

SUSTAINABLE PROCUREMENT POLICY

TABLE OF CONTENTS

1. Introduction 1

2. Scope of Application..... 1

3. Commitments 1

4. Monitoring & Reporting 3

5. Review of Policy 4

6. Enquiries 4

1. Introduction

- 1.1 Sustainable procurement is the process of making purchasing decisions that meet an organisation's needs for goods and services in a way that benefits not only the organisation but society as a whole, while minimising its impact on the environment.
- 1.2 Further to the Royal Deluxe Sustainability Policy, we recognise the impact of its procurement activities on the environment, society and the economy and acknowledges our responsibility to manage the impacts. Incorporating environmental, social and governance (ESG) considerations into our corporate procurement decisions enhances the overall sustainability and resilience of our supply chain, as well as the competitiveness of the company and our suppliers.
- 1.3 This Policy complements and should be adopted in conjunction with the Group Procurement Policy, List of Approved Suppliers and Supplier Code of Conduct.

2. Scope of Application

- 2.1 The Policy is applicable to all Royal Deluxe group's ("RDH") departments and operations as well as all business units (BUs) over which RDH have operational control. Additional procurement guidelines can be developed to suit specific contexts and needs. Major business partners, main contractors and subcontractors are also encouraged to follow this Policy where practicable.

3. Commitments

3.1 Reducing environmental footprint

- Re-think consumption needs, reduce demand for unnecessary products and services, and promote reuse and recycling.
- Minimise single-use disposable items.
- Minimise packaging in corporate gifts/products.

3.2 Responsible and ethical sourcing

- Consider the environmental and social impacts in the full product and service life-cycle.
- Consider life-cycle costings of products and services.
- Source products¹ that are environmentally-friendly and conducive for health and wellness as an alternative to conventional ones.
- Minimise/eliminate consumption or sale of retail products which are environmentally and socially detrimental.
- Consider potential health hazards during the consumption of products.
- Explore procurement from diverse suppliers that support the local economy and/or socially vulnerable groups.

¹ The Environmental Protection Department of the HKSAR Government provides a full list of eco-friendly procurement options. For more details, please visit: https://www.epd.gov.hk/epd/english/how_help/green_procure/green_procure.html

3.3 Integrating sustainability into new supplier selection

3.3.1 Preference would be given to suppliers who:

- demonstrate a commitment to sustainable development;
- comply with all applicable ESG related laws and regulations;
- fully comply with RDH's Supplier Code of Conduct;
- have in place a sustainability policy and their own supplier code of conduct/sustainable procurement policy; and
- adopt internationally-recognised ESG management system(s) such as RDH's Environmental Management System, ISO45001 Occupational Health and Safety Management System and other equivalent management systems.

3.4 Integrating sustainability into supplier management

- Identify and prioritise sustainability risks of products and services procured, as well as engage suppliers in the development of a risk management plan.
- Review suppliers' ESG performance regularly to ensure compliance and continuous improvement.
- Contractors and suppliers, who are of high ESG risks, should be identified on documented records and encouraged to adopt risk mitigation measures within an agreed timeframe with the relevant RDH business unit. Otherwise, the collaboration with these supply chain partners should be suspended.

3.5 Enabling continuous improvement in sustainable procurement

- Review procurement processes regularly to incorporate sustainable procurement practices and establish sustainable procurement objectives.
- Communicate the Policy with all relevant stakeholders and provide training and guidance to staff and suppliers.
- Engage other stakeholders such as tenants on sustainable procurement through various guidelines and programmes that bolster sustainability awareness.
- Ensure sufficient resources are in place for supporting the implementation and continuous improvement of sustainable procurement.

3.6 Support local movement and guidelines on sustainable procurement

- Adopt local sustainable procurement guidelines other than ISO 20400 Sustainable Procurement Guidance, if applicable. Some existing initiatives include:

4. **Monitoring & Reporting**

4.1 This Policy is overseen by Royal Deluxe Group Sustainability Steering Committee, to which key management practices and impact will be reported.

4.2 Any staff involved in making procurement decisions should adhere to this Policy. RDH departments and operations as well as all BUs should monitor the progress of implementation and be able to report the performance. RDH's Central Administration Department and Sustainability Department will provide support if needed.

- 4.3 Procurement related risk factors are incorporated into Royal Deluxe Group Risk Management Policy and the Risk Management & Internal Control Assessment Checklist for evaluation by all RDH's departments and BUs every six months. Findings are reported to the Board. Imminent risks can be reported via the internal issue alert system for prompt responses.
- 4.4 Royal Deluxe Group's sustainable procurement efforts will be reported in Royal Deluxe Group Annual Reports and Sustainability Reports, subject to third-party verification.

5. **Review of Policy**

- 5.1 The Policy will be reviewed and enhanced regularly to stay abreast with best practices and changes in relevant guidelines and standards.

6. **Enquiries**

- 6.1 Please contact RDH's Administration Department and Sustainability Department via emails mt_hra@ming-tai.com.hk and ESG@royal-deluxe.com respectively for enquiries about this Policy.