



**FAR EAST
ORCHARD
LIMITED**

A Member of Far East Organization

BUILDING OUR SHARED FUTURE

Sustainability Report 2018



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ABOUT THIS REPORT

The Sustainability Report (“SR”) of Far East Orchard Limited (“Far East Orchard” or the “Company”, and together with its subsidiaries, the “Group”) is prepared in accordance with the Global Reporting Initiative (“GRI”) Standards 2016: Core option – the international standard for sustainability reporting, and with reference to the Singapore Exchange Securities Trading Limited Listing Rules 711A and 711B. For further information on the relevant references, kindly refer to the GRI Content Index at the end of this report.¹

This SR is published on an annual basis to provide a holistic overview of Far East Orchard’s Economic and Environmental, Social and Governance (“ESG”) initiatives for sustainable and responsible business

development. Through these measures, Far East Orchard aims to address how it manages key factors material to its stakeholders.

The scope of this report covers the Group’s sustainability performance for the financial year ended 31 December 2018 (“FY2018”), unless otherwise stated.

In FY2018, the Group expanded its sustainability reporting efforts beyond Singapore to its operations in the United Kingdom (“UK”). Management will consider including other overseas operations in the reporting scope of future reports as its sustainability efforts continuously mature.

IN-SCOPE PROPERTIES

HOSPITALITY		PROPERTY
Singapore Hotels <ul style="list-style-type: none"> • AMOY • Oasia Hotel Downtown • Oasia Hotel Novena • Orchard Rendezvous Hotel, Singapore (formerly known as Orchard Parade Hotel) • Rendezvous Hotel Singapore at Bras Basah • The Elizabeth Hotel • Quincy Hotel • Village Hotel Albert Court • Village Hotel Bugis • Village Hotel Changi • Village Hotel Katong 		Singapore <ul style="list-style-type: none"> • SBF Center • Woods Square UK <ul style="list-style-type: none"> • Westminster Fire Station • Portland Green Student Village <ul style="list-style-type: none"> ◦ Bryson Court ◦ Marshall Court ◦ Newton Court ◦ Rosedale Court ◦ Turner Court • Hollingbury House
Serviced Residences <ul style="list-style-type: none"> • Far East Plaza Residences • Oasia Residence, Singapore • Orchard Parksuites • Orchard Scotts Residences • Regency House • Village Residence Clarke Quay • Village Residence Hougang • Village Residence Robertson Quay • Village Residence West Coast 		

Figure 1: In-scope Properties

In line with the Group’s efforts towards greater environmental conservation, no copies of this report were printed. An electronic version of the report may be viewed at or downloaded from Far East Orchard’s corporate website (www.fareastorchard.com.sg).

The Group has not sought external independent assurance for this reporting period and will consider doing so in the future as its sustainability reporting efforts mature.

CONTACT US

Far East Orchard seeks to continuously enhance the accuracy, completeness and coverage of its sustainability practices and resulting report, and welcomes feedback and suggestions. Should you have any questions or feedback pertaining to this SR, please email ir@fareastorchard.com.sg.

¹ Two of the ESG factors identified as material to Far East Orchard – Service Quality and Corporate Governance, are not part of the GRI topic-specific standards and are excluded from the GRI Content Index.

ABOUT FAR EAST ORCHARD

Far East Orchard is a property developer and a hospitality owner and operator. Far East Orchard has been listed on the Mainboard of the Singapore Exchange since 1968. It is a member of Far East Organization, Singapore's largest private property developer.

Established since 1967, Far East Orchard has delivered residential, commercial, hospitality and purpose-built student accommodation ("PBSA") properties in Australia, Malaysia, Singapore and the UK.

Redefining itself through a strategic transformation of the business in 2012, Far East Orchard expanded into the complementary businesses of hospitality management and healthcare real estate. In 2015, it diversified its real estate portfolio to include PBSA properties in the UK.

Its current development projects include Woods Square, an integrated office development at Woodlands Regional Centre, with Far East Organization and Sekisui House, Ltd; redevelopment

of the former Westminster Fire Station located in the City of Westminster, London, UK, into a mixed-use development comprising residential apartments and a restaurant; and Hollingbury House, a 193-bed student accommodation building in Brighton, UK.

Today, Far East Orchard, through its hospitality management arm – Far East Hospitality – owns more than 10 hotels, and manages over 90 properties with more than 14,500 rooms in Australia, Denmark, Germany, Hungary, Malaysia, New Zealand and Singapore. In 2018, Far East Hospitality made its first foray into Japan via a joint acquisition of a hotel project in Ariake, Tokyo with Far East Organization.

Far East Orchard has a PBSA portfolio in the UK comprising 2,000 beds in the cities of Bristol, Liverpool and Newcastle upon Tyne. This includes the 622 beds added in March 2019 through the acquisition of a portfolio of three freehold student accommodation properties in Bristol and Liverpool. The Group also holds a portfolio of purpose-built medical suites for lease and for sale in Singapore's premier medical hub in Novena.

Woods Square, Singapore (under development)



VALUES IN MOTION

In line with Far East Orchard's core values of Business with Grace, Unity, Integrity, Love and Diligence, employees are provided with opportunities to be directly involved in charity causes supported by the Group. Volunteer activities are conducted during and outside of office hours, reflecting both corporate support and personal commitment of staff members.

In 2018, employees of the Group took part in initiatives such as assisting in minor home repair works, meal distributions to the underprivileged, equine-assisted therapy and learning sessions for at-risk persons, and engaging beneficiary families through meals, rock climbing and bowling sessions. In partnership with Habitat for Humanity, employees also helped to build homes in Batam, Indonesia, providing needy families with a simple and decent place to live in.

EMPOWERING OUR PEOPLE

The Group believes that attracting, developing and retaining a diverse workforce is essential for success in a global marketplace. To that end, the Human Resources team seeks to foster cross-functional connections, support mentoring and networking opportunities, and provide professional and leadership development opportunities for its employees.

As at 31 December 2018, the Group has 1,118 employees in Singapore.² Of which, 133 or 11.9% are covered by collective bargaining agreements.

Figure 2 provides a breakdown of Far East Orchard's workforce as at 31 December 2018 by different categories.

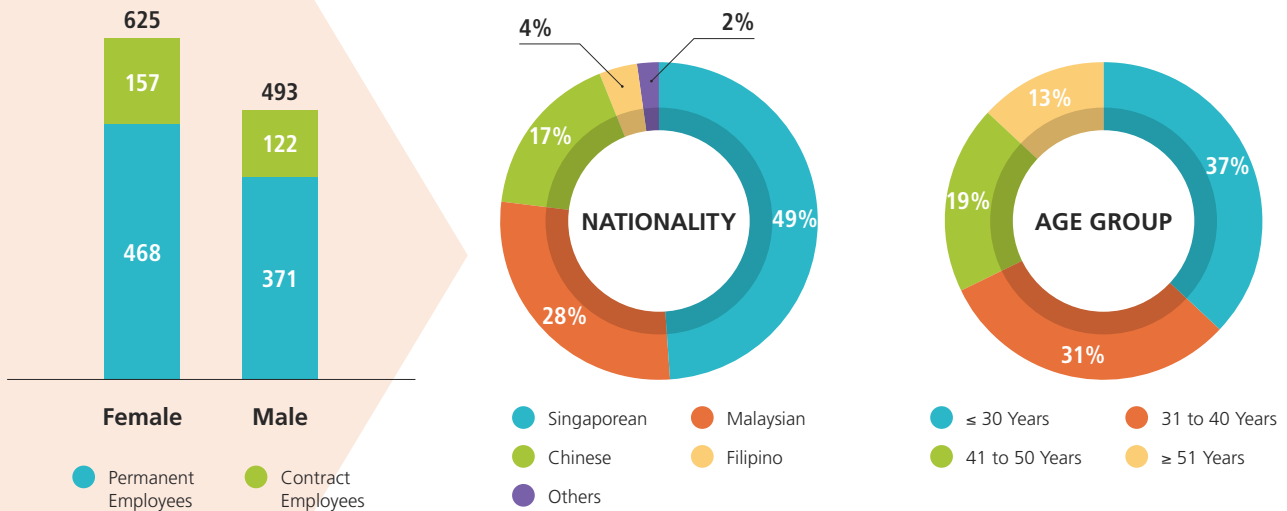


Figure 2: Workforce Statistics



Community Engagement at Far East Orchard

² Includes employees supervised by the Group's hospitality management arm but employed by the owner of the in-scope properties.

