

SUSTAIN ABILITY

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ABOUT THIS REPORT

The inaugural Sustainability Report of Far East Orchard Limited ("Far East Orchard" or the "Group") is developed in accordance with the Global Reporting Initiative ("GRI") Standards 2016 (Core option). Please refer to the GRI Content Index at the end of this report for the relevant references.¹

This report covers the range of Economic and Environmental, Social and Governance ("ESG") activities of Far East Orchard, from 1 January to 31 December 2017. It outlines the Group's performance in the following key areas: Economic and Environmental Performance, Social Development and Governance. In this Sustainability Report, goals, strategies and performance are outlined through various key initiatives implemented across the in-scope properties.

The data collected in this report covers Far East Orchard's hospitality and development properties in Singapore, unless otherwise stated. As the Group extends its sustainability reporting efforts to its overseas operations, management will consider including them in the future reporting scope.

IN-SCOPE PROPERTIES

Hospitality		Property Development
<p>Hotels</p> <ul style="list-style-type: none"> • AMOY • Oasia Hotel Downtown • Oasia Hotel Novena • Orchard Parade Hotel • Rendezvous Hotel Singapore • The Elizabeth Hotel • The Quincy Hotel • Village Hotel Albert Court • Village Hotel Bugis • Village Hotel Changi • Village Hotel Katong 	<p>Serviced Residences</p> <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 	<ul style="list-style-type: none"> • euHabitat • RiverTrees Residences • SBF Center • Woods Square

The Board of Directors ("The Board") is responsible for this Sustainability Report, which is aligned to the Sustainability Reporting requirements of the Singapore Exchange ("SGX").²

In line with the Group's efforts towards greater environmental conservation, an electronic version of this Sustainability Report is available on Far East Orchard's corporate website (www.fareastorchard.com.sg/sustainability.html). A shareholder may request for a printed copy via email to ir@fareastorchard.com.sg.

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

Far East Orchard seeks to continuously enhance the accuracy, completeness and coverage of its sustainability practices and resulting report, and welcomes feedback and suggestions.

Should you have any questions or feedback pertaining to this Sustainability Report, please write to the Group at ir@fareastorchard.com.sg.

NOTES:

¹ Three of the ESG Factors identified as material to Far East Orchard – Service Quality, Corporate Governance and Policies and Data Privacy, are not part of the GRI topic-specific standards and are excluded from the GRI Index

² SGX-ST Listing Rules 711A and 711B

ABOUT FAR EAST ORCHARD

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

Established since 1967, Far East Orchard has delivered a number of successful residential, commercial and hospitality developments in Australia, Malaysia, Singapore and the United Kingdom (“UK”). It currently has a number of residential, commercial and student accommodation properties under development in Singapore and the UK.

Far East Orchard, through its hospitality management arm – Far East Hospitality – owns more than 10 hotels, and manages over 90 properties with more than 14,000 rooms in seven countries. In Singapore, Far East Hospitality operates a portfolio comprising 20 hotels and serviced residences. Toga Far East Hotels, a joint venture between Toga Hotels and Far East Hospitality, is a leading hotel operator across Australia, New Zealand and Europe managing over 70 strategically located hotels within this portfolio.

In addition, Far East Orchard holds a portfolio of purpose-built medical suites for lease and for sale in Singapore’s premier medical hub in Novena.

DRIVING DIVERSITY AND INCLUSION

Diversity and inclusion is a key focus for Far East Orchard, with measures adopted to cultivate a workforce that reflects the communities in which it operates in. The inclusive environment also encourages employees to maximise the benefits of a diverse workforce in their pursuit of professional and personal development.

Believing that attracting, developing and retaining a diverse workforce is essential to succeed in a global marketplace, Far East Orchard’s Human Resources team seeks to foster cross-functional connections, support mentoring and networking, and provide professional and leadership development opportunities for its employees.

As at 31 December 2017, the Group has 994 employees in Singapore.³ Of which, 132 or 13.3% are covered by collective bargaining agreements.

DIVERSITY IN FAR EAST ORCHARD

Figures 1 to 3 provide a breakdown of Far East Orchard’s workforce as at 31 December 2017 by different categories.⁴

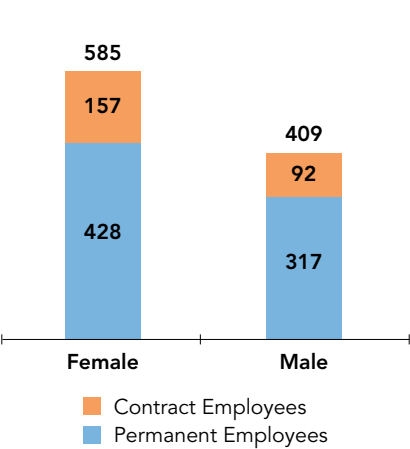


Figure 1: By Gender and Type of Contract

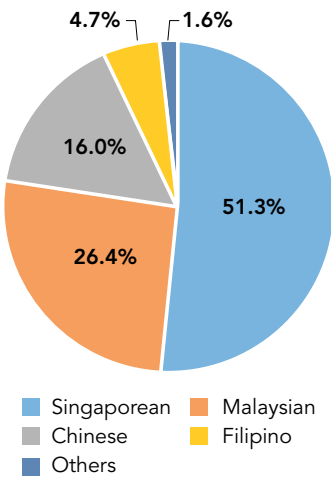


Figure 2: By Nationality

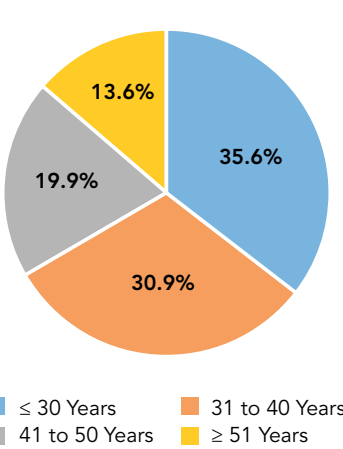


Figure 3: By Age

NOTES:

³ Includes employees supervised by the Group’s hospitality management arm but employed by the owner of the in-scope properties
⁴ Far East Orchard’s workforce data was compiled by its Human Resources team and reviewed by Management

ENGAGING WITH THE COMMUNITY

In line with Far East Orchard's core values of Business with Grace, Unity, Integrity, Love and Diligence, employees are provided with opportunities to be directly involved in charity causes supported by the Group.

Activities include building of hampers to impart budgeting skills, house cleaning and breakfast engagement with the underprivileged. Volunteer activities are conducted during office hours and the personal time of staff members, illustrating both corporate support and personal commitment of staff members.

Further, Far East Orchard provides meaningful vocations and employment opportunities to its housekeeping and room attendants at its hospitality properties who are getting older and have challenges with physical work demands. Examples of these employment opportunities include the preparation of floral and corporate gifts.



Figure 4: Far East Orchard's Community Engagement Activities

BOARD STATEMENT

Dear Stakeholders,

We are pleased to present Far East Orchard's first Sustainability Report which outlines how sustainability is embedded in our business practices and value chain across our property and hospitality divisions. Prepared in accordance with the GRI Standards 2016 (Core Option), the report covers a range of economic, environmental, social and governance efforts carried out across the Group's operations.

WORKING TOWARDS ACHIEVING OUR SUSTAINABILITY VISION

In line with our sustainability vision as a trusted property and hospitality group with sustainable business practices that will benefit future generations; we have collectively considered sustainability issues in the formulation of the Group's strategy.

Several key focus areas in the form of material ESG factors have been set out. The ESG factors material to the Group and our stakeholders are namely: Economic Performance, Environmental Compliance, Anti-Competitive Behaviour, Occupational Health & Safety, Training and Education, Customer Health & Safety, Service Quality, Corporate Governance and Policies and Data Privacy. Setting the tone from the top, we assume ultimate responsibility for sustainability reporting and oversee the management and monitoring of material ESG factors.

To assist us in fulfilling the sustainability reporting requirements, the Audit & Risk Committee ("ARC") reviews significant sustainability reporting issues to ensure the integrity of statements relating to the Group's sustainability performance. We are also supported by the Management Risk & Sustainability Committee ("MRSC") who manage, monitor and integrate ESG initiatives into the Group's business operations and corporate strategy.

OUR SUSTAINABILITY JOURNEY

Far East Orchard delivered profit attributable to equity shareholders of S\$21.6 million on the back of a decline in revenue to S\$151.2 million for the financial year ended 31 December 2017 ("FY 2017"). In pursuit of sustainable growth, we continue to strengthen our twin growth pillars of property and hospitality, with a focus on bolstering our recurring income and deepening our geographical footprint.

The Group observes a high standard of corporate conduct, integral to ensuring business sustainability and safeguarding the interests of our stakeholders. We continue to stress the importance of competing fairly and ethically in the markets we operate in. Beyond the marketplace, we engage with the community through volunteering activities with the goal of enriching the communities in places that we operate in.

With the belief that a healthy environment is critical for sustainable businesses, we are pleased to uphold our track record for environmental compliance in FY 2017. In addition, we continue to keep abreast of best-in-class practices to promote environmental sustainability.

Looking within the Group, our human capital is key for our sustainable growth. In FY 2017, we recorded an accident frequency rate of 4.8 incidents per million man-hours worked. The Group prioritises the provision of a safe and healthy work environment and we are committed to reducing the number of workplace injuries through the ongoing review and improvement of our safety processes. In addition, we continue to engage our employees by providing them with opportunities for personal growth and development that are in line with our corporate objectives.

In turn, our employees were able to deliver on our hospitality business' philosophy of creating unique and memorable experiences for guests. In recognition of our service quality standards, the Group was conferred numerous hotel and tourism awards in FY 2017. We believe the continual improvement of service quality will have a sustainable and positive impact on the Group's performance.

Another key element of our business sustainability is customer health and safety and we have integrated health and safety elements into the design of our properties and day-to-day operations to mitigate risks. Robust security procedures are also in place to promote and safeguard data privacy of our hotel guests and customers.

OUR COMMITMENT TO SUSTAINABLE GROWTH

As we embark on this sustainability reporting journey, we strive to continually identify, manage and address material ESG factors. These issues will be reviewed on an ongoing basis, taking into account the business environment, our business objectives and stakeholders' feedback. We believe that this will help us build a sustainable business model that will take into account stakeholders' interests while creating greater value for shareholders over the long term.

Looking to the future, we remain committed to continue to deliver sustainable growth and will collaborate with our stakeholders to create a better place for future generations to live, play and work in.

