

# SUSTAINABILITY **REPORT 2018**

SUNTEC REAL ESTATE INVESTMENT TRUST





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# INTRODUCTION

## ABOUT SUNTEC REIT

Listed on 9 December 2004 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Suntec Real Estate Investment Trust ("Suntec REIT") is the first composite real estate investment trust in Singapore, owning income-producing real estate that is primarily used for office and/or retail purposes.

As at 31 December 2018, Suntec REIT's portfolio comprises office and retail properties in Suntec City, a 60.8 percent interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ"), a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("MBFC Properties") and a 30.0 per cent interest in 9 Penang Road which is currently under development. All the properties are strategically located in the growth corridors of Marina Bay and the Civic and Cultural District within Singapore's Central Business District ("CBD"). In Australia, Suntec REIT holds a 100.0 per cent interest in 177 Pacific Highway located in Sydney, a 50.0 per cent interest in Southgate Complex, Melbourne and a 50.0 per cent interest in Olderfleet, 477 Collins Street, a commercial building which is currently under development in Melbourne.

Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited (the "Manager"). The Manager is focused on delivering regular and stable distributions to Suntec REIT's unitholders, and to achieve long-term growth in the net asset value per unit of Suntec REIT, so as to provide unitholders with a competitive rate of return on their investment.

## ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

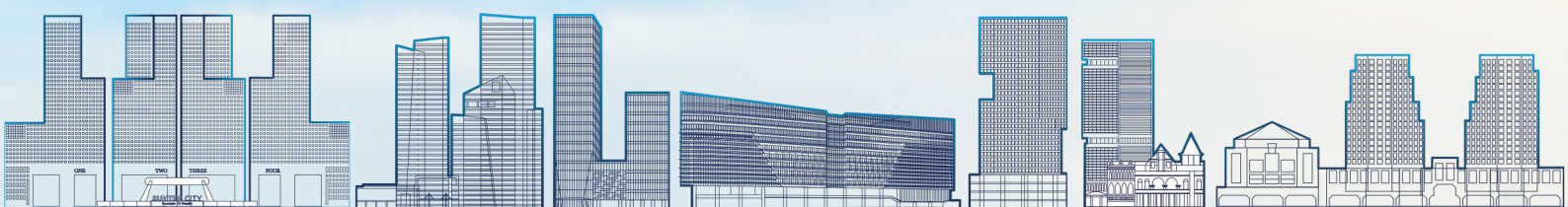
Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA").

ARA is a premier global integrated real assets fund manager. As at 31 December 2018, the Gross Assets Managed by ARA Group and its Associates is approximately S\$80.1 billion<sup>1</sup> across over 100 cities in 23 countries.

Driven by the vision to be the best-in-class real assets fund management company focused on the management of real estate investment trusts ("REITs"), private real assets funds and real estate management services, ARA's diverse suite of REITs and private real estate funds are invested in the office, retail, logistics/industrial, hospitality and residential sectors. Its multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge enables the Group to offer enduring value to its investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

The Manager is responsible for the management and administration of Suntec REIT, as well as the implementation of Suntec REIT's strategic long-term growth.

<sup>1</sup> Includes assets under management by ARA Asset Management Limited and the Group of Companies ("ARA Group") and its Associates and Joint Ventures as at 31 December 2018.



# ABOUT THIS REPORT

## BOARD STATEMENT

The Board of Directors of the Manager (the “Board”) is pleased to present Suntec REIT’s Sustainability Report for the financial year ended 31 December 2018 (“FY 2018”). This report discloses Suntec REIT’s environmental, social and governance (“ESG”) impacts and its progress towards the goal of sustainable management of its real estate portfolio.

Suntec REIT is focused on its mission in “forging ahead to create, provide and deliver premium value to all stakeholders”. In achieving the mission, the Board which specifically considers sustainability issues as part of its strategic formulation has set a strategic direction in ensuring good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources. The Board has approved the material ESG factors and determined them to be relevant for the current year. The Board oversees that these ESG matters are monitored and managed. The Manager stays vigilant in upholding Suntec REIT’s commitments towards sustainability practices and creating value for its stakeholders.

The Manager believes in the importance of integrating sustainability into its business strategies and operations in achieving Suntec REIT’s sustainable economic growth<sup>2</sup> and delivering long-term unitholder value. Suntec REIT’s sustainability policies, practices and performance are detailed in this report, which are interrelated to its overall financial performance from the governance, socioeconomic and environmental perspectives.

## REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards – Core option and GRI Construction and Real Estate Sector Supplement (“CRESS”). The GRI Standards were selected as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures and is suited to Suntec REIT’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) of the Listing Manual of the SGX-ST, where applicable. Please refer to the GRI Content Index attached at the end of this report for more information.

## REPORTING PERIOD AND SCOPE

The reporting period covered in this report is from 1 January to 31 December 2018, with relevant data from prior year(s) as comparison<sup>3</sup>. Unless otherwise stated, this report covers the performance of Suntec REIT’s portfolio of properties<sup>4</sup>, with the exception of two properties which are currently under construction, namely – 9 Penang Road, Singapore and Olderfleet, 477 Collins Street, Melbourne, Australia. Upon completion, the Manager will include these properties in the sustainability reporting scope going forward. For environmental performance, Suntec REIT uses the equity share approach, as outlined in the Greenhouse Gas Protocol Corporate Standard (“GHG Protocol Corporate Standard”) to consolidate the environmental performance data from its portfolio of properties based on ownership interest (see Figure 1). For socioeconomic and governance performance, this report covers primarily employees of the Manager, as well as the relevant employees of the respective property managers.

Figure 1: Reporting Scope for Suntec’s Sustainability Report FY 2018

Country	Property	Property Type (ownership interest %)
Singapore	Suntec City	<ul style="list-style-type: none"><li>Office (59.1%)</li><li>Retail (100.0%)</li></ul>
	Suntec Singapore Convention and Exhibition Centre (“Suntec Singapore”)	<ul style="list-style-type: none"><li>Meeting, Incentive, Convention and Exhibition (“MICE”) (60.8%)</li></ul>
	One Raffles Quay (“ORQ”)	<ul style="list-style-type: none"><li>Office (33.3%)</li></ul>
	Marina Bay Financial Centre Tower 1 and 2, and the Marina Bay Link Mall (“MBFC Properties”)	<ul style="list-style-type: none"><li>Office (33.3%)</li><li>Retail (33.3%)</li></ul>
Australia	177 Pacific Highway, Sydney	<ul style="list-style-type: none"><li>Office (100.0%)</li></ul>
	Southgate Complex, Melbourne	<ul style="list-style-type: none"><li>Office (50.0%)</li><li>Retail (50.0%)</li></ul>

## 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.

## FEEDBACK

The Manager values all feedback from stakeholders as they are integral to Suntec REIT’s sustainability reporting process. Please send all comments and suggestions to [enquiry@suntecreit.com](mailto:enquiry@suntecreit.com).

<sup>2</sup> For more details on Suntec REIT’s FY 2018 financial results, please refer to Suntec REIT’s Annual Report FY 2018.

<sup>3</sup> 2016 data was only available for Singapore properties as the Manager took over asset management of the Australian properties in the later part of 2016.

<sup>4</sup> For more details on Suntec REIT’s property portfolio, please refer to pages 24 to 45 of Suntec REIT’s Annual Report FY 2018.

# ABOUT THIS REPORT

## STAKEHOLDER ENGAGEMENT

Regular engagement with stakeholders is important to Suntec REIT's long-term success. Frequent stakeholder engagements are undertaken to identify pertinent issues related to ESG matters to facilitate continuous improvement of the operations. The table below details the Manager's engagement activities with its key stakeholders.

Figure 2: Stakeholder engagement

Key Stakeholder Groups	Key Engagement Modes and Frequency		Key Interests of Stakeholders
<b>Business Partners (Strategic partners, banks)</b>	• Annual report and sustainability report	Annual	<ul style="list-style-type: none"> <li>• Alignment of interests</li> <li>• Good corporate governance</li> <li>• Sustainable performance</li> </ul>
	• Corporate events	Regular	
	• Meetings and discussions	Regular	
<b>Employees (REIT Manager)</b>	• Orientation programme for new employee	Regular	<ul style="list-style-type: none"> <li>• Employee welfare management</li> <li>• Fair employment practices</li> <li>• Good corporate governance</li> <li>• Health and safety</li> <li>• Skills development and career progression</li> </ul>
	• Employee appraisals	Regular	
	• Employee satisfaction survey	Ad hoc	
	• Employee training programmes	Regular	
	• Internal staff communication and newsletters	Regular	
	• Team cohesion activities	Regular	
<b>Government and Authorities</b>	• Communication and consultation with government and authorities	Regular	<ul style="list-style-type: none"> <li>• Compliance with regulatory requirements</li> <li>• Contributions to industry</li> <li>• Environmental impact</li> <li>• Good corporate governance</li> <li>• Health and safety</li> </ul>
	• Participation in industry associations, forums and dialogues (e.g. Building and Construction Authority, Investor Relations Professional Association (Singapore), Property Council of Australia, REIT Association of Singapore, Singapore Green Building Council, Singapore Institute of Directors, Singapore Retailers Association and Urban Redevelopment Authority, Asia Pacific Real Estate Association and Securities Investors Association (Singapore))	Regular	
<b>Investment Community (Institutional and Retail Investors, Analysts)</b>	• Annual report and sustainability report	Annual	<ul style="list-style-type: none"> <li>• Good corporate governance</li> <li>• Performance of assets</li> <li>• Suntec REIT's outlook and strategic plans</li> <li>• Stable and sustainable distribution</li> <li>• Timely and transparent reporting</li> <li>• Net asset value growth</li> </ul>
	• Annual General Meeting	Annual	
	• Announcements and circulars	Regular	
	• Financial results announcement	Quarterly	
	• Investor conferences	Regular	
	• Investor relations channel	Active	
	• Meetings and teleconferences with investors and analysts	Regular	
	• Suntec REIT website	Active	
<b>Retail shoppers</b>	• Enquiries and feedback channel	Active	<ul style="list-style-type: none"> <li>• Availability of promotional campaigns</li> <li>• Diversity of retail mix</li> <li>• Health and safety</li> <li>• Accessibility</li> <li>• Family friendly</li> </ul>
	• Marketing and promotional events	Regular	
	• Suntec City website	Active	
	• Social media	Active	
	• Loyalty programme	Active	
<b>Tenants</b>	• Enquiries and feedback channel	Active	<ul style="list-style-type: none"> <li>• Good property maintenance</li> <li>• Health and safety</li> <li>• Shoppers' traffic (for retail)</li> <li>• Mall publicity (for retail)</li> </ul>
	• Meetings and discussions	Regular	
	• Tenant satisfaction survey	Regular	







# ABOUT THIS REPORT

## MATERIALITY ASSESSMENT

The Manager defines material sustainability matters as issues with significant ESG impact on Suntec REIT and its stakeholders. These matters 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 worked closely with an independent sustainability consultant through a rigorous four-step process, as summarised below. In FY 2018, the existing sustainability matters (see Figure 4) were reviewed and deemed to be relevant in the current year by the Manager and were approved by the Board.

