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ABOUT THIS REPORT

Far East Orchard Limited's ("Far East Orchard" or the "Company", and together with its subsidiaries, the "Group") Sustainability Report ("SR") for the financial year ended 31 December 2019 ("FY2019") aims to provide its stakeholders with a holistic overview of the Group's Economic and Environmental, Social and Governance ("ESG") initiatives and how they are embedded into its operations as part of its efforts to build a sustainable business.

This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards 2016: Core option, the global standard for sustainability reporting, and with reference to the Singapore Exchange Securities Trading

Limited Listing Rules 711A and 711B. Please refer to the GRI Content Index included at the end of this report for the relevant disclosures.¹

The scope of this SR was expanded to include five new properties added to the Group's portfolio in 2019.² This includes two hotels under management in Singapore – The Outpost Hotel Sentosa and Village Hotel Sentosa, which were opened in April 2019 and three purpose-built student accommodation ("PBSA") properties in the United Kingdom ("UK") acquired in March 2019, namely Harbour Court, St Lawrence House and The Glassworks.

IN-SCOPE PROPERTIES

HOSPITALITY		PROPERTY	
SINGAPORE		SINGAPORE	UNITED KINGDOM
Hotels <ul style="list-style-type: none"> • AMOY • Oasia Hotel Downtown • Oasia Hotel Novena • Orchard Rendezvous Hotel, Singapore • Rendezvous Hotel Singapore at Bras Basah • The Elizabeth Hotel • The Outpost Hotel Sentosa • Quincy Hotel • Village Hotel Albert Court • Village Hotel Bugis • Village Hotel Changi • Village Hotel Katong • Village Hotel Sentosa 	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 	Development Properties <ul style="list-style-type: none"> • SBF Center • Woods Square 	Development Property <ul style="list-style-type: none"> • Westminster Fire Station Investment Properties (PBSA) <ul style="list-style-type: none"> • Harbour Court, Bristol • Hollingbury House, Brighton • Portland Green Student Village, Newcastle upon Tyne <ul style="list-style-type: none"> ◦ Bryson Court ◦ Marshall Court ◦ Newton Court ◦ Rosedale Court ◦ Turner Court • St Lawrence House, Bristol • The Glassworks, Liverpool

Figure 1: In-scope Properties

As the Group's sustainability efforts mature, management will consider including other overseas operations in the reporting scope of future reports and seek external independent assurance. The Group has not sought external independent assurance for this reporting period.

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

CONTACT US

Far East Orchard seeks to continuously enhance its sustainability practices and reporting, in accordance with the GRI Reporting Principles for defining report quality (accuracy, balance, clarity, comparability, reliability and timeliness). It welcomes questions or suggestions pertaining to this SR, which may be sent to 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.

² Excludes properties added to the Group's portfolio in the quarter ended 31 December 2019 – The Elements and The Foundry.

ABOUT FAR EAST ORCHARD

Far East Orchard is a property developer, hospitality assets owner and operator with a diversified property investment portfolio comprising PBSA and medical suites. It is listed on the Mainboard of the Singapore Exchange and is a member of Far East Organization, Singapore’s largest private property developer.

Established since 1967, Far East Orchard has developed residential, commercial, hospitality and PBSA properties in Australia, Malaysia, Singapore and the UK. It is currently redeveloping the former Westminster Fire Station located in the City of Westminster, London, UK, into a mixed-use development comprising residential apartments and a restaurant.

Expanding into the complementary businesses of hospitality

management and healthcare real estate since 2012, the Group’s hospitality arm – Far East Hospitality – now owns more than 10 hospitality assets and manages over 95 properties with more than 15,500 rooms in Australia, Denmark, Germany, Hungary, Malaysia, New Zealand and Singapore. Together with Far East Organization, Far East Hospitality’s maiden project in Ariake, Tokyo, Japan – Far East Village Hotel Ariake – is currently under development.

In 2015, Far East Orchard diversified its real estate portfolio to include PBSA properties in the UK. Today, it has a PBSA portfolio in the UK comprising 3,260 beds in the cities of Brighton, Bristol, Leeds, Liverpool, Newcastle upon Tyne and Sheffield. The Group also holds a portfolio of purpose-built medical suites for lease and for sale in Singapore’s premier medical hub in Novena.

VALUES IN MOTION

Far East Orchard’s core values are Business with Grace, Unity, Integrity, Love and Diligence. In line with these values, it provides employees with opportunities to contribute to charitable causes supported by the Group. Volunteer activities are conducted during and outside of office hours, reflecting both corporate and personal commitment in contributing to the causes.

In FY2019, the Group continued to build on its momentum of initiatives embarked on in prior years to reach out to the less fortunate and underprivileged in the local communities.

FAMILIES	CHILDREN AND YOUTHS	SENIOR CITIZENS
<ul style="list-style-type: none"> • “Build-a-Hamper Shopping Challenge” where employees imparted budgeting and financial management skills to beneficiaries by creating a hamper together • Equine-assisted therapy and learning sessions for at-risk persons • Meal distributions • Minor home repair works in Singapore • Partnered Habitat for Humanity to build simple homes in Batam, Indonesia 	<ul style="list-style-type: none"> • Packing and distribution of exam-care packs 	<ul style="list-style-type: none"> • Karaoke sessions • Monthly Bingo games • Morning exercises sessions



Figure 2: Community Engagement at Far East Orchard

EMPOWERING OUR PEOPLE

The Group is committed to attracting, developing and retaining a diverse and inclusive workforce to ensure both its people and the organisation thrives in a global marketplace. To that end, the Human Resources team continues to foster cross-functional connections, support mentoring and networking opportunities, and provides

professional and leadership development opportunities for its employees.

As at 31 December 2019, the Group employs 1,168 staff members³, including the 126 or 11% who are covered by collective bargaining agreements.

