



EC World
运 通 网 城 REIT

EC World REIT

SUSTAINABILITY REPORT

FY2018

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BOARD STATEMENT

Dear Stakeholders,

EC World Asset Management Pte. Ltd. (“ECWAM” or the “Manager”) is pleased to present our second sustainability report for EC World Real Estate Investment Trust (运通网城房地产投资信托) (“EC World REIT” or the “REIT”) for the financial year ended 31 December 2018. As the Manager of EC World REIT, we recognise the importance in ensuring sustainability of our business operations, which our REIT’s success is heavily dependent on.

To ensure that our business continues to create long-term value for the stakeholders and unitholders of the REIT, the Board emphasises the significance of driving sustainability within our operations as part of EC World REIT’s strategic business formulation. With the Board’s support, the Manager has initiated and set the direction for sustainability practices and initiatives throughout EC World REIT’s operations.

A top-down approach is employed in determining, assessing and executing of the Environmental, Social and Governance (“ESG”) factors and framework to drive sustainability development within the REIT. This ESG approach has also been endorsed by Forchn Holdings Group Co. Ltd. (“the Sponsor”), while the Board oversees the management and monitoring of the REIT’s material ESG factors.

SOCIAL

The Manager believes that human capital is our greatest asset. We strive to protect the safety, health and general well-being of not only our employees, but also our tenants, service providers and local communities. We strive to work towards our target of zero injuries and fatalities at the REIT’s assets. To do so, we have implemented measures such as standardisation of safety production and internal policies. We have also implemented initiatives such as conducting fire drills at Hengde Logistics to equip workers with the right knowledge on fire safety management and to improve their ability to respond quickly to fire incidents.

ENVIRONMENTAL

As the REIT’s portfolio continues to expand, we strive to minimise our environmental footprint as much as we can. We place strong emphasis on environmental management, especially energy consumption, which has been identified as the REIT’s largest carbon footprint. As a responsible corporate, the REIT has taken a proactive role in managing our energy consumption in ways such as the conversion to energy-efficient lighting, the installation of solar panels and programmes that raise awareness on energy saving. Our environmental policies seek to reduce energy consumption and greenhouse gas emissions through effective air and water pollution control measures as well as proper handling and disposal of hazardous waste. Our policies also include continual improvement of our resource efficiency.

GOVERNANCE

The Manager recognises that upholding high standards of corporate governance is integral to the REIT’s continual growth and the sustainability of our operations. Being committed to ethical business conducts, we place high emphasis on our employees to comply with the laws and regulations, and to act responsibly and with integrity in all of the REIT’s activities. We strive to maintain our transparency and seek continuous improvement to remain accountable to our stakeholders.

The Executive Director and Chief Executive Officer of the Manager, Mr. Goh Toh Sim, is the overall in charge of reporting to the Board on any material ESG findings as well as the mitigation solutions to these findings.

EC World REIT strives towards providing a stream of sustainable and results-oriented culture of excellence with sustainability at the core of the REIT’s business operations. With this, the Manager would like to thank the Sponsor and all stakeholders for their continual support in our sustainability journey.

Yours sincerely,

Mr Goh Toh Sim on behalf of the Board of
EC World Asset Management Pte. Ltd.

ABOUT THE REPORT

This report has been prepared by the Manager in compliance with SGX-ST Listing Manual Rules 711(A) and 711(B). The Global Reporting Initiatives (“GRI”) 2016 Standards – “Core” and GRI’s Construction and Real Estate Sector Supplement (“CRESS”) – have been chosen as the reference for this report due to its internationally recognised framework. The Manager has not sought external assurance for this reporting period. For any feedback or queries, please direct them to Ms. Sabrina Tay, Manager, Investor Relations at ir@ecwreit.com.

Reporting Scope

The reporting scope for this report consists of the ESG performance of EC World REIT’s properties in China and Manager’s office in Singapore for the period of 1 January 2018 to 31 December 2018 (“FY2018”), with reference to data collected from 1 January 2017 to 31 December 2017 (“FY2017”) for comparison purposes, where appropriate. Compared to FY2017, FY2018’s reporting scope has expanded to include EC World REIT’s 7th property, Wuhan Meiluote.

Figure 1: Scope of cities and properties covered in the report

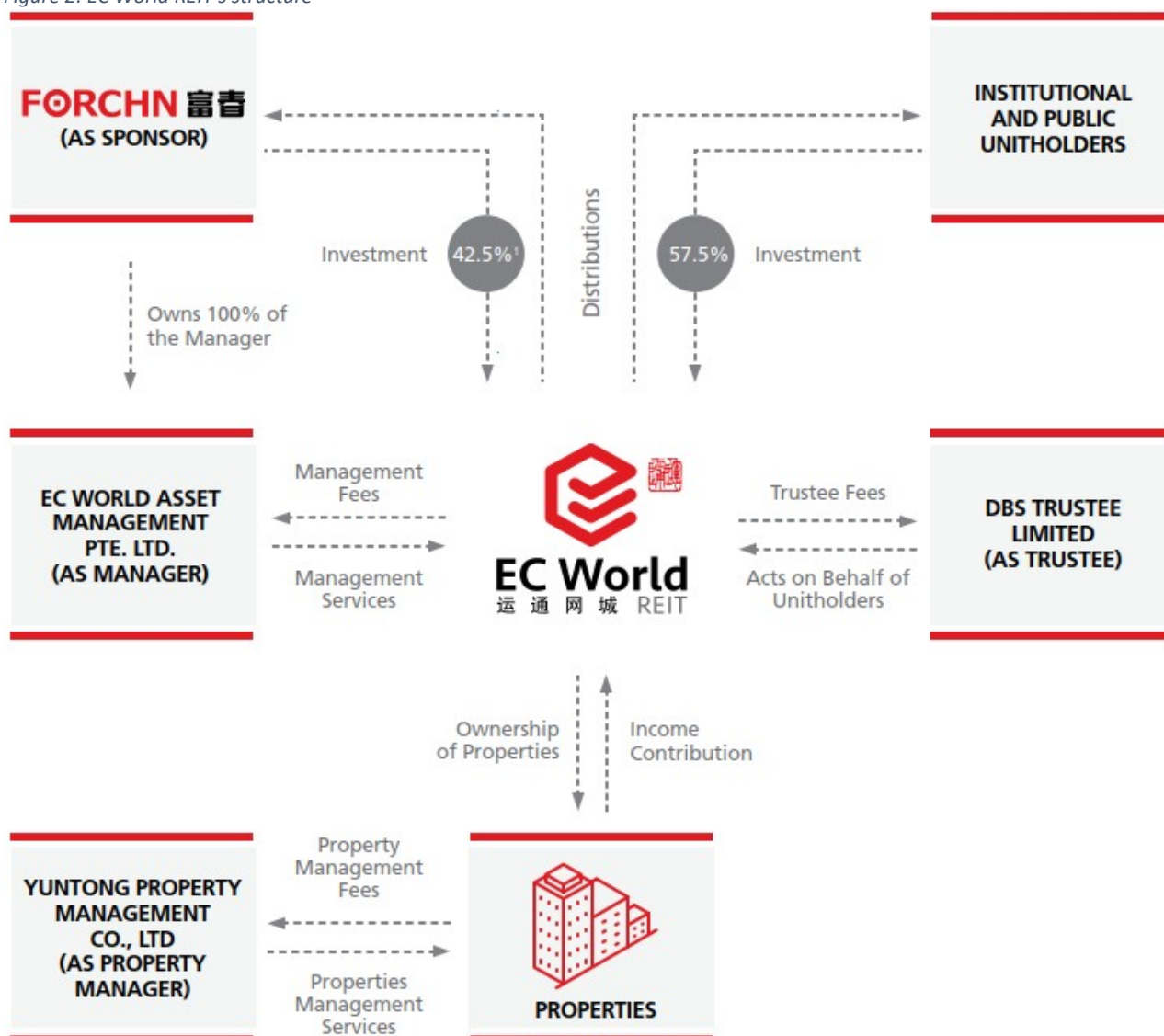
Singapore	Hangzhou, China	Wuhan, China
<ul style="list-style-type: none">• 9 Raffles Place #45-02 Republic Plaza, Singapore	<ul style="list-style-type: none">• Chongxian Port Investment<ul style="list-style-type: none">• Chongxian Port Logistics• The Stage 1 Properties of Bei Gang Logistics<ul style="list-style-type: none">• Fu Zhuo Industrial• Fu Heng Warehouse• Hengde Logistics	<ul style="list-style-type: none">• Wuhan Meiluote

ABOUT EC WORLD

OVERVIEW OF EC WORLD

EC World REIT is a Singapore Real Estate Investment Trust (REIT) established with the investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estates which is primarily used for e-commerce, supply-chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus on the People’s Republic of China (the “PRC”). The Manager is a wholly-owned subsidiary of the Sponsor – Forchn Holdings Group Co. Ltd. Yuntong Property Management Co. Ltd., also a wholly-owned subsidiary of the Sponsor, is the property manager (“Property Manager”) for the properties in China.

Figure 2: EC World REIT's structure



¹ As at 31 December 2018. Includes Units held by the Manager.

EC World REIT's Vision and Mission

Primarily engaged in leasing of assets, which includes E-commerce Logistics Facilities, Port Logistics Facilities and Specialised Logistics Facilities, EC World REIT strives to create long-term value for our stakeholders and unitholders through the enhancement of these assets. The Manager has thus set out its direction for the REIT in their vision and mission, as shown in Figure 3 below.

Figure 3: Vision and mission of EC World REIT

Vision

- ECW aims to be the premier e-commerce and specialised logistics REIT in Asia and strives to create long term value for all of our stakeholders by capturing opportunities driven by the fast growing e-commerce and specialised logistics sectors.

Mission

- Deliver stable, sustainable and growing distributions to our unitholders
- Offer a differentiated and high quality asset portfolio
- Grow and diversify our portfolio through yield accretive acquisitions
- Adopt active asset management strategies to enhance performance and value our properties

Properties of EC World REIT

On 16 April 2018, EC World acquired Wuhan Meiluote, located in Wuhan, China. As a result, the end of 2018 saw a total of seven properties belonging to the REIT, as shown in Figure 4.

Figure 4: Property portfolio overview as of 31st Dec 2018



Chongxian Port Investment





Chongxian Port Logistics





The Stage 1 Properties of Bei Gang Logistics





Fu Zhuo Industrial





Fu Heng Warehouse





Hengde Logistics





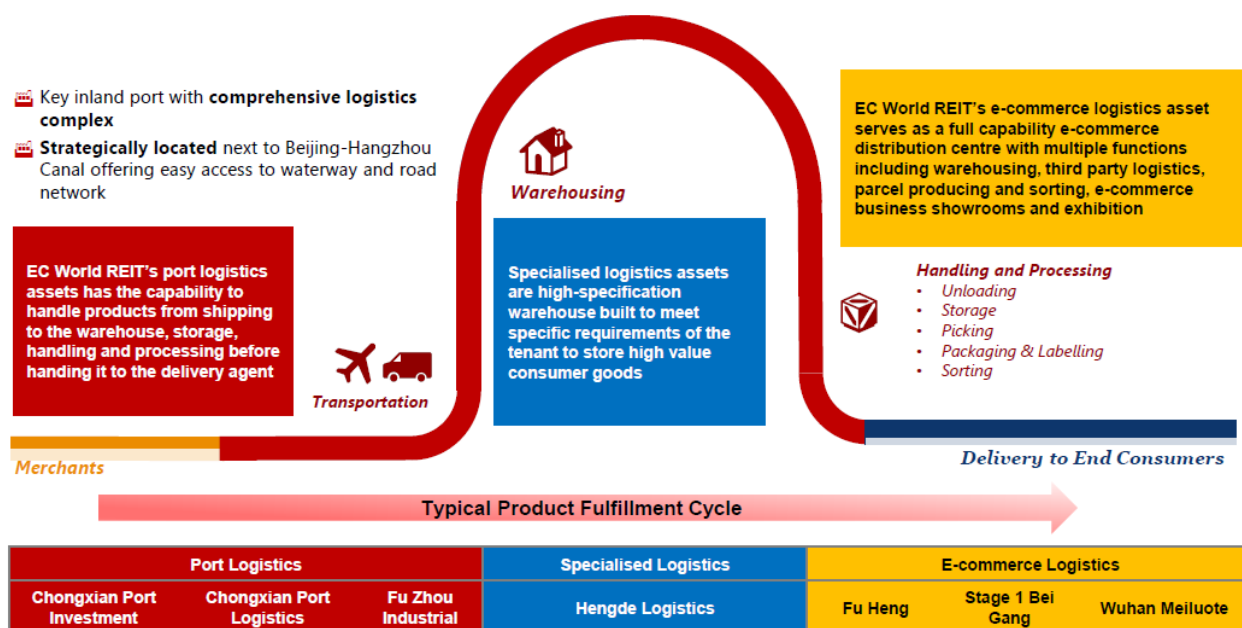
Wuhan Meiluote



EC World REIT's Product Fulfilment Cycle

EC World REIT's asset portfolio caters to a critical portion of the product fulfilment cycle and supply chain in the e-commerce business. Figure 5 shows the REIT's position in the e-commerce supply chain.

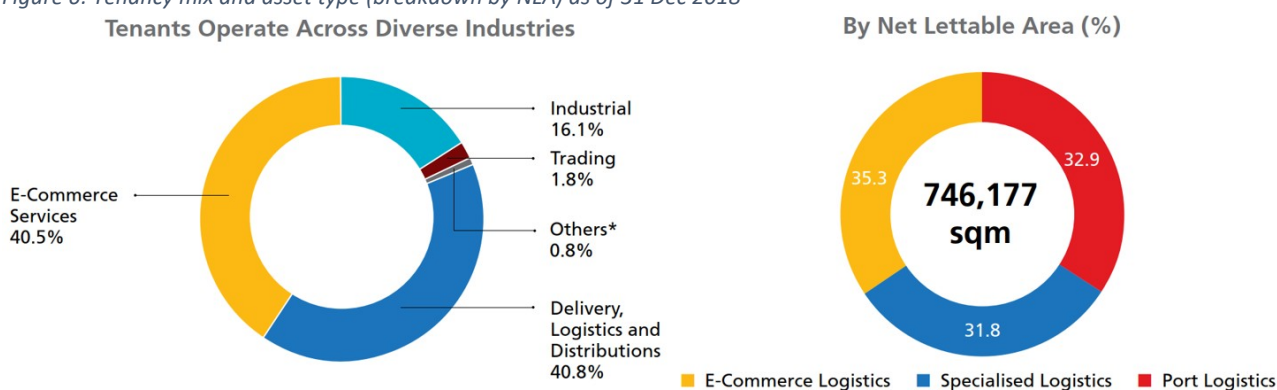
Figure 5: EC World REIT's position in the e-commerce supply chain



Tenancy Mix and Types of Assets

As at 31 December 2018, there were a total of 20 unique tenants across the portfolio that contributed to gross rental income. Figure 6 shows the breakdown of tenancy according to trade sector, weighed across gross rental income in 2018, as well as the net lettable area of assets. For more information, please refer to our Annual Report 2018.



Figure 6: Tenancy mix and asset type (breakdown by NLA) as of 31 Dec 2018



SUPPLY CHAIN MANAGEMENT

At EC World REIT, the Manager believes that supply chain is the backbone of the REIT's business and is integral to both our success and customer satisfaction. As a result, the Manager seeks to implement measures that encourage responsible procurement. To drive responsible procurement, we scrutinise our supply chain and evaluate the products and services provided by our long-term suppliers. In so doing, the interests of our stakeholders are safeguarded from any impact caused by irresponsible behaviour or negligence. We also include the contractual terms and conditions that our short-term suppliers have to acknowledge and abide by.

2018 HIGHLIGHTS

Financial Highlights 	Sustainability Highlights 
7 properties 746,177 m ² net lettable area 100% committed occupancy rate for 6 properties	Zero major cases of non-compliance to the environmental and socioeconomic laws and regulations
Total asset value S\$1.51 Billion	Zero work-related injury which results in staff permanent disability or fatality

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY COMMITMENT

At EC World REIT, the Manager recognises that integrating a sustainable ESG framework into the REIT's daily operations is key to the REIT's long-term development and business sustainability. While EC World REIT continues to expand its portfolio of assets, the Manager aims to drive ESG initiatives through the REIT's daily operation to ensure positive economic, social and environmental outcomes. In addition, the Manager seeks to enhance the awareness of sustainability among its stakeholders and unitholders through internal trainings and external advocacy. With continued backing from the Sponsor, the Manager hopes to gather more support from various stakeholders and looks forward to building on the current achievements in their sustainability journey.

SUSTAINABILITY GOVERNANCE

In EC World REIT's sustainability governance, the assessment of ESG policies and practices is led by the Executive Director and Chief Executive Officer, Mr. Goh Toh Sim, and assisted by the senior management of the Manager and Property Manager, who are responsible for driving the sustainability practices and initiatives within the properties held by the REIT.

STAKEHOLDER ENGAGEMENT

With the aim of aligning the REIT's vision of creating long term value for all our stakeholders, the Manager endeavours to foster quality relationships with its stakeholders by regularly engaging them to understand their key concerns and interests.

Figure 7 below shows the REIT's key stakeholder groups as well as how the REIT caters to their concerns and interests.

