

Commercial Ethics Audit-Related Matters

The company attaches great importance to commercial ethics auditing and has formulated two key documents: the Internal Audit Standards - Fraud Examination and Reporting, and the Internal Audit Guidelines - Integrity Compliance Audits. These documents standardize the key focus areas and audit procedures for commercial ethics review, define clear inspection criteria, and ensure audit quality. Guided by risk-based auditing principles, the company annually determines appropriate supervision targets and priority areas for commercial ethics oversight based on risk assessments and actual business operations. We direct our subsidiaries to develop scientific audit plans, and implement routine examinations of commercial ethics matters. Through a combination of comprehensive and targeted audits, supplemented by both on-site and remote inspection methods, we ensure full audit coverage of all subsidiaries within every three-year cycle.

Audit institutions at all levels conduct examinations in accordance with corporate governance requirements, including but not limited to the company's internal control environment, establishment and implementation of commercial ethics policies, the effectiveness of operational processes and supporting systems. Our auditors focus on critical business units, high-risk areas, and key operational nodes. By employing big data analytics to detect abnormal employee behavior patterns, we promptly identify and address compliance violations. This approach enables early identification, timely warning, and immediate corrective action effectively mitigating commercial ethics risks across core operations including: procurement and sales, credit approval processes, engineering and construction projects, asset disposal, expense reimbursement, and other business areas.

The internal audit body submits quarterly reports to the Board's Audit and Risk Committee on audit implementation progress, key findings and recommendations, and rectification status update.

This reporting mechanism ensures effective implementation of audit plans and continuous enhancement of audit effectiveness. The company has implemented a coordinated rectification framework that enforces complete correction of identified issues, proper establishment of systems and controls, and appropriate disciplinary actions for responsible personnel. This framework serves to strengthen internal governance, prevents fraudulent activities, ensure regulatory compliance, maintain employee integrity, and uphold commercial ethics standards and enforce all management requirements. The internal audit body also enhances cross-functional supervision through regular inter-departmental consultations, systematic sharing of audit results, and structured case referral procedures, thereby promoting inter-departmental collaborative governance and enhancing the synergy of the comprehensive oversight system.