

Shaping The Future

**SUSTAINABILITY
REPORT
2018**



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ABOUT UNITED ENGINEERS LIMITED

United Engineers Limited (“UEL” or the “Company” and together with its group of subsidiaries, the “Group”), was founded in 1912 and is one of Singapore’s pioneer companies. UEL has played an integral role in the physical and economic transformation of Singapore. Building on its early engineering roots, the Group evolved into a dynamic corporation with key business activities in Property Rental and Hospitality, Property Development, Engineering and Distribution, as well as Manufacturing.



Property
Rental and
Hospitality



Engineering
and
Distribution



Manufacturing



Property
Development



ABOUT THE REPORT

2018 marked the second year of Sustainability Reporting (SR) for UEL. This report has been prepared in accordance with Singapore Exchange Securities Trading Limited's (SGX-ST) Mainboard Listing Rule 711(B) and internationally recognised Global Reporting Initiatives (GRI) Standards – 'Core' reporting requirements. This SR covers UEL's Property Rental & Hospitality and Property Development¹ operations in Singapore from 1 January 2018 to 31 December 2018. Data from the previous year is presented, where possible, for comparative purposes. Figure 1 below shows the properties under this reporting scope.



*The Group divested UE BizHub EAST in November 2013 but continues to operate the business hotel and serviced offices under Park Avenue Changi

Figure 1: Properties under the scope of 2018 SR

As UEL continues on its SR journey, the Company may consider extending the reporting scope to include overseas property operations, and other business segments in subsequent reports. This report has not sought any external assurance but we intend to do so in time to come as our reporting matures.

We look forward to your continued support and welcome any feedback from our stakeholders. Please address all queries to ir@uel.sg. For more information on UEL, please visit www.uel.sg.

¹ Property Development involves the development, marketing and sales of residential, commercial, industrial, mixed-use and build-to-suit properties.

² UE BizHub CITY is a mixed-use development which comprises office, hospitality and retail components, of which hospitality and retail components are known as Park Avenue Clemenceau and UE Square Shopping Mall respectively.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Sustainability Advisory Panel comprising the Group Managing Director and senior management spearheads UEL's sustainability strategy and oversees the integration of sustainability in its business practices. It is supported by the Sustainability Working Committee which comprises representatives from strategic business units and relevant departments from the Corporate Office. They help to ensure continued systematic implementation of policies and procedures as well as monitor progress in areas relating to environment, social and governance. Through their day-to-day work scope, this working committee also strives to instil a sense of sustainability and promote sustainable business practices among all staff. The Group Managing Director reports annually to the Board of Directors on sustainability management performance, key material ESG matters identified by our stakeholders, and follow up measures or actions undertaken to address these matters.



Figure 2: UEL's Sustainability Governance Structure

GROUP MANAGING DIRECTOR'S STATEMENT



The Group is committed to managing and growing its businesses sustainably in the interests of all its stakeholders. Prior to formally reporting on sustainability performance, we have always considered Environmental, Social and Governance (ESG) factors as part of our strategic formulation and operations.

In 2017, a formal materiality assessment was conducted, taking into consideration the view of our various stakeholders which resulted in the identification of six (five material and one additional) ESG factors. Subsequently, we published our inaugural Sustainability Report 2017 in November 2018 in accordance with SGX's Sustainability Reporting Guide. For 2018, UEL is disclosing its sustainability performance based on the existing ESG factors. Regular review of existing as well as potential key ESG factors will be conducted to ensure continued relevance to our businesses.

Supported by the Sustainability Advisory Panel which comprises Group Managing Director and senior management, the Board maintains oversight of the implementation of key sustainability strategies, integration of sustainability in our business practices and sustainability related performance. As

we progress further on our sustainability reporting journey, we endeavour to continually engage with our stakeholders including customers, business partners, regulators, shareholders, the community and staff to better understand their key concerns, and to manage and address the relevant ESG factors.




In 2019, UEL is preparing for the transition to the new ISO 45001:2018 Occupational Health and Safety management system which will further improve the robustness of its existing OSH policies and practices. In addition, it is also the Group's target to achieve BCA Green Mark (Gold Rating) for all its new development properties in Singapore. While our business grows, UEL strives to do so sustainably, and in an environmentally and socially responsible manner, for the benefits of all the stakeholders in the countries that it operates in.

Mr Tan Chee Keong Roy
Group Managing Director



STAKEHOLDER ENGAGEMENT

UEL recognises that active stakeholder engagement is vital to the success of an organisation. Through regular engagements with our stakeholders, the Group gains a better understanding of their interests and concerns where appropriate follow-up actions will be taken. Figure 3 details key interests of stakeholder groups, UEL's responses and the types of engagement methods.

Stakeholder Groups	Key Concerns / Interests Raised by Stakeholder Groups	UEL's Response	Methods of Engagement	Frequency of Engagement
 Investment community (institutional and retail investors, analysts and the media)	<ul style="list-style-type: none"> • UEL's growth strategy and market outlook • Business operations and performance 	<ul style="list-style-type: none"> • Transparent and timely communication of both financial and non-financial information • Maximise shareholder returns, maintain good corporate governance for continued business success 	Annual General Meeting (AGM)	Annually
			Financial results announcements	Quarterly
			Meetings with analysts and investors	Quarterly after financial results announcements or as required
			Conference calls	As required
			Announcements and news released on UEL's corporate website	Ongoing
 Customers (including tenants and hotel guests)	<ul style="list-style-type: none"> • Customer satisfaction • Quality of UEL's services and property assets 	<ul style="list-style-type: none"> • Timely response and prompt follow-up actions taken to address customers' feedback • Conduct regular maintenance and repair of property and hospitality assets • Close monitor of property and hospitality assets through frequent inspections 	Meeting with tenants	As appropriate
			Customer/ Guest Satisfaction Survey	Ongoing
			Feedback and reviews received through social media	Continuous
			Festive giveaways	Ongoing
 Employees and workers	<ul style="list-style-type: none"> • Conducive, safe and healthy work environment • Competitive salary rates, equal remuneration, compensation and benefits • Training and development opportunities • Talent retention and career advancement • Employee wellness 	<ul style="list-style-type: none"> • Adopt Tripartite Alliance for Fair and Progressive Employment's (TAFEP) five principles of fair employment practices • Performance appraisal system to review development of employees and identify potential staff for career advancement opportunities • Work and non-work related workshops and learning opportunities to improve both technical skillsets and employee well-being 	Staff appraisal	Annually
			Training and development programmes	Ongoing
			Employee feedback channel	Ongoing
			Staff motivation activities	Ongoing
			Health screening	Annually; once every two years; once every three years ³

³ Frequency of health screening conducted is dependent on the age of employees

STAKEHOLDER ENGAGEMENT






Stakeholder Groups	Key Concerns / Interests Raised by Stakeholder Groups	UEL's Response	Methods of Engagement	Frequency of Engagement
 Suppliers and contractors	<ul style="list-style-type: none"> Fair and unbiased treatment of contractors and suppliers Continued business with UEL Health and safety 	<ul style="list-style-type: none"> Conduct tenders in a fair and transparent manner Alignment of expectations between both parties through regular reviews Ensure that risk assessment relating to health and safety is performed by suppliers and contractors 	Meeting with suppliers and contractors	As appropriate
 Government and regulatory boards	<ul style="list-style-type: none"> Comply to all relevant laws and regulations in UEL's business operations 	<ul style="list-style-type: none"> Ensure regulatory compliance to relevant socioeconomic and environmental laws Participate in meetings and discussions with relevant government agencies to keep abreast with new developments 	Industry update meetings and policy awareness briefings	Ongoing
 Industry peers	<u>Hospitality</u> <ul style="list-style-type: none"> Exchange of information with industry peers through active networking Potential collaboration and business opportunities 	<ul style="list-style-type: none"> Participate in meetings and networking sessions to exchange views and network among industry peers 	Including association meetings	Bi-monthly or quarterly
	<u>Property</u> <ul style="list-style-type: none"> Exchange of information with industry peers through active networking 	<ul style="list-style-type: none"> Participate in meetings and networking sessions among industry peers 	Management Corporation Strata Title (MCST) council meetings and functions such as Real Estate Developers' Association of Singapore (REDAS) seminars	As appropriate
 Trade unions	<ul style="list-style-type: none"> Equal and fair treatment of employees UEL's timely response to employment related matters 	<ul style="list-style-type: none"> Uphold good Human Resource (HR) practices at all times and maintain compliance with relevant labour laws 	Meetings with relevant trade unions	As appropriate
 Local communities	<ul style="list-style-type: none"> Responsible use of resources Support the community by helping the needy Foster strong ties with the community 	<ul style="list-style-type: none"> Operate and grow the business in a socially responsible manner through efficient use and allocation of resources Support initiatives that focus on corporate giving through implementing Corporate Social Responsibility (CSR) practices 	Employee monthly giving through Community Chest's SHARE Programme	Monthly
			Charity walks such as Community Chest Heartstrings Walk	As appropriate
			Monetary and in-kind donations	As appropriate

Figure 3: Stakeholder Engagement

MATERIALITY ASSESSMENT PROCESS

UEL takes into consideration stakeholders' concerns and strives to deliver value through the business operations. In 2017, we conducted our inaugural formal materiality assessment under the guidance of independent sustainability consultants. In 2018, the Sustainability Advisory Panel reviewed feedback and concerns received in the year and concluded on the existing six ESG (five material and one additional) matters for their continued relevance. The endorsement from the Board was sought on these ESG matters. UEL shares the sustainability performance of 2018 in this report on the six ESG matters as shown in Figure 5. Respective GRI Topic-specific disclosures chosen for each ESG matter are shown in Figure 6.