Figure 7: EC World REIT's stakeholder engagement

Key Stakeholder Groups	Stakeholder Engagement Goals	Mode Of Engagement	Frequency Of Engagement	Stakeholder's Key Concerns	How We Cater To Stakeholder's Needs
Shareholders / Unitholders	Provide clear and accurate information to the investing public through timely communication	Telephone calls	Ad-hoc	<ul style="list-style-type: none"> Financial performance Outlook and growth Regulatory compliance 	<ul style="list-style-type: none"> Proactive investor outreach programme Timely communication through SGXnet and website Adoption and adaption of relevant policies and procedures such as Enterprise Risk Management ("ERM"), corporate governance policies
		Email	Ad-hoc		
		AGM/EGM (if necessary)	Annually for AGM		
		Face-to-face	Ad-hoc		
		Conferences	Ad-hoc		
		Site Visits	As and when required		
		Social Media	As and when required		
		Corporate Website	As and when required		
Employees and Workers	Provide a holistic and inclusive environment with enhanced well-being and productivity, with potential for growth	Announcements on SGX-ST	At least quarterly	<ul style="list-style-type: none"> Competitive remuneration Personal career growth 	<ul style="list-style-type: none"> Adoption of competitive compensation and benefits programme Provision of training opportunities
		Weekly staff meeting	Weekly		
		Emails correspondences	Ad-hoc		
		Open discussion	Ad-hoc		
		Annual performance appraisal	Annually		

Key Stakeholder Groups	Stakeholder Engagement Goals	Mode Of Engagement	Frequency Of Engagement	Stakeholder's Key Concerns	How We Cater To Stakeholder's Needs
	and self-development	Instant messaging apps	Ad-hoc		
Tenants	Provide comfort, safe, secured and clean work environment for our tenants	Telephone calls	Daily	<ul style="list-style-type: none"> • Competitive rental • Responsiveness to requests and feedback 	<ul style="list-style-type: none"> • Active discussions on a regular basis
		Emails	Ad-hoc		
		Face-to-face engagements	Ad-hoc		
		Real-time problem solving	As and when needed		
Suppliers	Secure reliable supply chain	Emails	Ad-hoc	<ul style="list-style-type: none"> • Delay/Default in Payment 	<ul style="list-style-type: none"> • Prompt processing of payment
Local Communities	Create a comfortable, safe, secured and clean social environment at the work areas	Community participation activities such as cleaning	Ad-hoc	<ul style="list-style-type: none"> • Pollution • Traffic jams • Trash 	<ul style="list-style-type: none"> • Promptly responding to needs to the community and neighbours
Government	Compliance with relevant government policies, rules and regulations	External consultants	Ad-hoc	<ul style="list-style-type: none"> • Compliance with local laws and regulations 	<ul style="list-style-type: none"> • Internal Compliance Senior Manager • External legal consultants
		Meetings / emails	Ad-hoc		
Non-profit Organisations	Actively seek donation drives in local communities, lend a helping hand, monetary donation	Emails	Ad-hoc	<ul style="list-style-type: none"> • Contributions to local communities • Responsible and ethical business practices 	<ul style="list-style-type: none"> • Evaluation of sponsorship opportunities which are in-line with REIT's ESG efforts and goals
		Sending employee volunteer groups	As and when needed		

MATERIALITY ASSESSMENT






In June 2018, the Manager conducted EC World REIT’s first materiality assessment in accordance with the GRI Materiality Principle with the help of an external consultant. This materiality assessment saw the involvement of various key stakeholders from the different departments, comprising the four-step approach as shown in Figure 8 below.

Figure 8: Four-step approach in EC World REIT’s materiality assessment



In FY2018, the Board has reviewed and re-assessed the REIT’s material matters in Figure 9, and concluded that the material matters identified in FY2017 remain relevant and important for the REIT’s sustainability approach. In addition to the material matters, the Manager has concluded that the two additional matters which were reported in the last sustainability report continue to remain relevant for reporting.

Figure 9: List of material matters and additional reporting matters

Type of Matter	EESG Matter	Mapped GRI Standard Topics
Material Matters	Regulatory Compliance 	GRI 307 – Environmental Compliance GRI 419 – Socioeconomic Compliance
	Workplace Health and Safety 	GRI 403 – Occupational Health & Safety
	Quality of Assets 	GRI G4 Sector Disclosure CRE-8 – Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment
Additional Matters	Energy Use and GHG Emission 	GRI 302 – Energy GRI 305 – Emissions
	Product Innovation (Value Added Service) 	No topic-specific GRI Standard for this matter but management approach will be disclosed as per GRI 103 – Management Approach

GOVERNANCE

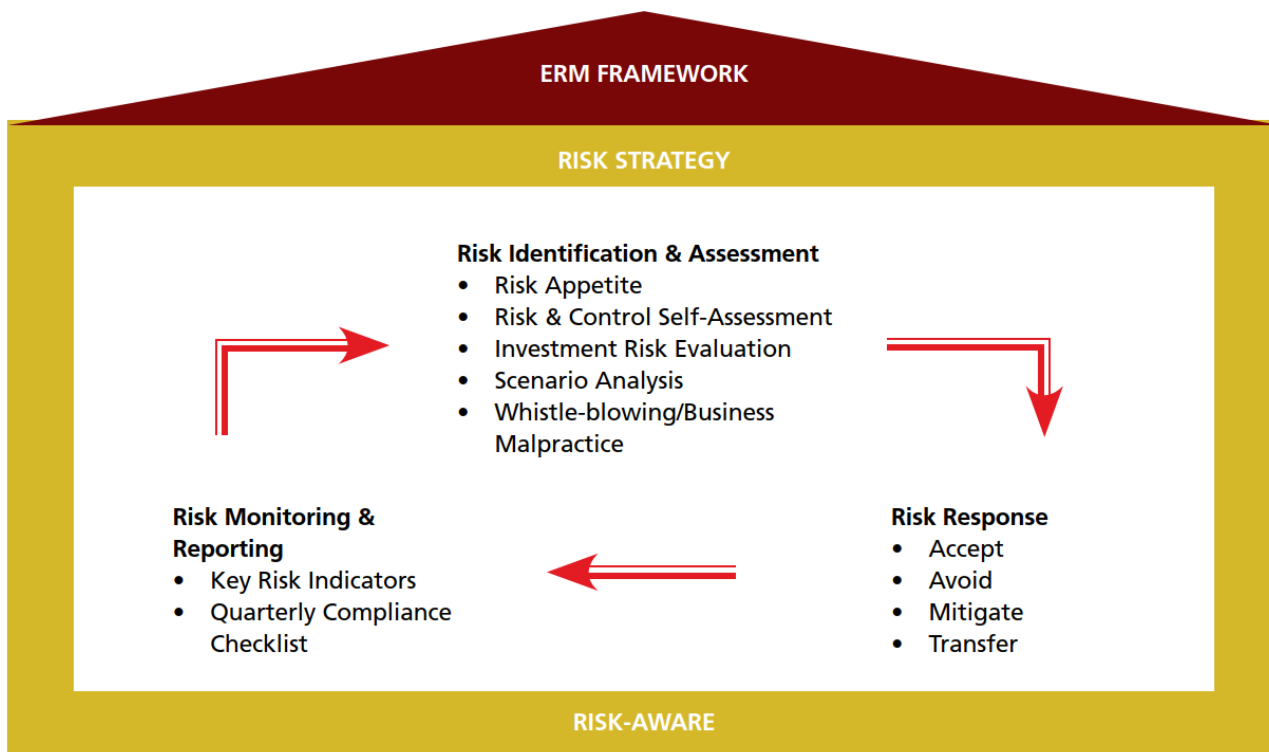
RISK MANAGEMENT

The Manager recognises that risk management is a crucial part of the business at EC World REIT and its subsidiaries (collectively, the “EC World REIT Group”) at both the strategic and operational levels. The Manager adopts a proactive approach towards risk management by undertaking an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risk across EC World REIT Group.

On the other hand, the Board is responsible for governing the risk across EC World REIT Group. This includes determining EC World REIT Group’s risk appetite, overseeing the Manager’s Enterprise Risk Management (“ERM”) Framework, regularly reviewing EC world REIT Group’s risk profile, material risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. In the governing of risk, the Audit and Risk Committee (the “ARC”) assists the Board in these procedures to provide an oversight of risk management.

In managing material risks, the Manager employs a comprehensive approach in identifying, managing, monitoring and reporting these risks across EC World REIT Group. These material risks include business interruption risk, competition risk, credit risk, economic risk, information technology risk, foreign currency risk, interest rate risk, investment risk, leasing risk, liquidity risk and regulatory and compliance risk. Figure 10 below illustrates the ERM Framework adopted by the Manager. For more information on risk management, please refer to EC World REIT’s Annual Report 2018.

Figure 10: Enterprise Risk Management Framework



ETHICS AND INTEGRITY

The Manager is committed to upholding the highest standards of integrity and reputation of EC World REIT. Employees are to strictly observe high standards of conduct and adhere to all laws and regulations applicable to the Manager and ethical standards set by the Manager. EC World REIT does not condone any violation of these standards and will not hesitate to take disciplinary actions against those who contravene them. The Manager expects employees to observe high standards of conduct and to be aware of the laws and regulations of applicable countries when conducting cross border transactions. Figure 11 below lists the main requirements for the employees of the Manager.

Figure 11: Requirements of the Manager's employees

- 01** Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- 02** Place the integrity of the investment profession and the interests of clients above their own personal interests.
- 03** Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- 04** Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- 05** Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- 06** Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

In addition, ECWAM's policies are focused on the identification and management of potential conflicts of interest that may surface between the Manager, its directors and employees in the normal course of business, including internal mediation, disclosure or obtaining consent from the affected party.

Whistle-blowing

A whistle-blowing policy is put in place by the Manager to encourage its employees and related parties to raise concerns in confidence about possible improprieties in financial reporting and other malpractices, including fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual and concealment of any of the aforementioned malpractices. The policy also includes the independent investigation of any reported incidents and appropriate follow up action. The whistle-blowing policy aims to provide employees or external parties with a well-defined, accessible and trusted channel to come forward and voice their concerns in good faith while being protected from discrimination, retaliation, harassment or reprisal of any kind. Refer to Figure 12 below for the procedure for whistle-blowing in ECWAM.