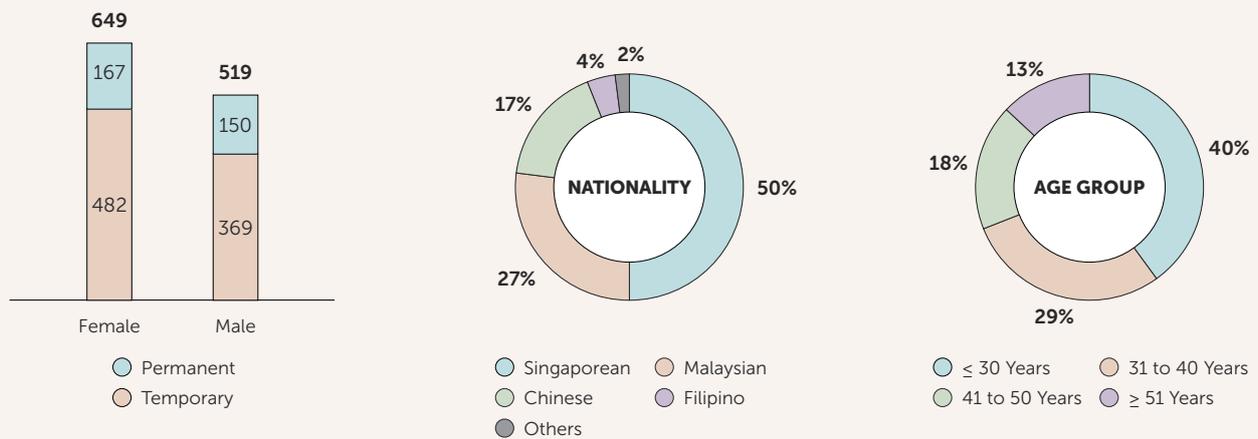


Figure 3: Workforce Statistics as at 31 December 2019

³ Includes employees supervised by the Group's hospitality management arm but employed by the owner of the in-scope properties and excludes employees hired by the Group's joint venture – TFE Hotels.

BOARD STATEMENT

DEAR STAKEHOLDERS,

To ensure the long-term success of the Group, we have intensified our efforts to incorporate sustainability goals into our strategies and operations in 2019. We believe that building a sustainable business goes beyond the financials, and involves managing ESG issues that arise in the course of our operations.

By setting the tone from the top, we seek to create a sustainability-focused culture. At the Board level, sustainability issues have been and will continue to be considered in the development of the Group's strategy. With the help of the Audit & Risk Committee and Management Risk & Sustainability Committee, sustainability-related risks and opportunities across various business functions were assessed in 2019.

As a Board, we are also involved in the materiality analysis to identify ESG factors that are important to our key stakeholders and/or significant to our business. Working closely with management, we will ensure that the Group's material ESG factors are monitored and managed appropriately. For the benefit of our stakeholders, we will also continue to inculcate good reporting habits to enhance our sustainability reporting.

Sustainability is a continuous journey. We look forward to continuing our efforts to build a sustainable business model that creates long-term value for the Group, while generating positive economic, environmental and social returns for the communities in our areas of operations.

The Board of Directors
18 March 2020



Harbour Court, Bristol, United Kingdom



Hollingbury House, Brighton, United Kingdom



The Outpost Hotel Sentosa, Singapore

COMMITMENT TO SUSTAINABILITY

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

Guided by its core values, Far East Orchard remains committed to being a responsible corporate citizen by embedding sustainability in its operations. This entails ensuring that the needs and concerns of the Group’s key stakeholders are taken into consideration in the development and execution of its business strategies. The Group adopts processes that are environmentally responsible and resource-efficient in its business operations.

SUSTAINABILITY IN SUPPLY CHAIN

The Group has extended its pledge to sustainable business practices across its supply chain, from subsidiaries to suppliers. It encourages its business partners to be

socially and environmentally responsible. To manage the ESG impact on its business operations, Far East Orchard incorporates eco-conscious construction processes in its projects and properties and encourages contractors to source for raw materials from sustainable sources.

The Group is committed to the continuous incorporation and improvement of ESG aspects in its supply chain as its sustainability efforts progressively mature. The Group is extending its pledge of sustainable business practices across its supply chain, from subsidiaries to suppliers, and aims to educate stakeholders across its supply chain about its sustainability efforts.

SUSTAINABILITY GOVERNANCE

Testament to its commitment to sustainability, Far East Orchard has in place a sustainability governance structure to identify, drive and execute sustainability initiatives across the Group.

