SUSTAINABILITY REPORT 2017



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INTRODUCTION

About Cache Logistics Trust

Listed on 12 April 2010 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Cache Logistics Trust ("Cache") is a real estate investment trust ("REIT") that invests in income-producing real estate used for logistics purposes as well as real estate-related assets in Asia Pacific.

As at 31 December 2017, Cache's portfolio comprised 19 high-quality logistics warehouse properties strategically located in established logistics clusters in Singapore, Australia and China with a total gross floor area of 7.6 million square feet and an appraised value of S$1.2 billion.

Cache is externally managed by ARA-CWT Trust Management (Cache) Limited (the "Manager"), a joint-venture REIT management company between ARA Asset Management Limited ("ARA" or the "Group"), a premier integrated real estate fund manager, and CWT Pte. Limited ("CWT"), a leading provider of integrated logistics and supply chain solutions internationally. Cache Property Management Pte. Ltd. ("Property Manager") manages its property portfolio.

The Manager is focused on value creation through the pursuit of disciplined acquisition growth and proactive asset management strategies. Coupled with an emphasis on prudent capital and risk management, Cache strives to deliver regular and stable distributions to Unitholders and achieve long-term sustainable growth.

Vision, Mission and Values

Cache's vision is to provide its customers high quality, best-in-class logistics real estate solutions in Asia Pacific through leveraging the combined strengths of ARA and its Sponsor, CWT. The Manager endeavours to provide Unitholders with regular and stable distributions and achieve long-term sustainable growth in distribution per unit and net asset value, while maintaining an appropriate capital structure.

The Manager is driven by its R.E.I.T. values:



RESPECT	The Manager treats all stakeholders with respect and consideration at all times. The Manager trusts and values the contributions of each person.
EXCELLENCE	The Manager strives for excellence not just in financial performance but in every aspect of managing Cache. The Manager always puts Unitholders' interests first.
INTEGRITY	The Manager regards integrity as a commitment to honour the trust placed in Cache. It calls for the Manager to be truthful at all times. The Manager abides by a strong code of ethics and upholds the highest standards of professional conduct.
TEAMWORK	The employees of the Manager support one another and work in an environment that values teamwork and creativity. The Manager inspires all employees to perform to their maximum potential.

Figure 1: The Manager's R.E.I.T. values

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INTRODUCTION

Board Statement

Cache Logistics Trust is focused on creating value for all the stakeholders through building a strong portfolio of properties and adopting the best practices in risk management, corporate governance and sustainability.

Led by the Board of Directors (the "Board"), the Manager is committed in upholding responsible and sustainable practices in its business operations. The Board sets the strategic direction in establishing good corporate governance and business integrity throughout the organisation, adopting a prudent approach towards financial management, practising fair employment and utilising resources in an efficient manner to minimise Cache's environmental footprint.

Under the guidance and oversight of the Board which has considered sustainability issues as part of its strategic formulation, the Manager identifies, manages and monitors the Environmental, Social and Governance ("ESG") matters which are relevant and material to Cache. The Manager stays committed to upholding Cache's undertaking towards sustainability and value creation for all stakeholders. The Manager aligns Cache's business strategies, policies and practices with the Board's direction.



About This Report

The Manager is pleased to present Cache's inaugural Sustainability Report for the financial year ended 31 December 2017 ("FY2017"). This report discloses Cache's ESG impacts and its progress towards the goal of managing its logistics real estate portfolio sustainably.

Sustainable Economic Value

The Manager believes in the importance of integrating sustainability into its business strategies and operations to achieve sustainable economic growth and long-term Unitholder value. As such, Cache's sustainability policies, practices and performance are detailed in this report and these are interrelated to Cache's overall performance from the governance, socioeconomic and environmental perspectives. For a detailed breakdown of Cache's FY2017 financial results, please refer to the Operations section (pages 28 to 35), Financial Review (pages 36 to 39) and Financial Statements (pages 97 to 157) in Cache Logistics Trust's 2017 Annual Report ("Annual Report 2017").

Reporting Framework

This report has been prepared in accordance to the Global Reporting Initiative ("GRI") Standards – 'Core' option and the GRI Construction and Real Estate Sector Supplement ("CRESS"). The GRI Standards has been selected as it is an internationally-recognised reporting framework that covers a comprehensive range of sustainability disclosures and is suited to Cache's industry and business model. Reference has also been drawn from the Sustainability Reporting Guide of the SGX-ST Practice Note 7.6 in meeting the primary components as set out in the SGX-ST Mainboard Listing Rule 711(B), where applicable. Please refer to the GRI Content Index which is attached at the end of this report.

Report Period and Scope

The reporting period covered in this report is from 1 January 2017 to 31 December 2017, with the relevant prior year data as comparison. Unless otherwise stated, this report covers the performance of Cache's properties in Singapore, with the exception of master lease / single-tenant properties which are directly managed by the master lessee or tenant.

Due to the nature of the lease structures, the Manager does not have day-to-day operational control over the property management of these master lease / single-tenant properties. However, once these properties are converted to multi-tenanted leases, the Manager will include the relevant data in subsequent reports going forward.

For socioeconomic and governance performance, this report covers primarily employees of the Manager and relevant employees of the Property Manager ("property management staff").

Assurance

The Manager has not sought external assurance for this report. External assurance by independent professional bodies will be considered as its reporting matures over time.

Contact Information

The Manager values all feedback from stakeholders as they are integral to Cache's sustainability reporting process. Please send any comments and / or suggestions on our reporting disclosures to *cache-enquiry@ara.com.hk*.

SINGAPORE	PROPERTY TYPE
DHL Supply Chain Advanced Regional Centre	Ramp-up logistics warehouse with ancillary office facilities
Cache Cold Centre	Ramp-up logistics warehouse with ancillary office facilities
Cache Changi Districentre 1	Ramp-up logistics warehouse with ancillary office facilities
Cache Changi Districentre 2	Cargo-lift logistics warehouse (partly air-conditioned) with ancillary office facilities
Hi-Speed Logistics Centre	Combination of ramp-up and cargo lifts, with ancillary office facilities
Pandan Logistics Hub	Ramp-up logistics warehouse with ancillary office facilities

Figure 2: Report Scope – properties included in this report



For more details on Cache's property portfolio, please refer to the Annual Report 2017.

Stakeholder Engagement

Regular engagement with stakeholders is important to Cache's long-term success on sustainability. Frequent stakeholder engagements are undertaken to gain insight into their concerns and identify pertinent issues related to ESG matters within the operations. Cache's approach towards stakeholder engagement activities are summarised in *Figure 3*.

