

POLY PROPERTY GROUP CO., LIMITED

SUSTAINABLE PROCUREMENT POLICY

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SUSTAINABLE PROCUREMENT POLICY

1. GENERAL PROVISIONS

1.1 Purpose of the Policy

This Policy aims to integrate environmental, social and governance (“ESG”) principles throughout the procurement process, standardise procurement practices and manage supply chain risks, and establish a green, ethical, resilient and mutually beneficial sustainable supply chain, while fulfilling the Group’s corporate social responsibility and green development commitments. This Policy shall be implemented within the Group’s existing procurement management framework. It complements and shall be implemented in coordination with the *Procurement Management Policy of Poly Property Group*, the *Supplier Management Policy of Poly Property Group*, the *Integrity Cooperation Agreement* and the *Supplier Code of Conduct of Poly Property Group*, with a view to supporting the Group and its business partners in jointly achieving sustainable development goals.

1.2 Scope of Application

This Policy applies to Poly Property Group Co., Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”). The Group also encourages all business partners, affiliates, contractors and suppliers to observe this Policy.

1.3 Core Principles

- 1. Compliance with laws and regulations:** Strictly comply with national laws and regulations, industry regulatory requirements and the Group’s internal management rules, and strictly uphold business ethics.
- 2. Openness and transparency:** Adhere to principles of openness, fairness and impartiality in transactions, and maintain a sound and orderly market environment for cooperation.
- 3. Green and low-carbon development:** Embrace the principles of ecological and environmental protection, prioritise environmentally friendly products and services, and reduce environmental impacts throughout the life cycle.

4. People-oriented approach: Safeguard the lawful rights and interests of workers, prioritise occupational health and safety, and foster a harmonious working environment.

5. Collaboration and mutual benefit: Guide business partners in enhancing their sustainable development capabilities and build a long-term and stable supply chain ecosystem founded on shared value and mutual growth.

2. TRANSPARENT PROCUREMENT AND BUSINESS ETHICS

2.1 Procurement Transaction Standards

The Group shall fully implement its transparent procurement requirements. All tendering, requests for quotation, bid award and other procedures shall be conducted strictly in accordance with the Group's existing procurement policies. Electronic procurement shall be promoted, and procurement activities shall be conducted through the Group's existing online platforms to improve procurement efficiency. Bid rigging and collusive tendering, unauthorised disclosure of confidential commercial information, tampering with tender documents, the inclusion of discriminatory provisions and other acts of unfair competition are strictly prohibited.

2.2 Integrity in Business Cooperation

The Group shall fully implement comprehensive integrity management across all business relationships. The Integrity Cooperation Agreement shall be included as a standard annex to contracts with all business partners. All business partners shall uphold integrity and refrain from commercial bribery, improper transfers of benefits, fraud and other misconduct, thereby fostering an ethical and transparent business environment.

3. GREEN PROCUREMENT AND ENVIRONMENTAL PROTECTION

3.1 Procurement and Material Selection Guidelines

During product-category selection, material procurement and equipment selection, the Group shall prioritise products and materials that are energy-efficient, low-emission, low-polluting, recyclable and reusable; actively adopt construction machinery compatible with renewable energy and equipped with energy-saving systems; and prioritise materials carrying recognised green, environmental or energy-efficiency certifications, including but not limited to “HPD” (Health Product Declaration), “FSC” (Forest Stewardship Council) and national green building materials certifications. The admission of toxic, hazardous or highly polluting materials shall be strictly controlled.

3.2 Life-cycle Environmental Management and Control

The environmental impacts of products and services throughout their life cycles shall be fully considered, and the conservation of raw materials, water resources and energy shall be promoted. Priority shall be given to local suppliers and locally sourced products. Logistics arrangements shall be reasonably optimised to reduce carbon emissions arising from transportation. The Group shall encourage the use of simplified and recyclable product packaging, reduce the use of single-use packaging materials, and promote standardised waste disposal and resource recovery.