Board of Directors
19 March 2018



SUSTAINABILITY STATEMENT

FAR EAST ORCHARD'S SUSTAINABILITY COMMITMENT

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

Sustainability Mission: Delivering sustainable value

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

SUSTAINABILITY IN FAR EAST ORCHARD'S VALUE CHAIN

Far East Orchard aspires to continuously promote and integrate sustainability in its business operations and dealings with its stakeholders. The Group is cognisant that good governance and ethics, respect for the communities and environment and building relationships with stakeholders are key indicators of its business performance. It also believes that the management of material ESG factors do eventually yield organisational excellence and deliver positive business results for all stakeholders. As such, Far East Orchard is committed towards incorporating and improving ESG aspects in its value and supply chain as its sustainability efforts progressively mature.

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

Far East Orchard aims to communicate with and educate stakeholders across its value chain about its sustainability beliefs and initiatives. This includes applying environmentally friendly construction processes in its projects such as encouraging contractors to source for raw materials from sustainable sources. Appropriate and adequate risk management controls and action plans are also taken into consideration to ensure the health and safety of its stakeholders.

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE STRUCTURE

A robust sustainability governance structure is in place at Far East Orchard to identify, drive and execute sustainability initiatives across the Group. The ARC maintains an overview on all sustainability initiatives of the Group. The ARC is supported by the MRSC, chaired by the Group Chief Executive Officer and Managing Director, and includes representatives from various business divisions and key functions. The MRSC drives the overall sustainability agenda and allocates resources to support and achieve underlying initiatives. Business divisions are instrumental for the execution of initiatives and responsible for providing regular updates to the MRSC. In addition, the MRSC reviews all policies and procedures related to ESG factors on an ongoing basis, which includes evaluating the effectiveness of existing sustainability practices.



Figure 5: Far East Orchard's Sustainability Reporting Structure

ROLES AND RESPONSIBILITIES

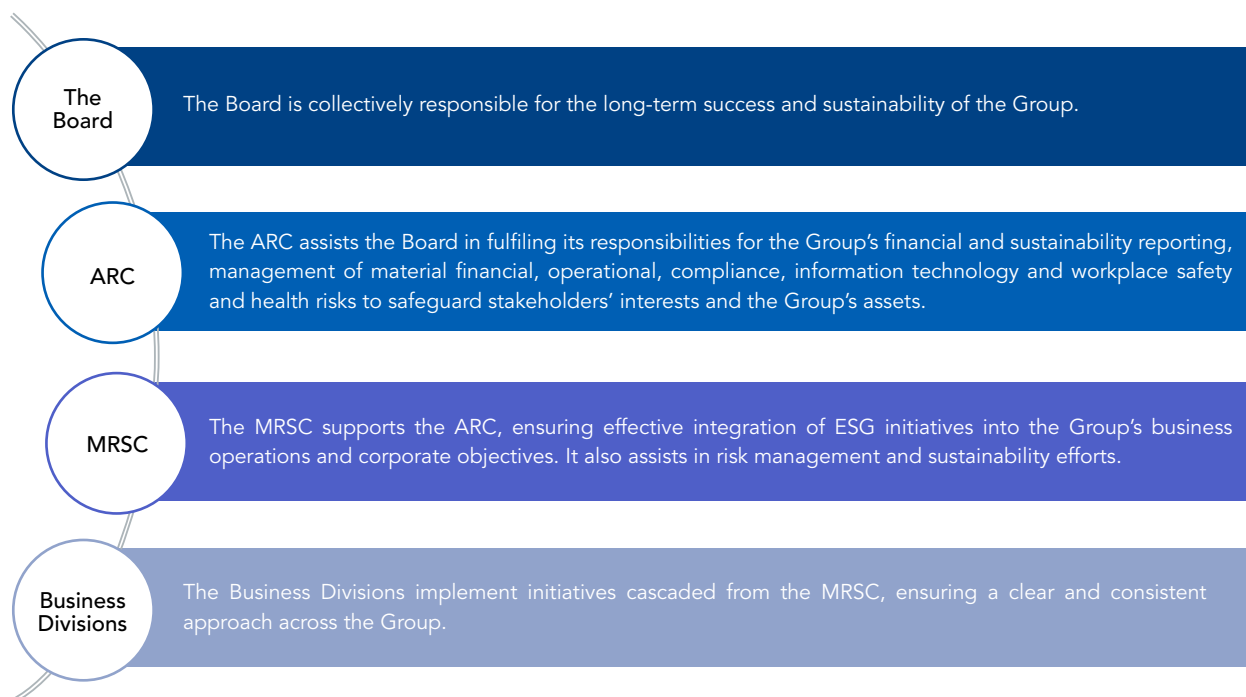


Figure 6: Sustainability Roles & Responsibilities at Far East Orchard

STAKEHOLDER ENGAGEMENT

In line with the GRI Standards 2016 (Core option) and SGX Sustainability Reporting requirements, Far East Orchard conducted an exercise to formally identify key stakeholder groups with a significant influence and vested interests in its business operations and ESG factors which are material to the Group and its key stakeholders. An external sustainability consultant was appointed to provide insights via a workshop with the Group’s management team and heads of business divisions.