BOARD STATEMENT

DEAR STAKEHOLDERS,

2018 was Far East Orchard's second year of sustainability reporting. During the year, we strengthened our commitment to build a sustainable business with a view towards improving the economic, environmental and social well-being of the communities we operate in. Consequently, we made progress in the management of our material ESG factors, ensuring that our efforts to boost financial performance work hand-in-hand with our sustainability efforts.

INTEGRATING SUSTAINABILITY INTO OUR OPERATIONS

For FY2018, we registered S\$150.9 million in revenue and profit attributable to equity holders of S\$32.9 million. In our pursuit of business growth, we will maintain a high standard of corporate governance, accountability and transparency. Testament to our pursuit of excellence in corporate governance, our ranking for the Singapore Governance and Transparency Index 2018 improved to 46 out of 589 listed companies, compared to 209 out of 606 listed companies in 2017.

As a property developer and a vertically integrated hospitality owner and operator, we will continue to develop and manage properties in an environmentally responsible manner. There are appropriate safety measures in place at our properties and hotels to ensure the health and security of our customers. As the threat of cyberattacks increase, we have also

taken steps to steadily improve our data privacy and data management practices.

Our employees are the backbone of our organisation and their well-being and performance are crucial for our success. In FY2018, we maintained our safety track record of zero workplace fatalities and occupational disease cases and have seen an improvement to the Accident Frequency and Accident Severity Rates. We have also inculcated a culture of learning with each of our employees achieving an average of 95 hours of training in FY2018. The learning and development programmes allow employees to upgrade their skillsets and enables the Group to uphold its high service quality standards. Additionally, we have a continuous performance management process to improve the performance and develop the capabilities of individuals and teams.

LOOKING AHEAD

We are on track to building a resilient business, supported by responsible practices. With the support of the Audit & Risk Committee ("ARC") and the Management Risk & Sustainability Committee ("MRSC"), we will continue to consider sustainability matters in the formulation of the Group's strategies, oversee the management of key material ESG issues and the Group's sustainability performance. The ARC reviews significant sustainability reporting issues to ensure the integrity of statements while the MRSC manages, monitors and integrates ESG initiatives into our business operations and corporate strategy. The continuous integration of sustainability measures in our strategy and operations will be complemented by quality disclosures so as to provide stakeholders with a holistic view of the Group's performance and prospects.

Board of Directors
18 March 2019

Village Hotel at Sentosa, Singapore



SUSTAINABILITY STATEMENT

» Sustainability Vision

A trusted property and hospitality group with sustainable business practices that will benefit future generations

» Sustainability Mission

Delivering long-term value by upholding a high standard of corporate governance and ethical behaviour; nurturing a culture of sustainability and adopting responsible business practices which consider environmental and social impacts

SUSTAINABILITY COMMITMENT

Far East Orchard's commitment to sustainability is guided by its core values. The Group ensures that the needs and concerns of key stakeholders are considered in the development and execution of its corporate strategy. Far East Orchard has incorporated sustainability values in the formulation of its strategy and decision-making processes. The Group adopts processes that are environmentally responsible and resource-efficient in its business operations.

SUSTAINABILITY IN SUPPLY CHAIN

The Group believes that sustainable supply chain management can be a strong driver of value and success for its business as much as for communities. Hence, Far East Orchard is extending its pledge to sustainable business practices across its supply chain, from subsidiaries to suppliers.

Far East Orchard aims to communicate with and educate stakeholders across its supply chain about its sustainability beliefs and initiatives. This includes applying environmentally conscious construction processes in its projects and encouraging contractors to source for raw materials from sustainable sources. Appropriate and adequate risk management controls and action plans are also taken into consideration to ensure the health and safety of its stakeholders. The Group is committed towards the continuous incorporation and improvement of ESG aspects in its supply chain as its sustainability efforts progressively mature.

SUSTAINABILITY GOVERNANCE

A robust sustainability governance structure is in place at Far East Orchard to identify, drive and execute sustainability initiatives across the Group.

The ARC maintains an overview of all sustainability initiatives of the Group. The ARC is supported by the MRSC, which is chaired by the Group Chief Executive Officer and Managing Director, and includes

representatives from various business divisions and key functions.

The MRSC drives the overall sustainability agenda and allocates resources to support and achieve underlying initiatives. Additionally, the MRSC reviews all policies and procedures relating to ESG issues on an ongoing basis, which includes evaluating the effectiveness of existing sustainability practices.

Business divisions are instrumental in the execution of initiatives and responsible for providing regular updates to the MRSC.