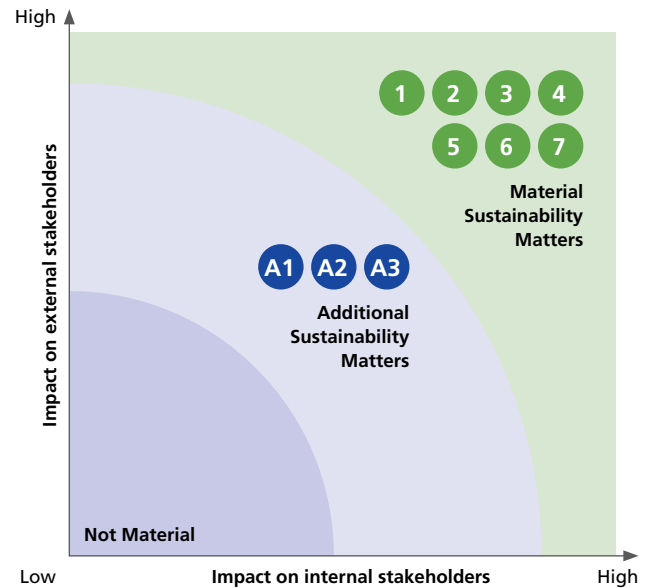
Figure 3: Four-step process for Materiality Assessment

Step	Activities
<b>i</b> <b>Identification of sustainability matters</b> 	<p>A formal assessment workshop was conducted by the sustainability consultant to identify the material sustainability matters most relevant and significant to Suntec REIT's internal and external stakeholders. A list of potential sustainability matters, including risks and opportunities, was identified through discussions with key management representatives from all functions to understand their concerns, and the concerns of key external stakeholders with whom they communicate with.</p>
<b>ii</b> <b>Prioritisation</b> 	<p>These sustainability matters were prioritised through an unbiased and anonymous electronic voting exercise. The following set of criteria was used to determine the significance of each matter:</p> <ul style="list-style-type: none"> <li>• Relevance to Suntec REIT's business strategies, business model and outcomes</li> <li>• Likelihood and impact on the continuity of the business</li> <li>• Influence on decision-making process of key internal and external stakeholders</li> </ul>
<b>iii</b> <b>Validation</b> 	<p>The results of the materiality voting exercise were further validated by benchmarking against others in the REIT industry. Based on this list of material sustainability matters, the Manager put in place systems to incorporate sustainability across various business functions.</p> <p>A final materiality assessment was conducted to refine the list of material sustainability matters under focus, and to determine their impact on both internal and external stakeholders. From the assessment, the Manager has distilled seven most critical sustainability matters and three additional sustainability matters for reporting. These material sustainability matters were presented to and approved by the Board.</p>
<b>iv</b> <b>Review</b> 	<p>These sustainability matters are reviewed on an annual basis to ensure their continued relevance and significance. Where required, the materiality assessment workshop will be re-conducted with participations from Suntec REIT's internal and external stakeholders.</p>

# ABOUT THIS REPORT

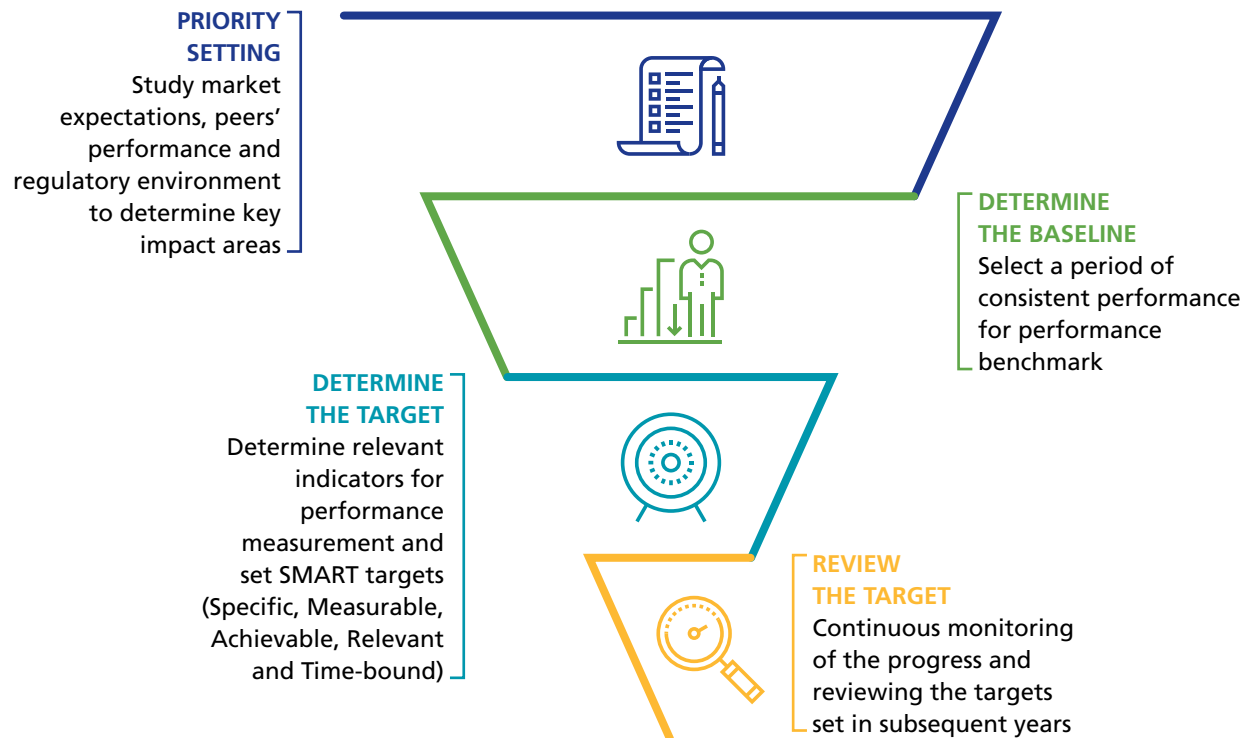
Figure 4: Suntec REIT's Material Sustainability Matters

Material Sustainability Matters	
In no particular order of importance	
1	Corporate Governance
2	Quality of Assets and Services
3	Security of Information
4	Tenant & Visitor Health, Safety and Security
5	Occupational Health and Safety
6	Energy and Carbon Footprint
7	Water Management
Additional Sustainability Matters	
A1	Employment Practices
A2	Talent Development
A3	Waste Management



In FY 2018, quantitative targets were put in place for Energy Consumption and Carbon Footprint, and Water Management and were validated by the Board. These new targets together with targets set previously, would drive Suntec REIT's ESG performance and assure stakeholders of its constant commitment towards sustainability matters. As guided by the Sustainability Consultant, the target setting process for the key areas is outlined below. The new targets are disclosed in the subsequent Energy Consumption and Carbon footprint, and the Water Management sections.

Figure 5: Target setting process



# GOVERNANCE

Suntec REIT's unitholders place their trust in the Manager to deliver regular and stable distributions, and achieve long-term growth. In upholding this trust, the Manager believes it has an obligation to act honestly, with due care and diligence, in the unitholders' best interests.



The Manager has adopted an overall corporate governance framework<sup>5</sup> designed to meet best practice principles. The Manager recognises that an effective corporate governance culture is critical to its performance and consequently, the success of Suntec REIT.

In line with the corporate governance framework, the Manager has established a formal Suntec REIT Sustainability Working Committee led by the Chief

Executive Officer ("CEO") with senior representatives from the finance, investor relations, special projects and asset management functions. The Suntec REIT Sustainability Working Committee takes the lead in enhancing the sustainability report's disclosures, performance targets and systems, and driving responsible business practices in accordance with Suntec REIT's sustainability philosophy.

The Suntec REIT Sustainability Working Committee, in consultation with the ARA Group Sustainability Committee, reports to the Board on sustainability policies and practices. The table below presents a summary of sustainability policies which apply to all ARA entities.

Figure 6: Sustainability Policies at Suntec REIT

ARA Group-level Policies	
 Governance	
<b>Anti-Bribery Policy</b>	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.
<b>Policy on Conflict of Interest</b>	ARA details a rigorous set of procedures to address any potential conflict of interest risks. All employees 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.
<b>Fraud Risk Management Framework</b>	ARA has a framework that sets out the principles and approach in a robust system of controls and procedures to manage fraud risks. The processes established to identify areas exposed to fraud are clearly defined and incorporated in the Risk Profile Register.
<b>Internal Code on Securities Dealing</b>	ARA has an internal code which prohibits Directors and executives of the Group from dealing in its shares as well as in the units of public-listed REITs managed by the ARA 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.
<b>Whistle Blowing Policy</b>	ARA has a Whistle Blowing Policy which allows employees and external parties, in confidence, to report possible improprieties directly to the Board in a responsible and effective manner.
 Social	
<b>Building Safety Policy</b>	ARA is dedicated to ensuring the safety of tenants and visitors at its portfolio of properties in compliance 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, and architectural evaluation on the building.
<b>Cyber Security Policy</b>	ARA recognises the increased risk of cyber-attacks and hence the importance of cyber security in the company. ARA will maintain, secure and ensure legal and appropriate use of ARA's information technology ("IT") infrastructure and system. ARA also seeks to enforce its IT policies, safeguard the integrity of computers, networks, data and all IT property interests to ensure that the use of electronic communications, computers, IT and network systems comply with its policies.

<sup>5</sup> For more details on Suntec REIT's corporate governance, please refer to pages 54 to 73 of Suntec REIT's Annual Report FY 2018.



# GOVERNANCE

## ARA Group-level Policies



### Social

<b>Diversity and Equal Opportunities Policy</b>	ARA embraces diversity at workplace 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.
<b>Child or Forced Labour Policy</b>	ARA prohibits the employment of anyone below the age of 13 years in any form of labour. It also does not tolerate forced labour of any kind, including slave labour, prison labour, indentured labour, or bonded labour, including forced overtime hours.
<b>Health, Safety and Well-being Policy</b>	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 and regular safety inspections are carried out to prevent accidents. ARA is also focused on employee wellness and engagement by promoting positively work-life balance and encouraging its employees to lead an active and healthy lifestyle.
<b>Performance and Career Development Policy</b>	ARA recognises that its success is driven by a performance-based culture which emphasises on talent development, career advancement and employee training. ARA's talent management program provides developmental opportunities for its employees and grooms them into future leaders for critical positions across the region.
<b>Remuneration Policy</b>	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.
<b>Worker Rights Policy</b>	ARA employees are entitled to fundamental employee rights at work. This includes 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 safety and health, the Employment Act and the Central Provident Fund Act ("CPF Act").



