



北控水务集团有限公司
BEIJING ENTERPRISES WATER GROUP LIMITED

Supplier Management Policies of BEWG



Beijing Enterprises Water Group Limited (BEWG) 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 carryout 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

BEWG 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, BEWG 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.

II Classification of Suppliers

1. Qualified suppliers: BEWG's qualified supplier database is established according to the characteristics of purchasing categories, which are subdivided according to equipment, services, and engineering.
2. Key suppliers: refer to suppliers with large purchase amounts, high irreplaceability, and key components/technology; key suppliers are composed of qualified suppliers with good cooperation performance in the group and are an important part of BEWG's supply chain relational capital.
3. Highly sustainable suppliers: refers to suppliers that meet BEWG's sustainable supplier requirements in terms of environmental protection, employee rights and benefits and risk management, and have relatively outstanding performance.

III Management Guidelines

BEWG 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

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, and minimize overtime or overwork as much as possible.
- Suppliers will provide remuneration and benefits in compliance with applicable laws, including those related to the local minimum wage and equal pay for male and female employee for equal work, to promote the material welfare of employees as far as possible. The supplier will provide employees with the holidays and leave stipulated by the operating countries in accordance with the law, including paid annual leave.
- 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 BEWG supply chain, all suppliers shall:
- Make every effort to optimize the use of natural resources, improve energy consumption efficiency, 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 (i.e., 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.
- Protect the biodiversity of the operation site, do not carry out operation activities within the ecological protection red line, do not destroy forests, and protect cultivated land.



4. Anti-corruption

- With reference to the Anti-Bribery and Anti-Corruption System of BEWG, 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, 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 BEWG, 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.
- During the supplier admission process, BEWG will conduct assessment through their disclosed information on the public website. If a supplier has a history of negative events, it will not be eligible for admission.
- BEWG will regularly verify the compliance of its suppliers with the *BEWG Anti-bribery and Anti-corruption System*. Suppliers found to have business ethics issues during internal audits will be blacklisted in accordance with the requirements of the *Supplier Management Policies of BEWG*.



5. Report Violations and Corruption

- Suppliers shall report to BEWG Discipline Inspection Department any violation of moral code, anti-bribery code of conduct or BEWG's control system by their employees and/or BEWG's employees and send the report to the following email address: shenji@bewg.net.cn. BEWG 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.
- BEWG reserves the right to verify such documents when it deems it necessary.

IV Admission and Review

BEWG 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, BEWG 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 and select suppliers, 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 performance of suppliers in terms of environmental governance benefits, employees' rights protection, work environment and management structure, and examine the relevant policies and governance capabilities of corporate management.
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, BEWG reserves the right to review by BEWG's employees and/or third parties. In the event of non-compliance, BEWG 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;

BEWG 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; BEWG 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

BEWG 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 BEWG and suppliers' partners and the coordinated development of the industry, such as regularly holding supplier conferences every year.

(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)