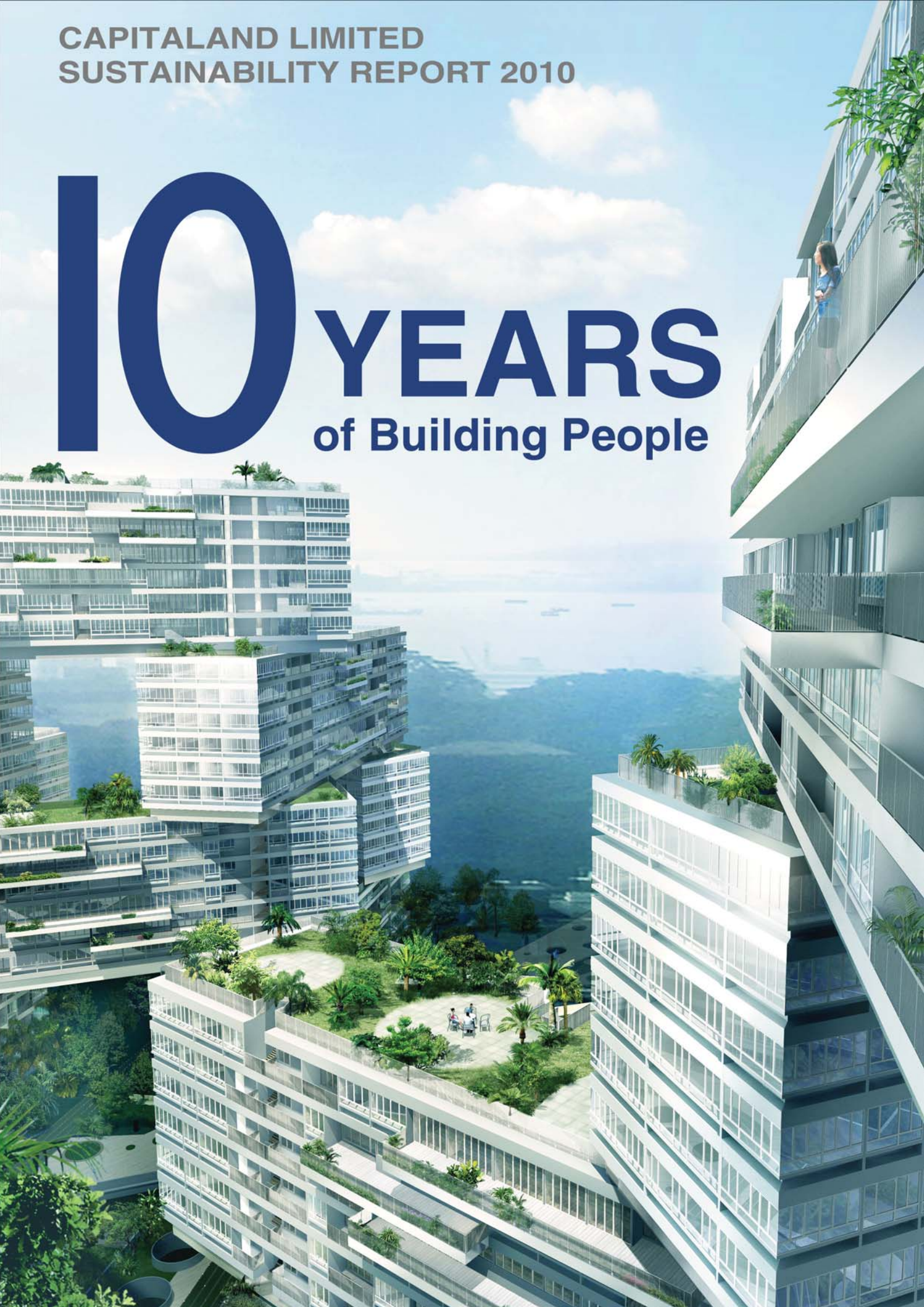











# 10 YEARS of Building People



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## In 2010, CapitaLand Group's key sustainability achievements were:

- Only Singapore company to be listed in Dow Jones Sustainability Asia Pacific Index 3 years in a row
- Highlighted as a sustainability leader in Asian Sustainability Rating 2010
- Achieved 9.0% reduction in energy consumption and 6.6% reduction in water consumption per square metre (m<sup>3</sup>/ m<sup>2</sup>) respectively compared to Year 2008
- Achieved average training hours per employee of 51.3 hours per annum, well above the recommended industry guide of 40 hours
- Won for the 10th consecutive year the "Most Transparent Company (Property)" award by the Securities Investors Association (Singapore)
- Polled the Best Overall Managed Property Company in Asia in the Euromoney Best Managed and Governed Companies Asia Poll 2010

## Scope of the Report

This report covers CapitaLand's international portfolio in over 20 countries, with a focus on Singapore where the Company headquarters are based. The period under review is 1 January 2010 to 31 December 2010, unless otherwise indicated. This report uses the Global Reporting Initiative (GRI) G3.1 Guidelines and will be published on an annual basis. The 2010 report is self-declared to GRI level B+. The GRI Content Index outlines the specific GRI reporting elements and indicators addressed in the report.

