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SUSTAINABILITY REPORT

BOARD STATEMENT

The Board presents CDL Hospitality Trusts' ("CDLHT") second sustainability report (the "Report") for the financial year ended 31 December 2018 ("FY 2018"). The Report is in compliance with the Singapore Exchange Limited ("SGX") requirements.

The H-REIT Manager and HBT Trustee-Manager (collectively the "Managers") have been actively involved in developing our sustainability strategy for CDLHT. As asset owners, we focus our efforts on encouraging sustainable behaviour in regard to eco-efficiency, safety and staff development at our assets and supporting our various partners as best we can. For ourselves, we concentrate on staff development and regulatory compliance at the Managers. This report consists of our sustainability efforts throughout the year, including our targets which were formalised by the Managers, and reviewed by the H-REIT Manager Board and the HBT Trustee-Manager Board (jointly as "Managers' Boards"). The Managers' Boards are also responsible for the oversight of management and monitoring of CDLHT's material Environmental, Social and Governance ("ESG") factors.

As asset owners, we have varying levels of control over the daily operations at our assets. However, during 2018 the Managers have been increasing our engagement with the master-lessees and hotel managers at our assets. As a result, in our 2018 sustainability report, we have expanded our report scope to include our Singapore assets as well as some of our overseas portfolio as well. The new hotels that have been scoped in this year's report include the following properties in the United Kingdom and New Zealand:

- The Lowry Hotel, United Kingdom
- Grand Millennium Auckland, New Zealand

CDLHT has identified six material factors this year – Economic Performance, Employment, Workplace Health and Safety, Corporate Governance, Energy and a new material factor, Water.

During the year, CDLHT's portfolio has been presented with several awards, namely:

BCA Green Mark Award (2018)	Platinum: - Grand Copthorne Waterfront Hotel - Copthorne King's Hotel	
	Gold Plus: - M Hotel - Novotel Singapore Clarke Quay	
	Gold: - Orchard Hotel - Studio M Hotel	
PUB Water Efficiency Building Award (2018)	Gold: - Grand Copthorne Waterfront Hotel - Novotel Singapore Clarke Quay	
	Silver: - M Hotel	
Acting Here Planet 21 (2018)	ISO 14001 - Novotel Singapore Clarke Quay	
	Gold Level Planet 21 - Novotel Singapore Clarke Quay	
ASEAN Green Hotel Award (2018)	- Novotel Singapore Clarke Quay	



ABOUT THIS REPORT

CDLHT's sustainability report covers ESG factors that are pertinent to the company, and includes sustainability strategies, performance and targets for FY 2018. This report has been prepared to ensure that the continued long-term growth of our business integrates with our sustainability efforts thus enhancing CDLHT's portfolio value for our stakeholders.

The scope of this report includes properties in Singapore, as well as several properties internationally. The expansion of the scope reflects the gradual progress which CDLHT intends to incorporate in its sustainability report over the years. Properties which have been included in this year's scope include the following:

Portfolio Hotel	Managed Property	Properties with Leases
SINGAPORE		
Orchard Hotel (" OHS ")		✓
Grand Copthorne Waterfront Hotel (" GCW ")		✓
M Hotel (" MHS ")		✓
Copthorne King's Hotel (" CKS ")		✓
Studio M Hotel (" STM ")		✓
Novotel Singapore Clarke Quay (" NCQ ")		✓
UNITED KINGDOM		
The Lowry Hotel ("Lowry")	✓	
NEW ZEALAND		
Grand Millennium Auckland (" GMA ")		1

This report has been prepared in compliance with SGX Listing Rules 711B, and developed with reference to the Global Reporting Initiative ("**GRI**") (2016) Standards. CDLHT's sustainability performance for the period 1 January 2018 to 31 December 2018 has been included in this report. The Report references the following topic-specific disclosures:

- Disclosure 102-8 from GRI 102: General Disclosure 2016
- Disclosure 302-1 and 302-3 from GRI 302: Energy 2016
- Disclosure 303-5 from GRI 303: Water and Effluents 2018
- Disclosure 401-1 from GRI 401: Employment 2016
- Disclosure 403-9 from GRI 403: Occupational Health and Safety 2018
- Disclosure 404-1 from GRI 404: Training and Education 2016
- Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016
- Disclosure 416-2 from GRI 416: Customer Health and Safety 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

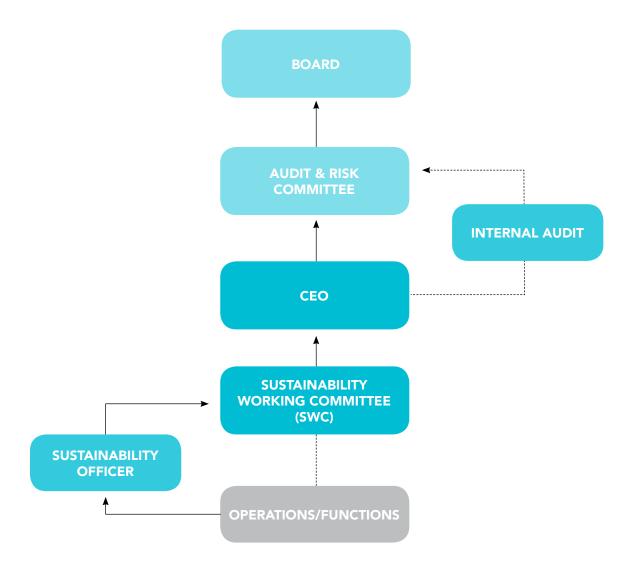
CDLHT strives to continuously refine our sustainability strategy and practices. We greatly welcome your feedback and comments which can be directed to Paul Kitamura (Head, Asset Management).

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SUSTAINABILITY GOVERNANCE

SR Governance Structure



Managers' Boards is responsible for overseeing the seamless integration of sustainability into CDLHT's goals and strategy. The Managers' Boards also play a role in managing and monitoring these material factors and their performance as CDLHT aims for a more sustainable growth in the future. The Audit and Risk Committee ("ARC") is the strategic advisor for the board when it comes to sustainability strategy and they convene at least once a year to review and challenge the Group's sustainability efforts and performance.

To aid in their work, CDLHT has a Sustainability Working Committee ("**SWC**") lead by the CEO of the Managers, Mr Vincent Yeo Wee Eng and comprising key personnel from various business functions. The SWC take the lead by developing strategies and objectives that also consider the Environmental, Social and Governance ("**ESG**") material factors in day-to-day operations. These strategies are put before the ARC for thorough and detailed scrutiny and approval. The SWC is also responsible for managing and monitoring the overall sustainability performance and meet on a regular basis, reporting quarterly to the Board on CDLHT's sustainability performance.



STAKEHOLDER ENGAGEMENT

CDLHT recognises the importance of communication with its stakeholders as they drive operations and contribute to our performance. Thus, CDLHT holds regular dialogues and other forms of engagements in order to identify key topics that its stakeholders are concerned with. This allows CDLHT to be well-positioned in responding to ESG issues. The following table depicts CDLHT's engagement approach with our stakeholders:

Stakeholders	How to Engage	Key Topics and Concerns	Frequency of Engagement
Board of Directors	Board MeetingsEmail Communication	Economic PerformanceESG Performance	Quarterly
Government and Regulators	Briefings and consultationsParticipation in surveys and focus groups	 Social and environmental related legislations 	Periodically
Employees	 Trainings and transition assistance programs Annual employment survey Performance and career development reviews Meetings and talks Bonding events Magazines and newsletters, intranet and social media 	 Training and development Career development opportunities Workplace safety and wellbeing 	Continual Engagement
Hotel Guests	Customer satisfaction surveysSocial media platformThrough the General Manager	 Customer health and safety 	Continual Engagement
Master Lessees and Hotel Managers	 Regular management meetings and communication Bilateral communication, one-on-one meetings and site visits 	 Workplace safety and wellbeing Customer health and safety Eco-efficiency of buildings 	Continual Engagement
Investors	 Annual and interim results briefings and analyst meetings Investor relations website Local and overseas investor conferences and road shows 	 Economic Performance Regulatory Compliance Eco-efficiency of buildings 	Periodically
Suppliers and Business Partners	Assessment of suppliers and vendorsMeetings with business partners	Economic PerformanceEnvironmental Factors	Periodically
Others (Media and Community)	 Media releases, press conferences and interviews Trainings, donations and sponsorships, and staff volunteerism 	 Socio-economic and Environmental Impacts 	Periodically

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MATERIALITY ASSESSMENT

CDLHT conducted a materiality review based on the results of FY 2017's materiality assessment. During the review session, a multitude of factors were given due consideration from our stakeholders perspective. FY 2017's material factors were identified as material and relevant in the year of FY 2018. A new ESG factor, Water, was also identified this year. The following material factors are the most significant to CDLHT's business operations and our key stakeholders:

The aforementioned material factors will be reviewed on an annual basis in order to keep abreast with ESG factors that are most relevant to CDLHT and its stakeholders.

Economic Performance Environment Social Governance Employment Water Employment Workplace Health and Safety Corporate Governance

ECONOMIC

In alignment with CDLHT's objectives of maximising the rate of return for holders of CDLHT's units and making regular contributions, CDLHT recognises the importance of its economic performance.

Economic Performance

CDLHT's shareholders and investors are key in our strategic investments as we aim to attain a more sustainable growth. We are delighted to share the shareholder value we have created in 2018's operations in terms of revenue and costs and our community investment and investments in our employees. Please see pages 121 – 234 for details.

ENVIRONMENTAL

With 2018 announced as the Year of Climate Action for Singapore, CDLHT is committed to minimising our environmental and carbon footprint.

Energy

Energy consumption results in one of the largest environmental impacts of our operations, hence we endeavour to play an active role towards championing energy conservation. We strive to achieve continuous energy consumption reductions through active monitoring and review of consumption patterns.

Management Approach

As asset owners, we have varying levels of control over the daily operations of assets in our portfolio. For this reason, we have begun to increase our engagement with our hotels and considering ESG needs in CAPEX assessments. This is the first step in the process of us taking a deeper role and helping our assets to standardise their approach to sustainability and encourage their sustainability efforts through engagement with them.

CDLHT has in place several policies that encompass all our portfolio hotels in Singapore and aims to address asset energy consumption. This includes our Environmental Policy, which requires hotels to embrace new eco-friendly strategies into the future and actively manage, monitor and record energy consumption. Our hotels also have additional policies related to energy consumption, such as the Energy Policy as well as the Environmental and Sustainability Policy at MHS.



In order to ensure that our policies are implemented in Singapore, several processes have been set in place:

- Hotel Energy Management Committee to monitor and champion conservation of energy
- Bi-monthly engineering meetings are held to address developments/properties whose Green Mark certifications are on-going or close to expiry
- Electricity and gas consumption is statistically analysed daily and monthly
- Daily inspections are conducted to ensure that energy saving policies are strictly adhered to and our equipment is well-maintained
- Total energy usage is reported to the Building and Construction Authority ("BCA") annually via the Building Energy Submission Scheme
- Adopts the Energy Efficiency Index ("EEI") to benchmark our energy consumption

CDLHT has set in place various initiatives across our properties to reduce our energy consumption. Some examples at all or most of our hotels include:

- Using LED lights in guestrooms, hotel restaurants, function rooms, corridors, lobbies and public areas
- Installing energy efficient fan coil units ("FCU") in guestrooms
- Installing a computer-based control system that controls and monitors the building's Chiller plant efficiency
- Equipping lifts with variable voltage variable frequency ("VVVF") drive and sleep mode features.
- Installing an Energy Management System ("EMS") in NCQ and MHS
- STM uses an AC System with Daikin AirNet Online Energy Monitoring System

Some specific initiatives to showcase across our locations are:

SINGAPORE

UNITED KINGDOM

NEW ZEALAND

NCQ:

- Green initiative where guests are invited to change their linen and towels every 2 or 3 days instead of daily
- A sustainability meeting is conducted thrice yearly and is attended by the Green ambassador of each department.
- Water, gas and electricity consumption of the hotels are reviewed thrice yearly and suggestions are highlighted for these departments to decrease their consumption.

Lowry:

- Established sustainability committee that analyses opportunities for reducing energy consumption in the hotel and the purchase of energy.
- An external energy management company that provides energy reports and reviews bills and energy usage every month
- Introduced LED lighting into all areas of the Hotel
- Upgraded the Building Management System ("BMS") to improve the efficiencies that can be adopted in various departments in terms of saving energy

GMA:

- The replacement of all florescent lights with LED lighting floor by floor is in progress
- Installed a BMS, that controls and monitors the building's mechanical and electrical equipment and drainage system
- Organised tree-planting programs amongst our employees as a means of offsetting carbon emissions.
- New Zealand is a country which sources a large percentage of its total energy from renewable resources, including hydroelectricity, geothermal, wind energy, bioenergy as well as solar energy. Therefore, our asset in New Zealand contributes less to harmful Green House Gas ("GHG") emissions.

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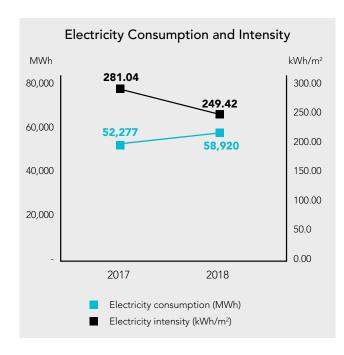
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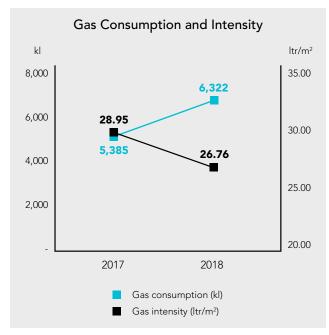
Our Performance

Our 2018 total electricity consumption data, at 58,920 megawatt hours (MWh) is significantly higher than our 2017 total, which was 52,277 MWh because we have added two assets to our report scope. However, our electricity intensity has reduced from 281 kilowatt hours (kWh) per metre squared (m²) of gross floor area (GFA) to 249 kWh/m². Likewise, gas consumption has increased by 937 kilolitres (kl) but gas intensity has dropped by 2.19 ltr/m² in 2018.

The following charts depict CDLHT's electricity and gas consumption and intensity for 2017 and 2018.

Our target for FY2018 was to reduce the average monthly electricity consumption of our Singapore portfolio by 2%. Based on revised figures, our monthly consumption in FY2017 was 871,290 kWh and in FY2018 it was 847,982 kWh, a reduction of almost 3% per month. In the upcoming year, we aim to achieve at least a 2% reduction in electricity intensity compared to 2018 data. Each of our assets has pledged an electricity consumption reduction that they believe they can achieve. In addition, M Hotel aims to maintain its BCA Green Mark Gold Plus rating and STM aims to achieve BCA Green Mark Gold Plus rating by year 2020. Lowry has plans to obtain 100% of its energy from renewable sources in the near future and also aims to be recognised for a green award under the Manchester Business Awards.