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Key Interests by Stakeholder Group	Cache's Response to Key Interests during the year
Unitholders / Investors	Investor conferences, face-to-face meetings and non-deal roadshows	Regular	• Sustainable returns • Timely, transparent and accurate disclosures • Good corporate governance • Net asset value growth • Performance of assets	Maintained proactive communication with the investment community to keep them updated on operational performance, business outlook and strategy. All email / phone correspondences are followed through within an internal guideline of responding within three business days. Please refer to pages 24 and 25 of the Annual Report 2017 for more information.
	Quarterly announcements of financial results	Quarterly		
	Financial results briefings	Half-yearly		
	Informative investor relations section of the corporate website	Throughout the year		
	Dedicated Investor Relations team	Throughout the year		
	Annual General Meeting	Annually		
	Publications including the Annual Report and Sustainability Report	Annually		
Existing and Prospective Tenants	Site visits	Regular	• Quality assets and services that cater to logistics needs • Competitive rental rates • Regular tenant engagement	Achieved a response time of not more than one business day to each tenant's feedback on property-related issues. Progressively replaced building fixtures with energy and water-saving ones. Implemented Asset Enhancement Initiatives ("AEIs") for both existing and new tenants. Achieved tenant retention rate of 75.0% in FY2017 and 82.3% in FY2016[1], and portfolio occupancy rates of between 96.6% to 98.3% throughout FY2017.
	Phone calls, notices and email correspondences	As required		
	Tenant engagement events (such as social lunches and festive event celebrations)	Regular		
	Meetings	Regular		

Figure 3: Stakeholder Engagement

NOTE:

[1] FY2016 refers to the period from 1 January 2016 to 31 December 2016.

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Key Interests by Stakeholder Group	Cache's Response to Key Interests during the year
Third-party service providers	Meetings	Ad-hoc / Regular	• Prompt payment according to deliverables • Cordial working relationship • Efficient work processes and productivity	Organised regular meetings to obtain feedback and discuss how to improve Cache-supplier interface and work processes.
	Phone calls and email correspondences	Ad-hoc / Regular		
Community	Social and community events	As appropriate	• Create a positive impact on the communities we operate in • Help the vulnerable groups in society • Foster strong community ties	The Manager, working closely with ARA, participated actively in employee volunteerism and other community involvement activities, which include the YMCA Proms @ the Park and the SGX Bull Charge.
	Sponsorships	As appropriate		
	Media engagement	As appropriate		
	Scholarships	As appropriate		
Employees (REIT Manager)	Employee satisfaction survey	Ad-hoc	• Good employee welfare and working environment • Fair employment practices • Opportunities for career development and advancement • Health and safety • Skills development and training	The Manager, along with the Group Human Resource ("HR") division of ARA Group, participated in training programmes and employee welfare events throughout the year.
	Employee appraisals	Half-yearly		
	Team cohesion activities	Regular		
	Training programmes and skills development	Regular		
	Orientation programme for new employees	Regular		
	Employee volunteering activities	Regular		
Government agencies, industry organisations and associations	Participation in industry forums	Regular	• Compliance with rules and regulations • Good corporate governance	Participated actively in dialogues and feedback sessions held by various industry associations for topics related to the REIT industry and the industrial sector. Cache participates regularly at the Annual REITs Symposium as part of the ARA Group. The Group is represented in several industry bodies such as the Asia Pacific Real Estate Association, Investor Relations Professionals Association (Singapore), Property Council of Australia, REIT Association of Singapore, Real Estate Developers Association of Singapore, Singapore Chinese Chamber of Commerce and Industry, Singapore Green Building Council and Singapore Institute of Directors.
	Meetings and dialogue sessions	As appropriate		

Figure 3: Stakeholder Engagement (continued)

Materiality Assessment

The Manager defines material sustainability matters as issues with significant ESG impact on Cache. These issues will substantially influence the decision-making process of its stakeholders and affect the achievement of short and long-term goals. In prioritising the sustainability matters that merit inclusion in this report, the Manager works closely with an independent Sustainability Consultant through a rigorous four-step process as summarised in *Figure 4*. The Manager plans to engage external stakeholders in the assessment of material issues in the future.

Step	Activities	GRI Principles for Defining Report Content	
1 IDENTIFICATION OF SUSTAINABILITY MATTERS	A formal materiality assessment workshop was conducted by the Sustainability Consultant with key representatives from the Manager and the Property Manager to identify the sustainability matters most relevant and significant to Cache's internal and external stakeholders. A list of potential sustainability matters, including risks and opportunities, was identified through: • Peer benchmarking review of material matters • Identification of internal and external stakeholders • Discussion with key management representatives to understand their concerns and the concerns of key external stakeholders with whom they communicate.	Sustainability context	Stakeholder inclusiveness
2 PRIORITISATION	These sustainability matters were then prioritised through an unbiased, anonymous electronic voting exercise. The following set of criteria was used to determine the significance of each matter: • Relevance to Cache's business model, strategies and outcomes. • Likelihood and impact on the continuity of the business. • Influence on decision-making processes of key internal and external stakeholders.	Materiality	
3 VALIDATION	The results of the materiality voting exercise were further validated by benchmarking against other REIT Managers in the industry. Based on this list of material sustainability matters, the Manager put in place systems to incorporate sustainability across various business functions.	Completeness	
4 REVIEW	A final materiality assessment was conducted to evaluate the relevance of the material matters to determine their impact on internal and external stakeholders. From the assessment, the Manager has distilled five most critical sustainability matters and three additional sustainability matters for reporting, as shown in *Figures 5 and 6*. These material sustainability matters were presented by the Sustainability Consultant at the Cache Board Meeting and approved by the Board of Directors.	Sustainability context	

