

Green Procurement Policy

To achieve a sustainable society, Longfor Group is committed to creating environmental value. We not only protect the environment by continuously managing and reducing the impact caused by the operation but also increase environmental contribution with the joint efforts of partners. Therefore, at the level of the supply chain, we promote and expand green procurement which greatly contributes to the environment, formulate green procurement policies and promote the improvement of environmental problems.

We choose suppliers that qualify the quality and sustainability standards. We fully understand and comprehensively control the environmental responsibilities in our procurement, including the impacts of procurement activities upstream on the environment and ecology, as well as the contribution of ourselves and products and services downstream to the creation of a safe, healthy and environmentally friendly living and commercial environment. Our aim is to improve the overall sustainability and environmental standards of the supply chain.

Green procurement management measures are as follows:

- Improve design, operations and processes to enhance the recycling of materials used in our operations and reduce unnecessary material purchases to minimize our environmental footprints;
- Practice sustainable procurement, select materials that are harmless to the humans and more energy-efficient and have low environmental impacts;
- As to rebuilding and renovation projects, disclose the health and environmental information of building products, advocate the use of low-VOC, low-lead building materials, and give priority to wood materials certified by the Forest Stewardship Council or same-class certified materials;
- Factor in the carbon emissions and environmental impacts of material production and transportation and give priority to locally produced raw materials during project development and construction;
- Develop group-wide sustainable procurement principles with reference to ISO 20400 sustainable procurement standards. The following factors are fully considered during procurement:
 1. Comply with our principles of supplier entry and all applicable environmental management standards; give priority to suppliers having clear sustainability values and commitments, holding sustainability certificates or awards, setting sustainability management system or quality management system and

considering environmental factors; ensure that procurement satisfies specific environmental standards, and specify the environmental requirements of products in the procurement agreement signed with suppliers;

2. Manage and control the ESG risks related to our supply chain; assign the responsibility for supply chain risk control to the related departments or managers; identify the quality, health, and environmental risks of our key suppliers through self-inspection and third-party detection; formulate the standards of rating suppliers' ESG risk, and classifying ESG risk management in the supply chain;

3. Include environmental protection concept, assessment of climate and environmental impact in product manufacturing, sustainability information and internal environmental education in supplier investigation and procurement to increase the awareness of suppliers' environmental protection practice;

4. Formulate the *Supplier Code of Conduct* and require all suppliers to sign terms including standards for environmental protection process and standards for environmental product certification, climate change and environmental impact, sustainability information disclosure, and other provisions; evaluate suppliers' compliance with these requirements when making decisions on procurement;

5. We encourage suppliers to actively participate in environmental protection activities to reduce the environmental impact of delivered products.