



SUSTAINABILITY REPORT

FY2017/2018



BOARD STATEMENT

We are pleased to present the inaugural Sustainability Report for Accordia Golf Trust's ("AGT"). AGT is committed to conducting business and pursuing sustainability in a way that delivers long-term value to our stakeholders, including our investors, customers, employees, regulators, business partners and local communities.

The ageing population and increasing standard of living in Japan means that AGT is faced with new risks and opportunities. AGT strives to continue upholding high ethical standards with robust governance and strong risk management to navigate this changing landscape. Customer health and safety is among our top priorities and AGT constantly improves our safety management to ensure customer safety. At the same time, AGT stays abreast of the changing market to capitalise on new opportunities. Against the background of demographic and lifestyle changes, AGT develops strategies for market diversification. AGT also builds public trust by being responsible to the environment and our local communities.

In golf courses, our sustainability issues are monitored carefully by focusing on material ESG factors and considered as part of our business strategy. Meanwhile, our Trustee-Manager, Accordia Golf Trust Management Pte. Ltd. ("AGTM"), has set a Sustainability Steering Committee ("SSC") to support the Board in the discharge of sustainability-related responsibilities.

This year, AGT has performed our first materiality assessment to identify Environmental, Social and Governance ("ESG") factors material to our business and our stakeholders. AGT will continue to identify, manage and address ESG factors which support our development in the golf industry. We believe these efforts will help us build a sustainable business and enhance our relationship with our stakeholders.

Accordia Golf Trust's Board of Directors

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ABOUT THIS REPORT

The Sustainability Report (the “Report”) has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards and aligned with the Singapore Exchange SGX-ST Listing Rules Practice Note 7.6: “Sustainability Reporting Guide”. No external assurance has been obtained for the report.

The report covers the listed entity Accordia Golf Trust (“AGT”) and its Trustee-Manager, Accordia Golf Trust Management Pte. Ltd. (“AGTM”), as well as its Operator, Accordia Golf Co. Ltd. (“AG”) and the 89 golf courses in Japan under AG’s operational management. The reported period is from 1 April 2017 to 31 March 2018 (“FY 17/18”), unless otherwise indicated.

The report focuses on the top ESG factors significant to our business and our stakeholders, as well as additional factors on our contribution to local community and awareness building activities.

Our sustainability program is supported by ESG policies and standard operating procedures (“SOPs”) established by the Sponsor, AG, which governs the management of our golf courses. The Trustee-Manager has a risk management process to periodically review the performance of AG and major risks or non-compliance incidents will be reported to the Trustee-Manager.

To give our stakeholders a holistic view of our business, the report should be read together with the rest of the information in our Annual Report. Additional corporate information is available on our website (www.agtrust.com.sg).

We will continue to report annually on the progress we make in integrating sustainability into our business strategy and operations, while striving to improve our sustainability performance and disclosure. We welcome your feedback on our sustainability practices and sustainability reporting at sustainability@agtrust.com.sg.



OUR SUSTAINABILITY APPROACH

We believe that effective management of ESG risks and opportunities can help us to deliver sustained economic performance to our investors. We take a balanced approach towards sustainability, recognising the importance of environmental stewardship, social engagement and governance in our business.

The material ESG factors we identified - Energy, Diversity and Equal Opportunity, Customer Health and Safety, as well as Customer Satisfaction, can have direct and significant impacts on our economic performance.



MATERIALITY ASSESSMENT

In line with the GRI Standard's materiality principles, we conducted a materiality assessment workshop, led by the Sustainability Steering Committee of AGTM and guided by an external consultant. We have engaged stakeholders from both the Trustee-Manager and AG to identify the most important ESG factors. The identification was done with the consideration of global and local sustainability hot topics, the landscape of the golf industry and with reference to our existing management approach.

Following the materiality assessment, internal reviews of the assessment results were conducted with the senior management from both the Trustee-Manager and AG. As a result, the following 4 ESG factors were identified as material for our FY17/18 sustainability report disclosure. These factors were approved by the Board.

