

# **E-Commodities Holdings Limited**

## **Supplier Management Policy**

### **I. Supplier Code of Conduct**

This code applies to every supplier that provides goods or services to E-Commodities Holding Limited and all of its subsidiaries, branches and affiliates worldwide (collectively “E-Commodities” or “the Company”).

This code comprises five sections: Compliance with Laws and Regulations, Employee Rights and Interests, Health and Safety, Business Ethics, and Environmental Protection.

#### **1. Compliance with Laws and Regulations**

- 1.1. Suppliers shall comply with all applicable laws and regulations, government normative documents and regulatory requirements of the countries/regions/industries where they operate;
- 1.2. Suppliers shall follow the requirements of all applicable international conventions, international customs and industry standards in their business activities;
- 1.3. Suppliers shall possess all necessary national or industry qualification certificates required to fulfill the procurement needs, and such qualifications shall be complete and valid.

#### **2. Employee Rights and Interests**

- 2.1. Prohibition of Forced Labor
  - (1) Suppliers shall ensure that employees are engaged in voluntary employment relationships, and strictly prohibit the employment of illegal or involuntary labor, such as trafficked persons and non-lawful residents of the country;
  - (2) Suppliers shall not restrict employees' freedom of movement by detaining their personal documents (e.g., passports, work permits) or collecting deposits and other valuable items;
  - (3) Suppliers shall not subject employees to physical harm or

psychological control to compel them to perform any form of forced labor, nor shall use any form of punishment as a threat to force anyone to perform work or services that involuntarily engage in.

## 2.2. Prohibition of Child Labor

- (1) Suppliers shall comply with all applicable laws and regulations regarding the minimum working age, shall not employ employees who have not reached the local statutory minimum working age, and shall effectively verify the age of all employees during recruitment;
- (2) The employment of child labor is strictly prohibited.

## 2.3. Working Conditions

- (1) Suppliers shall formulate employee wage standards (such as the statutory minimum wage) in accordance with national laws and regulations, and shall legally pay wages and benefits for regular work or overtime work, provide fair and reasonable remuneration, and pay employee salaries in a timely manner;
- (2) Employees' working hours shall comply with the statutory maximum working hour regulations;
- (3) Encourage employees' career development and provide training and promotion opportunities;
- (4) Suppliers shall provide statutory rest days, public holidays and paid leave.

## 2.4. Suppliers shall not engage in any form of discrimination and shall ensure that all employees are treated with respect and dignity:

- (1) In all aspects related to employment, including recruitment, employment terms, remuneration, training opportunities, promotion, termination, retirement procedures or any other employment-related matters, suppliers shall treat their employees equally;
- (2) Suppliers shall also ensure that there is no discrimination in the workplace based on race, age, gender, social class, political affiliation, religion, marital status, sexual orientation, disability, pregnancy, or any other factor unrelated to work ability;
- (3) Suppliers shall set zero tolerance for harassing remarks and behaviors, including but not limited to sexual harassment, group

disturbances, and bullying.

2.5. Suppliers shall provide necessary Personal Protective Equipment (PPE) for employees in specific working environments, shall not violate national and industry labor protection regulations, nor shall they purchase products or raw materials produced in violation of labor protection principles.

2.6. Confidentiality and Personal Data Protection

- (1) Properly keep E-Commodities related information, including but not limited to adopting confidentiality measures no less stringent than those applied to their own confidential information, and restricting access to E-Commodities' confidential information, avoiding discussing or disclosing such confidential information in public places, and complying with the requirements of confidentiality agreements;
- (2) Collect, process, disclose or store personal data only for legitimate business purposes, and through legal means, and ensure that valid authorization or permission has been obtained before collecting, processing, or transferring such personal data to third parties.

2.7. Ensuring Freedom of Association and Collective Bargaining

- (1) Suppliers shall comply with all applicable local laws regarding freedom of association and collective bargaining, and respect employees' right to voluntarily form and join trade unions, engage in collective bargaining and peaceful assembly, as well as the right to refuse to participate in such activities;
- (2) Suppliers shall establish an effective labor-management communication mechanism to regularly communicate with employees or employee representatives. Employees or their representatives shall be able to openly communicate and express their views and concerns with management regarding working conditions and management practices without fear of discrimination, retaliation, threats or harassment.