Figure 4: Four-Step Process

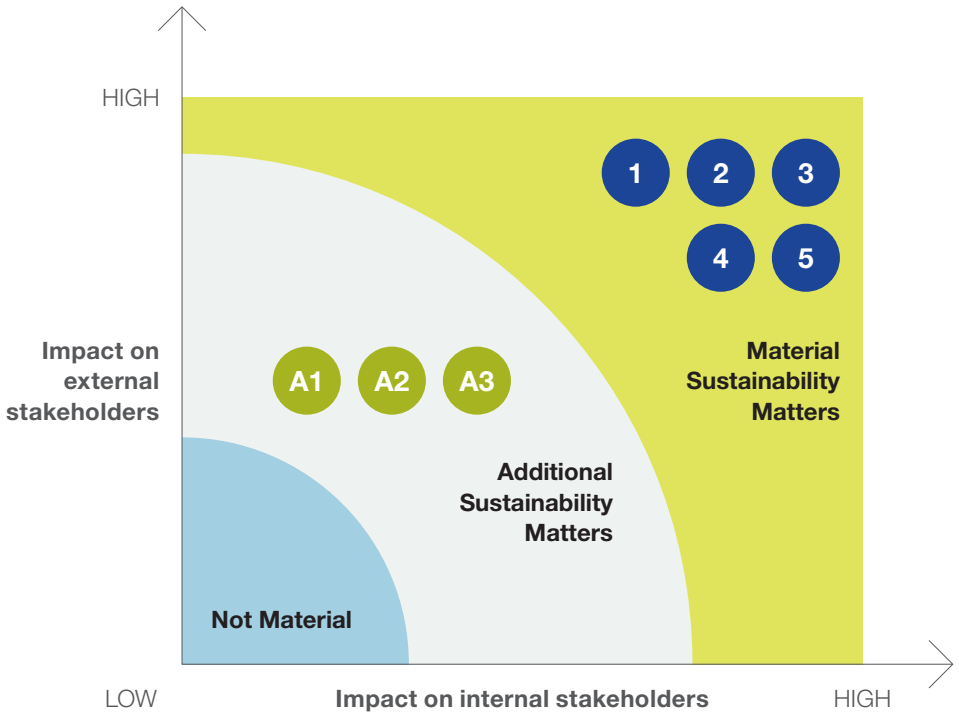


Figure 5: Materiality Matrix

The above figure presents the five material sustainability matters and three additional sustainability matters that have been selected for reporting. The list of reported sustainability matters has been mapped against the GRI Standards topics in *Figure 6*.

High Priority (Material Sustainability Matters)			
In no particular order of importance		**Report Section**	**Page Number**
1	Corporate Governance	Governance	8
2	Quality of Assets and Services	Quality of Assets and Services	12
3	Tenant and Visitor Health, Safety and Security	Tenant and Visitor Health, Safety and Security	13
4	Occupational Health and Safety	Occupational Health & Safety	18
5	Energy Consumption and Carbon Footprint	Environment	19
Chosen for Reporting (Additional Sustainability Matters)			
A1	Security of Information	Security of Information	14
A2	Employment Practices	Employee Well-being	16
A3	Talent Development	Talent Development	17

Figure 6: Mapped GRI Standards Topics

GOVERNANCE

UPHOLDING **Strong Governance**



Approach

Good corporate governance is the foundation for a successful, trusted and respected business organisation. The Manager strives to uphold the highest standards of corporate governance, integrity and accountability through sustainable governance based on its corporate governance framework.

The corporate governance framework comprises oversight of the Board, involvement of independent internal and external auditors, as well as an established system of policies, procedures and internal controls. In upholding the corporate governance standards, the Manager acts in the best interests of Unitholders to deliver regular and stable distributions, and achieve long-term growth in the asset value of its properties.

For more details, please refer to the Corporate Governance Report in the Annual Report 2017.

Responsibility for Sustainability Governance

In line with the corporate governance framework, the Manager has established a Cache Sustainability Working Committee led by the Chief Executive Officer ("CEO") with senior representatives from the finance, investor relations and asset management functions. The Cache Sustainability Working Committee takes the lead in continuously enhancing Cache's disclosures, performance targets and systems, and drives responsible business practices in accordance with Cache's sustainability philosophy.

In consultation with the ARA Group Sustainability Committee, the Cache Sustainability Working Committee reports to the Board of Directors on sustainability policies and practices, and adopts them accordingly. Please refer to *Figure 7* which presents a summary of sustainability policies which apply to all ARA entities.

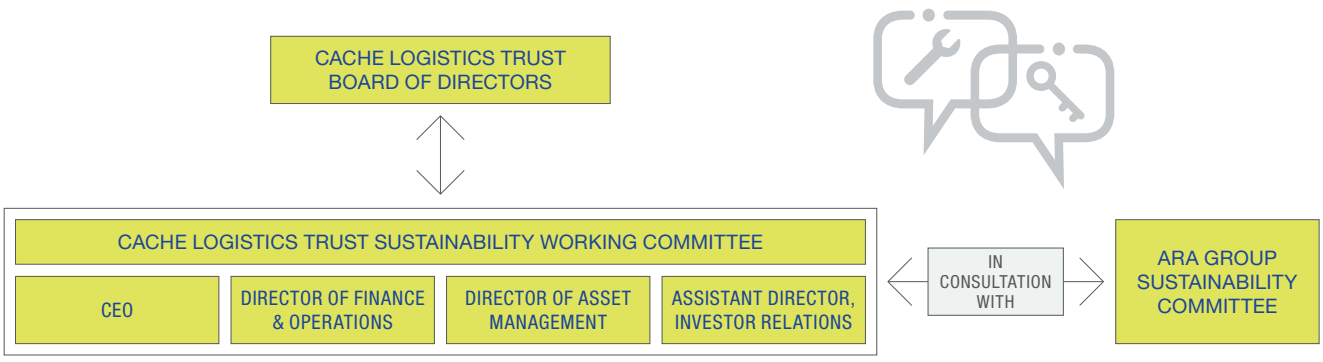


Figure 7: Organisation structure and summary of sustainability policies which apply to all ARA entities

ARA Group-level Policies	
Governance	
Anti-Bribery Policy	ARA adopts a zero-tolerance stance towards bribery and corruption. All employees are required to adhere to a Code of Conduct and observe ethical behaviour. Employees are expected to conduct and carry themselves in a manner consistent with the values of ARA.
Internal Code on Securities Dealing	ARA has in place an internal code which prohibits Directors of ARA and executives of the Group from dealing in the units of public-listed REITs managed by the Group, while in possession of unpublished material or non-public price sensitive information in relation to such securities and during the "black-out period" in respective jurisdictions.
Whistle Blowing Policy	ARA has in place a Whistle Blowing Policy which allows employees and external parties to report possible improprieties, in confidence, directly to the Board in a responsible and effective manner.
Policy on Conflict of Interest	ARA has in place a rigorous set of procedures to address any potential conflict of interest. All employee and major service providers have to declare any potential conflicts of interest before entering into transactions. All interested person transactions and situations of conflicted interest are subject to review by the Audit Committee.
Fraud Risk Management Framework	ARA's fraud risk management framework sets out the principles and a robust system of controls and procedures in managing fraud risks. The processes established to identify and assess areas exposed to fraud are clearly defined and incorporated in the Risk Profile Register.
Social	
Building Safety Policy	ARA is dedicated to ensuring the safety of our tenants and visitors at its properties and to stay compliant with all safety and security regulations. As an investor-cum-operator, ARA invests in quality properties with good design specifications, build quality and proper regulatory certifications. In assessing potential acquisitions, ARA appoints consultants to carry out mechanical & electrical tests and architectural evaluation on the building.
Information Technology ("IT") Policy	ARA recognises the increased risk of cyber-attacks and the importance of cyber security. ARA will maintain, secure and ensure legal and appropriate use of ARA's Information Technology infrastructure and system. ARA also seeks to enforce its IT policies, safeguard the integrity of computers, networks, data and all IT property to ensure that the use of electronic communications, computers, IT and network systems comply with its policies.
Diversity and Equal Opportunities Policy	ARA embraces workplace diversity by hiring talent from different backgrounds, cultures and languages based on merit. It respects and appreciates differences in ethnicity, gender, age, nationality, disability, sexual orientation, education and religion. It also provides all employees with equal opportunities for skills training and development and rewards all employees fairly based on their performance and contribution.
Health, Safety and Well-being Policy	ARA is committed to providing a healthy and safe environment for its employees, and ensuring that the operations comply with the relevant occupational health and safety regulations. In line with the Building Safety Policy, ARA provides a safe workplace for its employees to perform their work. Regular safety inspections are carried out to prevent accidents. ARA is also focused on employee wellness and engagement by promoting work-life balance and encouraging its employees to lead an active and healthy lifestyle.
Performance and Career Development Policy	ARA recognises that its success is driven by a performance-based culture which emphasises on talent development, career advancement and training. ARA's talent management program provides developmental opportunities for its employees and grooms them into future leaders for critical positions across the region.
Remuneration Policy	ARA seeks to remain competitive by attracting and retaining the best talent. It conducts routine benchmarking exercises against different geographical markets and industries to ensure that its compensation packages are adequate and competitive in the market. Employees are motivated and incentivised through a performance-based culture with competitive fixed and variable pay components. All employees are rewarded fairly based on their ability, contribution, performance and experience.