ESG FACTORS	
Material Factors	
Environment	Energy
Social	Diversity and Equal Opportunity
	Customer Health and Safety
	Customer Satisfaction
Additional Factors	
Social	Local Communities
	Awareness Building Activity

STAKEHOLDER ENGAGEMENT

We are committed to developing and maintaining strong relationships with our stakeholders. We practise open, two-way communication with our stakeholders to understand their expectations and concerns. We have identified 4 key stakeholder groups that have a significant impact on, or are significantly impacted by, our sustainability performance. The following tables show the means of stakeholder engagement and material concerns for our key stakeholders, respectively.

Means of engagement with key stakeholder groups

Stakeholder Group	AGTM (Trustee-Manager)	AG	Unitholders	Customers
Means of Engagement	Regular internal meetings and communication to discuss and update on important initiatives and matters		<ul style="list-style-type: none"> Timely updates of financial results and relevant announcements via SGXNet and company website Annual General Meeting 	<ul style="list-style-type: none"> Customer service desk Suggestion box Online customer questionnaire Net Promoter Score (NPS) survey

Material concerns for key stakeholder groups

Boundary	Internal		External	
Stakeholder Group	AGTM (Trustee-Manager)	AG	Unitholders	Customers
Material Factors				
Economic Performance	Maintain sustainable cash flow and enhance financial return for unitholders	Increase revenue streams and reduce operating costs to sustain profitability	Receive stable and growing dividend	Face potential changes in membership and green fees
Energy	<ul style="list-style-type: none"> Reduce electricity cost to increase profitability Use energy-saving LED lights to reduce electricity costs 	Align with Japan's national key agenda on energy reduction	Reduce electricity cost to increase profitability	N/A
Diversity and Equal Opportunity	Achieve statutory employment rate for people with disabilities	<ul style="list-style-type: none"> Achieve statutory employment rate for people with disabilities Increase proportion of females at managerial level 	Embrace or encourage diversity in talent pool across different employee levels	Expect high-quality customer service

STAKEHOLDER ENGAGEMENT

Boundary	Internal		External	
Stakeholder Group	AGTM (Trustee-Manager)	AG	Unitholders	Customers
Material Factors				
Customer Health and Safety	Maintain good reputation as well as stable sales and revenue		Ensure customer health and safety to sustain financial performance	Play golf in a safe environment
Customer Satisfaction	Respond timely to customers' requests and sustain favourable relationship		Improve customer satisfaction for better business performance	Expect high-quality customer service
Additional Factors				
Local Communities	Communicate with the local community for better future prospects of visibility of the Accordia Brand	<ul style="list-style-type: none"> Maintain a good relationship with landowners Attract local residents as customers through contributing to the local community 	Increase visibility of the Accordia Brand by building a good relationship with the local community	Prefer golf courses with a good reputation and have a positive impact on the local community
Awareness Building Activity	<ul style="list-style-type: none"> Attract new golfers to increase revenue Sustain the long-term development of the golf industry 	<ul style="list-style-type: none"> Attract new golfers to increase revenue Improve customer manners to reduce round-time and maintenance cost 	Increase profit by attracting more new golfers	<ul style="list-style-type: none"> Sustain long-term development of the golf sport Improve experience when all players in the field have better golf manners

SUSTAINABILITY MANAGEMENT

ENERGY

Play Our Part in Energy Conservation

After the Fukushima nuclear disaster in 2011, Japan has been making nation-wide efforts in conserving energy to reduce the reliance on nuclear power. The government has since revised the Energy Conservation Act to drive energy conservation initiatives across the country. Meanwhile, at the international scale, energy usage and its associated carbon emission contribute to global climate change. As an island country, Japan is especially vulnerable to the rising sea levels and extreme weathers associated with global warming. In November 2016, Japan ratified the Paris Agreement and set its Nationally Determined Contribution to be an emission reduction target of 26% below the 2013 levels by 2030¹. As a responsible corporate citizen, we are committed to supporting this national and international agenda by enhancing our energy efficiency.

Furthermore, we are also conscious of the cost of energy. Our electricity expense accounts for a significant portion of our operating expenses and it fluctuates every year due to volatile crude oil price. As our energy consumption has a direct impact on our financial performance, it is important for us to actively manage it.

What We Do

In our golf courses, we are exploring new technologies to reduce energy use. As lighting accounts for a major part of our energy consumption, we are taking a phased approach to replace our lights with more energy efficient LED lights. The energy savings from this initiative are more evident at places with long lighting hours, such as office, reception desks, restaurants and locker rooms. Therefore, we prioritise these areas for the installation of LED lights. We have also introduced hybrid golf carts which use less gasoline and cleaner energy than traditional golf carts.