In line with CapitaLand's commitment to go green, this report is available online at [www.capitaland.com/csr/sustainabilityreport](http://www.capitaland.com/csr/sustainabilityreport). This report was externally assured to validate the accuracy and reliability of its content. The audit report including the findings is summarised in the independent assurance statement.

## Feedback

We welcome feedback from our stakeholders as this enables continual improvement in our sustainability policies, processes and performance. Please send your comments and suggestions to [ask-us@capitaland.com](mailto:ask-us@capitaland.com).

## About CapitaLand

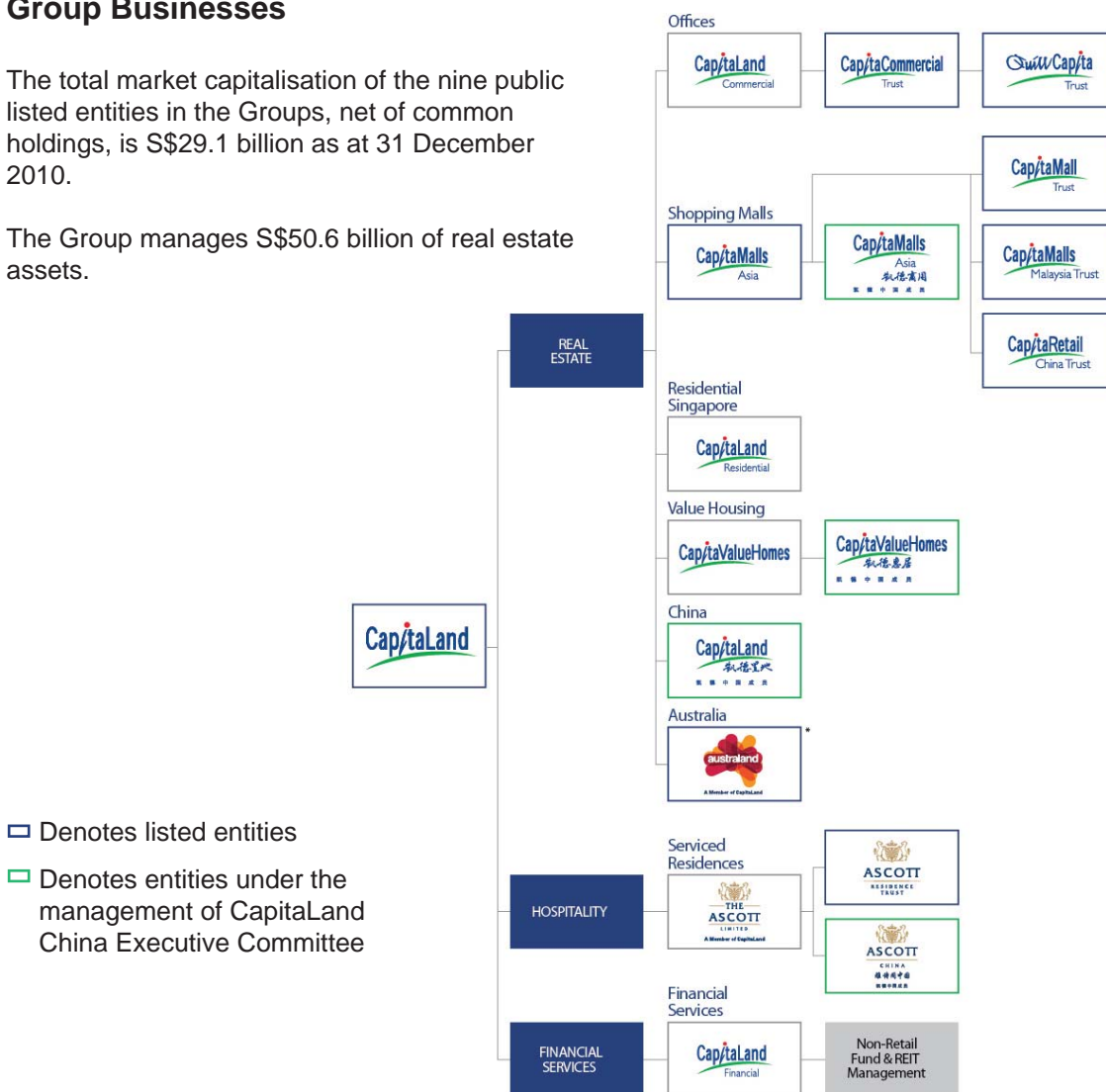
### Corporate Profile

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, the multi-local company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific and Europe. The company's real estate and hospitality portfolio, which includes homes, offices, shopping malls, serviced residences and mixed developments, spans more than 110 cities in over 20 countries. CapitaLand also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region. The listed entities of the CapitaLand Group include Australand, CapitaMalls Asia, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust, CapitaRetail China Trust, CapitaMalls Malaysia Trust and Quill Capita Trust.

