

MORE THAN

BUSINESS SPACES

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BOARD STATEMENT

The long-term sustainability and success of our business is achieved through the adoption of appropriate Economic, Environment, Social and Governance (“EESG”) practices and we are committed to formulating policies and embracing practices that manage these issues responsibly. Five Sustainability Reports have been published since 2013, each detailing our management approach, targets, executed initiatives, achievements and challenges. We are pleased to issue our inaugural Integrated Sustainability Report for FY17/18 that adopts elements under the International Integrated Reporting Council’s (IIRC) Integrated Reporting Framework. It builds upon our business model and six input capitals introduced in FY16/17. The report includes details on our governance and leadership, how we manage our risks and opportunities, and outcome of our business activities that is linked to the capitals. This report is prepared in accordance with SGX-ST Listing Manual Rule 711(B), and the Global Reporting Initiatives (“GRI”) Standards – “Core”, along with GRI’s Real Estate Sector Supplement (“CRESS”).

In framing this FY17/18 report, a new materiality survey was conducted to derive key EESG issues, with considerations given to the current business environment, business objectives and feedback from internal and external stakeholders. Nine material factors were identified in the process, including new topics on “Embracing Innovation and Technology” and “Adaptability to Market Changes in the Countries that Ascendas Reit Operates in”. (Please refer to page 8 for details on our materiality assessment).

In line with Ascendas Reit’s commitment towards sustainability, we have aligned our efforts with the 2030 Agenda for Sustainable Development, which has been adopted by the 193 member states of the United Nations in 2015. This year’s Integrated Sustainability Report will elaborate on the initiatives taken as well as how we support and contribute to the achievement of eight Sustainable Development Goals (SDGs) that are relevant to Ascendas Reit, out of the 17 goals under the 2030 Agenda.

In FY17/18, sustainability risk has been identified and included as one of the key risk that would have a significant impact on Ascendas Reit’s operational excellence and business continuity. The Manager will report to the Audit Committee and the Board on any material EESG findings and recommend mitigation measures on the management of such risks. (Please refer to pages 118 to 122 of our Annual Report FY17/18 for details on our Risk Management Process and key risks that were identified).

We are a firm believer in responsible consumption of energy and water resources through optimal efficiency in our operations. In Singapore, we have reduced our energy and water consumption at our operational properties, on a like-for-like basis, from 101 million kWh to 97 million kWh and 1,300 thousand m³ to 1,212 thousand m³, respectively. Our energy and water resource conservation efforts are coupled with the adoption of green technologies, as we continue to explore and introduce higher efficiency systems and components for our buildings. 2.5% of the annual total building energy consumption at Nexus @one-north was replaced with energy generated by its solar photovoltaic system, while its chiller plant system operates at high efficiency. We are proud to share that the building was recognised as the top winner under the Green Building (Large) Category at the ASEAN Energy Awards 2017.

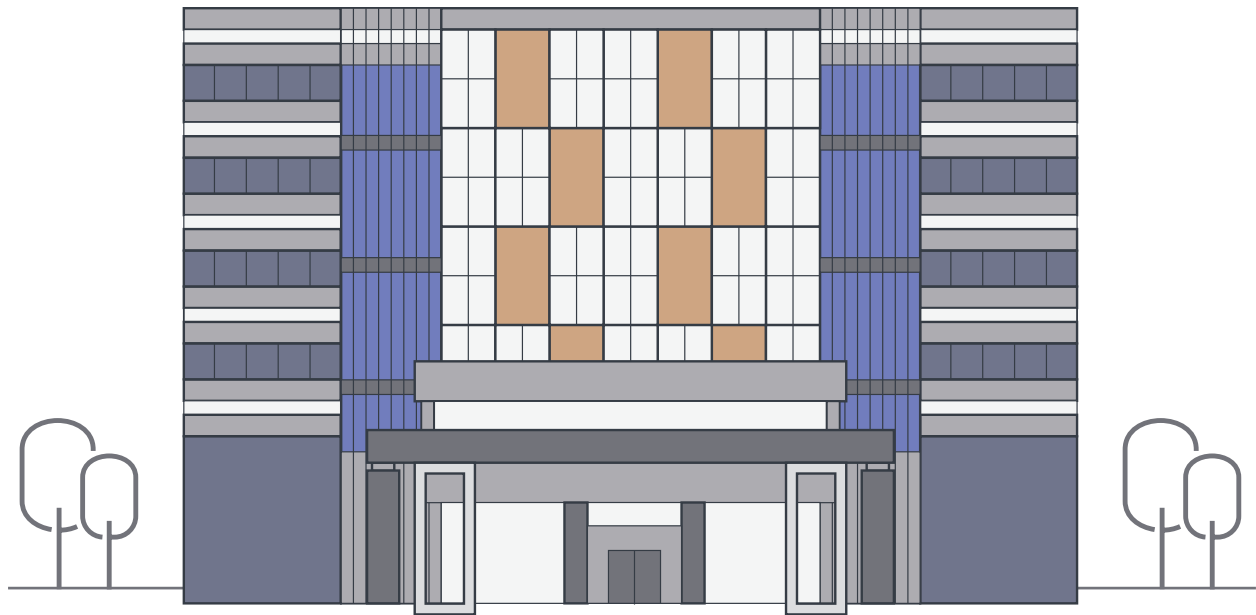
In order to stay relevant in today’s competitive environment, innovative product offerings have been launched. CoSpacePark and The Workshop were unveiled during the financial year, to meet the demands of a new generation of customers in today’s shared economy. Operations have been complemented with innovative solutions such as an autonomous booking and payment system, mobile booking application and mobile security monitoring.

Another initiative introduced during FY17/18 was the Ascendas-Singbridge Operations Centre, which remotely monitors real-time on-the-ground operating parameters at our multi-tenant properties, including security, car park systems, mechanical and electrical equipment. This innovative, resource-efficient solution involving the deployment of remote intelligent sensors will be rolled out in phases. It has reduced our response time to operational disruptions and facilitated improved service delivery to our customers.

The hard work and dedication of our employees are key contributors to the long-term success of our business, and we are committed to ensuring their well-being and engagement. We continue to leverage on employee engagement touch-points including corporate events, town halls and employee forums, to strengthen our shared corporate values and camaraderie. Flexible work arrangements were introduced in FY17/18 to support work-life integration and promote a pro-family environment. With these new initiatives, we aim to create and sustain a highly productive and performance-driven culture of excellence.

We are committed to identifying, managing and monitoring material EESG matters, to help build a long-term sustainable future for all our stakeholders.

ABOUT THIS REPORT



After publishing five sustainability reports, this is the first year that Ascendas Real Estate Investment Trust (Ascendas Reit) is publishing an Integrated Sustainability Report. This report has been prepared in accordance with the SGX-ST Listing Manual Rule 711(B), Global Reporting Initiative (“GRI”) Standards – “Core”, and GRI’s Construction & Real Estate Sector Supplement (“CRESS”). This report has also embodied elements of the Integrated Reporting <IR> Framework of the International Integrated Reporting Council, and Sustainability Development Goals (SDGs) of the United Nations.

The report focuses on Ascendas Reit’s core activity as a business space and industrial Real Estate Investment Trust (REIT). The scope of this report covers its business operations and properties in Singapore and Australia, recording performance from 1 April 2017 to 31 March 2018, with prior year performance included for comparison, where applicable.

As at 31 March 2018, Ascendas Reit had a total of 131 properties in a wide range of property segments¹, of which 75.3% are multi-tenant and 24.7% are single-tenant. Please refer to pages 54 to 55 of the Annual Report FY17/18 for the full list of Ascendas’s Reit’s properties.

Environmental performance of 59 properties have been excluded in this report as Ascendas Reit has taken the operational control approach² as defined by Greenhouse Gas Protocol Corporate Standard.

The Manager has not sought external independent assurance for this reporting period. Feedback on the report can be directed to a-reit@ascendas-singbridge.com.

1 Ascendas Reit’s property portfolio includes Business & Science Parks/Suburban Offices, Integrated Development, Amenities & Retail (IDAR) Properties, High-Specifications Industrial Properties and Data Centres, Light Industrial Properties and Flatted Factories, and Logistics & Distribution Centres.
2 Ascendas Reit and its Property Managers did not have operational control of 59 properties in its portfolio during FY17/18; therefore emissions associated with fuel combustion and purchased electricity are scope 3. Details can be found on page 4 of the GHG Protocol Corporate Standard (Appendix F: Categorising GHG emissions associated from leased assets): www.ghgprotocol.org/corporate-standard

DELIVERING SUSTAINABLE VALUE

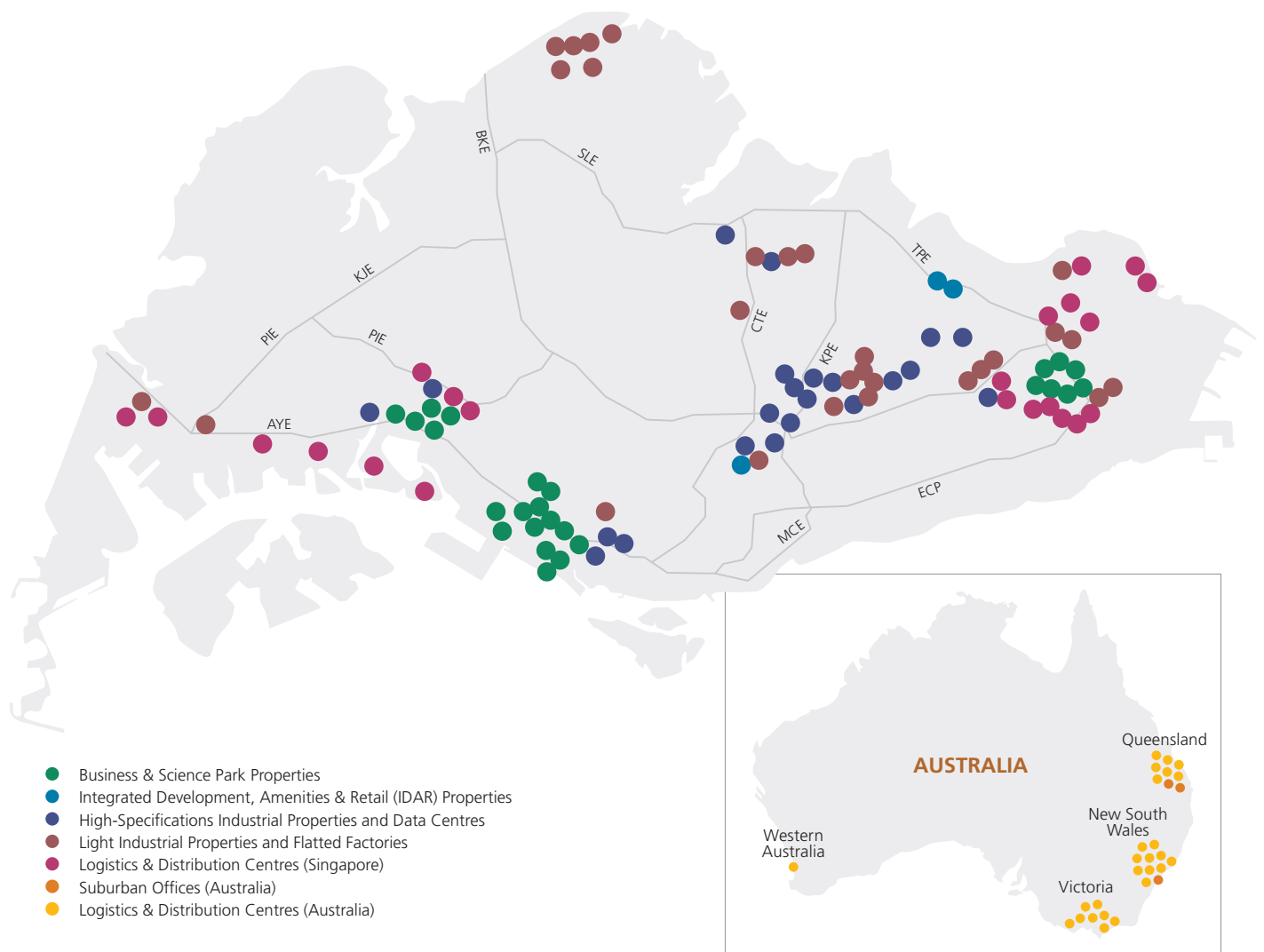
OPERATING CONTEXT

As the first and largest listed business space and industrial REIT, Ascendas Reit provides an attractive platform of investment in business and industrial properties in Singapore and Australia. The REIT is managed by Ascendas Funds Management (S) Limited (the Manager), which is a wholly-owned subsidiary of the Ascendas-Singbridge Group (Ascendas-Singbridge). For

more details on Ascendas Reit's Trust structure please refer to page 13 of the Annual Report FY17/18.