Far East Orchard believes that regular engagement with its key stakeholders will provide it with a better understanding of their expectations. In turn, the Group is better positioned to anticipate and react to economic and ESG challenges as they arise, bolstering its sustainability efforts.

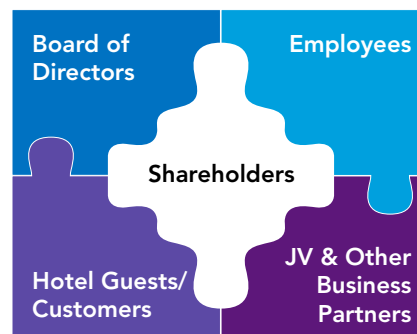


Figure 7: Far East Orchard’s Key Stakeholders

Key Stakeholders	Modes of Engagement
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Corporate website • Queries to Investor Relations team
Board of Directors	<ul style="list-style-type: none"> • Ongoing communication • Board meetings held at least on a quarterly basis

Key Stakeholders	Modes of Engagement
Employees	<ul style="list-style-type: none"> • Orientation programme • Annual Colleague Engagement Survey • Performance and career development reviews • Monthly staff communication
Hotel Guests/Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys • Manual guest comment cards • Priority Guest Programme
JV & Other Business Partners	<ul style="list-style-type: none"> • Meetings • On-site visits • Industry gatherings organised by the Singapore Hotel Association (“SHA”) and Serviced Apartment Association

Figure 8: Summary of Stakeholder Engagement Initiatives

MATERIALITY ASSESSMENT

In the prioritisation of material factors, Far East Orchard considered a reasonable estimation of economic, environmental, and/or social impacts and the interests and expectations of stakeholders.

The following ESG factors (illustrated in Figure 9) were identified to be the most material in Far East Orchard’s value chain. To determine its materiality, each factor was assessed based on its importance to stakeholders and significance to the Group’s business.

Importance to stakeholders refers to the ESG factors that matter to each of Far East Orchard’s key stakeholders, while significance to the business refers to the ESG factors that may positively or negatively influence the Group’s ability to execute its strategy.

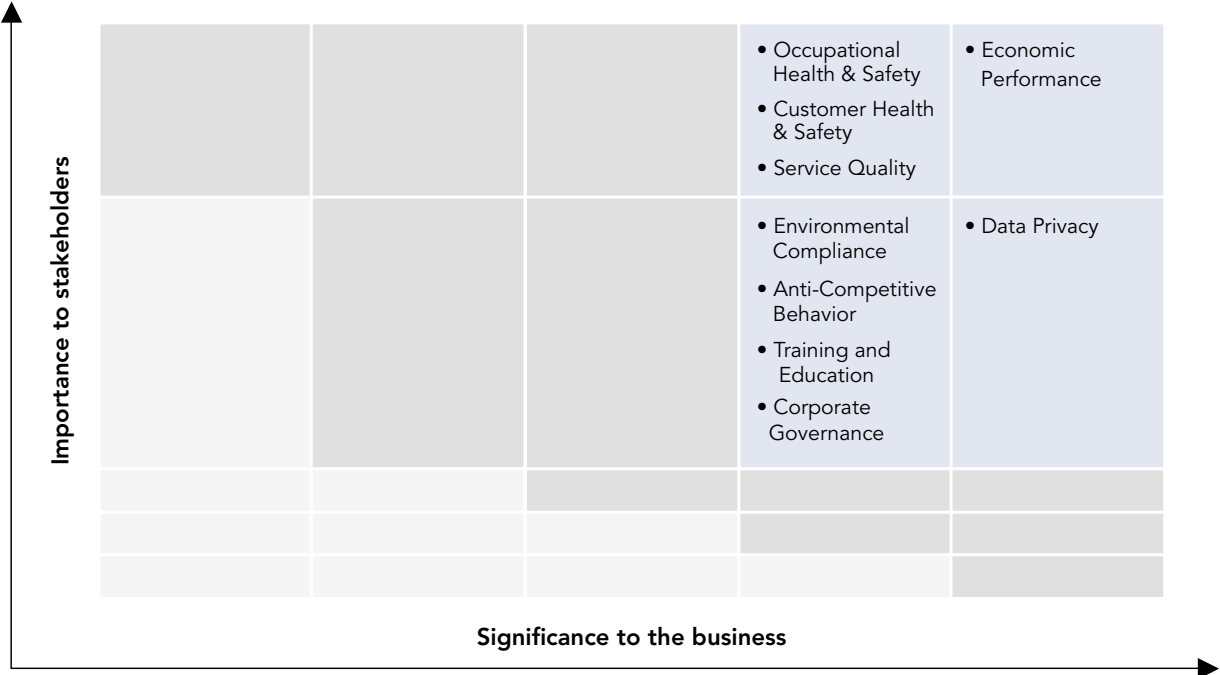


Figure 9: Materiality Matrix

MATERIAL FACTORS – ECONOMIC AND ENVIRONMENTAL

1. ECONOMIC PERFORMANCE

Committed to delivering long-term sustainable growth, Far East Orchard adopts a disciplined and prudent financial management approach while upholding good corporate governance. For FY 2017, the Group recorded sales of S\$151.2 million and profit attributable to equity shareholders of S\$21.6 million.

Far East Orchard will continue to strengthen its twin pillars of hospitality and property for future development and expansion, exercising prudence in its pursuit of opportunities and maintaining investment discipline at all times.

