

# Supplier Management Policies of BEUR

Beijing Enterprises Urban Resources Group Limited (“BEUR”, hereinafter collectively referred to as the “Group”) is a company that upholds the code of conduct, which includes the code of ethics, basic working conditions, anti-bribery code of conduct, non-discrimination and multivariate policies, and organization, management and control models. It has established corresponding systems and procedures to carry out quantitative and qualitative evaluation on suppliers, to ensure the openness, fairness and impartiality of supplier management and procurement management, and to accept the supervision of suppliers and customers.

## **I Objectives and Promises**

BEUR is committed to building a sustainable supply chain, extending its own sustainable development requirements to business partners, sharing and disseminating behaviors that support sustainable development, gradually establishing a unified sustainable supply chain value to avoid related risks. At the same time, BEUR promotes understanding of diversity, respects the rights of suppliers, and establishes an honest supply chain culture, including never default on payment of suppliers and ensuring fairness and justice in bidding.

BEUR, 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 Classification of Suppliers**

Group supplier management implements registration system, qualified supplier system, post-qualification audit system, hierarchical management system, annual cooperation system, dynamic adjustment system. Qualified suppliers are divided into three levels: strategic suppliers, Grade A suppliers and Grade B suppliers, and the list of suppliers at each level is carried out through a pre-set approval process. See the Group's *Supplier Management System* for details.

## **III Management Guidelines**

BEUR requires suppliers critical to the group's development to take the same action on issues such as human rights, health, work safety, environmental protection and combating corruption, and requires suppliers to follow suit in the supply chains. Suppliers must abide by the following principles:

### **1. Labor and Human Rights**

- Child labor shall not be used. Suppliers must never hire anyone under the age of 15 unless it is part of a government-approved vocational training and apprenticeship program that has obvious benefits to participants.
- Suppliers shall not use any form of forced labor. Suppliers shall not tolerate disciplinary practices that infringe upon the body. Suppliers oppose any use of human trafficking.
- Suppliers recognize, respect and fully guarantee the freedom of employees to work and form an association in good facilities. Suppliers will carry out constructive cooperation with their employees or any organization representing employees to promote the best interests of employees. Suppliers will strive to seek opportunities to listen to the thoughts of their employees. Under the requirements of the law/welfare system, suppliers can conduct collective bargaining behavior.

- Supplier shall not tolerate harassment and/or discrimination based on gender, ethnicity, color, religion, belief, age, race, nationality, marital status/parental status, pregnancy, disability, sexual orientation or any other personal condition, and recognize and promote the positive values of diversity.

## **2. Health and Workplace Safety**

- Suppliers will provide and maintain a safe and healthy work environment for all employees, which meets or is superior to the conditions required by applicable occupational safety and health regulations.
- Suppliers will comply with applicable laws that specify the number of hours worked.
- Suppliers will provide remuneration and benefits in compliance with applicable laws to promote the material welfare of employees as far as possible.
- Suppliers consider local residents and communities as their primary stakeholders in all projects they plan to carry out. Suppliers will share their plans publicly with members of all recognized stakeholders.

## **3. Environmental Protection**

To reduce the environmental impact of production activities and products on the BEUR supply chain, all suppliers shall:

- Make every effort to optimize the use of natural resources, reduce emissions of environmental pollutants, and reduce gas emissions that cause the “greenhouse effect”.
- Design, use, and/or recommend products and processes that take environmental impact into consideration.
- Properly manage waste and its disposal methods in accordance with applicable laws;
- Avoid the use of banned substances (ie, substances that are carcinogenic, mutagenic or toxic to reproduction (CMRs)), and fully manage potentially harmful substances (comply with applicable laws).
- Adopt optimized logistics procedures to minimize environmental impact.

## **4. Anti-corruption**

- With reference to the Anti-fraud management system of *BEUR*, suppliers shall comply with applicable anti-corruption laws in all countries/regions in which they conduct business and act in a transparent and honest manner. Any form of corruption, criminal instigation, extortion and corruption are strictly prohibited. Suppliers shall not directly or indirectly provide, promise, pay, solicit (in the form of bribes and/or facilitation payments) money or other benefits by receiving illegal commission, charitable donations, and other means, and shall not obtain undue advantage directly or through intermediaries.
- Fair competition is an essential prerequisite for success through good performance and creating value for stakeholders. Suppliers shall comply with the competition, antitrust, and trade regulations of the countries in which they operate. Agreements that damage fair competition are strictly prohibited, such as business practices that may violate antitrust laws.
- Suppliers shall report any major, actual or potential conflicts of interest during the course of their business. When personal interests/activities interfere with or may interfere with the business relationship with BEUR, there is a conflict of interest.
- Suppliers shall strictly oppose all forms of money laundering and take measures to ensure that every economic and financial business can be traced. By identifying the source of goods and/or

money in each business operation, third parties will be prevented from using financial transactions to launder money.

- Suppliers shall protect the intellectual property rights of third parties and protect customer information and personal data.
- Suppliers are strongly recommended to adopt a code of conduct and review its implementation on a regular basis.

#### **5. Report Violations and Corruption**

- Suppliers shall report to BEUR Audit and Supervision Center any violation of moral code, anti-bribery code of conduct or BEUR's control system by their employees and/or BEUR's employees and send the report to the following email address: jubao@beurg.com. BEUR keeps confidential the identities of whistleblowers of good intentions and/or refusal to violate the suppliers' code of conduct.
- Suppliers undertake to retain the relevant documents and/or information used to verify the above report.
- BEUR reserves the right to verify such documents when it deems it necessary.

### **IV Admission and Review**

BEUR has developed corresponding admission and review procedures, scoring and investigating suppliers, and including qualified suppliers in the supplier database.

The management process of key suppliers includes a complete closed-loop management of admission, performance, level adjustment and exit. The group's qualified supplier access procedures are shown in the *Supplier Management System* and related annexes. There are detailed handling procedures and working standards for supplier pre-qualification, investigation and communication, contract performance and evaluation, and they are included in the forms for supplier qualification examination and factory inspection review.

In addition, The Group 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. BEUR has also developed a formal process to identify potential sustainable risks in the supply chain, and identify, manage and cope with suppliers' social, environmental and governance risks:

1. The due diligence process is used to evaluate the ESG risks, and admission assessment is conducted in a combination of qualitative and quantitative scoring. Among them, suppliers involve matters of principle, such as unfair competition, trade monopoly, corruption and other problems, will not be selected.
2. Focus on evaluating the ESG performance of suppliers in terms of environmental governance benefits, protection of labour rights and interests, work environment protection performance and management system, and examine the relevant policies and governance capabilities of corporate management. Between suppliers with the same score on all the other dimensions, BEHL will favor the one with better ESG performance.
3. Conduct audit, analysis and management of ESG risks encountered by suppliers, including assisting suppliers to deal with relevant risks, conducting a sustainability audit every three years, etc.

### **V Supervision and Rectification of Suppliers**

After informing the matters covered by this Code of Conduct, BEUR reserves the right to review by BEUR's employees and/or third parties. In the event of non-compliance, BEUR will:

- Require suppliers to prepare and implement a rectification plan for non-compliance;
- In the case of prior notice, conduct document review and/or additional review to ensure that the above-mentioned rectification plan can be actually implemented;

BEUR reserves the right to suspend and/or withdraw the business relations in advance, effective immediately, if the Suppliers violate the supplier code of conduct or, in the event of a violation, fails to prepare and implement the expected improvement plan;

BEUR will claim for any loss, damage, expense or other expenses resulting from any breach of contract and/or other actions by suppliers.

## **VI Communication with Suppliers and ESG Training**

BEUR attaches great importance to the communication and cooperation with suppliers, and stipulates that it shall communicate and share technology with suppliers on a regular basis every year, so as to promote the common growth of BEUR and suppliers' partners and the coordinated development of the industry.

The group provides periodic support for capability enhancement to personnel of suppliers, including strategic suppliers, covering areas such as systems, technical support, and ESG knowledge.

At the same time, the group conducts regular training on supply chain ESG topics and other related issues for personnel responsible for procurement.

## **VII Supplementary Provisions**

The Group will check the implementation once a year, and revise it according to the laws, relevant international conventions and changes in facts.

(The English translation of the system is for reference only and the Chinese version shall prevail in case of any inconsistency between the Chinese version and English translation thereof)