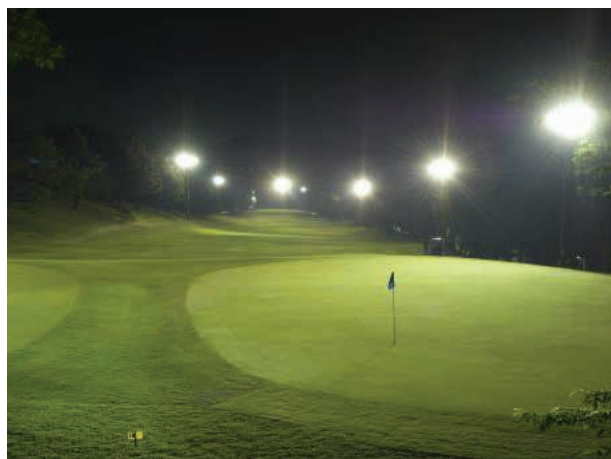
In our clubs and restaurants, we strive to improve our energy efficiency through better management. We set up SOPs and monitoring framework over our energy consumption. We educate and remind our employees to turn off the lights when not in use. In some of our buildings, we have installed the Falcon system, which enables us to remotely monitor electricity usage and control electrical appliances. For example, we can remotely control temperature for all the air-conditioners. An alert will be triggered once our electricity consumption has exceeded the upper limit.

¹ Source: United National Framework Convention on Climate Change, 2016

SUSTAINABILITY MANAGEMENT

Reduction in electricity consumption through LED lights

We are proud of our Dai-Atsugi Country Club Sakura Course, our only golf course that offers night games. It is the first golf course to introduce LED lightings for all 18 holes. Prior to LED lights, 603 mercury lamp projectors were used for night game lighting at Dai-Atsugi Country Club Sakura Course. These mercury lamps have higher energy demand, shorter useful life and require labour-intensive maintenance as compared to LED lights. With the full-scale introduction of LED lights, Dai-Atsugi Country Club Sakura Course has achieved 68% reduction in its annual electricity consumption and a substantial saving in the operating cost.



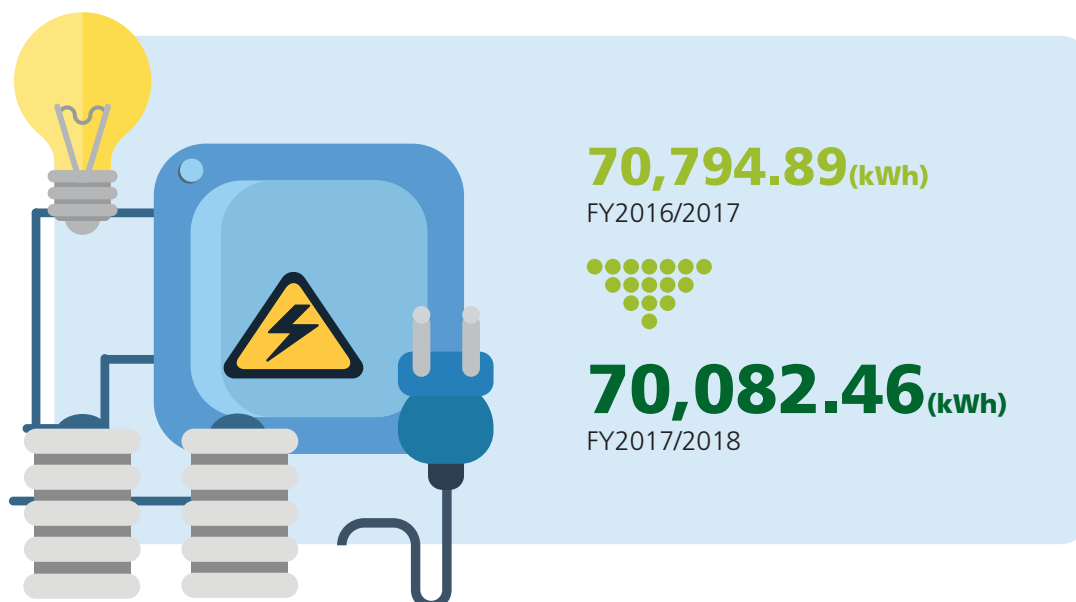
How We Fared

Electricity usage in our golf courses is the main contribution to our total energy consumption. In FY17/18, the total electricity consumption for our 89 golf courses was 70,083 kilowatt hours (kWh), representing a 1% decrease from FY16/17.

