



SUSTAINABLE PROCUREMENT POLICY

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	AYALA LAND SUSTAINABLE PROCUREMENT POLICY	Doc Version 1
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Ayala Land integrates environmental, social, and governance considerations into its procurement processes through its Sustainable Procurement Policy. The policy applies a risk-based approach to supplier screening, due diligence, evaluation, engagement, and monitoring, covering areas such as ethics, human rights, labor standards, health and safety, environmental management, climate action, biodiversity, and responsible sourcing. ALI encourages suppliers to disclose sustainability-related information, adopt recognized management systems, and continuously improve their ESG performance in support of a resilient and sustainable value chain.

1. PURPOSE

Ayala Land, Inc. ("ALI") recognizes that procurement decisions influence environmental, social, and economic outcomes across its value chain. Sustainable procurement is an important mechanism for managing supply chain risks, supporting ethical business practices, reducing environmental impacts, driving innovation, and creating long-term value for stakeholders.

This **Sustainable Procurement Policy ("Policy")** establishes the principles and requirements that guide ALI's procurement activities and supplier relationships. Through this Policy, ALI seeks to integrate environmental, social, and governance (ESG) considerations into sourcing, contracting, and supplier management processes, while promoting sustainable development and responsible business conduct throughout its supply chain.

2. SCOPE

This Policy applies to:

- All Ayala Land business units, subsidiaries, projects and operations in which ALI holds controlling interest; and
- All ALI vendors, including contractors, subcontractors, consultants, suppliers, and service providers.

ALI encourages joint-venture partners, business partners, and associated entities to adopt policies and practices that are aligned with the principles of this Policy.

3. RELATIONSHIP TO EXISTING ALI POLICIES

This Policy shall be implemented in conjunction with ALI's existing policies and standards, including but not limited to:

- Vendor Code of Ethics;
- Human Rights Policy;
- Environmental, Health and Safety Policies;
- Risk Management Framework;
- Sustainability-related commitments, goals, and programs.

Compliance with ALI's Vendor Code of Ethics shall be a minimum requirement for all vendors.

4. POLICY PRINCIPLES

ALI's procurement decisions and supplier engagements shall be guided by the following principles:

4.1 Ethical Business Conduct

ALI expects all suppliers to:

- Conduct business honestly, fairly, and transparently;

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- Comply with all applicable laws, regulations, and contractual obligations;
- Maintain effective controls to prevent fraud, bribery, corruption, extortion, money laundering, conflicts of interest, and anti-competitive conduct; and
- Uphold high standards of business ethics and integrity throughout their operations and supply chains.

ALI maintains a zero-tolerance approach toward bribery, corruption, and unethical business practices.

4.2 Respect for Human Rights and Labor Standards

ALI is committed to respecting internationally recognized human rights and expects suppliers to do the same.

Suppliers shall:

- Respect and support internationally recognized human rights principles;
- Prohibit child labor, forced labor, bonded labor, modern slavery, and human trafficking;
- Eliminate discrimination, harassment, abuse, and unfair treatment;
- Respect diversity, equity, and inclusion;
- Uphold freedom of association and collective bargaining in accordance with applicable laws;
- Provide fair wages, benefits, and lawful working conditions; and
- Maintain safe, healthy, and secure workplaces for employees and workers.

4.3 Environmental Responsibility and Climate Action

ALI expects suppliers to actively manage and reduce the environmental impacts associated with their operations, products, and services.

Suppliers are encouraged to:

- Comply with applicable environmental laws and regulations;
- Establish own environmental objectives, targets, and climate commitments.
- Measure, manage, and reduce greenhouse gas emissions;
- Improve energy efficiency and transition toward lower-carbon operations;
- Promote responsible water stewardship and resource efficiency;
- Minimize waste generation and maximize reuse, recovery, and recycling opportunities;
- Properly manage pollutants, wastewater, emissions, and hazardous substances;
- Protect biodiversity, ecosystems, and natural habitats; and
- Support climate resilience and adaptation programs where relevant.

4.4 Sustainable Supply Chain Management

ALI shall integrate sustainability considerations into supplier selection, engagement, evaluation, and contract management processes.

ALI shall endeavor to:

- Identify and assess environmental, social, ethical, governance, and operational risks within its supply chain;
- Conduct risk-based sustainability due diligence for critical and high-risk suppliers;
- Promote transparency and responsible sourcing practices;
- Encourage suppliers to establish sustainability policies, targets, and management systems; and
- Foster resilient, responsible, and sustainable supply chains through engagement with strategic vendors.

