



# Sustainability Report 2017

# Welcome & Readers' Guide

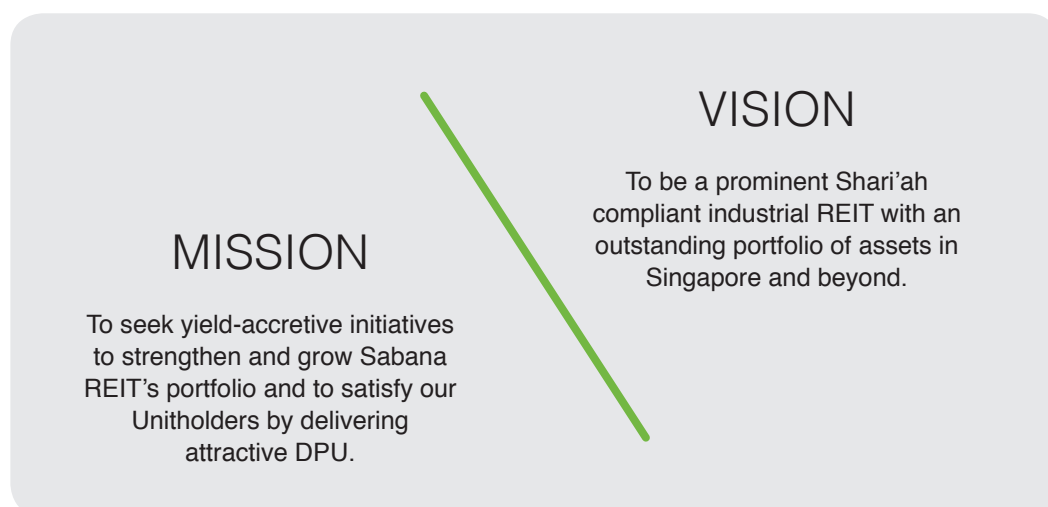
Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("Sabana REIT" or the "Trust") is pleased to present its inaugural Sustainability Report 2017. This report provides an insight into our environmental, social and governance ("ESG") initiatives and summarises our performance and progress across our portfolio.

This report has been prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Core Option. The report also complies with requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), in particular Listing Rules Practice Note 7.6, Sustainability Reporting Guide. The report focuses on Sabana REIT's material ESG topics for the period 1 January to 31 December 2017. For details on our materiality assessment, please refer to the "Materiality" section on page 6 and 7.

Sabana REIT was listed on Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 November 2010 and became Singapore's first listed Shari'ah compliant Real Estate Investment Trust ("REIT"). Sabana REIT invests in income-producing real estate used for industrial purposes, as well as other real estate-related assets, in line with Shari'ah compliant investment principles. "Industrial purposes" include but are not limited to, manufacturing, assembly, warehousing, logistics, research and development (R&D), and data warehousing. Sabana REIT's portfolio comprises of 20<sup>1</sup> industrial properties which are strategically located near to principal industrial zones, expressways and public transportation across Singapore. The Trust is managed by an external manager, Sabana Real Estate Investment Management Pte. Ltd. (the "Manager").

This sustainability report outlines our practices and impacts in Singapore, where we are headquartered. Our sustainability report will be published annually for our stakeholders and is available on our website. In line with our environmental commitment, no hardcopies of this report have been printed. We greatly welcome feedback from our stakeholders on this report and any of the issues covered. Please contact us at [enquiry@sabana.com.sg](mailto:enquiry@sabana.com.sg).

The Manager will consider seeking external assurance in future.



<sup>1</sup> Sabana REIT's portfolio stands at 19 properties to date. Sabana REIT divested 6 Woodlands Loop on 29 March 2018.



## Contents

Welcome & Readers' Guide

Board Statement 2

What We Do 3

Commitment to Sustainability 6

Governance and Risk Management 9

Economic Growth 10

Our Customers 10

Health and Safety 11

Our Employees 12

Environment 15

Our Community Impact 16

GRI Content Index 17

# Board Statement



From left to right: Mr Kelvin Tan Wee Peng, Mr Tan Cheong Hin, Mr Yong Kok Hoon, Mr Henry Chua Tiong Hock

As the Board of Directors (“Board”) of the Manager of Sabana REIT, we are pleased to present Sabana REIT’s inaugural sustainability report.

This report charts the Trust’s material environmental, social and governance (“ESG”) topics, and the Manager’s approach in managing these topics, and their performance indicators.

Engagement with ESG issues has gained greater momentum globally, regionally and locally, and stakeholders such as investors and business partners are increasingly paying attention to them. In Singapore, a carbon tax of S\$5 per tonne of greenhouse gas (“GHG”) emissions has been passed in Parliament and will be imposed from 2019 onwards.

We recognise that ESG topics are increasingly important to Sabana REIT unitholders (“Unitholders”) and other key stakeholders. Therefore, we affirm our commitment

to manage our ESG risks and opportunities across all our property segments. In managing both business opportunities and ESG risks prudently, we will be able to continue delivering long-term value to all our stakeholders.

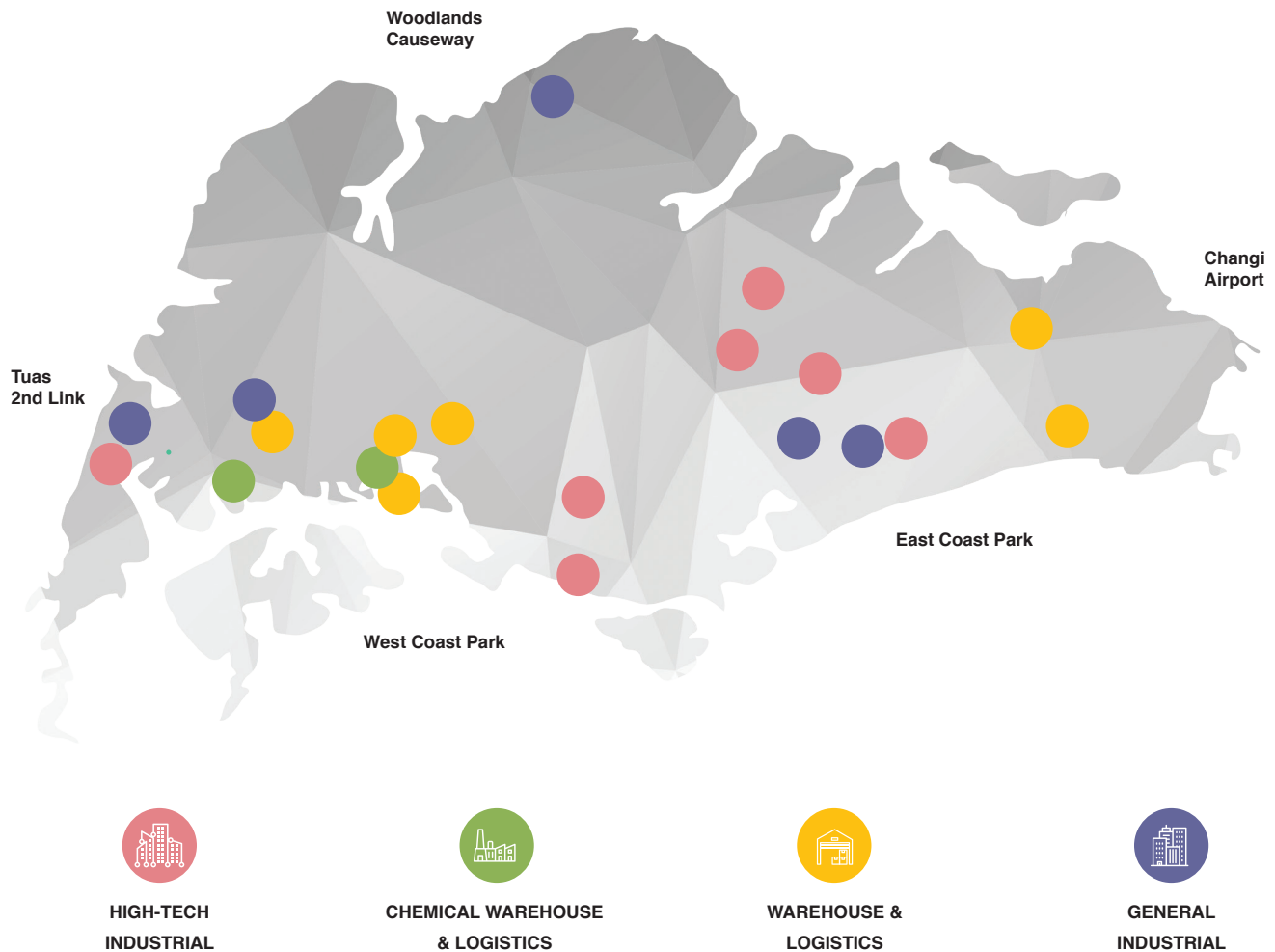
The Board has oversight of the Manager’s ESG strategies and policies and is supported by the management team in overseeing the management, implementation and reporting of these strategies and policies. The Board has reviewed the process by which the Trust’s material ESG topics were determined and agrees that the ESG topics thus determined and presented in this report are an adequate representation of the material ESG topics.