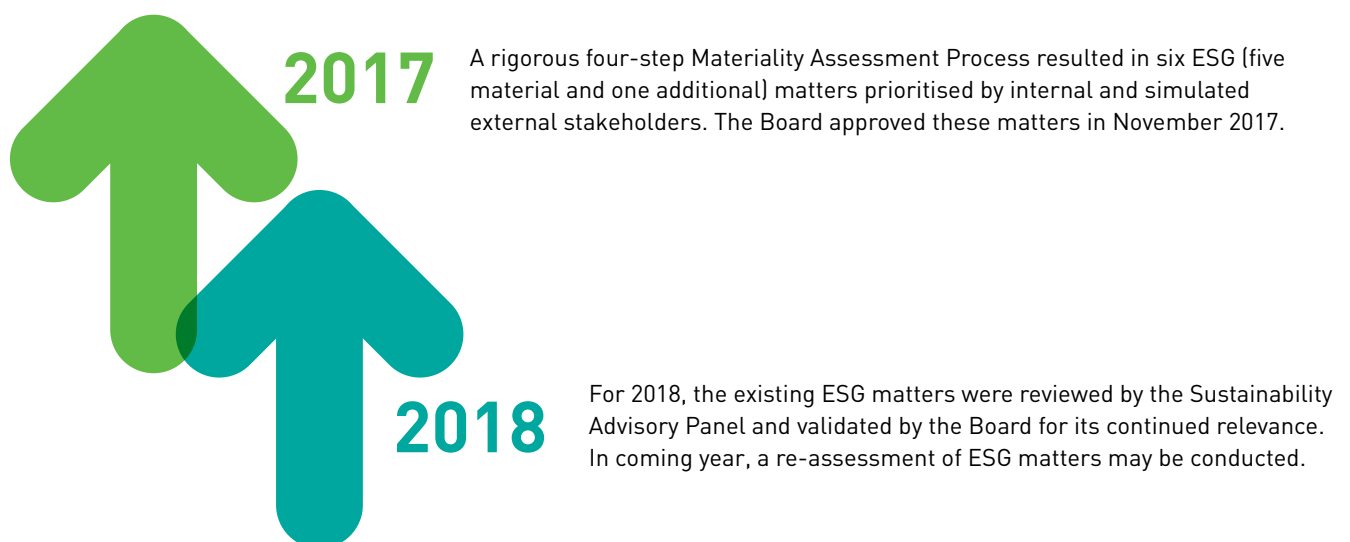


Figure 4: Materiality Assessment

MATERIALITY ASSESSMENT PROCESS

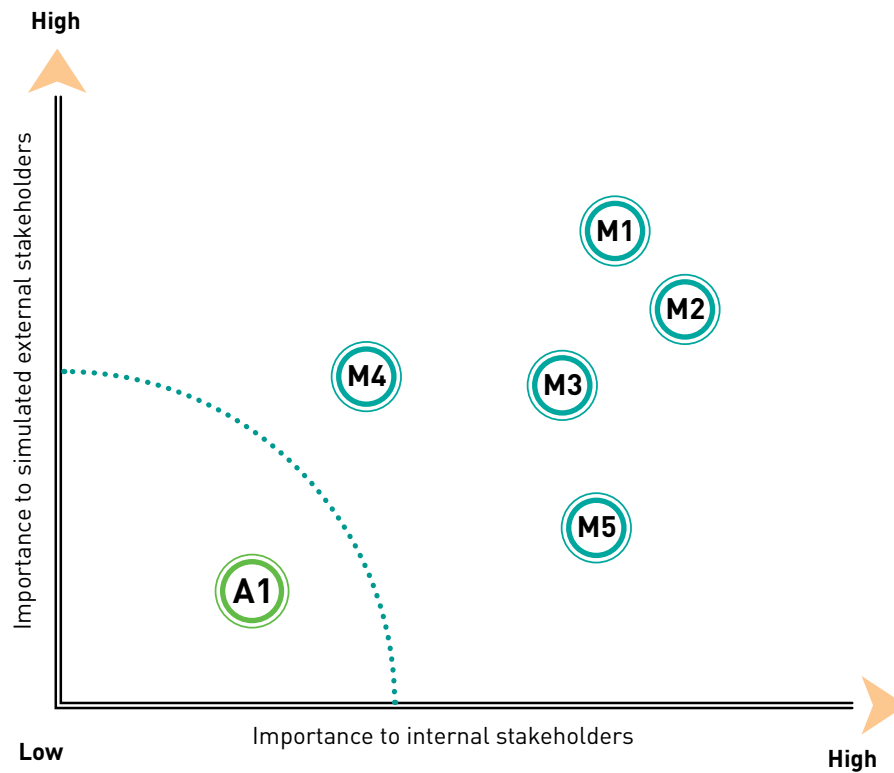


Figure 5: UEL's Materiality Matrix

No.	Material Matter	Category	GRI Topic-specific Disclosures
M1	Regulatory Compliance	Governance	GRI 307: Environmental Compliance [307-1] GRI 419: Socioeconomic Compliance [419-1]
M2	Occupational Health and Safety	Social	GRI 403: Occupational Health and Safety [403-2]
M3	Anti-Corruption	Economic	GRI 205: Anti-corruption [205-3]
M4	Customer Health and Safety	Social	GRI 416: Customer Health and Safety [416-2]
M5	Data Security and Customer Privacy	Social	GRI 418: Customer Privacy [418-1]
Additional Matter		Category	GRI Topic-specific Disclosures
A1	Energy and Carbon Footprint	Environment	GRI 302: Energy [302-1, 302-3] GRI 305: Emissions [305-2, 305-4]

Figure 6: Mapping ESG Material and Additional Matters to GRI Topic-Specific Disclosures

CORPORATE GOVERNANCE

UEL places strong emphasis in maintaining high standards of corporate governance and transparency within the Group. The Corporate Governance Report sets out the practices with reference to the principles and guidelines of the Code of Corporate Governance 2012 (2012 Code)⁴. For more details on our governance structure and explanations, please refer to page 35 to 48 of our 2018 Annual Report.

UEL conducts its business with integrity and honesty, practising fair dealing in business, as well as ensuring compliance to all applicable laws of the countries in which the Group operates. The Group has an internal Code of Business Ethics (COBE) which sets out standard business practices, procedures and ethical conduct expected of all employees, which employees are required to abide in exercising sound and unbiased judgement while complying with all applicable laws and regulations. Should there be any concerns or potential violations of the COBE, employees are encouraged to reach out through formalised channels of reporting.

A. ANTI-CORRUPTION



All new hires of UEL are given a set of COBE and are required to sign the Certificate of Compliance which affirms that they have read and understood the COBE. Annual declarations will be obtained from employees. In 2018, UEL has achieved 100% acknowledgement on annual declaration of COBE. The COBE policy is available in the UEL's intranet for employees' reference.

The Group bears zero tolerance towards any form of corruption or unethical behaviour. All employees are strongly encouraged to raise their concerns on possible improprieties relating to financial reporting, internal controls, accounting, audit and/or any violation of the COBE through formalised channels including an internal hotline and email. Alternatively, reports can also be submitted to any member of the senior management, Chairman of the Audit & Risk Committee (ARC) or Board of Directors. The Whistleblowing Policy aims to facilitate reporting of any incidents or concerns through a formalised set of procedures as detailed in Figure 7.

