

Sustainable Procurement Policy

Swire Pacific recognises that sustainable procurement is an opportunity to manage environmental and social risks in its supply chains, encourage innovation and strengthen relationships with critical suppliers.

The executive management of each company in which Swire Pacific has a controlling interest will pay due regard to sustainable procurement and give preference to sustainable products. Associated and joint venture companies are encouraged to follow this policy, as are our business partners and suppliers.

This policy should be adopted in conjunction with the respective procurement policies of each company, the [Swire Pacific Supplier Code of Conduct](#), and the [Swire Pacific Human Rights Policy](#).

Each company should establish its own procedure to ensure compliance with this policy, including explaining to relevant staff and external parties the group's expectations and the reasons for implementation.

All staff involved in making procurement decisions should adhere to this policy. Staff responsible for sustainable development at each operating company and the Group Sustainable Development Office (SDO) will provide support if needed.

It is the policy of Swire Pacific to:

- Ensure all prospective and existing suppliers are provided with and informed about its Supplier Code of Conduct;
- Establish a process to identify potential sustainability risks in its supply chains and develop a segmented approach to managing those risks;
- Identify critical suppliers, which may be defined by high procurement spend, high purchase volumes, criticality of supply, non-substitutability, or other factors;
- For critical suppliers:
 - Include relevant sustainability considerations in the scoring criteria used to evaluate suppliers and inform contract renewals;
 - Include relevant and proportionate sustainability requirements in tender documents, supplier contracts and formal terms of engagement; and
 - Monitor supplier performance on a regular basis against the Code and other sustainability performance criteria. Where gaps are identified, require suppliers to develop and adopt appropriate corrective action plans;

- Encourage suppliers to adopt a best practice approach to environmental, health & safety, human rights & labour policies, business ethics and community issues;
- Encourage suppliers to proactively propose innovative solutions to help the company achieve its sustainable development objectives.
- When making supplier selection decisions, preference should be given to suppliers that:
 - Have a policy stating their sustainability values and commitments;
 - Adopt internationally recognised management systems and guidance related to sustainability, such as ISO26000 Guidance on Social Responsibility, ISO 14001 Environmental Management Systems or ISO 45001 Occupational Health and Safety Management Systems;
 - Can significantly contribute to helping the company achieve its sustainable development objectives.
- Where appropriate, products should be sourced that:
 - Minimise the use of virgin material in the product;
 - Replace disposable / single-use items with reusable or recyclable ones;
 - Minimise environmental impacts across the entire product or service lifecycle;
 - Minimise or eliminate packaging;
 - Reduce energy and/or water consumption;
 - Are durable and can be repaired;
 - Contain materials which have high recyclability.

REVIEW

We will review this policy as appropriate and, in any event, once every three years.

This policy has been endorsed by the Group Risk Management Committee (GRMC), which is delegated with the responsibility to provide oversight of the Group's risks through the setting of risk management policies and strategies by the Swire Pacific Board.