

SUPPLY CHAIN DUE DILIGENCE PROCESS

SL Green’s operations are supported by an extensive supply chain that sources materials and services for our business and tenants. Integral to our bidding and contracting processes, we strategically evaluate our suppliers to ensure they are held accountable for upholding our standards for ESG performance. We work closely with tenants, vendors, and contractors to achieve our supply chain goals of sourcing LEED-compliant, recycled, responsibly-sourced, and nontoxic materials. SL Green also prioritizes social responsibility to identify risks throughout our supply chain, including human rights violations, working conditions, and fair wages. SL Green expects its suppliers to operate in accordance with best practices in sustainability, human rights, labor practices, and business ethics.

We have implemented a proactive due diligence risk identification process as part of SL Green’s commitment to mitigating negative impacts in our supply chain. This framework allows us to meet ESG commitments by proactively identifying where issues may occur across our own operations, and those of our suppliers.

This process begins with mandatory assessments of our Tier 1 Critical Suppliers administered by an independent third party. SL Green has identified our “critical suppliers” as those whose spend is over a defined threshold value (accounting for 60% of current annual spend) and where SL Green displays a level of dependency.

Based on company segment, location, and size, customized scorecards are generated for each supplier. These scorecards evaluate overall ESG performance, which falls under four categories (Environment, Labor & Human Rights, Ethics, and Sustainable Procurement). Each supplier’s assessment is scored, and suppliers that score between 0-24 on a 100 point scale are considered “high risk.”

SL Green leverages these scores to evaluate suppliers’ ESG performance and communicate ESG expectations to suppliers. In certain instances, SL Green creates corrective action plans to address identified issues and establish monitoring mechanisms. Further, SL Green integrates ESG standards into its contracts, where suppliers are required to meet and exceed regulatory compliance and uphold environmentally and socially responsible standards.

The below flowchart illustrates SL Green’s supply chain due diligence process:

