



STONEWEG
EUROPE STAPLED TRUST

Procurement Policy for Sustainable Property Management

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<u>Process owner</u>	Head of Property and the COO in their capacity as co-chairs of the Management Sustainability Committee.
<u>Approved by</u>	CEO

1. Introduction

This Procurement Policy (the “Policy”) establishes guidelines for all procurement activities conducted on behalf of Stoneweg Europe Stapled Trust (“**SERT**”), a stapled group comprising Stoneweg European Real Estate Investment Trust and Stoneweg European Business Trust, for its property management portfolio, emphasising sustainability, compliance, and responsible sourcing.

In light of the evolving regulatory landscape, this Policy aligns with the International Sustainability Standards Board (“ISSB”) IFRS standards, specifically S1 (General Sustainability-related Disclosures) and S2 (Climate-related Disclosures), as well as applicable European and Singaporean regulations. This Policy applies to both the managers of SERT (“**Managers**”) and Stoneweg EU Limited (“**Property Manager**”) as it performs functions on behalf of SERT.

We recognise the significant role that our procurement decisions play in shaping environmental outcomes and social governance. To this end, this Procurement Policy includes an internal shadow carbon pricing mechanism of:

- €55 per tonne of CO₂ equivalent.

This Policy reflects SERT’s ambition to drive sustainable property management, minimise environmental impacts, and uphold high standards of social responsibility, ensuring that our operations contribute positively to the communities in which SERT operates. Additionally, this Policy is to be read and adhered to in conjunction with:

- SERT’s Anti money laundering Policy;
- SERT’s Sustainability Policy;
- Stoneweg’s ESG and Responsible Investment Policy, and;
- Stoneweg’s Supplier Code of Conduct.

2. Policy Objectives

The primary objectives of this Policy are to:

- Provide SERT with the most cost effective and value enhancing procurement policy that fits within the governance framework of Singapore REITs
- Integrate Sustainability: Ensure that sustainability and climate-related risks are embedded in procurement tendering decisions with respect to SERT's portfolio, especially for Capex projects in which the ultimate responsibility sits with the Managers. Driving transformative change by adopting circular material practices across the supply chain by matching supply and demand for recycled/reused materials with limited or no negative impact on biodiversity for carbon intensive works (such as but not limited to concrete, glazing, rebar (steel) and insulation).
- Drive Compliance: Adhere to ISSB reporting requirements and all applicable regulations in Europe and Singapore
- Establish Carbon Pricing: Implement an internal shadow carbon pricing mechanism of €55 per tonne of CO₂ emissions for Capex and development projects exceeding €5 million, which is the set materiality threshold. The carbon price will be reviewed every two years, or earlier, if required.
- Enhance Value Creation: Manage risks related to climate change, social governance, and environmental impacts to protect and enhance asset value.

3. Roles and Responsibilities

The Chief Financial Officer of the Managers ("CFO") will be responsible for implementation of this Policy. The CFO will be responsible for the identification of projects that fall within the scope of this Policy and notification of such to the Property Manager.

The Chief Investment Officer ("CIO") of the Managers will assist the CFO in application of the Policy across SERT property operations.

4. Scope of Application

This Policy applies to all procurement activities, including sourcing, contracting, and supplier management, across SERT's property portfolio. It encompasses the procurement of all CAPEX and development projects of the real estate assets owned by SERT within the materiality threshold described in this Policy and also includes redevelopment and asset enhancement initiatives and projects.

This Policy should be read in conjunction with the PPMA and operate within the SERT Board and its subsidiaries approved Delegation of Authority limits.

5. Compliance with ISSB Standards

S1: General Sustainability-related Disclosures

Governance: SERT's governance structure ensures oversight of sustainability and climate-related risks and opportunities in procurement. The Board and the executive team integrate these factors into strategic decisions and report annually on performance through the Sustainability report and other relevant board papers such as regular updates and reports by the Managers and the Property Manager to the Sustainability Committee of the Board which include, but are not limited to, progress of sustainability initiatives on asset level, PV installation or any other works for onsite production of renewable energy, meeting of reporting obligations etc.