As the Manager of Sabana REIT, we believe that the journey towards sustainability will future-proof us against ESG risks, so that we can continue creating value for all our stakeholders. We look forward to the route ahead with confidence and optimism.

# What We Do

Sabana REIT has a portfolio of 20<sup>2</sup> properties strategically located across Singapore in four main industrial property segments, namely high-tech industrial, chemical warehouse and logistics, warehouse and logistics and general industrial.

In terms of total asset size, we are one of the largest listed Shari'ah compliant industrial REITs in the world. For more details on our property portfolio, please refer to pages 32-42 of our 2017 Annual Report.

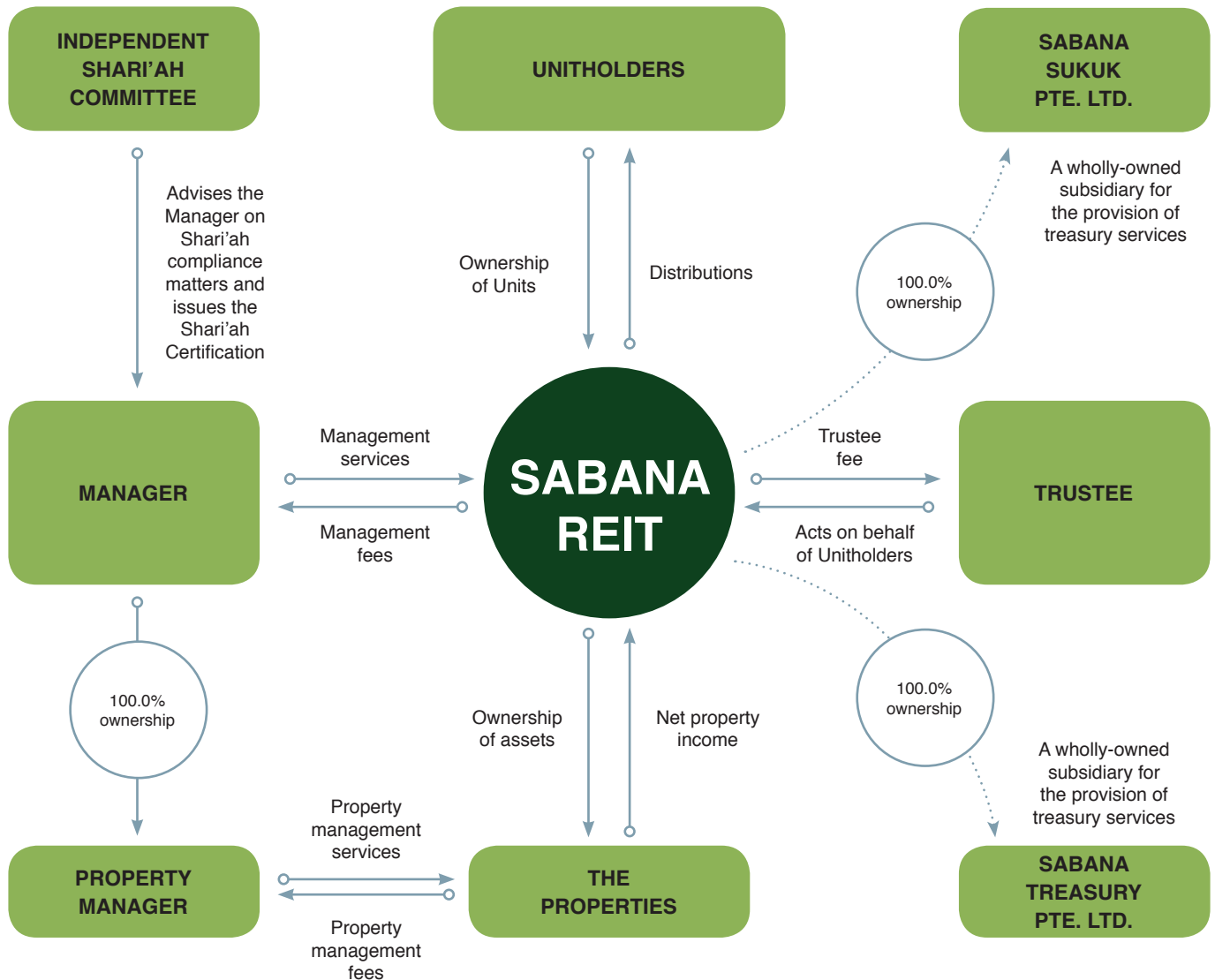


<sup>2</sup> Sabana REIT's portfolio stands at 19 properties to date. Sabana REIT divested 6 Woodlands Loop on 29 March 2018.

# What We Do

The Manager was incorporated in Singapore on 15 March 2010 and is wholly-owned by Sabana Investment Partners Pte. Ltd. ("SIP"), of which the shareholders are Vibrant Group Limited (the "Sponsor"), Blackwood Investment Pte. Ltd. ("Blackwood") and Atrium Asia Capital Partners Pte.

Ltd. ("AACP"). The primary activities of the Trust are to invest in income-producing real estate used for industrial purposes, as well as real estate-related areas, in line with Shari'ah investment principles. The below illustration shows the trust structure of Sabana REIT.



As a Shari'ah compliant REIT, Sabana REIT is required to ensure that the total rental income from tenants engaging in activities which are non-permissible under the Shari'ah Guidelines, does not exceed 5.0% per annum of the gross revenue of Sabana REIT's portfolio of properties. Non-Shari'ah compliant activities include conventional

financial and insurance services, gaming, non-halal food production, tobacco-related products, non-permitted entertainment activities and stock-broking in non-compliant securities. In FY2017, the rental income from non-permissible activities accounts for approximately 0.31% of Sabana REIT's total gross revenue.

## Our Core Values

We are guided by our core values. They define our culture and shape our personality and decision-making process.



### UNITHOLDERS' INTERESTS FIRST

We strive to build a portfolio of quality assets for our Unitholders.



### FOCUS ON VALUE CREATION

We promise to create value for Unitholders by creating success factors and direction for the future.



### INTEGRITY

We are committed to the values of responsibility, transparency and professionalism.



### FAIRNESS AND EQUALITY

We ensure that our business activities are consistent with the principles of fairness, partnerships and equality.



### PEOPLE

We recognise that our people are our greatest assets. By creating and maintaining a conducive working environment, our people will grow professionally and make a positive impact to both the organisation and society.

At the heart of our business is the interest of our Unitholders. Our main business objective is to provide them with regular and stable returns in a transparent, sustainable and accountable manner. We also aim to achieve long-term growth in distribution per unit ("DPU") and net asset value ("NAV") per unit in Sabana REIT, while maintaining an appropriate capital structure for the Trust. The portfolio is reviewed regularly and where appropriate, divest underperforming assets to recycle capital.

The foundation of our sustainability strategy is built upon our commitment to our key stakeholders. As we work to integrate sustainability in all our operations, we are committed in engaging our stakeholders to leave a positive impact.