Figure 12: Whistle-blowing procedure

1. Any person may report allegations of suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, shareholders, employees, investors or the public at large.
2. Acts of misconduct may be disclosed in writing, by telephone or in person. However, all reports are encouraged to be made in writing to ensure a clear understanding of the issues raised.
3. All misconduct must be reported directly to the Compliance Officer who will report to the ARC Chairman, in writing, telephone, or in person, whichever is appropriate.
4. The whistle-blower shall be expected to prove the truth of an allegation and to demonstrate sufficiency on grounds for concern.
5. All employees shall refer to the Company's '**Whistle-blowing Policy**' for details and procedures in reporting misconduct.

REGULATORY COMPLIANCE

Why the topic is important and its boundary

EC World recognises the importance of compliance to regulatory authorities for its reputation, continuous growth and future development. Non-compliance can lead to negative consequences such as fines, punitive measures taken by regulators to limit business activities or expansion, and the Board of the Manager and its employees being subject to convictions punishable by fines or imprisonment.

The topic covers EC World REIT itself and its subsidiaries.


Policies

Figure 13 below shows the various policies on regulatory compliance adopted by EC World REIT.

Figure 13: Policies on regulatory compliance



Targets and status

Perpetual Target	Progress/Status
0 major compliance issue	 Achieved

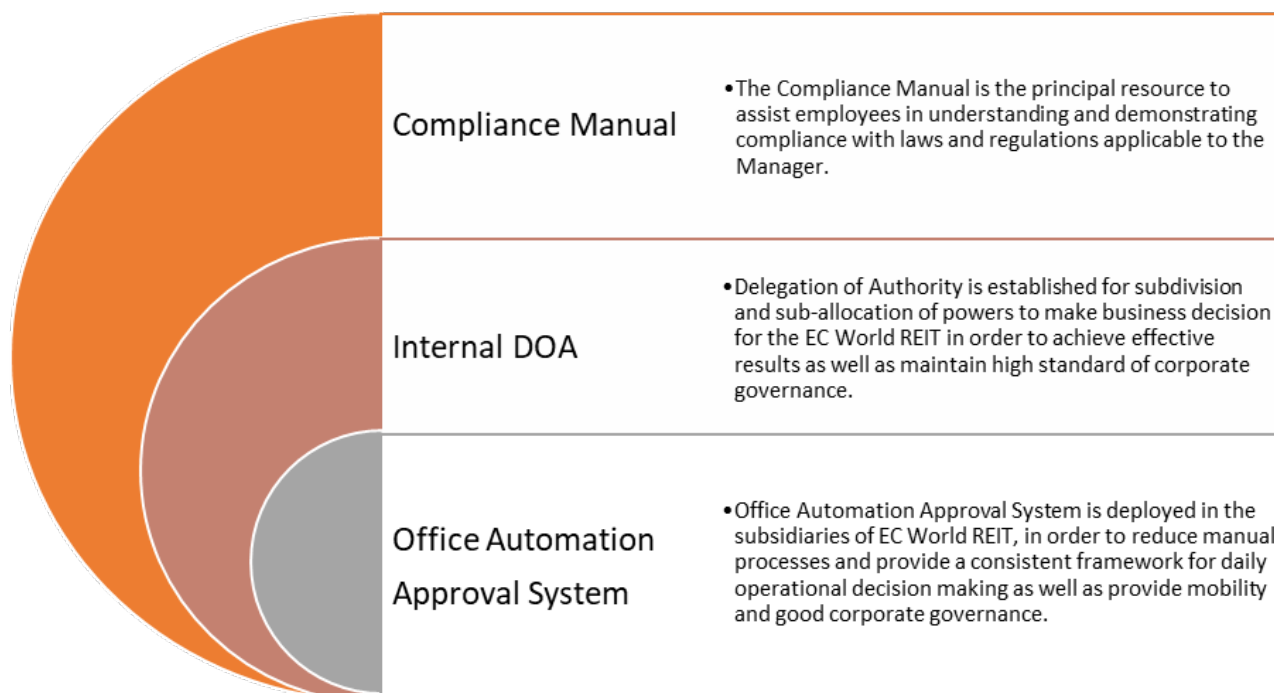
Responsibilities

The compliance and the overall ethical culture of EC World REIT are managed by the Board and Senior Executive Staff of the Manager.

Practices

The Manager manages its compliance according to the Compliance Manual, Internal Delegation of Authority (DOA) and Office Automation Approval System. Please refer to Figure 14 below for compliance management practices.

Figure 14: Compliance Management



In 2018, compliance trainings were provided to the Board of Directors, Senior Management and Staff. All representatives are required to undergo a minimum 8 hours of ethics training and all professional staff would need to meet all Continuing Professional Development requirements.

Grievance mechanism

Complaints Handling

The Manager seeks to attend promptly and fairly to all complaints. Each complaint, whether justified or not, should be fairly and thoroughly investigated and addressed within a reasonable time frame. Employees are given a set of strict rules which restrict them from investigating complaints made against them, challenging the person who lodged the complaint, or saying anything to the person who lodged the complaint that could be used against the Manager as an admission of liability.

Evaluation

Quarterly internal audits and an annual external audit are carried out to evaluate the effectiveness of the policies.

Performance

In FY2018, zero major cases of non-compliance to the environmental and socioeconomic laws and regulations were reported. The Manager aims to maintain zero non-compliance in the coming years.

OUR BUSINESS

QUALITY OF ASSETS

Why the topic is important and its boundary

The Manager recognises that the quality of its assets improves its ability to attract and retain tenants as well as yielding a higher rental income. It also has a significant impact on the valuation of property and how well the property fits its surroundings. This year, the sustainability report scope was expanded to include our 7th asset, Wuhan Meiluote.

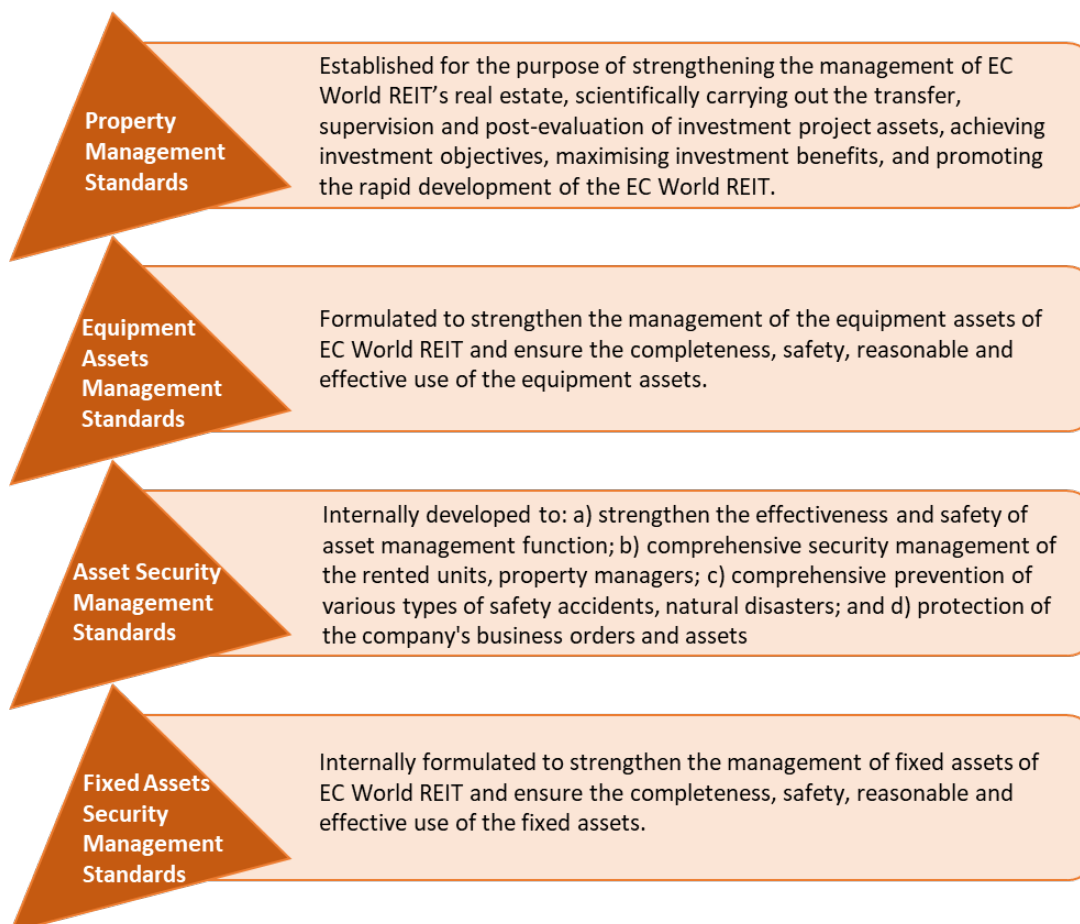
Quality assets are key to meeting the expectations and interests of our stakeholders. These expectations and interests include the delivery of quality property and customer services to our tenants, optimisation of rental revenues and operating costs for our unitholders, and well-maintained and non-polluting assets for our community.

The Manager communicates with the Property Manager regularly to ensure that maintenance is conducted in a timely and efficient manner to guarantee the quality and versatility of the assets, which is important for tenants who lease the space at EC World REIT's assets. Quality property management enables EC World REIT's assets to charge at a competitive rental rate, thereby providing Unitholders' stable and sustainable returns.