SUSTAINABILITY GOVERNANCE STRUCTURE AND ROLES AND RESPONSIBILITIES

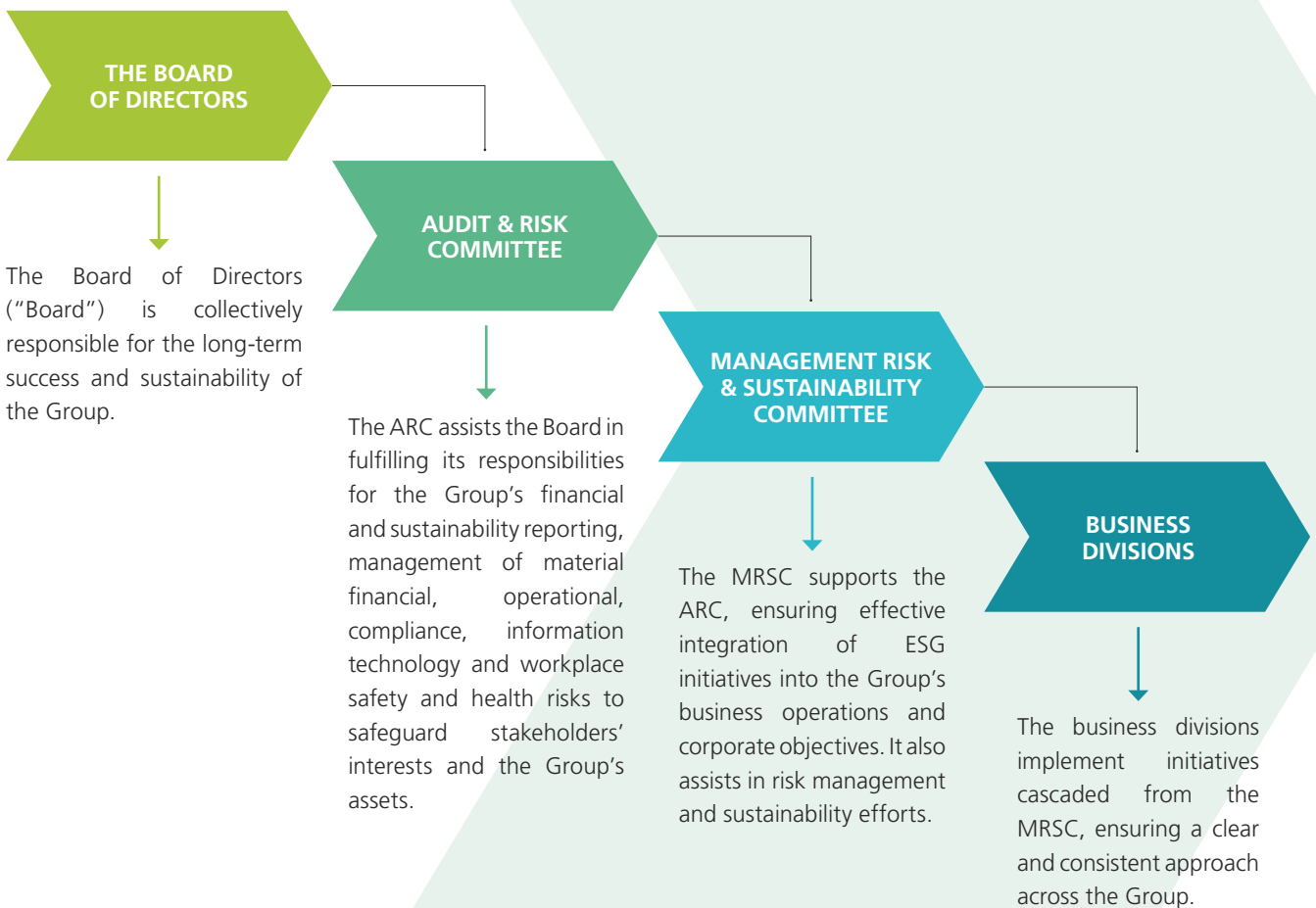


Figure 3: Sustainability Governance Structure and Roles and Responsibilities

STAKEHOLDER ENGAGEMENT

Far East Orchard recognises the importance of meaningful two-way engagement with its stakeholders to understand their concerns and interests. Effective stakeholder engagement allows the Group to be better positioned to anticipate and react to challenges as they arise, and is part of its efforts to build a sustainable long-term business.

The following key stakeholders were selected due to their significant influence on and interests in the Group's business:

KEY STAKEHOLDERS	MODES OF ENGAGEMENT
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Analyst meetings • Corporate website • Roadshows • Queries to Investor Relations team
The Board	<ul style="list-style-type: none"> • Ongoing communication • Board meetings
Employees	<ul style="list-style-type: none"> • Orientation programme • Staff communication • Annual colleague engagement survey • Performance and career development reviews
Hotel Guests/Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys • Guest comment cards • Priority guest programme
Joint Venture and Other Business Partners	<ul style="list-style-type: none"> • Meetings • On-site visits • Industry gatherings

Figure 4: Stakeholder Engagement Initiatives

MATERIALITY ASSESSMENT

To identify material ESG topics for Far East Orchard, the Group considered a reasonable estimation of economic, environmental, social and governance impacts, and the interests and expectations of its stakeholders. It also conducted internal discussions with employees from departments that acted as proxies to the various stakeholder groups and a benchmarking exercise against its peers. These ESG topics were subsequently endorsed by Far East Orchard's management and Board.

The ESG topics illustrated in the Materiality Matrix below (Figure 5) were re-assessed and identified to be the most material to Far East Orchard's value chain. Materiality was determined based on the ESG factors' importance to stakeholders and significance to the Group's business.

Influence on stakeholders' assessments and decisions refers to the ESG factors that matter to Far East Orchard's key stakeholders, while significance of economic, environmental, social and governance impacts to the business refers to the ESG factors that may positively or negatively influence the Group's ability to execute its strategy.

MATERIALITY MATRIX

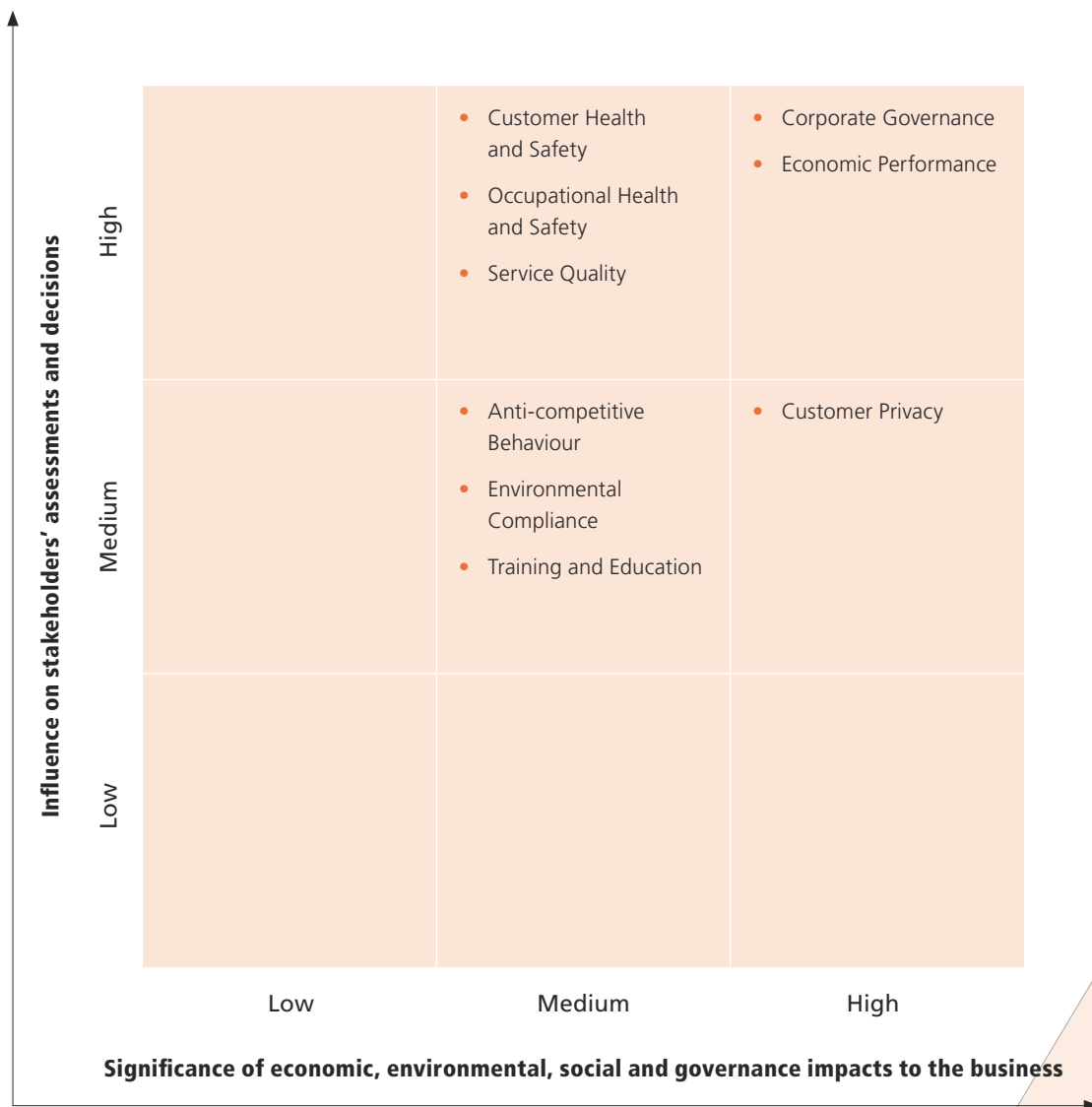


Figure 5: Materiality Matrix

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

1. ECONOMIC PERFORMANCE

The Group registered revenue of S\$150.9 million and profit attributable to equity holders of S\$32.9 million in FY2018. This stable year-on-year performance was achieved on the back of the Group's efforts to grow its recurring income base from its hospitality and student accommodation businesses.

Against the backdrop of a fast-changing and volatile market, Far East Orchard will continue to diversify its businesses across different asset classes and markets to ensure long-term growth and sustainability. Even as the Group seeks out suitable opportunities, it will maintain a disciplined financial management approach and deliver its business objectives in a sustainable manner.

For further details of Far East Orchard's financial performance, please refer to the following sections in its 2018 Annual Report:

- Chairman's Statement
- CEO's Message
- 5-Year Financial Highlights
- Financial Report

2. ANTI-COMPETITIVE BEHAVIOUR

Far East Orchard strives towards upholding the highest standards of professional values and integrity. It is the Group's policy to conduct business fairly and ethically.