Across its diverse portfolio, Ascendas Reit had a total customer base of around 1,320 international and local companies as at 31 March 2018.

Figure 1: Ascendas Reit's Diverse Portfolio in Singapore and Australia

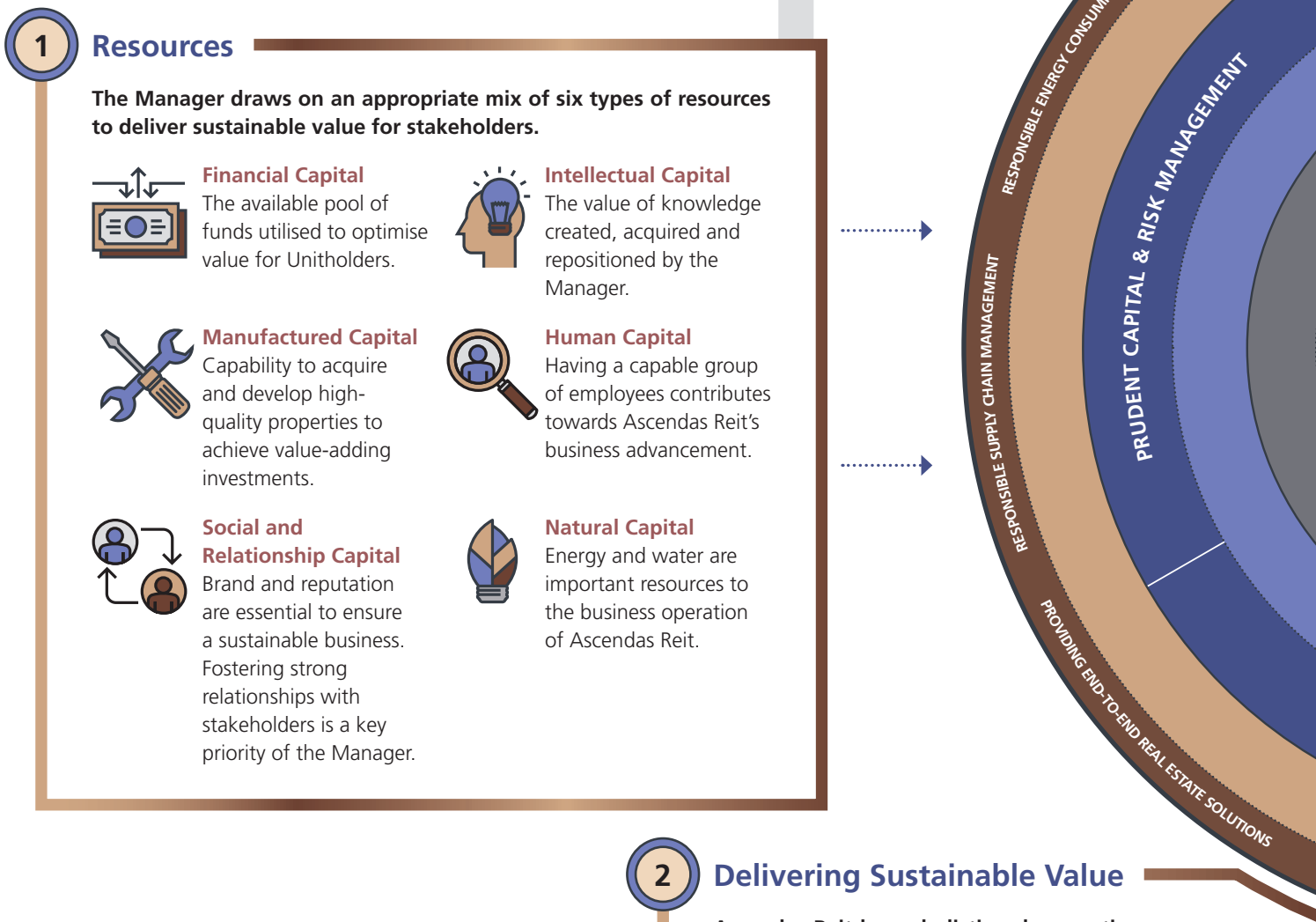


DELIVERING SUSTAINABLE VALUE

BUSINESS MODEL

Ascendas Reit's business model illustrates the importance and relationships around each factor that helps in delivering sustainable value for our stakeholders.


Figure 2. Ascendas Reit's Business Model





1


Resources

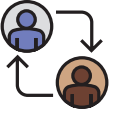
The Manager draws on an appropriate mix of six types of resources to deliver sustainable value for stakeholders.


- 

Financial Capital
The available pool of funds utilised to optimise value for Unitholders.
- 

Intellectual Capital
The value of knowledge created, acquired and repositioned by the Manager.
- 

Manufactured Capital
Capability to acquire and develop high-quality properties to achieve value-adding investments.
- 

Human Capital
Having a capable group of employees contributes towards Ascendas Reit's business advancement.
- 

Social and Relationship Capital
Brand and reputation are essential to ensure a sustainable business. Fostering strong relationships with stakeholders is a key priority of the Manager.
- 

Natural Capital
Energy and water are important resources to the business operation of Ascendas Reit.

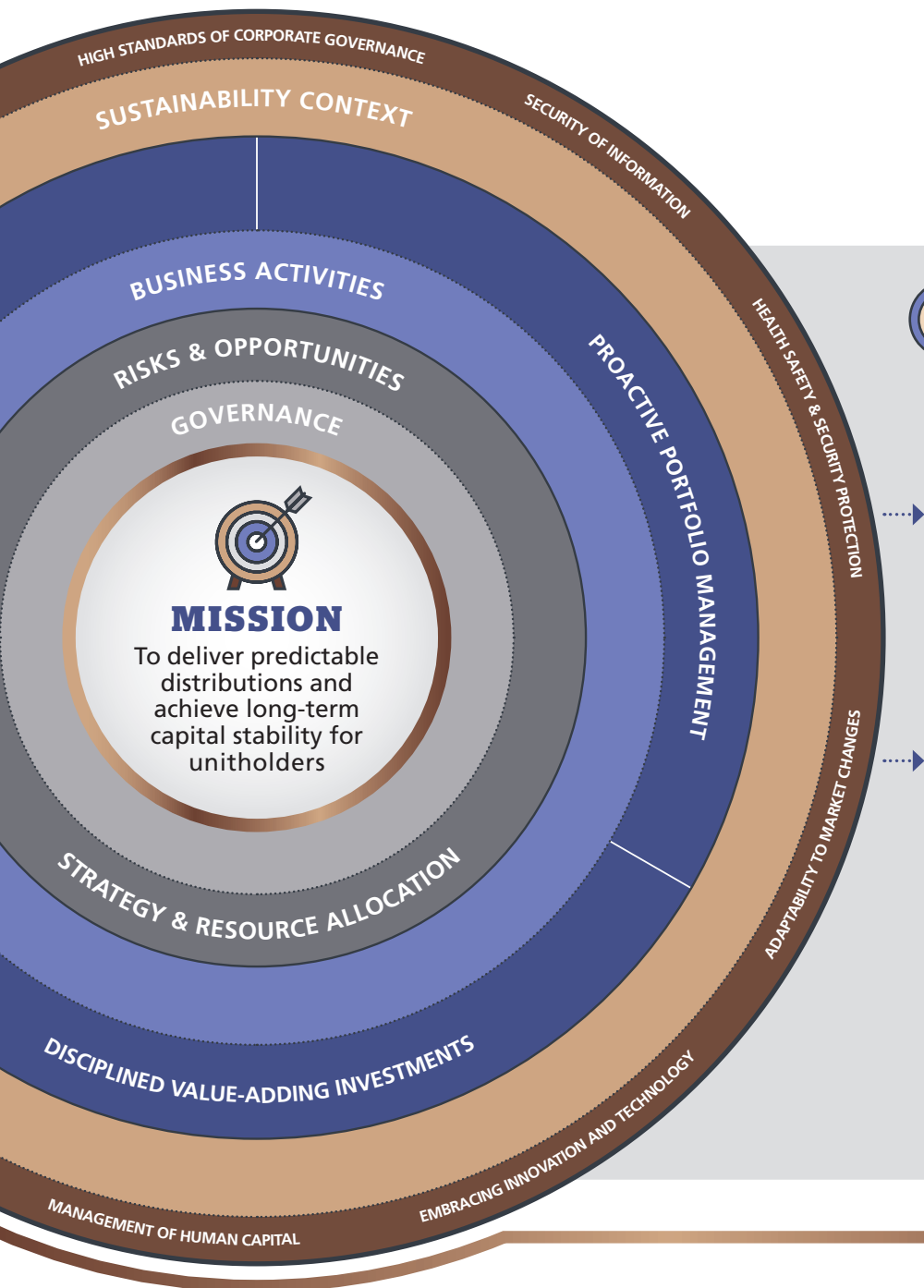
2

Delivering Sustainable Value

Ascendas Reit has a holistic value creation process that integrates the following elements:

1. Governance: Supports Ascendas Reit's ability to deliver sustainable value in the short, medium, and long term by identifying appropriate risks & opportunities, and adopting a strategic approach for resource allocation. Please refer to pages 9 to 11 for further details.

3 Established during the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012, the objective of the SDGs is to meet the urgent environmental, political and economic challenges in our world.



3 Enhancing Value Capitals

Value of the six capitals are enhanced as a result of business activities and outputs. The Manager is committed to deliver sustainable value for Ascendas Reit and its stakeholders.

Ascendas Reit has identified eight United Nations Sustainable Development Goals (SDGs)³ that Ascendas Reit contributes to.



2. Business Activities: The Manager employs a three-pronged strategy – Proactive Portfolio Management, Disciplined Value-Adding Investments, Prudent Capital & Risk Management – to drive business activities, i.e. implementation of business strategy & performance monitoring, reviewing outcomes, and managing stakeholders. For more details of the three-pronged strategy, please refer to page 16 of the Annual Report FY17/18.




3. Sustainability Context: The Manager manages business activities by identifying material matters. The Manager has identified nine material matters, please refer to Figure 4 on page 8 for further details.

DELIVERING SUSTAINABLE VALUE



STAKEHOLDER ENGAGEMENT

With the aim of delivering sustainable value for all Ascendas Reit's stakeholders, the Manager nurtures quality relationships with its stakeholders by understanding their concerns and being responsive to their expectations. Details are summarised in Table 1.

Table 1: Quality Relationships with Key Stakeholder Groups

Key Stakeholder Groups	Relevant Capitals	Objectives	Stakeholder's Key Concerns (needs and expectations)	Ascendas Reit's Strategy and Response	Engagement Modes and Frequency
 <p>Investment Community (Institutional and Retail Investors, Analysts and the Media)</p>	<ul style="list-style-type: none"> Financial Capital Intellectual Capital 	<ul style="list-style-type: none"> To deliver sustainable distributions and achieve capital stability for Unitholders To proactively engage the investment community through multiple channels of communication to ensure timely and transparent disclosures 	<ul style="list-style-type: none"> Growth strategy in Singapore and overseas markets Outlook for occupancy and rental rates Risk management: operational, financial, investment, etc. 	<ul style="list-style-type: none"> Proactive communication with the investment community through multiple channels to keep them updated on operational performance and outlook, investment and capital management strategies 	<ul style="list-style-type: none"> One-on-one meetings when requested Local and overseas investor conferences, roadshows and site visits Quarterly post results luncheons Media & Analyst Results briefings twice a year Annual General Meeting (AGM) once a year Investor Perception survey once a year Email alerts throughout the year Media releases & announcements throughout the year <p>More information can be found on page 51 of the Annual Report FY17/18.</p>
 <p>Government (Regulator and Lawmakers)</p>	<ul style="list-style-type: none"> Financial Capital Manufactured Capital Human Capital Social and Relationship Capital Natural Capital 	<ul style="list-style-type: none"> To establish strong relationships with regulators via constructive engagements to collectively build a sustainable business environment for all stakeholders 	<ul style="list-style-type: none"> Compliance with regulatory requirements and recommended policies Adoption of best practices e.g. e-communications of accounts and reports 	<ul style="list-style-type: none"> Monitors compliance via internal tracking mechanisms Unitholders' approval will be sought to amend the Trust Deed to provide for e-communications for relevant accounts and reports at the 2018 AGM 	<ul style="list-style-type: none"> Proactively share feedback and data with the regulators through direct dialogues or through REITAS⁴ when necessary Participate in policy briefings, consultation sessions and conferences throughout the year Provide feedback on consultation papers when necessary
 <p>Existing and Potential Customers</p>	<ul style="list-style-type: none"> Manufactured Capital Social and Relationship Capital 	<ul style="list-style-type: none"> To deepen relationship through engagement and networking with key decision makers To engage customers and their employees through networking events and programmes 	<ul style="list-style-type: none"> Property management issues relating to customer experience e.g. cleanliness of washroom, common areas Lease agreements 	<ul style="list-style-type: none"> Conduct joint reviews on customer experience at the properties by the Manager and Property Manager twice a year Embarked on initiative to use plain English in its lease agreements to make it easier for customers to understand 	<ul style="list-style-type: none"> Customer engagement events (Post fire drill fruits party, Oktoberfest, Science Park National Day Celebration, Movie under the Stars, Lunchtime talks, La Kopi Mondays) throughout the year Client engagement events (Chinese New Year Lohei, Movie Night) on annual basis Festive giveaways and performances during festive periods Healthy Workplace and Healthy Lifestyle Programmes (throughout the year) Promotional events (voucher promotions, bazaars) at certain properties on ad hoc basis

4 REIT Association of Singapore (REITAS)

Key Stakeholder Groups	Relevant Capitals	Objectives	Stakeholder's Key Concerns (needs and expectations)	Ascendas Reit's Strategy and Response	Engagement Modes and Frequency
 <p>Employees (Board of Directors, Management Team and Employees)</p>	<ul style="list-style-type: none"> Human Capital 	<ul style="list-style-type: none"> To create a great work environment based on the "POWER of One" Core Values (please refer to Figure 5 on page 9 for more details) 	<ul style="list-style-type: none"> Career development and progression opportunities Regular communication on business and organisational updates 	<ul style="list-style-type: none"> A talent council regularly reviews the development of employees with potential to be leaders An internal communication framework was introduced to create and enhance communication platforms and new ideas Offer employees a variety of learning and development programmes 	<ul style="list-style-type: none"> Chairman Tea Sessions are held in an effort to better engage employees. Through the sessions, the participants gain a better appreciation about the company's plans and may take the opportunity to provide suggestions for improvement Creative Blender event is created for all employees with good ideas on improving processes and/or services. Good ideas are rewarded with cash incentives and could also be put up for the annual Innovation Awards recognition Career Development Planning is held every year to ensure that employees have a fulfilling career <p>Other modes of engagement are elaborated on page 32</p>
 <p>Suppliers & Contractors</p>	<ul style="list-style-type: none"> Social and Relationship Capital 	<ul style="list-style-type: none"> To develop good relationships with suppliers and contractors To build up a core team of suppliers and contractors who are able to deliver quality products and services at the best value through a transparent procurement process 	<ul style="list-style-type: none"> Labour shortage due to decrease in available workforce (e.g. blue collar workers such as technicians) Increase in government regulations (e.g. lift maintenance compliance, and implementation of Progressive Wage Model) 	<ul style="list-style-type: none"> Converting from a headcount based contract to performance based contract for cleaning services Security and landscape contracts are under review for conversion to performance based contracts 	<ul style="list-style-type: none"> Quarterly Review Meetings with key suppliers and contractors to review performance Safety briefings and workshops annually

DELIVERING SUSTAINABLE VALUE

MATERIALITY ASSESSMENT: MANAGING RISKS AND OPPORTUNITIES

Materiality assessment is a process to prioritise the matters that are important to Ascendas Reit's ability to deliver short, medium and long term value to stakeholders. Details are as follows:

Figure 3: Ascendas Reit's Materiality Assessment Process

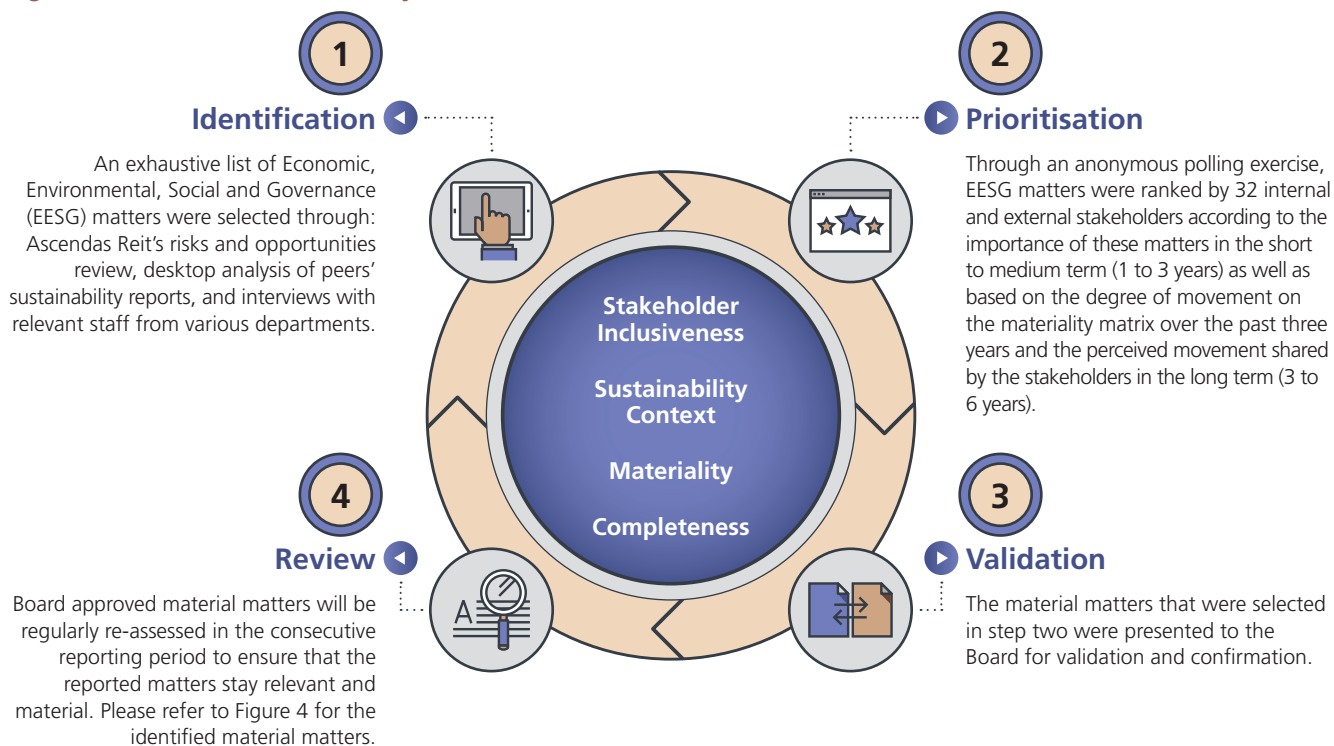
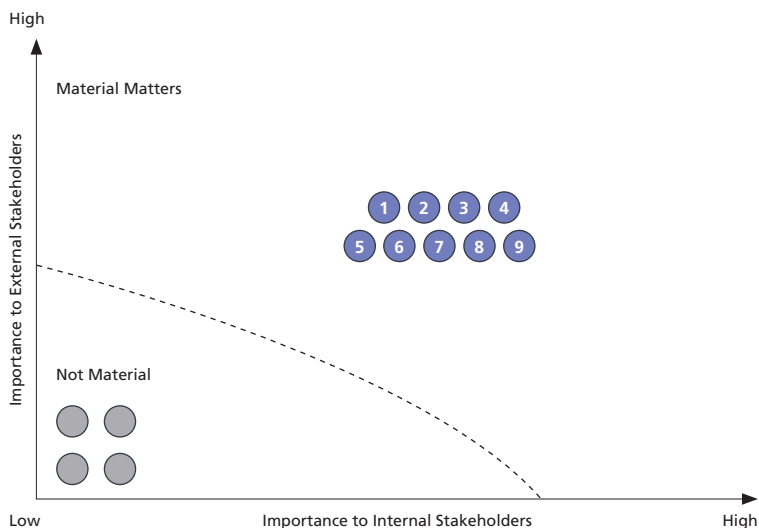


Figure 4: Ascendas Reit's Materiality Matrix




- | No. | Material Matters |
|-----|--|
| 1 | High Standards of Corporate Governance |
| 2 | Security of Information |
| 3 | Health, Safety and Security Protection |
| 4 | Adaptability to Market Changes in the Countries that Ascendas Reit Operates in |
| 5 | Providing End-to-End Real Estate Solutions to Meet the Needs of Customers |
| 6 | Management of Human Capital |
| 7 | Embracing Innovation and Technology |
| 8 | Responsible Supply Chain Management |
| 9 | Responsible Energy Consumption and Carbon Emissions |

GOVERNANCE AND CULTURE

Governance and culture sets the foundation for delivering sustainable value. Robust governance provides trust and confidence to the stakeholders; culture unites the employees; and corporate values guide the employees in making right business decisions.

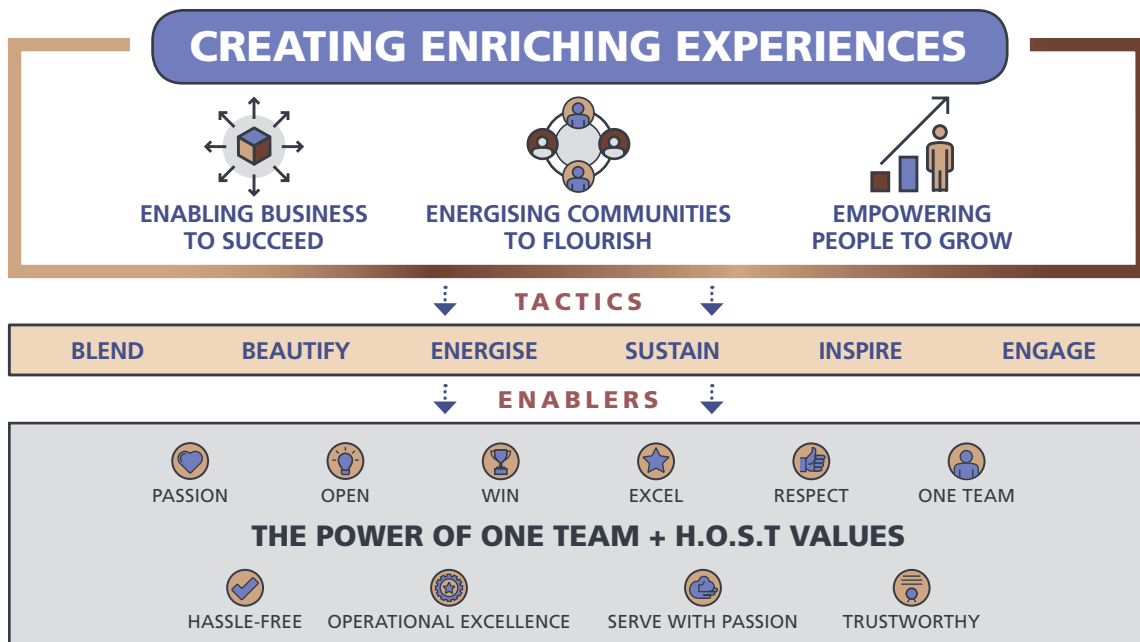
 <p>Definition Manage business and commercial strategy by maintaining a system of sound internal controls and risk management practices over sustainability processes to build financial integrity, investor confidence and superior performance.</p>	 <p>Capitals Mapped Intellectual capital Human capital</p>
 <p>Key Risks Most Relevant to the Issue Regulatory compliance risks, Operational risks</p>	 <p>SDG Supported SDG16: Peace and justice</p>

Perpetual Target	Performance for FY17/18
To achieve zero lapses in corporate governance, corruption/employee misconduct	 Achieved

Culture and Enablers: “Power of One”

The “Power of One” – Passion, Open, Win, Excel, Respect, One Team – best illustrates Ascendas Reit’s culture. This culture aims to empower every employee to contribute, learn and have fun while at work. Along with the H.O.S.T service values -- Hassle-free, Operational Excellence, Serve with Passion, Trustworthy – the “Power of One” culture connects people and ideas to opportunities, enrich experiences, and ultimately delivers value for businesses, communities and people.