### Environment

<b>Climate/Climate Change Adaptation Policy</b>	ARA is committed to identifying and responding to climate change risks, and to act on opportunities to enhance the company's 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.
<b>Energy Consumption/Management Policy</b>	ARA is committed to improving energy efficiency and reducing energy consumption at the properties. It endeavours to work closely with property managers to educate tenants and to improve the operations, where possible.
<b>GHG Emission/Management Policy</b>	ARA is committed to minimising the emission of greenhouse gases ("GHG") and the release of toxic or harmful materials from the 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.
<b>Waste Management Policy</b>	ARA recognises the impact of improper waste treatment and harm to the environment, which can be reduced through good waste management practices. It endeavours to work closely with property managers towards reducing waste, minimising non-recyclable waste and educating tenants and shoppers on appropriate practices, where possible.
<b>Water Consumption/Management Policy</b>	ARA recognises that water consumption is an important area for conservation of natural resources within its properties. It endeavours to make concerted efforts towards educating tenants and making improvements to the operations, where possible.

# GOVERNANCE




## RISK MANAGEMENT

Suntec REIT has an Enterprise Risk Management ("ERM") Framework<sup>6</sup> which covers the management of its strategic enterprise, operational, financial and compliance risks. The ERM Framework considers the governance, socioeconomic and environmental aspects of the business and aims to provide reasonable assurance on compliance with legislations and safeguarding of assets against material losses.

The strategic risks relate to sustainable long-term growth of Suntec REIT through sound investment strategies, asset management and clear communications with stakeholders. The Manager is focused on achieving sustainable profitability, and balances risks and returns across its property portfolio, with strong corporate governance, accountability and transparency. The operational risks relate to the day-to-day management of the property portfolio, including human capital where there are established remuneration policies on compensation, benefits and succession planning. The financial risks relate to the impact to Suntec REIT's financial position, arising from changes in market conditions such as liquidity, interest rates and credit exposures. The compliance risks relate to compliance with applicable laws and regulations which Suntec REIT is subjected to in the various jurisdictions which it operates.

The Manager's approach towards compliance is further detailed below.

Figure 7: Approach towards compliance

 <b>Compliance Control Self-Assessment</b>	The Compliance Control Self-Assessment process evaluates the adequacy and effectiveness of internal controls in addressing compliance risks in specific areas. It is annually certified by the Manager and audited by independent professionals.
 <b>Training on the latest regulatory developments</b>	Directors and management receive regular updates on regulatory requirements, such as the Securities & Futures Act, Common Reporting Standards, Foreign Account Tax Compliance Act and Singapore Financial Reporting Standards. This is facilitated by the ARA Corporate Division and/or external professionals.
 <b>Monitoring</b>	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.

For FY 2018, the Manager has met its perpetual target of zero validated cases of corruption, fraud or non-compliance with relevant laws, regulations and governance policies.

 Perpetual Targets	FY 2018 Performance
0 validated cases of corruption and fraud	 Achieved
0 validated cases of non-compliance with all relevant laws, regulations and governance policies	 Achieved

<sup>6</sup> For more details on Suntec REIT's risk management, please refer to page 50 of Suntec REIT's Annual Report FY 2018.

# DELIVERING EXCEPTIONAL VALUE



## QUALITY OF ASSETS AND SERVICES

The Manager believes that high quality assets attract good tenants and high footfall to the properties and therefore deliver greater returns to the unitholders. Strategically, the focus is on acquiring stable income-producing properties in strategic locations, while continuously improving the operational efficiency of the invested assets.

Sustainable design and planning are considered, where feasible, during the decision-making process for acquisition and asset enhancement of the 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 managers to improve the sustainability

performance of the properties. This involves the use of technology to monitor and improve the efficiencies of facilities, and better management in the renovation and upgrading works.

Tenant satisfaction is integral to Suntec REIT's continued commitment towards quality and business excellence. The Manager strives to maintain high tenant satisfaction within its properties. Feedback from tenants and visitors are gathered through the property managers, frequent face-to-face meetings, telephone conversations and/or online surveys. In several properties, external consultants had been engaged periodically to study the tenants' views and concerns. Through these various engagements, the Manager can better understand the needs of tenants and tailor its efforts to meet them. For example, in FY 2018, an end-of-trip facility was constructed at Southgate Complex to meet the evolving needs of its tenants. This facility comprises refurbished toilets, lockers, multiple types of bike racks, and secure access.

In addition, a considerable amount of training has been provided to staff of the property managers to deliver service excellence. In line with the Singapore Workforce Skills Qualifications (WSQ)<sup>7</sup>, staff of the property managers in Singapore attended training sessions amounting to over 2,600 hours during FY 2018.

The Manager and the property managers have clinched numerous accolades over the years, which reflect their commitment towards the quality of assets and services. The table below shows the key awards and accolades attained for quality and excellence within the MICE industry. For other social and environmental awards and certifications, refer to pages 13 and 19.

Figure 8: List of key awards and accolades for excellence

Key Awards & Accolades for Excellence	
Property	 2016 – 2018
Suntec Singapore	<ul style="list-style-type: none"> <li>• APAC Insider Singapore Business Awards 2018 – Meetings &amp; Conference Venue of the Year</li> <li>• Marketing Events Awards 2018 – Best Homegrown Event</li> <li>• Global Association of the Exhibition Industry (UFI) Awards 2018 – Digital Innovation Award</li> <li>• World Travel Awards 2018 – World's Leading Meetings &amp; Conference Centre</li> <li>• World Travel Awards 2016, 2017 and 2018 – Asia's Leading Meetings &amp; Convention Centre</li> <li>• Asian Federation of Exhibition &amp; Convention Associations Awards 2017 – Outstanding Venue (Runner-up)</li> <li>• Exhibition Showcase Magazine Exhibition Excellence Awards 2017 – Top Asian Venue</li> <li>• Campaign Events Impact Magazine Editors' Choice 2017 – Best Convention &amp; Exhibition Centre</li> <li>• HR Magazine Vendors of the Year 2017 – Best Training Venue (Gold)</li> <li>• HRM Asia Readers' Choice Awards 2016 and 2017 – Best Corporate MICE Venue</li> <li>• Enterprise Asia Asia-Pacific Entrepreneurship Awards 2016 – Hospitality, Food, Tourism Award</li> <li>• TTG Travel Awards 2016 – Best Convention &amp; Exhibition Centre</li> <li>• Asia Pacific MICE Awards 2016 – Exhibition Venue of the Year</li> </ul>

<sup>7</sup> National credential system that trains, develops, assesses and certifies skills and competencies for the workforce, both general and industry-specific.



# DELIVERING EXCEPTIONAL VALUE



## SUPPLY CHAIN MANAGEMENT

Suntec REIT promotes sustainability in its supply chain processes. The supply chain ranges from cleaning, security, landscaping and renovation contractors, to professional service providers of banking, audit and tax services. The Manager conducts the relevant supplier pre-qualification assessment prior to the tender exercises and works closely with the property managers to ensure that service providers have sound business ethics and comply with the applicable employment and environmental laws and regulations. These include Singapore's Workplace Safety and Health Act and Australia's Work Health and Safety Act. On an annual basis, the Manager and property managers evaluate the performance of these suppliers and service providers to provide them feedback for improvements. Non-compliant suppliers and service providers are penalised or terminated based on the contractual terms and are barred from providing services to the properties in the future.


## SECURITY OF INFORMATION

The ever-changing IT landscape and emerging cyber threats pose risks and vulnerabilities to the stakeholders' confidential data and information. Any breakdown in IT controls could cause data breaches and

result in significant legal and reputational costs to the organisation. Guided by the ARA Group's Cyber Security Policy, the Manager and property managers have established the IT controls and processes to safeguard the privacy and confidential information of stakeholders and to comply with the Personal Data Protection Act and Privacy Act in Singapore and Australia respectively.

Various IT controls are established to prevent, detect and respond to threats concerning security and confidentiality of data at the 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 the scenario of a disaster and participants are relocated to an offsite centre with ready access to IT systems and restored backup database.

For FY 2018, the Manager has met its targets of zero validated cases of data breaches, non-compliance and substantiated complaints.

 Perpetual Targets	FY 2018 Performance
0 validated cases of data breaches and non-compliance with respective laws	 Achieved
0 incidents of substantiated complaints across properties relating to breaches of confidential information	 Achieved



## TENANT AND VISITOR HEALTH, SAFETY AND SECURITY

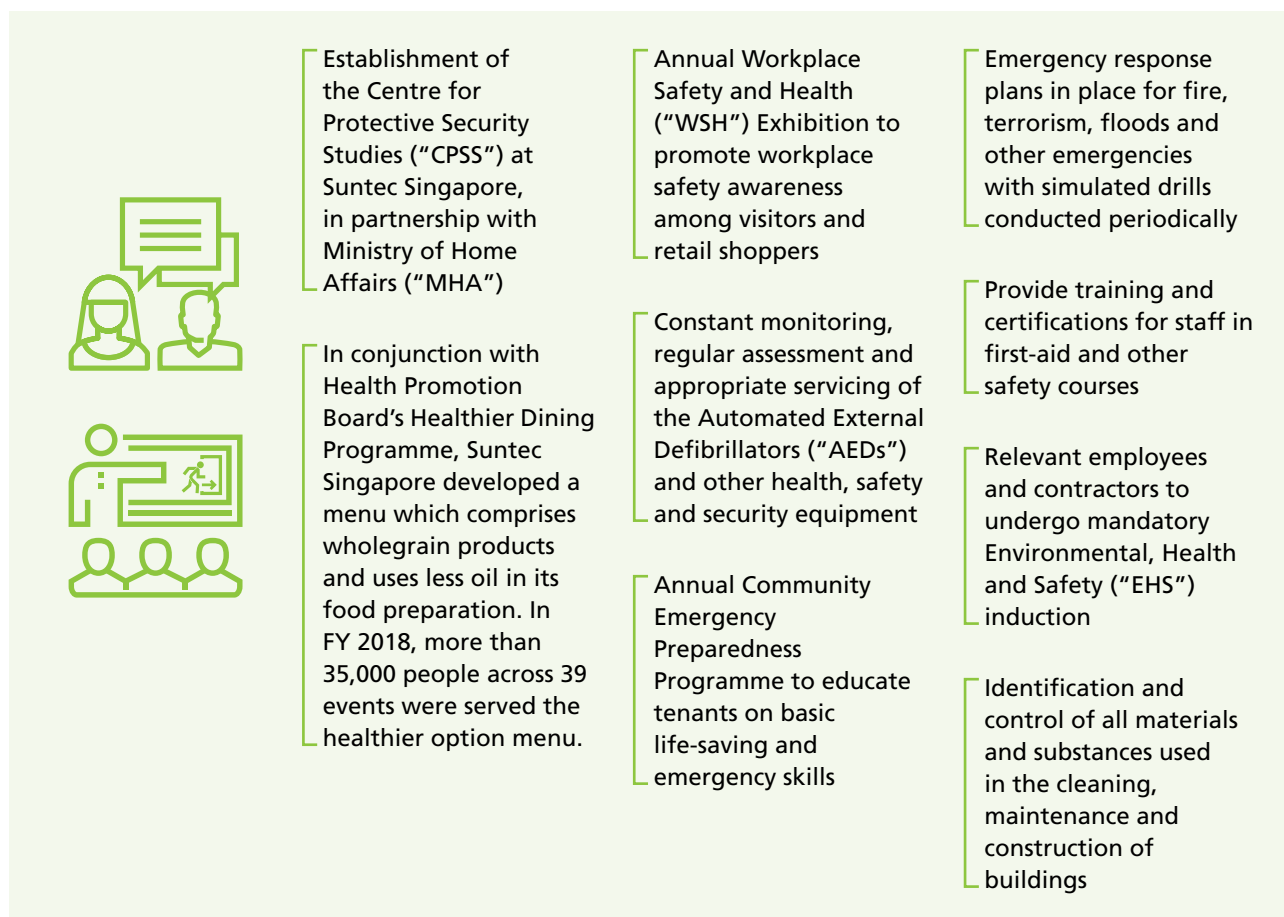
The Manager recognises its responsibilities in ensuring the health, safety and security of its stakeholders, and works to inculcate a “safety first mindset” throughout its operations. Prudent management of this matter is vital for the Manager to enhance business resilience and respond swiftly to potential disruptions and challenges. The Manager ensures the safety and security of the properties through the installation of security access control system (i.e. with access barriers and electromagnetic lock), closed-circuit television and deployment of security guards.

