

# **Beijing Enterprises Holdings Limited**

## **Management Policy of Sustainable Supply Chain**

### **I. Objectives and Commitments**

Beijing Enterprises Holdings Limited (hereinafter referred to as “BEHL” or “the Company”) takes a responsible approach to enhance supplier management and cooperation, and remains committed to building a sustainable supply chain. BEHL, based on its Code of Conduct, pledges to incorporate Environmental, Social and Governance (“ESG”) considerations into the processes of supplier inclusion and evaluation and makes great efforts to identify and evaluate suppliers’ risks in sustainability.

### **II. Categories of Supplier**

#### **1. Qualified Suppliers**

Qualified suppliers refer to suppliers with a moderate procurement amount, low supply risks and a proven track record in cooperation with the Company. They are further classified by BEHL into four categories according to the articles purchased, namely, supplies and equipment, technical services, engineering services, as well as IT services.

#### **2. Key Suppliers**

Key suppliers refer to suppliers with a large procurement amount or quantity who offer essential or non-substitutable products and

technologies. As an integral part of our sustainable supply chain, they should have a strong track record in partnership with BEHL.

### **3. Critical Tier 1 Suppliers**

Critical suppliers that directly supply goods, materials or services (including intellectual property rights/patents) to the Company.

### **4. Critical Non-tier 1 Suppliers**

Critical suppliers that supply products or services to the next tier of suppliers (tier 2 and above).

## **III. Supplier Inclusion and Removal**

BEHL seeks to build a sustainable supply chain and ensure that no ESG risks will arise in cooperation so that the Company can achieve sustained growth. In purchasing products or services and assessing suppliers, BEHL follows the principles listed below:

- We combine qualitative judgement and quantitative scoring to evaluate ESG risks. We reject suppliers that commit gross malpractices such as unfair competition and corruption or assign them to a pool of suppliers on the verge of removal.
- We focus on suppliers' ESG performance in the following areas, including protection of labour rights and interests, occupational health and safety, environmental protection performance and management system. Between suppliers with the same score on all the other dimensions, BEHL will favor the one with better ESG performance.

- We publicize the evaluation standards and results on time to ensure that the supplier inclusion assessment is just and fair, subject to supervision from suppliers and other stakeholders.

#### **IV. Supplier Management Rules**

BEHL undertakes to require its suppliers to enhance internal management in labour rights and interests, occupational health and safety, environmental protection and anti-corruption, among others, and comply with the following principles as the Company does:

##### **1. Labour Rights and Interests**

- Suppliers shall not force or coerce labour in any form, hire employees under the local legal minimum age for employment, or hire anyone and thereby render them unable to complete compulsory education.
- Suppliers shall not discriminate against or bully candidates and employees on the basis of gender, ethnicity, age, nationality, race, religion, belief, marital and childbearing status, disability, educational background or other similar factors.
- Supplier shall sign employment contract with all employees in accordance with local legal requirements, provide employees with remuneration and benefits that are above the local minimum level required by law, and pay employees on time.
- Suppliers shall respect the rights of employees in accordance with the laws, including their rights to establish or participate in organizations

conforming to national laws and regulations, and establish appropriate communication mechanisms and complaint-filing channels.

- Suppliers shall create and maintain a safe and healthy working environment for employees, formulate policies related to occupational health and safety, and take relevant measures to reduce the incidence of work-related injuries or occupational disease.

## **2. Environmental Protection**

- Suppliers shall comply with the national and/or sub-national environmental protection laws and regulations while purveying (raw) materials.
- Suppliers shall provide an authentic and legally compliant test report in accordance with the relevant environmental requirements of the country or region in which they operate for the (raw) materials they purvey.
- The Company encourages all suppliers to obtain the ISO 14001 environmental management system certification and gives priority to potential partners with ISO certification(s) during the supplier inclusion evaluation stage.
- Suppliers that were punished by national and/or subnational environmental regulators of the country or region in which they operate shall be put on the blacklist of supply chain management.

- When signing contracts with suppliers, the Company explicitly requires them to monitor and manage environmental issues to minimize environmental impact and, in the case of unavoidable impact, carry out environmental remediation.
- Suppliers should formulate environmental protection guidelines, adopt appropriate standards to assess the potential impact of their operations, products and services on the environment, and pay proper attention to the protection and restoration of the ecological environment.
- Suppliers should optimize the use of energy and resources, reduce the emission or discharge of pollutants, and explore better ways for waste management and disposal, so as to avoid waste of resources and environmental pollution.
- Suppliers should give priority to eco-friendly (raw) materials, such as reusable or recyclable raw materials, non-polluting materials with little impact on the environment, and durable materials.
- Suppliers should value biodiversity conservation, prohibit predatory exploitation of biological resources, and make scientific, rational and methodical use of biological resources.

### **3. Business Ethics**

- Suppliers must comply with the anti-corruption laws and regulations of the country or region where they operate, and shall not engage in any form of bribery, corruption, extortion and blackmailing,

instigation or money laundering. Suppliers shall not offer, promise, pay or ask for money or other benefits.

- Suppliers shall comply with the regulations of fair competition, anti-monopoly and trade in the country or region where they operate, and shall not commit any business practices that violate relevant laws or codes of conduct.
- Suppliers should put in place anti-corruption policies and programs. In addition, the Company conducts a business ethics audit for key suppliers every three years to verify their compliance.
- Suppliers should set up complaint-filing channels for people to report business ethics violations in the supply chain or for whistleblowers to file complaints about potential or actual violations, with measures in place to prevent leakage of whistleblower information and protect whistleblowers from retaliation.

## **V. Supplementary Provisions**

BEHL will review this Management Policy at least once a year, and make revision in accordance with the changes to national laws and regulations of the countries where it operates and international conventions.