⁴ The revised Code of Corporate Governance (2018 Code) issued in August 2018 supersedes the 2012 Code and will apply to annual reports issued for financial years commencing from 1 January 2019. UEL will revise its Corporate Governance Report accordingly to be in full compliance with the 2018 Code.

Group Whistleblowing Policy

REVIEW AND INVESTIGATION

All cases received will be duly reviewed by Group Internal Audit and will be channelled to the ARC where appropriate.

The ARC decides on the appropriate response action and engages external experts/advisors (if needed) to assist with the investigation. Under no circumstances shall the alleged violator be allowed to conduct the investigation.

STATUS OF WHISTLEBLOWER

The identity of the whistleblower shall remain confidential unless:

- It is required by law and regulations
- The ARC or the Board of Directors is of the opinion that it would be in the best interests of the Group to disclose the identity

Any whistleblower, who receives backlash or discrimination, can report to the respective HR Department or any authority within the Group.

RAISING CONCERNS

Reporting of incidents or concerns can be done through:

- Whistleblowing hotline/ email
- Writing to any member of senior management or to the Chairman of the ARC or to the Board of Directors

To facilitate investigation, the whistleblower should provide specific and factual information whenever possible.

OUTCOME OF REVIEW

Following the investigation, a formal report shall be submitted to the ARC.

The ARC shall review the report and advise and authorise the relevant department to take the appropriate actions in respect of the investigated incident (if applicable).

Figure 7: Group Whistleblowing Policy

CODE OF BUSINESS CONDUCT

Code of Business Conduct sets out the standard practices and procedures in areas relating to

- gifts, loans and entertainment
- direct and/or indirect interest
- business involvement outside the Group and
- Employee's Code of Conduct

Throughout their employment, employees are expected to maintain high standards of honesty and integrity. They should also uphold the Company's reputation and brand name by having high moral values. Employees should also take a conscious effort to manage any potential conflict of interests and to ensure businesses are conducted in a cost-effective manner.

B. REGULATORY COMPLIANCE



UEL is committed to comply with all applicable laws and regulatory requirements in the countries we operate in.

All our operations in Singapore are subjected to Personal Data Protection Act administered by Info-communications Media Development Authority. In areas of socioeconomic regulations, UEL complies strictly to Ministry of Manpower's Employment Act and Workplace Safety & Health Act. For Property and Hospitality operations, Building Control Regulations governed by Building and Construction Authority (BCA), Hotels Act under Hotels Licencing Board and Code of Practice of Environmental Health governed by National Environment Agency (NEA) are strictly adhered to.

Group Internal Audit (IA) conducts checks to ensure respective businesses' compliance and findings are reported to the ARC quarterly. To keep abreast of regulatory changes, employees attend relevant training, consultation sessions and seminars in areas ranging from Employment Act, National Wages Council Guidelines, Corporate Governance to general labour market trends.

In 2018, there were zero reported incidents resulting in significant fines or non-monetary sanctions for non-compliance in areas of socioeconomic and environmental aspects.

SOCIAL: OUR PEOPLE

A. EMPLOYEE PROFILE

UEL recognises that our employees are our critical resources and key to the Group's sustainable growth. We maintain the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)'s principles of fair employment practices. We recruit based on merit regardless of age, race, gender, marital status or family responsibilities; and ensure that all our employees are provided with equal opportunities for training, development and career progression. In addition, Park Avenue of Hospitality division was recognised as an official Human Capital Partner by the Human Capital Partnership Programme, a tripartite initiative that brings together a community of employers who are committed to grow their businesses and stay competitive by having progressive employment practices, and developing their human capital.

Across the two years in 2017 and 2018, UEL's headcount has remained relatively constant. Almost 100% of our employees work full time and hold permanent positions. 66% are females, a 2% increase from 2017, and 34% are males.

Besides permanent employees, UEL has also engaged four interns and outsourced security and cleaning functions to external vendors. There were 97 contracted staff working on UEL's premises in 2018. Across the employment categories, rank & file⁵ and non-executive employees account for slightly more than 50% of the total workforce. This comprises employees from front desk and housekeeping of the Hospitality division and the facility maintenance personnel from the Property division. Due to the nature of the job scope, the front desk and rank & file employees as well as the leasing & marketing team comprise more females.

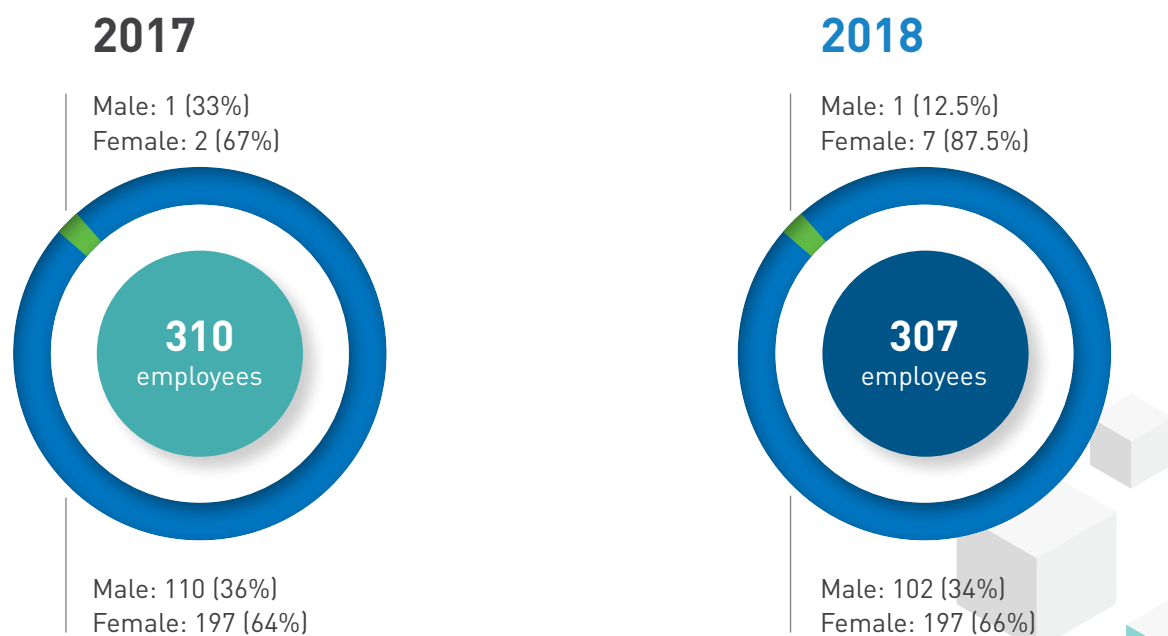


Figure 8: Composition of Workforce by Employment Contract and Gender

● Temporary
● Permanent

⁵ Rank & file employees comprise room attendants and linen attendants under the Hospitality division

EMPLOYEE PROFILE

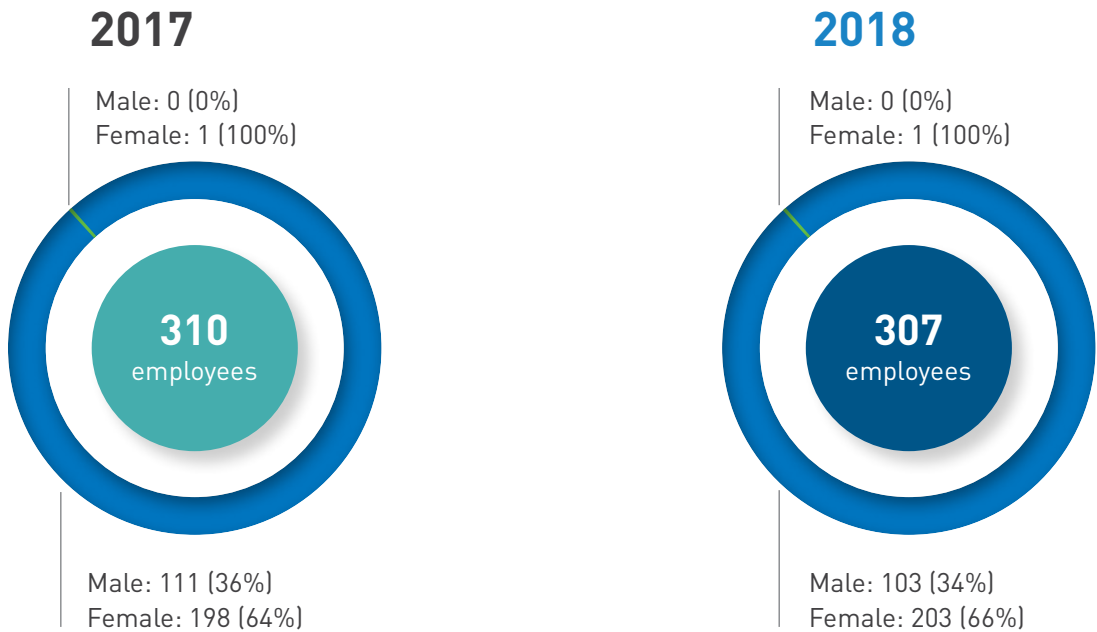


Figure 9: Composition of Workforce by Employment Type and Gender

● Part-time
● Full-time

UEL's employee profile in 2018 is showcased in Figure 10.