Figure 5: Ascendas-Singbridge’s Culture and Values



DELIVERING SUSTAINABLE VALUE

Risk Management and Controls

The Board with the support of the Audit Committee (AC) and Operational Risk Management Committee (ORMC) is responsible to oversee the Manager in managing a sound system of risk management and internal controls. The Manager maintains a structured Enterprise Risk Management (ERM) framework, and reports to the AC and Board on a quarterly basis. The risk management process consists of the following steps:

- Establishing corporate goals and context
- Identifying risks
- Analysing risks
- Evaluating risks
- Treating risks
- Monitoring and reviewing risks

In FY17/18, sustainability risk has been identified, and defined as risk arising out of uncertainties in the long-term continuity of the business due to significant negative impact from EESG factors.

During the financial year, there were three incidences of non-compliance due to late notifications of licensed representative's change in personal details to the Monetary Authority of Singapore (MAS). The Manager will continue to improve its efforts to ensure regulatory compliance. There were no other reported cases of non-compliance to laws and regulations such as SGX-ST Listing Rules, the Code of Collective Investment Schemes issued by the MAS and tax rulings issued by the relevant local tax authorities.

The Manager is expected to report to Audit Committee (AC), Operational Risk Management Committee (ORMC) and Board on any material EESG findings and make recommendations to mitigate or manage such risks. Since FY12/13, the Manager has taken proactive actions in disclosing the EESG factors and performance by publishing its Sustainability Report annually.

For further details of the risk management process, please refer to pages 118 to 122 of the Corporate Governance Report in the Annual Report FY17/18.

Business Ethics and Employee Conduct

The Manager is committed to upholding the highest standards of governance. Policies and practices, as shown below, are communicated to all new and existing employees through mandatory induction programmes and refresher trainings.

Code of Ethics and Conduct

A standard that every employee has to abide by with regards to the following matters:

- General employee conduct
- Workplace harassment
- Conflict of interest
- Fraud
- Gratification, corruption and bribery

Conflict of Interest

A guide that outlines specific conduct requirements of the employees in the exercise of any power in the performance of any duty or function. Employees shall not engage in activities that directly or indirectly abuse one's official position to achieve personal interests.

Whistleblowing

A channel for employees and external parties to highlight any misdeeds or improprieties committed by employees to the AC (details are available on the Ascendas Reit's website).

Outside Directorship

A guide for employees who aim to hold external directorship appointments in their personal capacity in any company in which Ascendas-Singbridge has no direct interest in.

Gifts, Entertainment and Donations

Guidelines on solicitation, acceptance and acknowledgement of gifts by employees, and gifts given to and/or received from business partners.

Misconduct and Disciplinary action

Guidelines and procedures for handling misconduct and to ensure that the inquiry and disciplinary processes are fair, objective and equitable.

Anti-Money Laundering (AML) Policy

'Know your customer' due diligence checks are carried out for Ascendas Reit's property management transactions.

Outside employment

Guidelines for employees who aim to hold external employment in a company outside of Ascendas-Singbridge.

Employment of Relatives

Guidelines on the hiring, placement and transfer of relatives of current employees.

Ascendas Reit is committed to ensuring that the organisation is effective, accountable, and transparent at all levels, aligning itself to SDG 16 (Justice and peace).

More details on the policies and practices can be found from pages 106 to 129 of the Corporate Governance Report in the Annual Report FY17/18, which was published with reference to principles of the Code of Corporate Governance 2012.

ENHANCING VALUE CAPITALS

FINANCIAL CAPITAL

Ascendas Reit's financial capital are the diversified sources of funds that are managed prudently to deliver sustainable value for Unitholders. For more information on the financial performance and management of financial capital of Ascendas Reit, please refer to page 34 and page 42 of the Annual Report FY17/18.

For further details on acquisitions and developments, please refer to pages 34 to 38 of Ascendas Reit's Annual Report FY17/18.

Providing End-to-End Real Estate Solutions to Meet the Needs of Customers

Ascendas Reit strives to deliver value to all its customers by offering premium end-to-end quality solutions. The strategies to achieving this, together with the Property Manager, is showcased in Figure 6.

MANUFACTURED CAPITAL




Ascendas Reit's manufactured capital is its ability to attain value-adding investments through the acquisition and development of high-quality properties.

Figure 6: Ascendas Reit's Strategy Towards End-to-End Premium Quality Solutions



Various initiatives were introduced by the Manager to uphold the quality of its assets. Some of the key initiatives are shown in Table 2.

Table 2: Ascendas Reit’s Key Initiatives Towards End-to-End Premium Quality Solutions

Key Initiatives	
<p>Water Efficiency Management Plan (WEMP)</p> 	<ul style="list-style-type: none"> ▶ Introduced the Water Efficiency Management Plan (WEMP) to six properties ▶ Awaiting the Public Utilities Board’s (PUB) approval to roll out the WEMP for five more properties in FY18/19
<p>Asset Enhancements and Redevelopments</p> 	<ul style="list-style-type: none"> ▶ Completed S\$52.9 million worth of asset enhancement and redevelopment projects in FY17/18 (more information can be found on pages 35 to 37 in the Annual Report FY17/18) ▶ There were another S\$95.9 million worth of asset enhancement and redevelopment projects ongoing as at 31 March 2018 (more information can be found on pages 35 to 40 in the Annual Report FY17/18)
<p>Smart Building Management</p> 	<p>Adopted smart building features such as:</p> <ul style="list-style-type: none"> ▶ Business intelligence dashboards to enable real-time analysis of operational indicators such as outstanding work orders, call centre statistics and restroom feedback ▶ Mobile inspection system that provides real-time tracking of inspection completion status and allows defects to be followed up on quickly ▶ Predictive analytics for car park utilisation to maximise availability of space and revenue

By introducing initiatives and improving the quality of its assets, Ascendas Reit seeks to meet the evolving needs and expectations of its customers. For more details on ‘Providing End-to-End Real Estate Solutions to Meet the Needs of Customers’ as well as the Manager’s targets on customer satisfaction, please refer to the Customer Satisfaction section on page 23.

ENHANCING VALUE CAPITALS

Responsible Supply Chain Management

With the increasing scrutiny faced by organisations, and with investors and consumers shaping the corporate agenda, it is important for organisations to practice responsible procurement. Ascendas Reit highly regards the principles of good governance and business integrity, and seeks to ensure that the suppliers engaged are aligned to Ascendas Reit's practices in this regard.

Responsible Supply Chain Management



Definition

Encourage sustainable procurement, and manage contractors and service providers for responsible business conduct in areas of human rights, labour, anti-corruption, health and safety, and environment.



Key Risks Most Relevant to the Issue

Operational risks



Capitals Mapped

Manufactured capital
Human capital



SDGs Supported

SDG 3: Good health and well-being,
SDG 16: Peace and justice

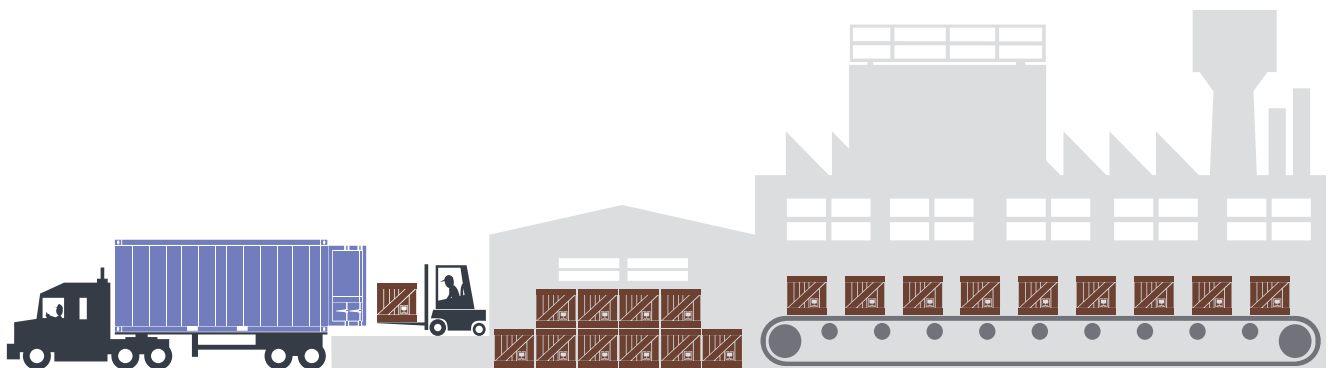
Perpetual Target

To ensure that the operations of more than 90% of suppliers and contractors under the Property Managers' major trades attain a Level 3 in BizSafe

Performance for FY17/18



Achieved 100% compliance



The Manager has a four-stage procurement system: pre-qualification, tender, execution, and review. During the pre-qualification process, the Manager conducts due diligence on the sustainability policies and certifications of new suppliers. All suppliers are expected to comply with applicable laws and regulations including environmental and safety requirements. Ascendas-Singbridge conducts periodic assessment in the execution and review stage to evaluate the work delivered and safety practices established by the vendors. Controlled self-assessments are conducted annually to monitor the effectiveness of the procurement process, and improvement areas are identified.

In FY17/18, 96 out of 188 suppliers were screened using the environmental criteria, as compared to 78 suppliers in FY16/17. As at 31 March 2018, 72% of the active suppliers are based in Singapore and 28% in Australia.

To be better equipped for vendor management, relevant training courses are identified and rolled out for employees, for instance, e-learning courses on AML and anti-bribery. All employees are expected to adhere to the AML policy.

Ascendas Reit seeks to align its operations to SDG 16 (Justice and peace) by ensuring compliance to applicable requirements.



1 Changi South Lane

On 24 August 2017, SCDF announced that 40 buildings in Singapore could have potentially used non-Class '0' composite panels as cladding on their external walls. This might not adhere to the Fire Code, which requires composite panels used as cladding to be either non-combustible or certified as Class '0'. One of the affected buildings mentioned was Ascendas Reit's property – 1 Changi South Lane.

The affected panels made up less than 10% of the total external façade at 1 Changi South Lane. All of the affected panels were removed and replaced with approved panels.

ENHANCING VALUE CAPITALS

SOCIAL & RELATIONSHIP CAPITAL

Social & Relationship Capital refers to the relationships within and between communities, groups of stakeholders and other networks. Ascendas Reit strives to enhance individual and collective well-being, strengthening Ascendas Reit's brand and reputation.

As a business space provider, Ascendas Reit is committed to providing its employees, workers, customers and visitors with a safe and secure environment. In order to do so, Ascendas Reit adopts a multi-faceted approach to safeguard the health, safety and security of all stakeholders. Figure 7 elaborates on this strategy.

