

Green Procurement Policy (excerpt)

Chapter I General Provisions

Article 1 Taking into account the economic and environmental benefits while meeting the needs of production and operation, *Green Procurement Policy* is formulated in order to promote the Company's concept of sustainability and to regulate the green procurement behavior.

Article 2 The policy applies to procurement management of materials, equipment and services of the headquarters, all directly-operated companies, subsidiaries, and sorting hubs.

Article 3 Green procurement refers to the act of prioritizing the procurement and use of raw materials, products and services conducive to environmental protection such as energy saving, water saving, and material saving by means of purchase orders or contracts, with due consideration to environmental protection, resource conservation, safety and health, low carbon emission, recycling and recovery promotion.

Article 4 Green procurement activities must be guided by the principle of "economic and environmental benefits", and comprehensively evaluated by the competition of "quality and price" to select the best options.

Chapter II Procurement Scope and Categories

Article 1: The procurement scope and categories for the headquarters and all directly-operated companies, subsidiaries, and sorting hubs are centrally managed by the Procurement Management Department.

Category 1: Materials, including waybills, envelopes, waterproof bags, work clothes;

1. Waybills: Promoting the use of electronic waybills
2. Water-proof bags: Procuring biodegradable water-proof bags (non-toxic and odorless, harmless to the human body, can be degraded to carbon dioxide, water and organic fertilizers in the composting state after being used)

(Priority should be given to packaging materials produced with water-based ink, with printing area no more than 50% of the total surface area, or produced by enterprises with green certification

qualification)

Category 2: Packaging materials, including cardboard boxes, sticky tapes, transfer bags, wrap films;

1. Sticky tapes: Procurement of slim tapes with a width of no more than 45mm
2. Transfer bags: Green recycling bags have been put into use, which are more durable and environmentally friendly

Category 3: Electronic products, including computers, laptops, servers, printers, copiers, cameras, and projectors;

Printers and copiers: Setting double-sided printing as a default mode to reduce paper waste

Category 4: Machinery equipment and other production equipment, including security checkers, weighbridges, barrier gates, retractable doors, sewage processors. Under the same conditions, priority should be given to that is energy-saving, environmental-friendly, green and low-carbon;

Category 5: Office furniture and appliances, including office desks, filing cabinets, sofas, office chairs, air conditioners, televisions;

1. Office furniture: Establish a stable management directory about green suppliers, and agree to purchase natural materials that are beneficial to the health of users and meet the requirements of environmental protection in the process of production and recycling
2. Office appliances: Purchase green frequency conversion appliances that are energy-saving and environmental-friendly

Category 6: Transportation, including trucks, administrative vehicles, urea, tires, engine oil, and some automotive accessories;

1. Increase the procurement of high capacity trailer trucks to improve transportation efficiency and reduce energy consumption and emissions
2. Prioritize the procurement of new energy vehicles, effectively reducing fuel consumption and pollutant emissions

Category 7: Sorting equipment, including assembly line body, sorting machine, motor, electric drum, belt. Under the same conditions, priority should be given to that is energy-saving, environmentally friendly, and low-carbon;

Category 8: Supporting facilities for infrastructure, including cables, curtains, air energy, elevators, ceramic tiles. Under the same conditions, priority should be given to that is energy-saving, environmentally friendly, recyclable, and regenerative;

Category 9: Office supplies, including laptops, pens, printing paper, folders, file boxes, staplers, paper clips;

1. Printing paper: Fully utilize the OA internal office system, promote paperless office, and reduce paper waste
2. Reasonably allocate office supplies based on the number of department personnel

Category 10: Labor protection items, including labor protection shoes, security uniform, reflective vest;

Category 11: Cleaning items, including brooms, mops, dustpans, trash cans, garbage bags, gloves, steel wool;

Category 12: Maintenance items, including lamp tubes, ballasts, switches, screws, bolts, screwdrivers, circuit breakers, wrenches, faucets, Teflon tape; among them, LED lamps and other energy-saving lamps are selected for the lamp tubes;

Category 13: Services, which are the procurement objects other than materials, supplies, sorting equipment, transportation and infrastructure projects, including software renewal, software licenses, terminals and other virtual products;

Category 14: Printed materials, including stickers, journals, reimbursement forms, warehousing entry;

Category 15: Other items.

Article 2 For some items, the directly-operated companies, subsidiaries, and sorting hubs shall submit them to the headquarters' Procurement Management Department for approval, and these items will be processed on the basis of the approval after the Procurement Management Department approves them.

Chapter III Division of Responsibilities

Article 1 Procurement Management Department:

1. Responsible for formulating green procurement management and

- supplier selection and evaluation methods and related documents;
2. Responsible for the implementation of the green procurement program;
 3. Responsible for the search for green procurement supplier, access assessment and management of qualified suppliers' files;
 4. Responsible for the selection and evaluation of green suppliers, including price inquiry, tender and negotiation;
 5. Responsible for the preparation and signing of green contracts, and the tracking the status of contract execution;
 6. Responsible for green supplier performance evaluation and collection of evaluation results;
 7. Responsible for problem solving and quality improvement during cooperation with green suppliers;
 8. Implement and maintain various fixed asset procurement statistical tables and reconcile with finance on a regular basis.

