

HANG LUNG SUSTAINABLE PROCUREMENT POLICY

1. INTRODUCTION

The Hang Lung Sustainable Procurement Policy (“this Policy”) provides sustainable procurement practices, standards and expectations for Hang Lung Group Limited and Hang Lung Properties Limited (collectively, “the Group”).

The Group recognizes the importance of thoroughly incorporating sustainability principles and considerations into our procurement practices whenever reasonably practicable, including supply chain governance and risk management, environmental considerations, social considerations include respect for human rights, and principles for collaboration with our contractors and suppliers in support of sustainability progress.

2. SCOPE OF APPLICATION

The Policy applies to all Group purchases and to all supplier/contractor relationships, both in our existing operations and in our projects under development. Each User Department and all staff involved in making procurement decisions are required to adhere to this policy. This Policy should be read in conjunction with the Hang Lung Code of Conduct for Contractors.

3. SELECTION OF SUPPLIERS

We will consider the following factors when comparing and selecting suppliers:

- Compliance with relevant environmental, labor, health and safety, business ethics and information privacy laws and regulations;
- Whether they uphold more stringent requirements than the Policy and the Hang Lung Code of Conduct for Contractors;
- Have their own supplier code of conduct or sustainable procurement policy in place;
- Demonstrate a commitment and action plan in support of sustainability progress, including in how they manage the full life cycle impacts of their products and services, and in making efforts to reducing their carbon emissions in line with climate science; and
- Have established internationally recognized management system(s) to manage their own environmental, health & safety, human rights, business ethics and community issues, such as ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, ISO 9001 Quality Management System, and ISO 50001 Energy Management System.

4. RESPONSIBLE PROCUREMENT PRACTICES

The Group aims to minimize negative social and environmental impacts and maximize positive social and environmental impacts in its procurement practices by:

In operations

- Prohibiting the use of toxic products/materials (such as products containing CFCs and HCFCs; lead-based primers; paint containing organic solvents and asbestos fiber board, etc.);
- Avoiding products and services that are detrimental to health;
- Minimizing single-use disposable products;
- Minimizing timber purchases from unsustainable sources, including and not limited to fitting-out and building maintenance and services;
- Giving priority to products from sustainable and/or socially responsible sources;
- Selecting paper products from environmentally friendly paper producers / traders;
- Selecting equipment and machines (for instance drinking machines) that help achieve waste reductions;
- Selecting products that use simple packaging and minimizing environmentally unfriendly packaging materials, e.g. plastic foam;
- Disposing of unserviceable materials in an environmentally friendly manner; and
- Selecting products and services that improve resource efficiency in support of circularity principles, including more efficient use of energy, water and materials.

In construction

- Minimizing the environmental impacts across entire product and/or project lifecycle;
- Minimizing the use of virgin materials;
- Sourcing building materials locally and regionally;
- Sourcing timber products and composite timber products from sustainable sources;
- Selecting building materials and products with demonstrated life cycle impact reductions in embodied carbon and consider life cycle costing of products and services;
- Selecting healthy and safe building materials and chemical products with minimal environmental and health and safety hazards, preference will be given to products with international recognized declaration certificates and/or labels; and
- Maximizing the use of recycled, reused and bio-based materials on all new projects.

5. MANAGING SUPPLIERS

The Group is committed to:

- Promoting sustainability principles and this Policy among all suppliers and contractors through periodic communication with them;
- Reminding all suppliers and contractors to adhere to the Hang Lung Code of

- Conduct for Contractors through periodic communication with them;
- Reviewing suppliers' sustainability performance from time to time to ensure compliance and encourage continual improvement;
 - Periodically examining suppliers' records and/or practices to determine whether the suppliers may present any sustainability and/or supply chain risks to the Group and adopting risk mitigation measures as appropriate; and
 - Implementing a supplier evaluation and ranking system and building a robust digital platform for assessing suppliers' ESG performance.

6. REVIEW OF POLICY

This Policy will be regularly reviewed and revised from time to time as appropriate, with consideration given to changes in legislation, business context and the evolution of best practices in sustainable procurement and supply chain collaboration. Any changes or updates to this Policy shall be endorsed by the Sustainability Steering Committee of the Group.

7. ENQUIRIES

We welcome your feedback on our Policy. Please share your views with us at Sustainability@HangLung.com.

This policy was adopted by the Group's Sustainability Steering Committee in July, 2022.