



中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 830)

(the “Company”)

SUSTAINABLE PROCUREMENT POLICY

1. GOALS

- 1.1 The Company understands that procurement activities have a significant impact on the environment, society and economy and thus actively promotes the use of goods and services produced in a sustainable manner, thereby reducing environmental footprints, improving efficiency and supporting the local economy, ensuring that business operations are in line with the Company’s sustainable development goals.
- 1.2 The Company is committed to strengthening cooperation with contractors, suppliers, and subcontractors, aiming to help improve their resilience and sustainability through responsible procurement practices, while reducing environmental and social risks in the supply chain, so as to enhance the competitiveness of the Company and its relevant partners.
- 1.3 The United Nations Sustainable Development Goals (SDGs) 12 “promoting a green economy and ensuring sustainable consumption and production patterns” is incorporated into the Company’s long-term supply chain management and environmental protection plans.
- 1.4 The Company communicates clearly the procurement business standards and expectations with all major business partners, contractors, suppliers, and subcontractors, and collaborates with them to reduce negative impacts on the environment and society, thereby contributing to the overall sustainable development of the construction industry.

2. SCOPE

- 2.1 The provisions of this Policy apply to the procurement of products and services conducted by all directors, senior officers and employees of the Company and its subsidiaries (including full-time and part-time, collectively referred to as “employees”), as well as by and on behalf of affiliates.
- 2.2 The Company encourages and expects customers to abide by the principles of this Policy, and requires major business partners, contractors, suppliers, and subcontractors to comply with the principles of this Policy and develop verifiable implementation plans where feasible.

3. BASIS

- 3.1 The Company formulates the “Sustainable Procurement Policy” based on actual procurement needs and market conditions, clarifying how the Company incorporates the principles of sustainable development into the procurement decision-making process and specific activities. This Policy is supplementary and should be adopted together with the Company’s relevant policies such as the “Sustainability Policy” and “Supplier Code of Conduct” to ensure that procurement activities are in line with the Company’s commitment to environmental management, social responsibility and economic prosperity.

4. STRATEGIES AND MEASURES

The Company is committed to continuously improving the performance of its supply chain management, so it will devote its efforts to the work of procurement by implementing the following strategies and measures:

- 4.1 Reduce the environmental footprint related to procurement processes:
- Establish a database of low-carbon materials and products, and evaluate the procurement specifications of relevant products and services from time to time;
 - Prioritise the procurement of materials with relevant sustainable certifications, including but not limited to wood and paper certified by the Forest Stewardship Council or Programme for the Endorsement of Forest Certification Schemes;
 - Prohibit the purchase of toxic and hazardous products, reduce the use of disposables and packaging, and replace the materials with durable, reusable or recyclable products;
 - Prioritise local procurement where reasonably practicable;
 - Purchase strictly according to the number of site applications and engineering needs, in order to reduce waste of resources and related additional emissions.
- 4.2 Prioritise contractors, suppliers and subcontractors who meet the following conditions:
- Committed to supporting the United Nations Sustainable Development Goals (SDGs), and has formulated policies and codes of conduct related to sustainable development;
 - Establish an internationally recognised management system, including but not limited to ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System and ISO 50001 Energy Management System;
 - Have environmental awareness and carbon reduction potential, including developing green processes and technologies, and conducting product and service life cycle carbon assessments;
 - Obtain relevant internationally or nationally recognised sustainability-related certificates;
 - A registered contractor under the “Registered Specialist Trade Contractors Scheme” of the Construction Industry Council of Hong Kong.

- 4.3 Incorporate sustainability elements into management of contractors, suppliers, and subcontractors:
- Set sustainability indicators for suppliers and sub-contractors;
 - Include relevant sustainability requirements in tender documents, suppliers' contracts and terms of employment if needed;
 - Collect sustainability-related information regularly, encourage and collaborate with suppliers to improve environmental performance where feasible;
 - Provide sustainable supply chain training and guidance for relevant employees, contractors, suppliers and subcontractors, and assist them in acquiring professional knowledge and skills related to sustainable procurement;
 - Encourage contractors, suppliers and subcontractors to identify supply chain sustainability risks and formulate relevant risk management plans;
 - Hold regular management meetings to evaluate the sustainable development performance of contractors, suppliers, and subcontractors and incorporate relevant performance into the scoring system.

5. REGULATORY FRAMEWORK AND GOVERNANCE

- 5.1 The board of directors of the Company (the "Board") oversees the sustainable procurement initiatives at the Group level. This is accomplished through the supervision of the Company's Sustainability Committee. In addition, the procurement department of each subsidiary of the Company is responsible for the implementation of specific strategies and measures.
- 5.2 The Company regards supply chain and procurement risks as part of the sustainable development risk management framework. The Sustainability Committee oversees the identification and assessment work and reviews relevant reports regularly.

6. REVIEW OF THE POLICY

- 6.1 To ensure the effective implementation of this Policy, the Sustainability Committee is responsible for reviewing and overseeing the implementation of this Policy, and ensuring ongoing communications with relevant stakeholders.
- 6.2 The Committee will review this Policy from time to time and make revisions as necessary based on factors such as business changes, regulatory requirements, stakeholder engagement results, and the effectiveness of environmental, social and governance measures.
- 6.3 Each subsidiary of the Company can send this Policy to applicable business partners, contractors, suppliers and subcontractors; or according to this Policy, formulate policies in line with the place of operation and send them to applicable business partners, contractors, suppliers and subcontractors, etc. Relevant feedback should be collected in a timely manner as a consideration for reviewing and revising this Policy.
- 6.4 This Policy is available on the Company's website.

Note: If there is any inconsistency between the English and Chinese versions of this document, the Chinese version shall prevail.