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2023								
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Avary Holding (Shenzhen) Co., Limited

2023 Implementation Result of Business Ethics (Updated: July 2024)

Items	Status
<p>1. Promoting Integrity Management Working Group</p>	<p>Our company establish the "Ethical Corporate Management Work Group" under The Board of Directors · jointly formed by rporatpany'stantesourcestvision,tegal Affairsstvision,tinvestment Management vision The t,t supervision,t andt exacution oft ethical corporate management policiest andt prevantiont solutions, whicht regularly reportst tot the board oft directors once a year ont the integrity management policy andtthe plantto prevant dishonest behavior andtthe supervision. In order to implement honast management,tthe company has established anteffective accounting system andtinternal control system · wch reviewedt andtchecked regularly at any time totensure the designt andt implementation oft the system effectively andtcontinually.tThetaudit personnal also supervisetthe implementation oftthe policy inttheirtdaily audits andtreport to the Board oftDirectors ifthey findtany irregularitiest ort reportst raised,tast wellt ast the follow-up review oft improvement measures.</p>
<p>2. Promoting the annual plant of the Integrity Management Working Group</p>	<p>annual targets were set at the beginning ofthe year andtthe results wre reviewd at the endtofthe year.tThe followng are the goalstint2024 andtoutcomestint2023,trespectively.t</p> <p>Goals int2024:</p> <ol style="list-style-type: none"> (1) The goals oftinternal andtexternal educationontbusinessntegrity rare achieving 73,000 training hours andt70,000 participants. (2) All oftour employeesthave completedtbusinessntegrity,tanti -corruption,tconfidentiality randtethical educationand training,tandall ofthem have passedtthe examinations. (3) Major suppliers accept the company's Sunshine Policy promotioantandsignta letter oftcommitment. (4) The company has no major violations. <p>Outcomes int2023:</p> <ol style="list-style-type: none"> (1) The indirect andt directt employees have fully completedt businessntegrity,t anti-corruption,t confidentiality rand ethical courses wtht100% examinationtparticipationtrate andt100% passtrate.

Items	Status												
	<p>(2) The Board of Directors has continue training and accomplished courses include ESG regulation update, the potential risks regarding to ESG and insider trading, surpass 52 managers attend and accumulate over 156 hours.</p> <p>(3) 1,004 newly recruited indirect and direct employees have completed the operation rules training with the 91% passing rate.</p> <p>(4) The company has promoted business ethics and highlights the concepts of busines meetings. Moreover, more than 217 suppliers attend the annual supplier meeting in April, which enhance the importance of integrity.</p> <p>(5) Over 1,345 suppliers participate in the Sunshine Policy and surpass 1,268 have made commitment to comply with Sunshine Policy.</p> <p>(6) In 2023, various internal and external training programs were held on topics such as integrity management, including training for new employees, quality management, professional skills, management capabilities, integrity and compliance regulations, ethical behavior, internal sensitive information, food safety and hygiene management, accounting systems, internal controls, significant information, insider trading, anti-corruption, ethical issue, etc., the total duration of these training sessions amounted to 71,981 hours, with more than 68,989 participants.</p> <p>(7) The company conducts promotion via platform in the internal areas and factories. Two themes were selected each month and displayed four times per day; the annual reach exceeds 1.10million.</p> <p>(8)</p> <p>(9) The company has no major violations, and no relevant reports have been received by the competent authority. Details are as follows:</p> <table border="1" data-bbox="622 927 2074 1139"> <thead> <tr> <th data-bbox="622 927 1301 962">Reporting areas</th> <th data-bbox="1301 927 2074 962">Number of breaches in FY 2023</th> </tr> </thead> <tbody> <tr> <td data-bbox="622 962 1301 997">Corruption or Bribery</td> <td data-bbox="1301 962 2074 997">0</td> </tr> <tr> <td data-bbox="622 997 1301 1032">Discrimination</td> <td data-bbox="1301 997 2074 1032">0</td> </tr> <tr> <td data-bbox="622 1032 1301 1067">Customer Privacy Data</td> <td data-bbox="1301 1032 2074 1067">0</td> </tr> <tr> <td data-bbox="622 1067 1301 1102">Conflict Interest</td> <td data-bbox="1301 1067 2074 1102">0</td> </tr> <tr> <td data-bbox="622 1102 1301 1139">Money Laundering or Insider Trading</td> <td data-bbox="1301 1102 2074 1139">0</td> </tr> </tbody> </table>	Reporting areas	Number of breaches in FY 2023	Corruption or Bribery	0	Discrimination	0	Customer Privacy Data	0	Conflict Interest	0	Money Laundering or Insider Trading	0
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Corruption or Bribery	0												
Discrimination	0												
Customer Privacy Data	0												
Conflict Interest	0												
Money Laundering or Insider Trading	0												
<p>3. Formulate policies to prevent conflicts of interest and provide appropriate representation channels</p>	<p>monitor and manage risks of dishonest behaviors that may result from conflicts of interest, and provide appropriate reporting channels for directors, managers and other interested parties take the initiative to explain and implement them; in addition, the channel of conflict of interest statements provided by the company is divided into different entities according to different entities: directors or independent directors should report to the chairman's office; managers should report to the Legal compliance unit.</p>												

Items	Status
4. Integrity management and implementation with transaction partners	<p>The Company evaluates the legal compliance and unethical conduct records of its agents, suppliers, customers, or other transaction counterparties before conducting business transactions to prevent transactions with companies that have records of unethical conduct. When entering into contracts with others, the company includes in such contracts terms requiring compliance with ethical management policies. In the event that the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts, ensuring the compliance of others with the company's ethical management policies.</p>
5. Whistleblowing Policy and Procedure	<p>The company has established a reporting, reward and punishment, and appeals system for violations of ethical business practices. At various operational locations globally, both internal and external channels are provided to encourage employees and external parties to report any suspected or discovered improper behavior that may violate laws, regulations, or business ethics. These channels include employee suggestion boxes, an email address (avary@avaryholding.com), and a website reporting system (http://www.avaryholding.com.cn/contact.aspx). The company has defined clear punitive measures for violations of ethical business practices and code of ethics. Information regarding individuals, managers, or directors involved in unlawful actions is promptly disclosed on the company's internal website or public information observation platform.</p>