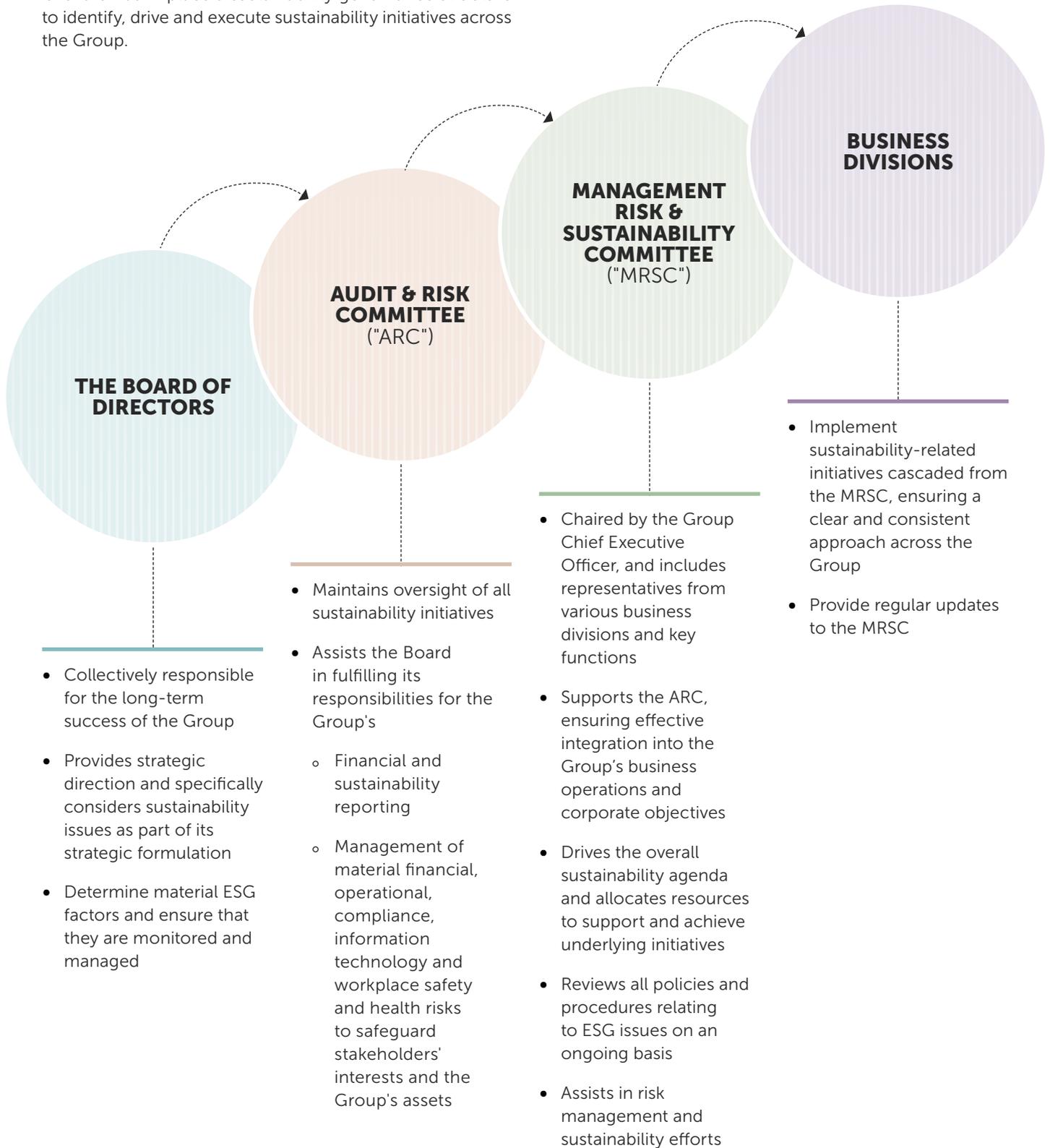


Figure 4: Sustainability Governance Structure and Roles and Responsibilities

KEY STAKEHOLDER ENGAGEMENT

Far East Orchard recognises that effective stakeholder engagement allows it to better anticipate and manage challenges. This is done via meaningful two-way communication with key stakeholders to understand and address their concerns while sharing about the Group's efforts to build a sustainable long-term business. A mix of formal and informal channels of communication was

adopted to engage key stakeholders with a significant influence on and interest in the Group's business.

Building on this stakeholder engagement, the Group considers key stakeholders' interests in the development of its strategy, striving to balance their interests with its business objectives.

KEY STAKEHOLDERS	MODES OF ENGAGEMENT
Shareholders 	<ul style="list-style-type: none"> • Quarterly financial reporting • Announcements/news releases on corporate actions and developments • Annual General Meetings • Corporate website • Analyst meetings • Roadshows • Queries to Investor Relations team
The Board 	<ul style="list-style-type: none"> • Induction and orientation programmes for new Board members • Ongoing communication • Board meetings • Site visits
Employees 	<ul style="list-style-type: none"> • Orientation programmes • Ongoing staff communication • Training programmes • Team bonding and recreational activities • Annual colleague engagement surveys • Performance and career development reviews
Customers 	<ul style="list-style-type: none"> • Customer satisfaction surveys • Guest comment cards • Priority guest programme • Websites
Business Partners 	<ul style="list-style-type: none"> • Meetings • On-site visits • Industry gatherings

Figure 5: Key Stakeholder Engagement Initiatives

MATERIALITY ASSESSMENT

The Group applied GRI's Principles for defining report content to identify material ESG topics that are relevant to Far East Orchard's business and its key stakeholders.

A materiality refreshment exercise, including a peer benchmarking analysis and consultations with internal stakeholders, was conducted in 2019 to ensure the continued relevance of the identified material ESG factors.

The material ESG topics for Far East Orchard remained unchanged for the reporting period.

These ESG topics were subsequently endorsed by Far East Orchard's management and Board. To ensure that the Group captures the most relevant topics, it will continuously review and assess the materiality of these ESG topics identified on an ongoing basis.



Figure 6: Materiality Matrix

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

1. ECONOMIC PERFORMANCE

The Group registered revenue of S\$156.1 million in FY2019, an increase from S\$150.9 million a year ago. Profit attributable to equity holders for FY2019 was S\$26.0 million, compared to S\$32.9 million a year ago.

Details of Far East Orchard’s FY2019 financial performance are listed in the following sections in its 2019 Annual Report:

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

The Group is committed to delivering sustainable growth for its stakeholders over the long term. Notwithstanding the volatile macroeconomic and business environment, it strives to sustain its momentum to grow recurring income streams. Far East Orchard will also pursue suitable investment and development projects while exploring capital recycling opportunities into higher-yielding assets to unlock greater value for all shareholders.

2. ANTI-COMPETITIVE BEHAVIOUR

It is the Group’s policy to conduct business fairly and ethically in the markets it operates in. Without exception to this policy, Far East Orchard consistently strives towards the highest standards of professional values and integrity, including the non-tolerance of anti-competitive behaviour. It takes legal compliance very seriously and does not condone or sanction any anti-competitive conduct by employees.

Maintaining the Highest Level of Ethics

Far East Orchard 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.

Some of the measures which have been and continue to be adopted includes:

- Incorporating a session on compliance with competition law as part of the orientation programme for new employees
- Educating the Group’s employees and improving their understanding of prohibited behaviour and anti-competitive practices. A Competition Law Compliance Manual is part of the Employee Handbook which is given to all new hires and made available to all existing employees
- Arranging annual legal briefings conducted by external competition lawyers on competition law for employees
- Conducting in-house quarterly briefings on competition law for sales and marketing employees
- Putting in place internal processes to monitor continuous compliance and reinforce adherence with the Competition Act (Cap.50B) of Singapore (the “Competition Act”)
- Evaluating reported incidents of non-compliance with the Competition Act and guidelines by the Competition and Consumer Commission of Singapore (“CCCS”) and investigations by relevant authorities against the Group for anti-competitive behaviour, if any
- Reviewing legal contracts and agreements to ascertain the absence of anti-competitive behaviour

To ensure the continued growth of its business in a principled and ethical manner, Far East Orchard will continue to adhere strictly to all applicable laws.

In FY2019, there were no confirmed violations of the Competition Act and CCCS’ guidelines apart from the CCCS Infringement Decision issued in January 2019 against the Company’s subsidiary for infringing conduct which took place before 30 June 2015.

FY2020 TARGET	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
<p>No violations of the Competition Act and CCCS guidelines</p>	<ul style="list-style-type: none"> • 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 • Encourage reporting of any suspected anti-competitive conduct to relevant parties (e.g. risk management and compliance personnel) and/or external regulatory agencies • Build a culture that encourages employees to immediately inform the Group’s Head of Legal when they become aware of any behaviour, work practice or documents that appear to be inconsistent with the Group’s Competition Compliance Manual

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

3. ENVIRONMENTAL COMPLIANCE

Far East Orchard keeps abreast of best-in-class practices relevant to its businesses. As a developer, it strives to develop properties that incorporate eco-conscious designs and features. For its hospitality business and property investment businesses, the Group works together with its partners to adopt environmentally friendly practices.