### Group Businesses

The total market capitalisation of the nine public listed entities in the Groups, net of common holdings, is S\$29.1 billion as at 31 December 2010.

The Group manages S\$50.6 billion of real estate assets.



□ Denotes listed entities

□ Denotes entities under the management of CapitaLand China Executive Committee

\* New Australand logo launched on 15 March 2011

# INTRODUCTION




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## CREDO

Building for People to Build People  
Building People to Build for People

## MISSION

To build a world-class real estate company with international presence that:

-  Creates sustainable shareholder value
-  Delivers quality products and services
-  Attracts and develops quality human capital

## VISION

A world-class entrepreneurial, prosperous and lasting real estate company led and managed by people with core values respected by the business and social community.

A leading real estate company in Asia, reputed for its innovative and quality real estate products and services.







A company with a strong global network of long-term investors and blue-chip partners.

A company which attracts, develops and retains a diversity of talents regardless of nationality, race or age.

A company which consistently creates value for shareholders.

## CORE VALUES

CapitaLand's core values are the foundation of our culture. They also represent the key beliefs common to our businesses in each country in which we operate. They support how we do business, how we treat our stakeholders and how we interact in the workplace. The core values of CapitaLand are communicated throughout the Group, and are defined to employees as follows:

-  Our people are our strength. We build people to build for people
-  We are committed to the highest standards of integrity
-  We have the courage to do what is right and the will to succeed
-  We add value to what we do through innovation and continuous improvement
-  We are fair and reasonable in all our actions and dealings with business partners, customers and colleagues
-  We contribute to the well-being of the community

# LETTER TO STAKEHOLDERS

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Dear Stakeholders

CapitaLand celebrated its 10<sup>th</sup> Anniversary in 2010. Having emerged from a difficult beginning and weathering a series of crises, we have transformed ourselves into a multi-sector and multi-geography real estate company with a presence in more than 110 cities in over 20 countries. In 2010, CapitaLand recorded a net profit after tax and minority interests exceeding S\$1 billion for the fifth consecutive year. Over the last five years, CapitaLand has achieved total net profit of S\$7.4 billion.

Our achievements of the past 10 years and the sustainability of our business depend on our people, our care for the community and the environment.

Our people are our principal assets. Although there are over 80 different nationalities working in our company, this diverse talent pool is united through our core values of people, integrity, fairness, courage, innovation and community.

We care for the communities in which we operate and have undertaken various initiatives to meet the needs of our stakeholders. Through a value chain of real estate development in building quality homes, offices of international Grade A standards, shopping malls that cater to the people's needs for organized shopping and serviced apartments to a travelling public, CapitaLand enhances and value adds to the growth of cities in emerging economies in Asia. We will strive for flawless execution in our developments, maintaining our culture of aggressive financial discipline and enforcing an absolute intolerance for corruption, so as to retain the confidence and trust of our stakeholders, including the communities we serve.

With rapid urbanisation and escalating home prices across the Asian region, we widen our delivery of real estate residential development to cater to the needs of a rising middle income group. We set up a new business unit, CapitaValue Homes to meet the demand for affordable housing, particularly among the middle class in China and Vietnam. This group of home homebuyers have mortgage repayment pegged at no more than 40% of the average household income level in that particular city. To achieve cost efficiency, these projects will feature standardised designs and adopt industrialised construction technology.

Since 2005, our philanthropic arm, CapitaLand Hope Foundation, has donated over S\$10 million to meet the shelter, education and healthcare needs of underprivileged children in Singapore and overseas where CapitaLand has a presence. Today, we have 15 CapitaLand Hope Schools in China and our first CapitaLand Hope School in Vietnam will be completed in 2011.

We care for the environment and actively pursue leadership in terms of green buildings and environmental awareness. Our Building A Greener Future programme, which actively involves our stakeholders in minimising environmental impact, has been a great success. Our tenants, shoppers, serviced residence guests, children and as well as members of the public have actively participated in our outreach programmes.

Going green also makes good business sense. Our ISO14001 certified environmental management system ensures that we develop and operate our properties in an environmentally sustainable manner. In 2010, we achieved a 9.0% reduction in energy consumption and 6.6% reduction in water consumption per square metre respectively, compared to year 2008. Such encouraging trends help mitigate against rising utility costs worldwide.

For our efforts, CapitaLand was recognised as a corporate sustainability leader. In 2010, we remained as a component of the Dow Jones Sustainability Asia Pacific Index, and were highlighted as a Singapore leading company in the Asian Sustainability Rating 2010.

We are committed to be a good corporate citizen and invite our stakeholders to work hand in hand with us to benefit the communities where we operate. Together we can build a company with a soul.

Liew Mun Leong  
President and CEO  
CapitaLand Group



CapitaLand Management with CapitaLand volunteers and children participants of the "Hand in Hand 20.10" campaign at Shanghai World Expo 2010 (Mr Liew Mun Leong, President & CEO, CapitaLand Group, 9<sup>th</sup> from left, back row).



## FINANCIAL PERFORMANCE

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CapitaLand achieved net profit of S\$1.27 billion in 2010; 21% higher than FY2009. This marks the fifth consecutive year that CapitaLand has delivered net profit exceeding S\$1 billion. Sound risk management, and corporate governance policies and practices are vital to drive the Group's long-term sustainable growth and shareholder value. For a detailed breakdown of its 2010 financial results, five-year financial summary, economic value added statements and value added statements, please refer to the following sections in the CapitaLand Annual Report 2010:

- Financial Highlights, pg 2
- 5-year Financial Summary, pg 3
- Performance Review, pg 38-47
- Economic Value Added Statements, pg 98
- Value Added Statements, pg 99



# MANAGING SUSTAINABILITY

CapitaLand's credo, mission, vision and core values define how the Group conducts its business, interacts with stakeholders and contributes to the well-being of its employees and the community.

CapitaLand staff are required to sign a CapitaLand pledge. It guides and reminds them to maintain the highest standards of integrity in their work and business dealings. It communicates CapitaLand's core values in shaping the company culture and provides the guiding principles in the way the company operates. It also reiterates CapitaLand's core value of integrity and no-corruption policy.

This message is frequently reiterated by top management during regular staff communications sessions. As an international company operating in various geographical locations, jurisdictions and cultures, CapitaLand believes that by having all employees committed to the standard laid in the pledge, CapitaLand can become an even more successful, sustainable and a great place to work.

## **A Good Building Commercial**

CapitaLand's credo of Building People and its core values shape the culture of the company and form the guiding principles of the way the company does business and treats its staff. These values were clearly reflected in CapitaLand's *A Good Building* television commercial, launched in 2010 as part of its 10<sup>th</sup> anniversary celebration. Parallels were drawn between buildings and people and how the right value systems that CapitaLand strives for are often the very same values that the company seeks in buildings.

CapitaLand's purpose as a real estate developer is to build good buildings and through them to improve people's lives and society.

<b>Stakeholders</b>	<b>Commitment</b>
Employees	To train employees to achieve their optimal level, aligning their personal goals with company performance and creating a positive work environment for them
Investor	To constantly create sustainable shareholder value
Customer	To constantly deliver innovative and quality products and services
Business Partners	To be fair and reasonable in actions and dealings with business partners
Suppliers and contractors	To be fair and reasonable in actions and dealings with suppliers and contractors.
Community	To contribute to the societies in which CapitaLand operates

# **MANAGING SUSTAINABILITY**

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At CapitaLand's headquarters, corporate heads spearhead various key functions for group-wide operational and sustainability actions and implementation. Departments such as Investor Relations, Human Resource, Corporate Social Responsibility, Internal Audit, Operations Compliance Unit and Risk Management are located in the headquarters.

For key initiatives including those related to sustainability, CapitaLand establishes working committees comprising representatives from strategic business units (SBU) and relevant departments from the Corporate Office. Headed by a senior management representative, the working committee reports direct to the Steering Committee, comprising the CEOs of the Group. This structure has been used to establish the Operations Compliance Working Committee and the CapitaLand Green Committee. In 2011, CapitaLand CEOs were appointed Green Champions of their SBUs. Each SBU formed their own SBU Green Committee to help implement the various green initiatives across their SBUs.



Where appropriate, specific guidelines and policies have been introduced to ensure there is consistent implementation of initiatives on a Groupwide basis. An example of this is the CapitaLand Green Buildings Guidelines (GBG) which were introduced in 2006 to ensure that environmental considerations are factored in at all stages of a project. Various revisions have been made to update the GBG, including plans to further define policies and procedures in relation to issues such as biodiversity, as well as designing inclusive developments for people of all abilities.

## **Stakeholder Communication and Engagement**

### **Shareholders, Investors, Analysts and Media**

CapitaLand Limited has been listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since 2000. As one of Singapore's largest listed companies, CapitaLand communicates regularly with shareholders, investors, analysts and the media to ensure all stakeholders are informed of its activities on a timely and consistent basis.

The Group's stakeholder communications efforts have been recognised by the investment community. In 2010, CapitaLand won the SIAS "Most Transparent Company (Property)" award for the tenth consecutive year and was the Best Overall Managed Property Company in Asia in the Euromoney Best Managed and Governed Companies Asia Poll 2010. CapitaLand was awarded the Best Financial Disclosure Procedure in Asia Pacific at the World Finance Investor Relations Awards 2010.

For more information, please refer to CapitaLand's Annual Report 2010, (page 48), and CapitaLand website (Investor Information section).

### **Employees**

CapitaLand recognises the importance of managing and developing human capital, and that a positive work environment will better attract, motivate and retain talent. For more information, please refer to Employee Engagement under the chapter People and Community.

### **Main Contractors and Vendors**

For CapitaLand, it is crucial to manage the environment aspects and impacts of its projects and to maintain a key focus on occupational health and safety.

