sustainable development. We will build a flexible and adaptive management system to foster sustainable business growth through employee engagement, cultivation of a safety culture, and continuous reduction of environmental impact. By fulfilling these commitments, Huali Group strives to contribute to societal prosperity. All members of Huali Group must strictly comply with the minimum standards set forth in this Code.

2. Scope of Application

The Code applies to all members of Huali Industrial Group and its factories.

3. Provisions

Air Emissions and Climate Impacts are Minimized

Huali factories must follow all legal requirements and Brand-accepted industry standards for air emissions and energy systems management. Routine testing and reporting of all emissions is required. Factories must strive to minimize emissions through improved efficiency and use of renewable energy sources.

Waste is Minimized and Handled Properly

Huali factories must properly segregate, manage, transport, and dispose all solid and hazardous waste in compliance with local law and regulations and the Brand CLS. Factories must obtain all required permits and verify solid and hazardous waste subcontractors are properly qualified and licensed. Factories must measure and continuously strive to minimize waste generation.

Water is Valued

Huali factories must minimize freshwater withdrawals and discharges wastewater in compliance with local law and regulations and the Brand CLS. Factories must strive to understand and manage its water risk and promote water reduction and efficiency in operations.

Chemicals are Properly Managed

Huali factories must demonstrate a consistent, effective, and legally compliant approach for chemicals management. The program must clearly identify and mitigate chemical risk to workers, the environment, and consumers by facilitating procurement, proper handling, storage, use, and disposal of chemicals.

Workplace is Safe

Huali factories must provide a safe workplace setting and take necessary steps to prevent accidents and injury arising out of, linked with, or occurring in, the course of work or as a result of the operation of its facilities. Factories must have systems to detect, avoid, and respond to potential risks to the safety of all workers.

Dormitories, Canteens, and Childcare Facilities are Healthy and Safe

All facilities operated by Huali factories, including residential, dining, and childcare (if available), must be safe, hygienic, and healthy. Facilities, including childcare (if available), must adhere to local law and regulations and the Brand CLS that cover building construction and health and safety. Factories must have robust safety management systems in place to reduce or eliminate health and safety risks of operating these non-manufacturing/distribution facilities.

Building is Fit for Purpose

Huali factory buildings and load bearing structures must be constructed according to local law, certified civil or structural engineering construction approvals or international standards. Multi-use occupancies are not allowed.

Fire and Emergency Action Plans are in Place

Huali factories must have a fire prevention and emergency action plan to protect workers during normal working operations and emergency situations. Factories must provide fire detection systems to notify workers of emergencies, safe exit routes when workers need to leave the building and safe shelter locations when workers are required to remain in the building during emergencies.

Occupational Health and Hygiene Hazards are Controlled

Huali factories must anticipate, recognize, evaluate, and control occupational health and hygiene hazards in the workplace. Factories must use routine monitoring and analytical methods to determine the potential health effects of hazards that are present in the workplace. Workers must not be exposed to physical, chemical, or biological hazards above occupational exposure limits.

Employment is Voluntary

Huali factories must not engage in any type of forced labor, human trafficking or modern slavery, including prison, indentured, bonded or otherwise. Factories are responsible for payment of all employment eligibility fees of all workers, including recruitment fees. Factories must comply with all requirements in the Brand CLS to address key risks of forced labor, such as requiring worker freedom of movement, prohibiting requirements to post bonds or make deposits as a condition of employment and providing provisions related to management of workers with unique vulnerabilities.

Minimum Working Age is 15

Huali forbids the use of child labor in all its facilities. The age of employees must not be less than 15. Where local laws and regulations or customer standards impose more stringent requirements, the most stringent requirement shall prevail. Workers under 18 must not be employed in hazardous conditions such as working at night, working with chemicals or working with heavy machinery, or other conditions that are prohibited by local law.