**3. Health and Safety**

- 3.1. Suppliers shall provide and maintain a safe, healthy and reliable working environment for employees in accordance with applicable laws and the safety standards stipulated in the contract, and ensure the safety of facilities and equipment;
- 3.2. Suppliers shall take the most reasonable and feasible preventive measures to prevent accidents and occupational diseases;
- 3.3. Suppliers shall identify and assess potential health and safety risks, and eliminate or reduce such risks through proactive control, preventive maintenance and safe work procedures; provide appropriate PPE when necessary. In addition, appropriate measures shall be taken to protect the safety and health of female workers, especially pregnant and lactating female workers;
- 3.4. Suppliers shall provide training and ensure that internal and external employees receive education on health and safety issues to protect their own safety and that of their work partners;
- 3.5. Suppliers shall formulate emergency response plans to respond to unexpected events such as fires and earthquakes. Emergency plans shall include emergency evacuation procedures, emergency contact information, etc.;
- 3.6. Suppliers shall continuously improve occupational health and safety management, such as conducting regular safety inspections, risk assessments, occupational health examinations, etc.;
- 3.7. Suppliers shall ensure that employees engaged in special operations possess the required qualifications, are equipped with protective equipment, and comply with all special safety requirements;
- 3.8. Ensure compliance with safety standards throughout the entire operation.

**4. Business Ethics**

- 4.1. Suppliers shall commit to implementing the principle of honesty and trustworthiness throughout all stages of cooperation, without fraud or deception; abide by business ethics and have the responsibility to make their own behaviors conform to social norms.
- 4.2. Prohibition of Corruption and Bribery
  - (1) Suppliers shall strictly abide by national, industry and corporate anti-corruption laws and regulations, and shall not engage in illegal activities such as bribery, fraud, extortion, collusion and money laundering. They shall neither accept nor engage in any form of corruption or bribery;
  - (2) Suppliers shall provide anti-corruption training and education to employees to enhance their anti-corruption awareness and professional ethics;
  - (3) Suppliers shall establish and improve a reporting mechanism, and promptly report any violations of anti-corruption laws and regulations to the Company in accordance with the requirements of company policies and contract terms.
- 4.3. Suppliers are prohibited from engaging in dishonest practices and shall meet the requirements of not falsifying information, not cutting corners, not committing commercial fraud, and keeping promises.
- 4.4. Respect and Protection of Intellectual Property (IP) Rights
  - (1) Suppliers shall respect IP rights, and protect IP rights and customer information when transferring technology, experience, knowledge or information;
  - (2) During the cooperation process, suppliers shall take effective measures to protect all IP rights of each other;
  - (3) Suppliers shall respect the IP rights of third parties, and when cooperating with them, shall perform their duties diligently, promptly detect and avoid counterfeit products, and prevent infringement of others' IP rights.

**4.5. Anti-monopoly and Fair competition**

- (1) Suppliers shall strictly abide by national anti-monopoly and anti-competition laws and regulations, and shall not engage in unfair competition practices such as price monopoly, regional monopoly, and exclusion of competition, nor shall they engage in malicious exclusionary behaviors by taking advantage of their high market share and technological advantages. For example, when participating in the formulation of national or industry standards and related agreements, competitors shall be reasonably allowed to join and obtain certification; when conducting procurement, specific industry performance requirements or specific brand requirements shall be strictly prohibited, and the scope of fair competition shall be expanded on the basis of meeting technical needs;
- (2) The content and agreements of cooperation between suppliers and competitors shall comply with the anti-monopoly laws and regulations of the countries where they are located;
- (3) Suppliers shall provide anti-monopoly and anti-competition training and education to employees to enhance their legal awareness and professional ethics.

**4.6. Conflict of interest**

- (1) Suppliers shall avoid conflicts of interest and shall not use their position to engage in activities that conflict with the interests of the Company;
- (2) When the investment income of suppliers' conflicts with government requirements, social morality and social responsibility, they shall balance advocacy and restraint, rebuild trust relationships, and explore incentive compatibility;
- (3) Suppliers shall provide conflict of interest training and education to employees to enhance their professional ethics and moral standards.

**5. Environmental Protection**

**5.1. National Regulations and Certifications**

- (1) Suppliers shall strictly abide by national environmental protection laws and regulations, obtain, maintain and update all necessary

environmental permits (such as emission monitoring), approval documents and registration certificates required for their operations, and comply with their operational and reporting requirements;

- (2) Certain specific products shall have complete and valid environmental certifications, such as CQC China Environmental Product Certification, and the corresponding suppliers shall pass the ISO 14001 system certification, etc.

## 5.2. Energy Conservation, Emission Reduction and Pollution Prevention

- (1) Suppliers shall formulate greenhouse gas emission (GHG) reduction targets suitable for themselves, track and record GHG emissions and energy consumption, and ensure carbon compliance and carbon neutrality;
- (2) Suppliers shall adopt conservation and substitution measures to reduce the consumption of energy, water and natural resources, and find ways to improve energy conversion efficiency to minimize energy consumption and GHG emissions. For example, using renewable energy to replace traditional energy, reducing the consumption of traditional energy, water and natural resources, continuously promoting energy conservation and emission reduction, and actively practicing the green supply chain concept; such as using renewable clean energy, optimizing production processes and technologies, and using recyclable and reusable environmental protection materials (such as biodegradable materials);
- (3) Suppliers shall achieve the most efficient use of energy and reduce energy consumption through technological upgrading of equipment and processes;
- (4) Suppliers shall formulate process and technical standards for the manufacturing, transportation, storage, treatment and emission of waste gas pollutants in the production process, reduce or eliminate the generation and emission of pollution from the source, prohibit illegal discharge of toxic and harmful pollutants, and prevent noise pollution.

5.3. Waste management

- (1) Suppliers shall take necessary measures and equip with equipment to dispose of waste generated in the course of business operations, such as wastewater and waste gas, and reduce noise pollution; ensure that waste is stored, transported, used, recycled or reused, and disposed of in a classified manner, and the disposal process shall be legal and compliant; properly track and record data on hazardous waste.

5.4. Improving Resource Use Efficiency

- (1) Suppliers shall increase the proportion of recyclable materials, reduce the use of raw materials, and improve the utilization efficiency of raw materials by optimizing production processes, using environmental protection materials, recycling and reusing;
- (2) Suppliers shall continuously increase the proportion of reclaimed water used to reduce water consumption; improve water utilization efficiency by improving production processes, using water-saving equipment, recycling and reusing;
- (3) Suppliers shall take measures to reduce energy use, including improving energy utilization efficiency by using clean energy, optimizing production processes, using energy-saving equipment, etc.;
- (4) Suppliers shall provide environmental protection training to employees from time to time to enhance their awareness of resource efficiency.

5.5. Biodiversity Conservation, Deforestation Prevention and Land Protection

- (1) Suppliers shall take measures to protect and promote natural habitats and biodiversity to avoid soil erosion and pollution, with a view to achieving a positive impact on biodiversity;
- (2) Cooperation with suppliers that engage in production and manufacturing in globally or nationally important biodiversity sites shall be prohibited to protect forest ecosystems and biodiversity;
- (3) Engage with stakeholders on biodiversity and forest protection

issues to raise awareness of the value of biodiversity among employees, shareholders, partners, suppliers, customers and the entire industry, and build awareness and understanding of ecosystem damage;

- (4) Work with suppliers to address the current shortage of forest resources, prohibit arbitrary deforestation, promote the concept of reducing deforestation, and ultimately achieve zero deforestation.

## **II. Supplier Screening**

### **1. Supplier Screening Methods**

When selecting suppliers, evaluation and review shall be conducted using methods including but not limited to on-site inspections, questionnaires, stakeholder information, external databases, news monitoring, and external third-party institutions to ensure that cooperating suppliers or service providers comply with the Company's ESG management policies. The Company shall not cooperate with any supplier or service provider that has been involved in the following situations within the past three years:

- 1.1. Caused major environmental accidents with severe social impact due to failure to comply with national laws and regulations; or received economic penalties and warnings from relevant government departments due to environmental issues;
- 1.2. Frequently committed violations of employees' legitimate rights and interests with extremely severe social impact; or lost lawsuits involving infringement of employees' legitimate rights and interests;
- 1.3. Involved in violations of anti-corruption or integrity provisions, causing adverse social impact.

### **2. Supplier Entry ESG Assessment Score**

- 2.1. If no violations of the above provisions are found in a supplier, the supplier or service provider may be subject to ESG review and assessment. Those with a score rate of  $\geq 60\%$  shall be deemed "Passed" and listed as candidate suppliers.