Ensuring Fair Competition

The Group evaluates reported incidents of non-compliance with the Competition Act, guidelines by the Competition and Consumer Commission of Singapore ("CCCS") and investigations by relevant authorities against the Group for anti-competitive behaviour, if any. It reviews legal contracts and agreements to ascertain the absence of anti-competitive behaviour. Internal processes to monitor continuous compliance and reinforce adherence with the Competition Act are also in place.

Since 2016, the Group has arranged for its employees to attend legal briefings by external competition

lawyers on competition law on a yearly basis. Additionally, Sales and Marketing employees attend in-house quarterly briefings on competition law. A Competition Law Compliance Manual was produced to educate the Group's employees and improve their understanding of prohibited behaviour and anti-competitive practices. This Manual is part of the Employee Handbook which is given to all new hires and made available to all existing employees. A section on compliance with competition law has been covered in orientation sessions for all employees since February 2018.

On 2 August 2018, the CCCS issued a Proposed Infringement Decision ("PID") against the Company's subsidiary, Far East Hospitality Management (S) Pte. Ltd. and two hotels managed by it (collectively "FEH Parties") for alleged infringement of the Competition Act between 3 July 2014 to 30 June 2015 ("2014-2015 Conduct") involving one employee of the two hotels.

The PID is a written notice setting out the basis for CCCS' proposed decision, and does not amount to a confirmed violation by the Group of the Competition Act or the CCCS guidelines. The FEH Parties studied the PID before responding to the CCCS. The Group extended its fullest cooperation to the CCCS during its investigations.

In FY2018, there were no confirmed violations of the Competition Act and CCCS guidelines.

Subsequent to FY2018, on 30 January 2019, the CCCS issued an Infringement Decision which found the FEH Parties liable for infringing the Competition Act through the 2014-2015 Conduct (the "CCCS ID"). A financial penalty of S\$286,610 was imposed on the FEH Parties.

The Group takes legal compliance very seriously and does not condone or sanction any anti-competitive conduct by employees. It will continue to focus on growing its business in a principled and ethical manner with strict adherence to all applicable laws. The Group has and continues to routinely review and implement rigorous compliance and training programmes to ensure that its business practices are and continue to be fully compliant with all applicable laws.

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

ANTI-COMPETITIVE BEHAVIOUR FY2019 TARGET

KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED

No confirmed violations of the Competition Act and CCCS guidelines apart from the CCCS ID issued in January 2019

- Outline the expectations of employees in relation to compliance with competition laws during orientation programmes;
- Provide appropriate training and refresher courses for all employees that deal directly with any of Far East Orchard's competitors; and
- Encourage reporting of any suspected anti-competitive conduct to relevant parties (e.g. risk management and compliance personnel) and/or external regulatory agencies.

3. ENVIRONMENTAL COMPLIANCE

Far East Orchard carries out environmentally conscious practices and keeps abreast of best in class practices relevant to its business. Together with its partners, it aims to develop and manage properties that incorporate good environmental design and features. The Group's efforts were recognised in 2018 with the following award wins:

- euHabitat: BCA Construction Excellence Award 2018, Merit Winner – Residential Buildings (S\$1,800/m² & above category)
- Rendezvous Hotel Singapore at Bras Basah: BCA Green Mark Award for Buildings 2018, Gold Award, Existing Non-Residential Building
- Woods Square: BCA Green Mark Award for Buildings 2018, GoldPLUS Award, New Non-Residential Building

In the development of its properties in the UK – Westminster Fire Station in London and PBSA properties in the cities of Newcastle upon Tyne and Brighton, the Group has considered environmental issues and has undertaken the following measures:

Westminster Fire Station

- Designed to achieve a "Very Good" to "Excellent" Building Research Establishment Environmental Assessment Method ("BREEAM") rating³ which includes a carbon emission reduction target of 35% below the 2013 Building Regulations;

- Consumption of all incoming services is metered and recorded through a Building Management System promoting future energy reduction initiatives;
- Collaboration with suppliers and manufacturers providing goods with the following certifications: Forest Stewardship Council ("FSC"), Programme for the Endorsement of Forest Certification ("PEFC"), Water Regulations Advisory Scheme, ISO 14000 and 9000 and energy efficient appliances;
- Use of eco-friendly materials such as reclaimed terracotta and FSC/PEFC wood;
- Introduction of sustainable biodiverse landscaping in the courtyard to add to the health and well-being of inhabitants while improving the local environment;
- Use of energy efficient systems including the installation of photovoltaic panels on the roof, use of low energy lighting controlled by photocells and time clocks and use of light wells;
- Heating from a central boiler plant rather than individual apartment boilers to reduce gas consumption; and
- Will provide complimentary 25-year membership of a car club facility to minimise private car ownership and bicycle storage facilities to encourage cycle use.

³ BREEAM is an international scheme that provides independent third-party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. Buildings are rated and certified on a scale of 'Acceptable (In-Use scheme only)', 'Pass', 'Good', 'Very Good', 'Excellent' and 'Outstanding'.

Purpose-Built Student Accommodation Properties

- Compliance with the 2013 Building Regulations Approved Document L2A: Conservation of Fuel and Power in New Buildings other than Dwellings, including a 10% overall energy reduction through the use of low and zero carbon technologies, improvement of the building fabric and use of energy efficient technology and design features;
- All properties at Portland Green Student Village (“PGSV”), are equipped with Combined Heat and Power units as well as LED lighting to reduce overall energy consumption; and
- All properties at PGSV and our student accommodation property under development in Brighton have met the BREEAM standards and were rated “Very Good” or “Excellent”. Figure 6 shows the BREEAM rating obtained for the properties.

PURPOSE-BUILT STUDENT ACCOMMODATION PROPERTIES	BREEM RATING
1. PGSV - Turner Court 2. Hollingbury House	Excellent
PGSV 1. Bryson Court 2. Marshall Court 3. Newton Court 4. Rosedale Court	Very Good

Figure 6: BREEAM Rating Obtained for PBSA Properties

The Group works with environmental agencies to comply with regulatory requirements. It monitors notices and complaints issued by local authorities for non-compliance with environmental regulations. Internal checks are conducted regularly to detect and rectify non-compliance with environmental regulations. All employees also have access to an internal reporting channel to report any form of non-compliance to management.

In FY2018, the Group did not incur any significant fines or receive any non-monetary sanctions for non-compliance with environmental laws and/or regulations.

During the same period, there were no cases brought through dispute solution mechanisms and no grievances relating to the environmental impact of the Group’s operations or products were reported.

ENVIRONMENTAL COMPLIANCE FY2019 TARGET	KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED
No significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations	<ul style="list-style-type: none"> • Conduct regular reviews of policies and internal checks to ensure environmental compliance; and • Conduct environmental impact assessments for property development projects prior to construction and establish appropriate mitigation measures.

MATERIAL FACTORS – SOCIAL

4. OCCUPATIONAL HEALTH AND SAFETY

Far East Orchard considers its employees as the backbone of its business and strives to provide a safe and conducive work environment for its employees. Key initiatives undertaken to maintain a safe and healthy workplace include:

- Mandatory health and safety trainings for hospitality employees;
- Daily morning brief for all hospitality employees includes workplace safety and health (“WSH”) matters;
- Circulation of reminders about WSH matters to all employees every fortnight to increase awareness and impart safe work habits;
- Formation of Company Emergency Response Teams, which are equipped with safety equipment to perform emergency responses;
- Conduct emergency drills for potentially hazardous situations, including, but not limited to power failures, medical emergencies, fires and lift entrapments, at least twice a year;
- Engage certified Fire Safety Managers to evaluate the fire safety measures deployed within the in-scope hospitality properties;
- Appointment of a WSH representative with at least a bizSAFE Level 2 certificate, to be responsible for handling of WSH matters and implementation of WSH policies at each property;

- Conduct cluster WSH meetings on a quarterly basis;
- Conduct annual WSH risk assessments to proactively identify hazardous activities and workspaces, and put mitigation measures in place;
- Annual review of the Group’s risk register with new incidents to be updated and shared across properties; and
- Requirement for all main contractors engaged to be OHSAS⁴ 18001 certified or equivalent of a well-recognised standard for safety management system.