To demonstrate its commitment, CapitaLand continues to implement a programme of internationally certified management systems. In 2010, it obtained both ISO 14001 and OHSAS 18001 certification for its environmental, health and safety management systems in China, Malaysia, Japan and Vietnam. CapitaLand plans to achieve a global certification by 2012. In Singapore, CapitaLand obtained its ISO 14001 certification since 2007 and OHSAS 18001 certification since 2009.

To lead the way, CapitaLand's target is for 100% of newly appointed main contractors for all CapitaLand developments with GFA of at least 2,000 square metre to be ISO 14001 and OHSAS 18001 certified or to implement on site an EHS Management System that meets ISO14001 and OHSAS 18001 standards.

CapitaLand ensures that its vendors and suppliers are aligned with CapitaLand's EHS Management System. Its consultants, contractors, vendors and suppliers are also required to adopt similar best practices.

# MANAGING SUSTAINABILITY

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For CapitaLand corporate offices, preference is given to ISO 14001 certified vendors wherever possible, such as housekeeping and cleaning services companies. All vendors receive a copy of CapitaLand's Environmental, Health and Safety Policy and have to ensure that their staff are trained on environmental, health and safety measures.

To ensure that its suppliers and contractors are aligned with CapitaLand's EHS management system, CapitaLand has formalised guidelines for contractors and vendors ranging from the use of personal protective equipment, timely reporting of accidents and proper disposal of debris and waste. These guidelines are also clearly listed in the contract for the main contractor for new projects.

CapitaLand is in the process of formalising a contractor and vendor code of conduct. This would require CapitaLand contractors and vendors to achieve a certain standard in areas such as business ethics, fair treatment of employees and subcontractors and that their subcontractors meet these stated principles. This initiative would be above the current compliance with CapitaLand Environmental, Health and Safety Policy and minimum legal compliance.

## Customers

CapitaLand is committed to providing innovative and quality products and services to its customers. The various strategic business units organise regular events for their respective office, industrial and retail tenants and conduct surveys to obtain their feedback.

### Establishment of CapitaValue Homes

To meet the demand for more affordable housing in the Asia region, CapitaLand set up a new business unit, CapitaValue Homes. This responsive approach to stakeholder demand will see the SBU focus on building well-designed and affordable homes in China and Vietnam. These developments will offer a more standardised design and CapitaValue Homes will leverage on industrial construction technology to ensure time and cost savings. CapitaValue Homes will work closely with local authorities to manage land costs so that selling prices are in the affordable range for homebuyers with mortgage repayments will be pegged at approximately 40% of the average income level in that particular city.

Mr Liew Mun Leong, President & CEO of CapitaLand Group, said: *"We have set up CapitaValue Homes to meet the real, non-speculative demand for affordable homes in China and Vietnam. Affordable housing has tremendous growth potential in these two countries due to their rapid massive urbanisation."*

For more details, please refer to press release "CapitaLand sets up new business unit, CapitaValue Homes".



## MANAGING SUSTAINABILITY

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CapitaLand Commercial Management Pte Ltd, the property manager of prime commercial properties owned by CapitaCommercial Trust, has been awarded Singapore Service Class certification by SPRING Singapore<sup>1</sup> since 2008. It has been adopting the best practices in delivering service excellence, proactive communications and annual tenant surveys for its office tenants.

The Ascott Limited, the Group's serviced residence business unit, actively asks guests at its serviced residence properties worldwide for feedback on how to enhance their experience. Guests can provide their views and suggestions through Ascott's Resident Satisfaction Survey, which is available online and at the properties. The feedback is made available to Ascott's residence managers for follow up.

As part of its ongoing tenant engagement programme, CapitaMalls Asia (CMA) organised a total of three Biz+ sharing seminars in Singapore in 2010, attracting more than 600 attendees in all. These seminars on topics such as "Raising the Service Standard Bar", and "The Winning Shoppers Experience" are conducted by subject matter experts such as the ARA Retail Institute (Australia) and the Singapore Quality Centre, and encourage knowledge sharing and networking opportunities between tenants.



### **ION Orchard, one of the four Customer Centric-Initiative<sup>2</sup> (CCI) Icons under GEMS (Go the Extra Mile for Service)**

ION Orchard, a joint venture development by CapitaLand, created an ION Orchard Service DNA to guide service delivery and customer interface for its ION Orchard Service Ambassadors. This was a set of Standard Operating Procedures to define customer service processes for any given interaction.

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<sup>1</sup> SPRING Singapore is the enterprise development agency and national standards and accreditation body for growing innovative companies and fostering a competitive Small and Medium Enterprise (SME) sector.

<sup>2</sup> The Customer-Centric Initiative (CCI) is a multi-agency initiative spearheaded by SPRING Singapore and the NTUC with representatives from the Singapore Workforce Development Agency (WDA), Singapore Tourism Board (STB) and Singapore National Employers Federation (SNEF). The CCI is part of the Go-the-Extra-Mile for Service (GEMS) Up movement to transform Singapore's service quality in the retail, food and beverage, hospitality, healthcare, transport and travel sectors.