Figure 7: Organisation structure and summary of sustainability policies which apply to all ARA entities (continued)

GOVERNANCE

ARA Group-level Policies	
Social (continued)	
Worker Rights Policy	ARA employees are entitled to employee rights at work. These include the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination with respect to employment and occupation. ARA also abides by the Ministry of Manpower legislation for workplace health and safety, the Employment Act and the CPF Act.
Environment	
Climate Change Adaptation Policy	ARA is committed to identifying and responding to climate change risks, and to act on opportunities to enhance its property portfolio. Managing the efficient use of electricity and water represents a dual opportunity to reduce its carbon and water footprint while saving on utility costs to improve returns to investors.
Energy Consumption / Management Policy	ARA is committed to improving energy efficiency and reducing energy consumption at its properties. It endeavours to work closely with Property Managers to educate tenants to improve the operations, where possible.
GHG Emission / Management Policy	ARA is committed to minimising the emission of greenhouse gases and the release of toxic or harmful materials from its properties. ARA also seeks to comply with the relevant environmental standards in countries where it operates, as well as, to monitor its buildings' emission intensity in line with expectations in the industry.

Figure 7: Organisation structure and summary of sustainability policies which apply to all ARA entities (continued)

Regulatory Compliance

In line with a comprehensive compliance framework established by the ARA Group, the Manager works closely with external legal professionals and the ARA Corporate Division on legal and regulatory matters. Adopting a proactive approach, the Manager regularly participates in industry consultations with authorities such as the Monetary Authority of Singapore and SGX-ST, and provides feedback on regulatory regimes. The Manager's approach towards compliance is detailed in *Figure 8* below.

Goal and Performance

The Manager has set a perpetual target towards zero validated cases of non-compliance with all relevant laws and regulations. As a testament to its effectiveness, there were no cases of non-compliance in FY2017.

Compliance Control Self-Assessment	Training	Monitoring
The Compliance Control Self-Assessment process evaluates the adequacy and effectiveness of internal controls in addressing compliance risks. It is certified by the Management annually.	The Board of Directors and Management attend regular training on updates to regulatory requirements, such as the Securities & Future Act, Common Reporting Standards, Foreign Account Tax Compliance Act and Singapore Financial Reporting Standards. This is facilitated by the ARA Corporate Division and external professionals.	The Company Secretaries and Internal Auditors ensure that Board procedures are duly followed and regularly reviewed for compliance. Any material non-compliance or weakness, including recommendations for improvements, is reported to the Audit Committee.

Figure 8: Risk management and control

Risk Management

The Manager maintains an Enterprise Risk Management ("ERM") Framework which covers the management of its strategic enterprise, operational, financial and compliance risks, in consideration of the governance, socioeconomic and environmental aspects of the business. The ERM Framework, together with the internal control activities, aims to provide reasonable assurance on compliance with legislations and the safeguarding of Cache's assets against material losses.

Strategic risks relate to the sustainable long-term growth of Cache through effective investment strategies, asset management and communication with stakeholders. The Manager focuses on achieving sustainable profitability and balancing risks and returns across the portfolio, while maintaining strong corporate governance, accountability and transparency. Operational risks relate to the day-to-day management of the portfolio, including human capital, where there are established remuneration policies on compensation, benefits and succession planning. Financial risks relate to Cache's capital structure and financial position. Compliance risks refer to complying with applicable laws and regulations in various jurisdictions. The Board is updated on Cache's overall risk profile and key risk areas on a quarterly basis, including assessing the effectiveness of its internal controls and mitigating actions.

The Corporate Governance Report, found on pages 73 to 89 of the Annual Report 2017, sets out the corporate governance policies and practices in FY2017, with adherence to the principles of the Code of Corporate Governance.

Ethical Business Conduct

The Manager seeks to uphold ethical principles in its business activities based on the core values of Respect, Excellence, Integrity and Teamwork. The Manager's governance policies include the Code of Ethics and Code of Business Conduct (collectively "the Codes") indicated in *Figure 9* as well as various measures put in place against fraud, corruption, insider trading and misuse of confidential information.

The Manager's zero tolerance towards such wrongdoings and any breach of the Codes is communicated to all employees during the induction training and further confirmed by employees during the annual staff declaration on compliance with these governance policies. Non-compliance with these policies will result in disciplinary actions and / or immediate dismissal.

Code of Ethics
• Ethical behaviour
• Sweat-free Code of Conduct
• Drug-free workplace
• Exercising due care and diligence in discharging duties and responsibilities
• Maintaining confidentiality relating to the business
• Restraining from outside work unrelated to one's employment
• Prohibiting bribery and gratuities
• Safeguarding of assets

Code of Business Conduct
• Role of the Board
• Remuneration
• Accountability and audit
• Communication with Unitholders
• State of internal controls
• Risk management
• China wall policy
• Conflict of interest
• Fraud prevention and detection
• Confidentiality of information
• Corporate interest
• Conducting international business
• Financial controls
• Compliance controls
• Interested person and related party transactions
• Declaration of interest

Figure 9: Code of Ethics and Code of Business Conduct

Goal and Performance

The Manager has set a perpetual target towards zero validated cases of corruption, fraud and non-compliance with the policies. As a testament to its effectiveness, there were zero of such cases in FY2017.

SOCIAL

DELIVERING
Exceptional Value



Quality of Assets and Services

Approach

The Manager believes that tenant satisfaction has a positive correlation with the quality of asset and property services. High quality assets, along with regular upkeep and maintenance, is critical to achieving high rental occupancy and rates, attracting and retaining quality tenants as well as delivering higher returns to Unitholders over time.

