

AES Sustainable Procurement and Waste Reduction Policy

Foreword

Procurement is a critical area in our commitment to environmental responsibility. The goods and services we purchase are a major driver of our Scope 3 emissions and broader sustainability impacts. This policy reflects AES's pledge to embed sustainability into procurement decisions, ensuring that our choices actively contribute to a low-carbon future, support ethical supply chains, and reduce unnecessary waste.

Through this policy, we aim to shape a responsible, transparent, and collaborative approach that brings our suppliers and stakeholders with us on our sustainability journey.

1. Purpose of the Policy

This policy sets out AES's approach to responsible procurement and waste reduction in support of our broader sustainability and net zero commitments. It is designed to:

- Minimise environmental harm across our supply chain.
- Promote ethical sourcing and fair labour practices.
- Reduce waste and encourage circularity in purchasing decisions.
- Embed sustainability criteria into supplier selection and contract management.
- Support our transition to a low-carbon, resource-efficient, and just economy.

2. Sustainable Procurement Principles

AES is committed to procuring goods and services in a manner that supports:

- The reduction of Scope 3 greenhouse gas emissions.
- Responsible use of natural resources.
- The protection and restoration of biodiversity.
- Strong ethical, labour, and human rights standards.

All procurement activity must consider environmental and social sustainability from the outset, ensuring that risks are minimised and positive impacts are maximised.

3. Supplier Expectations

3.1 Climate Action and Emissions Management

All suppliers are encouraged to:

- Establish a publicly declared target to achieve net zero emissions by 2050 or earlier.
- Develop and publish a clear, science-based roadmap to achieve these goals.
- Report progress annually, covering at a minimum Scope 1 and 2 emissions, and key Scope 3 categories relevant to their operations.

To assist in this journey, we recommend the following resources:

- [Planet Mark](#) – support for emissions measurement and reduction.
- 1.5°C Business Playbook – strategic guidance for climate-aligned business models.
- Science Based Targets initiative ([SBTI](#)) – frameworks for setting emission reduction targets.
- [UK Business Climate Hub](#) – free tools and guidance for SMEs.

3.2 Environmental Responsibility

Suppliers should actively demonstrate:

- Efforts to reduce environmental impact through sustainable product design, lifecycle thinking, and contribution to a circular economy.
- Use of 100% renewable energy wherever feasible.
- Responsible use of energy, water, and raw materials.
- Waste minimisation and resource recovery throughout operations.
- Avoidance of harm to biodiversity in the production and delivery of goods and services.

4. Ethical and Social Standards

Suppliers must uphold:

- Full compliance with International Labour Organisation (ILO) standards.
- Measures to prevent modern slavery and human trafficking.
- Fair wages and safe working conditions for all employees and contractors.
- Ethical certifications where applicable, such as Fairtrade, B Corp, or equivalent.

5. Local, Low-Carbon Procurement

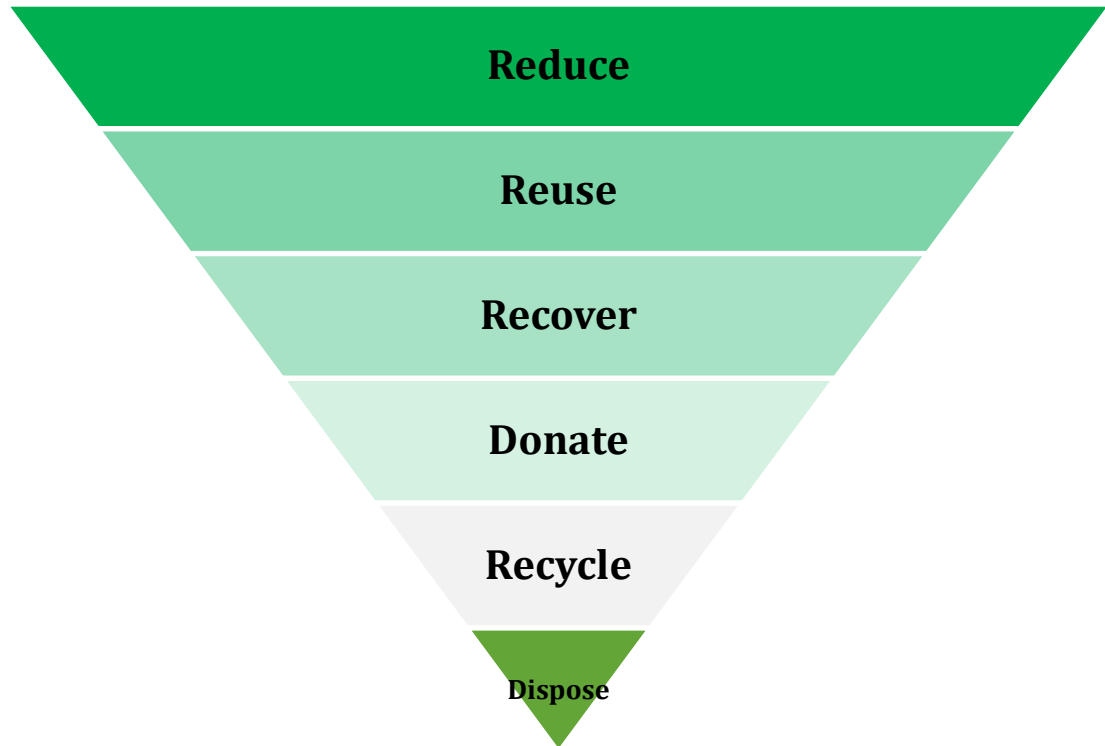
AES prioritises working with:

- Local suppliers, to reduce transport-related emissions and strengthen community ties.
- Providers offering low-carbon materials and sustainable alternatives in both products and services.
- Vendors supporting bulk purchasing to reduce shipping frequency and packaging waste.

6. Waste Reduction Commitments

AES commits to:

- Eliminating single-use plastics across all workplace settings.
- Promoting responsible recycling practices across our operations.
- Minimising food waste, especially at events and catered functions.
- Ensuring purchased goods are disposed of responsibly, adhering to a waste hierarchy: Reduce → Reuse → Recover → Donate → Recycle → Dispose (final resort).



7. Procurement Process and Evaluation

- Sustainability criteria will be embedded into procurement evaluations.
- For major contracts, sustainability factors will account for at least 20% of the overall assessment score.
- For smaller-scale procurements, a minimum of 10% should reflect sustainability considerations.
- Suppliers may be required to submit evidence of sustainability practices and ongoing improvements.

8. Monitoring and Continuous Improvement

AES will:

- Regularly monitor and review supplier performance on sustainability criteria.
- Engage suppliers to identify opportunities for improvement and innovation.
- Report annually on procurement-related emissions and social impact progress, from 2026 annually.
- Provide training and resources to all staff involved in purchasing decisions to ensure alignment with this policy.

9. Roles and Responsibilities

All AES employees involved in procurement must:

- Integrate sustainability considerations into all purchasing decisions.

- Encourage sustainable choices within their teams.
- Support the organisation's broader sustainability objectives through responsible procurement behaviour.

Conclusion

By implementing this policy, AES reaffirms its commitment to leadership in sustainable procurement. We will continue to work collaboratively with suppliers, partners, and employees to ensure that our procurement choices support a thriving, low-carbon future.