The Year of Clarity

HO
BEE
LAND

SR 20/18

(This sustainability report is extracted from the AR 2018)

Sustainability Report

This sustainability report for the financial year ended 31 December 2018 **(FY2018)** has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is with reference to the Global Reporting Initiative **(GRI)** Standards: Core Option.

All data in this report is presented in good faith and to the best of our knowledge.

REPORTING FRAMEWORK

Ho Bee Land has selected the GRI Standards based on the recommendation of an independent consultant who assisted us in developing this framework. The standard was widely used by sustainability reporters globally and it offers sector specific guidance for the real estate sector. The GRI guidelines are also closely aligned with the SGX requirements. In particular, we have included in this report certain disclosures on our strategy, ethics and integrity, governance, stakeholder engagement, management approach, material topics, environmental compliance, employment, training and education, and socio economic compliance.

BOARD'S STATEMENT

It is with great pleasure that we present our sustainability report for FY2018. This is the second edition of our report and it aims to demonstrate our continual commitment to grow our business sustainably as a responsible and forward-looking corporate citizen.

The business landscape has changed over the years. Many are giving more emphasis on factors relating to environmental, social and governance **(ESG)** matters in their business decisions. This is a healthy development and as a company, we need to recognise this trend and respond to our stakeholders' requirements by delivering our services and products in a sustainable manner.

As part of the Singapore Sustainable Blueprint, the government has implemented a number of sustainability initiatives such as the Smart Nation Initiatives, Climate Action Plan and Zero Waste Master Plan. Most recently, the Singapore Budget 2019 has reinforced the national focus on, amongst other things, ensuring a sustainable environment for all; creating a caring and inclusive society; and keeping Singapore safe and secure.

In line with these broad objectives and supported by the Sustainability Steering Committee, the Board sets the sustainability direction and standards for the Group and ensure that these are met during the course of the year. The focus continues to be in areas that support our business strategy with high sustainability impact.

For the purpose of SGX Listing Rule 711A and its accompanying Practice Note 7.6, the Board confirms that it has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

We hope that this report will provide our stakeholders with an ESG aspect of our business and strategy as well as a better insight of the Group. While we aim to maintain profitability and maximise shareholder return, we will endeavour to balance this with our non-financial objectives in order to create value for our other stakeholders at the same time.

YEAR IN REVIEW FY2018

Acquisition of Ropemaker Place

In June 2018, Ho Bee Land through its wholly-owned subsidiary acquired Ropemaker Place, a 21-storey commercial development in London. The building has been LEED Platinum pre-certified and has a BREEAM Excellent rating. The acquisition has boosted our green property portfolio.

Singapore's First Green Loan

In August 2018, Ho Bee Land secured Singapore's first green loan through the completion of a £200 million bridged Green Loan. While there has been several green bonds and sustainability-linked loans in Singapore prior to this, Ho Bee Land's Green Loan was the first green loan in Singapore and also the first that aligns to the Green Loan Principles set jointly by the Loan Market Association and the Asia Pacific Loan Market Association. During the process, Ho Bee Land appointed HSBC as its green structuring advisor to commission and develop its Green Finance Framework. This Framework was part of the Group's plan to move towards meeting its sustainable development goals. The Framework was certified by a third-party sustainability certifier, Sustainalytics.

Subsequent to the £200 million bridged Green Loan, the Group secured another Green Loan amounting to S$450 million and £190.3 million for the refinancing of the Group's flagship commercial building in Singapore, The Metropolis, which has obtained Platinum award under BCA Green Mark certification.

In November 2018, the Group had also completed a £455 million green loan under a 5-year term loan facility to fund its acquisition of Ropemaker Place in London.

STAKEHOLDER ENGAGEMENT

Our business operations affect, and is affected by, a diverse group of stakeholders – both internal and external. At Ho Bee Land, we recognise that effective collaboration with our key stakeholders is critical in aligning our business decisions with their needs and concerns. We thus proactively engage stakeholders through various channels to identify and understand issues pertinent to them. We also strive to maintain regular two-way communication to foster accountability and transparency. Ho Bee Land's approach towards stakeholder engagement is summarised below:

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest
Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and website	Throughout the year	• Sustain profitability and enhance shareholder return • Transparent reporting • Sound corporate governance practices • Active portfolio management
	Annual General Meeting	Annually	
Tenants – existing and potential	Regular formal or informal tenant meetings and feedback sessions to exchange ideas and updates on important initiatives and matters	Throughout the year	• Safe and secure office premises • Responsiveness to requests and feedback of tenants
	Established channels of communication for tenant and property-related issues	Throughout the year	
Employees	Induction programme for new employees	Throughout the year	• Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Focus on employee development and well-being
	Training and development programmes	Throughout the year	
	Career development performance appraisals	Annually	
	Recreational and wellness activities	Throughout the year	
	Regular e-mailers, meetings, and town-halls sessions	Throughout the year	
Communities	Corporate giving and philanthropy activities through Ho Bee Foundation	Throughout the year	• Contributions to communities • Responsible and ethical business practices
	Corporate volunteering	Throughout the year	
Government and Regulators	Meetings and dialogue sessions	Throughout the year	• Compliance with, and keep abreast to, ever-changing laws and regulations
	Membership in industry associations such as Real Estate Developers' Association of Singapore (REDAS), Singapore Chinese Chamber of Commerce and Industry (SCCCI), Singapore Business Federation (SBF)	Throughout the year	
Business Partners (such as Third-Party Service Providers)	Regular dialogue sessions with service providers and property managers	Throughout the year	• Equitable treatment of business partners • Regular and punctual payments upon enlistment of service
	Established channels of communication	Throughout the year	

HO BEE LAND'S BUSINESS STRATEGY → SUSTAINABILITY FOCUS AREA →

- ECONOMIC VALUE
- CORPORATE GOVERNANCE
- COMMUNITIES
- PEOPLE DEVELOPMENT
- SUSTAINABLE ENVIRONMENT

INTEGRATING SUSTAINABILITY

At Ho Bee Land, we recognise that long-term value creation for our business and stakeholders is contingent on our ability to adapt to evolving stakeholder interests as well as global trends and developments. In order for Ho Bee Land to holistically harness opportunities and mitigate risks, we have aligned our sustainability focus areas to our business strategy. It allows us to continually generate business value – be it financial, reputational or other forms, for Ho Bee Land and our stakeholders.

MATERIALITY ASSESSMENT

While preparing the inaugural sustainability report in FY2017, Ho Bee Land had initiated a materiality assessment exercise which took reference from the GRI Standards Materiality Principle. The objective of the exercise was to identify, prioritise and validate ESG factors that were significant to business operations and of interest to key stakeholders. Facilitated by an independent consultant, participants responded to an online questionnaire and participated in a workshop that required them to consider the followings:

- global and local emerging sustainability trends;
- main topics and future challenges for the real estate sector, as identified by peers;
- sustainability reporting frameworks and relevant sector-specific guidance;
- insights gained from regular day-to-day interactions with external stakeholders; and
- key organisational strategies and risks identified in our existing Enterprise Risk Management framework.

Five key areas of focus were identified to be material to Ho Bee Land. These were validated by the Board and were the focus of our inaugural sustainability report for FY2017. For FY2018, Ho Bee Land had adopted the same material factors identified in FY2017 as these were still applicable and relevant. We will review our materiality assessment periodically to keep abreast of new developments within the Group.

Sustainability Focus Areas	Material Factors	Read more in our:
Enhancing Economic Value Enhanced profitability, value creation, distribution and retention for shareholders.	Economic performance	• Financial Statements, page 76
Contributing to a Sustainable Environment Mitigating our environmental footprint.	Energy Water	• Sustainability Report, page 36
Developing our People Talent management strategy and practices.	Employment Training and Education	• Sustainability Report, page 38
Enriching our Communities Giving back to society through our philanthropic efforts.	Local Communities	• Sustainability Report, page 40 • Corporate Website: Corporate Social Responsibility
Strengthening Corporate Governance Compliance with applicable laws and regulations including ethics, integrity and anti-corruption.	Anti-corruption Socio-economic Compliance Environmental Compliance	• Sustainability Report, page 43 • Corporate Governance, page 45 • Corporate Website: Whistle-blowing Policy Statement

CONTRIBUTING TO A SUSTAINABLE ENVIRONMENT

Climate change and global warming are very real threats to our environment. These topics have continued to feature prominently during international, regional and local dialogues. More companies are taking on an active interest in supporting efforts around managing the negative impacts on the environment, including the selection of environmentally responsible business partners.