The Manager has put in place a comprehensive investment and asset management policy. Strategically, it focuses on acquiring stable income-producing properties in locations with good logistics network and explores opportunities to improve operational efficiency. Such properties should also be up-to-date and well-designed so that maintenance and capital expenditure would not be as extensive as older properties.

Relevant environmental and technical assessments are conducted on areas such as structural safety, mechanical and electrical, and energy efficiencies. In its day-to-day management, the Manager works closely with the Property Manager to improve the sustainable performance of the properties on areas such as maintenance and upgrading. Regular feedback from tenants are gathered to better understand and meet their needs.

Goal

The Manager will works toward maintaining a strong portfolio occupancy above the Singapore industrial average and a strong tenant retention ratio through delivering high quality assets and services.

Performance

The DHL Supply Chain Advanced Regional Centre was a Build-to-Suit development for DHL Supply Chain Singapore. The property has complied with the Building Construction Authority's ("BCA") environmental sustainability standard which is equivalent to the Green Mark Certification. In addition, the property has received the Leadership in Energy and Environmental Design ("LEED") Gold® certification in September 2016.

The Manager's proactive asset management policy has added value to its tenants' operational efficiency, resulting in a high tenant / end-user retention rate of 75.0% in FY2017 and 82.3% in FY2016. The Manager has also secured numerous international transport and logistics operators as new tenants within the portfolio and maintained high portfolio occupancy rates of between 96.6% and 98.3% throughout FY2017.



DHL Supply Chain Advanced Regional Centre achieved the LEED Gold® certification

Quality of Suppliers

Cache seeks to promote sustainability in its supply chain processes. The Manager and Property Manager work actively with approximately 75 suppliers in areas such as cleaning, security, landscaping, fire protection, pest control, and waste disposal. Potential vendors undergo a thorough procurement process which ensures that quality suppliers are selected based on their price, value, business ethics and compliance with applicable socioeconomic and environmental regulations. The relevant suppliers are required to provide information on their risk management plans in accordance with the Workplace Safety and Health Regulations 2006, including its track record in green projects and initiatives. On an annual basis, the Manager and Property Manager evaluate the performance of these suppliers to provide them with feedback for improvement. Non-compliant suppliers are penalised or terminated based on the contractual terms, and are barred from providing services in the future.

Tenant and Visitor Health, Safety and Security

Approach

The Manager recognises its responsibilities in ensuring the health, safety and security of its stakeholders, and works to inculcate a "safety first mindset" throughout its everyday operations. Careful management of this matter is vital for the Manager to enhance business resilience and respond swiftly to potential disruptions and challenges. The Manager strives to provide a safe workplace environment for its tenants and visitors. The Manager has enhanced the safety and security of the properties through the installation of Security Access control system (with access barriers and electromagnetic locks), closed-circuit television ("CCTV") and deployment of security guards.

Regular safety inspections are carried out by the Property Manager at the properties to prevent accidents or related health issues. Potential dengue, flu pandemics and other hazards are promptly dealt with through strict compliance with safety and health standards. Regular visual checks are carried out by the Property Manager during inspections for any potential mosquito breeding grounds. Any observations of water ponding and stagnant water are immediately highlighted to the tenants for housekeeping. The Property Manager also appoints a licensed pest and vector control company to carry out weekly mosquito and monthly pest control at all its multi-tenanted properties.

Cache's properties comply with the Singapore Civil Defence Force ("SCDF") fire safety standards, with an Emergency Response Plan put in place. Licensed security officers assigned from security firms holding a "Grade A" rating patrol the properties. In addition, a designated Fire Safety Manager ("FSM") is appointed for each property. Based on SCDF guidelines, the FSM conducts two table-top exercises and two fire evacuation drills annually. A Fire Evacuation Drill report, including details on the evacuation procedures, list of participants, total time taken for the evacuation process and recommendations for improvements, is submitted to the Property Manager. The FSM also ensures that the fire-fighting system is well maintained and secured from tampering, while the properties' escape routes are clearly communicated to the tenants and are free of obstruction.

Based on the Company Emergency Response Team ("CERT") Scheme, Cache encourages its tenants to nominate their employees to be part of the team alongside members from the Property Manager to be trained as first responders in preventing emergencies from escalating into a major disaster at the properties. In addition, tenants are provided regular updates via circulars and emails on workplace hazard risks, safety plans and procedures. Information regarding safety procedures and house rules are provided to tenants via the Tenant Handbook, which contains a detailed guide on instructions and rules for fit-out works at their premises.

Regular site inspections, as well as internal and external safety audits, are conducted annually on a rotational basis to assess the effectiveness of safety standards and procedures. The audits identify any building integrity issues, maintenance and potential safety lapses. Findings from the audits are followed up diligently by the Property Manager. In addition, during the acquisition process, the Manager appoints qualified professional consultants to determine the health and safety characteristics of the prospective property. The consultants perform checks on the building's architectural plans, mechanical and electrical systems, fire compliance and structural integrity tests to uncover any potential health and safety issues.

Goal

The Manager strives to achieve zero cases of non-compliance with regulations and voluntary codes concerning health and safety across the properties. In addition, the Manager shall conduct annual emergency response drills in response to any natural disaster or a black-out at its properties.

Performance

Incidents concerning Health and Safety	FY2016	FY2017
Non-compliance with regulations resulting in a fine or penalty	Nil	1
Non-compliance with regulations resulting in a warning	Nil	Nil
Non-compliance with voluntary codes	Nil	Nil

Figure 10: Incidents concerning health and safety for all properties

In FY2017, an isolated case of a National Environment Agency ("NEA") notice was issued. Mosquito breeding was found in one of the properties due to a tenant storing PVC pallets within the common area at the back of the property. The pallets were cleared immediately and the composition was duly paid although the tenant was no longer an occupant in the property by the time the notice was issued. The Property Manager will continue to step up on preventative and detective measures to prevent a recurrence. The Manager has also conducted the annual emergency response drills at its properties in FY2017.

Security of Information

Approach

The ever-changing IT landscape and emerging cyber threats pose risks and vulnerabilities to stakeholders' confidential data and information. Any breakdown in IT controls can cause data breaches and result in significant legal and reputational costs to the organisation. The Manager has established IT controls and processes to safeguard the confidential information of stakeholders, to comply with the Personal Data Protection Act in Singapore.

Various IT controls are established to prevent, detect and respond to threats concerning data security and confidentiality at Cache's properties. These controls include firewalls, server encryption and restricted access rights. In addition, the ARA Group has established an IT Disaster Recovery Plan ("IT DRP") that serves to minimise the Manager's operational downtime and data loss, while ensuring a level of stability and orderly recovery. Briefings are held on a periodic basis to familiarise employees with the IT DRP procedures. Regular IT DRP exercises are carried out to simulate a disaster scenario where participants are relocated to an offsite centre with ready access to IT systems and restored backup database.

Goal

The Manager seeks to maintain the track record of zero data breaches and zero cases of non-compliance under the Personal Data Protection Act ("PDPA").