No Discrimination

Factory workers must not be subject to discrimination in employment, including hiring, compensation, promotion or discipline, based on gender, race, religion, age, disability, sexual orientation, pregnancy, marital status, nationality, political opinion, trade union affiliation, social or ethnic origin, or other status protected by local law. All workers, regardless of gender, must receive equal pay for work of equal value.

Freedom of Association and Collective Bargaining are Respected

Huali recognizes and respects freedom of association and collective bargaining. Huali factories must honor prohibitions on interference with workers seeking to organize or carry out union activities, as well as prohibitions on any sort of activity which seeks to intimidate, harass, or retaliate against workers for participation in a union or other representative organization. Where the right to freedom of association and collective bargaining is restricted under local law, Huali factories must allow the development of parallel means for independent and free association and bargaining.

Harassment and Abuse are Not Tolerated

Huali workers must be treated with respect and dignity. Factories must never engage in or tolerate physical, sexual, psychological, or verbal harassment or abuse.

Working Hours are Not Excessive

Hours of work must be in accordance with what is allowed by the law of the country where the workers are employed. The regular work week must not exceed 48 hours. Factories must allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work must be consensual. Factories must not request overtime on a regular basis and must compensate all overtime work at a premium rate. Other than in extraordinary circumstances, the sum of regular and overtime hours in a week must not exceed 60 hours.

Compensation and Benefits are Paid on Time

Huali acknowledges that every worker, regardless of gender, has a right to compensation for a regular work circle that is sufficient to meet workers' basic needs and provide some discretionary income. Workers must be timely paid at least the minimum wage required by local law, or prevailing wage, whichever is higher, and must be provided with legally mandated benefits, including holidays and leaves, and statutory severance when employment ends. There must be no disciplinary deductions from pay. When compensation does not meet the workers' basic needs and provide some discretionary income, Huali factories shall develop, communicate, and implement strategies to progressively realize compensation that does.

Regular Employment is Provided

Work shall be performed on the basis of a recognized employment relationship established through local law and practice. Huali factories must not use any form of home working arrangement for the manufacturing of its product.

Anti-Corruption

Huali Group prohibits any form of active or passive bribery and corruption, and strictly forbid influencing decisions directly or indirectly through improper benefits such as cash, gifts, or privileges. Abuse of power and misappropriation of resources are prevented. Huali upholds the bottom line of business integrity and legal compliance.

Information Confidentiality

All employees must strictly protect the confidential information of the company, customers, and partners (including commercial data, technical materials, and customer privacy), and are prohibited of unauthorized disclosure, copying or transfer.

Conflict of Interest

Employees must not allow personal, family, or related party interests to influence company decisions (e.g., in procurement, recruitment, or partner selection). And anyone is prohibited from exploiting positions for personal gain or harming the company's interests.

Antitrust/Fair Competition

Huali Group strictly prohibits monopoly agreements with competitors, such as price fixing, market division, or output restriction; forbids disparaging competitors, false advertising, or gaining competitive advantages through unfair means like bribery; and ensures all business cooperation adheres to voluntary and equal market rules.

Prohibition of Money Laundering and Insider Trading

Huali Group bans any form of money laundering. All employees must not profit from undisclosed information or engage in profit shifting or related-party transactions.

4. Implementation, Communication & Reporting

Compliance with customer standards and local regulatory requirements is the minimum compliance threshold for our factory operations. To this end, factories must establish robust and efficient management systems, continuously subject to verification and oversight by relevant parties, ensuring effective execution of all guidelines and regulations.

All factories shall prominently display the Huali Code of Conduct in local languages for easy access and reference by employees. Comprehensive coverage of the Code's provisions must be integrated into both orientation and regular training programs to ensure thorough understanding and strict adherence by every member of the Group.

We encourage all personnel within the Group and other stakeholders to oversee the implementation of this Code and promptly report any violations. We commit to protecting whistleblowers' confidentiality and prohibiting all forms of retaliation.

Group Grievance & Reporting Email: anti.corruption@huali-group.com