



## **SUSTAINABLE PROCUREMENT POLICY**

### **1. Introduction**

Procurement plays a pivotal role in every organization's day-to-day business activity. It is the linkages between suppliers and purchases throughout the supply chain, starting from producers to distributors and up to retailers. Procurement is a powerful instrument and is an opportunity to create significant positive impacts to the economy, society, and environment. Hence, it is crucial for organizations to consider adopting sustainability in their procurement to potentially enhance their financial viability and contribution to sustainability.

Eastern & Oriental Berhad ("the Company" or "E&O") and its subsidiaries ("the Group") are committed in driving responsible and sustainable business practices through incorporating economic, environmental, social, and governance aspects in its procurement activities. Hence, the Group has developed this Sustainable Procurement Policy ("Policy") which will be the direction towards adopting sustainability practices in procurement for all of the relevant departments.

### **2. Objectives**

The objectives of the Sustainable Procurement Policy are to:

- 2.1 promote sustainable procurement throughout the Group and its subsidiaries, considering the economic, environmental, social, and governance aspects as well as its financial sensibility.
- 2.2 minimize the risk of violating human and social rights, ensuring strict compliance with the local laws and regulations.
- 2.3 encourage sustainable procurement to all of the Group's suppliers and throughout its supply chain.

### **3. Sustainable Procurement Principles**

- 3.1 Transparency, fair and equal competition

The Group values integrity in conducting all business interactions in an open and honest manner. The Group promotes transparency, fair and equal competition, incorporating anti-corruption and anti-money laundering practices in its procurement decisions and activities. In the process of selecting its suppliers, the Group will follow its Code of Conduct, ensuring business ethics are not compromised for the pursuit of higher income.



### 3.2 Environmental consideration

The Group is committed in exploring and implementing sustainable practices across the business, attempting to achieve the right balance of outcomes in environmental, economic, and finance. As part of this commitment, the Group will consider eco-friendly alternatives to protect the environment, sustainable resource use, and adopt climate change mitigation. Supported by empirical evidence, green certifications, and/or government environmental regulation as well as financial sense, these alternatives will bring potential benefits to the environment, the Group, and its stakeholders.

### 3.3 Social responsibility

Labour standards, equal employment opportunities, and non-discrimination are part of the Group's business ethics. The Group values and respect the basic human rights of all individuals such as the right to minimum wage, accommodation standards, no forced/child labour, and no discrimination in the workplace. Furthermore, in the event of a dispute, a grievance mechanism shall be provided to ensure anonymity and conflict resolution. The Group encourages its suppliers to adopt these values and practices for their business operations.

### 3.4 Supporting the local economy

Tapping into the labour and raw materials from the local economy may yield a significant cost advantage due to lower logistical costs and tax incurred. A lower logistical cost will result in less greenhouse gas emissions, potentially reducing the impact on the environment. The Group prioritises locally sourced materials and partners with hopes to create domestic economic growth and employment opportunities as well as to reduce adverse environmental impacts.

### 3.5 Health and safety

Property development is the Group's main business activity, which relies greatly on physical labour from construction works. It is pertinent for suppliers/contractors to adhere to the local and international occupational health and safety standards. Furthermore, it is crucial that the Group's suppliers take the necessary steps to reduce the risk of any accidents and occupational illness. Reducing the number of accidents and illnesses will result in employee safety and wellness as well as the Group's and its suppliers' productivity.



### 3.6 Sustainable practices across the supply chain

E&O believes in adopting sustainable procurement throughout its supply chain. As procurement is the foundation of the supply chain, sustainable procurement should be promoted as a responsibility and potential benefit to suppliers, service providers, and purchasers. Undertaking sustainable practices throughout the supply chain would be a challenge and a gradual process. Thus, E&O believes in encouraging and guiding its partners and suppliers along the way. To aim for continual improvement and to seek out innovative solutions that will address sustainability objectives bringing positive environmental, social, and/or financial benefits.

## 4. Review

This Sustainable Procurement Policy will be the overarching direction for all of E&O and its subsidiaries in procurement. Henceforth, this policy is subject to review and to amendments to ensure its relevancy and accuracy in sustainability.

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