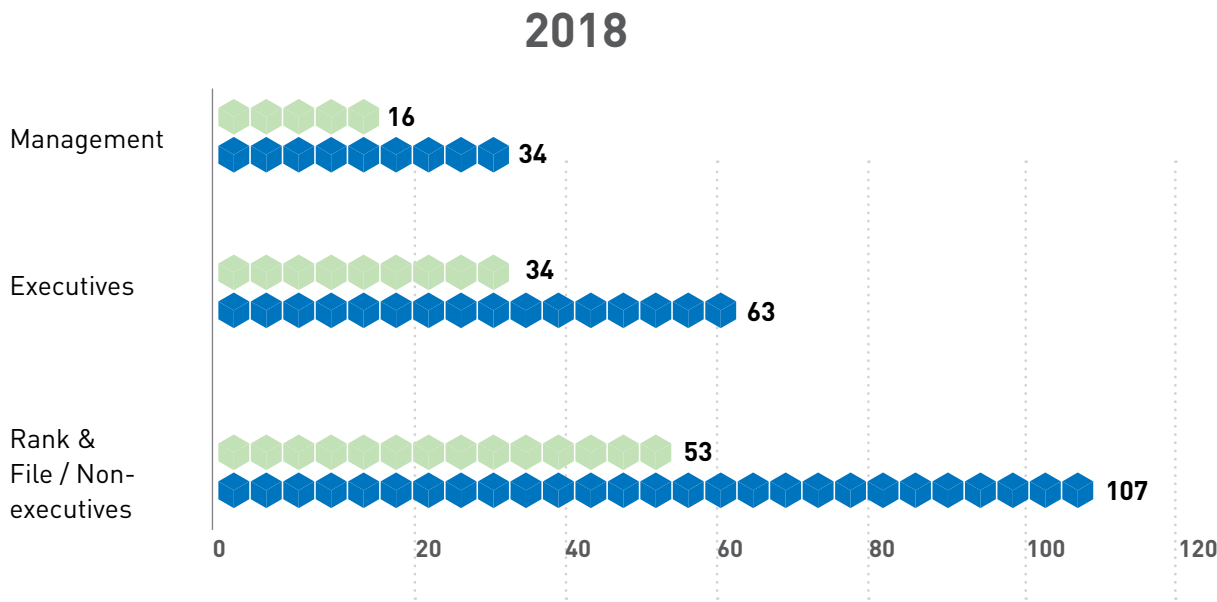
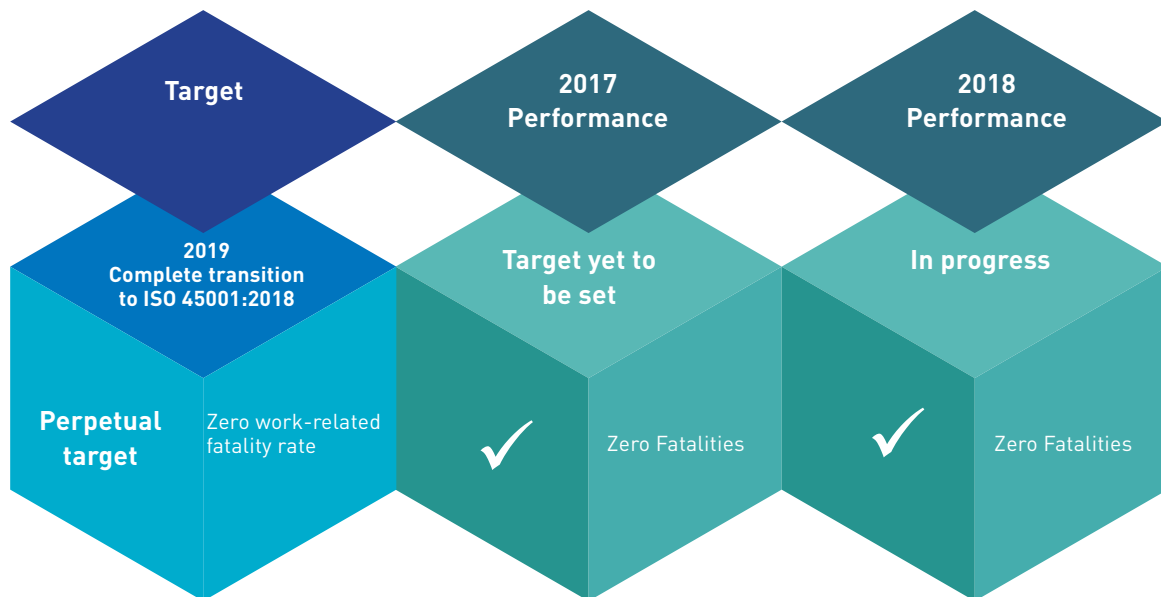


Figure 10: Composition of Workforce by Employment Category and Gender

● Male
● Female

B. OCCUPATIONAL HEALTH AND SAFETY



UEL believes that employees are the key drivers to the success of its businesses. The Group is committed to ensure high standards of health and safety at its workplace. A conducive, safe and healthy workplace allows employees to focus their efforts to deliver the best to our customers. Led by the Group Managing Director, the Group Occupational Safety and Health (OSH) Committee together with supporting members from various business operations strive to maintain the highest standards of OSH at UEL.

The UE Group OSH policy (Figure 11) outlines the Group's universal values and standards towards occupational health and safety. As a testament to our commitment, the Group instils a strong safety culture and encourages employees to subscribe to UEL's motto of "Make Safety and Health Our Way of Life". UEL is OHSAS 18001:2007 and SS506 Part 1:2009 certified. With the release of ISO 45001:2018 Occupational Health and Safety in March 2018, existing OSH Manuals are being reviewed by the OSH Committee together with external consultants and UEL targets for full transition to ISO 45001:2018 in 2019.



Figure 11: UE Group Occupational Safety & Health Policy – "UNITED"

OHSAS 18001:2007 is a comprehensive OSH management system which details policy implementation, responsibilities, hazard identification and risk assessment, incident management as well as communication to employees. Due to the varying nature of work activities and potential risks, Corporate Office, Property and Hospitality divisions maintain separate risk registers. The respective OSH management representatives conduct quarterly internal checks to ensure compliance to all applicable OSH regulations.

Employees are informed of basic safe working principles and tools available to ensure safe operations at our premises. Should there be any instances of potential or identified non-compliance or accidents/incidents, employees can report these through the in-house incident reporting system. For all other OSH-related matters, they can be directed to the dedicated OSH email account.

Aside to the provision of Personal Protective Equipment (PPE) and strategic placement of Automated External Defibrillator (AED) within the premises, UEL also actively promotes a safe and healthy culture through various initiatives as shown below.



Trainings

Recurring trainings conducted to ensure employees are familiar with administering first aid, and conducting a cardiopulmonary resuscitation (CPR) as well as the use of AED

Campaigns

Health and Wellness Campaign held in September 2018. Please refer to Case Study 1 below

Emergency Preparedness

Fire drill and/or In-Place Protection (IPP) training are conducted biannually to instil urgency and equip our employees and tenants with skills in times of emergencies. Refer to Case Study 2 below

UEL's expectations on safety and health are communicated to our suppliers and vendors as listed out in contracts; and the suppliers and vendors are expected to support and comply with our standards. The display of posters and e-bulletins at our premises also serve to constantly remind all stakeholders on the importance of workplace health and safety.

Case Study 1 Health and Wellness Campaign 2018

In September 2018, a Health and Wellness Campaign was held at Corporate Office, aimed at raising awareness on healthy living among the workforce. At UEL, we place strong importance of being both physically and psychologically healthy and sound.