Regular inspections are carried out by the property managers to ensure a safe environment at the properties. To raise tenants’ and visitors’ awareness, fire drills and evacuation exercises are conducted to cover safety principles, fire hazards, use of preventive gears and exit routes.

In addition, the property managers ensure that all fitting out works are carried out in a safe and socially responsible manner, based on approved drawings which comply with regulations and fitting out guidelines. Regular on-site meetings and inspections are held together with the tenants to ensure safety and compliance.

During FY 2018, the Manager and property managers have undertaken numerous health, safety and security-related initiatives, which are summarised below.

*Figure 9: Initiatives and actions for tenants and visitor health and safety*



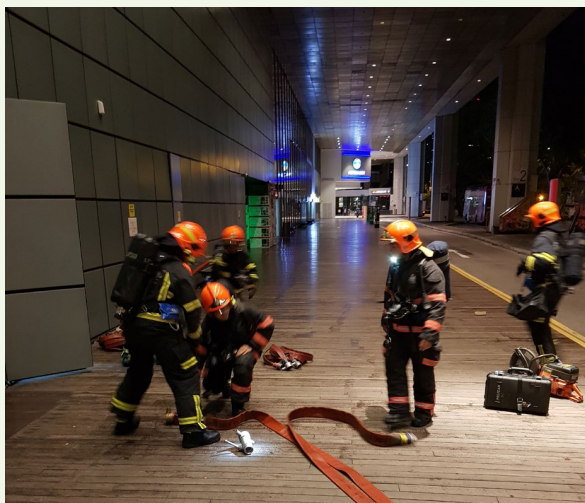
For FY 2018, the Manager met its perpetual target of zero validated cases of non-compliance with relevant regulations and voluntary codes concerning health and safety across all properties. In addition, the Manager and property managers have received numerous accolades which are described in Figure 10, as a testimony of the effectiveness of the properties’ health and safety management systems.

## CASE STUDY: PARTNERSHIPS FOR RESILIENCE IN THE FACE OF CASCADING THREATS

From 11<sup>th</sup> to 15<sup>th</sup> November 2018, Suntec Singapore hosted the 33<sup>rd</sup> Association of Southeast Asian Nations ("ASEAN") Summit 2018. For this event, security forces from the Singapore Police Force ("SPF"), Singapore Armed Forces ("SAF"), Singapore Civil Defence Force ("SCDF") and overseas agencies carried out a joint-operation to secure the summit, which was attended by 19 heads of state and other senior officials.

As the venue host, Suntec Singapore recognised the unparalleled level of security and safety required. To ensure that the venue and its surrounding areas were well-prepared, Suntec Singapore worked closely with the Ministry of Home Affairs ("MHA") to conduct exercises and facilitate the execution of appropriate measures and practices.

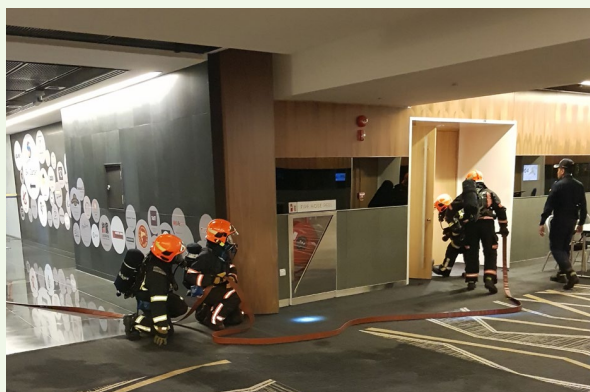
With the establishment of the Centre for Protective Security Studies ("CPSS"), Suntec Singapore has provided a venue for MHA to conduct training for its police officers. Through various assessments and



rigorous planning, MHA was able to use Suntec Singapore for its counter-terrorism exercises, thereby enhancing the venue's security protection capabilities. Partnering with MHA has also enabled Suntec Singapore to enhance its own security and safety facilities. For instance, as part of the ASEAN Summit Security Plan, Suntec Singapore completed the installation of 73 electromagnetic locks based on MHA's recommendation after carrying out an on-site risk assessment.

Suntec Singapore also collaborated with SCDF to conduct a High-Risk Installation ("HRI") Drill/Exercise. This drill involved the evacuation of Suntec Singapore's security, stewarding and housekeeping personnel.

These partnerships reinforce the Manager and property managers' commitment to protecting lives and staying prepared and resilient in crises.



### Perpetual Targets

0 validated cases of non-compliance with relevant regulations and voluntary codes concerning health and safety across all properties


### FY 2018 Performance



Achieved



Figure 10: List of key social awards and accolades

Key Social Awards & Accolades	
Property	 2016 – 2018
<b>Suntec City Mall</b>	<ul style="list-style-type: none"> <li>• Workplace Safety and Health Council (“WSHC”) (2017 – 2020) – bizSAFE level 3 Certification</li> <li>• National Fire and Civil Emergency Preparedness Council (“NFEC”) 2018 – Fire Safety Excellence Award</li> <li>• National Safety and Security Watch Group Award 2018</li> <li>• Company Emergency Response Team Challenge 2018</li> <li>• Safety and Security Asia 2017 – Merlion Award for Smart Security Solution (Gold)</li> </ul>
<b>Suntec Singapore</b>	<ul style="list-style-type: none"> <li>• WSHC – bizSAFE Star Certification (2017 – 2020)</li> <li>• National Safety and Security Watch Group Cluster Award 2018</li> <li>• Recognised by WSG and Tripartite Partners as a Human Capital Partner</li> <li>• National Trades Union Congress (“NTUC”) Health Volunteer Friends Award 2018</li> <li>• Singapore Corporation of Rehabilitative Enterprises (“SCORE”) Sparks of Hope Award 2018</li> <li>• Asia Best Employer’s Award 2018 – Hospitality Sector</li> <li>• The Global Association of the Exhibition Industry (“UFI”) Awards 2018 – Human Resources Award</li> <li>• May Day Award Plaque of Gold 2018 – Progressive Employer Award</li> <li>• Health Promotion Board Singapore HEALTH Awards 2017 – Certificate of Recognition</li> <li>• HR Asia Best Companies to Work for in Singapore 2017 – Ranked #14</li> <li>• National Arts Council Patron of the Arts 2016 and 2017</li> <li>• NTUC U SAFE Awards 2016 – SPARKS Award</li> <li>• National Safety &amp; Security Watch Group Award 2016 – Cluster Award</li> <li>• Ministry of Defence – NS Mark Gold 2016</li> </ul>
<b>ORQ</b>	<ul style="list-style-type: none"> <li>• WSHC – Safety and Health Award Recognition for Projects (“SHARP”) 2018</li> <li>• Occupational Health and Safety Assessment Series (“OHSAS”) 18001 Occupational Health and Safety Management (2017 – 2020) (property manager)</li> <li>• WSHC – bizSAFE Star Certification (2017 – 2020) (property manager)</li> <li>• WSHC – Workplace Safety and Health Performance Award 2018 (Silver) (property manager)</li> <li>• WSHC – bizSAFE Partner Certification (2018 – 2020) (property manager)</li> </ul>
<b>MBFC Properties</b>	<ul style="list-style-type: none"> <li>• OHSAS 18001 Occupational Health and Safety Management (2017 – 2020) (property manager)</li> <li>• WSHC – bizSAFE Star Certification (2017 – 2020) (property manager)</li> <li>• WSHC – Workplace Safety and Health Performance Award 2018 (Silver) (property manager)</li> <li>• WSHC – bizSAFE Partner Certification (2018 – 2020) (property manager)</li> </ul>





## HUMAN CAPITAL

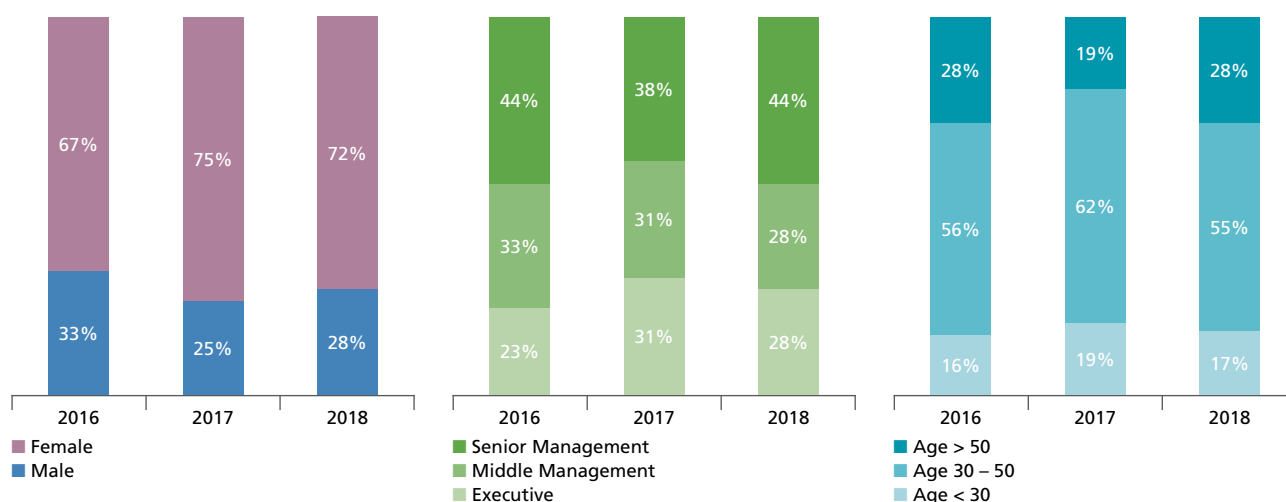
### Profile of the Workforce

Suntec REIT's success is achieved through the dedication and contributions of the Manager's and property managers' employees from diverse backgrounds and age groups. All the employees of the Manager are based in Singapore and more than half of them are women who hold middle and senior management positions. The Manager has been providing stable employment in the

past with no layoff through redundancy and its staff turnover is low despite the competitive nature of the fund management industry.