### III. Supplier Assessment and Development

1. Conduct ESG review and assessment on suppliers or service providers. Those with a score rate of  $\geq 60\%$  shall be deemed "Passed" and listed as candidate suppliers;
2. Those with a total score rate of  $< 60\%$  or a score of "0" in key items shall be deemed "Failed";
3. Those with a score rate of  $\geq 80\%$  shall be deemed "Excellent". (For specific scoring methods, please refer to the "Appendix: Supplier ESG Scoring Sheet");
4. For existing cooperating suppliers who are "Failed", cooperation shall be suspended and may only resume after they have rectified to "Passed" status; however, such suppliers must continue to submit rectification plans and implement rectifications in sequence to ultimately increase their score rate to above 80%. Suppliers who still fail to meet the standards after three rectifications may have their cooperation terminated by us for an indefinite period;
5. Non-cooperating suppliers who are "Failed" shall not be engaged for cooperation;
6. For suppliers with a score rate of  $< 80\%$ , the supplier shall submit a rectification plan within one week; if the score rate remains  $< 80\%$  after rectification, the scope and content of cooperation between the two parties shall be reduced as appropriate.

## VI. Key Indicators for Supplier Screening

Level-1 Indicator	Level-2 Indicator	Level-3 Indicator
Environmental	Environmental Management	Environment management system, management objectives, employee eco-awareness, energy and water saving policies, green procurement policy
	Environmental Disclosure	Energy consumption, energy saving, water consumption, GHG emissions, etc.
	Environmental Negative Events	Water pollution, air pollution, solid waste pollution, etc.
Social	Employee Management	Labor policies, anti-forced labor, anti-discrimination, female employee protection, employee training, etc.
	Supply Chain Management	Supply chain responsibility management, supervision system, etc.
	Customer Management	Customer information confidentiality
	Product Management	Fair-trade products, etc.
	Public Welfare and Donations	Corporate foundations, donations and public welfare activities, etc.
	Social Negative Events	Negative incidents related to employees, supply chain, customers, society or products
Governance	Business Ethics	Anti-corruption and bribery, whistle-blowing system, tax transparency, etc.
	Corporate Governance	Information disclosure, board independence, executive compensation, board diversity, etc.
	Corporate Governance Negative Events	Negative incidents related to business ethics or corporate governance

## V. KPIs for Supplier Evaluation and Development

Major Indicators	Sub-items
<b>Environmental KPIs</b>	Emissions: types and quantities of emissions, emission concentrations, emission targets and steps taken to achieve such targets, methods for handling hazardous substances, etc.
	Resource Usage: total energy consumption, total water consumption, established water efficiency targets and steps taken to achieve such targets, total packaging material usage, etc.
	Environment and Natural Resources: significant impacts of business activities on the environment and natural resources and measures already taken
	Climate Change: relevant matters that have or may have an impact on climate change and corresponding response measures
<b>Social KPIs</b>	Employment: number of employees broken down by region, gender, age, etc., employee turnover rate
	Health and Safety: number and rate of work-related fatalities, number of working days lost due to work-related injuries, occupational health and safety measures adopted, etc.
	Development and Training: percentage of employees who received training, average training hours per employee, etc.
	Labor Standards: measures regarding recruitment practices, prevention of child labor and forced labor, and steps taken when violations are identified
	Supply Chain Management: number of suppliers broken down by region, methods for supplier implementation and supervision, etc.
	Product Responsibility: percentage of sold products recalled due to safety or health management reasons, number of complaints received regarding products and services and response methods, IP rights, quality inspection, consumer data protection, etc.
	Anti-Corruption: number of corruption lawsuits and litigation outcomes, preventive measures and reporting procedures, anti-corruption training
<b>Corporate Governance KPIs</b>	Business Ethics: anti-corruption and anti-bribery, reporting system, tax transparency, etc.
	Corporate Governance: information disclosure, board independence, executive compensation, board diversity, etc. Corporate Governance Negative Incidents: violations of business ethics, corporate governance negative incidents

## VI. Black-and-White List

<b>Positive Information</b>	E	Corporate green growth Green investment, green R&D, energy saving plans, resource use efficiency
	S	Fulfillment of responsibilities toward consumers, communities and the environment Attention to human value in the production process, contributions to the environment, consumers and society
	G	Achievement of stakeholder co-governance Checks and balances among shareholders, management and creditors
<b>Negative Information</b>	E	Energy consumption, pollution costs, carbon emissions Major environmental violations
	S	Product quality and safety issues Employee occupational health impairment Corruption and fraud
		Customer complaints
		G