All suppliers, vendors and contractors are required to comply with all applicable laws and regulations. The Manager reviews them during the selection phase and regularly assesses their performance.

## Strategic Review

In February 2017, in response to feedback from Unitholders, the Sponsor and Manager of Sabana REIT jointly carried out a Strategic Review, considering all options to further the sustainable growth of Sabana REIT and the interest of

Unitholders. A Strategic Review Committee ("SRC") formed by the Manager held discussions with various parties. Based on the review of the indicative and non-binding proposals received, the Manager entered into discussions with the Manager of ESR-REIT.

In November 2017, the Manager made an announcement that with the cessation of discussions, it is working on the following to improve Sabana REIT's performance:

- Rejuvenate the Trust's portfolio through selective divestments and active asset management
- Renewal of senior leadership
- Enhancing the Board of Directors

The Manager delivered on the recalibrated strategy promptly, appointing Mr Donald Han as its new CEO in January 2018, refreshing the Board with the addition of Mr Tan Cheong Hin and Mr Kelvin Tan in January 2018 and November 2017 respectively, and advancing talks for the strategic divestment<sup>3</sup> of 6 Woodlands Loop while exploring other options to improve occupancy and revenue. The key appointments in January 2018 marked the end of the Strategic Review.

<sup>3</sup> The divestment exercise was subsequently completed on 29 March 2018.

# Commitment to Sustainability

## Materiality

Our formal materiality assessment process began in 2016 where we started internal conversations on key topics that are material to our business. We began engaging our internal stakeholders, asking for opinions on and insights into potentially material topics.

With the guidance of an independent sustainability consulting firm, we adopted the AA1000 AccountAbility Principles'

recommended guidelines for Materiality Assessment and GRI's Principles for Defining Report Content. We took a four-step approach in determining our material topics, which involves identification, prioritisation, validation, and review. We have concluded the implementation of the first three of the four steps. To complete this process, we will conduct a review of our material topics by engaging external stakeholders on materiality for our next sustainability report.

### Identification

A list of potentially material ESG topics were identified by reviewing our peers and the Global Reporting Initiative's ("GRI") Standards framework, including the G4 Construction and Real Estate Sector Supplement.

### Prioritisation

The ESG topics were prioritised through a materiality assessment workshop, which was attended by the Senior Management team and key staff from across Sabana REIT operations. The topics were prioritised according to their importance to internal stakeholders and the assumed importance to external stakeholders. External stakeholders' perspective was based on feedback that Sabana REIT has received through our regular engagement with them.

### Validation

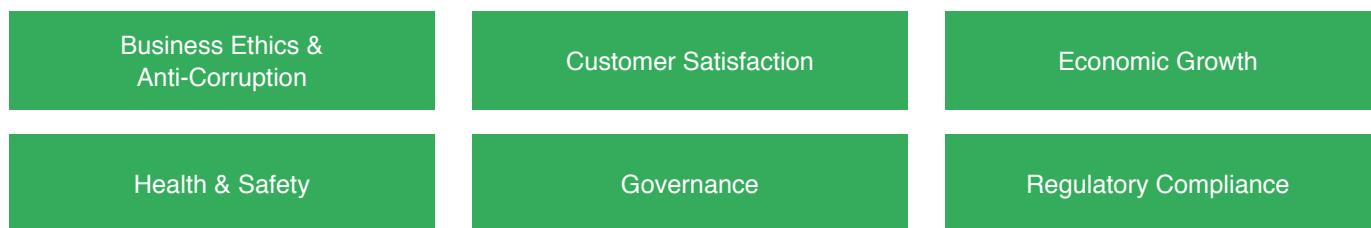
The list of material topics was approved and signed-off by the Board of Directors.

The list of our material topics can be found in the following diagram. There are six material topics that fall under Top tier and are 'critical' and four material topics that fall under

Second tier and are of 'high' importance to our business. These ten material topics form the core of this sustainability report.

### Top tier Material Topics

(with both high internal and high external relevance)



### Second tier Material Topics

(with medium to high internal and external relevance)



We will continue to keep abreast of changes in our business environment to ensure that our material ESG topics remain relevant for Sabana REIT's business and will review these topics continued materiality at an appropriate time. The process of developing a range of measurable, time-bound sustainability targets for our material ESG topics is underway, and we will report on our progress in our next sustainability report. We also aim to engage stakeholders in the near future to obtain their feedback on our material topics and Sabana REIT's overall sustainability.

### Engaging with Our Stakeholders

Effective communication is an integral part of our business strategy. We proactively engage with our key stakeholders to build solid, lasting and trusted relationships. As part of our efforts to maintain open communication channels, we regularly hold constructive dialogues with key stakeholders, including Unitholders, buy and sell-side analysts, fund managers, potential investors and the media. Through this, we believe we will be able to provide the appropriate level of transparency on our operations.

As the Trust's Manager, we believe it is imperative that we provide timely, clear and consistent information to our key stakeholders so that our stakeholders, and specifically our Unitholders, can more accurately make informed decisions.

During the materiality assessment process, we took the opportunity to refresh our stakeholder list and renew our focus on engaging with these key stakeholders. We intend to continue to deepen our current engagements and are looking forward to receiving their feedback on our sustainability topics and milestones. A summary of our interactions with our stakeholders is outlined below:

- Business Partners (including suppliers/service providers):**  
 We conduct meetings and ad hoc site visits with vendors, where necessary. The main objective of our engagement with this group of stakeholders is to improve planning and communication.
- Employees:**  
 Among the important issues brought up by employees are competitive remuneration and benefits, health, workplace safety, work-life balance, empowerment and proactive engagement. We uphold principles of workplace equality and diversity, and aim to provide job security and opportunities for career progression. The main forums for employee engagements are annual performance reviews, training programmes, regular team members' meetings and team bonding activities.

# Commitment to Sustainability

- **Government and Regulatory bodies:**

Sabana REIT's compliance with all relevant laws and regulations is paramount. Through regular meetings and site inspections, especially in the context of renewals of government approvals, we ensure the Trust's continued compliance with applicable laws and regulatory requirements.

- **Investment Community (including Unitholders, Fund Managers, Buy and Sell-side Analysts, as well as Media):**

Important issues include discussions on Sabana REIT's strategic outlook and growth prospects. We also provide regular updates on our portfolio's performance, asset and capital management, public announcements via SGXNet, acquisitions and divestments, as well as any major corporate developments. The main channels of communication with the investment community are through Annual General Meetings ("AGM"), our committed investor relations team, results briefings with analysts, face-to-face meetings and investor conferences. The dedicated investor relations segment on our website provides regular updates on Sabana REIT's financial and non-financial information.

- **Community:**

Since its inception, Sabana REIT has been actively engaging with the community, participating in Corporate Social Responsibility (CSR) activities and made numerous donations to charitable organisations. In previous years, the Manager organised several blood-donation drives at 151 Lorong Chuan which saw good participation from our employees and tenants. In FY2017, Sabana REIT contributed S\$21,250 from its non-Shari'ah income to Smile Asia, a global alliance of independent charities collaborating to treat facial deformities. We will continue to engage the community in a meaningful manner.

- **Tenants:**

From time to time, Sabana REIT sponsors events for tenants, organises lunches and sends festive hampers to tenants on special occasions. We aim to improve communication, foster better relationships and understand our tenants' needs and requirements through an annual tenant satisfaction survey. We also engage with prospective tenants to understand their needs and requirements.

- **Unitholders:**

We value Unitholders' feedback and work towards ensuring their concerns and opinions are taken into account in our business decisions.

On 28 April 2017, the Manager held an Extraordinary General Meeting ("EGM") following a requisition letter from 66 Unitholders of Sabana REIT. While one of the resolutions was a proposal to remove the Manager, the Manager nonetheless proceeded to organise the EGM as duty-bound by the provisions of the Trust Deed. The majority of Unitholders at the EGM voted against the proposal and the Manager remains committed to engaging all Unitholders in a compliant and transparent manner. The Manager continues to engage and work closely with our Unitholders in accordance with the relevant principles of the Code of Corporate Governance 2012 ("2012 Code").