Commitment to Safety

In the pursuit of high WSH standards, the Group also monitors “near-misses” in addition to reportable incidents as required under Workplace Safety & Health (Incident Reporting) Regulations. “Near-misses” and incidents are evaluated, and lessons learnt are shared with employees across the Group to prevent reoccurrences.

Additionally, employees make an annual pledge to acknowledge and comply with the Safety Commitment, as outlined in the Employee Handbook:

- Safety is everyone’s responsibility;
- All accidents can be prevented;
- Committed to make safety a part of work culture;
- Ensure the necessary steps and measures are taken to make the workplace safe; and
- Ensure reporting of all incidents to supervisors.

A breakdown of the Group’s FY2018 health and safety performance is as follows⁵:

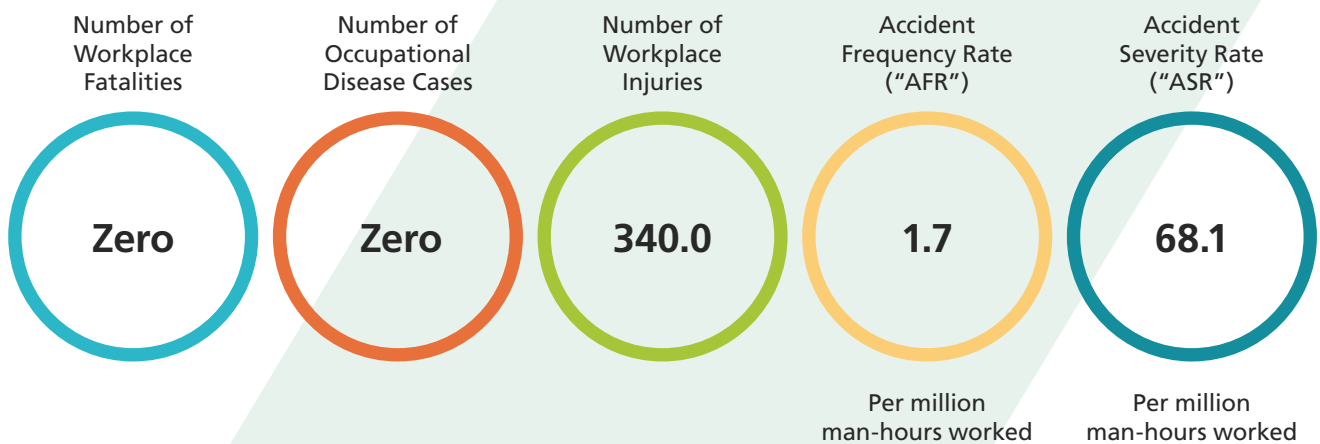


Figure 7: Occupational Health and Safety Indicators

⁴ Occupational Health and Safety Assessment Series.

⁵ Accident Frequency Rate and Accident Severity Rate calculations are adopted from the WSH Institute’s Guidance on Workplace Safety and Health Reporting in Singapore.

Far East Orchard upheld its safety track record in FY2018, with zero workplace fatalities and occupational disease cases.

The Group recorded 340 workplace injuries in FY2018, which includes “near-misses” and minor incidents involving employees and/or third parties which occur at the Group’s in-scope properties.

The Group’s AFR decreased to 1.7 per million man-hours worked in FY2018 from 4.8 per million man-hours worked a year ago. There was significant improvement in the Group’s ASR of 68.1 per million man-hours worked in FY2018 compared to 98.9 per million man-hours worked in FY2017.

The Group’s occupational health and safety statistics are in line with the industry average disclosed in the Ministry of Manpower’s Workplace Safety and Health Report 2018.

**OCCUPATIONAL HEALTH AND SAFETY
FY2019 TARGETS**

KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED

- **Zero cases of workplace fatalities**
- **Reduced number of workplace injuries**
- **Improvement to AFR and ASR**
- Conduct regular safety trainings;
- Increase frequency of reminders to employees to create a safe and healthy work environment; and
- Continued collaboration with local authorities to organise emergency drills for potentially hazardous situations.

5. TRAINING AND EDUCATION

Far East Orchard recognises that its employees are instrumental for the success of its business. Building the right capabilities and laying the foundation of a customer-focused organisation through training and development of employees allows the Group to achieve operational excellence, enhance productivity, provide a consistent level of service quality and springboard growth. Investment in time and funds to train employees also helps employees to feel valued and appreciated.

The Group has taken steps to encourage the holistic development of its employees to groom them to their fullest potential. These include the implementation of learning and development programmes to drive productivity and enhance personal effectiveness of the employees.

In FY2018, the total hours of training received by the Group’s employees were 106,467 hours. Figure 8 below outlines training hours achieved for FY2018 by gender:

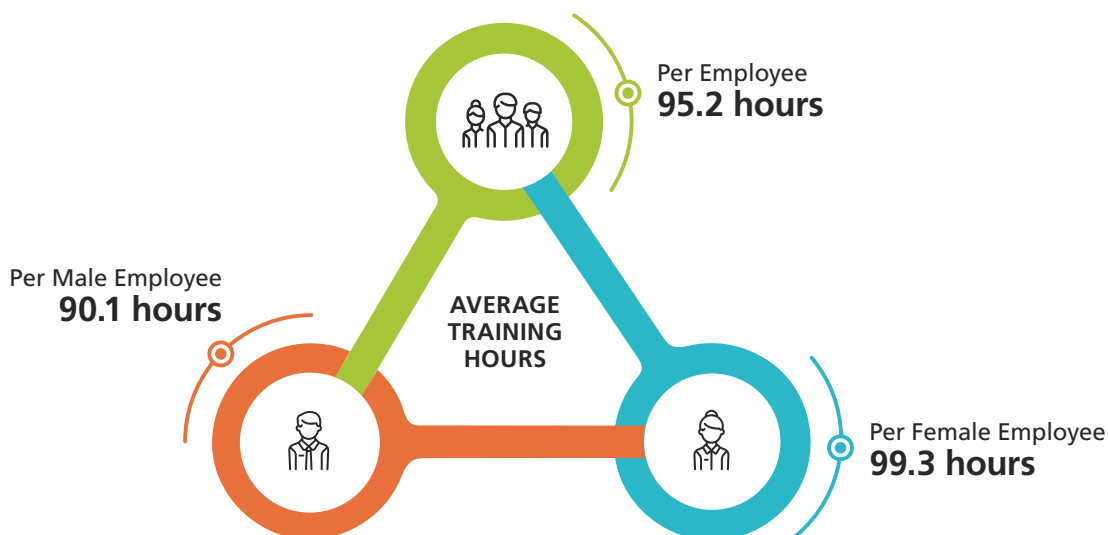


Figure 8: Average Training Hours per Employee by Gender

MATERIAL FACTORS – SOCIAL

The Group arranged training in various areas for employees, including risk review, compliance trainings for personal data protection and competition law, and on operational risk management.

All hospitality employees are expected to attend at least one Singapore Workforce Skills Qualifications service training. The Group also provides other competency-based trainings which include on-the-job training, classroom trainings and sharing sessions. The training curriculum is reviewed annually.

A Managers Development Programme was also rolled out toward the end of FY2018. This programme provides three tracks of development for managers from the Housekeeping, Rooms and Sales and Marketing divisions. The Managers Development

Programme aims to provide a holistic framework to support the growth of identified future leaders, retain and prepare them to successfully lead the Group.

The Group monitors and evaluates training effectiveness through the measurement of employees' knowledge pre-training and post-training, assessment of employees' knowledge transfer, and changes in on-the-job behaviour.