For further details of Far East Orchard's financial performance, please refer to the following sections in our 2017 Annual Report:

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

2. ENVIRONMENTAL COMPLIANCE

Far East Orchard strives to be a good corporate citizen by continually improving its environmental performance to protect the environment for the well-being of future generations.

The Group carries out environmentally friendly practices to contribute to sustainability and keeps abreast of best-in-class practices relevant to its businesses. Together with its partners, it aims to develop properties that incorporate good environmental design and features.

Additionally, Far East Orchard works with environmental agencies to comply with regulatory requirements. Internal checks are conducted regularly to detect and rectify non-compliance with environmental regulation. Notices and complaints issued by local authorities for non-compliance with environmental regulations are also monitored.

Testament to its efforts, The Elizabeth Hotel, managed by the Group's hospitality arm, was awarded the Water Efficiency Award (Hotel sector) by the Public Utilities Board in FY 2017. The Water Efficiency Awards is a biennial award which recognises the top water efficiency performers in the respective sectors.

Moving forward, the Group will make a continuous effort to uphold its track record of environmental compliance.



Figure 10: Presentation of the Water Efficiency Award (Hotel Sector)

In FY 2017, the Group did not incur any significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.

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

FY 2018 Target	Key Initiatives to be Implemented
<p>No significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations</p>	<ul style="list-style-type: none"> • Regular reviews of policies and internal checks to ensure environmental compliance; and • Conduct environmental impact assessments for property development projects prior to construction and establish appropriate mitigation measures.

3. ANTI-COMPETITIVE BEHAVIOUR

Far East Orchard strives toward the highest standards of professional values and integrity and does not condone any anti-competitive behaviour. It is the Group’s policy to conduct business fairly and ethically in the markets it operates in.

A Competition Law Compliance Manual is in place to educate and improve its employees’ knowledge and understanding of prohibited behaviour such as anti-competitive practices, conduct and acts which amount to an abuse of a dominant position in the market. The Group provides direction and guidance to employees in their relationships and communications with competitors and customers. Employees that deal directly with competitors receive training on anti-competitive conduct annually.

The Group supports healthy competition to ensure prudent and fair practices across its value chain. Business practices and agreements are regularly reviewed to ensure compliance with regulations and to promote an understanding that anti-competitive behaviour is not permissible under the Competition Act.

Internal processes to monitor continuous compliance and reinforce adherence with the Competition Act are also in place.

ENSURING FAIR COMPETITION

The Group evaluates reported incidents of non-compliance with the Competition Act, Guidelines by the Competition Commission of Singapore (“CCS Guidelines”) and investigations by relevant authorities against the Group for anti-competitive behaviour, if any. It also reviews legal contracts and agreements to ascertain that no anti-competitive behaviour is involved.

In FY 2017, there were no substantiated and/or confirmed violations of the Competition Act and CCS Guidelines.

FY 2018 Target	Key Initiatives to be Implemented
<p>No substantiated and/or confirmed violations of the Competition Act and CCS Guidelines</p>	<p>To ensure greater awareness and commitment towards anti-competitive behaviours, progressive steps such as the following are being taken and will continue to be in place:</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; and • Encourage reporting of any suspected anti-competitive conduct to relevant parties (e.g. risk management and compliance personnel) and /or external regulatory agencies.

MATERIAL FACTORS – SOCIAL

4. OCCUPATIONAL HEALTH & SAFETY

Far East Orchard considers effective safety, health and environmental management to be of utmost importance to its business and is committed to continuous improvement in these areas. Employees are a key asset of the Group and their safety and well-being are a priority. Far East Orchard provides a safe and healthy environment for its employees, with the aim of boosting morale and work performance, which ultimately supports the Group's goals and objectives.

COMMITMENT TO SAFETY

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

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

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

FOSTERING A SAFETY-FIRST CULTURE

A listing of key initiatives implemented by the Group to maintain a safe and healthy work environment are as follows:

- Emergency drills are conducted to relate to potentially hazardous situations: This includes but is not limited to, power failures, medical emergencies, fires and lift entrapment.
- Company Emergency Response Teams ("CERT") are formed and employees attend necessary health and safety trainings. The CERT are also equipped with safety equipment to perform emergency response.
- Workplace Safety & Health ("WSH") risk assessments are incorporated to proactively identify hazardous activities and / or workspaces, and put mitigation measures in place.
- Certified Fire Safety Managers are engaged to evaluate the fire safety measures deployed within the in-scope hospitality properties.
- Fortnightly reminders about WSH matters are featured in a daily publication, which is circulated to all employees, to remind them about good OHS practices to uphold.

In its efforts to measure sustainability performance with regards to OHS, Far East Orchard has compiled the following statistics for its in-scope properties.

OHS Indicators ⁵	FY 2017
Number of Fatalities	0
Number of Occupational Disease Cases	0
Number of Workplace Injuries	11
Number of Lost Work-days	225
Accident Frequency Rate (per million man-hours) ⁶	4.8
Accident Severity Rate (per million man-hours) ⁶	98.9

Figure 11: Far East Orchard's Safety Indicators

NOTES:

⁵ Incidents reported are in accordance with Workplace Safety & Health (Incident Reporting) Regulations

⁶ Accident Frequency Rate and Accident Severity Rate calculations are adopted from the WSH Institute's Guidance on Workplace Safety and Health Reporting in Singapore

FY 2018 Target	Key Initiatives to be Implemented
Zero cases of fatalities	<ul style="list-style-type: none"> • Continue regular safety trainings; and • Increase frequency of reminders to employees to create a safe and healthy work environment.
Improvement to Accident Frequency and Accident Severity Rates	

5. TRAINING AND EDUCATION

Far East Orchard provides opportunities for personal growth and development in line with its corporate objectives. The Group’s learning and development framework encompasses all job levels that work in alignment with the Group’s vision, mission and core values.