The campaign had a range of activities suitable for all employees. Several awareness talks were conducted on topics such as mental health and deskbound-related illness, stress, depression, obesity and dietary needs. Certified fitness instructors and dieticians held Q&A sessions to address queries, shared with the employees physical exercises through innovative ways and educated the employees on their personal dietary needs.



For 2018, UEL is pleased to have achieved our target of zero work-related fatalities and/or injuries resulting in permanent disability of employees or workers. However, there were two cases of work-related hand injuries being reported in 2018. Following the incidents, we conducted thorough investigations, reviewed the relevant safety procedures and implemented further measures to prevent recurrence.

Risk assessments are reviewed regularly or as required. Moving forward, UEL endeavours to further improve on the overall safety and health performance at its workplace, striving towards an incident-free work environment for all.

OSH Performance	2017	2018
Number of injuries ⁶	1	2
Accident Frequency Rate (AFR) ⁷	1.1	3.1
Accident Severity Rate (ASR) ⁸	56	36
Absenteeism Rate ⁹	2.37%	2.77%

Figure 12: UE Group OSH Performance

Case Study 2

In-Place Protection Training, November 2018

Fire Safety Manager conducted an In-Place Protection Training in November 2018, which received good response from our tenants. In the event of a hazardous release which may arise from terrorist attacks or industrial incidents, resulting in limited time for evacuation, indoor protection would be the most viable option. This exercise seeks to familiarise occupants with IPP procedures on sealing the rooms. Based on the IPP plan customised to UE BizHub CENTRAL, participants carried out their responsibilities in a systematic and orderly manner. Participants were trained to seal a room using supplies like masking tape and plastic sheets to adopt in-place protection.



⁶ According to Ministry of Manpower (MOM), a reportable accident is one which results in the death of an employee or is given more than three days of medical leave or hospitalised for at least 24 hours.

⁷ AFR is defined as the number of injuries for every one million man-hours worked.

⁸ ASR is defined as the number of man-days lost to injuries for every one million man-hours worked.

⁹ Absenteeism Rate is a measure of actual absentee days, expressed as a percentage of total work days. Absentee days represent the number of days the worker being absent from work because of incapacity of any kind, not just as the result of work-related injury or disease.

Park Avenue (PA) of the Hospitality division recognises that employees are a key asset of the organisation and their safety and well-being are of prime importance. To work towards creating a healthy and safe environment for its employees, PA has invested in technology to raise operational efficiency. With workflow redesigned and mundane tasks relieved, staff morale and work performance have improved which ultimately support the Group's goals. Figure 13 showcases some of the initiatives introduced across the Park Avenue hotels.

Technological Enhancements

Benefits

PA Rochester's Housekeeping Robot (in operation since mid-2016)



- The robotic systems augment manpower in housekeeping
- Reduces bottleneck and improves the efficiency of logistics especially during peak hours
- Relieves laborious jobs of transporting heavy linen and garbage by room attendants thus reducing injury
- Increases staff morale as well as general working conditions

PA Rochester's HotSOS Housekeeping (in operation since 2016)



- Reduces waiting time and increases efficiency through the automated dispatch of operational and guests' requests
- Real-time tracking from work order creation to completion
- Minimises miscommunication
- Improves inter-department communication
- Immediate alerts of any guest incidents or work delays

PA Changi's large-scale vacuum machine (in operation since mid-2017)



- Time taken to fully vacuum the 5,780 sq ft Convention Centre has been reduced by half and the work can be single-handedly completed by one employee (compared to three)
- Increases efficiency and speed during turnaround of event spaces
- Enables PA to meet customers' requests for usage of the Convention Centre
- Reduces staff fatigue

Figure 13: Use of technology at Park Avenue

SOCIAL: OUR CUSTOMERS

A. CUSTOMER HEALTH AND SAFETY

HOSPITALITY



In day-to-day operations, a comprehensive set of Standard Operating Procedures (SOPs) guides employees on performing respective jobs safely and actions to be taken in various situations ranging from customer service interaction, accidents, power failure to robbery and armed hostage-taking.

UEL's Hospitality arm, operated under the Park Avenue brand name, believes in delivering a memorable stay for guests through leveraging on innovation and creativity to provide a suite of amenities and services suitable for all. With numerous stakeholders, guests, service providers and members of the public passing through our premises, stringent health and safety measures must be implemented, not only to comply with applicable laws and regulations but also to bring PA to be one of the leaders in this industry.

All Park Avenue hotels and serviced apartments shown in Figure 1 are under the management of United Engineers Park Avenue International (UEPAI), the Hospitality division of UEL. As part of the Business Continuity Plan (BCP), a Crisis Communication Plan will be activated in the event of major incidents and disasters in any of the Singapore properties managed by UEPAI. Led by a Crisis Communication Team (CCT), they manage, communicate and act in accordance to the Crisis Communication Plan.

Since 2016, a simulation exercise – BCP Call Tree – has been conducted annually. During this exercise, employees will have to role play to convey a message to specific members in the fastest way possible in the event of an actual crisis. After each exercise, feedback and evaluation on the process will be carried out, and improvements will be made. This BCP will be updated annually or as required when there are significant updates to PA's operations.

Across all properties, the Fire, Health and Safety Committee oversees compliance to regulations such as Workplace Safety and Health Act and Fire Safety Act. Annual fire drills involving guests are conducted to familiarise employees with such as safety escape routes. Results on speed of evacuation and attendance will be recorded for renewal of the Fire Certificate on an annual basis. The committee undergoes relevant trainings listed in Figure 14 below.

Case Study 3 Raising the Bar

Across all serviced apartments, breakfast is provided to guests through an external food caterer. Even though we do not prepare food on our premises, employees attended courses to learn the basics of food hygiene and safety. After attending the WSQ course on Follow Food and Beverage Safety and Hygiene Policies and Procedure, our employees are equipped with knowledge required of a certified food handler.

In addition, a new training on pest awareness was also introduced in 2018 which will subsequently be rolled out to other PA properties.



Obtaining Certifications

ISO 22301:2012 Business Continuity Management
ISO 9001:2015 Quality Management Systems
Renewal for both certifications was done in 2018

Trainings

Employees regularly attend courses conducted by various associations and training centres in the hospitality industry and acquire knowledge in their respective area of work.

1. Pest Awareness Training aimed at keeping a pest-free environment where employees learned about pest identification, management and pre-emptive measures to be taken
2. OHS safety courses: Administering First Aid, CPR and using AED
3. Risk assessment course: Risk Management Implementation Plan
4. Emergency preparedness: Emergency readiness and response
5. Fire warden course and fire safety seminars for renewal of Fire Certificate issued by Singapore Civil Defence Force (SCDF)
6. Environment-related workshops and seminars on 3R (Reduce, Reuse and Recycle) and championing energy efficiency

Devices and Equipment

Across all properties, PA has installed various equipment and devices, which undergo regular maintenance

- CCTVs
- Fire extinguishers and hose reels
- Sprinklers and smoke detectors
- AED
- Pool safety devices

Figure 14: Initiatives and Trainings Ensuring Health and Safety of Guests

In Park Avenue, we value feedback and suggestions from guests. They serve as an indication of the service quality delivered and also indicate possible areas for improvement. Guest satisfaction surveys are conducted through an online platform where guests are asked to rate services rendered on a scale of one to five. After which, analysis will be done and necessary follow up actions will ensue.

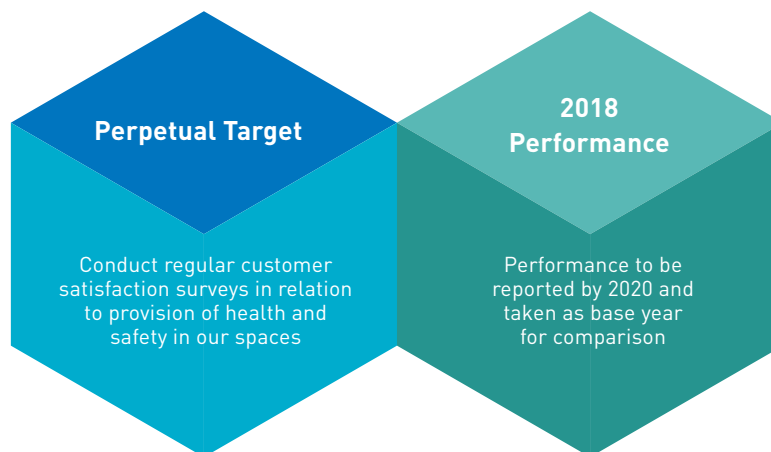
As a testament to its efforts, the Hospitality division has achieved full compliance to safety laws and regulatory requirements in 2018. Through the regular internal and external audits conducted, PA continuously ensures that operations are carried out in accordance with SOPs and in compliance to relevant laws and regulations.