## Membership in Associations

In addition to engaging our stakeholders, Sabana REIT also participates as a member in various organisations. The Manager is a member of the Investor Relations Professionals Association (Singapore), Singapore Business Federation and Singapore International Chamber of Commerce.

# Governance and Risk Management

## Governance

The Manager is committed to upholding high standards of corporate governance which are essential to sustaining the Trust's business and performance. The Manager believes that high standards of corporate governance serve as a solid foundation in delivering value to our stakeholders.

Sabana REIT's Corporate Governance Report describes the Manager's corporate governance framework and practices in compliance with the principles and guidelines of the 2012 Code. The Manager confirms that it adheres to the principles and guidelines set out in the 2012 Code and any deviations from the 2012 Code are explained. This report can be found on pages 63 to 82 of our 2017 Annual Report.

We have applied the precautionary principle and have made efforts to formalise sustainable governance structures to ensure its effective management within Sabana REIT.

## Board Matters

Our Board currently consists of four Directors, three of whom are Independent and Non-Executive. As Independent Directors make up more than half of the Board, no individual or group is deemed to have a controlling influence over the Board's decision-making process. This is also in compliance with the requirements of the Monetary Authority of Singapore ("MAS"). For more information on the principles governing our Board and the profile of our Directors, please refer to our Corporate Governance Report on pages 63-82 of our 2017 Annual Report.

## Risk Identification & Management

Since the Board is the body responsible for the governance and management of risks, it also considers sustainability matters and risks alongside operational, financial and compliance risks. The Board ensures that management maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and the Trust's assets. The Board also determines the nature and extent of significant risks which it is willing to take in achieving its strategic objectives. We have an Audit Committee ("AC") in place, responsible for assisting the Board in fulfilling responsibilities relating to corporate governance. For more

details on the composition and role of our AC, please refer to pages 73-75 of our 2017 Annual Report.

## Regulatory Compliance

Sabana REIT does not tolerate any wilful breaches of applicable regulatory laws and regulations. We comply with SGX listing rules, the Code on Collective Investment Schemes issued by MAS, tax rulings issued by the Inland Revenue Authority of Singapore ("IRAS") and all other applicable legal and regulatory requirements. In furtherance of the above, we have internal policies to minimise regulatory and compliance risk.

All employees are required to strictly adhere to policies outlined in the Employee Handbook. Our enterprise-wide risk management ("ERM") framework defines the process for management of risk and how to mitigate or eliminate it.

Sabana REIT complies with all relevant legislation, regulation, accounting standards, guidelines and directives affecting REITs in Singapore. In addition to these legal frameworks, Sabana REIT is managed in accordance with Shari'ah investment principles and procedures. In the event of Shari'ah principles conflicting with the laws, rules and regulations applicable to Sabana REIT, such laws, rules and regulations prevail.

In managing Sabana REIT, the Manager must also comply with all regulations governing REIT Managers in Singapore. However, from March to December 2017, the Manager's Audit Committee did not meet the requirement set in SGX listing rule 704(8), i.e. to have a minimum of 3 members and to fill any vacancy no later than 3 months. We applied our best efforts in headhunting suitable candidates to join the AC and wrote to the regulators to explain our challenging circumstances. Subsequently, on 25 January 2018, a third independent director joined the Audit Committee, thus resolving the issue of non-compliance.

## Business Ethics & Anti-Corruption

In managing Sabana REIT, the Manager, its wholly-owned subsidiary, the Property Manager, Sabana Property Management Pte. Ltd., and all employees are required to comply with the Manager's Code of Best Practices on Securities Transactions.

## Governance and Risk Management

Fraud and corruption are risks to the continuity of business and undermines fair business practices. The Trust has a policy of zero tolerance for fraud and corruption. We are committed to a high standard of compliance with regard to accounting, financial reporting, internal controls, corporate governance and auditing requirements as well as any legislation that is relevant to our business. We ensure that employees conduct their business with fairness and integrity in all business relationships. A culture of transparency and accountability is encouraged by putting in place various mechanisms to ensure minimal risk of incidents of fraud, corruption or other kinds of regulatory non-compliance.

The Employee Handbook provides clear guidance on matters relating to appropriate behaviour. Employees are expected to demonstrate the highest level of professional conduct when conducting business on behalf of the Manager. They must exercise prudence and integrity in their relationships with stakeholders.

In FY2017, no public legal cases regarding corruption were brought against the Trust, the Manager and its employees, and there were no confirmed incidents of corruption.

### Whistle-blowing Policy

The AC has established procedures to provide employees of the Manager, as well as tenants and vendors of the Trust with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to the Trust or the Manager. It also provides clear guidelines for the independent investigation of any reports and appropriate follow-up action.

The aim of the Manager's whistle-blowing policy is to encourage the reporting of such matters in good faith, with the confidence that anyone making such reports will be treated fairly, and to the extent possible, be protected from reprisal. Where appropriate, an independent third party may be appointed to assist in the investigation.

## Economic Growth

Economic growth is considered a key material topic at Sabana REIT as maintaining a profitable portfolio is how we create value for all our stakeholders. Details of The Trust's FY2017 economic and financial performance can be found in the Financial Highlights, pages 12 and 13, and Financial Statements, pages 91-101 of our 2017 Annual Report.

## Our Customers

Our customers (i.e. Sabana REIT's tenants) are important to us. Our aim is to always be accountable to our customers and ensure business practices are carried out in a fair and transparent manner. This is to build relationships based on trust and integrity through consistency and open communication.

### Customer Satisfaction

Tenant satisfaction forms the core of our business. Our tenants' success translates into our success as a REIT. At Sabana REIT, we aim to provide the highest level of service to our tenants.

The Manager seeks to maintain a high overall tenant satisfaction through regular communication, monthly site visits, prompt response to tenants' feedback, timely resolution of issues and progressive upgrading of facilities.

# Health and Safety

Health and safety is a core value at Sabana REIT and is an essential part of our business. The health and safety of our employees, vendors, tenants and guests is prioritised throughout our value chain. We comply with all Singapore laws and regulations pertaining to health and safety.

Compliance with health and safety laws and regulations is also included in our tenancy agreements. A Safety Committee was formed by the Manager in April 2018 to address all safety issues. We will provide details and initiatives of this Safety Committee in our next sustainability report. Before the commencement of projects, contractors are required to apply for a Permit-to-Work ("PTW") which includes a risk assessment of their respective work scope, schedule of work and other relevant documents. In FY2017, there were no incidents of non-compliance concerning health and safety impacts and the use of our buildings.

We are pleased to report that there were no work-related injuries or fatalities involving our employees, guests and visitors in our properties. There was one incident involving a contractor in FY2017.

## Our Employees' Health & Well-being

The health and well-being of our employees is of great importance to us. Having healthy, engaged and empowered employees will improve our productivity. Amongst others, all permanent employees are provided with personal accident,

hospitalisation and surgical group term life insurance plans. In accordance with the Workmen's Injury Compensation Act, we insure all eligible employees with a Workmen's Injury Compensation Insurance Policy. Additional travel insurance plans are purchased for all employees who travel for business purposes.

Permanent employees are provided with annual health screenings through selected panel of doctors. In accordance with the provisions of the Employment Act and the Children Development CoSavings Act, every female employee who has completed three calendar months of service in the Company is eligible for sixteen weeks of paid maternity leave.

Besides our annual appraisal, we engage our employees through regular festive celebrations. These events<sup>4</sup> provide direct informal communication channels for us to receive and respond to feedback from our employees.

As an acknowledgment of our employees' service and dedication to the organisation, tokens of appreciation<sup>5</sup> are also given to our employees upon hospitalisation or compassionate leave, as well as on the occasion of marriage or maternity/paternity leave, etc.

In FY2017, our employees recorded an overall absentee rate<sup>6</sup> of 3% (2016: 2%), balanced between male and female of 3% respectively.