Physical Security

- 1 Security of external areas and building perimeter
- 2 CCTV system, guard patrol and security officers
- 3 Security Access System installed by individual customers
- 4 Company Emergency Response Team to handle emergency situations
- 5 Fire and evacuation drills

Information Security

- 6 Vulnerability Assessment and Penetration Testing (VAPT)
- 7 Data Loss Prevention (DLP) software
- 8 Information Technology (IT) audits
- 9 Next Generation End-Point Protection
- 10 Privilege Account Management System

Health, Hygiene and Safety

- 11 Emergency preparedness
- 12 Public health management (common areas)
- 13 Safety training and awareness campaigns
- 14 Safety risk assessments
- 15 Incident reporting and investigation
- 16 Safety performance monitoring
- 17 First aid and personal protective equipment

Figure 7: Multi-faceted Approach Adopted by Ascendas Reit to Manage Health, Safety and Security of all Stakeholders





ENHANCING VALUE CAPITALS

Health, Safety and Security Protection

Ascendas-Singbridge has established a Workplace Safety and Health (WSH) policy. Through this policy, the Manager seeks to promote a safety culture that has zero tolerance towards workplace injuries. This is done by ensuring compliance with all applicable Workplace Safety and Health laws and regulations, improving its systems and practices through regular training on workplace safety and health issues, encouraging safe work practices, building a positive mindset and culture towards safety, and adopting industry best practices. Table 3 elaborates on some of the practices that Ascendas Reit adopts to manage health, safety and security protection of its stakeholders.

Health, Safety and Security Protection

Definition
 Minimise safety risks, and secure properties from threats of criminal activity and terrorism for customers, visitors, employees and contractors.

Key Risks Most Relevant to the Issue
 Operational risks

Capitals Mapped
 Social and relationship capital
 Human capital

SDG Supported
 SDG3: Good health

Perpetual Targets	Performance for FY17/18
To achieve below the national average for Accident Fatality Rate, Accident Frequency Rate and Accident Severity Rate ⁵	 Achieved
To achieve zero validated cases of physical security breaches at properties	 Achieved

⁵ This target is applicable only to Singapore properties. The rates are defined by the Ministry of Manpower (<http://www.mom.gov.sg/workplace-safety-and-health/wsh-reports-and-statistics>). The targets were benchmarked against the latest available national statistics at the start of the financial year.

Table 3: Practices to Manage Health, Safety and Security Protection

Practices	
Compliance with all applicable Workplace Safety and Health laws and regulations	<p>Certified by a third party for international standard OHSAS 18001 and local standard SS506 Part-1.</p> <p>Adopted other local and international management systems and practices, including:</p> <ul style="list-style-type: none"> • BizSafe Star, • SafeWork Australia National Standards and Model Codes of Practice in Australia
Adopting industry best practices	<p>Maintain high health and safety standards by adopting industry best practices such as to:</p> <ul style="list-style-type: none"> • Ensure all contractors have at least BizSafe level 3 • Ensure 100% of contractors are aware of Ascendas Reit's safety management system through declaration and performance evaluation • Launch of WSH e-reporting in January 2018 • Regular internal audits by the Property Manager and annual external audits by certification bodies e.g. Certification International (Singapore) Pte. Ltd. • Formed Company Emergency Response Team, in line with Singapore Civil Defence Force requirements to handle emergency situations. • Conduct fire and evacuation drills twice a year so as to familiarise occupants of the building with emergency procedures.
Training on workplace safety and health issues	<p>Regular briefing and training of employees and contractors to maintain the desired safety culture. The Manager conducts such regular trainings, including:</p> <ul style="list-style-type: none"> • Awareness training regarding working at heights • Safety induction course for new hires • Safety related and awareness training for employees • Annual safety briefing to term contractors
Encouraging safe work practices	<p>Actively encourage safe work practices where possible:</p> <ul style="list-style-type: none"> • Disseminated two guides and 38 safety messages to staff and contractors via ASB WSH e-message • Conducted tool box meetings (safety meetings that focus on job specific safety topics) • Participated in activities of the Safety and Security Watch Group Scheme⁶, which is a Police-networking platform for the commercial sector to collaborate on the target-hardening of the premises where they operate their businesses.
Building a positive mindset and culture towards safety	<p>Build up a positive mindset and culture towards safety. Initiatives include:</p> <ul style="list-style-type: none"> • Usage of promotional posters, visual aids and campaign programs on workplace safety and health

⁶ More information on the Safety and Security Watch Group Scheme can be found here: www.police.gov.sg/resources/prevent-terrorism/safety-and-security-watch-group-scheme

ENHANCING VALUE CAPITALS

Figure 8: Number of Accidents



In FY17/18, there were 17 incidents recorded. Nine incidents were due to slips and falls, four were caused by accidentally getting struck by objects, three incidents were due to minor cuts, and one incident was due to a strained back while performing some housekeeping tasks. To prevent reoccurrences, the Property Manager took immediate actions such as installing signages, installing anti-slip strips, increasing the frequency of spot cleaning and sending reminders to employees, cleaning vendors, customers and workers. In FY17/18, Ascendas Reit’s fatality injury rate, accident severity rate and accident frequency

rate was 0, 64 and 0.81 respectively. These rates were below the national average of 1.9 for fatality injury rate, 86 for accident severity rate and 1.6 for accident frequency rate⁷.

The health and well-being of employees contribute towards a motivated and productive workforce. The Manager continues to look into ways to improve its employees’ health and overall wellness. In FY17/18, the Manager recorded an improvement in absentee rates amongst its Singapore employees but observed a slight increase in absentee rates amongst its Australia employees.

Table 4: Absentee Rates for Ascendas Reit’s Employees, by Gender and Region

Absentee Rate	FY16/17			FY17/18		
	Male	Female	Total	Male	Female	Total
Singapore	1.74%	3.65%	2.99%	0.54%	2.30%	1.56%
Australia	0.10%	0.00%	0.08%	0.19%	1.15%	0.30%

Ascendas Reit seeks to contribute to SDG 3 (Good health) by providing safe spaces for its employees, customers, vendors and visitors, and to SDG 16 (Justice and peace) by taking proactive steps to prevent any forms of unlawful behaviour or incidents at its properties.

⁷ Source: Ministry of Manpower

Security of Information

Customer privacy and data security are vital to the sustainability of Ascendas Reit's business given the increasing occurrence of unwarranted data mining. Without proper surveillance of data, Ascendas Reit may incur avoidable reputational and financial damages. To prevent any breaches of security of information,

compliance with various regulations such as Personal Data Protection Act (PDPA), and MAS Technology Risk Management Guidelines (MAS TRMG) are strictly adhered to. In addition, Ascendas-Singbridge has established an Information Technology (IT) Policy and Enterprise Mobility Policy.

Security of Information



Definition

Protect the information and data privacy of investors and customers



Capitals Mapped

Social and relationship capital



Key Risks Most Relevant to the Issue

Information technology (IT) risks



SDG Supported

SDG16: Peace and justice

Targets for FY17/18 and FY18/19

To achieve zero incidents of hacking, website defacement or loss of data that resulted in significant negative impact on the corporation in terms of financial loss or reputational loss.

To achieve target times on data recovery test result:

- Recovery Time Objectives (RTO): Actual vs Target times
- Recovery Point Objectives (RPO): Actual vs Target times

Plans for Forthcoming Year

To actively monitor the security landscape and execution of initiatives to enhance the security defences, and continue to explore new technologies to strengthen its security defences and readiness.

To improve both the planning and execution of the Disaster Recovery Plan (DRP)

Performance for FY17/18

✔ 100% compliance

✔ Both RTO (24 hours) and RPO (12 hours) are met

ENHANCING VALUE CAPITALS

Figure 9: Policies, Systems and Specific Actions in Place for Data Security

IT Policy Establishes effective controls for computing, telecommunications, networks and information systems. It ensures that the necessary framework is in place to ensure the confidentiality, integrity and availability of all information.

- ▶ **Enterprise Mobility Policy**
- ▶ **Email Policy**
- ▶ **Electronic Messaging, Internal and Networking and Computing Resources Acceptable Use Policy**
- ▶ **Personal Data Protection Directive**
- ▶ **Password Policy**
- ▶ **Websites Policy**
- ▶ **Anti-Virus Policy**

Employees of Ascendas-Singbridge’s IT department undergo regular training and skills upgrading. Premier support services from external information security suppliers are engaged to provide frequent security updates.

Internal audits are conducted on the financial system and real estate management system to ensure adherence to the MAS-TRMG guidelines.

Every month, an assessment on the security alert level of Ascendas-Singbridge is conducted based on these six aspects: Governance, Network, Devices (Server, Endpoint and Mobile),

Application, Data and User. In the reporting period, Ascendas Reit’s overall security alert level has been low, indicating that adequate measures are in place.


Ascendas-Singbridge has an Information Security Council whose primary roles are to plan, manage, support and ensure management commitment in all information security activities. Under the stewardship of the Information Security Council, there were zero cases of substantiated complaints from outside parties or regulatory bodies as well as zero cases of identified leaks, thefts and losses of customer data.

Figure 10: Initiatives taken at the Enterprise Level



Privilege Account Management System Implementation

A system that manages the usage of privilege or administrative accounts in Ascendas Reit to prevent user’s exploitation and hacker’s control.



Simulated Email Phishing Campaign

A simulated email phishing campaign was conducted to increase the alertness of employees to equip them with enough preparation to identify phishing emails. Employees who failed the phishing simulations would have to attend further online courses.

Customer Satisfaction

Customer satisfaction plays a pivotal role in Ascendas Reit's business. The Manager believes in fostering strong relationships with all its customers and providing them with a unique Ascendas Reit experience.

To ensure that end-to-end real estate solutions are catered to meet the needs of customers, policies covering customer care programme, customer service empowerment, customer delight and customer recovery have been established.

Resources are channelled to monitor and manage customer satisfaction. New technologies have been deployed, such as digitisation of building review feedback and the roll out of a new mobile application, asap – The Ascendas-Singbridge mobile application. This application is a digital platform to engage our customers, their employees and visitors to our properties. It includes features such as car park availability at

our properties, shuttle bus tracking and a feedback feature called 'Fix-it' which provides another avenue for users to report property management related issues.

In addition to the asap mobile application, other feedback mechanisms in place are customer hotlines and surveys. In the reporting year, all feedback received were responded to and successfully resolved.

In order to embed the H.O.S.T service culture deeper within the organisation and drive greater consistency in service delivery, H.O.S.T. training was extended to support staff of the Manager and Property Manager as well as outsourced service providers including cleaners and security guards. A workshop for middle management guided them on how to enhance the ownership and consistency of their team's performance. In addition, H.O.S.T induction events are held every quarter for new staff.

Providing End-to-End Real Estate Solutions to Meet the Needs of Customers



Definition

Provide end-to-end real estate solutions such as space solutions, planning & development, property management, integrating business, lifestyle, and retail spaces to create conducive human-centric work-live-play-learn environments to meet the needs of customers and increase customer satisfaction.



Key Risks Most Relevant to the Issue

Operational risks, Sustainability risks



Capitals Mapped

Manufactured capital
Social and relationship capital



SDGs Supported

SDG 8: Decent work and economic growth,
SDG 11: Sustainable cities and communities,
SDG 16: Peace and justice

Targets for FY17/18 & FY18/19

Transactional surveys: to achieve satisfaction score by 80% of respondents

✔ Achieved

To achieve call centre customer satisfaction score of a minimum of 3 out of 5 (Average)

✔ Achieved

ENHANCING VALUE CAPITALS


INTELLECTUAL CAPITAL


Intellectual capital refers to the value of knowledge created, acquired and repositioned for application by the organisation. This capital is core to the Manager's strategy formulation and knowledge management, which will contribute towards the sustainable growth of Ascendas Reit.

Adaptability to Market Changes in the Countries that Ascendas Reit Operates In


Ascendas Reit strives to achieve predictable distributions and long-term capital stability for Unitholders. With evolving market conditions, it is necessary for the Manager to keep abreast of the industry market trends to stay competitive, seize growth opportunities, and mitigate risks that may impact Ascendas Reit's business operations.

Adaptability to Market Changes in the Countries the Ascendas Reit Operates in

Definition
 Demonstrate resilience and adaptability to uncertainties or opportunities that may arise in Singapore and Australia, which may be related to geopolitics, regional and global developments.