The Manager's team comprises 18 full-time permanent employees based in Singapore, an overall increase of 2 employees from 2017. During FY 2018, there were 5 new full-time permanent hires, 2 resignations and 1 employee who transferred to ARA Group.

Figure 11: Percentage composition of total employees, by gender, employee category and age





# SOCIAL

## Employment Practices


Fair employment practices are some of the key factors in attracting and retaining employees. The Manager strives to be an employer of choice by promoting diversity, equality, personal development, mutual trust and teamwork at the workplace. Taking reference from the Tripartite Alliance for Fair Employment Practices in Singapore, the Manager embraces diversity by hiring talent from different backgrounds and cultures based on meritocracy and providing equitable opportunities and treatment to its employees. The Manager complies with the Singapore's labour laws and employment acts and it also supports the national Work Right initiative in relation to the Employment Act and CPF Act.

Employees are provided with the Employee Handbook which details the Human Resources ("HR") policies, terms and conditions of employment, benefits and entitlements. The Manager adopts the ARA Group's

open-door policy in sharing ideas and feedback during luncheons and get-togethers with senior management, team-building activities and cohesion programmes.

Employee wellness and work-life balance is a key emphasis at the workplace. Benefits such as health care, disability and invalidity coverage, marriage leave, parental leave and retirement provision are provided to all employees. Employees also engage in various activities; ranging from corporate social responsibility initiatives, (e.g. ARA-Lim Hoon Foundation Educational Heritage Tour, SGX Bull Charge and Tana River Life Foundation Mitumba Project), social events (e.g. ARA Family Day 2018 and Annual Chinese New Year Cocktail Party) to other sports and fitness programmes (e.g. health screening, yoga, running and zumba).

For FY 2018, the Manager has met its targets of zero validated cases of non-compliance with employment regulations or acts concerning employee rights.

 Perpetual Targets	FY 2018 Performance
0 validated cases of non-compliance with employment regulations or acts concerning employee rights	 Achieved



## Case Study: Building Stronger Singaporean Core

In FY 2018, Suntec Singapore was awarded the Human Capital Partnership Certification. This is a tripartite initiative that recognises companies with progressive employment practices. To be certified, organisations must meet three criteria:

1. Build a stronger Singaporean core by investing in the development of local employees across all levels;
2. Stronger complementarity between local and foreign employees; and
3. Transferring of skills from foreign to local employees to enhance capabilities.

In addition, Suntec Singapore was an early adopter of the Age-Friendly Workplace Practices. Organisations adopting these practices shall ensure that they provide a conducive and inclusive workplace for all ages.



### Talent Development

The Manager is committed to investing in employee training and development to build a competitive and sustainable workforce. In line with ARA Group's Performance and Career Development policy, a well-structured employment category and grading system is put in place to provide a clear progression path for all employees.

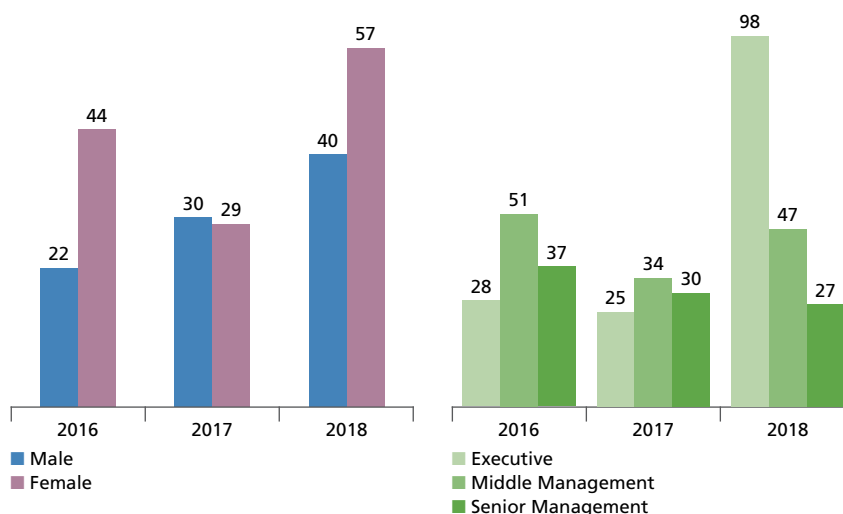
The ARA Group's HR department works closely with the CEO and Heads of Department to identify learning needs of employees based on the ARA Competency Framework of Self Mastery, People Skills, Business Alignment, and Strategic Alignment. The HR department supports the Manager with suitable training programmes, where employees are kept updated on their individual training needs as well as the relevant courses and seminars to



attend. A bi-annual training newsletter is also circulated to all employees, to keep them informed of the latest training trends and developments.

Adopting an Open Appraisal System, the CEO and Heads of Department conduct face-to-face meetings with each employee to discuss his or her job performance, including the areas of responsibilities and improvements. In addition, review sessions are done mid-year to provide feedback and guidance to employees to ensure that the work plan progress toward the goals set is on track. In FY 2018, all employees received their performance review.

The Manager surpassed its target of providing an average of 26 training hours per employee in FY 2018. The average training hours per employee was 55 hours, an increase from 29 hours per employee in FY 2017.

Figure 12: Average training hours of employees, by gender and employee category



 FY 2018 and FY 2019 Targets	FY 2018 Performance
Providing an average of 26 training hours per employee per annum	 Achieved


## Occupational Health and Safety

The Manager values the health, safety and well-being of its employees, as positive morale and satisfaction directly contribute to productivity and retention levels.

In line with the Tenant and Visitor Health, Safety and Security initiatives mentioned in pages 11 to 12, the Manager actively promotes a safety culture that has no tolerance for injuries at the workplace. The Manager is committed to ensuring that its operations comply with the relevant Occupational Health and Safety regulations. Fire drills and evacuation exercises are conducted to cover safety principles, fire hazards, preventive gears, exit routes, and raise employee awareness and preparedness. Regular safety inspections are also carried out at the workplace to ensure that it is a safe environment.

The Manager works closely with the property managers to drive the occupational health and safety message at various offices. The property managers have established policies which govern the management and monitoring of health and safety risks. In addition, formal joint management-worker committees are set up at the properties' level to cultivate a positive health and safety mind-set for its employees. These committees monitor and implement health and safety programs as well as encourage employees to participate actively.

During FY 2018, the Manager has achieved its perpetual target of zero cases of reportable work-related injuries for its employees. In addition, the employee absentee rate increased marginally from 0.65% in FY 2017 to 0.71% in FY 2018.

 Perpetual Targets	FY 2018 Performance
0 cases of reportable work-related injuries for employees	 Achieved

# ENVIRONMENT

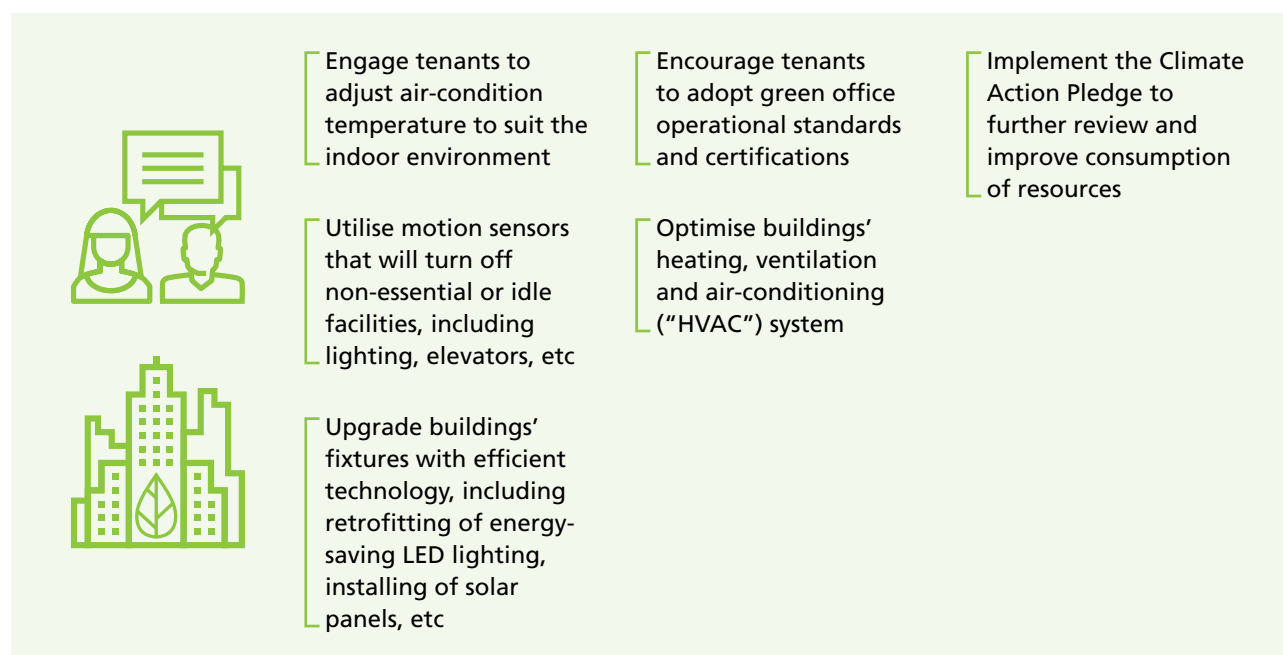
The Manager is committed to identifying and responding to climate change risks and environmental impacts on its portfolio of properties. The Manager aligns itself with ARA Group's Climate Change Adaptation Policy which comprises the three overarching principles of Compliance, Conservation and Communication. In this report, the environmental data on fuel, electricity, water and waste are presented with narratives on the consumption trends and fluctuations.

## ENERGY CONSUMPTION AND CARBON FOOTPRINT

The Manager recognises the impact of its business on the environment. With grid electricity being the main source of energy for its properties, higher electricity consumption would directly translate into higher carbon emissions. The Manager seeks to improve the energy efficiency of the properties to reduce its carbon footprint and thereby reducing utility costs. While the Manager and property managers do not have operational control over tenants' electricity consumption, resources have been deployed at the property-level to enhance the ecosystem of the buildings, raise environmental awareness and foster energy conservation. The environmental data and graphs in this section include the tenanted areas of the properties based on the equity share approach. FY 2017 environmental data had been restated on the same basis. The energy consumption and carbon footprint data in FY 2017 Sustainability Report included tenanted areas for Singapore properties and Southgate Complex.