## **MANAGING SUSTAINABILITY**

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It was among the pioneers in Singapore in developing a customised training programme for all recruits. Called PRIDE - Personal Responsibility In Delivering Excellence, the curriculum instills the ION Orchard Service DNA in all staff. A two-day training programme was specially designed to induct recruits into the ION way of service in providing a world-class shopping experience for all customers. Specialised training was provided for skills such as First Aid, SISTIC ticketing, gift-wrapping, tourist information and telephone etiquette. All tenants were also encouraged to enroll their employees in the training programme to ensure a consistently high standard of customer service across the mall.

Because of ION Orchard's international clientele, its customised recruitment was focused also on diversity. Eight different nationalities speaking over 10 languages are represented amongst the ION Orchard Service Ambassadors. Recruitment support was also offered to all tenants, an especially useful service for brands making their first foray into Singapore.

For more information please refer to the press release "ION Orchard shares blueprint for success".

### **Government Agencies / Business Associations**

CapitaLand participates actively in the Singapore government's efforts in the area of environmental protection and climate change.

The Green Committee chairman continued his commitment as a member of the BCA Green Mark Assessment Committee. Various Green Committee members also represented the business community at national committees such as the BCA-MND-A\*Star R&D Workgroup for Green Buildings, Singapore Certified Energy Manager (SCEM) Monitoring Committee and the WSH (Construction & Landscape) Committee<sup>3</sup>.

CapitaLand was a founding sponsor of the newly formed Singapore Green Building Council (SGBC), whose work complements and supports the government's efforts to accelerate the greening of buildings by 2030. The CapitaLand Green Committee Chairman served as the Assistant Secretary and was a member of the Executive Committee. CapitaLand co-chaired the SGBC's Marketing and Membership Committee (MMC) to aid the council's work in these areas.

Australand, a listed entity of CapitaLand, was the Gold Sponsor of Green Star-Communities rating tool by the Green Building Council of Australia (GBCA). It also committed about 6 staff in the process of developing this rating tool, which is set to

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<sup>3</sup> These Singapore government and industry committees have been established to help push the green movement.

## **MANAGING SUSTAINABILITY**

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become a national voluntary standard for the planning, design and delivery of best practice sustainable community development projects across Australia.

CapitaLand is also a member of the Singapore Compact for CSR.

### **Community**

CapitaLand aims to contribute to the societies within which it operates, and promote sustainable growth for future generations.

It has taken the lead in creating innovative community spaces at its properties. In 2005, CMA was the first company to partner the National Council of Social Services (NCSS) by offering rent-free office space to volunteer welfare organisations (VWOs) in Singapore. It utilised the Urban Redevelopment Authority's (URA) Community/Sports Facilities Scheme which promotes the integration of community facilities. In return for expanding retail space in its Junction 8 shopping mall, CMA offered its well located office tower at Junction 8 to VWOs to reach out to the surrounding communities. This win-win initiative between CMA, NCSS and VWOs has led to other real estate developers following suit.

CapitaLand actively seeks ways to ensure that its buildings are easily accessible and well connected, especially to the public transport network. Three of its properties in Singapore – IMM, Plaza Singapura and Lot One Shoppers Mall – have obtained the Building and Construction Authority's Universal Design Award (Bronze) for providing an accessible environment for people of all ages and different physical abilities.

#### **Family Friendly Features**

CapitaLand shopping malls IMM and Plaza Singapura in Singapore were awarded the "We Welcome Families" Excellence Award in 2011 for the features that it implemented in 2010. This was a prestigious award conferred by the Businesses for Family Council to businesses that demonstrate the highest standards of family-friendly business practices in Singapore.

At IMM and Plaza Singapura, family friendly services include nursing rooms and complimentary loan of baby strollers. Free shuttle services from nearby heavily populated residential areas to these malls are provided. Plaza Singapura recently opened a Family Lounge, equipped with toys, board games, cable television and an Xbox.

## MANAGING SUSTAINABILITY

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Family parking lots are provided at Plaza Singapura Deck Three to cater to families with prams and young children. Wider aisles and walkways accommodate strollers.

"Although Plaza Singapura is older compared to the newer malls along Orchard road, it is still a favourite mall for many (families, young couples, PMEBS). It has managed to stay with the times through constant upgrading of its tenant mix and mall facilities," concludes Mystery Shopping Findings 2010.



For more details on CapitaLand's philanthropic and volunteer programmes and activities to benefit the community, please refer to the chapter on Philanthropy and Volunteerism under People and Community.



## Corporate Governance

CapitaLand observes high standards of corporate conduct in line with the Principles of the Singapore Code of Corporate Governance 2005. In 2010, CapitaLand won a number of awards and accolades for its good corporate governance performance and transparency, investor relations and stakeholder communications.

For detailed disclosure on the application of its corporate governance practices, please refer to CapitaLand Annual Report 2010, pg 81-93.

