



Date: 27 Dec 2021

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Introduction & Objective

At ESR-REIT, we are committed to creating a sustainable future for our business and believe that for us to prosper, the communities in which we operate must also thrive. In line with the Sustainability Policy created by our parent company, ESR Group, this Green Procurement Policy presents our commitment to managing supplier sustainability risk in a manner which results in mutually improved performance across environmental, social, governance and financial indicators. We endeavour to procure products and services that minimise adverse impact on the environment and human health (e.g. those that use recycled or non-toxic materials), whilst also remaining sensitive to other areas of sustainability, including fair business practices and labour rights.

If the conduct of a supplier conflicts with the requirements documented in this policy, we will engage with the supplier to elicit continual improvement. However, persistent inconsistencies will result in the review of our relationship with the supplier. As stated in the ESR Group Sustainability Policy: we expect our suppliers, contractors and subcontractors to meet at least the same Environmental, Social and Governance objectives that we have set ourselves in addition to all applicable laws and regulations.

The Green Procurement Policy, endorsed by the Head of Real Estate, demonstrates our commitment to sound sustainability practices to deliver greater value for our stakeholders and enhance our operational performance.

Our Business

ESR-REIT invests in quality income-producing industrial properties across Singapore. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide.

Our vision is to be a leading Real Estate Investment Trust with a portfolio of quality industrial assets.

Scope

This policy covers any supplier, contractor or subcontractor providing products and/or services to ESR-REIT's property investment, development and management portfolio. Our suppliers include service vendors, utility providers and various trades contractors such as cleaning, security, building and M&E works and landscaping.

Our Green Procurement Commitments

1. Application of Green Procurement Policy
 - a. As documented in our ESR Group Sustainability Policy, we are committed to integrating environmental, social and governance considerations into all of our activities, and also to the values of transparency and accountability. These principles will be reflected in the documented policies we generate to guide both our activities in relation to procurement, and the activities of our suppliers.

- b. The policy gives preference to suppliers with ESG-specific attributes. Those who:
 - i. implement measures that reduce greenhouse gas, energy, water and/or waste footprints;
 - ii. avoid single-use disposable products, or use reusable, recyclable or highly durable products;
 - iii. use reusable or easily recyclable packaging materials;
 - iv. use materials with minimal toxicity;
 - v. use products with international and/or local environmental product standards, such as Energy Star, Singapore Green Building Product (SGBP);
 - vi. meet environmental process standards and practices, such as ISO 14001, Singapore Green Building Services (SGBS);
 - vii. adopt management and practices which align with Green Mark and other green building certification requirements
 - viii. promote transparency in its potential human or environmental impacts;
 - ix. protect the biodiversity and ecological value of development sites and properties;
 - x. create safe and quality workplaces for their workers; and
 - xi. implement good labour, occupational health and safety practices aligned with international and/or local standards such as ISO 45001, BizSafe Level (min BizSafe 3)
2. Procurement Programme Review and Evaluation
- a. ESR-REIT shall conduct periodic checks on the alignment of suppliers' policies and conduct. Documentation, such as HSE policy, codes of conduct, product specifications, test reports or certificates showing the ESG-specific attributes, may be requested from suppliers to facilitate this process. Frequency of review and evaluation depends on contract duration:
 - i. Contract duration longer than one year: at least once every two years
 - ii. Contract duration less than one year: at least once during the contract period
 - b. Assessments of suppliers and vendors on the Approved Contractors and Suppliers list will be conducted internally or using third-party service providers to ensure compliance with this policy and applicable laws and regulations.
3. Training and Education
- a. The requirements documented in this policy are communicated to our suppliers, contractors and employees involved in procurement or supplier selection at the time of initial engagement or onboarding.
 - b. For Asset Enhancement Initiative (AEI) projects which target green building certificates such as Green Mark, the requirements are included in the initial Request for Proposal stages and are communicated to the Tenderer during the Tender Stage.

- c. ESR-REIT raises awareness of the sustainable procurement practices documented in this policy through annual updates, reminders and training to suppliers, contractors and employees involved in procurement or supplier selection.
- 4. Feedback sessions with stakeholders

ESR-REIT interacts with a range of stakeholders. These include internal stakeholders such as employees and workers; and external stakeholders such as third-party suppliers, regulatory bodies, customers, investors, and local communities.

 - a. Continual feedback on sustainability standards, regulations and expectations, specifically in relation to procurement practices, is sought from stakeholders. This occurs through:
 - i. engagement with government bodies, such as the Building and Construction Authority, to remain informed of regulatory changes;
 - ii. oversight of relevant international standards, such as the ISO 20400 on Sustainable Procurement;
 - iii. remaining informed of public and community opinion through constant social / public media review of relevant topics such as labour issues;
 - iv. communications with investor community through the ESR REIT Investor Engagement Programme; and
 - v. interaction and collaboration with suppliers during biennial evaluation
- 5. Business Ethics
 - a. ESR-REIT commits to obeying all relevant international and domestic laws regarding ethical business practices (as documented in our suite of corporate codes and policies: the Code of Conduct and Business Ethics, Conflict of Interest Policy and Diversity Policy). ESR-REIT demands the same commitment to ethical business practices from its suppliers.
 - b. Suppliers may be expected to demonstrate existence of procedures to prevent:
 - i. money laundering;
 - ii. fraud, bribery and corruption;
 - iii. conflicts of interest; and
 - iv. data security issues

Policy Communication and Review

This Green Procurement Policy is communicated to all interested parties via our corporate website and annual report. Existing suppliers are made known of this policy via email.

The Green Procurement Policy and its key objectives and commitments will be reviewed every two years. Feedback from relevant stakeholders such as building occupants and users will be taken into account.

FOR REFERENCE ONLY (criteria met in this policy are ticked):

SE6 Supply chain engagement program

Does the entity include ESG-specific requirements in its procurement processes?

☒ Yes

Select elements of the supply chain engagement program (multiple answers possible)

- $\frac{1}{3}$ ☒ Developing or applying ESG policies
- $\frac{1}{4}$ ☐ Planning and preparation for engagement
- $\frac{1}{4}$ ☐ Development of action plan
- $\frac{1}{4}$ ☐ Implementation of engagement plan
- $\frac{1}{3}$ ☒ Training
- $\frac{1}{2}$ ☒ Program review and evaluation
- $\frac{1}{4}$ ☒ Feedback sessions with stakeholders
- $\frac{1}{4}$ ☐ Other: _____

Select all topics included (multiple answers possible)

- $\frac{1}{4}$ ☒ Business ethics
- $\frac{1}{4}$ ☐ Child labor
- $\frac{1}{4}$ ☒ Environmental process standards
- $\frac{1}{2}$ ☒ Environmental product standards
- $\frac{1}{4}$ ☒ Health and safety: employees
- $\frac{1}{4}$ ☐ Health and well-being
- $\frac{1}{4}$ ☐ Human health-based product standards
- $\frac{1}{4}$ ☐ Human rights
- $\frac{1}{4}$ ☒ Labor standards and working conditions
- $\frac{1}{4}$ ☐ Other: _____

Select the external parties to whom the requirements apply (multiple answers possible)

- $\frac{1}{2}$ ☒ Contractors
- $\frac{1}{2}$ ☒ Suppliers
- $\frac{1}{2}$ ☐ Supply chain (beyond 1 tier suppliers and contractors)
- $\frac{1}{2}$ ☐ Other: _____

☐ No