To ensure compliance with regulatory requirements, internal checks are conducted regularly to detect and rectify non-compliant practices. The Group also monitors notices and complaints issued by local authorities for non-compliance with environmental regulations. Further, all employees have access to an internal reporting channel to report any form of non-compliance to management.

In 2019, the Group completed the development of Hollingbury House, a 195-bed PBSA property in Brighton, UK. In Singapore, the development of Woods Square, an integrated office development jointly developed with Far East Organization and Sekisui House, Ltd, was completed in February 2020.

The Group is currently redeveloping the former Westminster Fire Station located in London, UK, into a mixed-use development comprising residential apartments and a restaurant.

To ensure that environmental issues are addressed, the Group enforced the following measures for its development and investment properties:

WOODS SQUARE	WESTMINSTER FIRE STATION	PBSA PROPERTIES
<ul style="list-style-type: none"> • Obtained Building and Construction Authority Green Mark Gold Plus Certification • Use of sustainable materials and environmentally friendly products certified under the Singapore Green Labelling Scheme during the construction process and final material finishes • Installation of solar photovoltaic modules to harvest energy for the site office • Use of solar powered lightings for the guardhouses • Incorporation of programmable timer controls for lighting in common areas and energy-saving light fittings • Installation of energy-saving lift system with an in-built sleep function that is activated when the system is not in use for a period of time • Installation of water fittings that are certified under the Water Efficiency Labelling Scheme • Fit-out of toilets with light motion sensors and sensor taps • Provision of recycling bins to encourage tenants and end users to recycle 	<p>Ongoing Initiatives</p> <ul style="list-style-type: none"> • Designed to achieve a “Very Good” to “Excellent” Building Research Establishment Environmental Assessment Method (“BREEAM”) rating • Collaboration with suppliers and manufacturers with environmentally friendly certifications, including: <ul style="list-style-type: none"> ◦ Forest Stewardship Council ◦ Programme for the Endorsement of Forest Certification ◦ Water Regulations Advisory Scheme ◦ ISO 14000 and 9000 and energy efficient appliances • Introduction of sustainable biodiverse landscaping in the courtyard • Installation of photovoltaic panels on the roof <p>Planned Initiatives for the Future</p> <ul style="list-style-type: none"> • Record energy consumption via the Building Management System. Data may be reviewed and used to promote energy reduction initiatives 	<ul style="list-style-type: none"> • 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 • Installation of combined heat and power units • Installation of LED lighting • Adherence to a Waste Management and Recycling Policy • The in-scope PBSA properties have achieved the following ratings: <ul style="list-style-type: none"> ◦ BREEAM ratings <ul style="list-style-type: none"> ▪ Excellent: 2 properties ▪ Very Good: 4 properties ◦ Energy Performance Certificates ratings: <ul style="list-style-type: none"> ▪ B: 2 properties ▪ C: 1 property <p>We will work towards improving the ratings of the properties</p>

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

WOODS SQUARE	WESTMINSTER FIRE STATION	PBSA PROPERTIES
<ul style="list-style-type: none"> Encourage tenants and owners to use environmentally friendly materials for renovation and interior fitting-out works and adopt energy-saving initiatives in their daily operations Provision of adequate bicycle parking lots to encourage cycling 	<ul style="list-style-type: none"> Use of energy efficient systems including low energy lighting controlled by photocells and time clocks and light wells Use of a central boiler plant for heating to reduce gas consumption instead of individual apartment boilers Provision of a complimentary 25-year membership of car club and bicycle storage facilities to minimise private car ownership and encourage cycling 	

Environmental Accolades

The Group’s hospitality properties under management achieved the following accolades from the Building and Construction Authority as a result of its efforts to reduce the environmental impact of its operations:

PROPERTY	CERTIFICATION
Oasia Hotel Downtown	Green Mark Certified
Rendezvous Hotel Singapore at Bras Basah	Green Mark Gold
The Outpost Hotel Sentosa	Green Mark Certified
Village Hotel Albert Court	Green Mark Platinum
Village Hotel Sentosa	Green Mark Certified

In FY2019, there were no significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.

FY2020 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 Conduct environmental impact assessments for property development projects prior to construction and establish appropriate mitigation measures

MATERIAL FACTORS – SOCIAL

4. OCCUPATIONAL HEALTH AND SAFETY

Recognising that employees form the backbone of the Group, Far East Orchard prioritises workplace safety and health (“WSH”) and strives to provide its employees with

a safe and conducive work environment. Key initiatives undertaken by the Group are outlined in Figure 7.

KEY INITIATIVES	
<p>Policies</p> 	<ul style="list-style-type: none"> • Adopt safe working practices that are in line with national and international safety regulations • Provide employees with safe and well-maintained tools and equipment • Provide training to all employees to enhance their competence and awareness on WSH requirements • Annual pledge to acknowledge and comply with the Group’s Safety Commitment, outlined in the Employee Handbook • Review of WSH Policy and objectives at least once a year • Requirement for all engaged main contractors to be Occupational Health and Safety Assessment Series (“OHSAS”) 18001 certified or an equivalent of a well-recognised standard for safety management system
<p>Reinforcements</p> 	<ul style="list-style-type: none"> • Daily morning brief on WSH for hospitality employees • Fortnightly circulation of reminders about WSH to all employees to increase awareness and impart safe work habits • Conduct quarterly cluster WSH meetings • Conduct annual WSH risk assessments to proactively identify hazardous activities and workspaces, and put mitigation measures in place • 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 • Conduct table-top exercise with local authorities to prepare for lone wolf terrorist attacks • Annual review of the Group’s risk register with new incidents to be updated and shared across properties
<p>Appointed WSH Personnel</p> 	<ul style="list-style-type: none"> • Maintain recognised WSH management system • Appointment of a WSH representative with at least a bizSAFE Level 2 certificate, to be responsible for handling WSH matters and implementation of WSH policies at each property • Formation of Company Emergency Response Teams who are equipped with safety equipment to perform emergency responses • Engagement of certified Fire Safety Managers to evaluate the fire safety measures deployed within the in-scope hospitality properties

Figure 7: Occupational Health and Safety Key Initiatives

In 2019, the Group participated in the Nanyang Technological University-WSH Institute (“NTU-WSHI”) Research Collaboration Project to identify key success factors in the inculcation of WSH ownership amongst its staff members. The aim is to engender greater industry ownership, drive mindset changes and improve WSH practices.