Key Risks Most Relevant to the Issue
 Strategic risks, External risks, Operational risks, Financial risks, IT risks, Sustainability risks, Investment and development risks, Regulatory compliance risks

Capitals Mapped
 Financial capital
 Intellectual capital









SDG Supported
 SDG 9: Innovation and infrastructure

Perpetual Target	Performance for FY17/18
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To be in compliance with all regulatory requirements in the countries that Ascendas Reit operates in

Not achieved. Refer to page 10 for more information.

Figure 11: Relevant Risks for Adaptability to Market Changes in the Countries that Ascendas Reit Operates In

 Strategic Risks	 IT Risks	 Operational Risks	 Investment and Development Risks
 External Risks	 Sustainability Risks	 Financial Risks	 Regulatory Compliance Risks

The Manager recognises the importance of managing the relevant risks, and policies and practices have been put in place to mitigate these risks. The controls include periodic macro market studies, monitoring of industrial and office vacancy, capital value movement, leading economic indicators (such as gross domestic product, consumer price indices, non-oil domestic exports), and monitoring of political and social developments. The Manager reviews its strategies to respond to the market changes. Notably, this is the first year that the Manager has identified sustainability risks in its ERM. This initiative will help the Manager to integrate sustainability across its business processes. Ascendas Reit also engages third-party consultants to conduct independent studies on the industrial property markets that it operates in to identify potential impacts to its business. For more information, please refer to pages 80 to 103 of the Annual Report FY17/18.

The Manager strives to comply with all the laws and regulations and keep abreast with the evolving regulatory landscape in the countries it operates in. No breaches were identified during Ascendas Reit's periodic internal and external compliance audits, including compliance audit by MAS for Ascendas Reit's Singapore operations.

An example of Ascendas Reit's commitment to be in compliance with all applicable regulatory requirements is its compliance with JTC Corporation's subletting regulations that requires property owners to lease not more than 30% of a building's gross floor area (GFA) to non-anchor tenants, amongst other criteria. Despite Ascendas Reit's large portfolio, the Manager was able to comply with the rule by proactively managing the customer composition in its properties.

Embracing Innovation and Technology

In the current environment, adopting innovation and technology is critical for the long term growth and success of any organisation. Numerous industries are encountering challenges that result from the advancement of technology and the real estate industry is no exception. Ascendas Reit actively embraces innovation and technology to deliver holistic real estate solutions and position its portfolio for future demand.

Embracing Innovation and Technology



Definition

Embrace and leverage technology (including digital) to enhance our performance and competitive advantage, and safeguard against potential disruption to the business



Key Risks Most Relevant to the Issue

IT Risks



Capitals Mapped

Intellectual capital



SDGs Supported

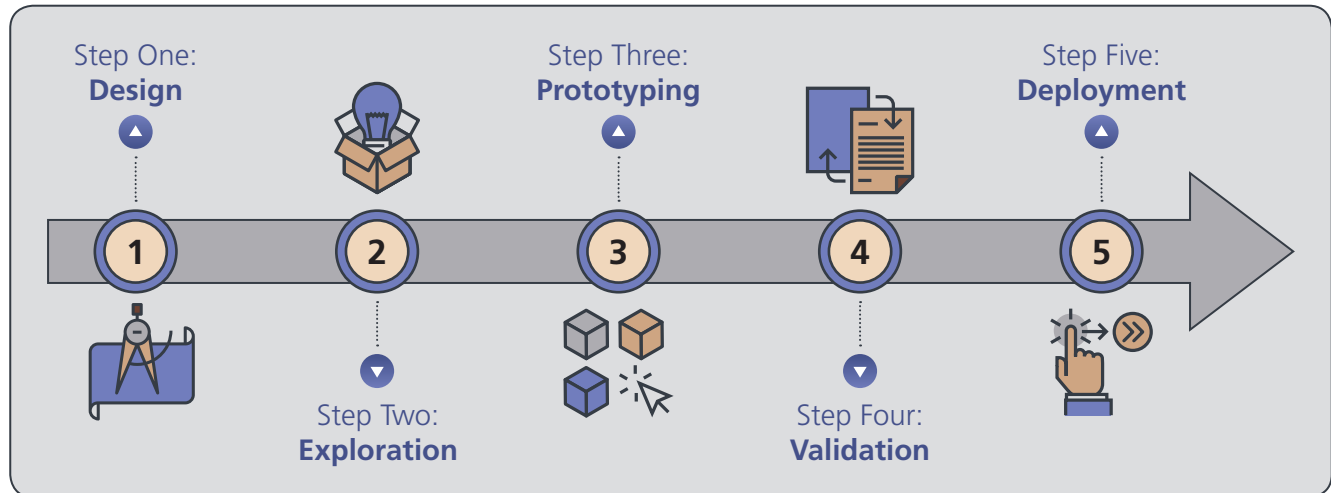
SDG 9: Industry, innovation and infrastructure
SDG 16: Peace and justice

ENHANCING VALUE CAPITALS

Target for FY17/18	Performance
To roll out smart building management system including business intelligence dashboards, restroom feedback and mobile inspection systems and predictive analytics for car park utilisation.	✔ Achieved
Target for FY18/19	Performance
To pilot five innovation initiatives that would enable effective asset management, reduce cost of operations, or create delightful customer experiences.	▶ In progress

The Manager is cognizant of the need to innovate constantly in order to maintain its competitive edge. An Innovation Framework, consisting five phases as shown below in Figure 12, was established.

Figure 12: Ascendas Reit's Innovation Framework



To complement this framework, a set of Innovation Capability Metrics has been developed. These Innovation Capability Metrics help manage the process of innovation by monitoring the number of:

- Problem statements or ideas generated
- Problem statements selected for trials
- Solutions trialed
- Solutions implemented as long term capabilities
- Innovation cycle times

INNOVATION CASE STUDIES

Ascendas-Singbridge Operations Centre (AOC)

During the year, the AOC was launched and deployed at Ascendas Reit's Singapore Science Park properties as well as Aperia. The AOC leverages technology to gather data from various buildings to achieve more efficient building performance and enhance customer experience. For example, real-time data can be monitored centrally and shared with the asset management team and call centres. This enables the Manager to optimise energy usage at its properties, improve response time to incidents, detect faults and reduce equipment downtime as well as improve security surveillance.

CoSpace Park

The CoSpace Park (cospacepark.com) is a 24/7 co-working space located at Singapore Science Park 2 and is a collaboration between Ascendas-Singbridge and TNB Ventures (a venture capital firm and incubator). The space provides a customer centric, community-focused environment for businesses predominantly in R&D and technology.



Initiatives carried out at CoSpace Park include:

'Park of the Future' programme - start-ups received a suite of resources including mentorships to support their pilot projects and have the opportunity to test their solutions in buildings and infrastructures within the park.

'Hump Day Hacks' – A series of short, casual lunch sessions where the Manager invites start-ups to share about technology hacks that the participants can apply in life (e.g. Food hacks, travel hacks, logistics hacks etc.).

ENHANCING VALUE CAPITALS

INNOVATION CASE STUDIES

The Workshop

The Workshop (www.theworkshop.sg) is a collaborative workplace located in Techplace II that aims to benefit Small Medium Enterprises (SMEs), start-ups and industrialists in a refined industrial space.



Case Study 1: Artificial Intelligence (AI) Customer Service FAQ Chat Bot

To keep up with the request for generic information such as price plans, location and address, amenities and photos during peak periods or after office hours, an AI Customer Service FAQ Chat bot was created. This initiative has improved customer service and allows the sale staff to have more time to focus on higher value-added tasks.

Case Study 2: Digital Access Control

Instead of issuing keys and radio-frequency identification (RFID) cards every time a new customer comes on-board, a fully digitised access control system has been introduced to automate the process including reservations for amenities via a mobile application. This initiative provides greater convenience and eliminates the need to print and programme RFID cards.

HUMAN CAPITAL

The Manager believes that human capital is the most valuable asset as motivated and competent people are key drivers in delivering sustained value. Ascendas Reit’s culture of “Power of One” empowers every employee to connect people and ideas to opportunities that enrich their personal experiences and delivers value for businesses, communities and people.

Management of Human Capital



Definition

Provide equal opportunities, fair remuneration and treatment, and regular engagement with all members of the board, employees and contractors, regardless of gender, age, race, religion, etc.



Key Risks Most Relevant to the Issue

Operational risks



Capitals Mapped

Human capital



SDGs Supported

SDG 4: Quality education,
SDG 8: Decent work and economic growth

Target for FY17/18 and FY18/19

To achieve zero cases of validated discrimination cases

Performance for FY17/18

Achieved

Creating a workplace environment that treats every employee with equality regardless of ethnicity and gender is fundamental to the “Power of One” culture. The Manager commits to the 5 Principles of Fair Employment Practices under the Tripartite Alliance for Fair Employment Practices (“TAFEP”) (Please refer to Figure 13 for further details), and instils the principles in its policies and practices.

The Manager also commits to creating a workplace environment that enables its employees to flourish. This commitment is demonstrated through its employee engagement programmes (as detailed in Table 5 on page 32).

In FY17/18, flexible work arrangements were introduced to support work-life integration and promote a pro-family culture. This includes “staggered work hours” and “work from home” arrangements.

There is a conscious effort to strengthen the talent pipeline at different levels. With the implementation of Ascendas-Singbridge Management Associate Programme (“a-map”) young university graduates with leadership potential are recruited and provided with mentoring and exposure to various departments over an 18-month programme to establish strong foundations of the business knowledge and skills.

ENHANCING VALUE CAPITALS

Figure 13: Five Principles of Fair Employment Practices

1 Recruit and select on the basis of merit (such as skills, experience or job performance)

4 All employees are rewarded fairly based on their ability, performance, contribution and experience

2 Fair treatment of employees and implement progressive human resource management systems

5 Adhere to labour laws and Tripartite Guidelines on Fair Employment Practices

3 All employees are given equal opportunities for training and development based on their strengths and needs

Profile of Employees

As at 31 March 2018, the Manager has a total staff strength of 75 full time permanent employees – 66 in Singapore and 9 in Australia – of which 53% are female employees. This signifies the Manager’s efforts in achieving fair employment practice and gender diversity. Furthermore, the Manager has two female directors in its Board of Directors. Turnover rate in FY17/18 was 12.0%, lower than 15.3% in FY16/17.