Policy

EC World REIT has established a set of standards, including Property Management Standards, Equipment Asset Management Standards, Asset Security Management Standards and Fixed Assets Insurance Management Standards, to ensure the quality of its assets and services. These asset management standards apply to all projects that cover equipment and property.

Figure 15: Asset management standards



Targets and status

Perpetual Target	Progress/Status
New/renewed leases at rental rates equal to or above rental rate of the current property.	 Achieved
Perform maintenance and inspection of the assets as per national and local standards	 Achieved

Investment in quality assets is a key pillar of the REIT's investment strategy, with acquiring yield accretive asset as a crucial investment criterion. This includes:

- the acquisition of good quality income-producing properties with established customers
- the proactive marketing and leasing of spaces to achieve a healthy occupancy
- stringent due diligence acquisition process to ensure good quality asset is being acquired.

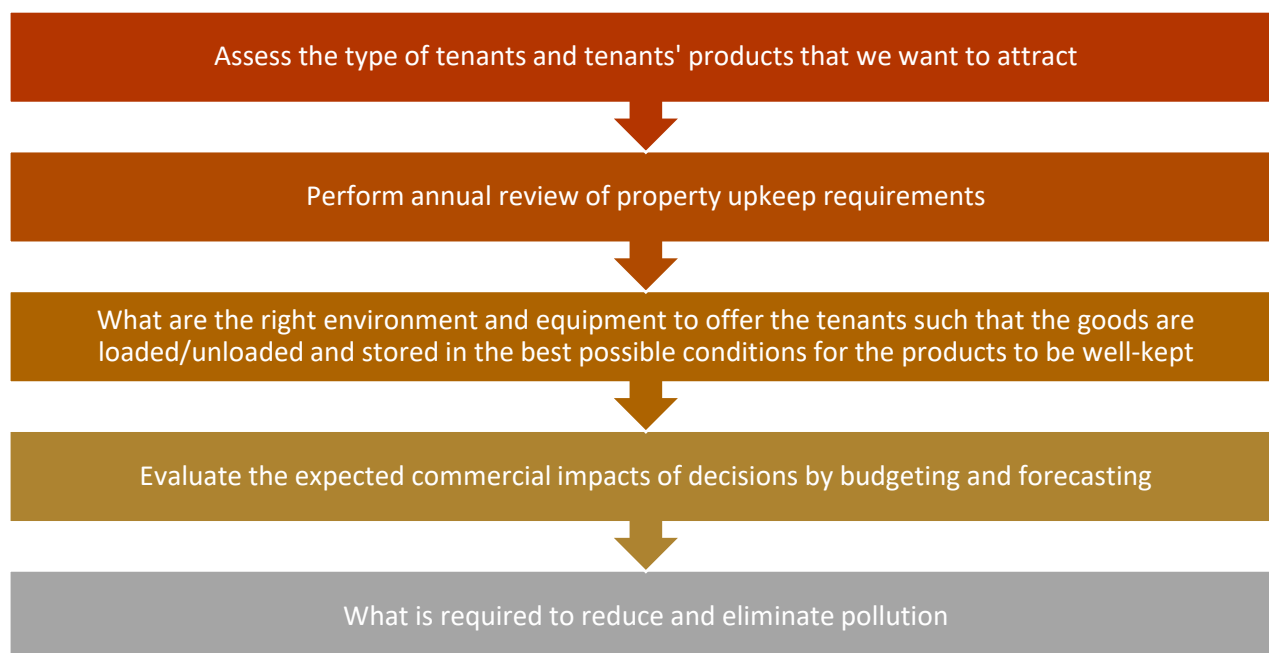
Responsibilities

The Board of Directors, Mr. Li Jinbo (Head of Investment, Asset Management and Investor Relations) and Mr. Teo Kah Ming (Senior Manager, Investment and Asset Management), are responsible for the management of quality of assets.

Practices

Figure 16 below shows the process of assets quality assessment.

Figure 16: Process of assets quality assessment



To meet the relevant asset management standards, the Maintenance Units conduct maintenance and annual inspection according to national and local standards as shown in Figure 17 below.

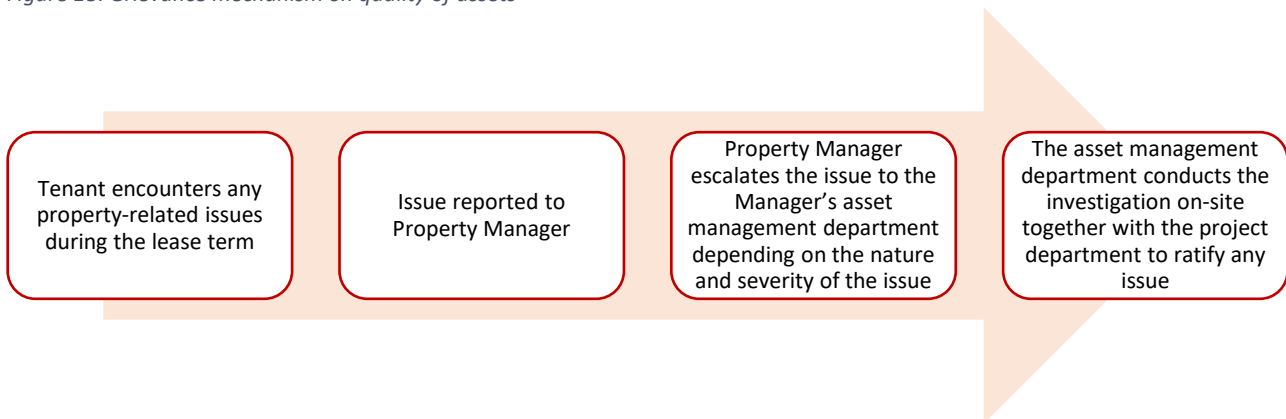
Figure 17: Maintenance and annual inspection of assets

Equipment name	Frequency	Practices
Elevator	Monthly	Two maintenance and inspections conducted and recorded
Fire equipment	Weekly, monthly, quarterly, semi-annually	Inspection conducted and sign on the corresponding maintenance records

Grievance mechanism

Figure 18 below shows the grievance mechanism on asset quality issues.

Figure 18: Grievance mechanism on quality of assets



Evaluation

- Quarterly internal audit
- Annual external audit (ISO9001 Quality Management System)
 - The operations at Hengde Logistics and its asset, Chongxian Port Investment and Chongxian Port Logistics have been ISO recertified in 2018.
- Annual tenant survey
 - Bei Gang's survey covers daily service, supporting facilities, maintenance and environment of public areas.
 - Fu Heng collected feedback regarding property management, hygiene and facilities.

Results

No major non-compliance issue has been identified during the audits. Bei Gang scored 93% in the survey, and tenants in Fu Heng were satisfied with the service provided. For Chongxian Port Investment, there was negative feedback to management of non-motorised transportation, which will be rectified in 2019. In addition, the Manager's new workplace in Singapore was renovated in 2018 in accordance to BCA standards and was awarded the Green Mark certification.

Performance

In FY2018, new and renewed leases have been signed at higher rate compared to the expiring leases. In addition, maintenance and inspections have been carried out according to the Standard Operating Procedures laid out by the Property Manager. There was no major non-compliance identified during the audits in FY2018. Minor asset quality issues were rectified accordingly before the end of 2018.

PRODUCT INNOVATION

Why the topic is important and its boundary

EC world recognises the crucial role of product innovation, especially in value-added service, to attract customers and improve customer retention. Initiatives for product innovation can help to improve our ability to structure rental leases and services to suit the customer's needs, flexibility in the aesthetic aspects of the buildings, space available for leasing, as well as fixtures and services provided to customers.

To identify product needs, it is crucial to carry out regular communications with the Property Manager and tenants. The Manager believes that innovation can give us an edge in the highly competitive market of today arising from technological innovation. Innovation is also imperative for EC World REIT's long-term sustainable growth and success so that it can deliver better products and services. Therefore, the Manager strives to provide the best innovative products and services to enhance customer satisfaction in order to meet the expectations of stakeholders.

Policy


Project incentive policies are formulated to encourage innovation. For instance, employees will be rewarded for technological innovation or transformation that brings about economic benefits or great honour to the organisation.

The Manager also invests in upgrading and the retrofitting of assets to enhance the existing facilities.

Responsibilities

Together with the Investment department at the Manager, the Department of Engineering at the Property Manager works to foster innovation in the organisation.

Target and status

FY2018 Target	Progress/Status
Upgrading 1-2 property features annually	 Achieved

The Department of Engineering at the Property Manager is dedicated to ensuring that the target is achieved annually. Please refer to the Performance Section for more details.

Practices

To meet the needs of customers, EC World REIT's warehouses provide customised services such as providing information on nearby logistic companies or contractors to newly joined tenants. In 2018, Fu Heng Warehouse retrofitted and relocated the lifts to improve on the circulation efficiency of the warehouse at the recently implemented Asset Enhancement Initiatives ("AEI"). In differentiating our services, we also help tenants to source for logistics service providers depending on their needs. Furthermore, should the tenants require manpower, the Property Manager assists in sourcing of labourers from external agencies. In the following years, the Property Manager plans to provide logistics equipment rental services and construct the Automated Storage and Retrieval System ("ASRS") to differentiate our properties from competitors and provide additional value to our customers.