At Ho Bee Land, we will endure to do our part to proactively support environmentally friendly practices and respond to the needs of our stakeholders. For example, many of our tenants in The Metropolis have highlighted their strong preference for environmentally sustainable properties and have listed this factor as a key consideration in locating their offices in The Metropolis because of its Green Mark Platinum Certification. This approach enables us to manage our business obligations, maintaining strong economic performance and minimising the negative impact on our environmental footprint.

Ho Bee Land has adopted an Environmental Policy which advocates sustainable environmental practices within the organisation. Besides guiding responsible environmental stewardship, the policy serves to promote the adoption of environmental best practices and safeguard compliance with all relevant environmental legislations.

Ho Bee Land is committed to reducing our environmental footprint through a number of eco-efficiency initiatives and innovations in sustainable building design. During the year, we continued to adopt practicable energy and resource saving initiatives without compromising on the standard of maintenance or in our delivery of good service. Our recycling programme includes the collection of paper, carton boxes, glass, plastics, metals and lamps. We believe these initiatives promote environmental responsibility behaviour amongst our stakeholders and at the same time, help conserve our depleting natural resources.

Apart from conservation, the efficient use of environmental resources such as energy and water contributes to our operational efficiency and long-term sustainability. Hence, we monitor our energy and water consumption patterns closely to ensure responsible usage. We encourage all levels of our staff, including cleaners and maintenance staff to review our operations and suggest areas where we cut down on power and water consumption. We also track the amount of waste being collected and recycled by our tenants.

As a result, there was a reduction of our annual energy consumption in The Metropolis by 3% from the previous year (FY2017: 1.7% reduction). Our consumption of NEWater in the same development in FY2018 continued to see a drop. This was reduced by almost 2% (or about 740 cubic metres) (FY2017: 7% reduction).

To encourage awareness and reduce plastic waste, Ho Bee Land partnered Zero WasteSG and some F&B outlets in The Metropolis in September last year to organise a Straw Free Week. Activities included the free screening of a movie on the environment, A Plastic Ocean, highlighting the effects of plastic pollution on our oceans and discouraging the use of straws in the F&B outlets.

Going Green At The Metropolis

The Metropolis exemplifies Ho Bee Land's commitment to building an environmentally sustainable business and delivering long-term value to its stakeholders. The property was designed to incorporate a range of innovative solutions that conserve energy and water, and reduce carbon dioxide emissions, thereby minimising the environmental impact of the building. This has earned The Metropolis the coveted Green Mark Platinum certification, which is the highest rating for energy efficient buildings, by the Building & Construction Authority (BCA) of Singapore.

The Metropolis — Energy Saving Highlights

FY2017		
168.82 kwh/yr/m^2 Energy Efficiency Index (EEI)	**56,467** kwh/yr Renewable energy generated by Solar Photovoltaic technology	**0.57** kW/RT System efficiency of the energy efficient chiller plant
FY2018		
166.62 kwh/yr/m^2 Energy Efficiency Index (EEI)	**57,595** kwh/yr Renewable energy generated by Solar Photovoltaic technology	**0.56** kW/RT System efficiency of the energy efficient chiller plant

The implemented green features have been described in details below and helped to reduce the overall energy consumption:

Innovative Building Design

- Solar photovoltaic panel to harness the sunlight and generate clean, renewable energy
- Sun shading fins and double glazed low-e glass on windows
- Photocell sensors along the perimeter of the building to regulate lighting (photocell sensors will turn off lighting if there is sufficient daylighting at the perimeter)
- Naturally ventilated atrium, toilets and staircases
- Pre-fitted tanks installed to harvest rainwater which is used for the auto-irrigation system
- A paper recycling chute was installed

Energy Efficiency Features

- High efficiency plant system that achieves a 29% energy improvement over the national baseline standard
- Energy efficient lighting system such as the T5 fluorescent lighting with high frequency electronic ballast in all office and retail spaces
- Motion sensors in lavatories and stairwells
- Variable voltage variable frequency lifts and escalators which are also equipped with sleep mode feature
- Energy efficient chiller plant with a system efficiency of 0.56 kW/RT and automatic tube cleaning system

Water Efficiency Features

- Water fittings are certified under the Public Utilities Board's "Excellent" and "Very Good" Water Efficiency Labelling Scheme (WELS) rating
- Private water meters have been installed to monitor rainwater harvested, water consumption and to detect water leakages
- Automatic water efficient drip irrigation system
- NEWater used as makeup water for the cooling tower
- Collection of water from condensation of air-conditioners
- Sensors have been installed to stop the irrigation system during periods of rainfall

Other Sustainable Operations and Management Features

- Recycling bins are located at L1 and B1 for the collection of recyclables such as plastics, cans, paper, lamps or light tubes
- Provision of carpark guidance system
- Carbon monoxide sensors for basement carpark ventilation

In the forthcoming year, Ho Bee Land targets to maintain Green Mark Platinum Certification for The Metropolis.

