Supply Chain Human Rights and Environmental Due Diligence Management Rules

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Chapter 1 General Provisions

Article 1 Purpose of Formulation

To comply with the sustainable development compliance requirements of clients and strictly abide by the current laws and regulations of the People's Republic of China, standardize the management of human rights, labor affairs, anti-corruption, environmental protection and other work across the company’ s entire supply chain, establish a systematic supply chain due diligence system, identify, prevent and rectify supply chain compliance risks, and ensure the sustained compliance of business operations, these Rules are hereby formulated.

Article 2 Scope of Application

These Rules shall apply to all departments and on-the-job employees of the Company, as well as all direct suppliers, indirect suppliers, subcontractors, service providers, external cooperation partners and other business partners throughout the supply chain. The Company and all supply chain partners shall comply with these Rules, relevant laws and regulations, and external compliance agreements.

Article 3 Basic Principles

Full-chain Coverage: Due diligence shall extend to primary, secondary and downstream multi-level supply chains. All partners are required to pass down compliance requirements layer by layer.

Priority of Local Laws: Prioritize compliance with the laws and regulations of the People's Republic of China while meeting external cooperation compliance standards.

Proactive Risk Prevention: Adhere to pre-inspection, in-process supervision and post-rectification to continuously mitigate risks relating to human rights, labor affairs, the environment and integrity.

Transparency and Traceability: Cooperate with audits and inspections conducted by partners and third parties in accordance with laws, and truthfully submit relevant due diligence documents.

Accountability and Rectification: Initiate rectification immediately upon discovery of violations. Terminate cooperation in accordance with laws and regulations for parties who refuse to rectify or commit serious violations.

Chapter 2 Compliance Implementation and Contract Constraints

Article 4 Standard Dissemination Requirements

Prior to contract signing, the Procurement/Supply Chain Department shall fully inform all partners of these Rules and external compliance obligations.

A special compliance clause shall be added to all external cooperation contracts, stipulating that partners must abide by these Rules and all external compliance requirements, and shall impose corresponding constraints on their downstream suppliers to ensure compliance requirements are implemented throughout the entire supply chain.

All new suppliers shall pass compliance access review. No cooperation shall be launched for suppliers failing the review.

Article 5 Compliance with Laws and Regulations

The Company and its supply chain partners shall strictly abide by the current laws and regulations of the People's Republic of China and the regions where operations are conducted. Superior laws and regulations shall prevail over subordinate ones; in case of conflicts between regulations at the same level, actions shall be taken in line with compliance principles.

Fully implement anti-corruption requirements: establish systems to prevent bribery, facilitation payments overseas and improper transfer of interests. Any form of commercial bribery and improper interest transactions are strictly prohibited.

Strictly implement the core labor standards of the International Labour Organization and relevant laws and regulations on remuneration to protect employees' legitimate right to labor remuneration.

Chapter 3 Due Diligence on Human Rights and Labor Rights

Article 6 Prohibition of Child Labor and Regulation of Juvenile Workers

In strict compliance with the laws and regulations of the People's Republic of China, the employment of persons under the age of 16 (child labor) is strictly prohibited. In line with clients' compliance requirements, the employment of juvenile workers aged 16 to 18 is generally not allowed. If the employment of juvenile workers is truly necessary, relevant provisions on the labor protection of juvenile workers shall be strictly enforced.

Persons under the age of 18 shall not be arranged to engage in enslavement, human trafficking, debt bondage, forced labor, adult entertainment-related work, high-risk work or work harmful to physical and mental health. Minors who have not completed nine-year compulsory education shall not be employed.

Due Diligence Content: Verify employee rosters, identity documents and entry files, check attendance records, conduct random on-site inspections of labor conditions, and carry out full-coverage inspections on the age of employees of downstream suppliers on a quarterly basis.

Article 7 Prohibition of Forced Labor and Exploitation

Any form of forced labor, debt bondage, human trafficking, physical detention, serfdom, workplace oppression, economic exploitation, personal humiliation and sexual exploitation are strictly prohibited.

