

Zhongshan Huali Industrial Group Co., Ltd

Supplier Code of Conduct

1. Code Purpose

This Code of Conduct is formulated to ensure that suppliers meet environmental, social and ethical standards, to promote the sustainable development of Huali and its suppliers, and to establish a fair, just, transparent and responsible cooperative relationship.

2. Scope of Application

This Code applies to all suppliers of Huali.

3. Core Code

3.1 Environmental Responsibility

Environmental Compliance: The supplier should comply with all applicable local laws and requirements, and obtain required environmental approvals and licenses, such as pollutant discharge permit.

Air Emissions and Climate Impacts are Minimized : The supplier must follow all legal requirements and industry standards for air emissions and energy systems management. Routine testing and reporting of all emissions is required. Suppliers must strive to minimize GHG emissions through improved efficiency and use of renewable energy sources.

Waste is Minimized and Handled Properly: The supplier must properly segregate, manage, transport, and dispose of all solid and hazardous waste in compliance with local laws and regulations. They must also ensure that their solid and hazardous waste subcontractors are properly qualified and licensed, and take measures to continuously minimize waste generation.

Water is Valued : The supplier must minimize freshwater withdrawals and discharges wastewater in compliance with local laws and regulations, while also being required to understand and manage its water risks to promote reduction and efficiency in operations.

Green Products: The supplier should prioritize the provision of environmentally-friendly materials, such as non-toxic, recyclable, degradable materials. It is forbidden or restricted to use those substances that are harmful to the environment and human being.

3.2 Labor Responsibility

The supplier shall respect and protect the legitimate rights and interests of employees, and comply with the relevant laws and regulations of the country where the factory is located.

Forced Labor : The supplier shall not use of any form of forced labor, human trafficking or modern slavery, including of prison labor, indentured labor, bonded labor or otherwise.

Working Hours: The supplier should reasonably arrange employees' working time and day off, and ensure employees at least a day of rest in every seven-day period. Overtime hours are not exceeding the legal limit.

Wages are Paid on Time: The supplier should timely pay at least the minimum wage required by local law, and provide legally mandated benefits. Overtime hours worked are voluntary and are paid in accordance with the requirements of local law. There are no disciplinary deductions from pay.

Minimum Working Age is 15: The supplier should forbid the use of child labor. The supplier's workers 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 are not 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.

Freedom of Association and Collective Bargaining are Respected: The supplier should respect freedom of association and collective bargaining. The supplier honors prohibitions on interference with employees 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 employees for participation in a union or other representative organization. Where the right to freedom of association and collective bargaining is restricted under local law, the supplier allows the development of parallel means for independent and free association and bargaining.

Non-Discrimination, Harassment and Abuse: The supplier must strictly abide the principle of equal employment. The supplier's employees are not subject to discrimination in employment, including hiring, training, evaluation, promotion or compensation, based on gender, race, color, religion, age, disability, sexual orientation, nationality, marital status and other status, in order to ensure all employees to be treated equally and to have a fair and equal working environment. Also, any form of sexual harassment, mental abuse, physical violence, or other violation of human dignity against employees by word, behavior, or physical action is strictly prohibited.

Occupational Health and Safety: The supplier should establish a sound occupational health and safety system to provide employees with a safe and healthy working environment in order to safeguard their health and safety.

3.3 Quality and Safety Responsibility

Quality Management System: The supplier should establish a sound quality management system to ensure stable and reliable quality of products.

Product Quality Control: The supplier should strictly control all aspects of raw materials procurement, production and processing, finished product inspection, etc., and establish a sound quality traceability system. The products provided should meet the quality requirements and brand standards of Huali.

Safety Responsibility: The supplier should ensure the safety of the products in the process of use and avoid safety accidents caused by product quality problems.

3.4 Business Ethics and Compliance

Integrity in Business: The supplier should uphold the principle of integrity, comply with business ethics, and refrain from fraud, false advertising, commercial bribery and other improper behavior.

Anti-Bribery and Corruption: The supplier should strictly abide by the anti-corruption laws and regulations of the country/region where they are located, as well as international norms such as the United Nations Convention Against Corruption, and are prohibited from offering bribes, kickbacks or transferring benefits to Huali's employees in any form. Any violation of the above provisions is regarded as a serious breach of contract, and Huali has the right to pursue its legal responsibility according to the contract and relevant laws, and take measures including but not limited to termination of cooperation and claims.

Compliance Management: The supplier should comply with domestic and international business regulations and industry norms, such as Anti-Unfair Competition Law and Intellectual Property Law.

Information Transparency: The supplier should maintain good communication and information sharing with Huali and provide timely information on product price, quality, delivery date and environmental protection.

Social Responsibility: The supplier should actively fulfill their social responsibility and pay attention to community development and public welfare.

Supply Chain Cooperation: The supplier should actively participate in Huali's sustainability program and jointly promote the greening, de-carbonization and intelligence of the supply chain.

4. Communication and Reporting

We encourage suppliers, all group personnel and other stakeholders to monitor the implementation of this Code and to communicate and report any violation of this Code in a timely manner.

We have set up a special complaint channel to receive complaints from employees, suppliers, communities and other relevant parties about suppliers' violations of this Code, and to investigate and handle the complaints. We are committed to protecting whistleblowers' information from disclosure and to stopping all possible retaliation.

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