Some of the properties' environmental initiatives are highlighted below:

*Figure 13: Initiatives and actions for energy and emission management*





# ENVIRONMENT

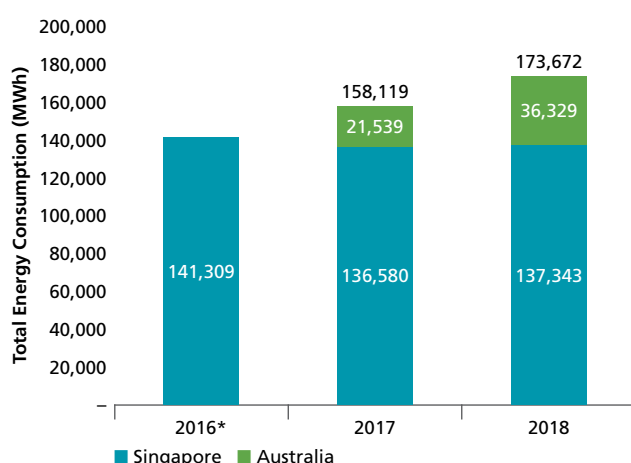
The Manager strives to achieve and maintain green building certifications and ratings for its properties. These include Singapore Building and Construction Authority ("BCA") Green Mark certification, the National Australian Built Environment Rating System ("NABERS") and the Green Building Council of Australia ("GBCA") Green Star rating. The certifications and ratings for each property are highlighted below.

Figure 14: List of key environmental awards and accolades

Key Environmental and Green Building Certifications		
Property	2016 – 2018	
Suntec City Mall	<ul style="list-style-type: none"> <li>• BCA – Green Mark Gold (2016 – 2019)</li> </ul>	 BCA GREEN MARK
Suntec Singapore	<ul style="list-style-type: none"> <li>• BCA – Green Mark Gold (2016 – 2019)</li> <li>• EarthCheck – Bronze (2017)</li> </ul>	
ORQ	<ul style="list-style-type: none"> <li>• BCA – Green Mark Platinum (2016 – 2019)</li> <li>• ISO14001:2015 Environmental Management System (2017 – 2020) (property manager)</li> </ul>	 green building council australia 5 green star Office Design v3 2016
MBFC Properties	<ul style="list-style-type: none"> <li>• BCA – Green Mark Platinum (2017 – 2020)</li> <li>• ISO14001:2015 Environmental Management System (2017 – 2020) (property manager)</li> </ul>	
177 Pacific Highway	<ul style="list-style-type: none"> <li>• GBCA – 5 Star Green Star, Office Design v3 Certified Rating (design stage)</li> <li>• NABERS – 5.5 Star Energy Rating and 4 Star Water rating (2018 – 2020)</li> </ul>	 NABERS
Southgate Complex	<ul style="list-style-type: none"> <li>• NABERS – 4 Star Energy Rating (IBM Tower) and 4.5 Star Energy Rating (HWT Tower) (both without Greenpower) (2018 – 2019)</li> <li>• NABERS water assessment – 3 Star Rating (IBM Tower) and 4 Star Rating (HWT Tower) (2018 – 2019)</li> </ul>	

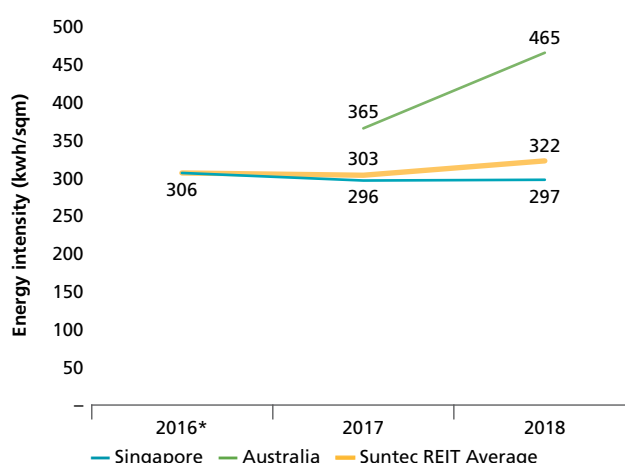
In FY 2018, Suntec REIT's total energy consumption (i.e. fuel and electricity) and average energy intensity were 173,672 MWh and 322 kwh/sqm respectively, which were an increase of 15,533 MWh and 19 kwh/sqm from FY 2017. Electrical consumption accounted for about 94% of total energy consumption, with the remaining 6% from fuel (i.e. natural gas, diesel and cooking gas) consumption. Majority of the fuel consumption arose from natural gas for heating requirements during the winter months in Australia.

Figure 15: Total energy consumption by country (MWh)



Note to above graph: For FY 2017, total energy consumption, total electrical consumption in Australia was restated as 16,331 MWh (i.e. formerly reported as 12,569 MWh, to include tenant's consumption; and total indirect energy consumption from fuel in Singapore was restated as 188 MWh (i.e. formerly reported as 365,355 GJ).

Figure 16: Energy intensity breakdown by country (kwh/sqm)



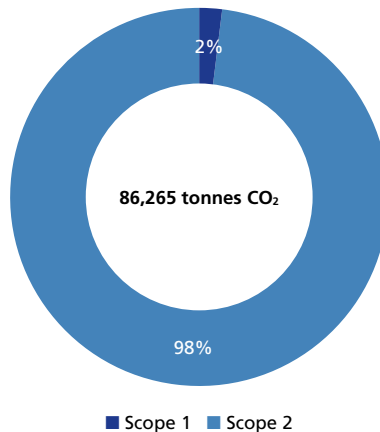
Note to above graph: Suntec REIT average energy intensity is computed based on total energy consumption divided by total gross floor area of Suntec REIT properties.

\* 2016 data was only available for Singapore properties as the Manager took over asset management of the Australian properties in the later part of 2016.

# ENVIRONMENT

Direct (Scope 1) GHG emission was 2,065 tonnes CO<sub>2</sub> and indirect (Scope 2) GHG emission was 84,200 tonnes of CO<sub>2</sub> for FY 2018. Suntec REIT average GHG emission intensity was 160 kg CO<sub>2</sub>/m<sup>2</sup> which was an increase of 16 kg CO<sub>2</sub>/m<sup>2</sup> from FY 2017.

Figure 17: Carbon emissions by direct (Scope 1) and indirect (Scope 2) energy sources in FY 2018



The average energy intensity and average carbon emission intensity increased 6% and 11% respectively compared to 2017. The increase in total energy consumption, GHG emission and intensities were due to the increase in ownership of Southgate Complex.<sup>8</sup>

Figure 18: Total carbon emission breakdown by country (tonnes CO<sub>2</sub>)

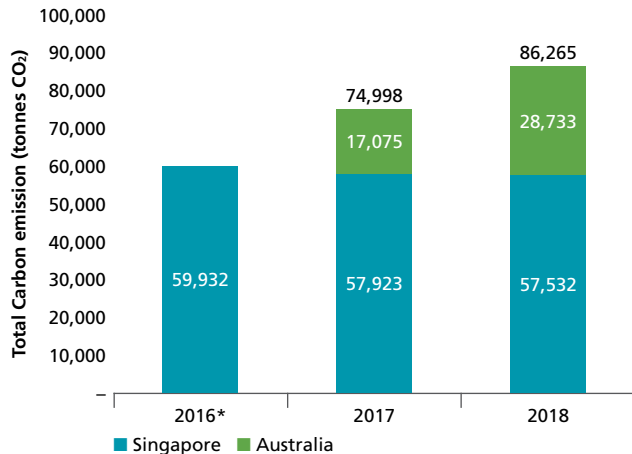
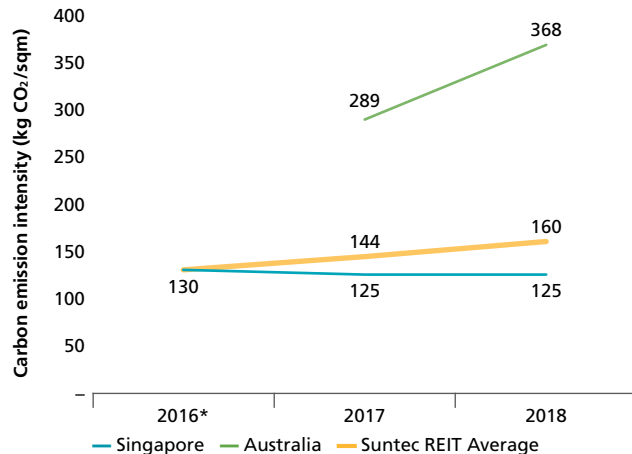


Figure 19: Carbon emission intensity by country (kg CO<sub>2</sub>/sqm)



Note to above graph: Suntec REIT average carbon emission intensity is computed based on total GHG emissions divided by total gross floor area of Suntec REIT properties.

<sup>8</sup> Suntec uses the equity share approach, as outlined in the GHG Protocol Corporate Standard to consolidate the environmental performance data from properties. In May 2018, Suntec REIT increased ownership in Southgate Complex from 25% to 50%. As a result, the environmental data consolidated for reporting purpose increased accordingly.

\* 2016 data was only available for Singapore properties as the Manager took over asset management of the Australian properties in the later part of 2016.

# ENVIRONMENT

## Suntec Singapore is optimising its energy consumption and reducing its carbon footprint

### “Undertaking of the Ministry of the Environment and Water Resources (“MEWR”) Climate Action Pledge 2018”

As part of Suntec Singapore’s efforts in taking up and upholding the MEWR Climate Action Pledge 2018, a Green Cross Functional Team (“CFT”) was formed in FY 2018. The primary features of the CFT are as follow:

1. The Green CFT is an advocate of sustainability in the organisation.
2. The CFT is made up of people from various departments who can help drive the initiatives amongst their team members.
3. The team convenes a meeting at least once every quarter to brainstorm ideas on facilitating and improving a green culture in Suntec Singapore, while following up on initiatives and checking on their green progress.