In line with evolving business practices and stakeholder sentiments, the international real estate sector has seen a shift towards sustainable or green buildings in efforts to ensure environmental sustainability. Ho Bee Land is committed to this endeavour and targets to achieve the BCA Green Mark Certification for all new developments in Singapore.

DEVELOPING OUR PEOPLE

Our Human Capital Philosophy

At Ho Bee Land, we firmly believe our employees are our organisation's greatest asset and we are only as successful as our people. Hence, providing relevant staff training and looking after their well-being are key areas that management focuses so that the staff remain committed to the organisation. This is critical for stability and sustainable long-term growth for the organisation.

With this in mind, we formulate our human resource policies and practices to foster a transparent, fair and inclusive working environment. This helps drive employees' well-being, satisfaction and career prospects. We provide work opportunities for employees by matching their respective skills with the right job. We recognise the importance of nurturing and building a promising career path for our employees where they can develop and grow to their full potential.

Diversity and Inclusion in the Workplace

We consciously remind ourselves to promote diversity, equality and inclusivity in our workplace. We harness, without discrimination, talents from a diverse group of people from different genders, age, ethnicities, nationalities and religions. To adhere to the culture of equal opportunities for potential talents, we hire based strictly on merit, professional knowledge and skill sets.

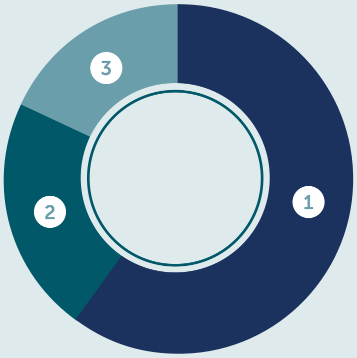
We have many long service and experienced employees who have worked with our organisation for more than 10 years, some as long as 30 years. We advocate the re-employement of our employees even when they have crossed the retirement age; as long as they are fit and healthy and wish to continue working.

Training and Education

For our employees to navigate through an increasingly demanding work environment, training and skill upgrading of our staff remain as one of our top priorities. For personal development, employees are encouraged to upgrade their knowledge and skill set by attending relevant seminars and courses. Ho Bee Land provides sponsorships for employees' enrichment endeavors to encourage and support them to be constantly engaged with up-to-date skills and knowledge.

In FY2018, 90% (FY2017: 60%) of the employees had clocked an average of 16 hours (FY2017: 12 hours) in training and development. This is equivalent to about two days per employee. This year, we aim to maintain the percentage of workforce attending training at 90% and the average training hours per employee at 16 hours. Training focus shall be on service delivery, technical knowhow and leadership skills.

Tenure of Ho Bee Land Employees



1 **60%** Up to 10 years

2 **22%** 11 to 20 years

3 **18%** Above 20 years

We also invest in technology to improve productivity and allow staff to perform more value-added functions. For example, in FY2018, we implemented a new asset management software to streamline some processes such as procurement and inventory control; monitoring of maintenance works and works orders for our technicians in The Metropolis. This resulted in a savings of 24 man-days per month on manual tasks.

Well-Being of Employees

Ho Bee Land believes that an engaged, healthy and happy employee contributes to a progressive and productive workforce.

After receiving feedback from staff and after evaluating that the change would not affect our operations, we adjusted our office hours to an earlier starting and ending time so as to enable our employees to spend more quality time with their families. This move was welcomed by parents with children of school-going age. Similarly, we aligned the working hours of the Building Management Office to a five-day work week so that staff could achieve a better work-life balance.