3.3 Environmental Requirements for Suppliers

Environmental compliance shall be taken into account in supplier admission assessments. Priority shall be given to business partners that have established standardised management systems, including ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 50001 Energy Management System. The Group shall urge suppliers to comply with applicable legal requirements relating to environmental protection, pollution control and pollutant emissions.

4. SOCIAL RESPONSIBILITY AND LABOUR RIGHTS

4.1 Fundamental Employment Standards

The Group encourages its business partners to strictly comply with applicable labour laws and regulations and to refrain from the use of child labour, forced labour or similar practices. Business partners shall not discriminate against employees on grounds of gender, ethnicity, age, religion, physical condition or other factors, and shall prohibit workplace harassment, corporal punishment and other improper conduct. In accordance with applicable laws and regulations, business partners shall safeguard employees' fundamental rights and interests in respect of remuneration, working hours, rest periods and leave, and pay remuneration in full and on time.

4.2 Occupational Health and Safety

Business partners shall establish sound occupational health and safety management systems, provide appropriate safety facilities and protective equipment, and regularly conduct safety training, risk screening and emergency management activities to safeguard the personal safety of operational personnel. Occupational health and construction safety performance shall be important indicators in the Group's overall assessment of suppliers.

4.3 Diversity and Inclusion

Business partners shall respect the diversity and lawful rights and interests of their employees, safeguard their statutory rights, including freedom of association, and establish effective communication channels between employers and employees. The Group encourages business partners to employ members of disadvantaged groups, actively participate in local community development and fulfil their social responsibilities.

5. SUPPLIER LIFE-CYCLE MANAGEMENT

5.1 Supplier Admission Review

During supplier admission reviews, suppliers shall be required to provide qualifications, such as green building materials certifications and ISO environmental management system certifications. Upon verification, the information shall be recorded in the system as a reference for assessing the Group's overall supply chain management standards and sustainable development practices. Entities with material violations of laws or regulations shall not be admitted for cooperation. Procuring entities are encouraged to give priority to suppliers with sound management practices, all requisite qualifications, a strong commitment to sustainable development and an established foundation in green and low-carbon practices.

5.2 Assessment and Rating

ESG indicators shall be incorporated into the existing supplier assessment and rating system, with comprehensive evaluation of production safety, labour management, integrity and compliance. Suppliers with outstanding performance shall receive priority consideration in future cooperation. Business partners that fail to rectify deficiencies effectively or continue to fall short of the required standards shall be subject to measures under applicable policies, including but not limited to disqualification from tendering, restrictions on cooperation, termination of cooperation or blacklisting.

5.3 Communication and Capacity Building

Through existing supplier communication channels, the Group shall regularly communicate its sustainable procurement requirements. Leveraging the Group's existing training framework, the Group shall organise, as appropriate, policy briefings, compliance training and green technology exchange activities to assist business partners in enhancing their sustainable operational capabilities. Suppliers are encouraged to establish and enhance their own ESG management systems by reference to the principles of this Policy, and to progressively prepare and publish their environmental, social and governance reports. Suppliers shall retain documents or records evidencing their compliance with this Policy and provide them for inspection upon request.

6. DATA COLLECTION AND DISCLOSURE

1. **Key data collection:** Fields and labels identifying green building materials, environmental certifications and other relevant attributes shall be added to the Group's electronic procurement system, and supplier data under each label shall be compiled annually.
2. **Oversight of policy implementation:** The ESG Executing Group shall drive the implementation and ongoing application of this Policy.
3. **Information disclosure:** This Policy, together with annual implementation outcomes and key indicators, shall be publicly disclosed in the Group's ESG reports and on its official platforms.

7. SUPPLEMENTARY PROVISIONS

1. This Policy shall take effect on the date of its official publication and shall be reviewed and revised at least once every three years.
2. Subsidiaries of the Group may, having regard to their actual business circumstances, formulate detailed implementation rules within the framework of this Policy, provided that such rules shall not contravene the core requirements of this Policy.
3. The ESG Executing Group shall be responsible for the interpretation of this Policy.

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