SUPPLY CHAIN

Majority of reception, housekeeping and operations are carried out by PA employees. PA also engages service providers for specialised cleaning such as carpet shampooing and security services. The specialised cleaning helps to improve cleanliness and the look and feel as well as the healthy environment of the facilities thus increasing the guests' satisfaction and well-being. Suppliers engaged are strictly required to adhere to PA's SOPs as well as to all applicable laws and regulations to safeguard customer health and safety.

Major suppliers comprise service providers for food and beverages, cable television, laundry cleaning, security, maintenance and contracting works, including air-conditioning as well as chilled water supply. Moving towards integrating more environmentally friendly and energy-efficient solutions to our operations, PA has introduced filtered water dispensers since 2016, reducing single-use plastic water bottles across all properties. Guests are also regularly encouraged to practice the 3Rs (Reduce, Reuse and Recycle) at our properties.


PROPERTY



Across all properties, numerous tenants, customers, employees and members of the public pass through and spend substantial amount of time at UEL's premises. As property owner and building manager, it is of utmost importance that stakeholders' health and safety are managed judiciously.

The Property OSH sub-committee is responsible for ensuring a safe and healthy environment in our properties. Led by the Head of Property Management, the Property OSH sub-committee ensures relevant SOPs are in place and updated, maintains oversight and ensures checks as well as maintenance works are duly conducted. The Management Representative (MR) works alongside Group OSH Committee to keep abreast of new OSH regulatory requirements.

Both common and tenanted areas undergo regular maintenance and preventive maintenance such as water treatment for cooling towers. Indoor air testing, water sampling and bacteriological monitoring are conducted to ensure air and water quality are within NEA standards thus providing a safe and healthy environment for all.



As part of emergency preparedness and fire safety, fire evacuation drills and In-Place Protection training are conducted by the Fire Safety Manager at each property regularly. This is to ensure that all occupants are familiar with the emergency escape routes and designated assembly area thus enabling a systematic and orderly evacuation to minimise injury during an emergency.

For all health and safety related matters, stakeholders are encouraged to raise them to the Property Management department at the earliest opportunity. The MR will be informed of every matter raised and appropriate follow-up actions will be carried out. For incident management, submission of Incident Investigation Report within 24 hours is mandatory. Information of the incident and supporting documents are to be furnished within the report. The MR and the Property OSH sub-committee will investigate and formulate appropriate measures to prevent recurrence.

The Property division recorded zero cases of non-compliance concerning health and safety regulations which would otherwise result in fines, warnings or breaches of voluntary codes in 2018. UEL will strive to maintain this record for the years to come.

Tenants' satisfaction level is a key metric which Property Management department aims to measure. In 2019, the Property Management department will roll out surveys to track our tenants' satisfaction levels. Scope of the survey will include maintenance as well as health and safety aspects of the leased spaces.

SUPPLY CHAIN

In 2018, there were no significant changes to the Property Management department's supply chain. Property Management department at respective properties is responsible for selecting and engaging service providers. Prior to selection, checks are conducted and preference is given to BizSAFE certified service providers. At the end of a term contract which may vary from one to three years, performance evaluation will be conducted. Together with feedback received from tenants, results from the evaluation will be used to determine renewal or termination of existing service providers.

B. DATA SECURITY AND CUSTOMER PRIVACY

Perpetual Targets	2017 Performance	2018 Performance
Maintain relevance of Data Protection Policy through regular updates	✓ In accordance	✓ Ongoing and in accordance
Act in accordance to Data Management Policy	✓ In accordance	✓ Ongoing and in accordance
Zero substantiated complaints concerning personal data protection	✓ Zero substantiated complaints	✓ Zero substantiated complaints
Zero cases of identified leaks, thefts or loss of customer data	✓ Zero cases reported	✓ Zero cases reported
Conduct Cyber Awareness Training for all employees every two years	✓ Achieved 100%	✓ Next Cyber Awareness Training will be carried out in 2019

Every day, large amount of data ranging from employees, customers' personal details, product or financial information are collected, handled and processed. With the rise of cyber security threats, it is imperative to ensure that UEL's computer systems are robust, secured and protected. Any breach can severely impact the operational stability and financial growth of the Group. UEL upholds its commitment to ensuring highest standards of data security and customer privacy through various policies and measures implemented. The Group's computer systems undergo regular assessments to ensure effective mitigation of any risks and timely response to any potential attacks.

UEL has in place a suite of policies to guide various divisions on the SOPs to managing data security and customer privacy. In 2018, the Personal Data Protection Commission of Singapore (PDPC) released a set of advisory guidelines on the collection of NRIC and other national identification numbers. This revision will no longer allow organisations to collect, use, disclose or make photocopies of NRIC. UEL's Data Protection Policy will be updated in light of these new guidelines.

Aside to maintaining compliance, a Cyber Awareness Training is conducted for all employees once every two years. In 2017, UEL held its first run and achieved 100% completion. The next training is slated for 2019. On a regular basis, the IT department will conduct checks, ensuring that systems are secured and operating. Annually, an internal data audit will be conducted by IA to check on robustness of the systems to support UEL's processes and to ensure compliance.

To keep abreast of latest developments in data security, plans are in the pipeline to conduct an internal phishing test to determine vulnerability of the network. Results from the test can indicate employees who may be susceptible to phishing. For more information of the policies and measures implemented please refer to Figure 15. Policies are also available on UEL's intranet for employees to access.

In 2018, there were no substantiated complaints concerning breaches of customer privacy and no known cases of identified leaks, thefts or loss of customer data at UEL. However, there was an incident of an online data leak from an intermediate booking website in June 2018. Several hotels including PA hotels were affected where customers' data including names, email and postal addresses and other hotel booking related information were leaked. The PDPC conducted an investigation under section 50 of the Personal Data Protection Act 2012 (Act 26 of 2012) ("PDPA") to ascertain any breach of the data protection obligations under the PDPA. PA fully cooperated during the entire course of investigation. Results of the investigation revealed no data breach had occurred.

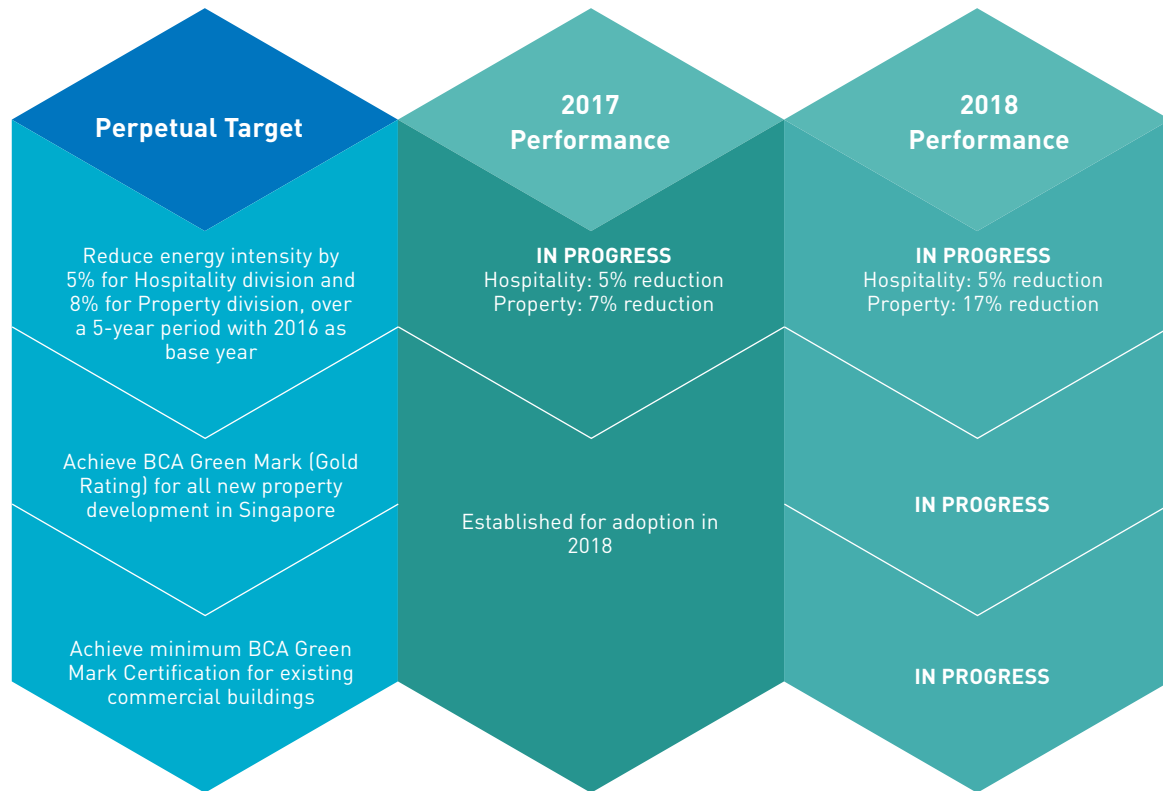
Moving forward, UEL will take necessary precautions when engaging with intermediate booking websites to prevent recurrence of similar incidents.