Performance

In FY2017, the Manager has met its perpetual target of achieving zero validated cases of data breaches and non-compliance with respective laws.

HUMAN Capital



Employee Profile

Human capital is key to Cache's long-term success. The Manager, along with its holding company ARA, believes strongly in investing in its people and creating an inclusive, diverse and collaborative workplace. The Manager strives to be an employer of choice which focuses on meritocracy, talent development, competitive compensation and employee wellness. The Manager has provided stable employment since its listing with no layoff through redundancy and its staff turnover rate is low despite the competitive nature of the fund management industry.

The Manager's team comprises 11 full-time, permanent employees and 13 property management staff from the Property Manager. The Manager has maintained a diverse workforce in terms of age and gender, where majority of the employees are within the 31 to 50 years age group with good gender balance of male (55%) and female employees (45%).

In FY2017, two new employees joined the Manager and one employee resigned. The number of employees in the senior management category increased by one.

For more details on the Manager and Property Manager teams, please refer to Pages 18 to 22 in the Annual Report 2017.

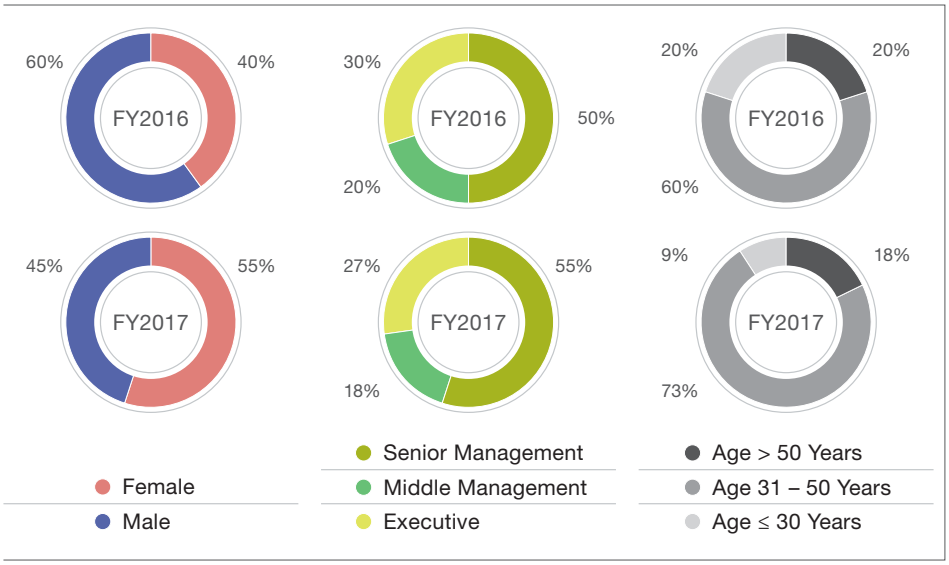


Figure 11: Percentage Composition of Total Employees, by Gender, Category and Age

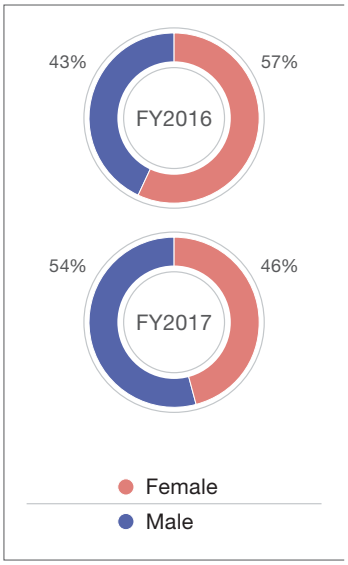


Figure 12: Percentage Composition of Property Management Staff, by Gender

SOCIAL

Employee Well-being

Approach

Fair employment practice is an important aspect of attracting and retaining employees. The Manager firmly abides by all applicable employment laws and regulations, such as the Employment Act and the Central Provident Fund Act, and has signed a pledge with the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP"). In addition, the Manager embraces diversity by hiring talent from different backgrounds and provides equitable opportunities to its employees. All employees are provided with the Employee Handbook which details its human resource policies, employment terms, benefits and entitlements.

The Manager's employees, regardless of position, age and gender, are entitled to benefits such as health care, disability and invalidity insurance coverage, compassionate leave, marriage leave, retirement provision and parental leave. Employees are also engaged in various activities ranging from social events (e.g. Dinner and Dance, and Chinese New Year), sports and fitness programmes (e.g. health screening, yoga, running and Zumba) to other enrichment activities (e.g. wine appreciation and sushi-making workshops).

Goal

The Manager is committed to upholding good employment practices and maintaining a collaborative employer-employee relationship. The Manager has set a perpetual target towards zero validated cases of non-compliance with employment regulations or acts concerning employee rights.

Performance

During FY2017, the Manager has met its perpetual target of zero cases of non-compliance with employment regulations or acts concerning employee rights.

Some of the employee engagement activities organised in FY2017:



Cohesion activities promotes greater bonding among team members



The Manager participates actively in industry events such as the Annual REIT Symposium



Employee volunteer runners at the Annual SGX Bull Charge



Employee volunteers at the YMCA Proms @ the Park charity event

Talent Development

Approach

In support of talent development and succession planning, the Manager has adopted ARA's Performance and Career Development Policy. The policy details a well-structured employment category and grading system which provides career progression, job rotations and training.

Adopting an Open Appraisal System, the CEO and Heads of Departments meet up with employees face-to-face to discuss their individual performance, areas of responsibilities and areas for improvement. A mid-year review session is conducted to provide feedback and guidance to employees. In addition, high performers are identified and groomed for potential leadership positions.

The Manager believes in investing in learning and development initiatives to build a competent team that will drive the long-term success of Cache. The ARA Group's HR department works closely with the CEO and Heads of Departments to identify the learning needs of employees based on the individual's performance appraisal and the ARA Competency Framework of Self Mastery, People Skills, Strategic Alignment and Business Alignment.

The ARA Group HR department supports the Manager with suitable training programmes where employees are kept updated on their individual training needs and the relevant courses to attend. A bi-annual training newsletter is also circulated to all staff to keep them informed of the latest training trends and developments.

Goal

The Manager seeks to achieve an average of 26 training hours per employee annually through the implementation of an e-training module which allows employees to apply for courses and track their training progress. The Manager aims to maintain an effective appraisal system.

Performance

In FY2017, the Manager surpassed its target of an average of 46 training hours per employee, as compared to 34 training hours in FY2016. The increase in training hours is attributed to employees getting trained on new regulatory updates. In addition, all employees received regular performance and development reviews during FY2017. Training hours for middle management decreased in FY2017 as there were more trainings conducted on a new accounting system implemented during FY2016.