Average hours of training per employee achieved for FY2018 were 95.2 hours. While we did not meet our target of 100 hours in FY2018, it is well above the comparable industry average training hours per employee of 13.6 hours, according to the Ministry of Manpower's 2018 Training Indicators. The Group will continue to work towards equipping its employees with the necessary knowledge and skills, as well as elevate their competencies.

TRAINING AND EDUCATION FY2019 TARGET

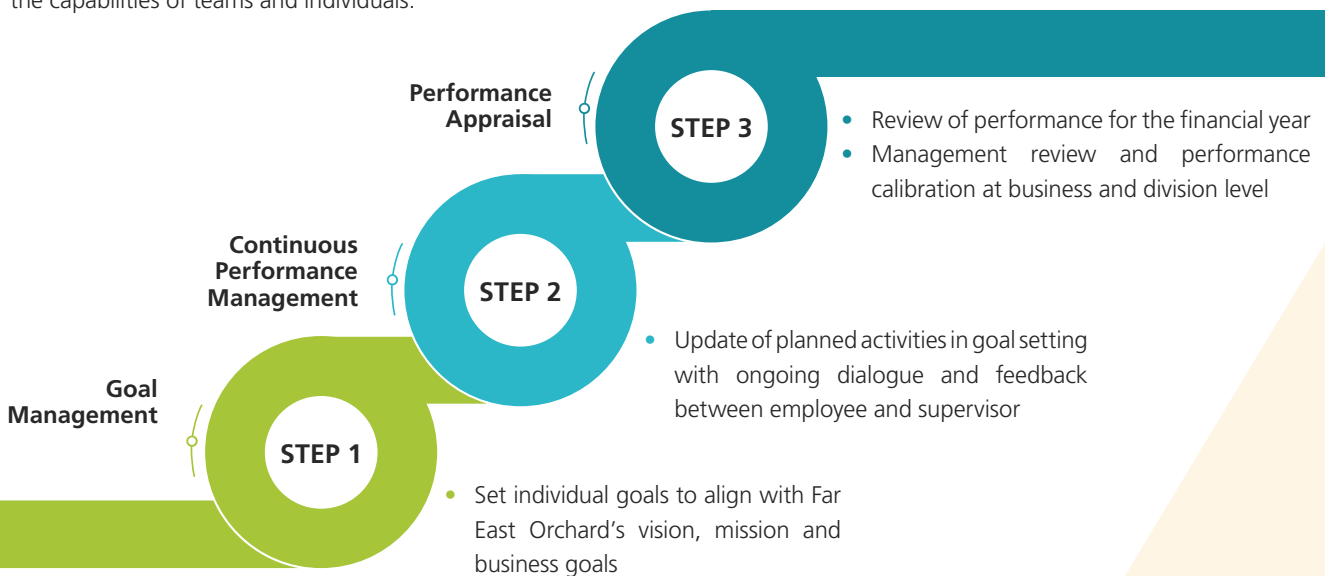
KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED

100 hours of training per employee per annum

- Ensure employees attend relevant training courses which include one competency module relevant to the job function of the individual and one service, safety or compliance category; and
- Implement online learning for employees.

Performance Management and Talent Development

The Group has a Performance Management Process (Figure 9) aimed at delivering successful business results by improving the performance and developing the capabilities of teams and individuals.



All full-time employees undergo an annual performance review where their valuable contributions are recognised.⁶ The performance reviews facilitate formal communication of the employee's performance and development with the following objectives:

- To enhance an individual's competencies (i.e. knowledge, skills and abilities) to perform effectively; and
- To develop an individual's competencies for future roles.

The Group adopts an open appraisal system where employees and their supervisors discuss and agree on their performance, areas for improvement, targets for the next review period and personal and career development goals.

In FY2018, 100% of full-time employees received their appraisal.⁶

**PERFORMANCE MANAGEMENT AND TALENT DEVELOPMENT
FY2019 TARGET**

KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED

100% of full-time employees to receive regular performance and career development reviews⁶

- Inculcate culture of continuous performance management at all levels, encouraging effective ongoing conversations and feedback between managers and their direct reports throughout the year.

6. CUSTOMER HEALTH AND SAFETY

Far East Orchard is committed to providing a safe and healthy environment at its properties. The Group has identified potential risks, put in place mitigating safety measures and set out standard operating procedures to ensure that employees are well-equipped to respond appropriately and promptly in case of an emergency.

Hospitality

Far East Hospitality has taken steps to ensure the health and security of its hotel guests on-site. The Group continually identifies possible hazards that its customers could encounter and mitigate such hazards at an early stage. Some of the measures implemented include:

- Buildings are equipped with closed-circuit televisions ("CCTVs");
- Guest keys are electronically programmed for lift access to their designated floors;
- Service recovery and courtesy calls are made to guests to check on their well-being;
- All guest incidents are reported and recorded with medical assistance rendered for minor injuries;
- Employees are certified First Aiders and are equipped to handle Automated External Defibrillators; and
- Employees are trained to handle reported case of infectious diseases.

Security Awards

The Group's commitment to a high standard of security was recognised at the 2018 Annual Hotel Security Awards Presentation Ceremony, organised by the Singapore Hotel Association, National Crime

Prevention Council and the Singapore Police Force. Far East Hospitality was awarded:

- 1 "Hotel Security Star" Award in recognition of Rendezvous Hotel Singapore at Brash Basah's consistent commitment in ensuring a safe and secure hotel environment for 20 consecutive years;
- 5 "Hotel Security Excellence" Awards for achieving the SS545:2009 Singapore Standard for Hotel Security, which is the first established standard for hotel security in the world;
- 6 "Hotel Security" Awards for establishing good security measures based on SS545:2009 standards; and
- 29 Awards for individual employees for "Honesty", "Bravery" and "Vigilance".

Property Development

As a property developer, Far East Orchard is committed to securing the health, safety and interests of occupants in properties developed by the Group.

Far East Orchard adopts a formal and disciplined approach to health and safety. The Group opts to work with contractors and suppliers that have health and safety related accreditations. A case in point would be working with companies that voluntarily register with the Considerate Constructors Scheme and agree to abide by the Code of Considerate Practice, designed to encourage best practice beyond statutory requirements.

The Group also works with relevant partners to comply with occupational health and safety management systems such as OHSAS 18001.

⁶ Excluding employees on prolonged leave and new hires that have been with the Group for less than three months.

MATERIAL FACTORS – SOCIAL

Westminster Fire Station

Far East Orchard is currently developing Westminster Fire Station located in the prime central borough of the City of Westminster, London, into a mixed-use development comprising residential apartments and a restaurant. In its development, the Group will be implementing the following measures to ensure resident safety:

- Development of a fire strategy and inclusion of fire alarms, smoke detectors, extractors, exit strategy and the use of non-combustible materials in communal spaces, including fire rated apartment entrance doors;
- Development of a security strategy to ensure resident safety when exiting and entering the building and accepting deliveries. CCTVs are used in key places throughout the property, implementation of a key fob strategy, installation of Banham deadbolt and deadlocks for apartment doors, lighting detection and dimmer when residents and guests enter, and video entry to each apartment;

- Home owners will receive details of operating manuals, emergency evacuation procedures and commissioning certifications together with their house keys; and
- A Building Management system which triggers and records service or inspection dates of communal facilities and regular risk assessments of health and safety, fire risk and water hygiene.

Purpose-Built Student Accommodation Properties

Far East Orchard also has a portfolio of PBSA properties in Newcastle upon Tyne. Several policies and standard operation procedures have been implemented to safeguard the health and safety of the occupants in the event of accidents and non-compliance of regulations including:

- All students are required to complete an online health and safety induction. A copy of the Student Handbook outlining the health and safety policies of the Group is also sent to all students prior to their enrolment on the Group’s properties; and
- Display of statutory fire and safety warning signages across the buildings, with fire action and map signages fitted to entrance doors.

