

## **Sustainable Supply Chain Management Policy**

China Jushi is committed to building a sustainable supply chain and expanding its sustainable development requirements to business partners, sharing and disseminating sustainable behavior, and gradually establishing a unified sustainable supply chain development value system. Therefore, the Company has developed the Sustainable Supply Chain Management Policy to standardize all aspects of the supply chain and make it meet the Company's sustainable development needs. All levels of affiliated companies of the Company can refer to this Policy to develop sustainable supply chain management policies on their own.

### **1. Supplier access**

The Company uses a due diligence process to evaluate and select suppliers, and conducts risk assessment and admission assessment through a combination of qualitative and quantitative scoring. Among them, suppliers with principled problems, such as those involved in unfair competition, industrial monopoly, corruption, etc., will not be adopted;

The Company focuses on evaluating the performance of suppliers in ESG, especially in terms of environmental governance benefits, employee rights protection, work environment, and management structure, and examines the relevant policies and governance

capabilities of enterprise management. Under the same conditions, the Company will prioritize selecting suppliers with excellent ESG management and performance for cooperation;

The evaluation results are publicly disclosed and subject to inspection and complaints from other departments.

## 2. Classification of Suppliers

The Company's supplier management system operates on a permit-to-entry basis. The Company further manages its suppliers through a classification, based on the critical importance of the supplies, supply and delivery capabilities, credit evaluations, and supply-and-demand relations. The suppliers must fulfill the following requirements to be granted entry:

- Has a legal personality;

- Has obtained relevant mandatory national qualifications on quality, safety, environment, along with other necessary requirements;

- Has a respectable commercial reputation and a strong track record regarding its performance, with no records of violations in its business operations in the past three years;

- Has a sound and functioning quality assurance system, with no failures in the quality inspections conducted by national and local

authorities and the industry authorities in the past three years;

and

Any other requirements that may be dictated by this Company's supervising entities.

### **3. Supplier management**

Every year, the entity responsible for procurement operating under the Company's rules and requirements, or a third-party agency hired by the Company shall conduct sustainability risk assessments on key suppliers in accordance with the C

The Company regularly conducts training on supply chain ESG issues for procurement personnel, including the promotion and implementation of the Company's Sustainable Supply Chain Management Policy and the specific implementation process of sustainable procurement, to enhance the Company's procurement personnel's awareness of sustainable supply chain.