Materiality: SERT will assess and disclose all material sustainability and climate-related risks and opportunities to ensure that procurement decisions account for their financial impact. A materiality threshold of €5 million has been defined. In special scenarios, SERT may include other projects in scope of the carbon pricing assessment that are below this threshold, if SERT or the Managers believe they are sensitive based on an ad-hoc internal assessment or external support recommendations.

Relevant suppliers: Means suppliers to SERT and its real estate assets with contracts exceeding the aforementioned materiality threshold set out in the bullet above.

S2: Climate-related Disclosures

Carbon Pricing: For Capex and development projects over €5 million, an internal shadow carbon price of €55 per tonne of CO₂ equivalent will be applied.

The Property Manager shall be responsible for providing the available cost information to calculate the GHG emissions. The Managers will collaborate with the Property Manager's teams to establish the relevant processes to implement this policy.

Relevant Suppliers falling within the scope of the Policy will be requested to report to the Managers the GHG emissions of the products, materials and/or services they are providing to the assets. This transparency will support SERT's overall emissions reduction goals. The commitment to provide this information should be included in the contractual agreements with the relevant Suppliers. Provided this information is not readily available by the

Supplier, the Supplier shall be requested to provide the SERT and the Managers with a reasonable estimation of the GHG emissions.

Scenario Analysis: SERT will engage with third-party consultants to conduct life cycle analysis on all Capex and development projects above the materiality threshold that fall within the scope of this Policy to assess embodied carbon footprint of the project and to take informed decisions.

Projects that are evaluated to have energy and carbon intensity efficiency post completion metrics that fall short of SERT's FY2030 reduction targets will have to undergo further cost-benefit analysis to align with these sustainability objectives but subject to financial viability.

Materials selection: Include specific nature-related criteria in the selection and purchasing process of raw materials. Adopt circular material practices across the supply chain by matching supply and demand for recycled/reused materials.

6. Sanction screening and supplier code of conduct

Sanction screening: SERT will aim to conduct WorldCheck One ("WCO") sanction screening checks on Relevant Suppliers and will not engage any supplier that do not have a clean WCO sanction screening check.

Supplier Code of Conduct: SERT will aim to incorporate in suppliers' contracts our Supplier Code of Conduct, which outlines Stoneweg's expectations for suppliers' adherence to fair employment practices, sustainability criteria, including environmental performance, social responsibility, and compliance with relevant regulations.

7. Alignment with applicable regulations in Europe and Singapore

This Policy has been created in alignment with regulatory requirements applicable to SERT in both Europe and Singapore. SERT and the Managers periodically monitor any changes in regulations to ensure ongoing compliance and operational excellence and will adapt the Policy as necessary.

8. Supplier engagement and collaboration

Collaboration: The Managers and the Property Manager will work with Relevant Suppliers to promote innovation in sustainable practices, focusing on reducing and recycling of construction and demolition waste generated on the development site, improving energy efficiency, and enhancing resource conservation.

Commitment to circularity: Suppliers will limit where possible the use of raw materials by increasing the use of recycled and biodegradable materials for carbon intensive CAPEX on buildings (such as but not limited to concrete, glazing, rebar (steel) and insulation). In addition, their activities will not contribute to deforestation (local or imported) in compliance with the Regulation (EU) 2023/1115 on deforestation-free products.

9. Monitoring, reporting, and auditing

Regular Audits: procurement processes and relevant supplier compliance will be audited regularly (at SERT's expense) as part of the internal audit process to ensure adherence to this Policy and relevant regulations. Timing to be agreed subject to feasibility.

Annual Reporting: SERT publishes an annual sustainability report detailing progress on carbon reduction, compliance with sustainability targets, and adherence to ISSB, AML, and modern slavery requirements.

10. Continuous improvement

This Policy will be reviewed at least annually by the CFO to ensure it remains aligned with evolving sustainability standards, regulatory requirements, and industry best practices. Any updates to the Policy shall be agreed with the Property Manager prior to being implemented.

SERT and the Managers are committed to continually improving our procurement processes to minimize environmental impact and enhance social governance across our portfolio.

By embedding these principles and regulations into our procurement practices, this Policy will guide our efforts towards a more sustainable property management, ensuring that our operations contribute positively to both the environment and society while maintaining compliance with all applicable standards and regulations.