The Way Forward

Going forward, we will continue our effort to conserve energy through better infrastructure and more efficient management. We will continue to monitor our total electricity consumption closely.

Total Electricity Consumption (kWh)



SUSTAINABILITY MANAGEMENT

DIVERSITY AND EQUAL OPPORTUNITY

Build a Sustainable Workforce Through Diversity and Equal Opportunity

Our employees are at the heart of our success. To deliver high-quality service to our customers, it is essential for us to attract, develop and retain the right talent. We believe that building a diverse workforce helps us better understand the varied needs of our customers and connect to a wider market. As an equal-opportunity employer, we strive to eliminate workplace discrimination and provide working opportunities to people with different backgrounds including those with disabilities.

What We Do

At Accordia, we value our employees and are dedicated to take care of their wellbeing. We reward our staff with competitive welfare packages. For example, we provide pension plans to help employees enjoy a comfortable retirement. We also support employees to achieve better work-life balance and to fulfil their family commitments. For example, our staff are entitled to a variety of special leave, such as maternity and paternity leave, child care leave for nursing or school events, as well as medical leave to care for family members.

We are committed to creating an inclusive working environment for our employees. We provide fair consideration to all job applicants, regardless of gender, age, religion, sexual orientation, family status or disability. For our employees, the Human Resource Department practice quarterly performance review, allowing us to promote our employees based on merits.



SUSTAINABILITY MANAGEMENT

We also recognise that our older employees, with their lifetime of knowledge and experience, are valuable assets. Thus, we seek to retain them as part of our team. For example, the maintenance of the fairways and greens requires the gardener to apply the right amount of water and fertiliser for the changing temperature and humidity. It takes extensive technical knowledge and experience to deliver the expected quality of work, so it is important for us to continue to engage our veteran gardeners. Across our operations, we have developed policies to retain and recruit employees over 60 years old. After an employee reaches the legal retirement age, he or she can be hired back as a contractor or temporary employee. These veteran employees not only provide quality services to our customers, but also offer valuable coaching to other fellow employees.

As a responsible corporate citizen, we strive to create work opportunities for the less privileged. In our hiring practices, we take a clear stance against discrimination and actively hire people with disabilities, as required by the Labour Law. To assist the selection and development of employees with disabilities, we have established a Recruitment Manual, Job Support Manual and customised our performance review system considering the special needs of the employees with disabilities. We also educate managers and other employees about the tasks suitable for employees with disabilities to ensure workplace safety and to prevent prejudice.

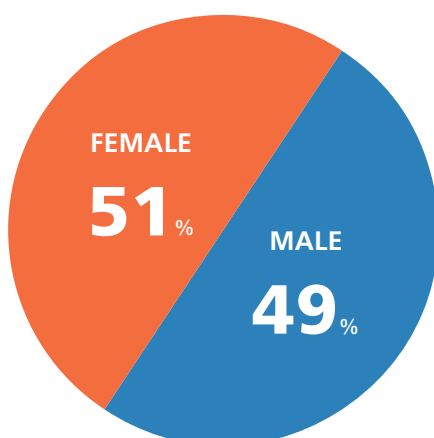
How We Fared

We have maintained a diverse employee profile. More than half of our employees are female. As at March 31 2018, we have more than 2,000 staff who are over 60 years old. During the year, there was also zero reported case of workplace discrimination.