<sup>4</sup> These events are organised by the Manager and all expenses are borne by the Manager.

<sup>5</sup> Expenses for tokens of appreciation are borne by the Manager.

<sup>6</sup> Absenteeism refers to workers being absent from work because of incapacity of any kind, not just as the result of work-related injury or disease, excludes permitted leave absences such as holidays, study, maternity or paternity leave, and compassionate leave. Absentee rate is the measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by all workers for the same period. The increase in the FY2017 absentee rate is due to an increase in our employees' hospitalisation days caused by non-work-related matters.

# Our Employees

Our employees are our greatest assets. To be a successful business that delivers value to our customers and tenants, we understand the need to hire employees with a broad range of experiences and perspectives to provide us with the right skill pool. Furthermore, we empower our employees, allowing them to contribute meaningfully to the overall success of the Trust and the Manager. As an equal opportunity employer, our goal is to have consistent and fair policies that recognise and respect cultural differences.

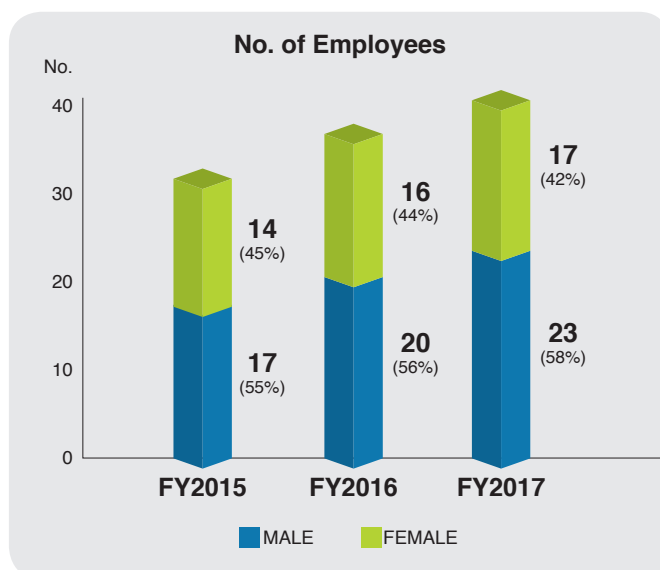
## Non-Discrimination, Diversity and Equal Opportunity

The Manager does not discriminate in employment opportunities or practices against race, religion, gender, nationality, age or the differently-abled. The Manager believes in gender equality and equal opportunity for all employees. Recruitment and career progression are based on meritocratic approach. To provide equal employment and advancement opportunities to all individuals, employment decisions are based on merits, experiences, abilities and professional qualifications.

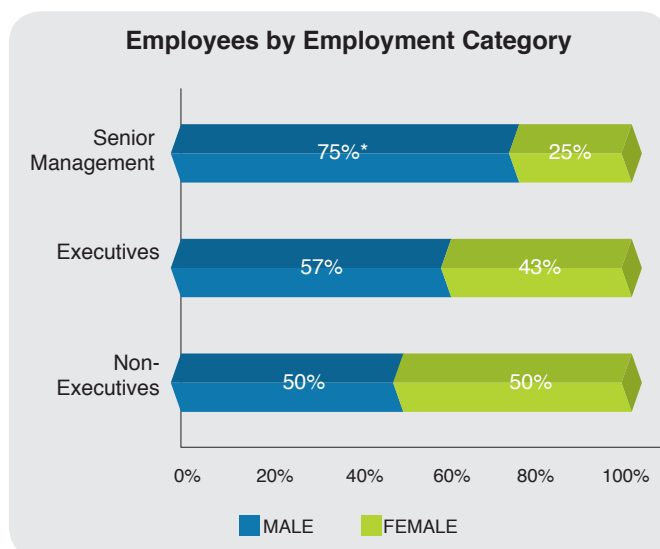
Employees with concerns about workplace discrimination are encouraged to bring these issues to the attention of their supervisors. Employees can raise concerns and make reports without the fear of reprisal. Engaging in any discriminatory behaviour is subject to disciplinary action, including termination of employment.

Performance reviews and planning sessions are designed for supervisors and employees to renew their current job tasks, set goals, encourage exchange of ideas, recognise contributions and develop positive, purposeful approaches to achieving work-related goals.

To ensure effective management of our workforce, the Manager's Human Resource ("HR") department regularly tracks and monitors employee data such as employee turnover, absentee rate, and training hours. As of 31 December 2017, the Manager had 40 employees. Our entire workforce is based in Singapore, has permanent employment contracts and is working full-time. Overall, our workforce is fairly balanced, with 42% female and 58% male employees. Most of our employees are aged between 30 and 50 years.



As diversity, inclusion and equal opportunity are important for our organisation, female employees make up 50%, 43% and 25% of our workforce in the Non-Executives, Executives and Senior Management categories, respectively.



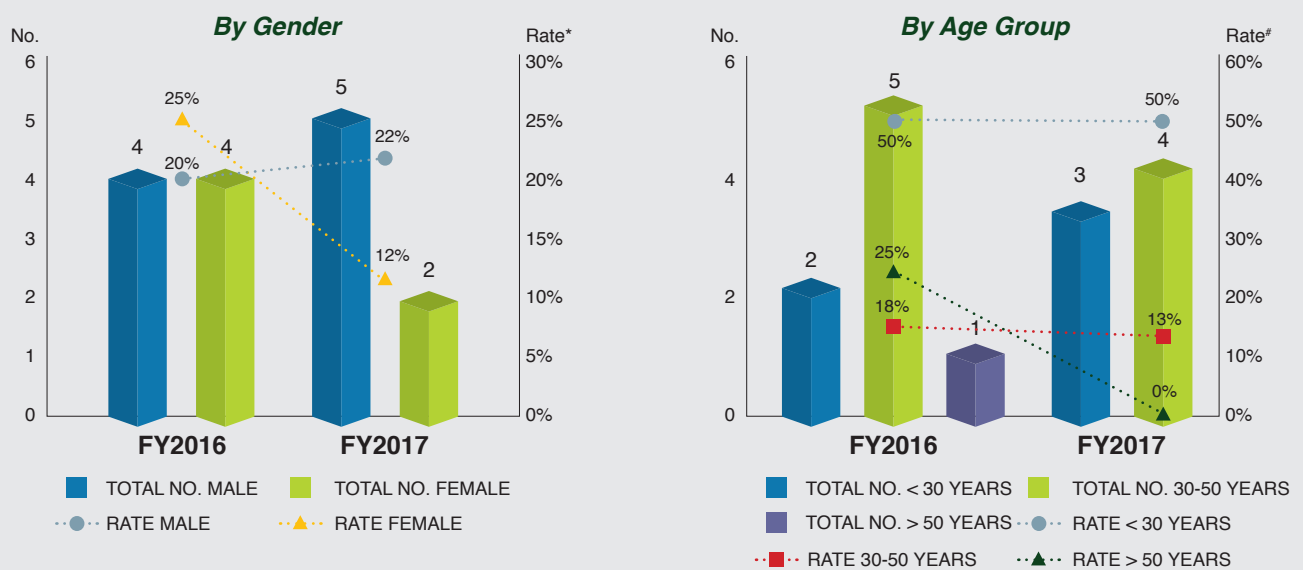
\* The gender breakdown of Senior Management employees includes the CEO who left the Manager on 31 December 2017.