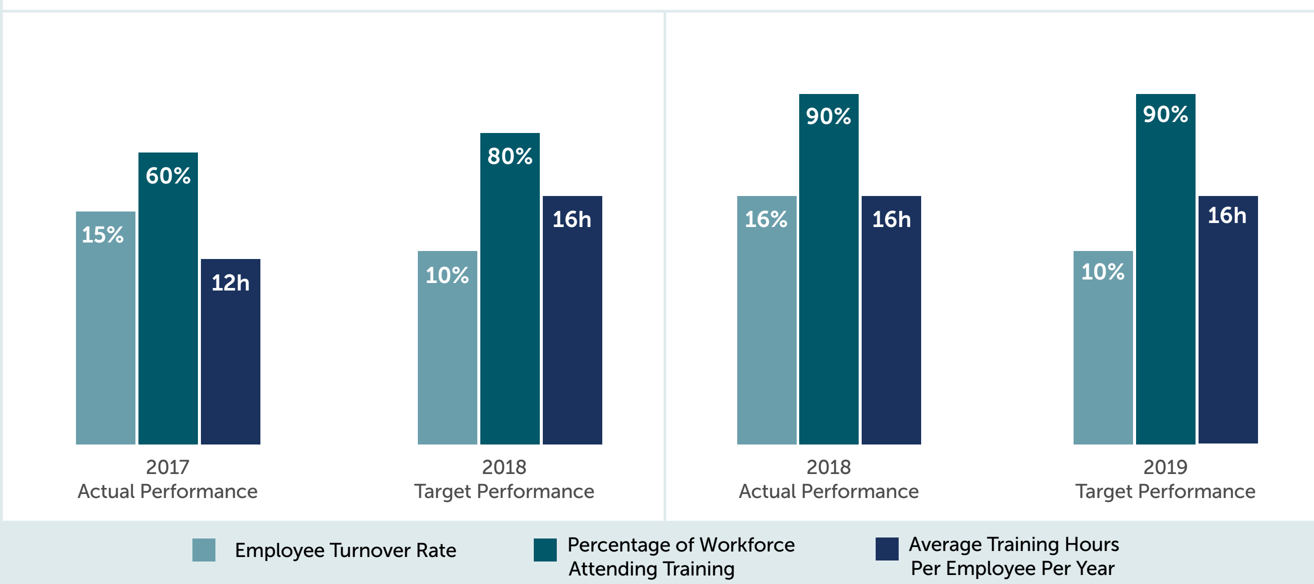
In FY2018, the employee turnover rate at Ho Bee Land was 16% (FY2017: 15%). We aim to keep our turnover rate down to 10% for FY2019.

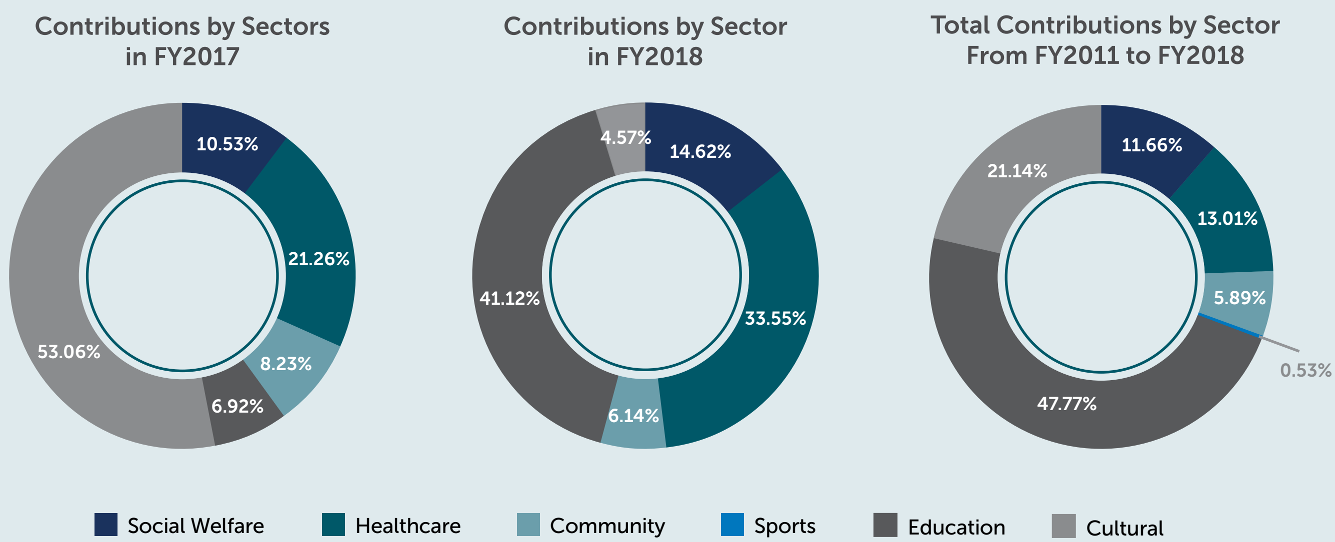
To foster a collaborative and cohesive team, we organise and participate in a range of activities. In FY2018, we participated in social and competitive events where our employees bonded together for some fun and games.