Figure 14: Number of Full Time Employees in Singapore and Australia

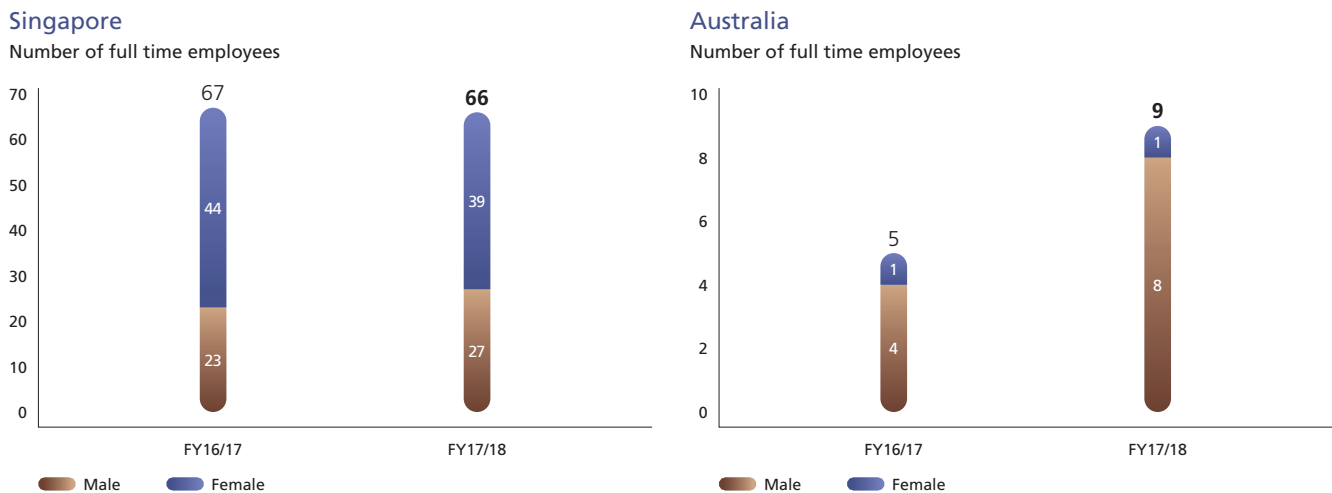
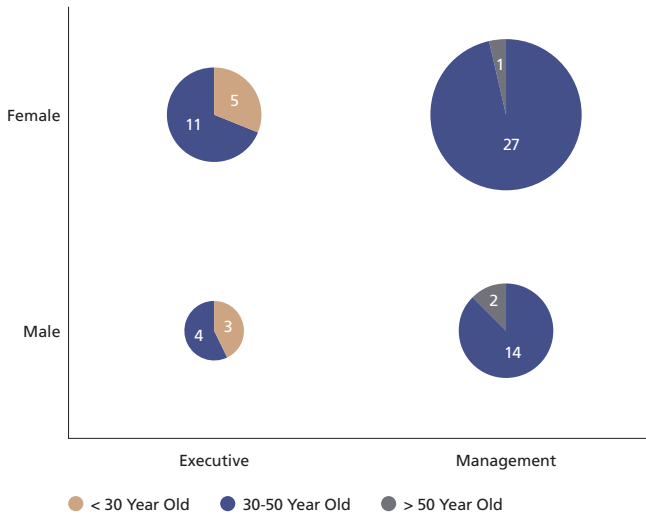
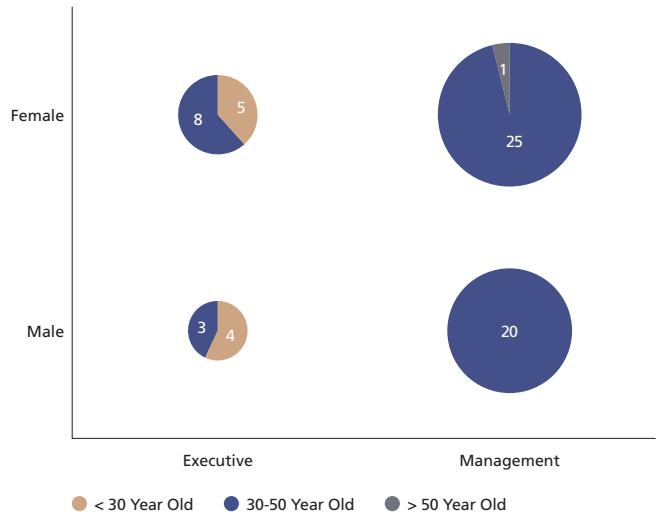


Figure 15: Number of Employees by Gender and Employment Category

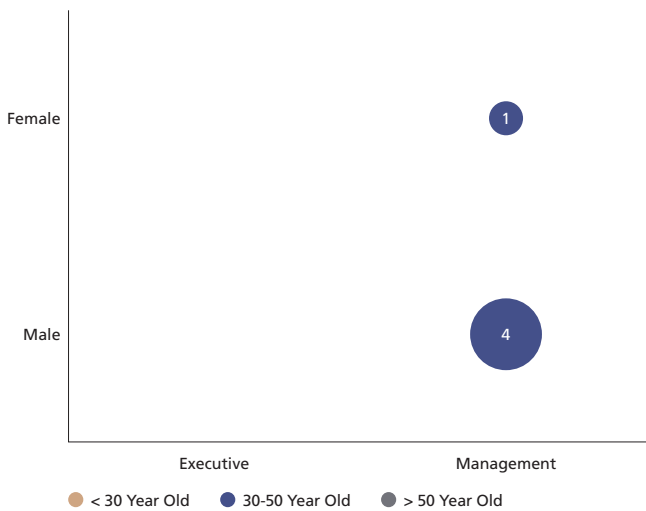
Singapore
FY16/17



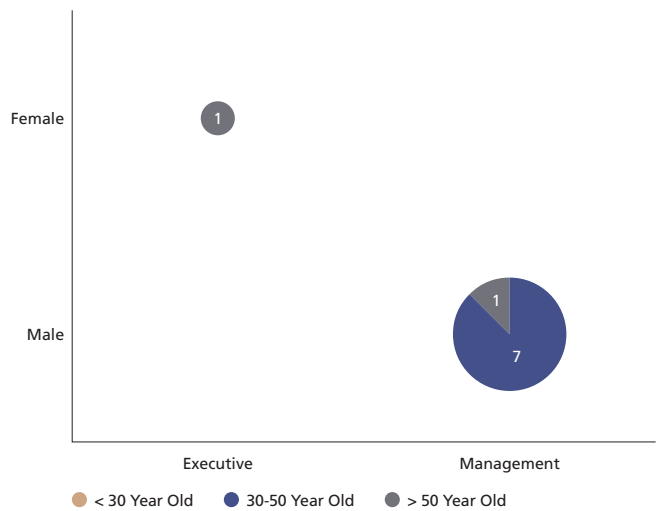
Singapore
FY17/18



Australia
FY16/17



Australia
FY17/18



ENHANCING VALUE CAPITALS

Table 5: Employee Engagement Programmes

Communication and Collaboration

- a. Town Hall Meetings: meetings that serve as a platform for Management to communicate company updates and gather feedback
- b. Ascendas-Singbridge Employee Forum: annual platform at the Group level to share company updates and key learnings with employees
- c. Team bonding: employee bonding activities to improve team communication, boost team morale and performance
- d. Induction Programme: a programme is scheduled for all newly hired employees including existing employees who are given new job assignments due to job rotation. The programme includes briefings by various business units to assist them in integrating to the new workplace culture



Learning and Development

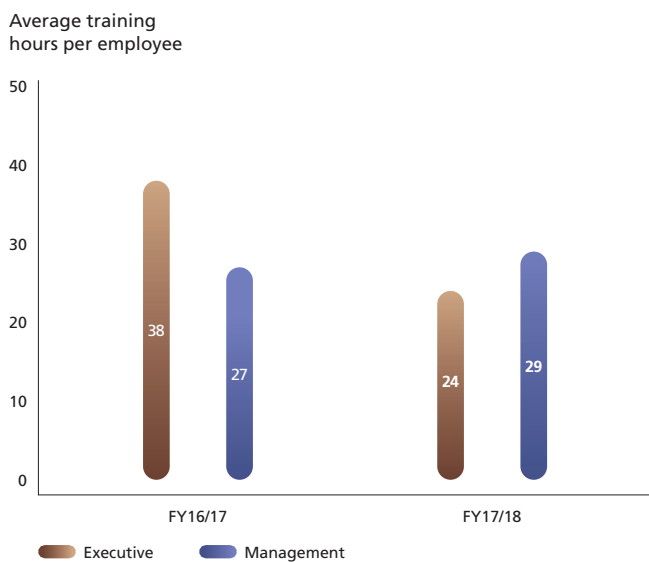
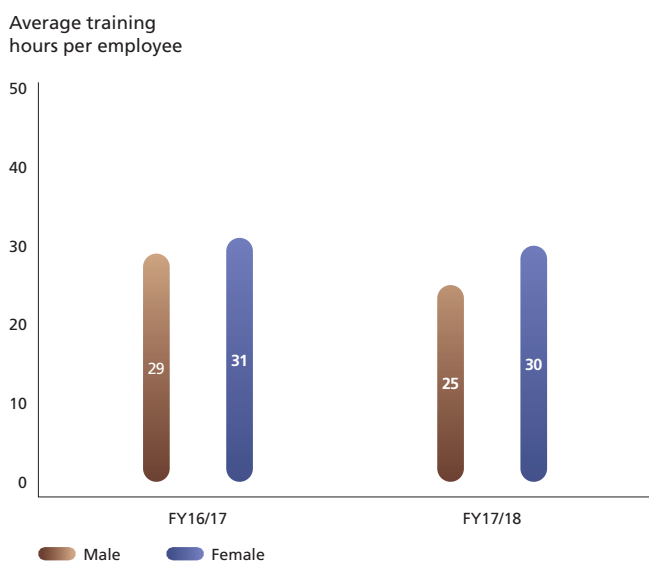
- a. Ascendas-Singbridge Acceleration Centre: a programme that applies simulated business challenges, so as to identify opportunities for leadership development
- b. Ascendas-Singbridge Mentoring Programme: senior management team members provide mentoring and coaching to support the career development of young leaders
- c. New e-Learning Curriculum for Property Management Function: an e-learning curriculum with a total of 10 modules that allows the property managers to better standardise inspection requirements for different buildings in various clusters
- d. Job Rotation & Attachment: opportunities for identified employees to get exposure in different business areas
- e. Leadership Training/ Executive Education: middle management attends leadership programmes and executive education to enhance their skills and network
- f. Training/education funds: sponsorship for certification, Diploma, Bachelor Degree and Master Degree courses

Recognition and Awards

- a. Power of One Ambassador Award: celebrates teams or employees who strongly exhibit the Power of One core values
- b. Recognition Awards: recognise employees who provide exemplary service to the customers
- c. Long Service Awards: recognise employees for their dedicated service to the company
- d. Performance Management: employees are able to obtain formal feedback on their job performance from the supervisor on a regular and scheduled basis. The objectives of this system are:
 - ▶ Evaluate performance for improvement and development
 - ▶ Encourage employees and managers to jointly focus on requirements of the job, understand accountabilities, and develop meaningful standards and attainable goals.
 - ▶ Provide opportunity for employees to discuss their jobs and mutually set goals and objectives with their managers
 - ▶ Ensure all employees have a written performance appraisal documenting their job performance during a given review period
 - ▶ Recognise and reward employees' contributions to Ascendas Reit's business
 - ▶ In FY17/18, 100% of the employees received regular performance and career development review

There was a slight decrease in the total staff training hours in FY17/18 (28 hours per employee per annum vs 30 hours per employee per annum in FY16/17). This was mainly due to the significant investments in Corporate Programmes – Power of One Learning Carnival and H.O.S.T Training in FY16/17.

Figure 16: Average Training Hours by Gender and Employee Category



OurVoice@asb 2017

In July 2017, Ascendas Reit participated in OurVoice@asb 2017, a biennial employee engagement survey. The survey is based on 12 focus areas: Senior Leadership, Supervision, Career Development, Performance Management, Rewards and Recognition, Work Tasks, Empowerment, Communication and Collaboration, Vision, Enabling Infrastructure, Brand and Customer Focus.

After reviewing the results, a Group-Wide Action plan was formed to implement the internal communication framework to enhance employee engagement and communication. This framework comprises key priority areas such as leadership connectivity and inter-departmental connectivity.

By upholding labour rights, promoting an engaging workplace environment and providing learning and development opportunities, Ascendas Reit contributes to SDG 4 (Quality education) and SDG 8 (Decent work and economic growth).

ENHANCING VALUE CAPITALS


NATURAL CAPITAL


Natural Capital refers to the natural resources such as energy and water, which are essential in supporting the business operations.


Responsible Energy Consumption and Carbon Emissions


In response to the Paris Agreement⁸, the governments of Singapore and Australia have set targets to reduce emissions by 36% and 26-28% on 2005 levels by 2030 respectively. Ascendas Reit recognises the impact of energy consumption and its carbon footprint on both the company's operations and the environment it operates in. The Manager remains committed to aligning its goal of optimising energy usage and reducing emissions with the national and international goals. Ascendas-Singbridge has formalised a target of having 20% of its energy consumption to be from renewable sources by 2020.

Responsible Energy Consumption and Carbon Emissions

Definition
 Efficient use and management of energy to minimise carbon emissions, through the design, construction and operation of the properties.

Key Risks Most Relevant to the Issue
 Regulatory compliance risks, Sustainability risks

Capitals Mapped
 Natural capital

SDGs Supported
 SDG 7: Renewable energy
 SDG12: Responsible consumption
 SDG13: Climate action

Target for FY17/18 and FY18/19	Forthcoming plans	Performance for FY17/18
To reduce energy intensity by 3% for buildings managed by the Property Manager over 5 years from FY16/17	Continuous monitoring of consumption pattern and investigation of buildings with high energy consumption	▶ In progress

⁸ The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. As of March 2018, a total of 175 countries have ratified to the Paris Agreement.

As at 31 March 2018, about 60.6% of Ascendas Reit's portfolio was directly under the operational control of the Property Managers, in terms of Gross Floor Area (GFA).