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5. SUSTAINABLE SOURCING OF MATERIALS

Where feasible and appropriate, ALI shall give preference to products, services, and suppliers that contribute to its sustainability objectives.

Procurement decisions may consider:

- Low-carbon and low embodied-carbon materials;
- Energy-efficient and resource-efficient products and technologies;
- Materials containing recycled, recyclable, renewable, or responsibly sourced content;
- Products with credible third-party environmental or sustainability certifications;
- Materials and solutions that support green building and sustainable development objectives;
- Circular economy principles, including reuse, repair, recovery, and recycling;
- Reduced packaging and waste generation;
- Product durability and lifecycle performance;
- Protection of biodiversity and natural resources; and
- Local sourcing opportunities where commercially viable and aligned with quality and operational requirements.

ALI encourages suppliers to innovate and develop products and services that contribute to improved environmental and social outcomes.

6. VENDOR EVALUATION AND DUE DILIGENCE

ALI shall adopt a risk-based approach to supplier evaluation and management.

Supplier assessments may consider:

- Quality and operational performance;
- Legal and regulatory compliance;
- Environmental performance and management systems;
- Climate and greenhouse gas management practices;
- Occupational health and safety performance;
- Human rights and labor practices;
- Ethics and anti-corruption controls;
- Supply chain management practices;
- Business continuity and resilience considerations; and
- Alignment with sustainability standards, certifications, and commitments.

ALI may identify critical suppliers based on factors including:

- Procurement spend;
- Strategic importance of supplied goods or services;
- Project and operational dependency;
- Business continuity implications; and
- Environmental, social, and governance risk exposure.

Where significant risks, deficiencies, or non-compliance are identified, ALI may require suppliers to implement corrective and preventive action plans within agreed timelines.

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7. VENDOR ENGAGEMENT AND CAPACITY BUILDING

ALI seeks to establish long-term, collaborative relationships with suppliers that share its commitment to responsible business conduct and sustainable development.

ALI may engage suppliers through:

- Sustainability briefings, training sessions, and awareness programs;
- Supplier assessments, surveys, and dialogues;
- Sharing of sustainability expectations, standards, and best practices;
- Industry partnerships on innovation, resource efficiency, and emissions reduction interventions;
- Recognition of suppliers demonstrating strong sustainability performance;
- Capacity-building projects to improve ESG performance and risk management practices; and
- Encouraging suppliers to adopt internationally recognized sustainability standards.

8. CLIMATE DATA, TRANSPARENCY, AND REPORTING

To support ESG risk management, sustainability reporting, and value chain improvement, ALI may request suppliers, particularly critical suppliers and suppliers associated with material impacts, to disclose relevant sustainability information, including:

- Greenhouse gas emissions data;
- Climate-related targets and commitments;
- Energy, water, and waste performance information;
- Sustainability policies and management systems;
- Human rights and labor management practices;
- Certifications and third-party assessments; and
- Other relevant data.

Such information may be used to support ALI's sustainability reporting, value chain emissions accounting, disclosures, and supplier assessments.

9. MONITORING AND CONTINUOUS IMPROVEMENT

Compliance with this Policy may be monitored through:

- Supplier self-assessments and disclosures;
- ESG questionnaires and due diligence reviews;
- Performance evaluations;
- Audits and site inspections;
- Contract compliance reviews;
- Corrective action monitoring; and
- Periodic reassessment of supplier performance and sustainability risks.

ALI shall encourage continuous improvement and may work with suppliers to strengthen sustainability performance and address identified risks or gaps.

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10. NON-COMPLIANCE

Failure to comply with this Policy, contractual requirements, applicable laws, or ALI's Vendor Code of Ethics may result in appropriate actions, including:

- Requests for corrective and preventive actions;
- Enhanced monitoring and review;
- Suspension of accreditation or sourcing activities;
- Disqualification from future procurement opportunities; and
- Contract suspension or termination in cases of material, serious, or repeated non-compliance.

11. GOVERNANCE AND POLICY REVIEW

The Procurement Team, in coordination with the Compliance Unit, the Corporate Sustainability Unit, and relevant business units, shall oversee the implementation of this Policy.

ALI shall periodically review and update this Policy to ensure continued alignment with:

- Applicable laws and regulations;
- Emerging sustainability risks and opportunities;
- International standards and leading practices; and
- Ayala Land's sustainability commitments, objectives, and targets.

This Policy shall be reviewed at least once every three (3) years or more frequently as necessary.