REDAS Bowling Competition, March 2018
Our team won the 1st runner up in the mixed group category (jointly with the Health Promotion Board Team).

First Aid Course, June 2018
With the aim of gaining general knowledge and life-saving skills during emergencies, we organised a one-day first aid course for our employees. They were taught how to perform cardiopulmonary resuscitation (CPR) and how to use an automated external defibrillator (AED).

Materiality Performance Target





ENRICHING OUR COMMUNITIES

Corporate Social Responsibility (CSR) is integral to Ho Bee Land's culture. We continue to invest in our communities through Ho Bee Foundation which was set up to serve as our philanthropic arm. The Foundation, established in October 2010, has been and will continue to effectively and efficiently channel Ho Bee Land's donations towards a host of worthy charitable causes, that include educational institutions, healthcare, communities and other social welfares.

In FY2018, the total amount of charitable donations by the Foundation was S$1.3 million (FY2017: S$1.5 million). Since its inception, the Foundation has donated S$16.5 million. The above pie charts depict the percentage of contribution to the various sectors for (i) FY2017, (ii) FY2018 and (iii) total contributions from FY2011 to FY2018.

Patron of the Arts

Ho Bee Land received the Patron of the Arts Award by the National Arts Council for two consecutive years (FY2017 and FY2018) for our contributions to the National Arts Council.

SMU Ho Bee Professorship

The Ho Bee Professorship was established in 2007 with the Singapore Management University (SMU). The programme aims to advance the study of the Chinese economy and to promote educational, economic, cultural and community development in Singapore with China for the benefit of the business community.

The recipients of the Professorship are professors of prestigious institutions, such as Harvard University and Stanford University, amongst others. It is a part of the educational development in line with the purpose of the Professorship.

Community Involvement

Besides charitable donations, we also advocate community participation to promote social goodwill. We actively initiate programmes by reaching out to associations to offer our help to those in need. The focus is on our youth and the less fortunate.

Mid-Autumn Celebration for Fostered Children, August 2018
During the mid-autumn festival, our employees brought joy to the fostered children by distributing 150 LED balloons to their foster family's homes.

Blood Donation Drive, September 2018
Ho Bee Land co-organised a blood donation drive with the Red Cross Society at The Metropolis in September 2018, as part of the National Blood Programme. Our tenants lent their full support and the event was a huge success.

Mosaic Craft Session – Ren Ci Hospital, September 2018
Led by a mosaic painting expert, approximately 30 residents in the Ren Ci Hospital (Ang Mo Kio Branch) participated in the mosaic art and craft session. Ten volunteers from Ho Bee Land provided assistance to the elderly. The residents enjoyed piecing the mosaic into their own masterwork. They were allowed to keep their completed masterpieces and many placed them at their bedside, which brought fond memories for them of the event.

Food Fiesta 2018
– Ren Ci Hospital, October 2018
It was another eventful day at the Ren Ci Food Fiesta. Everything went like clockwork and all Ho Bee sponsored goods were sold before the end of the event. All sales proceed were donated to Ren Ci Hospital.

Plant-A-Tree at One-North Park, November 2018
Ho Bee Land was invited by the Jurong Town Corporation (JTC) to participate in the Garden City Fund's "Plant-A-Tree" programme. The aim of this green initiative was to increase awareness and participation in sustainable climate action in the one-north vicinity.

