

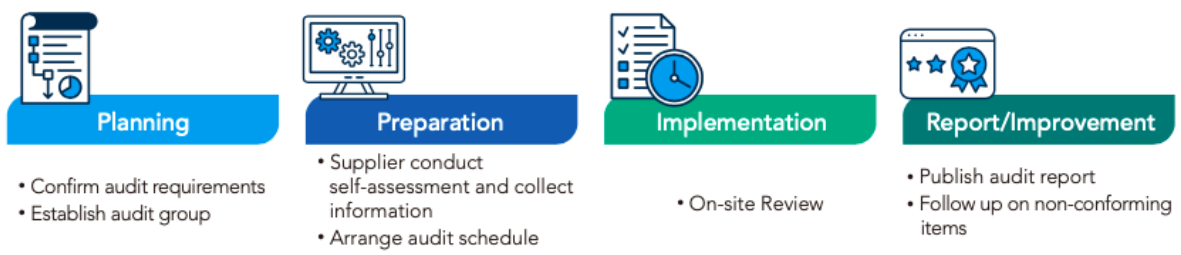
**Governance and Oversight:**

Avary Holding has established a thorough supply chain management system under the direct supervision of the Board of Directors, ensuring top-level accountability for our supplier ESG programs. We utilize the Supplier (Contractor) Management System to systematically manage the quality, delivery, technical service, pricing of supplied goods, and ESG. This comprehensive approach allows us to maintain high standards across our supply chain. To extend our social responsibility ideals throughout our supply chain, we have developed several key regulatory documents, including the Supplier Social Responsibility Management Regulations and the Supplier Conflict Minerals Management Regulations. These documents ensure that suppliers commit to adhering to applicable environmental laws, labor laws, and international corporate social responsibility standards.

**Purchasing Practices and Supplier Selection:**

We continuously evaluate our purchasing practices to ensure alignment with our Supplier Code of Conduct, thereby avoiding any potential conflicts with ESG requirements. Our selection process favors suppliers with exemplary ESG performance by incorporating ESG criteria into our supplier evaluation and contract awarding processes. We have requested suppliers to provide a “Letter of Commitment” or sign the “Special Clauses of Procurement Orders,” formulated according to international standards such as those set by the Responsible Business Alliance (RBA). The documents cover ethical conduct (ethical management, no improper gains, etc.), human rights (prohibition of child labor, free choice of employment, etc.), and environmental protection (biodiversity, no deforestation, land protection, etc.), with provisions for terminating agreements if suppliers significantly violate our corporate social responsibility policies. We also conduct annual social and environmental responsibilities (SER) audits on suppliers. Suppliers are expected to meet minimum ESG requirements within a year; those failing to do so will be excluded from contracting.

**Supplier Assessment & Audit Procedures:**



Self-assessment Items for Suppliers: Company Information, Management Systems (ISO certifications, standard management processes, quality assurance), Risk Management, Customer Service (Quotation processes, delivery schedules, standard procedures), Supplier Management, Quality Management, Manufacturing Process Management, Packaging, Logistics, and Storage Management, Environmental Safety and Health Management, Green Product Management, Trade Security Management.

**Training and Compliance:**

We provide regular training for our internal procurement staff on integrity, honesty, and supplier social responsibility management. This ensures that our staff is well-equipped to uphold our high standards and effectively manage supplier relationships. In 2023, 100% of our suppliers signed the necessary compliance documents, ensuring full adherence to our requirements. Our production suppliers demonstrated strong ESG compliance, with no instances of child labor, forced labor, or other human rights violations.

**Supplier Support and Initiatives:**

To fulfill our commitment to protecting the global environment and enhancing the industry's value chain, we organized a green supply chain seminar in 2023, attended by 676 participants from 103 suppliers. At the seminar, we featured presentations from top-performing suppliers who shared their ESG implementation strategies and outcomes. These presentations provided valuable benchmarks for other suppliers to emulate. Furthermore, we initiated the green supply chain environmental protection project to assist suppliers in improving the environmental management of factory operations, establishing and certifying ISO management systems, and implementing environmental protection projects such as water and electricity saving, waste reduction, and carbon reduction. These initiatives aim to improve environmental performance and expand the influence and contribution of environmental protection. For example, we have also launched a supplier carbon reduction program, offering comprehensive support to suppliers in calculating their carbon emissions, developing reduction plans, and presenting their progress at an annual end-of-year review session.