PERFORMANCE MANAGEMENT & TALENT DEVELOPMENT

The Group uses a performance management process which aims to create a motivated and engaged company that is capable of embracing opportunities and meeting new challenges.

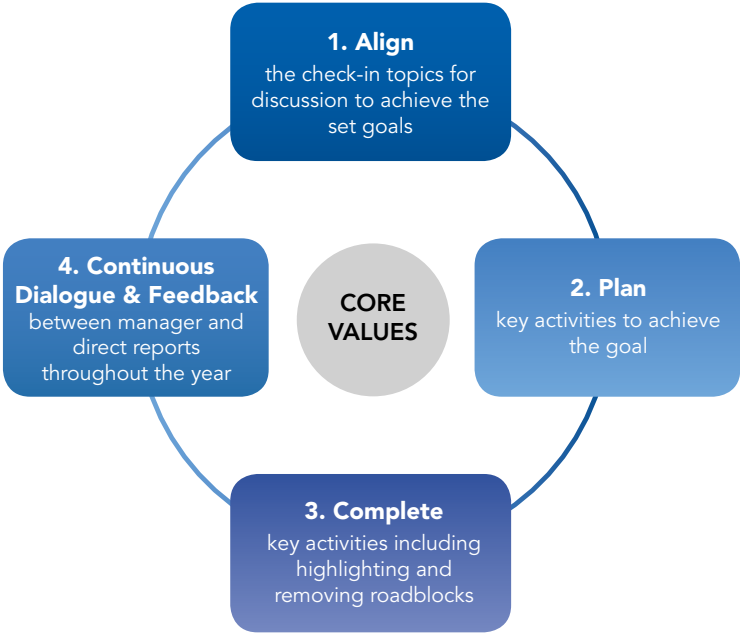


Figure 12: Far East Orchard’s Continuous Performance Management Process

To support the achievement of goals, a Continuous Performance Management (“CPM”) Process with an emphasis on continuous dialogue and feedback between managers and direct reports throughout the year has been implemented.

The CPM Process is complemented by learning and development initiatives to nurture employees’ capabilities and personal traits. The amount of formal learning undertaken by each employee during the year is monitored and tracked by the Group.

Where applicable, there are opportunities for employees to explore overseas attachments, job rotations, or sponsorships to advance their educational qualifications through the pursuit of part-time courses. Examples include:

- Sponsorship of high potential employees to pursue academic programmes;
- Self-initiated applications for higher learning sponsorship;
- Executive development programs to accelerate the development of senior management; and
- Reimbursements for entrance fees for professional bodies to encourage continuous professional development.

All full-time employees undergo an annual performance review. The Group adopts an open appraisal system where employees discuss and agree on their performance, areas for improvement, targets for the next cycle and personal and career development goals.

In FY 2017, 100% of full-time employees received regular performance and career development reviews.⁷

FY 2018 Target	Key Initiatives to be Implemented
<p>100% of full-time employees to receive regular performance and career development reviews⁷</p>	<p>Inculcate culture of continuous performance management at all levels, encouraging effective ongoing conversations and feedback between managers and their direct reports throughout the year.</p>

6. CUSTOMER HEALTH & SAFETY

Far East Orchard takes a systematic approach to safeguard the health and safety of its customers by identifying and mitigating the potential for operational risks at its hospitality, residential and commercial properties. The Group focuses on integrating customer safety into the design of properties and day-to-day operations.

HOSPITALITY

Guest safety and security is of paramount importance to Far East Orchard. A central team is tasked to keep abreast of safety issues that have occurred within the industry and committee members meet during alternate months to share new findings and risk-related matters. The information is subsequently disseminated to staff members by the safety committee at each hotel. Regular safety drills and inspections for potential related hazards are also conducted. In addition, employees are trained to take ownership of their own safety and security, as well as that of their work areas and guests.

Current security and loss prevention processes include:

- Conventional security measures of monitoring (round-the-clock camera surveillance in common areas and regular patrols by security guards); and
- Emergency Response Plan for known building-related emergencies such as fires and major power outages.

PRIORITISING CUSTOMERS' HEALTH & SAFETY

Stakeholders' feedback are collected and incorporated into management systems. The performance of facilities management and contractors are carefully assessed with an ongoing monitoring of lapses in maintenance schedules or missed schedules. Far East Orchard also conducts emergency evacuation drills, mandatory fire drills, table-top exercises and response exercises.

NOTES:

⁷ Excluding employees on prolonged leave

SECURITY AWARDS

The Group’s commitment to a high standard of security was recognised at the 2017 Annual Hotel Security Awards Presentation Ceremony, organised by the SHA, National Crime Prevention Council and the Singapore Police Force.