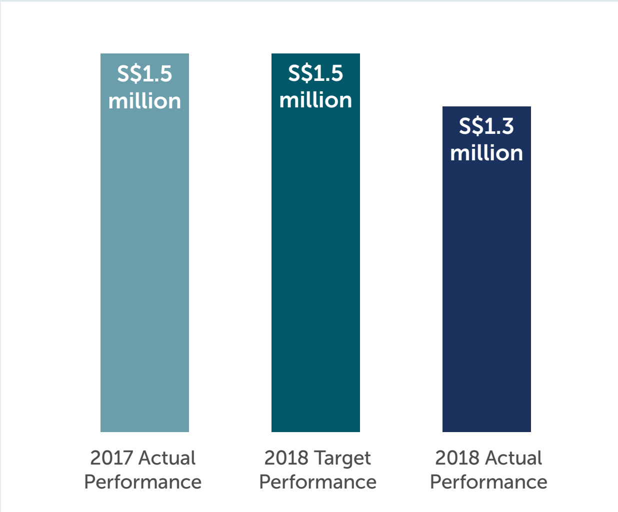
115 trees were planted in the one-north area, with some donors including Ho Bee Land, planting the trees themselves. The trees were planted near Fusionpolis Link. This is a nature sanctuary where the original habitat and secondary forests have been retained.

Other CSR activities include:

- KidZania Adventure for fostered children, June 2018.

Materiality Performance Target

Donations towards charitable causes



STRENGTHENING CORPORATE GOVERNANCE

Ho Bee Land prides itself on its good corporate governance practices. We are committed to ensuring and maintaining a high standard of governance and business conduct to safeguard the interests of our stakeholders, thereby ensuring long-term value creation. Good corporate governance dictates that crisis management, anti-corruption, fraud prevention and compliance be placed high on a company's agenda. We will constantly develop robust corporate policies and internal processes to address these areas.

Anti-corruption

Ho Bee Land has a zero-tolerance approach towards corruption and fraud. Encompassed within the Ho Bee Land Staff Handbook is our Professional Conduct and Discipline guide. It sets out expectations of employees in relation to issues such as conduct, insubordination and policies with regards to attire and gifts, amongst others. Employees are also required to adhere to various corporate policies and standard operating procedures which provide guidance on the proper conduct of our employees.

In light of the heightened cybersecurity risk, Ho Bee Land takes a firm stance and has policies and procedures to safeguard vital company information. The whistleblowing policy provides a transparent channel for employees to report concerns about possible fraud, improprieties in financial reporting and other matters. All employees are also required to submit the undertaking to safeguard official information, declaration for software use policy, declaration for the personal data protection notice, and a conflict of interest disclosure statement upon commencement of their employment with Ho Bee Land.

Compliance with Laws and Regulations

Ho Bee Land adheres to the highest standards of corporate governance practices as guided by the Code of Corporate Governance 2012 and the recently published Code of Corporate Governance 2018. We also abide by all applicable laws and regulations including the listing rules and regulations set out by SGX, and the MAS Securities and Futures Act.

Our properties are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the Building and Construction Authority (BCA), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency (NEA). Property Managers conduct regular checks within the buildings and ensure compliance with reporting requirements pertaining to the submission of environmental data. Properties are also subject to periodic environmental audits by the local authorities.

In FY2018, there were zero incidents of corruption and no significant instances of non-compliance with all applicable laws and regulations.

Materiality Performance Target	
Zero incident of corruption or no significant instances of non-compliance with all applicable laws and regulations.	
FY2017 Performance	**FY2018 Performance**
Nil incident	Nil incident

MOVING FORWARD

The business landscape is in constant flux brought about by technological disruptions and geo-political developments. Further, demands from stakeholders are getting more challenging, sometimes with conflicting requirements. Faced with these challenges it is important to constantly remind ourselves of the broader objectives of our sustainable development goals and the impact our business decisions have on these goals.

We shall remain committed to our sustainability agenda and continue to seek innovative solutions or design new sustainability strategies which will add value to our organisation and our stakeholders through a sustainability lens.

In FY2019, we will continue to assess and update the relevance of our material ESG factors and sustainability initiatives in the context of global megatrends. We will evaluate the reason for any under-performance of our sustainability initiatives. We will also strive to continually improve our sustainability reporting initiatives by enhancing our non-financial disclosures to provide our stakeholders with deeper insights into Ho Bee Land's sustainability practices.

In the forthcoming year, Ho Bee Land endeavours to maintain the performance achieved in 2018 i.e. a zero occurrence of corruption incident and no significant instances of non-compliance with all applicable laws and regulations.

HO BEE LAND LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198702381M)

9 North Buona Vista Drive #11-01,
The Metropolis Tower 1, Singapore 138588
Tel +65 6704 0888   Fax: +65 6704 0800
www.hobee.com