WATER

The use of water is essential and integral to the business operations of our hotels. Hence, CDLHT recognises that water plays a key factor in its sustainability strategy and have identified it to be a material factor. We understand that our business operations have an impact on the environment and that we need to review the impact that our operations have, both at a local and global scale in order to achieve sound environmental performance. This year, we identified the use and conservation of water as a continuous issue.

Management Approach

The list below details some policies and guidelines which we abide by to address this material factor for our Singapore hotels. We have in place several processes to ensure the successful implementation of the policies and have established various initiatives to reduce our water consumption locally.

POLICIES & GUIDELINES

- Environment Policy
- Singapore Codes of Practice
- PUB requirements
- BCA Green Mark Requirements for Existing Buildings (Non-Residential)
- Guidelines on green fittings of spaces including energy and water saving measures as well as the use of green materials

PROCESSES

- Reporting of Total Water Data to the Public Utilities Board's ("PUB") Water Efficiency Management Plan
- Monthly tracking of utilities data by the Engineering Department
- Close monitoring of usage of elevated consumption and potential leaks

INITIATIVES

- Water Efficiency Fittings including the implementation of a controlled valve system
- Contractors are required to use sanitary wares, fittings with 3 ticks and fulfil green mark requirements
- Water Monitoring and Management
- E.g. NCQ has water sub-meters installed to closely monitor water consumption of major usage points
- Employees and tenants to report any water leaks

For our overseas hotels, GMA has in place an interesting initiative to reduce water consumption. The hotel has adopted the use of drought tolerant plants which require minimal irrigation. Lowry actively looks into decreasing water pressure in public spaces and works with the utility management company to identify methods of efficiently conserving water. Several initiatives have been implemented, such as reviewing water sub-meters, introducing water pressure monitors and water saving initiatives for employees.

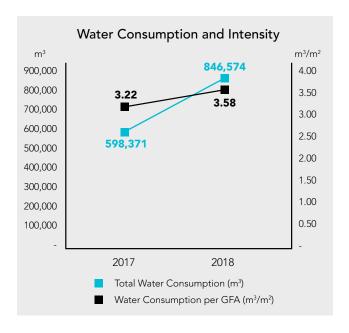
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Our Performance

The total water consumption across our portfolio has increased from 598,371 metres cube (m³) due to the addition of two more properties, and our water intensity has also increased slightly from 3.22m³ to 3.58m³ due to dryer weather conditions. The following chart depicts an increase in CDLHT's water consumption and water intensity in 2018.

In the upcoming year, we aim to maintain or reduce our water intensity compared to 2017 data. MHS also aims to maintain its PUB Water Efficient Building (Silver).



SOCIAL

The hospitality industry has one of the highest turnover rates in Singapore and a large portion made up of part-time, casual and seasonal staff. The commitment of these employees is essential to the growth of hotels.

Employment

Our employees are a major contributing factor in the growth and success of the Company. We are committed to attracting talent, as well as providing an inclusive and progressive work environment for our employees. Additionally, we also focus on human capital development through training and development opportunities for our employees.

Management Approach

We have several policies in place in relation to talent retention which apply to all our Singapore based personnel, and these include:

- Diversity Policy
- Policies on fair and merit-based employment and recruitment practices
- Policies on performance evaluation and career development, and others
- Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**")
- Singapore National Employer Federation

The monitoring of employees' feedback is also done via staff dialogue in order to better understand the key concerns of our employees. Our employees also take part in our employee engagement survey and are provided structured learning and development programmes. Additionally, we monitor the re-certification requirements for employees such as Food Handlers. Initiatives across CDLHT properties focus on our employees' wellbeing, and these entail employee health and active programs, tai-chi sessions, lunch –time wellness talks, health screening events, monthly energy boost, festive menu as well as health living day where we offer sandwiches and a healthy juice bar. At M Hotel, the General Manager or a member of the management team distributes snacks monthly to all team members, promoting interaction between team members and the management team.

