

Extract of Group Procurement Policy

Sun Hung Kai & Co. Limited and its subsidiaries (the “**Group**”) intend to establish procedures for the business for procurement of all products and services ensuring cost effective prices, at the required specification and quality are delivered.

The Group Procurement Policy (the “**Policy**”) incorporates environmental, social and governance (“**ESG**”) considerations into our corporate procurement decisions and should be adopted in conjunction with the Group’s Sustainability Policy and Green Office Guidelines.

This Policy is applicable to suppliers, data providers, service providers, contractors and subcontractors, but excluding financial counterparties (the “**Suppliers**”).

This Policy defines the general principles for making procurement decisions, which include economic, environmental, social, and governance considerations.

- i. Economic
 - a. All procurement to be conducted such that Suppliers have a fair and equal opportunity to secure business from the Group
 - b. Promote sustainability throughout the supply chain
 - c. Consider whole life cycle cost of procurement, including disposal
 - d. Supplier has an effective business continuity arrangement
- ii. Environmental
 - a. Seek to support use of sustainable resources and minimise negative environmental impacts, including climate change and pollution, of products and services to be purchased, throughout their life cycle.
 - b. Ensure health, safety and well-being of the Group’s staff.
 - c. Promote protection of the environment, biodiversity and restoration of natural habitats, e.g., stop consumption of shark fins, use FSC®-certified paper.
- iii. Social
 - a. Managing and monitoring supply chains to ensure that fair contract prices and terms are applied and that applicable ethical, human rights, equality and employment standards are met.
- iv. Governance
 - a. Promote open competition to achieve value for money,
 - b. Ensure fairness, consistency, and transparency of the selection process of Suppliers
 - c. Identify conflicts of interest

The Policy specifies the criticality of Suppliers, defines key and non-key Suppliers, and requires due diligence on key Suppliers. Engagement of Suppliers require their adherence to ethical standards and acknowledgement of the [Supplier Code of Conduct](#), and the business representative must obtain competitive bids and/or complete the [Supplier Due Diligence Form](#) before engagement.

The Policy specifies the governance and reporting structure and requires all staff involved in making procurement decisions to adhere to the policy.

The sustainable procurement working group of the High-Level Committee on Management Procurement Network, under the United Nations (UN) system Chief Executives Board for Coordination published 12 indicators, which allow sustainable procurement within the UN system to be systematically monitored, measured, and reported. Please refer to this [link](#) for details.

The sustainable procurement efforts will be reported in SHK&Co.'s Annual Reports and ESG Reports.

(This is an extract of the Policy and if there is any inconsistency and ambiguity between the English version and the Chinese version, the English version shall prevail.)