Commitment to Safety

In its pursuit of high WSH standards, the Group also monitors and evaluates “near-misses” in addition to the mandatory reportable incidents. Lessons learnt are shared with all employees to increase awareness and prevent reoccurrences.

A breakdown of the Group’s FY2019 health and safety performance is shown in Figure 8.

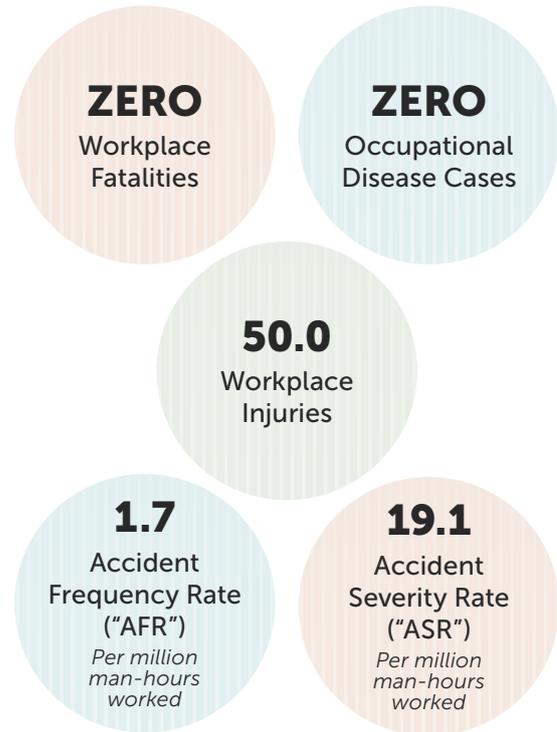


Figure 8: Occupational Health and Safety Indicators

In FY2019, Far East Orchard maintained its zero workplace fatalities and occupational disease cases record.

The Group’s efforts to create a safe working environment for its employees were also reflected in the lower number of workplace injuries of 50.0 in FY2019. Far East Orchard maintained its AFR at 1.7 per million man-hours year-on-year, while its ASR improved to 19.1 per million man-hours worked in FY2019.

FY2020 TARGETS	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
Zero cases of workplace fatalities	<ul style="list-style-type: none"> Conduct regular safety trainings Collaborate with local authorities to organise emergency drills for potentially hazardous situations Incorporate suitable interventions proposed by the NTU-WSHI Research Collaboration Project Quarterly WSH Committee meetings, where representatives from each property share about common incidences, causes and preventive measures Organise two roadshows at every hospitality property to promote WSH
Improvement to AFR and ASR	
Reduce the number of workplace injuries by 25%	

5. TRAINING AND EDUCATION

Far East Orchard’s commitment to the development of its employees is underscored by its belief that building the capabilities of its employees allows it to retain its competitive edge and enhance its brand profile.

Far East Orchard has cultivated a learning culture where employees feel valued, motivated and confident. In turn, this enhances overall performance and productivity, while reducing employee turnover. This reduction in employee turnover further contributes to operational efficiency

and higher service standards, which increases customer satisfaction.

The Group’s strong focus on developing a learning and people development (“L&PD”) strategy has helped establish Far East Orchard as an employer of choice for hospitality graduates and other potential employees. A holistic approach towards the development of its employees is in place and outlined in Figure 9.

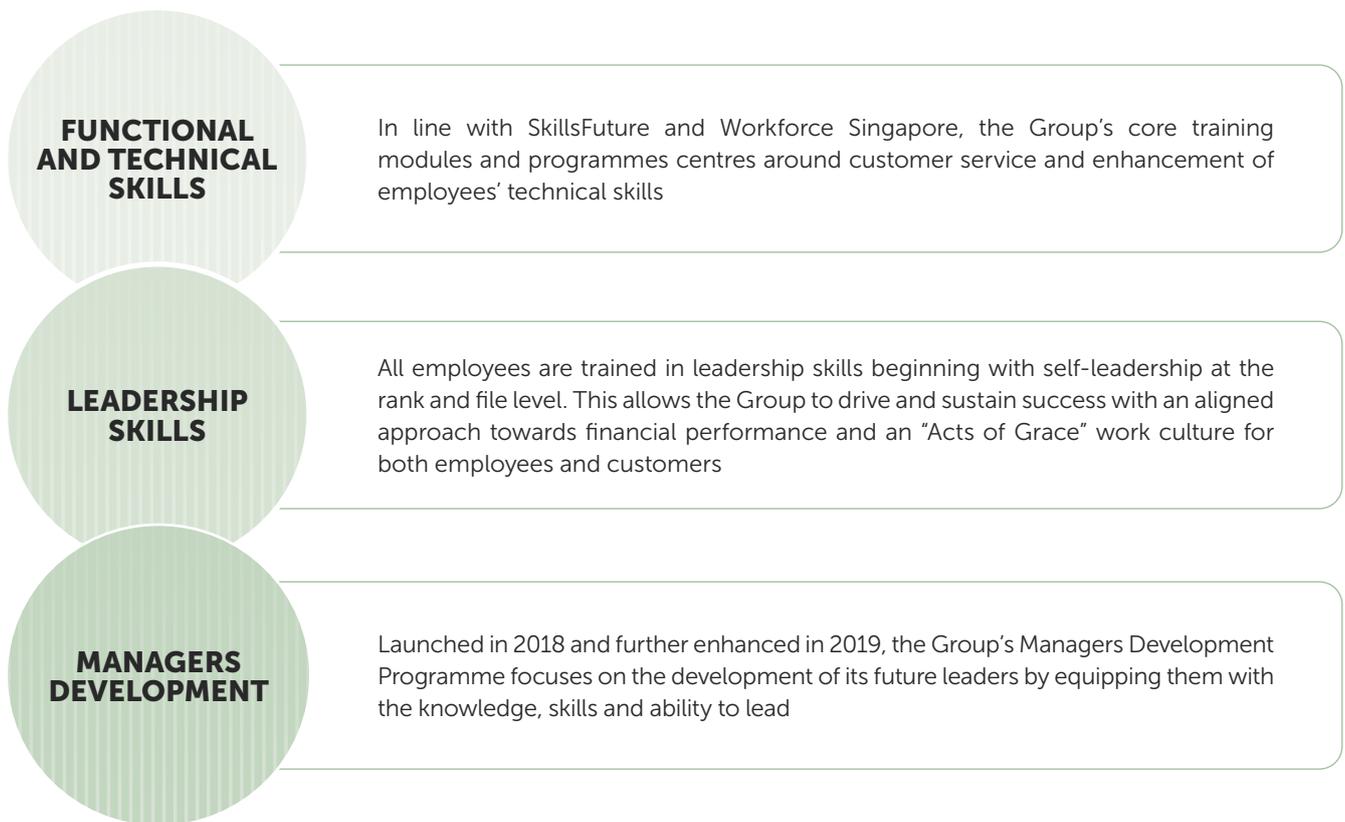


Figure 9: Holistic Employee Development Approach

The Group’s designated L&PD team monitors and evaluates the development of its employees. This is done through the Learning Management System, which records the impact of training programmes on employees and reviews training investment in terms of time and cost on a monthly basis.