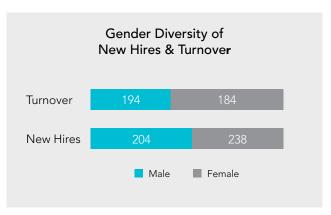
Similarly, Lowry invests in workforce development that provides fair and equal opportunities as we aim to attract the best talent in order to maintain our status as the best hotel in Manchester. As well as policies similar to those at the Singapore assets, employee feedback is monitored and an employee engagement survey is performed annually.



Our Employee Profile

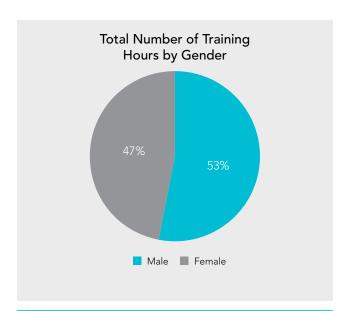
1,749 people are employed across the portfolio of assets included in this report. Of that, 90% are permanent employees with just 10% considered temporary. Our average monthly new hire rate was 2.5% and our average monthly turnover was 1.8% in 2018. Our gender diversity is fairly even amongst current employees and both our new hires and leavers.





Training and Development

With regard to training and development, our employees in Singapore are provided with various opportunities during the year and will undergo annual performance appraisals. GMA and Lowry adopt a similar approach which focuses on employee wellbeing. Employees across the group received an average of 38 hours of training per employee over the year ⁽¹⁾. All of our employees undergo annual performance appraisals.



Gender	Total No. of Training Hours
Male	35,364
Female	31,400
Total	66,764



Employee Category	Total No. of Training Hours
Senior Management Level	3,778
Middle Management Level	36,749
Operation Level	26,606
Total	67,133

⁽¹⁾ Percentages presented in graph is calculated as percentage breakdown of gender/employee category by total number of training hours.

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A summary of the various initiatives adopted by our hotels are compiled in the table below:

Singapore **United Kingdom New Zealand** NCQ: Lowry: GMA: • Employees attend learning and development Maintains ongoing succession Organise employee health programmes such as leadership courses and planning and meetings which and wellness programmes, to WSQ training modules encourage talent retention promote a healthy lifestyle Informal trainings are conducted through our as they seek to promote and E.g. lunch-time wellness talks, mobile bite size learning platform, U-leap, transfer our employees based department trips, annual events with topics such as customer service skills, on their performance Employees are also given the housekeeping learning clips This initiative has been met opportunity to adopt flexible with great success as we seek work arrangements M&C Hotels: OHS, GCW, CKS, STM, MHS to have more than twenty (20) Employee feedback Outstanding Service Excellence 2 ("OSE2") employees that are promoted open communication between training is a program that is compulsory for all or transferred each year employees and management is highly encouraged within Millennium & Copthorne ("M&C") staff and is also part of the probation and confirmation the workplace requirement for all new staff

Our target for 2018 was to record a minimum attendance rate of 75% for OSE2 training across the entire Singapore portfolio. We have achieved 100% attendance rate in 2018. Next year, our broader aim is to complete an average of 30 hours of training per employee per year for each of the hotels scoped for 2019.

WORKPLACE HEALTH AND SAFETY

CDLHT recognises that our employees are our greatest asset; hence their safety and well-being are of utmost importance. We are accountable for the health and safety of our employees in the workplace and strive to provide them with a safe working environment. Through various policies and processes, CDLHT adopts all practical means to eliminate hazards and reduce the risk of injury to our employees and contractors.

Management Approach

In Singapore, monthly safety reports are sent to management and contractors are audited based on their operations to ensure that they meet the safety requirements in accordance with local laws. Workplace risk assessments are carried out to identify these hazards and determine how employees might be at risk. Hazards are recorded and reviewed annually or when the need arises. Communication of hazard and risk identification and WHS employees is crucial and an essential part of managing health and safety risks. A safety manager conducts bi-annual spot checks and carries out timely investigations and execution of preventive and corrective actions upon reported incidents by employees and visitors. We ensure that our assets, including elevators, escalators and stairwells, are well maintained and all hazards are well signposted. Our employees are provided with regular training and educated on the potential health risk and safety hazards in the work environment and the proper precautions to undertake.