Case study: Construction of roof over open atriums and relocation of lifts at Fu Heng Warehouse

Where?	When
Fu Heng Warehouse, China	4 th quarter 2018

What are the goals?

- To create new covered and leasable space at the atriums of the two warehouses.
- To resolve water seepage problem on the ceiling slab of the basement due to water ponding in the open atrium areas during rainy seasons.
- To improve the circulation efficiency of goods within the warehouse.

What has Fu Heng done?

Figure 19: Sky atrium area at Fu Heng Warehouse



Sky atrium area at Fu Heng Warehouse to be covered by new roof structure to prevent water ponding and to serve as a new storage space.

Figure 20: Previous lift position (behind the stacked goods)



The lifts at Fu Heng Warehouse underwent retrofitting and relocation from its previous lift position (behind the stacked goods) in Figure 20, where the lifts are inaccessible, to a location where goods can be easily transported and is free from obstruction, in Figure 21.

Figure 21: 2 Relocated lifts: first relocation (left) and second relocation (right)



Grievance mechanism

Suggestions regarding innovation can be made through the Department of Engineering at the Property Manager which will then be submitted to the General Manager for review and approval.

Evaluation

Movement of goods at Fu Heng Warehouse has improved after the completion of the relocation of lifts. The construction of the roof structure is still in progress as we are exploring the usage of solar panels for the roof.

Performance

In 2018, we have successfully upgraded one of our properties, Fu Heng Warehouse. The AEI opportunity has been identified at Fu Heng Warehouse and commenced in the last quarter of 2018.

OUR PEOPLE

PROFILE OF OUR WORKFORCE

The Manager believes that the well-being of our employees is integral to long-term value creation of our business. Moreover, we always strive to improve our employee diversity and quality of our talent pool to increase our working capabilities. Due to the nature of our business, a significant portion of our business operations are performed by the employees under the Property Manager located in China², while operations performed by employees under the Manager are located in Singapore. Please refer to Figures 22 to 24 for the profile of EC World REIT’s workforce.

Figure 22: Profile of EC World REIT’s workforce in Singapore (Employees)

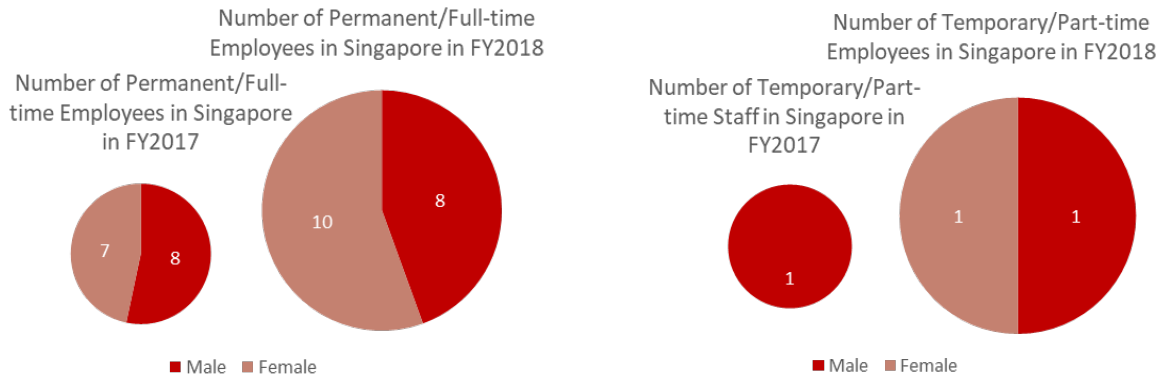
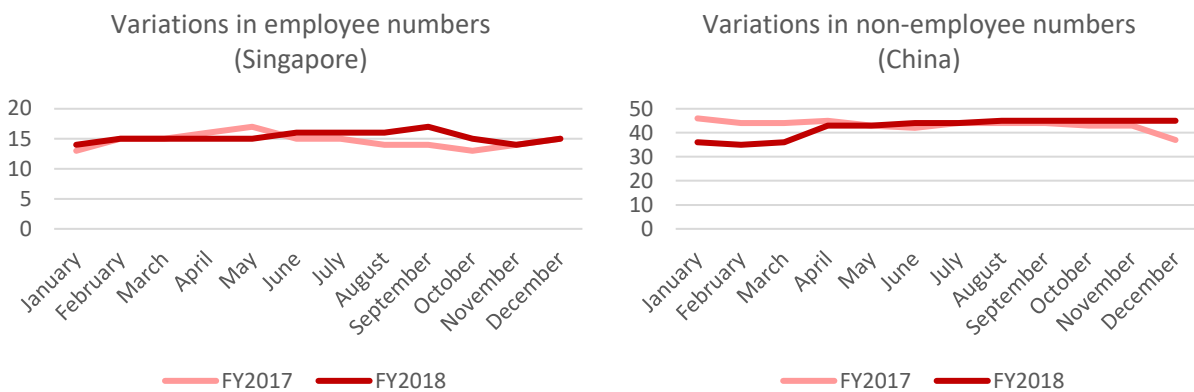


Figure 23: Profile of EC World REIT’s workforce in China (Non-employees)



Figure 24: Variations in employee and non-employee numbers in Singapore and China



² In the context of GRI Standards, workers under the Property Manager in China are defined as non-employees of EC World REIT.

WORKPLACE HEALTH AND SAFETY


Why the topic is important and boundary

Workplace health and safety protects the well-being of employees, visitors and customers. It lowers the risk of prosecution and staff turnover, which may increase costs and reduce profitability. If not well managed, the surroundings of the Manager’s office, various departments, subsidiaries in China as well as the Property Manager’s workplace will be put at risk. The Manager recognises the importance of occupational health and safety and is dedicated to providing a safe and healthy work environment.

Policy

Singapore	China	
Workplace Safety and Health Act	Work Safety Law	Standardisation of Safety Production
The Workplace Safety and Health (WSH) Act is an essential part of a framework to cultivate good safety habits in all individuals because it creates a strong safety culture in workplaces. The WSH Act requires stakeholders to take reasonably practicable measures to ensure the safety and health of persons at the workplace.	The Work Safety Law has clearly defined the safety governance structure, roles and responsibilities of relevant personnel and the relevant rules and standards.	The standardisation of safety production aims to establish a safety production responsibility system, safety management system, operational procedures for hazardous sources, precautions, regulation of production, and the company’s compliance with relevant laws and regulations.

Targets and status

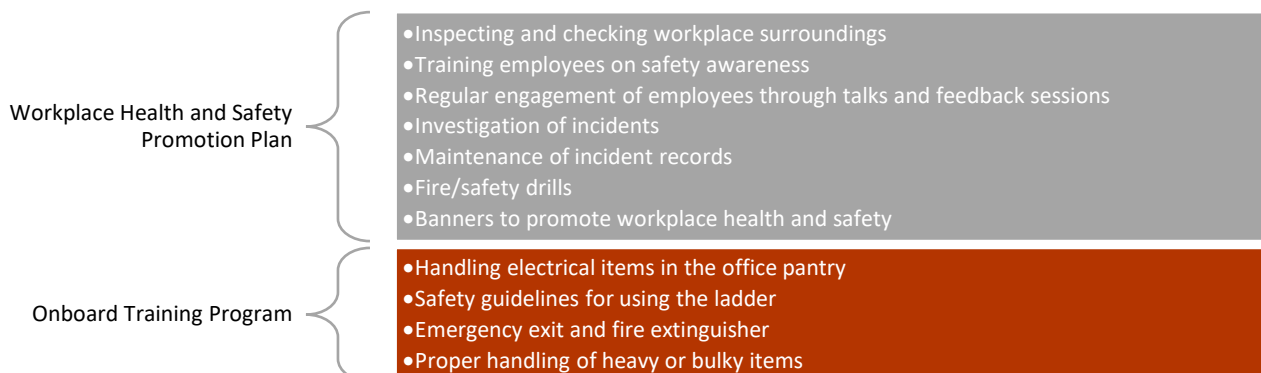
Perpetual Target	Progress/Status
Zero work-related injury that results in staff permanent disability or fatality	 Achieved

Responsibilities

The Board, together with the Senior Management and Compliance, Risk Management Department, and HR Department, oversees the overall Workplace Health and Safety issue in the REIT’s assets as well as at the Manager’s operational premises. Within the properties, the Environmental and Safety Department and Safety Steering Committee from the Property Manager ensures that the REIT’s assets comply with the regulatory requirements and Health and Safety Management System.

Practices

The Manager implemented the promotion of workplace health and safety. Additionally, in Singapore, workplace health and safety is included in employee’s onboard training.



Case study: Fire drill at Hengde Logistics

Where	When
Zhejiang Hengde Sangpu H5 warehouse, China	26 June, 2018

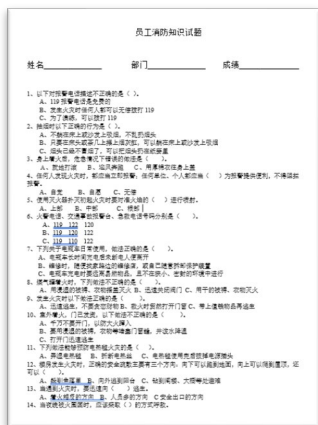
What are the goals?

