



**The Bank of East Asia, Limited**

**東亞銀行有限公司**

*(Incorporated in Hong Kong with limited liability in 1918)*

(Stock Code: 23)

## **SUSTAINABLE PROCUREMENT POLICY**

(established and approved on 6<sup>th</sup> January, 2023)

## 1. Introduction

- 1.1 The Bank of East Asia Group (“BEA” or the “Group”) is committed to sustainable development. We integrate environmental, social, and governance (“ESG”) considerations into our business and operations with the aim of managing our social and environment impacts while we endeavour to meet the expectations of our stakeholders. As a leading provider of banking, financial, and related services, we are aware of the positive influence that we can have on our product and service providers (“Suppliers”) in the communities in which we operate. We strive to work with Suppliers who conduct their business responsibly while we avoid working with those whose social and environmental practices are inconsistent with the values of our Group.
- 1.2 The Group has established a Sustainability Policy<sup>1</sup> that sets out the Group’s strategies, management approach, and objectives for ESG issues.
- 1.3 The Group has implemented a Guideline for Procure-to-Pay Process to illustrate the principles and workflows of the procurement, payment, and tendering processes, and to clearly define the roles and responsibilities of parties involved in those processes.
- 1.4 BEA’s Sustainable Procurement Policy (the “Policy”) aligns with the Group’s Sustainability Policy, and should be referenced by the Group’s procurement staff in conjunction with the Guideline for Procure-to-Pay Process, Supplier Code of Conduct (“Supplier Code”), and other related policies, statements, and guidelines. The Policy sets out our commitment to integrating sustainability principles into our procurement strategies, planning, and operations as well as supplier management.
- 1.5 Group members understand and agree with the content and scope of this Policy and strive to conduct their procurement process and activities in line with its commitments.

## 2. Scope of Application

- 2.1 This Policy covers the procurement of goods and services for the business operations of the Group, which includes Hong Kong, Mainland China, Macau, Taiwan, and overseas branches as well as the subsidiaries of the BEA Group.
- 2.2 Major business partners, contractors, service providers, and suppliers in the Group’s value chain are also encouraged to make reference to this Policy in the management of their supply chains where practicable.

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<sup>1</sup> <https://www.hkbea.com/html/en/bea-about-bea-sustainability-policies-statements-codes.html>

### **3. Principles of Sustainability Procurement**

#### **3.1 Compliance with local legal and regulatory requirements**

We comply with local legal and regulatory requirements for all of the goods and services that we purchase. This includes regulations related to environmental protection, occupational health & safety, working conditions, working hours, minimum wage, mandatory provident fund requirement, anti-discrimination, anti-bribery & corruption and anti-competition, and so forth.

#### **3.2 Integrating sustainability principles into the procurement process**

BEA strives to implement sustainable procurement practices and integrate social and environmental principles into our existing procurement strategies, planning, and operations process.

We implement sustainable practices in our procurement process including purchasing need analysis, product and service selection, specification setup, procurement decision making, and risk management. We give preferential consideration to products related to energy-conservation, water-conservation, waste-utilisation products, or products with eco-labels where practicable.

We promote continuous improvement in sustainable procurement practices within the Group by regularly re-assessing our procurement process.

#### **3.3 Integrating sustainability into supplier management**

BEA strives to integrate social and environmental principles into its supplier management process including new supplier registration, supplier risk assessment, supplier selection, contract management and performance review, etc.

Suppliers are required to acknowledge compliance with the mandatory elements of BEA's Supplier Code for the duration of the contract period or the supplier's relationship with the Group. The Group also encourages suppliers to explore and implement sustainable procurement practices.

We will undertake periodic evaluation and monitoring of supplier and contractor performance on relevant aspects, and we will not knowingly work with suppliers that have a recent record of significant negative impact on the environment and society.

### 3.4 Supporting our local economy

We are committed to building a thriving local economy. Our Group actively supports the development of local small and medium enterprises (“SMEs”) and promotes entrepreneurship.

We seek to conduct business with SMEs and social enterprises and ensure that our procurement assessment process does not place them at a disadvantage.

We explore opportunities to procure from local suppliers which may also benefit the environment as a result of fewer carbon emissions from transportation.

### 3.5 Raising employee awareness

BEA works with employees to raise their awareness of environmental and social issues, and promote sustainable practices. We enrich green and sustainable procurement knowledge among procurement staff through internal communication and regular training. Recommended sustainable procurement practices will be integrated into our internal procurement guideline to assist procurement staff in operationalising this Policy.

## **4. Review of This Policy**

This Policy shall be reviewed annually and as required to ensure its relevance and effectiveness.

Should there be any discrepancy between the English version and the Chinese version of this Policy, the English version shall apply and prevail.