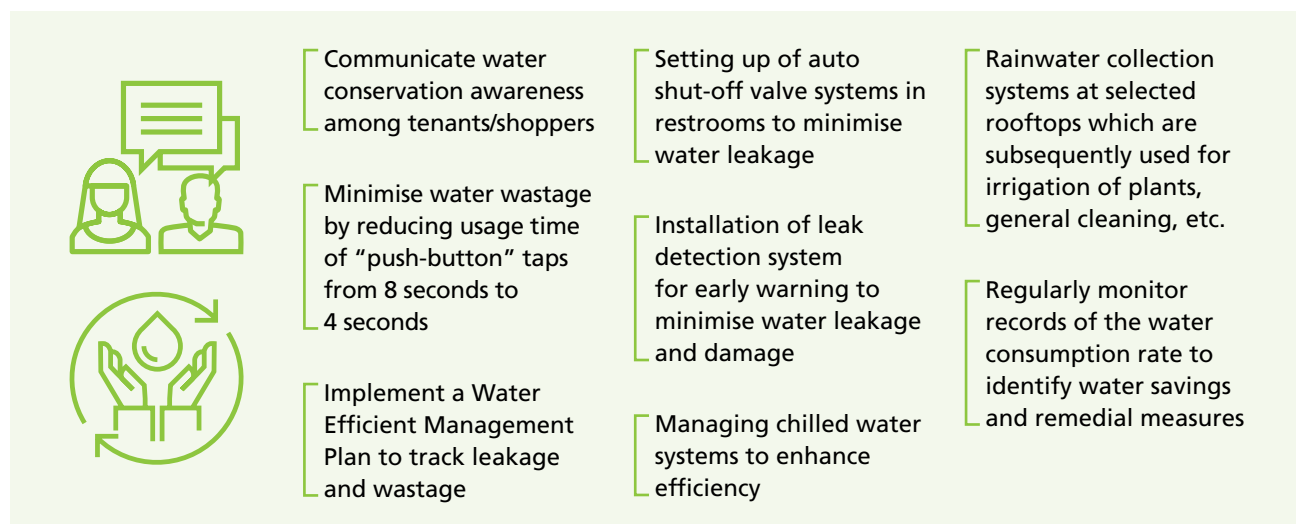
### FY 2019 Target

To reduce carbon emissions intensity by 1.5% in FY 2019 from FY 2018 levels

## WATER MANAGEMENT

The Manager recognises that water scarcity has an immense impact to the society and environment. In line with ARA Group’s Water Consumption/Management Policy, the Manager seeks to promote the responsible use and management of water and improve its efficiencies across the properties. Working with the property managers, collaborative efforts have been taken in educating tenants, who account for the bulk of water consumption, and raising awareness on water conservation. In addition, various initiatives and actions for water management are in place as highlighted below.

Figure 20: Initiatives and actions for water management



## ENVIRONMENT

Suntec REIT's properties obtain water from municipal water utilities. In FY 2018, a total of 1,192,077 m<sup>3</sup> of water was consumed in Singapore and Australia. The aggregated water consumption intensity was 2.2 m<sup>3</sup>/m<sup>2</sup>.

In Singapore, the water intensity increased by 13% from 1.89 m<sup>3</sup>/m<sup>2</sup> in FY 2017 to 2.13 m<sup>3</sup>/m<sup>2</sup> in FY 2018. The increase in water consumption level was mainly attributed to an increase in F&B outlets which commenced operations at Suntec City in FY 2018.

Similar to energy consumption, the water consumption by the Australia properties increased substantially due to the increase in ownership of Southgate Complex.

Figure 21: Water consumption by country ('000 m<sup>3</sup>)

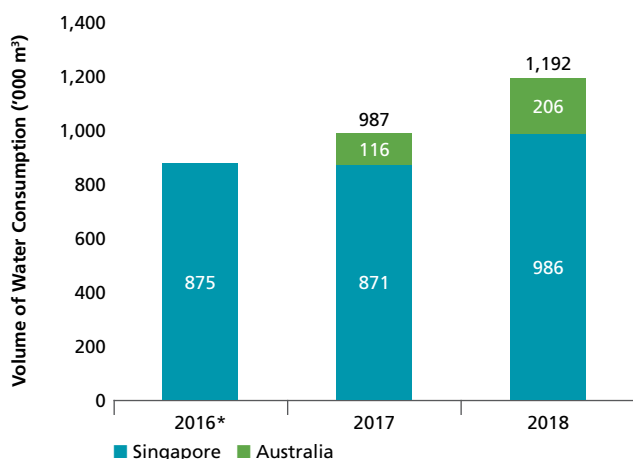
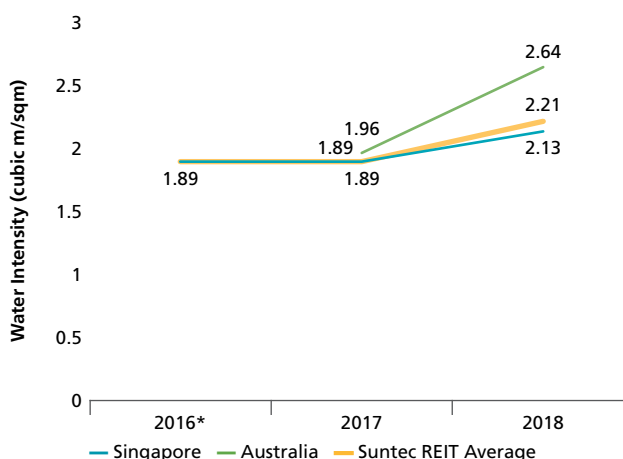


Figure 22: Water intensity by country (cubic m/sqm)



Note to above graph: Suntec REIT average water intensity is computed based on total water consumption divided by total gross floor area of Suntec REIT properties.



FY 2019 Target

To maintain water intensity in FY 2019 from FY 2018 levels

\* 2016 data was only available for Singapore properties as the Manager took over asset management of the Australian properties in the later part of 2016.



# ENVIRONMENT

## WASTE MANAGEMENT

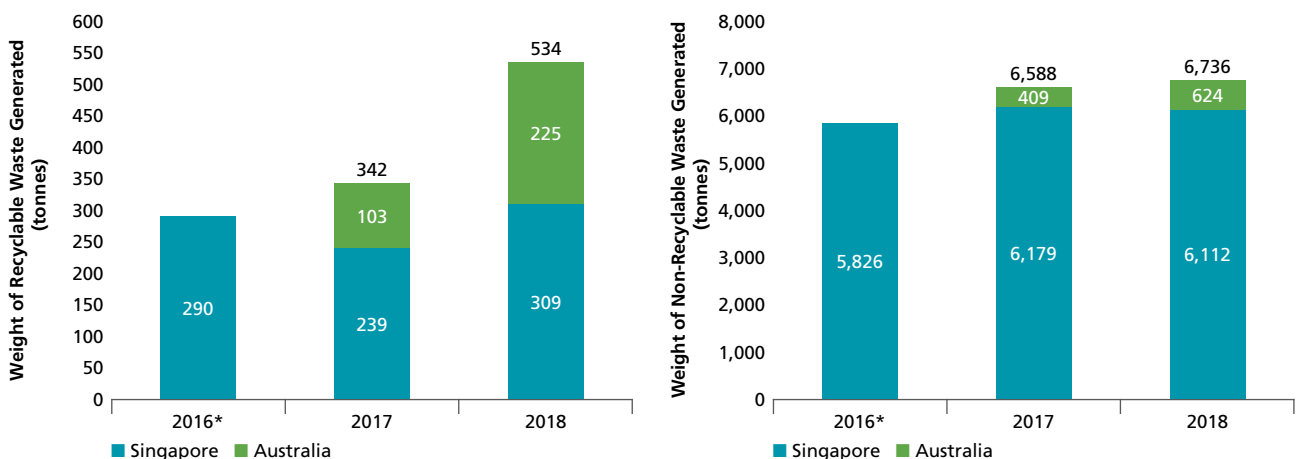
The Manager believes that proper waste management is important for the environment and human health. In line with ARA Group's Waste Management Policy, various steps and initiatives are undertaken to manage the generation and disposal of waste. In addition, concerted measures are taken by the Manager together with the property managers to drive waste reduction and raise awareness on recycling as described below.

In FY 2018, the amount of recyclable waste generated increased by 56.3% from 342 tonnes in FY 2017 to 534 tonnes, which was in line with the initiatives to encourage tenants to recycle. The increase in waste generated from the Australia properties was similarly due to the increased interest in Southgate Complex.

Figure 23: Initiatives and actions for waste management



Figure 24: Total weight of recyclable and non-recyclable waste by country (tonnes)



\* 2016 data was only available for Singapore properties as the Manager took over asset management of the Australian properties in the later part of 2016.

# METHODOLOGICAL REVIEW

This section explains the key definitions and methodologies applied for Suntec REIT'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 at 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.

### Absentee days and absentee rate

*Absentee days* are measured in terms of the number 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 total days scheduled to be worked by the employees in the reporting period, expressed as a percentage.

### 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.

## ENVIRONMENT

### Consolidation approach

The equity share approach, as outlined in the GHG Protocol Corporate Standard, is used to determine organisational boundaries for Suntec REIT's environmental reporting. The respective ownership for each property as reflected in the reported environmental data is as follows:

Property	Ownership		
	2016	2017	2018
Suntec Office	59.1%	59.1%	59.1%
Suntec City Mall	100.0%	100.0%	100.0%
Suntec Singapore	60.8%	60.8%	60.8%
ORQ	33.3%	33.3%	33.3%
MBFC Properties	33.3%	33.3%	33.3%
177 Pacific Highway	100.0%	100.0%	100.0%
Southgate Complex <sup>9</sup>	25.0%	25.0%	50.0%

<sup>9</sup> While Suntec REIT increased its interest in Southgate Complex from 25% to 50% in May 2018, the 50% ownership was reflected in the reported environmental data for the entire year.

# METHODOLOGICAL REVIEW

## Energy consumption within the organisation

Purchased electricity is the most significant form of energy that Suntec REIT properties consume. Other forms of consumed energy are natural gas, cooking gas and diesel fuel. The total energy consumption is expressed in megawatt hours (symbol: MWh).

## Energy intensity

The metric selected to calculate the respective energy intensity ratios is the square metre (symbol: m<sup>2</sup>). The ratio is calculated by the energy consumed, relative to the total gross floor area of Suntec REIT properties.

## GHG emissions

This report discloses the Scope 1 and Scope 2 GHG emissions for Suntec REIT properties.

- Scope 1 GHG emissions are emissions from sources that are owned or controlled by the organisation. In the scope of reporting, this relates to natural gas, cooking gas and diesel fuel consumed and it is expressed in tonnes of CO<sub>2</sub>.
- 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 tonnes of CO<sub>2</sub>. 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 2017 which is the latest estimate, obtained from "2018 Singapore Energy Statistics" published by the Energy Market Authority of Singapore in 2018. In Australia, the emission factors used are the latest estimate of the grid emission factors of New South Wales and Victoria, the territories where the Australian properties are located in. Data is obtained from the "Australian National Greenhouse Accounts Factors", published by the Department of the Environment and Energy of Australia in 2018.

## GHG emissions intensity

The metric selected to calculate the respective GHG emissions intensity ratios is the square metre (symbol: m<sup>2</sup>). The ratio is calculated by the GHG emissions relative to the total gross floor area of Suntec REIT properties.

## Water consumption

Municipal water utilities are the only significant sources of water withdrawn by Suntec REIT properties and it is expressed in cubic metres (symbol: m<sup>3</sup>). For some properties, rainwater is collected directly and stored for usage. However, rainwater data is currently unavailable for disclosure. The total volume of water consumed is provided with a breakdown by Country.