Purpose	Practices and Actions Taken
<i>Data Protection Policy</i>	
This policy informs customers, vendors, employees and various stakeholders of the Group's management of personal data which is compliant to Singapore's Personal Data Protection Act 2012 (PDPA). It details the purpose for which personal data is collected, used and disclosed by the Group.	<ul style="list-style-type: none"> • Revision to Policy will be made in due course in light of new advisory guidelines on NRIC • Policy is updated as and when required consistent with future developments, industry trends or any changes in legal or regulatory requirements • Subscribe to the PDPA newsletter to keep abreast on latest developments • Attend seminars on latest updates to PDPA • Communicate and advise staff on PDPA news and actions required • Dedicated email address for any concerns relating to personal data or the policy which is addressed to Data Protection Officer at DPO@uel.sg
<i>Data Management Policy</i>	
This policy describes general principles of management, security and access that should be applied to maintain the value and guarantee effective use of the Group's data and information.	<ul style="list-style-type: none"> • Checklist, documentation and signoff required for handling of certain data • Daily offline tape backup to manage ransomware attacks • Yearly Disaster Recovery (DR) exercises conducted to ensure functionality of DR processes when incidents occur • Ethical hacking trial for Proof of Concept (PoC) conducted once every two years; internal hacking trial done in 2018 • Yearly or alternate yearly internal and external due diligence • Regular general Information Technology (IT) controls and Data Security Management audits
<i>Cyber Security Policy</i>	
This policy covers the Company's network, infrastructure and computer systems security and threat prevention intended for all employees to reduce the risk of cyber-attacks.	<ul style="list-style-type: none"> • Cyber Awareness: <ul style="list-style-type: none"> → Communicate to employees via electronic direct mails (EDM) on latest news including recent cyber-attacks and preventive measures as case studies → Biennial cyber security training is compulsory for all employees → Prescribed training for specific employees → Use of posters and signs to build a cyber awareness culture

Figure 15: Overview of Policies and Practices on Customer Privacy and Data Security

ENVIRONMENT

A. ENERGY AND CARBON FOOTPRINT



As UEL's operations continue to grow, it aims to do so in an environmentally responsible manner to minimise the impact on the environment. In 2017, UEL has set targets to improve energy efficiency across Hospitality and Property divisions (see table above) and achieve BCA Green Mark (Gold Rating) certifications for all new property development in Singapore and BCA Green Mark certifications for its existing commercial properties in Singapore. Through the formalisation of an environmental policy, the Group continues to comply with all relevant environmental regulations and requirements. Across various properties, UEL has also begun procurement of environmentally-friendly products and encouraging eco-friendly practices to be adopted among its employees.

The Group has implemented a systematic process of collecting energy and emissions data to keep the Group on track towards achieving its targets. Across both Property and Hospitality divisions, utilities consumption is being monitored monthly whereby any anomalies will be investigated in a timely manner. Moving into the second year of reporting, UEL has further refined its data collection processes and is better informed of its consumption patterns.

The Group is continuously on the look out to adopt energy-saving initiatives to reduce carbon emissions. In 2018, UE BizHub TOWER has applied for BCA Green Mark certification and is currently pending approval.

HOSPITALITY

The main source of energy used by Hospitality division comes from purchased electricity which will result in Scope 2¹⁰ Greenhouse Gas ("GHG") emissions (expressed in tonnes of carbon dioxide i.e. CO₂).

In 2018, total electricity consumption increased by 3.6% as compared to 2017, translating to a similar increase in Scope 2 GHG emissions¹¹ from 2,646 tonnes CO₂ to 2,707 tonnes CO₂. The increase was attributed to higher occupancy rate observed at Park Avenue Rochester and Park Avenue Robertson as well as an increase in convention events at Park Avenue Changi¹².

Despite the increase in consumption, Hospitality division managed to maintain both energy and GHG intensity level while meeting the target of 5% reduction from 2016 base line. In the years to come, PA properties will look towards adopting more energy-efficient technologies into its operations. Together with encouraging guests and employees to adopt energy-saving habits and sensible use of energy, Hospitality division strives to maintain its target energy intensity reduction.



Figure 16: Energy Consumption & Intensity and Indirect (Scope 2) GHG Emissions & Intensity of Hospitality Division

¹⁰ Scope 1 GHG emissions are emissions from usage of natural gas, gas and diesel oil which is not utilised in the Hospitality division.

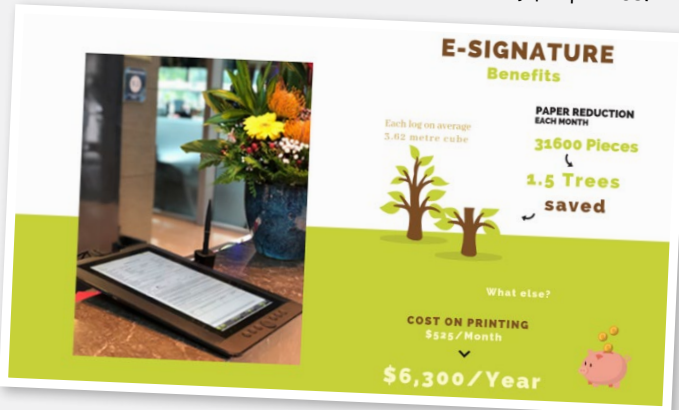
¹¹ Scope 2 GHG emissions are calculated using emission factor approach where Scope 2 grid emission factor is sourced from Energy Market Authority (EMA) 2018. 2016 and 2017 data were sourced from EMA 2017.

¹² Energy consumption of Park Avenue Changi (PAC) is calculated based on apportionment done by Perpetual (Asia) Limited (in its capacity as trustee of Viva Industrial Real Estate Investment Trust). Electricity usage accounts for those used at PAC's premises including the hotel and convention centre.

Case Study 4

Go green initiative — E-signature Pad during check-in and check-out

As part of the Group's continuous effort to reduce our carbon footprint, Go-green initiatives have been implemented over the years. These include the use and distribution of paraben-free amenities and eliminating single-use plastic bottles with the introduction of filtered water dispensers. In 2018, Park Avenue Changi and Park Avenue Rochester have gone paperless with the introduction of an e-signature pad. Whenever guests check-in or check-out, they simply need to input their details via the pad and upon check-out, they will receive a soft copy of their invoice through e-mail. Other than enhancing productivity, it has also minimised paper consumption and storage space. Moving forward, PA plans to roll out this initiative to other hospitality properties.



*Calculation based on data received from PA Changi and PA Rochester.



PROPERTY

Similar to Hospitality division, the Property division's main source of energy also comes from purchased electricity. This year, UEL is pleased to update that electricity consumption had further decreased by 10% from 19,415 MWh in 2017 to 17,486 MWh in 2018.

Following the completion of cooling tower replacement, a substantial decrease in consumption was recorded, achieving numerous cost savings. At the same time, a lowered consumption also translated to a lower Scope 2 GHG emissions from 8,240 tonnes CO₂ in 2017 to 7,330 tonnes CO₂ in 2018.

The Property division is pleased to update that it had achieved 17% reduction in energy intensity from 2016 baseline, surpassing the set target of 8%. Moving forward, UEL will explore areas where energy-efficient technologies can be introduced to further lower energy intensity. The ongoing initiatives are scheduled for completion in 2019, as detailed in Figure 18.