In FY2018, there were no incidences of non-compliance concerning health and safety issues on our properties, nor were there cases of non-compliance with voluntary codes concerning either occupational health and safety or product and service information.

CUSTOMER HEALTH AND SAFETY FY2019 TARGETS	KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED
No fines for safety breaches	<ul style="list-style-type: none"> • Adopt best practices in the hospitality and property development industries; • Encourage a strong internal culture of sharing or reporting of any potential safety breaches or unsafe work practices observed within the hotel premises or at construction sites; • Introduce an internal “stop-work” initiative until a rectification or remediation plan has been put in place to address the unsafe practice; • Update existing feedback channels to seek specific inputs on health and safety at hotel premises or at construction sites; and • Maintain regular engagement and contact with local health and safety regulatory agencies such as the National Environmental Agency and WSH Council to obtain updates on regulatory changes.
Improve safety processes which include refining Group level policies to complement and unify safety culture across business divisions	<ul style="list-style-type: none"> • Increase training related to customer health and safety for employees; and • Conduct management walkabouts to provide an additional perspective and uncover “blind spots” with regards to potential hazards within the hotel premises or at construction sites.

7. SERVICE QUALITY

In Singapore, Far East Orchard’s hospitality arm – Far East Hospitality manages 20 hotels and serviced residences under the Oasia, Quincy, Rendezvous, Village and Far East Collection brands.

To differentiate itself from competitors, Far East Hospitality has a strong customer-focused approach, with a goal of providing an experiential and memorable stay for its guests. To ensure high standards of service quality, the Group has adopted multiple initiatives which include:

- A programme to encourage employees to go above and beyond their job scope to make a difference to the experience of customers;
- Responding to and acting on feedback from guests through courtesy calls, online guest surveys and social media channels;
- Regular internal checks including mystery guest visits; and
- A priority guest programme.

Far East Hospitality also participates in trade associations to share ideas and develop new ways to improve the hospitality industry in Singapore. As a member of the Singapore Hotel Association (“SHA”) and Association of Rooms Division Executives (Singapore), the Group benefits from gaining industry insights and learning about best practices via

networking, events and publications. This information is used to strengthen the Group’s commitment towards upholding service quality standards and advancing operational excellence.

Recognising the value of customer feedback, the Group evaluates service quality through the following key measures:

- Customer complaints and compliments;
- Surveys measuring customer satisfaction e.g. guest comment cards;
- Repeat guest ratio;
- Online reviews; and
- Awards and accolades.

Since 2016, the Group has engaged an independent external consultant to assess the service quality of its hospitality business. The Group works together with its external consultant to develop a target for the Customer Engagement Index (“CEI”) Survey on an annual basis. Each of the Group’s hospitality properties has individual customer service excellence performance targets to achieve.

In FY2018, Far East Hospitality exceeded the target of 82.5% for the CEI Survey.

SERVICE QUALITY FY2019 TARGET	KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED
CEI Survey: >82.5%	<ul style="list-style-type: none"> • Establish annual service-related goals and action plans to achieve these targets; • Regular monitoring of service performance through the online portal and address recurring issues; • Evaluate feedback received through guest surveys, comment cards and online portals; and • Measure customer service satisfaction through customer engagement surveys, mystery guest visits and service audits.

MATERIAL FACTORS – SOCIAL

Hospitality Awards

Far East Hospitality's provision of exceptional experiences and service quality has been recognised by various industry bodies as evidenced in the key awards won in FY2018.

AWARDS	DESCRIPTION	ORGANISER
Excellent Service Award 2018 <ul style="list-style-type: none"> 19 Outstanding Star Winners 88 Star Winners 78 Gold Winners 104 Silver Winners 	National award that recognises individuals who have delivered quality service	SHA
HR Vendors of the Year Awards 2018 <ul style="list-style-type: none"> Best Serviced Apartment Company, Silver Award – Awarded to 1 property Best Business Hotel, Silver Award – Awarded to 1 property 	In recognition of organisations which supply the best quality corporate accommodations, facilities and the best level of service to their corporate clients	Human Resources Magazine
Travel Weekly Asia Readers' Choice Awards 2018 Best Serviced Residence Property, Asia Pacific – Awarded to 1 property	In recognition of outstanding travel players who have made a mark in their areas of expertise	Travel Weekly Asia
National Kindness Award – Service Gold 2018 11 Service Gold Awards	In recognition of hotel service staff who have displayed exemplary service and gracious behaviour	Singapore Kindness Movement, SHA
Employee of the Year Award 2018 Awarded to 10 employees	In recognition of individual employees' excellent performance and commendable service	Food, Drinks and Allied Workers' Union, National Trades Union Congress and SHA
2018 SHA Best Department Awards <ul style="list-style-type: none"> Best Front Office Department – Awarded to 2 properties Best Concierge Department – Awarded to 1 property Best Housekeeping Department – Awarded to 1 property 	In recognition of the best in class amongst the hotel industry in Singapore across four departments – Front Office, Concierge, Reservations and Housekeeping, by category of hotels (Luxury, Deluxe and Superior)	SHA
SHATEC Industry Excellence Awards – Outstanding Alumni (Hospitality) Award 2018 Awarded to Arthur Kiong, Chief Executive Officer of Far East Hospitality	In recognition of the achievements of individuals who have made significant contributions towards SHATEC and the hospitality industry with impactful outcomes, particularly in the areas of learning and talent development	SHATEC

Figure 10: Key Hospitality Awards

MATERIAL FACTORS – GOVERNANCE

8. CUSTOMER PRIVACY

Safeguarding sensitive information is of paramount importance to Far East Orchard. The continued success of the Group’s operations is dependent on individuals’ trust that their personal data is being collected, handled, and protected in a responsible manner. Far East Orchard is committed to maintaining the privacy and security of data in relation to its business operations.

Managing Personal Data

Far East Orchard has Personal Data Protection Policies (“Privacy Policies”) which define how personal data of various parties dealing with the Group are collected, used and protected. The Privacy Policies inform stakeholders on how the Group manages personal data, in compliance with relevant data protection legislation, including the Personal Data Protection Act in Singapore and to the extent applicable, the UK Data Protection Act 2018 and the General Data Protection Regulation in Europe (“EU GDPR”).

The Group’s Privacy Policies and data protection processes were reviewed and updated in FY2018 to

facilitate compliance with the EU GDPR that came into force in May 2018. The updated Privacy Policies are made available on the Group’s websites.

Robust security procedures are in place to promote and enforce data privacy. Far East Orchard does not divulge or sell personal information to third parties for marketing or promotional purposes. As an example, the personal data of guests who stay at the hotels and serviced residences operated by the Group is collected, used and disclosed strictly for registration and stay purposes only.

An Information Security and Management Policy (“ISMP”) designed to provide reasonable assurance that the risks are adequately managed, is in place. The ISMP details how employees and subsidiaries of the Group shall classify and manage business and corporate information during their course of work.

The Group’s Privacy Policies, ISMP and business processes are regularly monitored to ensure compliance with the relevant data protection legislation.

Each of the Group’s business units have appointed data protection officers who maintain and monitor their compliance with the relevant data protection legislation. Far East Orchard’s data protection officers can be contacted by email at dpo@fareastorchard.com.sg.



Figure 11: Key Initiatives for Data Management

MATERIAL FACTORS – GOVERNANCE

In FY2018, none of the Group’s in-scope properties were found by the Personal Data Protection Commission or European regulators to be in breach of relevant data protection legislation (whether the PDPA, the UK Data Protection Act 2018 or the EU GDPR).

CUSTOMER PRIVACY FY2019 TARGET

KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED

Continuously improve data privacy and data management practices

- Educate employees in best practices of data privacy and ensure their commitment to upholding privacy;
- Regular communications to employees and stakeholders to reinforce the Group’s commitment to data privacy; and
- Tailor all privacy-related training and communication to roles to ensure the information is relevant and actionable.