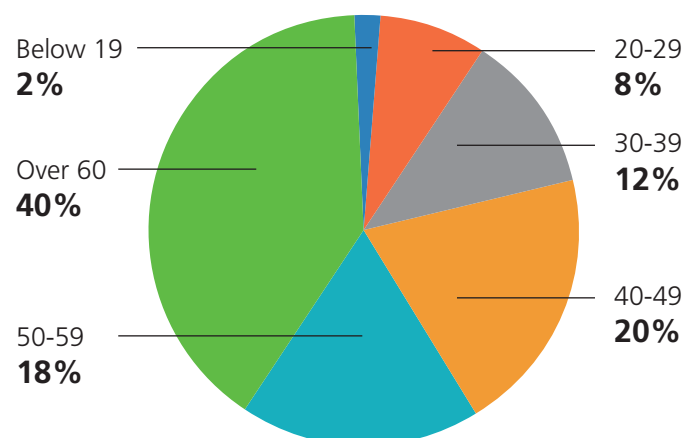
The Way Forward

In the coming year, we will continue to maintain our non-discrimination policy and comply with Labour Laws. We will maintain our diverse employee profile and provide equal opportunities to all employees.

AG GENDER DIVERSITY



AG AGE DIVERSITY



SUSTAINABILITY MANAGEMENT

CUSTOMER HEALTH AND SAFETY

Keep Golfers Safe Through Vigilance and Education

The protection of health and safety of our customers is instrumental in building trusted relationships. We place great emphasis on customer health and safety to look after their wellbeing.

What We Do

We strive to provide a clean, safe and pleasant experience for our customers throughout their visit to our premises. In our clubhouse and restaurants, we strictly adhere to SOPs on food hygiene management. We also voluntarily follow the guidelines by the Ministry of Health, Labour and Welfare to engage external organisation to conduct regular hygiene inspections.

At Accordia, we implement necessary preventive measures to minimise the occurrence of accidents. In our golf courses, we deploy field marshals to ensure sufficient safety distance between playing parties and facilitate the orderly progression of each game. Moreover, our field staff regularly check and service our golf equipment, golf carts and maintain the conditions of the greens. In a few of our golf courses, we have piloted GPS systems on our golf carts. The GPS allows us to check the real-time traffic on the ground so we can reduce the possibility of cart accident by preventing congestions.

Due to its unique geographies, Japan is susceptible to natural disasters, such as earthquake, tsunami and typhoon. At the same time, a significant proportion of our customers are in their older ages and have higher risks for cardiac conditions. In response, we have developed SOPs and contingency plans to deal with a wide range of possible emergencies. We have conducted evacuation training and fire drills for our employees. In the case of emergencies, our employees would be able to facilitate the safe evacuation of our customers. We have also installed Automated External Defibrillators (AED) in all our golf courses and mandated all our employees to at least undergo one AED training. By planning and preparing ahead, we are better positioned at handling emergencies.

Furthermore, we strive to create a strong safety culture of individual responsibility among our customers through education. We place special emphasis on safety of golfing. For example, we set up bulletin boards in our clubhouse to remind golfers of safety etiquette and rules.



How We Fared

During the reporting period, we have strictly adhered to our SOPs on reporting and responding to accidents. The severity of each accident was graded on a scale of 1 to 5, based on our internal Accident Management Framework. In the past financial year, the senior management has investigated 100% of accidents with a severity grade equal to or higher than 3. Corrective or preventative actions were taken in a timely manner if applicable.

The Way Forward

In the coming year, we will stay committed to safeguarding the health and safety of our customers. We aim to reduce the incidences of accidents with a severity grade equal to or higher than 3. We will continue to report and investigate all the accidents with a severity grade equal to or higher than 3, if any.

SUSTAINABILITY MANAGEMENT

CUSTOMER SATISFACTION

Enhance the Customer Experience Through Continuous Engagement

Customer satisfaction is the cornerstone of a successful business. At Accordia, we strive to create a customer-centric mindset and to deliver a pleasant customer experience. In this way, we can build customer loyalty.

What We Do

Stakeholder engagement helps us better understand and anticipate customer expectations. In 2016, we started a formal customer survey, the Net Promoter Score (“NPS”) program. On a weekly basis, each golf course sends out an email questionnaire to selected customers who have made online bookings. Each month, survey results are compiled, analysed and used as a basis for us to improve our customer service.

Furthermore, customers can communicate their feedback through our service desks, suggestion boxes and AG’s website. Within the management, we will redirect the comments and suggestions to the relevant department, which will respond to the customer feedback in accordance with our internal policies and SOPs. To improve the effectiveness of our feedback mechanisms, we put up bulletin boards to show our customers our standard procedures to handle their suggestions or requests.