Far East Hospitality was awarded:

- 4 “Hotel Security Excellence Award” for achieving the SS545: 2009 Singapore Standard for Hotel Security, which is the first established standard for hotel security in the world;
- 5 “Hotel Security Award” for establishing good security measures based on SS545 standards; and
- 24 Awards for individual employees for “Honesty”, “Bravery” and “Vigilance”.

PROPERTY DEVELOPMENT

The Group ensures that the products and services delivered meet all regulatory, safety and quality requirements set out in various internal guidelines. There is an emphasis on:

- The structural stability of the buildings;
- Fire safety compliance; and
- The integrity of building materials.

Qualified professionals are engaged to monitor construction to ensure compliance with building regulations and codes. Testament to the Group’s high standards, SBF Center, a commercial development project in Singapore, jointly developed with Far East Organization, received three awards in FY 2017. They are:

- FIABCI Singapore Property Awards 2017, Winner, Office Category;
- Asia Pacific Property Awards 2017, Best Office Development, Singapore, 5-Star Winner and Regional Nominee; and
- BCA Design and Engineering Safety Excellence Award 2017, Commercial Category.

In FY 2017, Far East Orchard did not identify any non-compliance with safety regulations and/or voluntary codes.

FY 2018 Target	Key Initiatives to be Implemented
<p>No fines for safety breaches</p>	<ul style="list-style-type: none"> • 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; • Update existing feedback channels to seek specific inputs on health and/or safety at hotel premises or at construction sites; • Maintain regular engagement and contact with local health and/or safety regulatory agencies such as the National Environmental Agency and WSH Council to obtain updates on regulatory changes; • Introduce an internal ‘stop-work’ initiative until a rectification or remediation plan has been put in place to address the unsafe practice; and • Adopt best practices in the hospitality and property development industries.
<p>Improve safety processes which include refining Group level policies to complement and unify safety culture across business divisions</p>	<ul style="list-style-type: none"> • Increase training across all departments; and • Conduct Management walkabouts to provide an additional perspective and uncover ‘blind spots’ with regards to potential hazards within hotel premises or at construction sites.

7. SERVICE QUALITY

The Group's hospitality management arm, Far East Hospitality, owns more than 10 hotels, and operates over 90 properties with more than 14,000 rooms internationally. In Singapore, it operates a portfolio comprising 20 hotels and serviced residences.

Far East Hospitality's business philosophy is centered on creating unique and memorable experiences for guests, with a focus on service excellence. It strives to deliver customised experiences for its guests, aimed at building loyalty and brand equity over time.

Staff members undergo a high level of training to provide a consistent level of quality service and achieve operational excellence. The training curriculum is reviewed annually. The table below outlines service training hours achieved for FY 2017 and the Group's target for FY 2018:

Service Quality Indicator	FY 2017	FY 2018 Target
Service Training Hours Per Employee	80 Hours	100 Hours

Figure 13: Far East Orchard's Service Training Hours Data

The Group has in place multiple initiatives to ensure service quality including:

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

Service quality is evaluated through the following key measures:

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

UPHOLDING SERVICE QUALITY STANDARDS

Since 2016, the Group has engaged an independent external consultant to assess the service quality of its hospitality business. The Group works together with its external consultant to develop a target for the Customer Engagement Index ("CEI") Survey on an annual basis. In setting the target, the Group takes into account its internal goals and industry benchmarks.⁸

Each of the Group's hospitality properties have individual customer service excellence performance targets to achieve. As a whole, Far East Hospitality exceeded the recommended target of 82.3% for the FY 2017 CEI Survey.

Service Quality Indicator	Actual FY 2017	FY 2018 Target
CEI Survey	>82.3%	82.5%

Figure 14: Far East Hospitality's Customer Engagement Index Survey Data

NOTES:

⁸ Customer Satisfaction Index of Singapore published by Singapore Management University

HOTELS AND TOURISM AWARDS

Far East Hospitality's provision of exceptional experiences and service quality has been recognised by various industry bodies as evidenced in the key awards won in FY 2017.

Accolades	Description	Organiser
Excellent Service Award <ul style="list-style-type: none"> • 1 SHA Outstanding Star Winner; • 14 Outstanding Star Winners; • 61 Star Winners; • 59 Gold Winners; and • 95 Silver Winners. 	National award that recognises individuals who have delivered quality service	SHA
Singapore Quality Class with Service Niche certification Awarded to 10 properties	In recognition of organisations that have developed outstanding management capabilities to drive and sustain service excellence	SPRING Singapore
Singapore Tourism Awards - Best Hotel Experience Award Awarded to 1 property	In recognition of provision of a range of personalised services that merges effortlessly with comforting amenities, creating a memorable stay away from home for guests	Singapore Tourism Board
National Kindness Award - Service Gold 2017 14 Service Gold Awards	In recognition of hotel service staff who displayed exemplary service and gracious behaviour	Singapore Kindness Movement and SHA
Certificate of Excellence Awarded to 14 properties	Honours hospitality businesses that have continually delivered superior customer experience	TripAdvisor
Employee of the Year Award Awarded to 10 employees	In recognition of individual employees' excellent performance and commendable service	Food, Drinks and Allied Workers' Union, National Trades Union Congress and SHA

Figure 15: Far East Orchard's FY 2017 Key Hospitality Awards

Far East Orchard firmly believes in joining trade associations to share ideas and develop new ways to improve the hospitality industry in Singapore. As a member of the SHA and Association of Rooms Division Executives (Singapore), the Group benefits from gaining industry insights and learning about best practices via networking, events and publications. This information is used to strengthen its commitment towards upholding service quality standards and advancing operational excellence.

