



**ESR GROUP LIMITED**  
(Stock code: 1821)

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**SUSTAINABLE PROCUREMENT  
POLICY**

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**OWNER: GROUP ESG**

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## **1. INTRODUCTION**

- 1.1 This Sustainable Procurement Policy (“**Policy**”) sets out the commitment of ESR Group Limited and its subsidiaries (collectively, “**ESR**” or the “**Group**”) to adopt sustainable and green procurement practices within its business operations.
- 1.2 Sustainable procurement is becoming more relevant due to unsustainable consumption and production practices. Beyond the environmental impact, these activities have far-reaching effects on our societies and economies.
- 1.3 The real estate industry plays a pivotal role in meeting societal needs. Within the supply chains, many companies are making their procurement decisions to include Environmental, Social and Governance (“**ESG**”) dimensions.

## **2. SUSTAINABLE PROCUREMENT STANDARDS**

- 2.1 Sustainable procurement integrates ESG considerations within the procurement process to reduce adverse impacts on environment, health and safety and human rights. The Group is committed to conduct its business in a fair, ethical and sustainable manner throughout its supply chain.
- 2.2 The Group and its suppliers within the upstream and downstream supply chain shall conduct their activities in accordance with the standards set out in the Group’s Supplier Code of Conduct and Code of Conduct and Business Ethics Policy.
- 2.3 The Group shall identify and categorise its suppliers by geographical regions, procurement spend, nature of business, etc., to manage potential supply chain risks. The BUs shall engage its suppliers to assess its supply chain, provide evidence of implementation and monitoring of the sustainable procurement requirements mentioned above, where applicable.
- 2.4 The Group and its suppliers shall adhere to the requirements within this Policy and comply with all other relevant and applicable policies and local regulations in the respective countries which the Group operates in.

### **3. MATERIAL SOURCING STANDARDS**

- 3.1 The Group acknowledges that its development activities involves waste production. Therefore, we are committed to reduce waste in our business activities as much as possible through compliance to relevant local and international laws and regulations. We require all of our suppliers to comply with these regulations at the minimum.
- 3.2 The Group encourages its suppliers to promote the reduction of waste and environmental impacts of existing and new buildings as they relate to materials manufacturing and transport. In doing so, the following approaches are recommended:
- (a) Reuse Materials – Use salvaged, refurbished or reused materials as much as possible where applicable to the extent in which the structural integrity of the development or project is not compromised.
  - (b) High Recycled content – Use materials with high post-consumer and pre-consumer recycled content.
  - (c) Resource Locally – Support the use of indigenous resources and building materials and products manufactured locally to reduce the environmental impacts resulting from transportation and also support local economy. Therefore, the building materials or products that have been extracted, harvested or recovered, as well as manufactured, within 500 km of the project site are preferred.
  - (d) Materials that offer Circular Economy / Extended Producer Responsibility – Use materials/products that offer a take back scheme when possible.
  - (e) Rapidly renewable materials – Reduce the use and depletion of finite raw materials and long-cycle renewable materials by replacing them with rapidly renewable materials wherever possible.
  - (f) Demountable materials – Use rapidly demountable materials on interior floor, ceiling, non-structural walls, and/or interior finishes whenever possible that can be swiftly removed and reuse for retrofitting. Avoid built in furniture, workstations, and etc.

- (g) Responsible Minerals – Avoid procurement products/materials from conflict regions or comes with conflict issues. If conflict materials are found to be used in supply chain, detailed information must be reported to ESR and commit a phase out plan with timeline
- (h) Embodied Carbon/ LCA materials – Use products/materials that have carbon information available. Ideally, use products/materials that have a life cycle analysis conducted or LCA certification.
- (i) Third party certified wood-based materials and products – To encourage environmentally responsible forest management, use of wood-based materials and products that are certified in accordance with the Forest Stewardship Council (“FSC”)’s principles and criteria, for wood building components. These components include structural framing and general dimensional framing, flooring, sub-flooring, wood doors and finishes. FSC certified products can be found on <https://info.fsc.org/certificate.php>

#### **4. HEALTH AND ENVIRONMENTAL PRODUCT STANDARDS**

- 4.1 With occupants spending approximately 90% of their time indoors, the quality of indoor environment is directly related to their well-being, productivity, and quality of life. The provision of quality assets designed with occupants in mind optimises the quality of indoor environments and creates healthy, comfortable and productive conditions that enhances the well-being and satisfaction of occupants.
- 4.2 The Group recommends the use of products and materials that comply with health and environmental product standards, where applicable. This includes using products and materials with low Volatile Organic Compounds (“VOCs”) content, prohibiting the use of asbestos, limiting the content of formaldehyde, as well as selecting low-emitting construction/interior materials, paints, and coatings to reduce concentrations of chemical contaminants.
- 4.3 Environmental and health attributes of building products and materials should be considered for development projects. Suppliers are encouraged to disclose information on such environmental and/or health attributes of these products and materials. Please refer to the

Supplier Code of Conduct for more details on sustainable procurement and responsible sourcing practices.

- 4.4 In line with the Group's target to increase green building certifications across our development projects and standing assets, we aim to procure and use products and materials that adhere to health and environmental product standards which are a pre-requisite of these green building certifications, such as the International WELL Building Institute's WELL certification.
  
- 4.5 We will continually work towards improving the usability and working environments of our buildings through understanding the needs of our tenants and incorporating technology and intentional design for all our developments.

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