## New Hires and Employee Retention

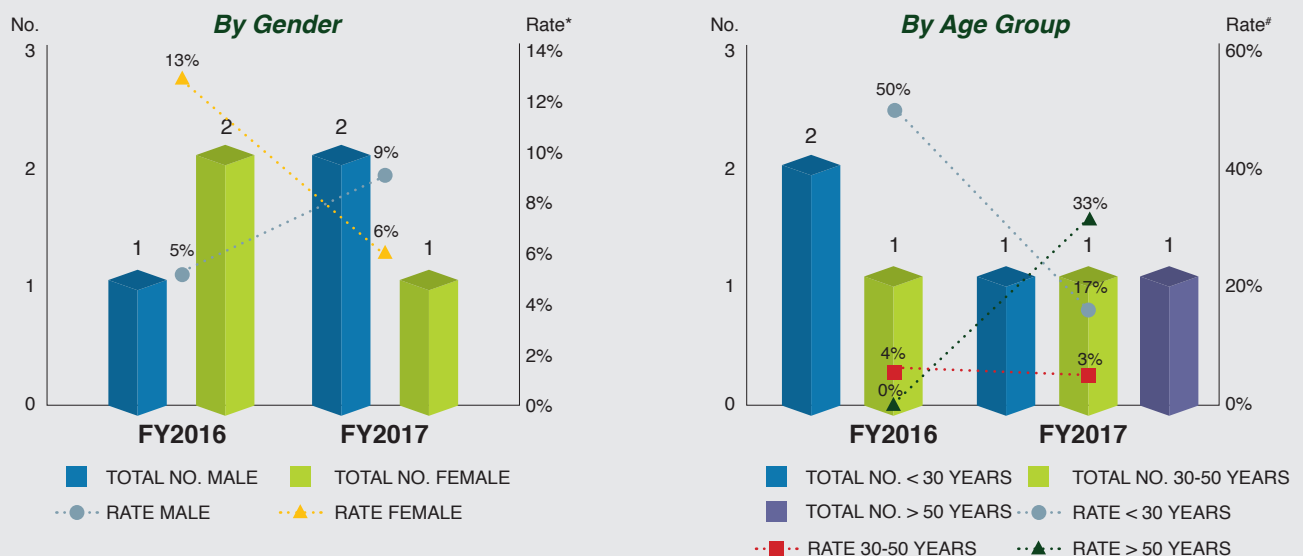
We recognise that welfare and career development contribute significantly to workplace satisfaction. As a result of proactive engagement with our employees, we see no significant levels of dissatisfaction. This assessment is validated by data on our new hires and turnover shown below. In FY2017, we hired 7 new employees, resulting in a new hire rate of 18%. We believe

that a diversified team with different age groups, backgrounds and skillsets will bring enriching perspectives to the workplace. The number and rate of new employee hires by age group and gender are portrayed in the charts below. In FY2017, there were a total of 7 hires and 3 turnovers with an overall rate of 18% and 7.5%, respectively.

**Total Number and Rate of New Employee Hires**



**Total Number and Rate of Employee Turnover**



\* The denominator used in the rate of new employee hires and turnover by gender is the total employees per gender category.

# The denominator used in the rate of new employee hires and turnover age group is the total employees per age group.

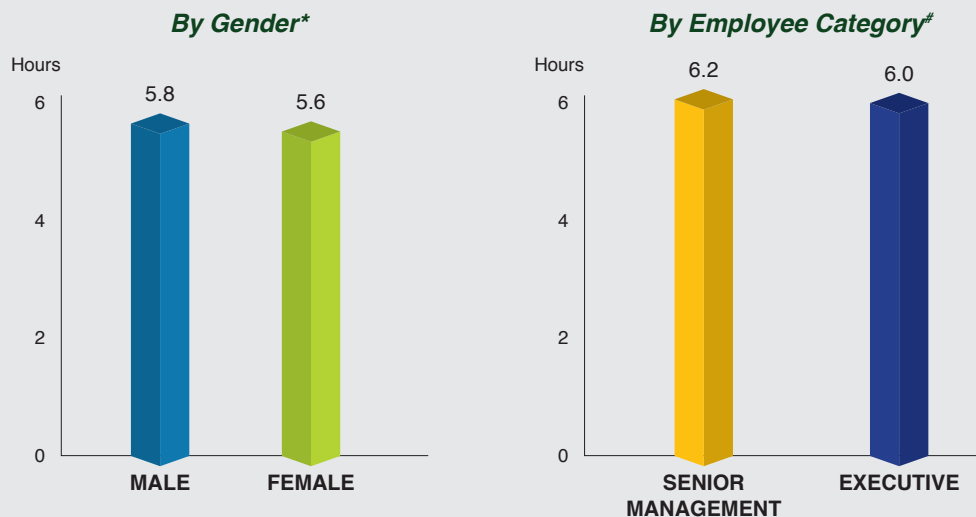
# Our Employees

## Training and Development

The Manager encourages its employees to pursue their interest in continuous education and job specific trainings. We are supportive of applications for membership in Professional Bodies and support the participation in conferences and seminars. The Manager provides educational assistance with formal qualifications and professional development through short courses. Our training budget is allocated such that each employee has an allowance of up to 5 days of study leave and up to 3 days of examination leave per calendar year.

In FY2017, each employee benefitted from an average of 5.7 hours of certified training, with a breakdown of 5.8 hours for our male employees, and 5.6 hours for our female employees. The scope of our training hours currently only includes trainings that come with certification. We will capture training hours from attending conferences and seminars in our sustainability report in the future. As of 31 December 2017, a total of 31 out of 40 employees benefitted from certified training.

**Average Number of Training Hours per Employee in FY2017**



Note: Non-Executives are excluded as there are only two Non-Executives of which one is a technician while the other is our housekeeper.

\* The denominator used in average number of training hours per employee by gender is the total employees per gender category.

# The denominator used in average number of training hours per employee by employee category is the total employees per employee category.

# Environment

We are committed to high standards of environmental stewardship. As a real estate owner, we understand that our assets' environmental footprint is closely connected to our operational costs. We also understand that the real estate sector can have long-lasting impacts on the environment. Therefore, we are working to improve the environmental sustainability of our existing assets and invest in buildings with higher environmental standards, where viable. We will be disclosing the targets for our key environmental indicators in our FY2018 sustainability report and start tracking our performance against these targets from FY2019 onwards.

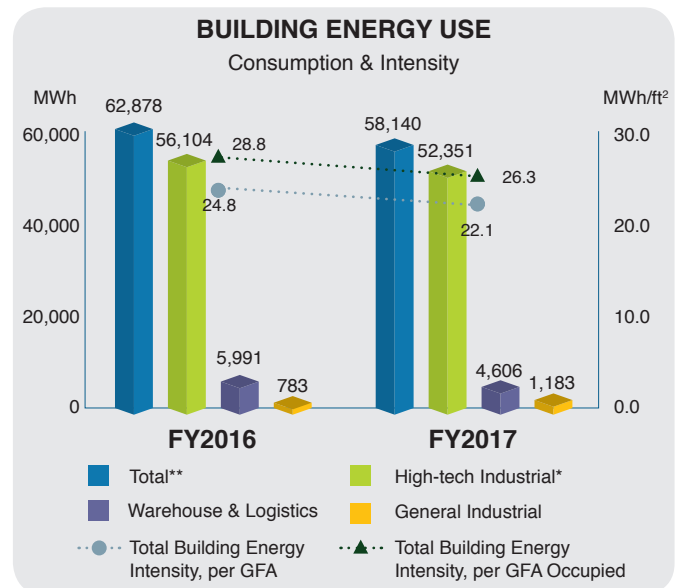
Sabana REIT is committed to complying with all applicable environmental requirements enforced by governing authorities in Singapore. In FY2017, there were no incidents of non-compliance with environmental laws and regulations.