Meet our service captains

We encourage our employees to serve our customers with a positive attitude and professionalism. To improve service levels, we provide training for our employees, on how to identify customers’ needs, how to interact with customers and how to stay hospitable even in difficult situations. After each training session, we collect feedback to improve our training. In our daily operations, we have also appointed employees with outstanding performance as “Service Captains”, to instruct and guide other employees as part of continuous learning.

How We Fared

During the reporting period, all customer complaints were dealt in accordance with our internal policies and SOPs, in a timely manner.

The Way Forward

Going forward, we stay committed to deliver quality service to our customers. We will continue to closely monitor customer feedback and improve our service accordingly. We also aim to minimise customer complaints.

SUSTAINABILITY MANAGEMENT

LOCAL COMMUNITIES

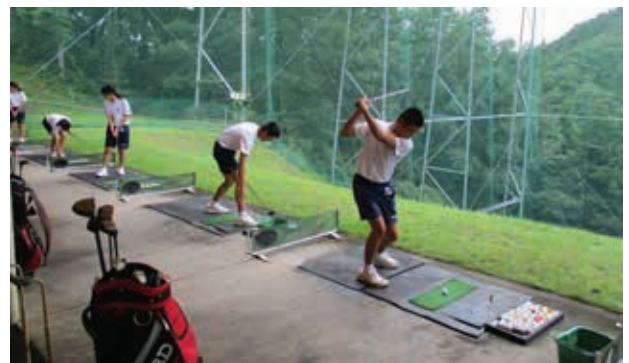
Contribute to a Stronger Community

It is important for us to maintain a friendly relationship with the local community. Most of our golf courses are dependent on renting or purchasing the land from local landowners. In addition, a large number of our customers and our employees are from the local communities in which we operate. We aspire to give back and contribute to a stronger community through providing economic support and participating in community events. Meanwhile, our continuous support for the local communities enable us to strengthen the potential for continued cooperation and business growth.

What We Do

Our contribution towards a stronger community can be broadly categorised into three types. Firstly, it is through economic contribution or in-kind. We donate to local events, such as art festivals or cultural ceremonies. We also support local businesses by sourcing locally for our restaurants and our souvenir shops. In addition, we contribute to the upgrading of public roads and other public infrastructures, as per required by the local government.

The second form of community contribution is through venue and asset sponsorship. We provide our golf courses and golf driving ranges for local schools to organise educational events. Our golf courses are also occasionally used for tournaments or events held by local communities. In the case of emergencies, we have granted the municipal government access to use our site as a departure point for medical helicopters. During dry seasons, we also provide water from our reservoirs to local farmers for irrigation.



Furthermore, we are actively involved in community services. Since 2010, we have participated in the Pink Ribbon project and helped raise awareness about breast cancer. We also set up donation boxes in our golf courses. Our employees volunteered in the maintenance of public roads and cleaning of local forest. Meanwhile, we also provide internship and job opportunities for local students.



SUSTAINABILITY MANAGEMENT

AWARENESS BUILDING ACTIVITIES

Raise Awareness About Golf and Proper Golf Etiquettes

Due to Japan's aging population and volatile economic conditions, the golf industry faces the risk of a shrinking customer base. In this challenging time, it is increasingly more important for us to think forward and remain resilient. For the long-term sustainability of our business, we conduct various awareness-building activities to promote golf, especially among youth and women.

At the same time, we also strive to nurture proper golf etiquette among the players, as it not only help us to improve our operational efficiency, but also create a more pleasant golfing experience.

What We Do

As part of our awareness-building activities, in January 2014, we started "Accordia Kids", a junior golfer program. This program aims to introduce golf to the younger generation. During school holidays, each golf course provides special coaching and facilitation for junior golfers, where they are introduced to the manners, etiquette and sportsmanship of golf.



We actively encourage more women to participate in golf. We have hosted exclusive events for women to learn the basics of golfing. On our website, we have a specialised section, the "L-style", which tailors the information for female golfers and offers a platform for them to share their golf experience.

We place a strong emphasis on golf manners and etiquette. We regularly host "Easy Golf", a program for beginners to learn basic moves, as well as proper golf manners and etiquette. It is run by our professional instructors, who can not only coach better golf skills, but more importantly, help new golfers to understand true sportsmanship of golf.



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TRUST

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80 Robinson Road
#22-03A
Singapore 068898