9. CORPORATE GOVERNANCE

Far East Orchard is committed to good corporate governance, accountability and transparency in all its endeavours. The Group observes a high standard of corporate conduct, integral to ensuring the sustainability of its business and performance as well as safeguarding stakeholders’ interests and maximising long-term stakeholder value.

The Group’s corporate governance practices are detailed in its 2018 Annual Report with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (“CG Code 2012”).

A Corporate Governance Policies Manual is in place to assist the Group in meeting the principles and guidelines of the CG Code 2012. Far East Orchard’s corporate governance guidelines and practices are regularly reviewed and improved, where necessary, to enhance the corporate governance framework and maintain its relevancy.

Far East Orchard was ranked 46 out of 589 listed companies in the Singapore Governance and Transparency Index 2018, an improvement from previous years. This annual study is published by CPA Australia, National University of Singapore Business School’s Centre for Governance, Institutions and Organisations and the Singapore Institute of Directors.

Corporate Policies

Building an Ethical Culture

The Group seeks to build and maintain an organisational culture espousing good business conduct and ethics. Employees agree to adhere to guidelines detailed in the Employee Handbook and Code of Conduct to safeguard the reputation and interests of the Group and its stakeholders. The Employee Handbook and Code of Conduct provide comprehensive guidance on issues such as:

- Prevention of bribery and corruption;
- Conflicts of interest and the appropriate disclosures to be made;
- Business dealings;
- Relations with key stakeholders;
- Record keeping;
- Confidentiality of information;
- Health and safety of employees;
- Workplace conduct, including how to handle any workplace harassment; and
- Compliance with applicable laws and regulations, and the Group’s policies.

Clearly documented policies and work procedures such as the Enterprise Risk Management Manual and Delegation of Authority Matrix incorporate internal controls which help to ensure that adequate checks and balances are in place. Periodic internal and external audits are also conducted to evaluate the efficacy of these internal controls.

Dealings in Securities

Far East Orchard also has a Securities Trading Policy which provides guidance with regard to dealings in its securities by its Board and employees. The policy prohibits dealing in Far East Orchard’s securities:

- (a) at any time if they are in possession of unpublished material and price-sensitive information;
- (b) on short-term considerations; and
- (c) during the blackout period, which means the two weeks before and up to the date of announcement of results of the Group’s first three quarters’ financial results, and one month before and up to the date of announcement of the Group’s full year financial results.

The Group also issues a quarterly circular to its Board and employees reminding them of the prohibited period from dealing in the Group’s securities before the release of the results and at any time if they are in possession of unpublished material price-sensitive information.

Whistle-Blowing Policy

Far East Orchard has a whistle-blowing policy which sets a strong tone of zero tolerance towards dishonesty and corrupt practices. Whistle-blowing channels are in place for employees and other persons to raise in confidence, whether anonymously or otherwise, any concerns on any improprieties in financial reporting, fraud, corruption, bribery, collusion with suppliers or contractors, conflict of interest, unsafe work practices, serious breaches of the Group policies or violations of business ethics, and any non-compliance with laws and regulations, without fear of reprisal.

The Group’s ARC oversees this policy, which is administered with the assistance of the Group’s internal auditors. Reported incidents will be evaluated for independent investigation and appropriate follow-up actions will be taken. The available whistle-blowing communication channels are listed on Far East Orchard’s website.

In FY2018, there were no lapses with Singapore Exchange (“SGX”) listing rules leading to SGX reprimands, and there were no whistle-blowing reports received. There were also no confirmed cases of bribery or corruption involving employees.

CORPORATE GOVERNANCE FY2019 TARGETS	KEY INITIATIVES TO BE CONTINUED/IMPLEMENTED
No lapses with SGX listing rules resulting in SGX reprimands	<ul style="list-style-type: none"> • Participate in seminars, dialogues, round-table discussions and consultations with SGX, to understand and track any new listing rules and keep abreast of any penalties issued against other SGX-listed companies; • Maintain and track new listing rules or updates; • Maintain and centralise all communication and correspondence with SGX (and any other relevant regulatory authorities), to monitor and track all inquiries, feedback and responses and to maintain a consistent response in each correspondence; and • Continue the practice of mandatory Annual Declaration on Conflict of Interest to declare potential interests so they may be appropriately managed.
No confirmed incidents of bribery or corruption involving employees	<ul style="list-style-type: none"> • Mandatory Annual Declaration on Conflict of Interest to declare potential interests so they may be appropriately managed; • Annual confirmation by employees to agree to comply with the guidelines and policies contained in the Code of Conduct. These include conduct on “Giving/ Offering Gifts and Other Inducements” and “Receiving Gifts and Lavish Entertainment”; and • Continual update of the Code of Conduct which is made available to all employees via the intranet.

GRI CONTENT INDEX

GRI STANDARDS 2016	DISCLOSURE TITLE	PAGE REFERENCE & REMARKS
GRI 102: General Disclosures 2016		

ORGANISATIONAL PROFILE

102-1	Name of the organisation	Pg 1
102-2	Activities, brands, products and services	Pg 2
102-3	Location of headquarters	Pg 2
102-4	Location of operations	Pg 2
102-5	Ownership and legal form	Pg 2
102-6	Markets served	Pg 2
102-7	Scale of the organisation	Pg 2-3
102-8	Information on employees and other workers	Pg 3
102-9	Supply chain	Pg 5
102-10	Significant changes to organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	2018 Annual Report: Pg 44-46
102-12	External initiatives	Pg 5
102-13	Membership of associations	Pg 17

STRATEGY

102-14	Statement from senior decision-maker	Pg 4
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ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behaviour	Pg 3
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GOVERNANCE

102-18	Governance structure	Pg 6
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STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	Pg 7
102-41	Collective bargaining agreements	Pg 3
102-42	Identifying and selecting stakeholders	Pg 7
102-43	Approach to stakeholder engagement	Pg 7
102-44	Key topics and concerns raised	Pg 8

REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements	2018 Annual Report: Pg 146
102-46	Defining report content and topic Boundaries	Pg 1, 8
102-47	List of material topics	Pg 8
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	Pg 1
102-51	Date of most recent report	19 March 2018 – 2017 Sustainability Report
102-52	Reporting cycle	Pg 1
102-53	Contact point for questions regarding the report	Pg 1
102-54	Claims of reporting in accordance with the GRI Standards	Pg 1
102-55	GRI content index	Pg 22-23
102-56	External assurance	Pg 1

GRI STANDARDS 2016	DISCLOSURE TITLE	PAGE REFERENCE & REMARKS
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Economic Performance <ul style="list-style-type: none"> • Pg 9 • 2018 Annual Report: Pg 4-5, 8-11, 57-147 Anti-competitive Behaviour <ul style="list-style-type: none"> • Pg 9-10 Environmental Compliance <ul style="list-style-type: none"> • Pg 10-11 Occupational Health and Safety <ul style="list-style-type: none"> • Pg 12-13 Training and Education <ul style="list-style-type: none"> • Pg 13-15 Customer Health and Safety <ul style="list-style-type: none"> • Pg 15-16 Service Quality <ul style="list-style-type: none"> • Pg 17-18 Customer Privacy <ul style="list-style-type: none"> • Pg 19-20 Corporate Governance <ul style="list-style-type: none"> • Pg 20-21
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

Material Topics

ECONOMIC PERFORMANCE

201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> • Pg 9 • 2018 Annual Report: Pg 4-5, 8-11, 57-147
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ANTI-COMPETITIVE BEHAVIOUR

206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Pg 9
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ENVIRONMENTAL COMPLIANCE

307-1	Non-compliance with environmental laws and regulations	Pg 11
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OCCUPATIONAL HEALTH AND SAFETY

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pg 12-13
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TRAINING AND EDUCATION

404-1	Average hours of training per year per employee	Pg 13-14
404-3	Percentage of employees receiving regular performance and career development reviews	Pg 15

CUSTOMER HEALTH AND SAFETY

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Pg 16
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CUSTOMER PRIVACY

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 20
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