## Energy Efficiency & Climate Change

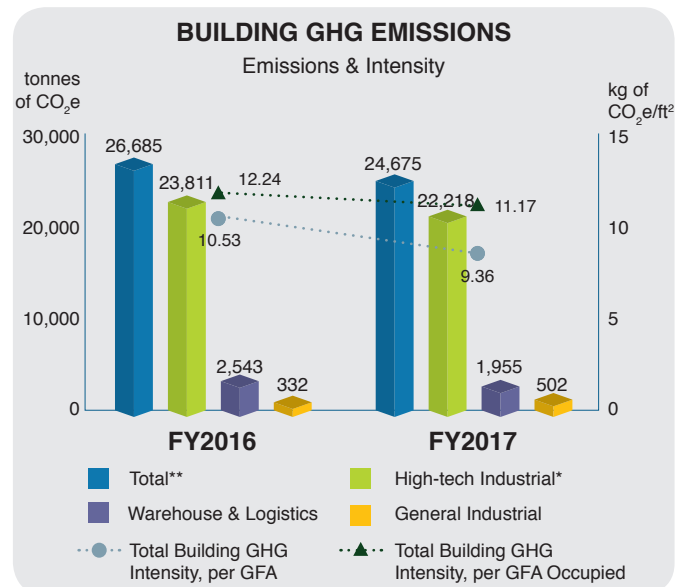
Singapore has made strong commitments as part of its Nationally Determined Contributions ("NDC") under the Paris Agreement to reduce emissions intensity by 36% from 2005 levels by 2030. The real estate and building sector greatly contributes to these GHG emissions. We understand that action from the real estate industry is imperative and urgent. We have embarked on a journey to make our portfolio carbon-efficient and thus contribute to Singapore's transition to a lower carbon economy.

With our increased focus on reducing our operational and carbon footprint, we are pleased to report that in FY2017, we recorded an improvement in our total building energy consumption and intensity.

In FY2017, we installed energy-saving lightbulbs in our buildings and successfully lowered our total usage of energy by 7.5% from 62,878 MWh in FY2016 to 58,140 MWh. We achieved a 10.9% decline in our total building energy intensity per GFA from 24.8 kWh/ft<sup>2</sup> in FY2016 to 22.1 kWh/ft<sup>2</sup>, while we achieved an 8.7% decline in our total building energy intensity per GFA occupied from 28.8 kWh/ft<sup>2</sup> in FY2016 to 26.3 kWh/ft<sup>2</sup>.



Resulting from the decrease in our buildings' energy consumption and intensity, emissions intensity and total building GHG emissions of our assets have decreased accordingly.



\* Building energy use and GHG emissions of the High-tech Industrial segment exclude tenants' energy use and GHG emissions in 15 Jalan Kilang Barat as it is independently managed by the tenants.

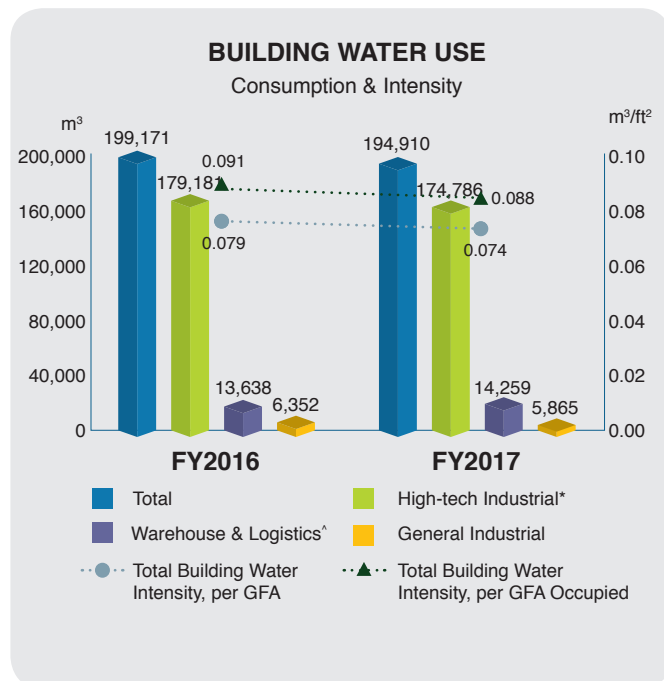
\*\* Total building energy use, GHG emissions and intensities exclude all buildings in the Chemical Warehouse & Logistics segment and tenants' energy use and GHG emissions in 15 Jalan Kilang Barat. These buildings are independently managed by our tenants.

# Environment

## Water Management

In line with the government's water conservation efforts, the Manager has embarked on water efficiency initiatives in our buildings. Two of our buildings at 151 Lorong Chuan and 508 Chai Chee Lane are implementing Water Efficiency Management Plans ("WEMP") as stipulated by the Public Utilities Board ("PUB"). The Manager also believes in the importance of inculcating amongst employees and tenants the values of reducing, reusing and recycling water.

As a result of our water efficiency initiatives, we have successfully reduced our total water consumption by 2.1% from 199,171m<sup>3</sup> in FY2016 to 194,910m<sup>3</sup> in FY2017. While it is challenging to encourage our tenants and service vendors to go on board with the Manager's water efficiency initiatives, we will continue to raise awareness and reduce our buildings' water consumption where possible.



\* Building water consumption of the High-tech Industrial segment excludes tenants' water consumption in 15 Jalan Kilang Barat, and the building water consumption in 23 Serangoon North Avenue 5 as water usage is independently managed by our tenants.

<sup>^</sup> Building water consumption of the Warehouse & Logistics segment excludes the building water consumption in 34 Penjuru Lane as water usage is independently managed by our tenants.

# Our Community Impact

Sabana REIT strives to be a responsible corporate citizen. We are committed to building lasting relationships with communities we operate in through various activities. Since its inception, the Trust has made numerous donations to charitable organisations and organised several blood donation drives in our corporate office at 151 Lorong Chuan, which have seen good participation from both employees and tenants.

An amount of S\$21,250 was donated to Smile Asia in the first quarter of FY2017, an alliance of charities which has been providing medical assistance to children with facial deformities. The funds will be utilised to support their medical efforts in sending qualified medical professionals, who will provide free surgical treatments to underprivileged children in Asia born with facial deformities like cleft lip and/or cleft palate and do not have access to proper treatment.

We are also pleased to report that in FY2017, Sabana REIT was not involved in any operations that caused significant negative impacts on local communities.



Eight-month-old Tandin Tshomo who received an unilateral cleft lip surgery during the medical mission in Paro, Bhutan organised by Smile Asia.

# GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>General Disclosures</b>			
<b>Organisational Profile</b>			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	Welcome and Readers' Guide
GRI 102: General Disclosures 2016	102-2	Activities, brands, products, and services	What We Do, pages 3-4
GRI 102: General Disclosures 2016	102-3	Location of headquarters	Welcome and Readers' Guide
GRI 102: General Disclosures 2016	102-4	Location of operations	What We Do, page 3
GRI 102: General Disclosures 2016	102-5	Ownership and legal form	Welcome and Readers' Guide What We Do, page 4
GRI 102: General Disclosures 2016	102-6	Markets served	What We Do, pages 3-4
GRI 102: General Disclosures 2016	102-7	Scale of the organisation	Welcome and Readers' Guide What We Do, pages 3-4 Our Employees, page 12 Sabana REIT Annual Report 2017, pages 12-13, 91-101
GRI 102: General Disclosures 2016	102-8	Information on employees and other workers	Our Employees, page 12
GRI 102: General Disclosures 2016	102-9	Supply chain	What We Do, pages 3-5
GRI 102: General Disclosures 2016	102-10	Significant changes to the organisation and its supply chain	What We Do > Strategic Review, page 5
GRI 102: General Disclosures 2016	102-11	Precautionary Principle or approach	Governance and Risk Management > Governance, page 9
GRI 102: General Disclosures 2016	102-12	External initiatives	We currently do not endorse any externally-developed charters, and will consider this in future.
GRI 102: General Disclosures 2016	102-13	Membership of associations	Commitment to Sustainability > Memberships in Associations, page 8
<b>Strategy</b>			
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Board Statement, page 2
<b>Ethics and Integrity</b>			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	What We Do > Our Core Values, page 5
<b>Governance</b>			
GRI 102: General Disclosures 2016	102-18	Governance structure	Board Statement, page 2 Governance and Risk Management > Governance, page 9
<b>Stakeholder Engagement</b>			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Commitment to Sustainability > Engaging with Our Stakeholders, pages 7-8
GRI 102: General Disclosures 2016	102-41	Collective bargaining agreements	Our employees are not currently covered by collective bargaining agreements.
GRI 102: General Disclosures 2016	102-42	Identifying and selecting stakeholders	Commitment to Sustainability > Engaging with Our Stakeholders, pages 7-8
GRI 102: General Disclosures 2016	102-43	Approach to stakeholder engagement	Commitment to Sustainability > Engaging with Our Stakeholders, pages 7-8
GRI 102: General Disclosures 2016	102-44	Key topics and concerns raised	Commitment to Sustainability > Engaging with Our Stakeholders, pages 7-8
<b>Reporting Practice</b>			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	Welcome and Readers' Guide Sabana REIT Annual Report 2017, pages 120-121
GRI 102: General Disclosures 2016	102-46	Defining report content and topic Boundaries	Commitment to Sustainability > Materiality, pages 6-7
GRI 102: General Disclosures 2016	102-47	List of material topics	Commitment to Sustainability > Materiality, page 7
GRI 102: General Disclosures 2016	102-48	Restatements of information	Not applicable as this is our inaugural Sustainability Report.
GRI 102: General Disclosures 2016	102-49	Changes in reporting	Not applicable as this is our inaugural Sustainability Report.
GRI 102: General Disclosures 2016	102-50	Reporting period	Welcome and Readers' Guide
GRI 102: General Disclosures 2016	102-51	Date of most recent report	Not applicable as this is our inaugural Sustainability Report.
GRI 102: General Disclosures 2016	102-52	Reporting cycle	Welcome and Readers' Guide
GRI 102: General Disclosures 2016	102-53	Contact point for questions regarding the report	Welcome and Readers' Guide