## Risk Management

Risk assessment and management is an integral part of the strategic and operational decision-making process at all levels of the CapitaLand Group.

Since CapitaLand's inception in 2000, a comprehensive risk management framework has been formalised across the Group. In 2002, a Risk Committee comprising independent board directors was formed as part of CapitaLand's efforts to strengthen its risk management processes and framework.

For more information regarding Risk Management in CapitaLand, please refer to the CapitaLand Annual Report 2010, pg 94.

At the project level, an Environmental Impact Assessment (EIA) is required for each project investment paper that is submitted to the Board of Directors for approval. The EIA will highlight any environmental impact and preventive or remedial actions required for the project to move forward. This process is above the legal requirement in Singapore and is an integral factor in the investment decision making process. The Risk Management department reviews the board papers to ensure that the EIA findings and recommendations are included.

The EIA is usually conducted by project managers on site to identify environmental threats and/or opportunities to enhance the environment as part of their due diligence process. It serves as a checklist of environmental issues associated with sites and buildings, covering issues ranging from air quality and noise, biodiversity, to issues such as connectivity and heritage. It is an integral part of the CapitaLand Green Buildings Guidelines (GBG), developed in-house, which ensure that environmental considerations are factored in at all stages of a project. For more information regarding EIA, please refer to the Environment Chapter.

## Internal Audit

CapitaLand's Internal Audit department plays a key role in safeguarding shareholders' interests and the Group's assets. It reports directly to the Chairman of the Group's Audit Committee (AC) and administratively to the Group Chief Financial Officer. The AC also meets with the Internal Audit department at least once a year without the presence of Management. For more information, please refer to the CapitaLand Annual Report 2010, pg 88-89.

*"Governance process is rigorously supported by an Internal Audit department and external auditors which report independently to the Board Audit Committee consisting of independent directors."*

- Mr Liew Mun Leong, President & CEO, CapitaLand Group

## Operations Compliance

The Operations Compliance Unit (OCU) formulates standards and ensures the right business ethics and conduct are maintained throughout the Group. It oversees the CapitaLand Operations Compliance Programme to instill business ethics and conduct, and inculcate a corruption-free culture. The Operations Compliance Working Committee was formed to review and to deliberate on compliance policies and procedures for implementation across Strategic Business Units (SBUs) in CapitaLand Group; and with guidance from Operations Compliance Steering Committee.

In 2010, the Policy and Procedure on Business Malpractice Incidents (BMIs) reporting was formulated to facilitate SBUs' line/functional managers to report any BMI discovered in their workplace or in the course of their work directly to their CEOs. Another development was the incorporation of anti-corruption clause in the SBUs' service contracts or agreements with service providers and vendors.

CapitaLand's Whistle Blowing policy provides an official and trusted avenue for employees who wish to report valid concerns about malpractice or impropriety in the workplace. Mr Liew assured in a personal email to all staff that management would take this source of feedback and follow-up action very seriously.

All new employees are also given a copy of "Building People – Sunday Emails from a CEO" (Volumes 1 and 2) a set of books by Mr Liew Mun Leong, President & CEO of CapitaLand Group, in which he reiterates the company's zero-tolerance approach to corruption. In 2010, Mr Liew entitled one of his regular Sunday emails to staff, "Thou Shall Be Corruption Free" where he explained that to achieve this goal, CapitaLand will have to get three things right – the Right People, The Right Message and the Right Governance Process."

*"It is also our public commitment that CapitaLand will be a corruption free company."*

- Mr Liew Mun Leong, President & CEO, CapitaLand Group  
(Pg 80, "Building People: Sunday Emails from a CEO Volume 2")

CapitaLand is committed to being an environmentally sustainable real estate developer. The Group believes in building a greener future by minimising its impact on, and helping to protect, the environment for future generations. Its new vision is to be a top global Green Developer in two years.

CapitaLand was one of the first Singapore companies to respond to the Carbon Disclosure Project in 2007 and has continued to participate in this important global investors' initiative to disclose greenhouse gas (GHG) emissions of major corporations. Its efforts in environmental sustainability and community engagement were showcased in a publication by Singapore Compact for CSR featuring companies which have incorporated sustainable practices into their operations.

### **Some Accolades received are:**

- Top Achiever, Singapore Environmental Achievement Award 2007/2008 by the Singapore Environmental Council
- Building and Construction Authority (BCA) Built Environment Leadership Gold Class (Developer Category) Award 2009
- PUB<sup>4</sup> Watermark Award 2009
- EcoFriend Award by the National Environment Agency (NEA) 2009
- 10 BCA Awards 2010, 1 LEED Gold Award 2010

## **CapitaLand Green Committee**

The CapitaLand Green Committee<sup>5</sup> was formed in end-2006 to spearhead Group-wide green initiatives in Singapore and overseas. The committee has enabled CapitaLand to better consolidate the knowledge and expertise that it has built up over the years on individual projects and apply consistent environmental practices across the Group's properties worldwide.