## Water Intensity

The metric selected to calculate the respective water intensity ratio is the square metre (symbol: m<sup>2</sup>). The ratio is calculated by the volume of water consumed, relative to the total gross floor area of Suntec REIT properties.

## Waste

Waste generated and disposed by the properties and are expressed in tonnes, with a breakdown of recyclable and non-recyclable waste, by Country.



# GRI CONTENT INDEX

## Reference:

**SR** – Suntec REIT's Sustainability Report 2018

**AR** – Suntec REIT's Annual Report 2018

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	About Suntec REIT (SR Pg 1)
102-2	Activities, brands, products, and services	About Suntec REIT (SR Pg 1), Property Portfolio (AR Pg 24 – 45)
102-3	Location of headquarters	About Suntec REIT (SR Pg 1)
102-4	Location of operations	About Suntec REIT (SR Pg 1)
102-5	Ownership and legal form	Trust Structure and Organisation Chart (AR Pg 14), Notes to the Financial Statements (AR Pg 89, 148 – 151)
102-6	Markets served	Property Portfolio (AR Pg 24 – 45)
102-7	Scale of the organisation	Profile of the Workforce (SR Pg 14), Financial Highlights (AR Pg 12), Unit Performance (AR Pg 13), Manager’s Report (AR Pg 21-23)
102-8	Information on employees and other workers	Profile of the Workforce (SR Pg 14), Management Team (AR Pg 18 – 20)
102-9	Supply chain	Supply Chain Management (SR Pg 10)
102-10	Significant changes to the organisation and its supply chain	Year in Review (AR Pg 9), Chairman’s Report (AR Pg 10 – 11)
102-11	Precautionary principle or approach	Risk Management (SR Pg 8), Risk Management (AR Pg 50)
102-12	External initiatives	The Manager participates in various national and industry efforts towards economic growth, good corporate governance, environmental conservation, education, and community development. The Group is represented in several industry bodies or funding the causes of various organisations, such as the Asia Pacific Real Estate Association, Singapore Chinese Chamber of Commerce and Industry, REIT Association of Singapore, Singapore Green Building Council, Singapore Institute of Directors, Investor Relations Professionals Association (Singapore), and Securities Investors Association (Singapore).
102-13	Membership of associations	
Strategy		
102-14	Statement from senior decision-maker	Board Statement (SR Pg 2), Chairman’s Report (AR Pg 10 – 11)
Ethic and Integrity		
102-16	Values, principles, standards, and norms of behavior	Business Ethics (SR Pg 8)
102-17	Mechanisms for advice and concerns about ethics	Whistle-Blowing Policy (AR Pg 66)

# GRI CONTENT INDEX

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>General Disclosures</b>		
<b>Governance</b>		
102-18	Governance structure	Governance (SR Pg 6), Trust Structure and Organisation Chart (AR Pg 14)
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance (SR Pg 6), The Board's Conduct of Affairs (AR Pg 55 – 57)
102-22	Composition of the highest governance body and its committees	Board of Directors (AR Pg 15 – 17), Board Composition and Guidance (AR Pg 57 – 59)
102-23	Chair of the highest governance body	Chairman and Chief Executive Officer (AR Pg 59)
102-24	Nominating and selecting the highest governance body	Board Membership and Performance (AR Pg 60 – 62)
102-25	Conflicts of interest	Dealings in Suntec REIT units (AR Pg 71), Dealing with Conflicts of Interest (AR Pg 71 – 72), Dealing with Interested Person Transactions (AR Pg 72 – 73)
102-26	Role of highest governance body in setting purpose, values, and strategy	Board Statement (SR Pg 2), The Board's Conduct of Affairs (AR Pg 55 – 57), Risk Management and Internal Controls (AR Pg 65 – 66)
102-29	Identifying and managing economic, environmental, and social impacts	Board Statement (SR Pg 2), The Board's Conduct of Affairs (AR Pg 55 – 57), Risk Management and Internal Controls (AR Pg 65 – 66)
102-30	Effectiveness of risk management processes	Risk Management and Internal Controls (AR Pg 65 – 66)
102-32	Highest governance body's role in sustainability reporting	Board Statement (SR Pg 2), Governance (SR Pg 6)
102-35	Remuneration policies	Remuneration Matters (AR Pg 62 – 64)
102-36	Process for determining remuneration	Remuneration Matters (AR Pg 62 – 64)
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholder Engagement (SR Pg 3)
102-41	Collective bargaining agreements	All employees within the scope of this report are not covered by collective bargaining agreements, as they are professionals.
102-42	Identifying and selecting stakeholders	Stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the Manager's activities, portfolio and services, or whose actions can reasonably be expected to affect the ability of the Manager to successfully implement its strategies and achieve its objectives.
102-43	Approach to stakeholder engagement	Stakeholder Engagement (SR Pg 3)
102-44	Key topics and concerns raised	Stakeholder Engagement (SR Pg 3)

# GRI CONTENT INDEX

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>General Disclosures</b>		
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements ( <a href="#">AR</a> Pg 110, 113)
102-46	Defining report content and topic boundaries	Reporting Framework ( <a href="#">SR</a> Pg 2), Materiality Assessment ( <a href="#">SR</a> Pg 4)
102-47	List of material topics	Materiality Assessment ( <a href="#">SR</a> Pg 4 – 5)
102-48	Restatement of information	In FY2018, following restatement of information were made: 1. Australia: total energy consumption (both from indirect and direct energy sources) previously disclosed in FY 2017 report were restated to include tenant's consumption. 2. Singapore: total indirect energy from fuel consumption previously disclosed in FY 2017 was restated to reflect more accurate conversion factor for specific fuel type.
102-49	Changes in reporting	No change in the list of material topic and topic boundaries
102-50	Reporting period	Reporting Period ( <a href="#">SR</a> Pg 2)
102-51	Date of most recent report	Suntec REIT's inaugural sustainability report was published in May 2018.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Feedback ( <a href="#">SR</a> Pg 2, 31)
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework ( <a href="#">SR</a> Pg 2)
102-55	GRI content index	GRI Content Index ( <a href="#">SR</a> Pg 26 – 31)
102-56	External assurance	Assurance was not obtained for this report
<b>Material Topic: Corporate Governance</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Governance ( <a href="#">SR</a> Pg 6 – 8)
103-2	The management approach and its components	Governance ( <a href="#">SR</a> Pg 6 – 8)
103-3	Evaluation of the management approach	Governance ( <a href="#">SR</a> Pg 6 – 8)
<b>Anti-corruption</b>		
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics ( <a href="#">SR</a> Pg 8)
205-3	Confirmed incidents of corruption and actions taken	Business Ethics ( <a href="#">SR</a> Pg 8)
<b>Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	Compliance ( <a href="#">SR</a> Pg 8)
<b>Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance ( <a href="#">SR</a> Pg 8)



# GRI CONTENT INDEX

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Material Topic: Energy and Carbon Footprint</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Energy Consumption and Carbon Footprint (SR Pg 18 – 21)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Energy Consumption and Carbon Footprint (SR Pg 18 – 21)
103-3	Evaluation of the management approach	Energy Consumption and Carbon Footprint (SR Pg 18 – 21)
<b>Energy</b>		
302-1	Energy consumption within the organisation	Energy Consumption and Carbon Footprint (SR Pg 19)
302-3	Energy intensity	Energy Consumption and Carbon Footprint (SR Pg 19)
CRE-1	Building energy intensity	Energy Consumption and Carbon Footprint (SR Pg 19)
<b>Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	Energy Consumption and Carbon Footprint (SR Pg 20)
305-2	Energy indirect (Scope 2) GHG emissions	Energy Consumption and Carbon Footprint (SR Pg 20)
305-4	GHG emissions intensity	Energy Consumption and Carbon Footprint (SR Pg 20)
CRE-3	GHG emissions intensity from buildings	Energy Consumption and Carbon Footprint (SR Pg 20)
<b>Material Topic: Water Management</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Water Management (SR Pg 21)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Water Management (SR Pg 21)
103-3	Evaluation of the management approach	Water Management (SR Pg 21)
<b>Water</b>		
303-1	Water withdrawal by source	Water Management (SR Pg 22)
CRE-2	Building water intensity	Water Management (SR Pg 22)
<b>Material Topic: Occupational Health and Safety</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety (SR Pg 17)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Occupational Health and Safety (SR Pg 17)
103-3	Evaluation of the management approach	Occupational Health and Safety (SR Pg 17)
<b>Occupational Health and Safety</b>		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety (SR Pg 17)

# GRI CONTENT INDEX

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Material Topic: Tenant and Visitor Health, Safety and Security</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Tenant and Visitor Health, Safety and Security (SR Pg 11 – 13)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Tenant and Visitor Health, Safety and Security (SR Pg 11 – 13)
103-3	Evaluation of the management approach	Tenant and Visitor Health, Safety and Security (SR Pg 11 – 13)
<b>Customer Health and Safety</b>		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Tenant and Visitor Health, Safety and Security (SR Pg 12)
<b>Material Topic: Security of Information</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Security of Information (SR Pg 10)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Security of Information (SR Pg 10)
103-3	Evaluation of the management approach	Security of Information (SR Pg 10)
<b>Customer Privacy</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security of Information (SR Pg 10)
<b>Material Topic: Quality of Assets and Services</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Quality of Assets and Services (SR Pg 9)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Quality of Assets and Services (SR Pg 9)
103-3	Evaluation of the management approach	Quality of Assets and Services (SR Pg 9)
<b>Product and Service Labeling</b>		
CRE-8	Type and number of sustainability certification, rating and labeling schemes	Key Awards and Accolades (SR Pg 9, 13, 19)
<b>Additional Topic: Waste Management</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Waste Management (SR Pg 23)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Waste Management (SR Pg 23)
103-3	Evaluation of the management approach	Waste Management (SR Pg 23)
<b>Additional Topic: Employment Practices</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Profile of the Workforce (SR Pg 14), Employment Practices (SR Pg 15)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Profile of the Workforce (SR Pg 14), Employment Practices (SR Pg 15)
103-3	Evaluation of the management approach	Profile of the Workforce (SR Pg 14), Employment Practices (SR Pg 15)
<b>Employment</b>		
401-1	New employee hires and employee turnover	Profile of the Workforce (SR Pg 14)

# GRI CONTENT INDEX

GRI Standards Disclosures		Reference(s) or Reasons for Omission (if applicable)
<b>Additional Topic: Talent Development</b>		
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Talent Development (SR Pg 16)
103-2	The management approach and its components	Governance (SR Pg 6 – 8), Talent Development (SR Pg 16)
103-3	Evaluation of the management approach	Talent Development (SR Pg 16)
<b>Training and Education</b>		
404-1	Average hours of training per year per employee	Talent Development (SR Pg 17)
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Development (SR Pg 16)

## FEEDBACK

The Manager values all feedback from stakeholders as they are integral to Suntec REIT's sustainability reporting process. Please send all comments and suggestions to [enquiry@suntecreit.com](mailto:enquiry@suntecreit.com).





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