SINGAPORE

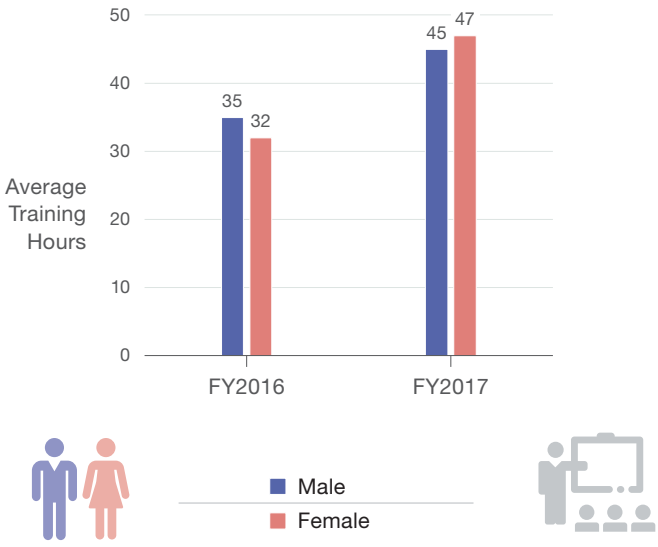


Figure 13: Average Training Hours per Employee, by Gender

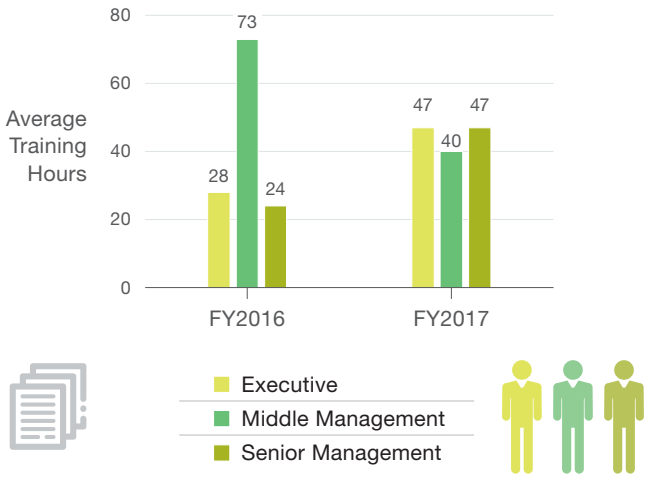


Figure 14: Average Training Hours per Employee, by Category

Occupational Health and Safety

Approach

The Manager greatly values the health, safety and well-being of its employees as positive morale and satisfaction contribute directly to productivity. In line with the Tenant and Visitor Health, Safety and Security initiatives mentioned, the Manager actively promotes a safety culture that has no tolerance for injuries at the workplace. The Manager is committed to providing a healthy and safe environment for its employees and seeks to ensure that operations comply with the relevant Occupational Health and Safety regulations. Fire drills and evacuation exercises relating to safety principles, fire hazard, preventive gears and exit routes to raise employee awareness and preparedness are conducted regularly. Regular safety inspections are also carried out at the workplace for a safe environment. In addition, the Manager works with the ARA Group HR department to organise employee wellness and engagement programs such as subsidised gym memberships, annual health screenings and luncheons on health-related topics such as stress management and healthy eating.

Goal

The Manager has a perpetual target of zero cases of reportable serious work-related injuries and strives to uphold its good track record of maintaining a safe working environment for its employees. The Manager also tracks the absentee rates as an indicator of employee health and wellness.

Performance

The Manager has a long-standing record of zero fatalities, injuries, occupational diseases and lost days achieved in both FY2016 and FY2017 for all employees and property management staff. In FY2017, the Manager recorded lower absentee rates of 1.26%, a drop from 1.51% in FY2016.

ABSENTEE DAYS	FY2016			FY2017		
	Male	Female	Total	Male	Female	Total
Total days scheduled to be worked	1,566	1,044	2,610	1,560	1,300	2,860
Total days of absence	29.0	10.5	39.5	21.5	14.5	36.0
Absentee Rate	**1.85%**	**1.01%**	**1.51%**	**1.38%**	**1.12%**	**1.26%**

Figure 15: Employee Absentee Days and Rates, by Gender

CONSERVING **the Environment**



The Manager is committed to identifying and responding to climate change risks and environmental impacts to its logistics real estate portfolio. The Manager aligns itself with the ARA Group's Climate Change Adaptation Policy which establishes the three overarching principles of Compliance, Conservation and Communication. In this report, the environmental data on electricity is presented with narratives on the consumption trends and fluctuations. The Manager is currently in the midst of collecting more data for assessing its environmental targets to be established for the forthcoming years.

Energy Consumption and Carbon Footprint

Approach

The Manager recognises the impact that its business has on the environment and that it has a role to play in conserving the environment. The Manager seeks to improve the energy efficiency in the properties to reduce its carbon footprint and utilities costs. While the Manager and Property Manager do not have operational control over tenants' electricity consumption resources, efforts have been directed towards raising environmental awareness and educating the tenants about eco-friendly practices. Some of these practices are detailed below in *Figure 16*.

In addition, the Manager encourages its employees to adopt green practices on a day-to-day basis to foster the culture of environmental conservation. Some examples include providing recycling bins in the office, reminders to staff to turn off all electricity when not in use and to print double-sided on office documents to reduce paper usage.

Goal

The Manager is committed to complying with the relevant environmental standards.

Dialogues and discussions with tenants to highlight key benefits of reduced and responsible energy usage	Equipping the properties' fixtures with efficient technology, including retrofitting of energy-saving LED lighting, installing of solar panels, etc.	Utilising occupancy sensors that will turn off non-essential or idle facilities, including lighting, elevators, etc.
Use of low emissivity glass on building windows to improve insulation	Utilising historical usage data analysis to monitor the properties' energy usage	Minimising reliance on equipment with heavy energy consumption and shifting towards energy efficient designs

Figure 16: Cache's initiatives and actions for energy and emission management

ENVIRONMENT

Performance[1]

From FY2016 to FY2017, the energy consumption rose from 1.91 GWh to 2.65 GWh while the energy intensity increased from 9.7 to 13.4 kWh/sq. ft. The increase is largely due to DHL Supply Chain Advanced Regional Centre becoming fully operational in 2017 with increased operational hours, and higher energy consumption at the vacant units at Cold Centre due to the refrigeration system maintenance works and site viewings by prospective tenants.

The Manager has considered water and waste management as potential sustainability matters during the materiality assessment. However due to the nature of its logistics properties, the Manager has determined that there is currently no significant environmental impact from water and waste management and will continue to monitor them closely. In FY2017, the Manager has complied with the relevant environmental standards.