The effectiveness of training programmes is also measured through post-training evaluation and observation of any on-the-job transfer of learning. Training programmes are reviewed and modified quarterly to ensure relevance to business needs, the changing environment and employee profiles.

In FY2019, the Group’s employees received a total of 119,146 hours of training. A breakdown by gender is set out in Figure 10.

In line with general workforce trends, the Group will embark on a job redesign initiative and has realigned its training and education target to 80 hours per annum for FY2020.



Figure 10: Average Training Hours by Gender in FY2019

In FY2019, each employee underwent 100.0 hours of training, an improvement from 95.2 hours in the previous year. The Group will continue to work towards equipping its employees with the necessary knowledge and skills, as well as elevate their competencies.

FY2020 TARGET	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
80 hours of training per employee per annum	<ul style="list-style-type: none"> • Conduct training for employees via varied modes of learning • Roll out compulsory e-learning courses

MATERIAL FACTORS – SOCIAL

Performance Management and Talent Development

Far East Orchard has in place a continuous performance management process to formally evaluate employees' achievements against the agreed goals set at the beginning of the year.

Throughout the year, managers and team members are encouraged to have performance-related conversations to support employees in achieving the set goals.

The Annual Performance Review conducted at the end of the year, serves to review the employees' achievements and overall contributions to the Group for the year. It also serves as an avenue for employees to discuss their career aspirations, strengths and development needs.

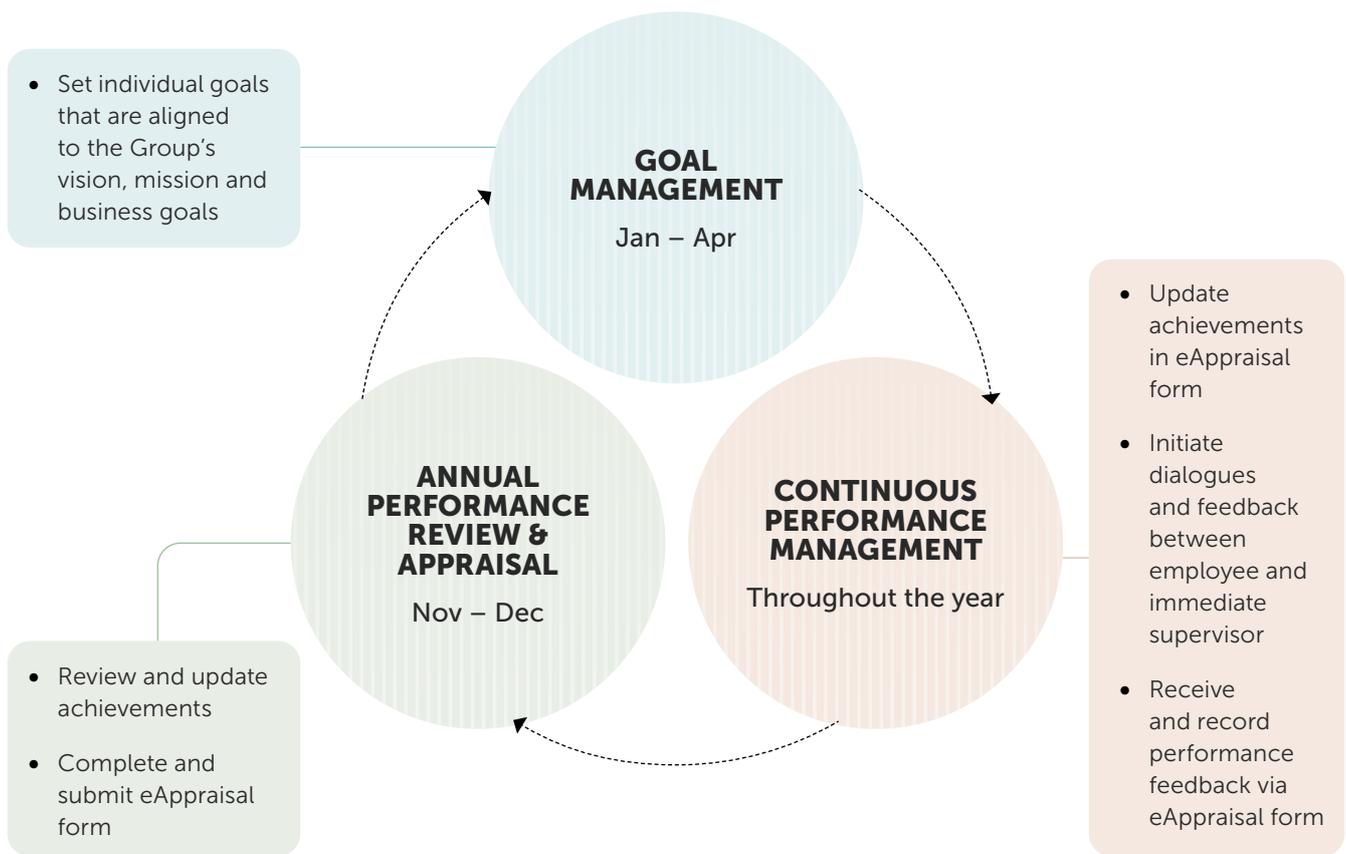


Figure 11: Performance Management Process

In FY2019, 100% of full-time employees received regular performance and career development reviews.⁴

FY2020 TARGET	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
<p>100% of full-time employees to receive regular performance and career development reviews⁴</p>	<ul style="list-style-type: none"> • Inculcate a culture of continuous performance management at all levels, encouraging effective ongoing conversations and feedback between managers and their direct reports throughout the year

⁴ Excluding employees on prolonged leave and new hires that have been with the Group for less than three months.

6. CUSTOMER HEALTH AND SAFETY

As a property developer, hospitality assets owner and operator with a diversified property investment portfolio, Far East Orchard is committed to providing its customers with a safe and healthy environment.