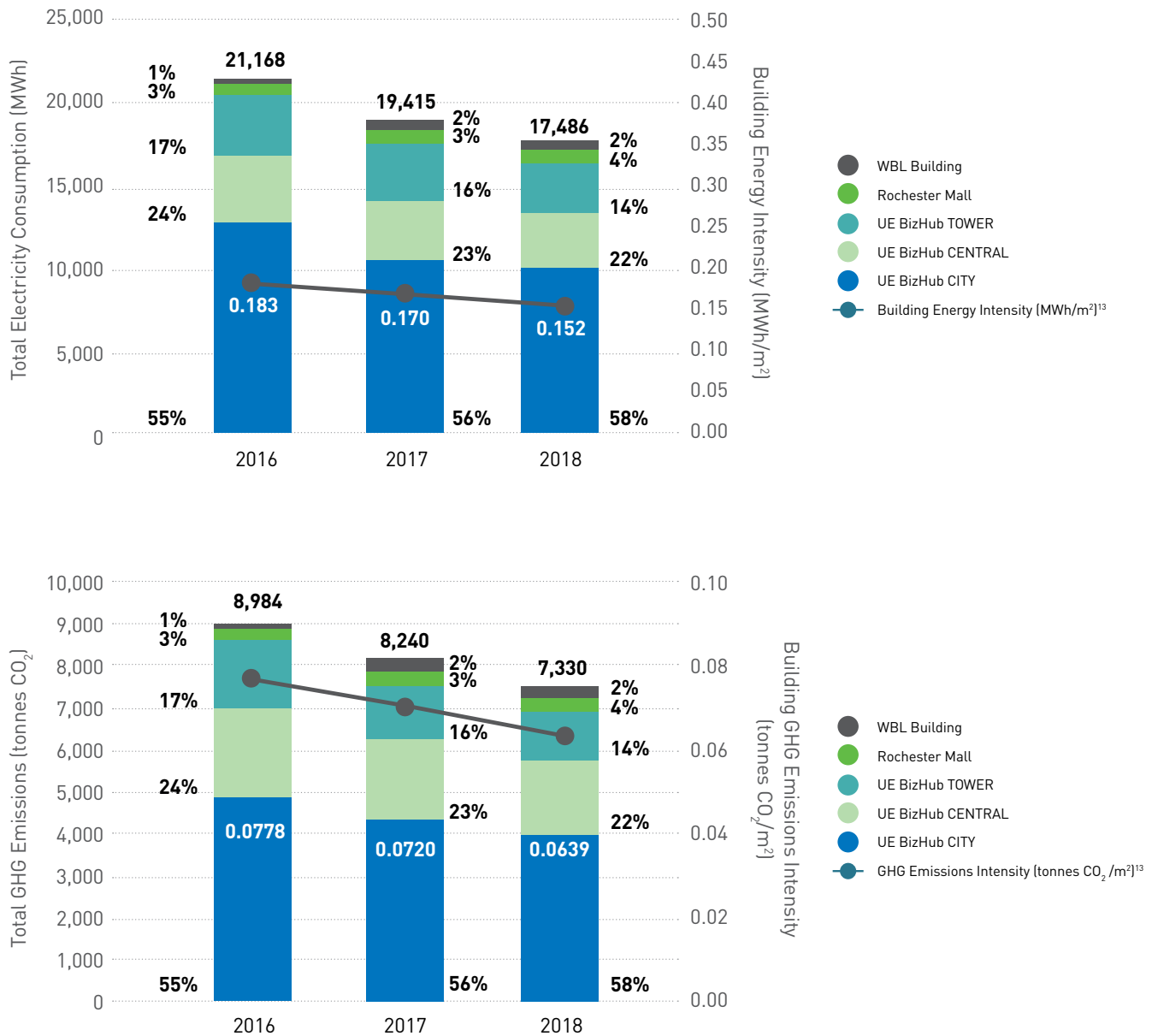


Figure 17: Energy Consumption & Intensity and Direct (Scope 2) GHG Emissions & Intensity of Property Division¹⁴

¹³ Being the common area consumption across all properties with the exception of UE BizHub CENTRAL which includes utilities usage from all tenants (except for one main tenant who manages its own utilities) as the utilities is embedded within the rental income charged to tenants.

¹⁴ Prior to May 2017, UE BizHub WEST was leased to a main tenant who managed its own maintenance and utilities of the building. Electricity usage from June to December 2017 and 2018 was not significant compared to other properties and thus has been excluded from the charts.



Name of Properties	Description of Energy-Saving Initiatives	Outcome/Impacts
UE BizHub CITY	 Currently undergoing extensive exercise to replace conventional light bulbs to Light-Emitting Diode ("LED") lights. This exercise is expected to be completed by end June 2019. <ul style="list-style-type: none"> 30% of lights have been replaced as of 31 December 2018 	Prolong life span of the fittings and improve energy efficiency
	 Improvements were made to the Building Management System (BMS) for existing Air-Conditioning and Mechanical Ventilation (ACMV) system	Able to better monitor ACMV system and provide more comfortable environment

Figure 18: Energy-saving initiatives in 2018 under Property division




GRI CONTENT INDEX

General Standard Disclosures			
GRI Standard	Disclosure	Section of Report and / or Explanation for Omission	Page
GRI 102: General Disclosures 2016			
Organisational Profile			
102-1	Name of the organisation	About United Engineers Limited	1
102-2	Activities, brands, products, and services	About United Engineers Limited	1
102-3	Location of headquarters	About United Engineers Limited	1
102-4	Location of operations	About United Engineers Limited	1
102-5	Ownership and legal form	About United Engineers Limited	1
102-6	Markets served	About United Engineers Limited	1
102-7	Scale of the organisation	About United Engineers Limited	1
102-8	Information on employees and other workers	Employee Profile	12
102-9	Supply chain	Customer Health and Safety – Hospitality (Supply Chain); Customer Health and Safety – Property (Supply Chain)	20 21
102-10	Significant changes to the organisation and its supply chain	There were no significant changes	
102-11	Precautionary principle or approach	Corporate Governance	9
102-12	External Initiatives	Not applicable	
102-13	Membership of associations	Stakeholder Engagement	5
Strategy			
102-14	Statement from senior decision-maker	Group Managing Director's Statement	4
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance	9
Governance			
102-18	Governance structure	Sustainability Governance Structure	3
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	5
102-41	Collective bargaining agreements	None of UEL's employees is covered under collective bargaining agreements	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	5
102-43	Approach to stakeholder engagement	Stakeholder Engagement	5
102-44	Key topics and concerns raised	Stakeholder Engagement	5

Reporting Practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2018	103-107*
102-46	Defining report content and topic boundaries	About the Report	2
102-47	List of material topics	Materiality Assessment Process	7
102-48	Restatements of information	Not applicable	
102-49	Changes in reporting	Not applicable	
102-50	Reporting period	1 January 2018 to 31 December 2018	
102-51	Date of most recent report	November 2018	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	About the Report	2
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	2
102-55	GRI content index	GRI Content Index	29
102-56	External assurance	About the Report	2

* Refer to page number in the Annual Report 2018



Material Topics				
GRI Standard Disclosure Reference		Disclosure	Section of Report and / or Explanation for Omission	Page
Anti-Corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	About the Report; Anti-Corruption	2 9
	103-2	The management approach and its components	Anti-Corruption	9
	103-3	Evaluation of the management approach	Anti-Corruption	9
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption	9
Regulatory Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	About the Report; Regulatory Compliance	2 11
	103-2	The management approach and its components	Regulatory Compliance	11
	103-3	Evaluation of the management approach	Regulatory Compliance	11
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Regulatory Compliance	11
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance	11
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	About the Report; Occupational Health and Safety	2 14
	103-2	The management approach and its components	Occupational Health and Safety	14
	103-3	Evaluation of the management approach	Occupational Health and Safety	14
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	14
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	About the Report; Customer Health and Safety	2 18
	103-2	The management approach and its components	Customer Health and Safety	18
	103-3	Evaluation of the management approach	Customer Health and Safety	18

GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety	18
Customer Privacy and Data Security				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	About the Report; Data Security and Customer Privacy	2 22
	103-2	The management approach and its components	Data Security and Customer Privacy	22
	103-3	Evaluation of the management approach	Data Security and Customer Privacy	22
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Customer Privacy	22
Energy and Carbon Footprint				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	About the Report; Energy and Carbon Footprint	2 24
	103-2	The management approach and its components	Energy and Carbon Footprint	24
	103-3	Evaluation of the management approach	Energy and Carbon Footprint	24
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy and Carbon Footprint	24
	302-3	Energy intensity	Energy and Carbon Footprint	24
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	Energy and Carbon Footprint	24
	305-4	GHG emissions intensity	Energy and Carbon Footprint	24



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