- Strengthen fire safety management at Hengde Logistics (“Hengde”)
- Improve staff’s ability to respond quickly to fire incidents
- Develop employees’ ability to maintain personal and public properties during emergency

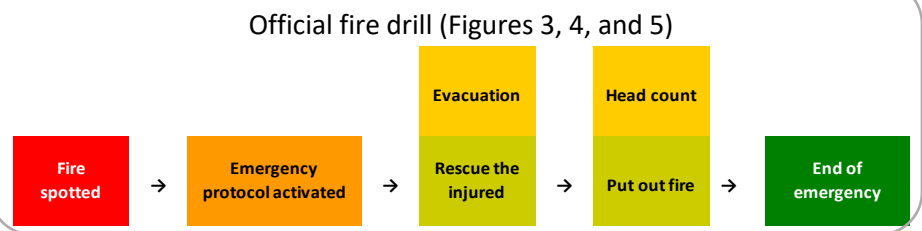
What has Hengde done?



Classroom training and briefing before fire drill (Figure 1)



Emergency knowledge quiz (Figure 2)
The quiz tests on employees’ knowledge on how to use fire extinguisher, emergency number, escape route, safety precautions and how to respond to emergency.



Post fire drill talk conducted by chief trainer from Hengde Fire Department with demonstration on how to use fire apparatus. (Figure 7, 8)



Grievance mechanism

A Whistle Blowing Policy is implemented, and open for all employees of the Manager and Property Manager who wish to report any incident or grievance over the safety of the work to be carried out.

Evaluation

Internal audits have been carried out three times during 2018 with no major issue identified.

Performance

In FY2017 and FY2018, EC World REIT recorded zero injuries, zero fatalities, as well as zero occupational disease rate (ODR), as shown in Figure 25. The Manager seeks to ensure and maintain zero work-related injury, preventing any staff permanent disability or fatality.

Figure 25: Workplace health & safety data

Employees & Non-employees (By region)						
	FY2017			FY2018		
	Injury rate (IR)	Lost day rate (LDR)	Absentee rate ³ (AR)	Injury rate (IR)	Lost day rate (LDR)	Absentee rate (AR)
Singapore (Employees)	0%	0%	12.69%	0%	0%	9.87%
Singapore (Non-employees) ⁴	0%	N.A.	N.A.	0%	N.A.	N.A.
China (Non-employees) ⁵	0%	0%	0.35%	0%	0%	0.14%

Employees (By gender)						
	FY2017			FY2018		
	Injury rate (IR)/ Occupational disease rate (ODR)	Lost day rate (LDR)	Absentee rate (AR)	Injury rate (IR)/ Occupational disease rate (ODR)	Lost day rate (LDR)	Absentee rate (AR)
Male	0%	0%	4.04%	0%	0%	5.36%
Female	0%	0%	21.35%	0%	0%	14.37%

Non-employees (By gender)		
	Injury rate (IR)	
	FY2017	FY2018
Male	0%	0%
Female	0%	0%

³ Absentee rate is the measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period, as defined in GRI Standards.

⁴ The non-employees in Singapore consist of one intern for FY2017 and 2 interns in FY2018.

⁵ The staff under the Property Manager or "Yuntong" are considered non-employees in this report.

OUR ENVIRONMENT

ENERGY USE AND GHG EMISSION

Why the topic is important and boundary


The Manager recognises that energy consumption of our properties indirectly contributes to the greenhouse gas emissions (GHG) in the environment, which contributes to global warming. As a responsible corporate, the Manager strives to take measures in reducing the energy consumption of our properties.

In reducing our energy consumption, the Manager first seeks to identify the root cause of high energy consuming properties by evaluating the trends of monthly electricity bills, followed by implementing actions to minimise electricity wastage. In this report, the REIT covers energy consumption and GHG emissions arising from the properties under its operational control for Scope 1 (direct emissions) and Scope 2 (energy indirect emissions).

Policy

Although EC World REIT has no formalised corporate policy on energy and emissions, the Property Manager in China ensures that our properties have met the national regulation on energy and emissions known as the Energy Conservation Law.

Targets and status

FY2018 Target	Progress/Status	Moving forward
EC World REIT aims to reduce its total energy consumption from the properties under its operation control gradually over the next 5 years (with FY2017 being the baseline)	 Ongoing	EC World REIT aims to reduce its total energy consumption from the properties under its operation control gradually over 5 years (with FY2017 being the baseline)

Responsibilities

Energy saving initiatives and the resultant decrease in emissions are driven by the Property Manager in China on all EC World REIT's properties in China and overseen by Mr. Li Jinbo (Head of Investment, Asset Management and Investor Relations) and Mr. Teo Kah Ming (Senior Manager, Investment and Asset Management).

Practices

In its efforts to reduce energy consumption and emissions, EC World REIT has put in place the following initiatives:

Initiative	Current Status
<i>Usage of energy-efficient equipment</i>	The Property Manager will be conducting feasibility studies on the usage of energy efficient bulbs throughout our properties in 2019 and make plans for implementation from 2020 onwards in phases.
<i>Explore use of solar panels to generate electricity for the properties</i>	Feasibility of installation of solar panels were explored in 2018. The final decision was made in early 2019 for the solar panels to be installed at Fu Heng Warehouse in FY2019.
<i>In the long run, EC World REIT plans to promote the use of alternative renewable energy vehicles</i>	The Stage 1 Properties of Bei Gang Logistics have been sited to install electric car charging stations and we are planning the implementation.
<i>Implementing energy conservation awareness initiatives</i>	Engagement with tenants on an ad-hoc basis

Evaluation

In our energy consumption report, our energy consumption has decreased in FY2018 mainly due to increased daily energy saving awareness and reduction in customer usage.