### Appendix: Supplier ESG Scoring Sheet

No.	Main Items	Self-Assessment Items	Yes (+1)	No (-1)	Not sure (0)	Self-assessment	Supporting documents	Remarks / Explanation
1	Compliance with Laws and Regulations	Supplier shall comply with all applicable laws, regulations, government rules and supervisory requirements in the countries/regions/sectors where it operates					If available, please provide supporting evidence	
2		Supplier shall possess all mandatory national or industry certificates/qualifications required to fulfil procurement needs; all certificates must be complete and valid						
3	Employee Rights and Interests	Employment relationship is voluntary; no illegal, withheld-document, physical or psychological coercion						
4		Suppliers shall prohibit the employment of child labor, shall not employ employees below the local minimum working age, and shall eliminate child labor entirely						
5		Suppliers shall pay salaries on time and in full; working hours shall comply with statutory maximum working hour regulations; encourage employees' career development and provide training and promotion opportunities; provide statutory rest days, public holidays and paid leave						
6		Equal treatment in recruitment, employment terms, pay, training, promotion, etc.; no discrimination based on race, age, gender, class, political opinion, religion, disability, pregnancy, etc.; zero tolerance for sexual harassment, mobbing or bullying						
7		Provide necessary PPE for specific working environments						
8		Keep all company-related information confidential and observe non-disclosure agreements; no disclosure without valid authorization or consent						
9		Respect employees' right to freely join or refuse to join trade unions, engage in collective bargaining and peaceful assembly; maintain effective labour management communication mechanisms						
10		Health and Safety	Provide a safe, healthy and reliable workplace in accordance with legal requirements; ensure safety of facilities and equipment					
11	Establish reasonable and practicable preventive measures against accidents and occupational diseases							

No.	Main Items	Self-Assessment Items	Yes (+1)	No (-1)	Not sure (0)	Self-assessment	Supporting documents	Remarks / Explanation
12		Identify and assess health & safety risks, including protection of pregnant and nursing workers						
13		Provide education and training to employees on health & safety issues						
14		Maintain emergency plans to deal with sudden incidents						
15		Continuously improve occupational health & safety management, e.g. periodic safety inspections, risk assessments, occupational health checks						
16		Ensure employees engaged in special operations hold valid licences/certificates, proper PPE and meet special safety requirements						
17			Commit to honesty and trustworthiness throughout all stages of cooperation					
18	<b>Business Ethics</b>	Prohibit bribery and corruption; oppose fraud, extortion, collusion and money-laundering; establish a whistle-blowing mechanism; provide anti-corruption training and education						
19		Prohibit dishonest conduct such as falsification, cutting corners, commercial fraud, etc.						
20		Respect and protect intellectual-property rights; adopt effective protection measures						
21		Anti-monopoly and fair competition: refrain from any anti-competitive conduct or malicious exclusionary practices; all cooperation with competitors must fully comply with national anti-monopoly laws and regulations; provide employees with anti-monopoly and anti-competition training and education						
22		Conflict of Interest – When a conflict arises, balance advocacy and restraint, rebuild relationships of trust, and explore incentive-compatible solutions; provide employees with training and education on conflict-of-interest management						
23	<b>Active Attention to Environmental Protection</b>	Strictly comply with all national environmental protection laws and regulations; applicable products must possess complete and valid environmental certifications						
24		Energy-saving, emission-reduction and pollution prevention: set company-specific GHG reduction targets; lower consumption of energy, water and natural resources—for example by replacing conventional energy with renewables, optimizing production processes and technologies, and using recyclable/re-usable eco-materials; establish process and technical standards for air pollutants throughout manufacturing, transport, storage, treatment and discharge						

No.	Main Items	Self-Assessment Items	Yes (+1)	No (-1)	Not sure (0)	Self-assessment	Supporting documents	Remarks / Explanation
25		Properly manage all waste generated by operations, maintaining full tracking and records						
26		Increase the proportion of recyclable materials and reduce raw-material use; continuously raise the share of reclaimed/recycled water						
27		Take measures to protect and enhance natural habitats and biodiversity; prohibit cooperation with suppliers that manufacture in globally or nationally critical biodiversity areas. Work with stakeholders to raise awareness of biodiversity value and promote zero-deforestation principles						
Total Score								