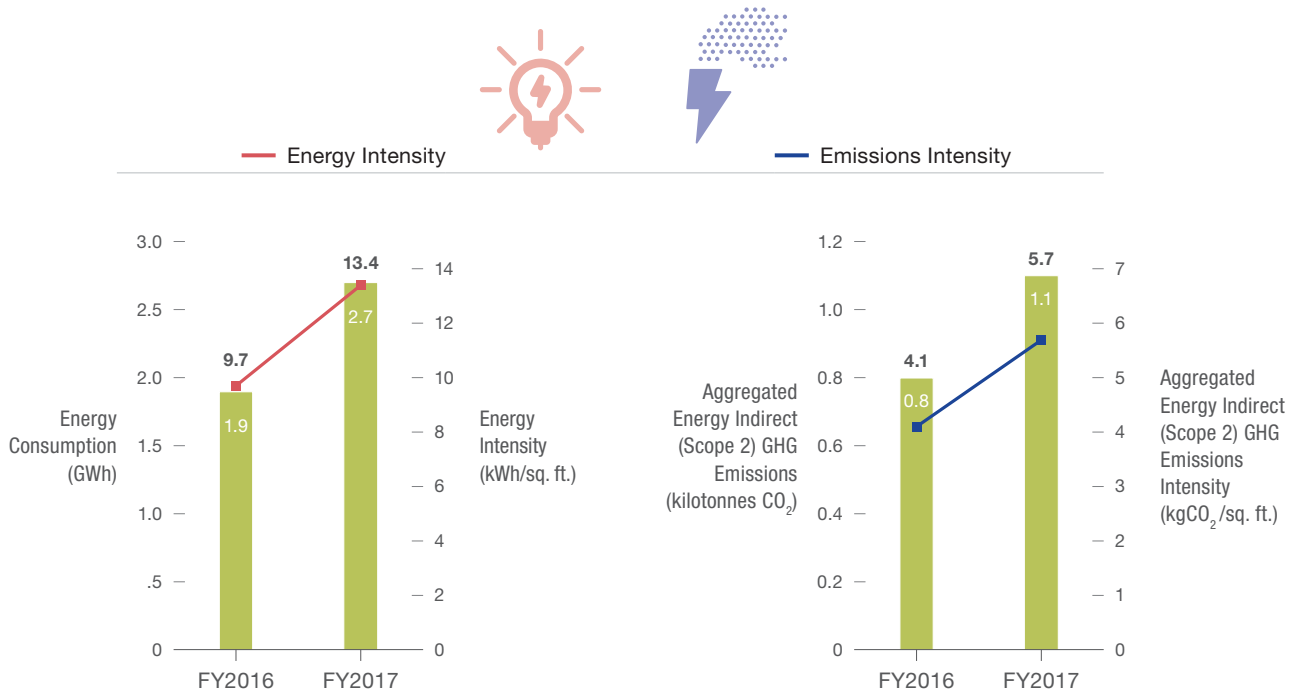


Figure 17: Aggregated Electrical Energy Consumption & Intensity and Energy Indirect (Scope 2) GHG Emissions & Intensity in FY2016 and FY2017

NOTE:

[1] The environmental scope of reporting has been restricted to the landlord's energy consumption for common areas under the Manager's operational control, which excludes the tenanted areas of the logistics properties. FY2016's consumption data also includes the annualised consumption of Hi-Speed Logistics Centre from 16 October 2016 to 31 December 2016 as it was converted to multi-tenancy on 16 October 2016.

METHODOLOGICAL REVIEW

This section explains the key definitions and methodologies applied for Cache Logistics Trust's sustainability report. These are adapted in the context of the GRI Standards Glossary and the Reporting Requirements, Recommendations and Guidance set out in the respective disclosures and various authoritative intergovernmental instruments.

SOCIAL

Employee

Employees are defined as individuals who are in an employment relationship with the Manager.

New hires and turnover

Employee movement within each financial year is recorded and presented as a year-end headcount.

New hires are defined as new employees that have joined the Manager during the year.

Turnover is defined as all employees that have left the Manager voluntarily, or due to dismissal, retirement or death in service during the year.

Training hours

Average training hours per employee is the total number of training hours provided to employees, relative to the total number of employees, during the year.

Average training hours per female/(male) employee is the total number of training hours provided to female/(male) employees, relative to the total number of female/(male) employees, during the year.

Average training hours per employee category is the total number of training hours provided to each category of employees, relative to the total number of employees in the category, during the year.

Absentee days and absentee rate

Absentee days are measured in terms of business days. An absentee day occurs when the employee is absent from work because of any incapacity, not just as a result of work-related injury or disease. It excludes permitted leave absences such as holidays, study, parental and compassionate leave.

Absentee rate is the total absentee days lost, relative to the number of total days scheduled to be worked by the employees in the reporting period, expressed as a percentage.

ENVIRONMENT

Consolidation approach

The equity share approach, as outlined in the GHG Protocol Corporate Standard, is used to determine organisational boundaries for Cache Logistics Trust's environmental reporting.

Energy consumption

Energy consumption is expressed in gigawatt hours (symbol: GWh).

Energy intensity

This is the ratio of energy consumed relative to the common floor areas in square feet (symbol: kWh/sq.ft.).

GHG emissions

This report discloses the Scope 2 GHG emissions for Cache Logistics Trust properties.

- Scope 2 GHG emissions are emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation. In the scope of reporting, this only relates to purchased electricity and is expressed in kilotonnes of CO_2. A location-based method is adopted, which reflects the GHG emissions of the grids on which energy consumption occurs. In Singapore, the emission factor used is the grid emission factors for 2016 which is the latest estimate, obtained from "2017 Singapore Energy Statistics" published by the Energy Market Authority of Singapore in 2017.

GHG emissions intensity

This is the ratio of GHG emissions relative to the total gross floor area in square feet (symbol: $kgCO_2$/sq.ft.).

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102-3	Location of headquarters	About Cache Logistics Trust	Pg. 1
102-4	Location of operations	About Cache Logistics Trust	Pg. 1
102-5	Ownership and legal form	About Cache Logistics Trust	Pg. 1
102-6	Markets served	About Cache Logistics Trust	Pg. 1
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102-9	Supply chain	Quality of Suppliers	Pg. 13
102-10	Significant changes to the organisation and its supply chain	This is Cache's inaugural sustainability report	–
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102-14	Statement from senior decision-maker	Board Statement	Pg. 2
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Vision, Mission and Values	Pg. 1
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102-22	Composition of the highest governance body and its committees	Refer to pages 75 to 89 of the Annual Report 2017	
102-23	Chair of the highest governance body	Refer to page 77 of the Annual Report 2017	
102-24	Nominating and selecting the highest governance body	Refer to pages 77 and 78 of the Annual Report 2017	
102-25	Conflicts of interest	Refer to pages 86 to 89 of the Annual Report 2017	
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MANAGED BY

ARA-CWT Trust Management (Cache) Limited
6 Temasek Boulevard, #16-02
Suntec Tower Four, Singapore 038986

Tel: (65) 6835 9232
Fax: (65) 6835 9672

www.cache-reit.com