MATERIAL FACTORS – GOVERNANCE

8. CORPORATE GOVERNANCE AND POLICIES

CORPORATE GOVERNANCE

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

The Group's corporate governance practices are detailed in its 2017 Annual Report with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("CG Code 2012").

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

Far East Orchard was ranked 209 out of 606 companies in the Singapore Governance and Transparency Index 2017 in Singapore. This annual study was published by CPA Australia, National University of Singapore Business School's Centre for Governance, Institutions and Organisations and the Singapore Institute of Directors.

CORPORATE POLICIES

BUILDING AN ETHICAL CULTURE

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

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

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

DEALINGS IN SECURITIES

Far East Orchard also has a Securities Trading Policy which provides guidance with regard to dealings in its securities by its Directors and officers. The policy prohibits dealing in Far East Orchard's securities (a) at any time if they are in possession of unpublished material price-sensitive information, (b) on short-term considerations, and (c) during the "closed period", which means the two weeks before and up to the date of announcement of results of the Group's first three quarters' financial results, and one month before and up to the date of announcement of the Group's full year financial results. The Group also issues a quarterly circular to its Directors and employees reminding them of the prohibited period from dealing in the Group's securities before the release of the results and at any time if they are in possession of unpublished material price-sensitive information.

WHISTLE-BLOWING POLICY

Far East Orchard has a whistle-blowing policy which sets a strong tone of zero tolerance towards dishonesty and corrupt practices. Whistle-blowing channels are in place for employees and other persons to raise in confidence, whether anonymously or otherwise, concerns on any improprieties in financial reporting, fraud, corruption, bribery, and any non-compliance with laws and regulations, without fear or reprisal. The Group’s ARC oversees this policy, which is administered with the assistance of the Group’s internal auditors. Reported incidents will be evaluated for independent investigation and appropriate follow-up actions will be taken.

In FY 2017, there were no lapses with SGX rule requirements leading to SGX reprimands, and there were no whistle-blowing reports received. There were also no substantiated and/or confirmed cases of bribery or corruption involving employees.

FY 2018 Target	Key Initiatives to be 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 rule requirements and keep abreast of any penalties issued against other SGX-listed companies; Maintain and track new listing rule requirements or updates; Maintain and centralise all communication and correspondence with SGX (and any other relevant regulatory authorities), to monitor and track all inquiries, feedback and responses and to maintain a consistent response in each correspondence; and Continue the practice of mandatory Annual Declaration on Conflict of Interest to declare potential interests so they may be appropriately managed.
<p>No confirmed incidents of bribery or corruption involving employees</p>	<p>To ensure greater awareness of and commitment towards good corporate governance, the following steps have been taken and will continue to be in place:</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”; and Continual update of the Code of Conduct which is made available to all employees via the intranet.

9. DATA PRIVACY

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

MANAGING PERSONAL DATA



Figure 16: Far East Orchard's Key Data Privacy Initiatives

The Far East Orchard Personal Data Protection Policy ("PDPP") defines how personal data of various parties dealing with the Group are collected, used and protected. The PDPP informs stakeholders on how the Group manages personal data, in compliance with the Personal Data Protection Act ("PDPA") in Singapore.

Robust security procedures are in place to promote and enforce data privacy. Far East Orchard does not divulge or sell personal information to third parties for marketing or promotional purposes.

The Group's compliance policies and procedures are regularly monitored to ensure compliance with the applicable laws and regulations.

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

Individual checklist charts and other guidelines containing the particulars of the various forms and other procedural requirements have been developed for each business unit to comply with the PDPA and the Group's Internal Policy. Additionally, each business unit has an appointed data protection officer who maintains and monitors their individual checklist charts in line with the ISMP. Far East Orchard's data protection officer can be contacted by email at dpo@fareastorchard.com.sg.

The Group also requires that its business partners and suppliers be in compliance with the PDPA or equivalent data protection regulations in the jurisdictions they operate in.

In FY 2017, there were no substantiated and/or confirmed violations of the PDPA for the Group's in-scope properties.

FY 2018 Target	Key Initiatives to be Implemented
<p>Continuously improve data privacy and data management practices</p>	<ul style="list-style-type: none"> • Educate employees in best practices of data privacy and ensure their commitment to upholding privacy; • Regular communications to employees and stakeholders to reinforce the Group's commitment to data privacy; and • Tailor all privacy-related training and communication to roles to ensure the information is relevant and actionable.

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI 2016 Standards (Core option).

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102 – 10	Significant changes to the organisation and its supply chain	<i>First reporting in FY 2017</i> <i>No significant changes to the structure, ownership and supply chain occurred during FY 2017</i>
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404 – 3	Percentage of employees receiving regular performance and career development reviews	Pg. 14 - 15
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416 – 2	Incidents of non-compliance concerning the health and safety impacts of products and services	Pg. 15 - 16

NOTES:

9 Three of the ESG Factors identified as material to Far East Orchard – Service Quality, Corporate Governance and Policies and Data Privacy, are not part of the GRI topic-specific standards and are excluded from the GRI Index



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