# GRI Content Index

GRI 102: General Disclosures 2016	102-54	Claims of reporting in accordance with the GRI Standards	Welcome and Readers' Guide
GRI 102: General Disclosures 2016	102-55	GRI content index	GRI Content Index, pages 17-20
GRI 102: General Disclosures 2016	102-56	External assurance	Welcome and Readers' Guide
<b>Topic Specific Disclosures</b>			
<b>Category: Economic</b>			
<b>Economic Performance</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Economic Growth, page 10 Sabana REIT Annual Report, pages 21-29
GRI 103: Management Approach 2016	103-2	The management approach and its components	Economic Growth, page 10 Sabana REIT Annual Report, pages 21-29
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Economic Growth, page 10 Sabana REIT Annual Report, pages 21-29
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Growth, page 10 Sabana REIT Annual Report 2017, pages 12-13, 91-101
<b>Anti-Corruption</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Governance and Risk Management > Business Ethics and Anti-Corruption, pages 9-10
GRI 103: Management Approach 2016	103-2	The management approach and its components	Governance and Risk Management > Business Ethics and Anti-Corruption, pages 9-10
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Governance and Risk Management > Business Ethics and Anti-Corruption, pages 9-10
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	100% of our 6 operations have been assessed for risks related to corruption.
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	a. Nil b. 100% of our employees c. Nil d. Nil e. 100% of our employees
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Governance and Risk Management > Business Ethics and Anti-Corruption, pages 9-10
<b>Category: Environment</b>			
<b>Energy</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Environment, page 15 Environment > Energy Efficiency & Climate Change, page 15
GRI 103: Management Approach 2016	103-2	The management approach and its components	Environment, page 15 Environment > Energy Efficiency & Climate Change, page 15
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Environment, page 15 Environment > Energy Efficiency & Climate Change, page 15
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	a. Nil b. Nil c. Environment > Energy Efficiency & Climate Change, page 15 d. Nil e. Environment > Energy Efficiency & Climate Change, page 15 f. and g. Not applicable, as our only source of energy is electricity from the grid
GRI 302: Energy 2016	302-3	Energy intensity	a. Environment > Energy Efficiency & Climate Change, page 15 b. Two intensity figures using two different denominators, namely Gross Floor Area (GFA) and GFA Occupied were reported. The denominators are derived using the following formula: GFA = common area + net lettable area (NLA) GFA Occupied = common area + (NLA x Occupancy Rate) c. Electricity consumed d. Energy consumption within the organisation
GRI 302: Energy 2016	302-4	Reduction of energy consumption	Environment > Energy Efficiency & Climate Change, page 15 We will be disclosing our reduction in energy consumption targets, including a base year in our FY2018 sustainability report.

Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Environment, page 15 Environment > Water Management, page 16
GRI 103: Management Approach 2016	103-2	The management approach and its components	Environment, page 15 Environment > Water Management, page 16
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Environment, page 15 Environment > Water Management, page 16
GRI 303: Water 2016	303-1	Water withdrawal by source	Environment > Water Management, page 16 All water usage in our assets are from municipal water supplies i.e. Singapore Public Utilities Board (PUB).
GRI 303: Water 2016	303-2	Water sources significantly affected by withdrawal of water	The water used in our assets are supplied and managed by the Singapore PUB. It has been found there are no adverse effects on our stakeholders or local and downstream biodiversity.
GRI 303: Water 2016	303-3	Water recycled and reused	We currently do not recycle water in our buildings.
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Environment, page 15 Environment > Energy Efficiency & Climate Change, page 15
GRI 103: Management Approach 2016	103-2	The management approach and its components	Environment, page 15 Environment > Energy Efficiency & Climate Change, page 15
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Environment, page 15 Environment > Energy Efficiency & Climate Change, page 15
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	As we only use electricity from the grid, we do not emit any Scope 1 GHG emissions or biogenic CO2 emissions.
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	Environment > Energy Efficiency & Climate Change, page 15 Greenhouse gas conversion is based on the Greenhouse Gas (GHG) Protocol. Emission factors for electricity generation are sourced from the Singapore Energy Market Authority (EMA), 2017.
GRI 305: Emissions 2016	305-4	GHG emissions intensity	Environment > Energy Efficiency & Climate Change, page 15 GHG emissions included in the intensity ratio are Scope 2 only.
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Environment, page 15
GRI 103: Management Approach 2016	103-2	The management approach and its components	Environment, page 15
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Environment, page 15
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environment, page 15
Category: Social			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Health and Safety > Our Employees' Health & Well-being, page 11 Our Employees, page 12
GRI 103: Management Approach 2016	103-2	The management approach and its components	Health and Safety > Our Employees' Health & Well-being, page 11 Our Employees, page 12
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Health and Safety > Our Employees' Health & Well-being, page 11 Our Employees, page 12
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Our Employees > New Hires and Employee Retention, page 13
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Health and Safety > Our Employees' Health & Well-being, page 11

# GRI Content Index

Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Health and Safety, page 11
GRI 103: Management Approach 2016	103-2	The management approach and its components	Health and Safety, page 11
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Health and Safety, page 11
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	A Safety Committee was formed by the Manager in April 2018 to address all safety issues.
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety, page 11
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Our Employees > Training and Development, page 14
GRI 103: Management Approach 2016	103-2	The management approach and its components	Our Employees > Training and Development, page 14
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Our Employees > Training and Development, page 14
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Our Employees > Training and Development, page 14
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Our Employees > Training and Development, page 14
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Our Employees > Non-Discrimination, Diversity and Equal Opportunity, page 12
GRI 103: Management Approach 2016	103-2	The management approach and its components	Our Employees > Non-Discrimination, Diversity and Equal Opportunity, page 12
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Our Employees > Non-Discrimination, Diversity and Equal Opportunity, page 12
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	In FY2017, there were zero cases of discrimination and hence no corrective actions taken.
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Our Community Impact, page 16
GRI 103: Management Approach 2016	103-2	The management approach and its components	Our Community Impact, page 16
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Our Community Impact, page 16
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	Our Community Impact, page 16
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Health and Safety, page 11
GRI 103: Management Approach 2016	103-2	The management approach and its components	Health and Safety, page 11
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Health and Safety, page 11
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety, page 11
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Commitment to Sustainability > Materiality, pages 6-7 Governance and Risk Management > Regulatory Compliance, page 9
GRI 103: Management Approach 2016	103-2	The management approach and its components	Governance and Risk Management > Regulatory Compliance, page 9
GRI 103: Management Approach 2016	103-3	Evaluation of the management approach	Governance and Risk Management > Regulatory Compliance, page 9
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Governance and Risk Management > Regulatory Compliance, page 9





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