

SUSTAINABLE PROCUREMENT POLICY

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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 New World Sustainability Vision 2030¹, New World Development Company Limited (NWD) fully recognises the impact of its procurement activities on the environment, society and the economy and acknowledges its 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 Developed with reference to ISO 20400 Sustainable Procurement Guidance, the *Sustainable Procurement Policy* (Policy) sets out our high-level commitment to integrating sustainability into procurement and retail sourcing decisions. This Policy complements and should be adopted in conjunction with NWD's *Central Procurement Policy, Vendor Selection Policy, Supplier Code of Conduct, Human Rights Policy and Health and Safety Policy*.

2. Scope of Application

- 2.1 The Policy is applicable to all NWD departments and operations as well as all business units (BUs) over which NWD have operational control. Additional procurement guidelines can be developed to suit specific contexts and needs. Major business partners, 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.

¹ New World Sustainability Vision 2030 (SV2030) steers the Group to curate products, services and cultural content revolving around Green, Wellness, Smart and Caring.

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 products² 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.

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 NWD'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 ISO 14001 Environmental Management System, OHSAS 18001 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 NWD business unit. Otherwise, the collaboration with these supply chain partners should be suspended.

² 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

- 3.5 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:
 - Our pledge to manage our procurement activities responsibly as a founding member of Green Council's [Sustainable Procurement Charter in Hong Kong](#).
 - Our recognition by the Business Environmental Council in Hong Kong as a "[Sustainable Consumption Enterprise](#)" that considers ESG impacts of the products and services purchased.

4. Monitoring & Reporting

- 4.1 This Policy is overseen by New World 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. NWD departments and operations as well as all BUs should monitor the progress of implementation and be able to report the performance. NWD's Central Administration Department and Sustainability Department will provide support if needed.
- 4.3 Procurement related risk factors are incorporated into New World Group Risk Management Policy and the Risk Management & Internal Control Assessment Checklist for evaluation by all NWD'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 New World Group's sustainable procurement efforts will be reported in New World 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 NWD's Central Administration Department and Sustainability Department via emails nwdadmin@nwd.com.hk and sustainability@nwd.com.hk respectively for enquiries about this Policy.