During the reporting year, energy efficient air conditioning systems and LED lightings were introduced to facilitate the reduction in energy consumption. These initiatives contributed to a drop in total electricity consumption in the Singapore operations from 101.99 million kWh in FY16/17 to 97.75 million kWh in FY17/18, and in energy intensity from 55.44 kWh/sq m in FY16/17 to 52.70 kWh/sq m in FY17/18. Correspondingly, carbon emissions and carbon emissions intensity decreased by 4.16% and 4.95% respectively. The 4.24

million kWh reduction achieved by Ascendas Reit is equivalent to monthly electricity consumption of approximately 11,584⁹ four-room HDBs in Singapore.

The Manager also tracked the like-for-like energy performance of its portfolio by using comparable data (i.e. using the same set of properties). The Manager has achieved a reduction of 3.56 million kWh in Ascendas Reit's Singapore operations considering like-for-like comparison, from 100.72 million kWh in FY16/17 to 97.16 million kWh in FY17/18, translating to a reduction of 1.5 kilotonnes of carbon emissions. Please refer to Figures 17 and 18 for more details on like-for-like comparison of energy consumption and carbon emission, respectively.

Figure 17: Ascendas Reit's Like-for-Like Energy Consumption and Intensity in Singapore¹⁰

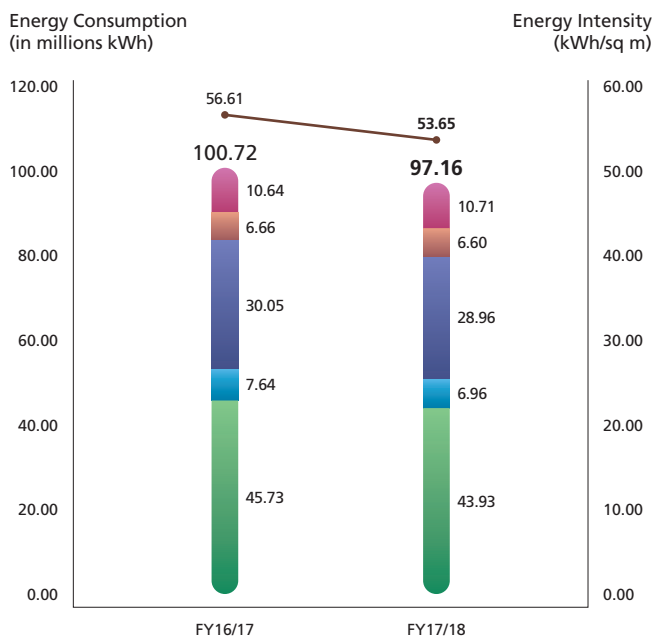
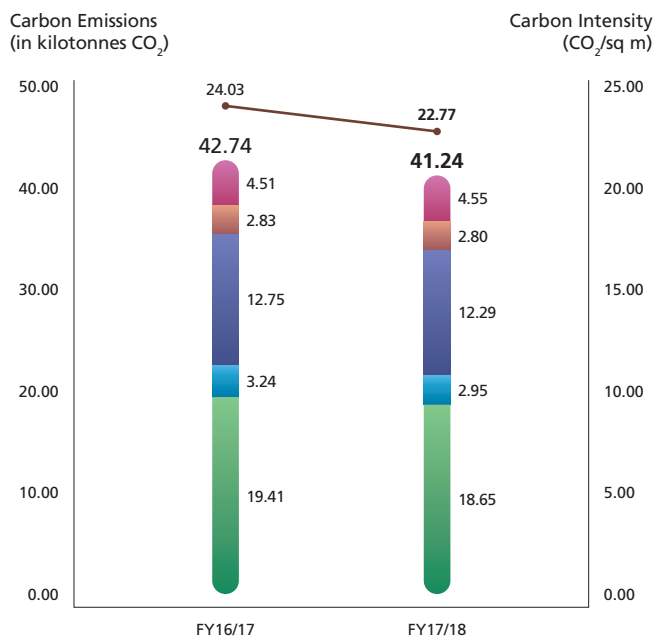


Figure 18: Ascendas Reit's Like-for-Like Carbon Emissions and Intensity in Singapore¹¹



9 This has been calculated using the national average household electricity consumption of a four-room HDB in Singapore. This national average figure is sourced from SP Group considering latest data available for the period of March 2017 to February 2018.

10 For the purposes of calculating energy and carbon intensities, the energy consumption and carbon emissions for the common areas (chillers, corridors, perimeter lightings and centralised building facilities under Ascendas Reit's direct control) are included in the numerator while the effective Gross Floor Area (GFA) is used as the denominator. Effective GFA is calculated considering total GFA and occupancy rate. Effective GFA is introduced as a large proportion of energy consumed are attributed to shared services such as the building's chiller system.

11 Emission factors used are taken from the 2017 Singapore Energy Statistics published by the Energy Market Authority of Singapore. There is negligible Scope 1 emissions for Ascendas Reit's properties in Singapore, which is mainly from back-up diesel powered generators that were not called in service during FY17/18 except for routine maintenance purposes.

ENHANCING VALUE CAPITALS

For the Ascendas Reit properties in Australia, there was an increase in energy consumption and intensity, which is attributed to the acquisition of buildings at 100 Wickham Street and 108 Wickham Street in September 2017 and December 2017, respectively. Electricity consumption in the Australian operations rose from 1.04 million kWh in FY16/17 to 8.29 million kWh in FY17/18, and likewise the energy intensity from 46.77 kWh/sq m in FY16/17 to 174.98 kWh/sq m in FY17/18. Correspondingly, carbon emissions increased from 867 tonnes⁹ in FY16/17 to 6,881 tonnes in FY17/18, and carbon emissions intensity went up from 38.82 CO₂/sq m in FY16/17 to 145.23 CO₂/sq m in FY17/18.

Responsible Water Consumption

Water stress continues to be a national challenge for both Singapore and Australia as water scarcity is expected to intensify as a result of the increasing demand and limited supply of water. Though water consumption is not one of the material matters, the Manager does monitor its water consumption and actively identifies opportunities to improve water efficiency. As a result of the Managers' sustainability practices to encourage water conservation, total water consumption in Singapore operations fell from 1,321.8 thousand m³ in FY16/17 to 1,224.0 thousand

m³ in FY17/18, and water intensity dropped from 0.72m³/sq m in FY16/17 to 0.66m³/sq m to FY17/18. The Manager has achieved a reduction of 88.6 thousand m³ considering like-for-like water consumption in Ascendas Reit's Singapore properties, from 1,300.3 thousand m³ in FY16/17 to 1,211.7 thousand m³ in FY17/18.

Owing to new acquisitions in Australia, total water consumption rose from 14.7 thousand m³ to 52.0 thousand m³ and water intensity increased from 0.66 m³/sq m to 1.10 m³/sq m.

In managing its Natural Capital, Ascendas Reit seeks to contribute to the following SDGs:

- SDG 7 (Renewable energy): By adopting increased use of renewable energy
- SDG 12 (Responsible consumption): By promoting and encouraging the efficient management and use of natural resources
- SDG 13 (Climate action): By integrating climate change into its policies, strategies and planning

⁹ Emission factors used are taken from the National Greenhouse Accounts Factors published in July 2017 for New South Wales and Australian Capital Territory



NEXUS @one-north wins ASEAN Energy Awards 2017

NEXUS @one-north is a business park property developed by Ascendas Reit. It is located within one-north, a park designed to host a cluster of world-class research facilities and business park space, all built to support the growth of Biomedical Sciences, Infocomm Technology (ICT), Media, Physical Sciences and Engineering.

With a site boundary of 6,252 sq m and a total built-up area of 25,511 sq m, the development comprises of two 6-storey tower blocks, designed in a curved body form, in response to the local context and business objectives. The green features of NEXUS @one-north include optimised façade designs, energy efficient air-conditioning system, automatic demand controls to regulate lightings, fresh air, carbon monoxide levels in carpark areas and water usage. Solar photovoltaics (PV) provide energy to the building during daytime. Water conservation initiatives, such as harvesting rainwater for irrigation of sky gardens and landscape as well as water efficient fittings, are also integrated into the building.

The property was the top winner at the ASEAN Energy Awards 2017 for the Green Building (Large) category. 2.5% of the annual total building consumption generated by solar PV and its chiller plant system operates at a high efficiency of 0.579kW/RT, with controls optimised through the use of variable speed drives for the pumps and cooling towers.

GRI CONTENT INDEX

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GRI 102: General Disclosures			
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102-4	Location of operations	About this Report	2
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102-8	Information on employees and other workers	Human Capital – Profile of Employees	30 – 31
102-9	Supply chain	Manufactured Capital – Responsible Supply Chain Management	14 – 15
102-10	Significant changes to the organisation and its supply chain	Please refer to Chairman's Message and The Manager's Review of FY17/18 in the Annual Report FY17/18	Annual Report FY17/18 pages 8 – 10, 32 – 49
102-11	Precautionary Principle or approach	Please refer to the Corporate Governance report in the Annual Report FY17/18	Annual Report FY17/18 pages 106 – 135
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices	29
102-13	Membership of associations	Institute of Policy Studies, REITAS (Reit Association of Singapore)	N.A.
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102-14	Statement from senior decision-maker	Board Statement	1
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102-16	Values, principles, standards, and norms of behaviour	Governance and Culture - Culture and Enablers: "Power of One" and Business Ethics and Employee Conduct	9 – 11
Governance			
102-18	Governance structure	Governance and Culture - Risk management and Controls, and Corporate Governance report in the Annual Report FY17/18	10, Annual Report FY17/18 pages 106 – 135
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance and Culture - Risk Management and Controls	10
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	6 – 7
102-22	Composition of the highest governance body and its committees	Please refer to Ascendas Reit's Corporate Governance report	Annual Report FY17/18 pages 106 – 135

GRI Standard Disclosure Reference	Description	Section of Report	Page Reference
102-24	Nominating and selecting the highest governance body	Please refer to Ascendas Reit's Corporate Governance report	Annual Report FY17/18 pages 106 – 135
102-25	Conflicts of interest	Please refer to Ascendas Reit's Corporate Governance report	Annual Report FY17/18 pages 106 – 135
102-29	Identifying and managing economic, environmental, and social impacts	Materiality Assessment: Managing Risks and Opportunities	8
102-31	Review of economic, environmental, and social topics	Materiality Assessment: Managing Risks and Opportunities	8
102-32	Highest governance body's role in sustainability reporting	Materiality Assessment: Managing Risks and Opportunities	8
102-35	Remuneration policies	Please refer to Ascendas Reit's Corporate Governance report	Annual Report FY17/18 pages 106 – 135
102-36	Process for determining remuneration	Please refer to Ascendas Reit's Corporate Governance report	Annual Report FY17/18 pages 106 – 135
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	6 – 7
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102-42	Identifying and selecting stakeholders	Stakeholder Engagement	6 – 7
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GRI CONTENT INDEX

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103-3	Evaluation of the management approach	Governance and Culture Manufactured Capital Social & Relationship Capital Intellectual Capital Human Capital Natural Capital	10 – 11 12 – 15 16 – 23 24 – 28 29 – 33 34 – 37
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GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	Governance and Culture - Risk Management and Controls	10
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	Manufactured Capital - Responsible Supply Chain Management	15
Category: Social			
GRI 403: Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Social & Relationship Capital - Health, Safety and Security Protection	18 – 20
403-4	Health and safety topics covered in formal agreements with trade unions	Ascendas Reit does not have formal agreements with trade unions regarding health and safety topics.	N.A.

GRI Standard Disclosure Reference	Description	Section of Report	Page Reference
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404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital	32
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Manufactured Capital - Responsible Supply Chain Management	14 – 15
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	Social & Relationship Capital	16
GRI 418: Customer Health and Safety			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social & Relationship Capital – Security of Information	21
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Governance and Culture - Risk Management and Controls	10
GRI G4 Sector Disclosures: Construction and Real Estate			
CRE-8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Manufactured Capital – Providing End-to-End Real Estate Solutions to Meet the Needs of Customers	13
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