

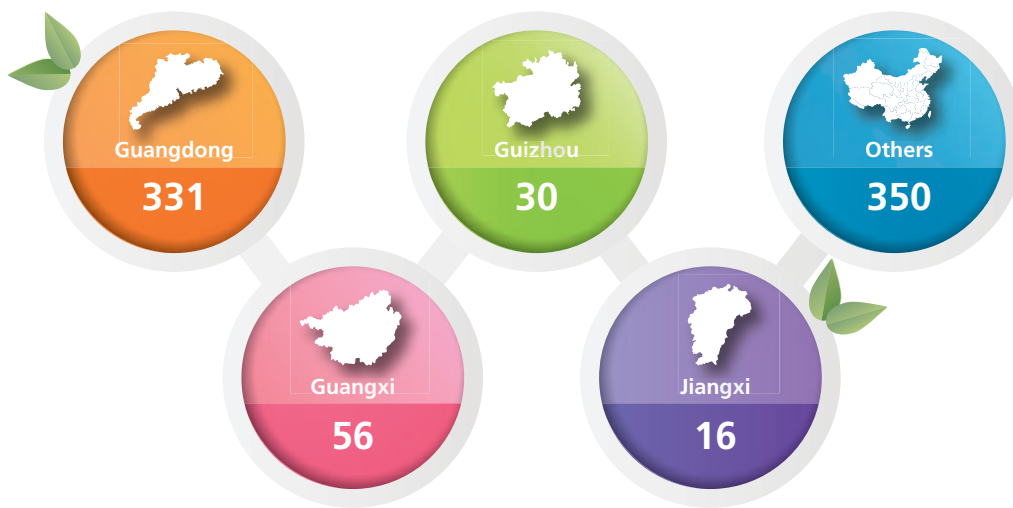


SUPPLY CHAIN MANAGEMENT

The engagement with wide range of suppliers impacts the implementation of the Group’s sustainability strategies, therefore we have extended our social and environmental management towards our value chain. The Group has adopted standardised procedures, including the *Tender Management Procedure* and *Business Contract Management Procedure*, specifying the tender procedure and contract administration process, to ensure our suppliers and contractors maintain high level of integrity and ethical standards. In 2020, the Group procured from a total of 783 suppliers for our WTE projects with a total supply value of RMB5.7 billion. For our operating projects, the Group procured from a total of 391 suppliers with a total supply value of RMB0.5 billion.

Canvest actively contributes to supporting local economic development and promoting circular economy through procurement from suppliers in the same provinces as our operating projects. The Group believes this could significantly benefit the development of WTE and environmental protection business, while achieving steady business growth. In 2020, our Operating Projects are located in Guangdong Province, Guangxi Zhuang Autonomous Region, Guizhou Province and Jiangxi Province, and 65% of the total supply value was from local suppliers from these regions.

Number of Suppliers, by Geographical Region



Sustainable Procurement

In order to ensure the products and services we procure are sustainable with lowest environmental impact and most positive social result, the Group practises sustainable procurement and applies sustainable business strategy in supply chain management. Our procurement processes are closely monitored to assess the quality of the service and financial capability of our tenderers. The Group aims to ensure and continually improve the overall performance on compliance with environmental and occupational health and safety standards and regulations for promoting sustainable development in the WTE industry. All of our contractors and suppliers are also expected to strictly adhere to our *QHSE Management Manual* and *Social Responsibility Management Manual* which include the prohibitions of our contractors and suppliers to employ child labour, forced labour, practice of corruption and bribery, etc.

Within Canvest, the practice of robust environmental management system is incorporated in our suppliers with 46% of them certified to ISO14001 Environmental Management System and 38% of our suppliers are certified to OHSAS18001/ISO45001 Occupational Health and Safety Management System in 2020.