Listed below are some initiatives adopted by our hotels:

Initiative 1:

CKS Workplace Health and Safety ("WHS") Committee

- Oversees leadership, engagement of people, process approach, improvement and several other factors that are material to the health and safety practice within the Company
- Purpose of WHS Committee
 - o Provide a forum for both management and workers to identify and resolve health and safety issues
 - o To develop and monitor safe systems and procedures
- WHS Committee also holds a meeting once every three months for discussion of such matters



Initiative 2 : GMA's Wellbeing Committee

- Oversees the health and safety of hotel staff and monitors the conduct of external contractors
- Purpose of this is to manage WHS within the hotel and ensure that health and safety regulations are adhered to
- Monthly duties:
 - o Wellbeing Committee consists of team members from line level to senior management, meets on a monthly basis and submits monthly safety reports to the management
 - General Manager and Chief Engineer conduct a monthly hotel walk around to identify hazards and risks
- Employees are required to complete incident reports after every near miss, accident and potential hazard which
 will be submitted to Human Resource ("HR") team for record and review in order to eliminate risks
- All hotel employees are required to complete Health and Safety training before they are able to start work to ensure that all members of the team are responsible for their own health and safety
- GMA provides an Employee Assistance Programme where team members have access to counselling services for both work and personal issues.

Initiative 3:

Lowry's Occupational Health & Safety Management System

- The Navitas health and safety system which stores risk assessments, accident reports and policies, is in place
- A health and safety audit is carried out annually
- Risks are constantly monitored and assessed
- Risk assessments are reviewed bi-annually with the HOD and team to ensure that hazards and accidents are reported

OUR PERFORMANCE

During the year, there were zero incidents of fatality or permanent injury at all assets and zero incidents of non-compliance to regulations related to health and safety, which allows us to meet our 2018 target. In the upcoming year, we aim to maintain this performance. We are working with our hotel portfolio to standardise accident reporting to allow a portfolio-wide calculation of our injury rates. There was one unfortunate high-consequence injury at Lowry Hotel where an employee was allegedly electrocuted while carrying out maintenance work. Fortunately, it was not a fatality and just a high risk incident.

GOVERNANCE

We believe that genuine commitment to good corporate governance is essential to sustainable growth of the Company.

CORPORATE GOVERNANCE

Maintaining the trust of the public is important to us as our reputation plays a key role in the success of our company. CDLHT is committed to upholding high ethical standards and integrity in our operations through good corporate governance, responsible business practices as well as an accountable and transparent management system, as means of preventing and minimising non-compliance, misconduct or corrupt business practices.

We have in place various policies such as our Anti-Bribery Policy, Anti-Bribery and Anti-Corruption Compliance Guide, Business Hospitality and Gifts Policy, Charity Policy, Corporate Communications Policy, Global Data Protection Policy, Related Party Transactions - Policy and Procedure, Whistleblowing Policy and many others.

As a means of practicing good corporate governance throughout CDLHT, training is provided to employees with regard to compliance related issues relevant to their respective business functions. Upon joining, new employees are introduced to the Company's anti-corruption policy. All employees are required to adhere to the Employee Code of Conduct and to maintain high levels of integrity throughout our operations. CDLHT also seeks professional advice from external legal advisors with regard to new updated on rules and regulations in the business environment that we operate in.

CDLHT aims to maintain zero incidences of non-compliance with laws or regulations resulting in significant fines and non-monetary sanctions. We also target to conduct training on the relevant policies during orientation for new hires, as well as compliance trainings and awareness programmes for key management personnel on a bi-annual basis.