Due Diligence Content: Verify voluntary employment declarations and resignation procedures of employees, inspect access control and accommodation management, and identify practices involving restriction of personal freedom and forced labor.

Article 8 Occupational Health and Safety Management

Strictly implement national laws and regulations on occupational safety and health, fully equip safety protection facilities, conduct regular safety training, and eliminate potential risks of work-related injuries and occupational diseases.

Due Diligence Content: Inspect on-site operating conditions, configuration of protective equipment, safety training records, work injury ledgers and hazard rectification records.

Article 9 Freedom of Association and Anti-Discrimination Management

Employees' legitimate right to freely form and join trade unions and engage in legal association shall be protected. No interference or obstruction is permitted.

Employment discrimination based on nationality, ethnicity, family background, health status, disability, sexual orientation, age, gender, political views or religious beliefs is strictly prohibited. The principle of equal pay for equal work shall be fully implemented.

Due Diligence Content: Conduct employee interviews, verify remuneration systems, reward and punishment rules and promotion records to screen for discriminatory practices.

Article 10 Remuneration and Welfare Management

Salaries shall be paid in full and on time, and the remuneration standard shall not be lower than the local statutory minimum wage. Wage payment vouchers and attendance ledgers shall be properly retained.

Due Diligence Content: Conduct random inspections of payrolls, bank payment records, attendance records and overtime salary calculation documents.

Article 11 Land, Security and Other Human Rights Requirements

Illegal land acquisition, illegal occupation of land, forest land and water areas relied on by local residents, and illegal eviction of residents are prohibited.

Standardize the management of security personnel, strengthen security training and supervision, and prohibit personal injury or infringement caused by improper security management.

Dereliction of duty that obviously violates laws or seriously infringes upon others' legitimate rights and interests is prohibited.

Chapter 4 Due Diligence on Environmental and Climate Protection

Article 12 Control of Chemicals and Mercury-containing Products

The production, procurement and use of mercury-added products are prohibited. Phase out the use of mercury and mercury compounds in production in accordance with the timeline set by the Minamata Convention, and standardize the disposal of mercury-containing waste.

The production, procurement and use of persistent organic pollutants listed in the Stockholm Convention are prohibited.

Due Diligence Content: Verify raw material lists, chemical ledgers, hazardous chemical usage records and material procurement sources.

Article 13 Control of Waste and Cross-border Waste

All waste shall be collected, stored, transported and disposed of by environmentally sound means. Random dumping and illegal stacking of waste are forbidden.

Comply strictly with the Basel Convention and domestic solid waste management regulations. Illegal cross-border import and export of hazardous waste and general waste are prohibited.

Due Diligence Content: Verify waste disposal contracts, qualifications of disposal entities, transport waybills, environmental protection ledgers and pollutant discharge records.

Article 14 Pollution and Resource Control

Any production and business activities that cause soil damage, water pollution, air pollution, excessive noise and excessive water consumption are prohibited. Conduct regular on-site environmental inspections and keep records of inspections and rectification.

Chapter 5 Implementation Procedures of Due Diligence

Article 15 Organizational Responsibilities

Supply Chain Management Department: Take the lead in coordinating the entire due diligence process, supplier access, daily supervision, standard dissemination and contract management.

Administrative/Human Resources Department: Conduct compliance verification on labor affairs, human rights, remuneration and employment issues for internal staff and suppliers.

Environment, Health and Safety (EHS) Department: Conduct compliance verification on environmental protection, hazardous chemicals, waste and occupational safety.

Legal/Risk Control Department: Review compliance clauses, determine violations, supervise rectification and conduct risk assessment.

Article 16 Classification and Frequency of Inspections

Access Inspection (Mandatory): Conduct full due diligence on human rights, labor affairs, integrity and environmental protection for new suppliers prior to cooperation, and issue a Supplier Compliance Access Report. No cooperation shall be approved for unqualified suppliers.