Performance

Figure 26: Energy Consumption within EC World REIT

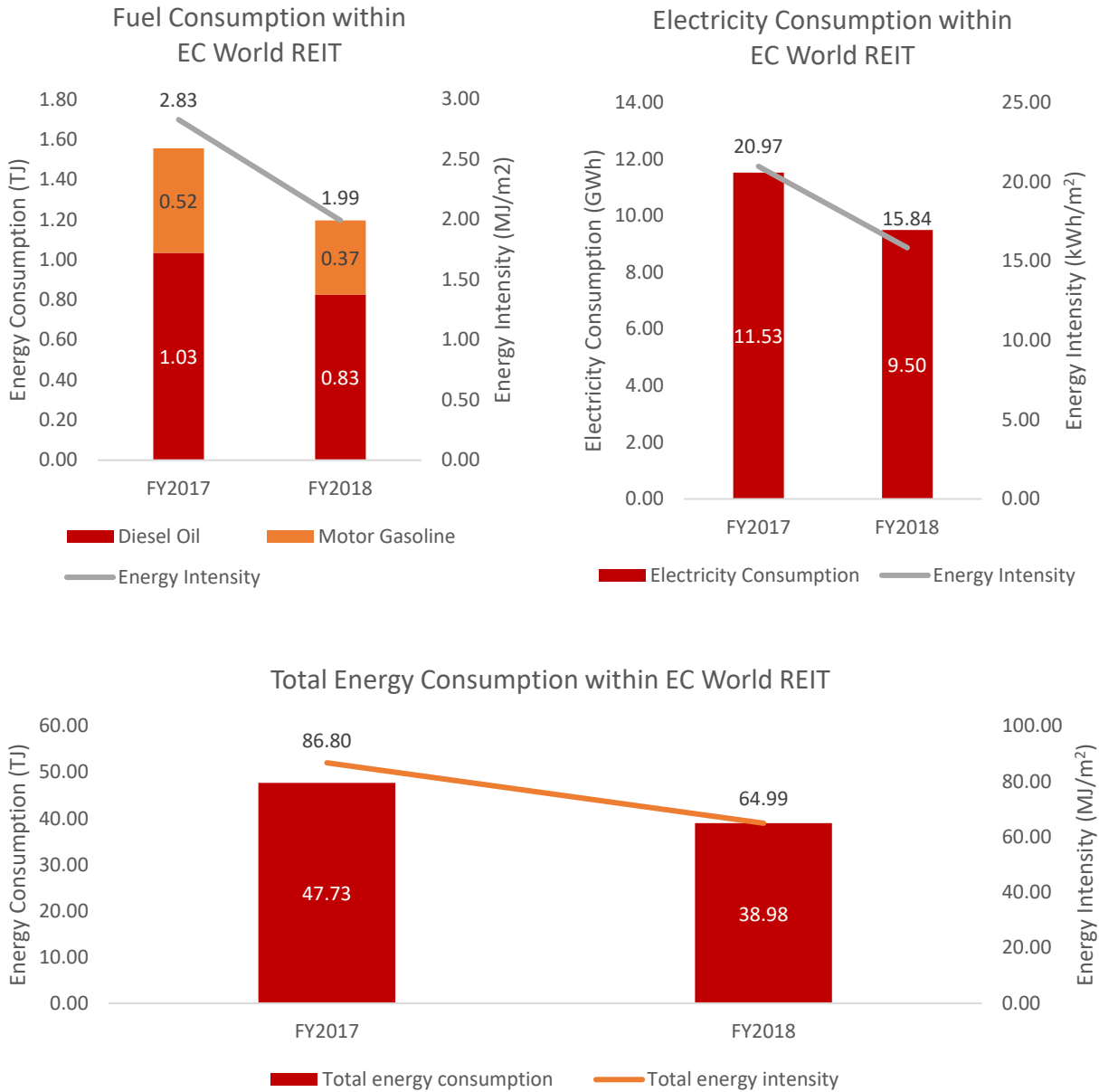
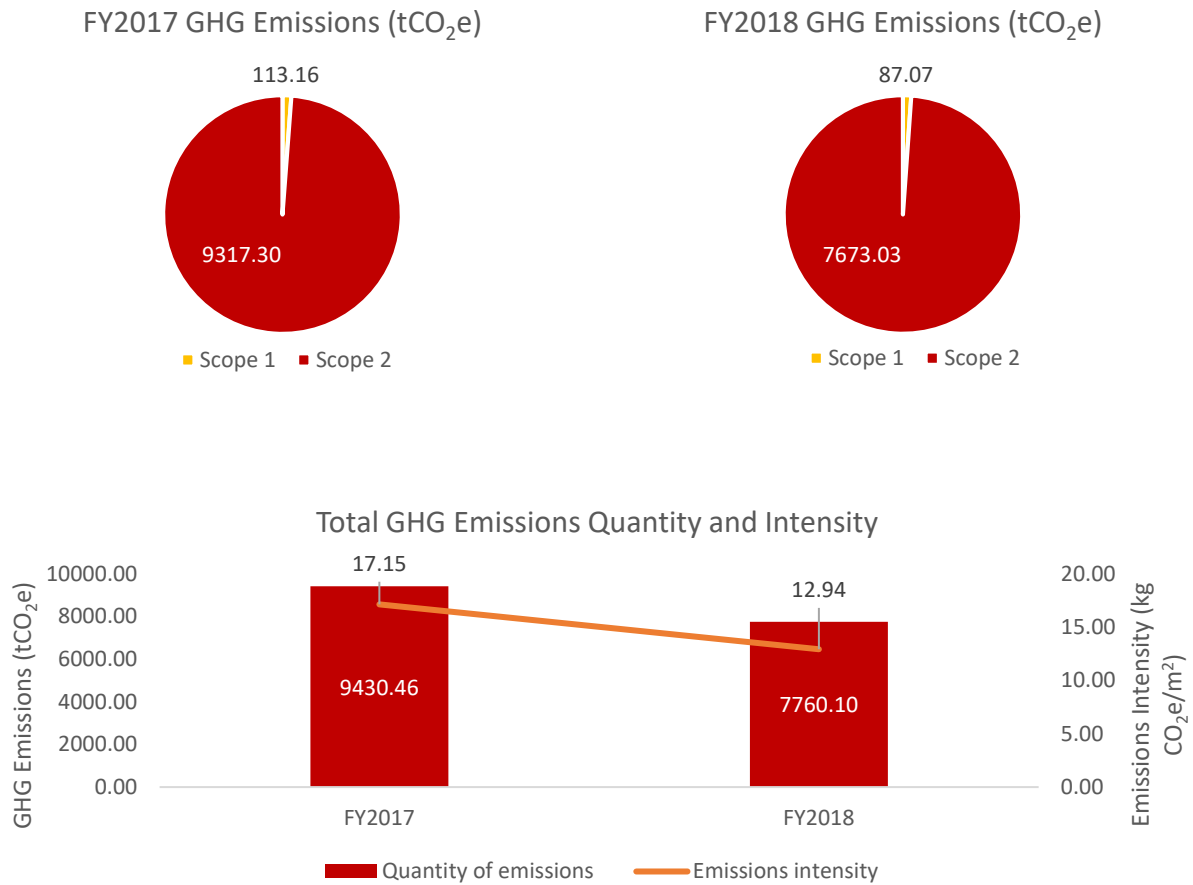


Figure 27: Total greenhouse gas (GHG) emissions⁶



⁶ Note: GHG emissions are calculated following the requirements and principles of ISO 14064-1 and Greenhouse Gas Protocol. Gases included in the calculation are CO₂, CH₄, N₂O. Scope 1 emission factors are sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Scope 2 emission factors are sourced from Electricity Grid Emission Factor and Upstream Fugitive Methane Emission Factor, 2005-2017, Singapore Energy Market Authority 11 July 2018 and 2016 Baseline Emission Factors for Regional Power Grids in China, NDRC Apr 2017.

GRI CONTENT INDEX

GRI Standard	Disclosure	Section of Report	Page Reference	
General Disclosures				
GRI 102: General Disclosures 2016	Organisational profile			
	102-1	Name of the organisation	About EC World	Pg 4-6
	102-2	Activities, brands, products, and services	About EC World	Pg 4-6
	102-3	Location of headquarters	About EC World	Pg 4-6
	102-4	Location of operations	About EC World	Pg 4-6
	102-5	Ownership and legal form	About EC World	Pg 4-6
	102-6	Markets served	About EC World	Pg 4-6
	102-7	Scale of the organisation	About EC World	Pg 4-6
	102-8	Information on employees and other workers	Our people	Pg 22
	102-9	Supply chain	Supply Chain Management	Pg 6
	102-10	Significant changes to the organisation and its supply chain	About EC World	Pg 4-6
	102-11	Precautionary Principle or approach	Risk Management	Pg 11
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Strategy				
102-14	Statement from senior decision-maker	Board statement	Pg 2	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	Ethics And Integrity	Pg 12-13	
Governance				
102-18	Governance structure	Governance	Pg 11-15	
Stakeholder engagement				
102-40	List of stakeholder groups	Stakeholder Engagement	Pg 8-9	
102-41	Collective bargaining agreements	EC World REIT does not have any collective bargaining agreements	N.A.	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Pg 8-9	
102-43	Approach to stakeholder engagement	Stakeholder Engagement	Pg 8-9	
102-44	Key topics and concerns raised	Stakeholder Engagement	Pg 8-9	
Reporting practice				
102-45	Entities included in the consolidated financial statements	About The Report	Pg 3	

GRI Standard	Disclosure		Section of Report	Page Reference
	102-46	Defining report content and topic Boundaries	About The Report	Pg 3
	102-47	List of material topics	Materiality Assessment	Pg 10
	102-48	Restatements of information	N.A.	N.A.
	102-49	Changes in reporting	About The Report	Pg 3
	102-50	Reporting period	About The Report	Pg 3
	102-51	Date of most recent report	2017 EC World Sustainability Report	N.A.
	102-52	Reporting cycle	About The Report	Pg 3
	102-53	Contact point for questions regarding the report	About The Report	Pg 3
	102-54	Claims of reporting in accordance with the GRI Standards	About The Report	Pg 3
	102-55	GRI content index	GRI Content Index	Pg 29-31
	102-56	External assurance	Organisation has not sought external assurance	N.A.
Topic-specific GRI Standard Disclosures				
CATEGORY: ECONOMIC		MATERIAL ASPECT: PRODUCT INNOVATION (VALUE ADDED SERVICE)		
GRI 103: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	Product Innovation	Pg 19-21
	103-2	The management approach and its components	Product Innovation	Pg 19-21
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CATEGORY: ENVIRONMENTAL		MATERIAL ASPECT: ENERGY USE AND GHG EMISSIONS		
GRI 103: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	Energy Use And GHG Emissions	Pg 26-28
	103-2	The management approach and its components	Energy Use And GHG Emissions	Pg 26-28
	103-3	Evaluation of the management approach	Energy Use And GHG Emissions	Pg 26-28
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy Use And GHG Emissions	Pg 26-28
	302-3	Energy intensity	Energy Use And GHG Emissions	Pg 26-28
GRI G4 Sector Disclosure: Construction and Real Estate	CRE-3	Greenhouse gas emissions intensity from buildings	Energy Use And GHG Emissions	Pg 26-28
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	Energy Use And GHG Emissions	Pg 26-28
	305-4	GHG emissions intensity	Energy Use And GHG Emissions	Pg 26-28
GRI G4 Sector Disclosure:	CRE-3	Greenhouse gas emissions intensity from buildings	Energy Use And GHG Emissions	Pg 26-28

GRI Standard	Disclosure		Section of Report	Page Reference
Construction and Real Estate				
CATEGORY: SOCIAL		MATERIAL ASPECT: WORKPLACE HEALTH AND SAFETY		
GRI 103: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	Workplace Health And Safety	Pg 23-25
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GRI 403: Occupational Health and Safety 2018	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workplace Health And Safety	Pg 23-25
MATERIAL ASPECT: QUALITY OF ASSETS				
GRI 103: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	Quality Of Assets	Pg 16-18
	103-2	The management approach and its components	Quality Of Assets	Pg 16-18
	103-3	Evaluation of the management approach	Quality Of Assets	Pg 16-18
GRI G4 Sector Disclosure: Construction and Real Estate	CRE-8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Quality Of Assets	Pg 16-18
CATEGORY: GOVERNANCE		MATERIAL ASPECT: REGULATORY COMPLIANCE		
GRI 103: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	Regulatory Compliance	Pg 14-15
	103-2	The management approach and its components	Regulatory Compliance	Pg 14-15
	103-3	Evaluation of the management approach	Regulatory Compliance	Pg 14-15
GRI 419: Socioeconomic Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Regulatory Compliance	Pg 14-15
	419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance	Pg 14-15