Article 2 Demand department:

1. Submit procurement requirements;
2. For certain items, such as servers, IT services, transportation, sorting equipment, the demand department may be involved in the process of searching for suppliers and participating in the access assessment;
3. For certain items, such as servers, IT services, transportation, sorting equipment, the demand department shall provide technical support during the bidding or price inquiry process;
4. Participate in acceptance inspection when necessary. For certain items, IT departments, transportation department and transit department shall be involved in the acceptance inspection.

Chapter IV Procurement Process

Section 1 Supplier Management

Article 1 The Procurement Management Department is responsible for maintaining a list of qualified suppliers.

Article 2 The specific process for adding new suppliers is as follows:

1. The Procurement Management Department searches for new suppliers based on the demand or receives recommended supplier information from the requesting department. The information is accessible to the procurement system in accordance with the Supplier Entry Operation Manual, which requires to reflect the relevant qualification documents such as the “Three-in-One” business license, the bank account certificate and the financial statements, and will be reviewed by professional department.
2. According to the management scope of each headquarters' business-attributed management department, suppliers are categorized into IT suppliers, material suppliers, engineering suppliers, carriers, human resource suppliers, general suppliers, property suppliers, investment suppliers, and asset disposal suppliers.
3. The Procurement Management Department must promptly update and maintain the supplier list and ledger.

Article 3 At the end of each year, the Procurement Management Department will organize relevant departments to evaluate the suppliers cooperating in the current year, and the evaluation indicators will focus on the suppliers' environmental management system certification, environmental violations, response to climate change, energy saving and environmental protection, recycling measures and effectiveness, etc. The Procurement Management Department will summarize the evaluation. Based on the evaluation results, the Procurement Management Department will remove suppliers that fail the evaluation from the qualified supplier list.

Section 2 Procurement Requisition

Article 1 The demand department puts forward a clear procurement request.

Article 2 In principle, the Procurement Management Department can select suppliers and place purchase orders or sign contracts only after the demand department has clarified the procurement demand and created a purchase request sheet and the purchase request sheet has been approved.

Article 3 The Procurement Management Department can only select suppliers from the qualified supplier list.

Article 4 The Procurement Management Department selects procurement methods reasonably according to the market conditions, business needs and

procurement plans, including bidding, inquiry, single-source procurement and piecemeal procurement.

Article 5 For single-source procurement, detailed reasons should be provided during the procurement requisition process. Regardless of the amount of the procurement, the approval of the Vice President in charge is required.

Section 3 Purchase Orders, Contract Negotiation and Signing

Article 1 According to the results of supplier selection, the Procurement Management Department is responsible for organizing relevant departments to place purchase orders or negotiate contract terms with suppliers.

Article 2 The contract terms require the use of our company's contract template in principle.

Article 3 Approvals are required before placing purchase orders or signing of contracts.

Article 4 The Procurement Management Department shall retain a copy of the procurement contract.

Section 4 Procurement Tracking and Acceptance Inspection

Article 1 Purchasers need to track the quality, delivery date, cooperation degree or service of suppliers and confirm the delivery date in advance. Effective follow-ups should be conducted if the delivery cannot be made on time. Purchasers need to record the supplier's delivery dates as the basis for future cooperation.

Article 2 Supplier must provide delivery lists, which indicate the product name, specifications and models, unit price, quantity, etc. .

Article 3 Upon the arrival of the order, the warehouse manager of the Asset Management Department shall verify the product name, specification, quality and quantity of the items listed in the order, and record the verification status in the "Warehouse Receipt". If there are unqualified products, it is necessary to contact the Procurement Management

Department, and the relevant purchaser and supplier will contact with each other for processing.

Section 5 Payments

Article 1 The procurement clerk verifies the completeness of the various procedures:

- verify whether the purchase request have been approved and the procurement contract has been signed;
- verify the correctness of the invoice, e.g., invoice head, content, amount, unit price;
- check the payment method, payment amount and payment order.

Article 2 Reimbursement claim approval process is described in the “Payment Approval Form”.

Article 3 The reimbursement requires the payment form, invoice, purchase request, warehouse receipt/receipt confirmation/acceptance receipt, and purchase list (for multiple material categories).

Article 4 In principle, the payment method for designated suppliers of commonly used items is on a monthly basis.

Chapter V Procurement Information and Statistics

Article 1 The Procurement Management Department shall output the relevant record files in a timely manner during the procurement process.

Article 2 The Procurement Management Department shall maintain and update the supplier list and ledger in a timely manner.

Chapter VI Supplementary Provisions

Article 1 The Procurement Management Department is responsible for the interpretation of this policy.

Article 2 The policy comes into effect on the date of promulgation and shall be amended in the same manner.