The Group has identified potential risks, established mitigating safety measures, and set up Standard Operating Procedures (“SOPs”) which are regularly updated to ensure that its employees are well-equipped and prepared to respond appropriately and promptly in various situations.

Hospitality

Comprehensive measures undertaken to ensure the health and safety of hotel guests on-site include:

- Conducting operations and internal compliance audits with remedial actions taken immediately, if gaps are identified
- Conducting regular and detailed maintenance checks on equipment and facilities, including occasional inspections from local authorities
- Identifying and mitigating hazards that customers may encounter at an early stage e.g. devising a pool rescue plan
- Equipping buildings with closed-circuit televisions

- Programming guest room keys for lift access to designated floors only
- Training employees to handle Automated External Defibrillators
- Training employees to handle reported cases of infectious diseases (e.g. chicken pox) and render medical assistance for minor injuries
- Accompanying guests to nearby clinics or hospitals where medical assistance is sought
- Ensuring that all guest incidents are recorded and reported to the duty manager and a risk assessment is conducted as a preventive measure
- Making service recovery and courtesy calls to guests to check on their well-being after an incident
- Enrolling employees who handle food in Food Safety and Hygiene courses

The Group’s commitment to a high standard of security was recognised at the 2019 Annual Hotel Security Awards Presentation Ceremony, organised by the Singapore Hotel Association (“SHA”), National Crime Prevention Council and the Singapore Police Force.



Figure 12: Far East Hospitality Security Awards

Property Development

Upholding its commitment to ensure the health and safety of occupants in properties developed by the Group, Far East Orchard chooses to work with contractors and suppliers that have health and safety-related accreditations in the various operating jurisdictions.

guidelines are designed to encourage best practice beyond statutory requirements. For its overseas developments, Far East Orchard works with relevant partners to comply with occupational health and safety management systems such as the OHSAS 18001.

The Group only works with companies that voluntarily register with the Considerate Constructors Scheme and agree to abide by the Code of Considerate Practice. These

Further, all site safety matters during the development are monitored closely and regularly through site meetings and daily briefing sessions.

MATERIAL FACTORS – SOCIAL

Property Investment

Far East Orchard has a PBSA portfolio of 3,260 beds in the UK across 11 properties and five cities. To maintain a high level of customer health and safety across the Group’s operations, Far East Orchard works closely with its UK partner to provide a centralised function and perform periodic audits for all properties.

At each of the Group’s PBSA property, there is a health and safety committee to manage health and safety matters, with guiding policies and SOPs in place. These include:

- Site Security Plan and Policy
- Health and Safety Procedures
- Emergency Response Plan
- Managing Accidents and Near Misses Policy
- Fire Drill and Evacuation Policy
- Incident Management and Escalation Policy

- Illegal Drugs and Alcohol Policy
- Student Guests and Visitors Policy
- Student Welfare and Mental Health Policy

Students are encouraged to take ownership to ensure their own safety. Prior to their arrival, they are required to complete an online safety induction exercise. A Student Handbook which includes a section on safety information is issued to all students. During the year, students are kept abreast of health and safety matters via email newsletters and notice boards in the properties.

A well-being strategy is also in place to monitor and engage students, aimed at helping them adjust to the student accommodation property and university life.

In FY2019, there were no fines for safety breaches and safety processes were improved to complement and unify a safety culture across business divisions.

FY2020 TARGETS	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
No fines for safety breaches	<ul style="list-style-type: none"> • Adopt best practices in the industry • 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 is 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 • Maintain regular engagement and contact with local health and safety regulatory agencies to obtain updates on regulatory changes
Improve safety processes and inculcate a strong safety-first culture across businesses	<ul style="list-style-type: none"> • Increase employee training for customer health and safety matters • Conduct management walkabouts to provide an additional perspective and uncover “blind spots” with regard to potential hazards within the hotel premises or at construction sites

7. SERVICE QUALITY

Far East Hospitality’s focus on service quality provides it with opportunities to gain a sustainable competitive advantage and the confidence of its customers in a highly competitive industry. The Group drives continuous

improvement and seeks to differentiate itself via its service delivery to resonate with both new and existing customers. Service quality delivered to customers is measured using a two-pronged approach:



PROCESS QUALITY



DELIVERY QUALITY

- Regular reviews and updating of SOPs for service delivery to meet customers’ evolving expectations
- Conducting on-the-job trainings or communication sessions for relevant roles and departments
- Updating Service Quality Audit survey questions to ensure a matched assessment

- Daily trainings for Far East Hospitality employees on service quality, guided by the Group’s “Acts of Grace” service values
- Bi-annual mystery Service Quality Audits by a select pool of surveyors to assess the delivery of services in accordance with SOPs and the effectiveness of training
- Track and monitor customers’ feedback via the internal hospitality management software and social media or digital platforms such as TripAdvisor
- Recognise employees who perform beyond expectations

Figure 13: Two-pronged Service Quality Approach

Other initiatives to build a service-oriented workplace include:



EMPLOYEE OF THE MONTH

To recognise employees who have received excellent reviews from guests for their service delivery



HALL OF EXCELLENCE

Annual programme to reward employees who have delivered extraordinary service to customers over the year and act as a role model for their colleagues



PARTICIPATION IN INDUSTRY SERVICE EXCELLENCE AWARDS AND ACCOLADES

Employees are nominated for industry service excellence awards

Figure 14: Key Workplace Initiatives and Programmes

MATERIAL FACTORS – SOCIAL

As a member of the SHA and Association of Rooms Division Executives (Singapore) and a Collaborative Partner of the Singapore Tourism Board, Far East Hospitality benefits from industry insights and learning about best practices via networking events and publications. This information is used to strengthen the Group's service quality standards and operational excellence.

Since 2016, Far East Hospitality has engaged an independent external consultant to assess the quality of service delivered to its customers. Working with management, the external

consultant has developed a Customer Engagement Index ("CEI") target for the Group, which is benchmarked against the industry. A corresponding survey to measure the Group's CEI score is conducted annually.

The key areas of the measurement are:

- Overall satisfaction level
- Customer's likelihood to return in the future
- Likelihood to recommend to others
- Our brand vs others in the market

In FY2019, Far East Hospitality exceeded its target of 82.5% for the CEI Survey.