Regular Routine Inspection: Conduct random inspections of existing suppliers on a quarterly basis, and complete full-coverage due diligence on all suppliers every year.

Special Unannounced Inspection: Launch immediate special unannounced inspections upon receipt of risk clues, client alerts or industry risk warnings.

Article 17 Inspection Methods

Document Review: Examine qualification certificates, contracts, ledgers, payrolls, attendance records, environmental approval documents, hazardous chemical records and waste disposal documents.

On-site Verification: Conduct field visits to suppliers' production sites, offices and accommodation areas to inspect on-site compliance status.

Personnel Interviews: Randomly interview frontline employees and management staff to learn about actual conditions of employment, remuneration, safety and environmental protection.

Written Commitment: Require all suppliers to sign the Supply Chain Compliance Commitment Letter.

Article 18 Risk Classification

Low Risk: Minor non-compliance without substantial harm, which can be rectified on site immediately.

General Risk: Existing compliance defects, which shall be rectified within a specified time limit with a rectification report submitted.

High Risk: Severe violations including child labor, forced labor, serious pollution, major potential safety hazards and commercial bribery.

Chapter 6 Training, Reporting and Transparency Management

Article 19 Compliance Training

Internal Training: Organize no less than 2 compliance training sessions on human rights, labor affairs, environmental protection and anti-corruption for internal staff every year, and retain training sign-in sheets, course materials and assessment records.

Supplier Training: Deliver supply chain compliance promotion activities every year, and require partners to conduct synchronous compliance training for their own employees.

Article 20 Reporting Mechanism Management

Inform all staff and supply chain partners of the usage of the client’ s designated reporting system. The Company does not compel anyone to use this overseas reporting channel; employees and partners may

choose reporting channels voluntarily.

The Company prohibits obstruction or restriction on the use of legal reporting channels, and strictly prohibits retaliation against whistleblowers.

An internal compliance reporting channel is established to accept clues of supply chain violations. All reports shall be handled confidentially, verified in a timely manner and closed with proper follow-up. When reporting via overseas systems, it is forbidden to disclose state secrets, corporate trade secrets and others' sensitive personal information.

Article 21 Document Retention and Audit Cooperation

All due diligence records, ledgers, reports, training documents and rectification materials shall be retained for at least 3 years to ensure traceability and accessibility.

Clients may conduct inspections and audits on their own or entrust third-party institutions during normal business hours based on risk assessment. All audits shall comply with national laws and regulations on data security and personal information protection. The Company has the right to refuse to provide confidential information, core trade secrets and sensitive personal data. The Company shall submit relevant compliance documents as required and cooperate with audits.

Chapter 7 Violation Handling and Rectification Mechanism

Article 22 Handling of General Violations

Issue a Compliance Rectification Notice specifying rectification items, time limits and acceptance criteria.

Increase inspection frequency during the rectification period and follow up on progress. Conduct re-verification after rectification; normal cooperation may resume only after passing re-verification.

Temporarily suspend business cooperation according to the risk level until risks are eliminated.

Article 23 Handling of Severe Violations

Cooperation shall be terminated immediately and the relevant partner shall be permanently blacklisted in the event of any of the following severe violations:

Malignant violations including child labor, forced labor, human trafficking, serious environmental pollution, illegal cross-border hazardous waste disposal, major work safety accidents and commercial bribery;

Failure to meet rectification requirements within the time limit or repeated occurrence of similar violations;

Intentional concealment of violations or refusal to cooperate with investigations and rectification.

Article 24 Joint Rectification with Clients

If the client identifies compliance problems within the Company or its supply chain, the Supply Chain Department shall take the lead to jointly formulate a rectification plan with the client, implement it strictly and feed back rectification results on schedule.

Chapter 8 Supplementary Provisions

Article 25 System Revision

These Rules shall be revised in a timely manner in accordance with updates to external cooperation compliance standards, national laws and regulations, and international conventions.

Article 26 Effective Date

These Rules shall take effect as of the date of issuance. All employees of the Company and all supply chain partners must comply strictly.