FY2020 TARGET	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
CEI Survey: 83.0%	<ul style="list-style-type: none"> • Conduct open service audits twice a year, to complement the existing mystery audits, to ensure consistency in service delivery • Explore and execute new engagement activities involving guests and staff on a quarterly basis to enhance service experience and guest engagement • Encourage staff participation in industry awards • Regular monitoring of service performance through an online portal and ensure responses by management to both positive and negative feedback

Hospitality Awards

In 2019, Far East Hospitality’s employees, hotels and serviced residences received more than 300 accolades awarded by various industry bodies. A list of key awards won during the year is presented in Figure 15.

AWARDS	DESCRIPTION
Excellent Service Award 2019 by SHA	
<ul style="list-style-type: none"> • 17 Outstanding Star Winners • 76 Star Winners • 88 Gold Winners • 83 Silver Winners • 8 EXSA Champion Organisation Awards 	To recognise individuals who have gone beyond the call of duty in delivering exceptional service and creating memorable experiences for guests
The National Kindness Award 2019 by the Singapore Kindness Movement and SHA	
19 Service Gold Awards	To recognise service staff in the hotel industry who displayed exemplary service and gracious behaviour during their course of work
Employee of the Year Award 2019 by Food, Drinks and Allied Workers’ Union, National Trades Union Congress and SHA	
11 Winners	To recognise individual employees’ excellent performance and commendable service
SHA Best Department Awards 2019	
<ul style="list-style-type: none"> • Best Front Office Department, Superior Hotel • Best Housekeeping Department, Superior Hotel 	To recognise best in class amongst the hotel industry in Singapore across four departments – Front Office, Concierge, Reservations and Housekeeping, by category of hotels (Luxury, Deluxe, Superior)
HR Vendors of the Year Awards 2019	
<ul style="list-style-type: none"> • Best Serviced Apartment Company, Gold • Best Business Hotel, Silver • Best Business Hotel, Bronze 	To recognise organisations which supply the best quality corporate accommodations, facilities and the best level of service to their corporate clients
HRM Asia Readers’ Choice Awards 2019	
Best Serviced Residence Property, Gold	To recognise vital partners to the HR profession and industry in the region
Travel Weekly Asia Readers’ Choice Awards 2019	
Best Serviced Residence Property, Asia Pacific	To recognise outstanding travel players who have made a mark in their areas of expertise
Ctrip Awards 2019	
Most Recommended Award (Awarded to 1 property)	To acknowledge leaders in the hospitality and tourism industry who have directly and positively contributed to the Chinese travel market
TripAdvisor Awards	
<ul style="list-style-type: none"> • Top 25 Hotels for Service, 1st (Awarded to 1 property) • Travellers Choice (Awarded to 3 properties) • Certificate of Excellence (Awarded to 15 properties) 	To recognise the best tourism establishments in terms of service, quality, customer satisfaction and more, across a range of categories, based on millions of reviews and opinions from travellers from around the world

Figure 15: Key Hospitality Awards Received in FY2019

MATERIAL FACTORS – GOVERNANCE

8. CUSTOMER PRIVACY

Far East Orchard is committed to safeguarding its customers’ personal information, and maintaining the privacy and security of data in relation to its business operations. Customers can trust that their personal data is being collected, handled, and protected in a responsible and secure manner. The Group does not divulge or sell personal information to third parties for marketing or promotional purposes. In particular, 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.

Managing Personal Data

Key initiatives to uphold customer privacy include:

- Appointment of data protection officers (“DPOs”) for each business unit. The DPOs maintain and monitor each business unit’s compliance with the relevant data protection legislation
- Regular monitoring of business processes and security procedures to assess and ensure compliance with relevant data protection laws including the Do Not Call Registry
- Assembling a data inventory map in 2019 to facilitate effective record management
- Taking measures to comply with the advisory guidelines relating to National Registration Identity Card and other national identification numbers issued by Singapore’s Personal Data Protection Commission (“PDPC”)
- Periodic reviews and updates to manuals and policies to ensure relevancy, including the Information Security and Management Policy, Privacy Policy and a manual for employees to inculcate awareness of, and facilitate compliance with, applicable data protection laws

In FY2019, there were no substantiated complaints concerning breaches of customer privacy and loss of customer data that resulted in fines by the PDPC.

FY2020 TARGET	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
No substantiated complaints concerning breaches of customer privacy and loss of customer data that resulted in fines by the PDPC	<ul style="list-style-type: none"> • Educate employees on data privacy regulations and their role in compliance • Regular review of business processes to facilitate compliance with data privacy regulations • Training by external counsel to educate employees

9. CORPORATE GOVERNANCE

Far East Orchard is committed to good corporate governance, accountability and transparency in all its endeavours. It 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 has established corporate policies and internal controls to ensure compliance with the relevant laws and regulations which are presented in Figure 16.



Figure 16: Corporate Policies and Internal Controls

Recognition of Good Corporate Governance Practices



Figure 17: Corporate Governance Accolades Received in FY2019

The Group was awarded the “Best Managed Board” at the Singapore Corporate Awards 2019. The award recognises companies with good overall corporate governance as reflected in its board and committee structure, board composition and accountability, board functions and performance orientation among other factors.

Far East Orchard also made its debut on the SGX Fast Track programme in 2019. The programme was launched by the Singapore Exchange Regulation (“SGX RegCo”) in April 2018 to recognise companies which have upheld high corporate governance standards and maintained a good compliance track record. The Group will be a constituent of the SGX Fast Track programme until the next review cycle in 2021. The incentive comes in the form of prioritised clearance for

all submissions of corporate actions to SGX RegCo. These include circulars, requests for waiver and applications for share placement.

Far East Orchard was ranked among the top 10% of companies listed on the SGX according to the Singapore Governance and Transparency Index (“SGTI”) 2019. The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies and published annually.

The Group’s corporate governance practices are detailed in its 2019 Annual Report with specific reference to the principles and provisions of the Code of Corporate Governance 2018.

In FY2019, there were neither any lapses with SGX rule requirements resulting in SGX reprimands nor any confirmed incidents of bribery or corruption involving employees.

MATERIAL FACTORS – GOVERNANCE

FY2020 TARGETS	KEY INITIATIVES TO BE CONTINUED/ IMPLEMENTED
<p>No lapses with SGX rule requirements resulting in SGX reprimands</p>	<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 • Continue the practice of mandatory Annual Declaration on Conflict of Interest to declare potential interests so they may be appropriately managed
<p>No confirmed incidents of bribery or corruption involving employees</p>	<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” • Continual update of the Code of Conduct which is made available to all employees via the intranet

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