The CapitaLand Green Committee comprises top management advisors, senior management-level representatives from all strategic business units (SBUs), and representatives from corporate departments such as Corporate Social Responsibility (CSR), Human Resource (HR) and the CapitaLand Institute of Management and Business (CLIMB).

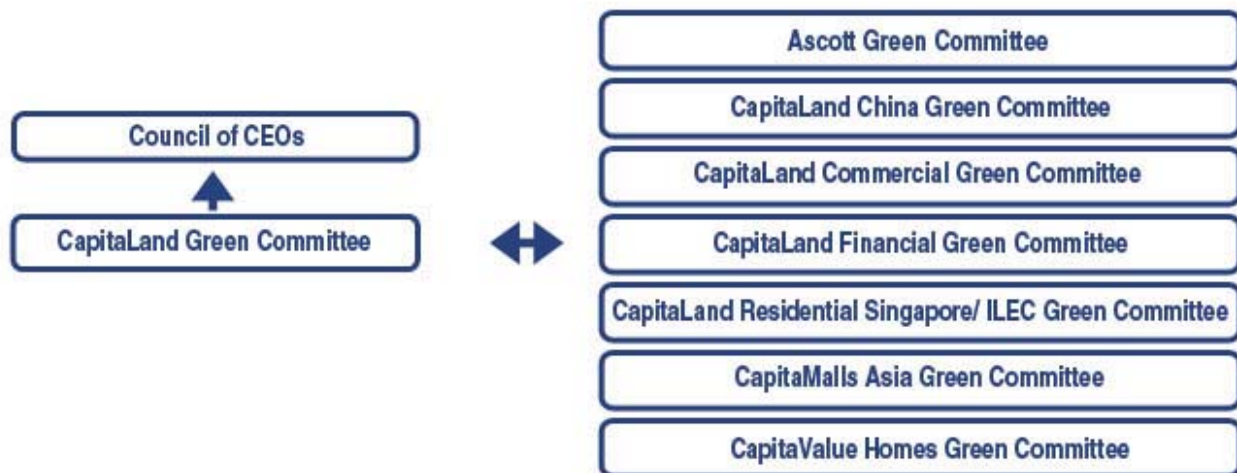
CapitaLand's Council of CEOs chaired by the Group President and CEO, steered the Green Committee. The Chairman of the Green Committee reports on a regular basis to this Steering Committee, and to the CapitaLand Board of Directors, where appropriate.

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<sup>4</sup> PUB is Singapore's national water agency ([www.pub.gov.sg](http://www.pub.gov.sg)).

<sup>5</sup> CapitaLand uses the term "green" to refer to environmental initiatives.

## Structure of CapitaLand Green Committee and the SBU Green Committees



The CapitaLand Green Committee doubles up as CapitaLand's Environmental, Health and Safety (EHS) Committee, and is responsible for establishing and maintaining an EHS Management System at the Group level. This EHS Management System is an integration of an Environmental Management System and an Occupational Health and Safety System.

CapitaLand CEOs are Green Champions of their SBUs in 2011. Each SBU has its own Green Committee (GC) which doubles up as the SBU's EHSC, implementing the Group's EHS Management System in all the countries in which the SBU operates.

## CapitaLand Environmental, Health and Safety Policy

As an international corporate social citizen, CapitaLand is committed to protecting the environment and upholding the occupational health and safety of everyone in the workplace, and will:

- carry out exemplary Environmental, Health and Safety practices to minimise pollution and health and safety risks
- seek continual improvement on its environmental, health and safety performance
- comply with pertinent legislations and other requirements
- implement the CapitaLand Green Buildings Guidelines and Occupational Health and Safety programmes

We make this policy readily available to all employees, suppliers, service providers and partner.



## **Environmental Management System (EMS)**

A key element of CapitaLand's EMS is identifying and managing relevant environmental aspects and impacts. CapitaLand strives to minimise impacts such as resource depletion, green house gas (GHG) emissions and waste generation. This is done by setting green building rating targets and energy, water and paper usage reduction targets, and implementing various measures to achieve these targets.

CapitaLand's EMS is ISO 14001 certified and the certification journey started with Singapore in 2007, continued with China and Vietnam in 2008, and Malaysia and Japan in 2010. ISO 14001 is the internationally recognised standard for the environmental management of businesses and is audited by a third-party accredited certification body.

As part of the certified EMS, new or updated legal requirements are reviewed quarterly and compliance is evaluated annually. In 2010, CapitaLand complied fully with the environmental laws and regulations in Singapore, China, Vietnam, Malaysia and Japan as part of its EMS. There was no environmental non-conformance or occurrence of significant spills by the company.

The Group targets to obtain ISO 14001 certification for its EMS on a global scale by 2012.

## **Green Buildings Guidelines (GBG)**

CapitaLand's Green Buildings Guidelines (GBG) were developed in 2007 by the CapitaLand Green Committee to ensure that environmental considerations are factored in at all stages of a project, from feasibility, design, procurement, construction to operation. They advocate best practices among design, project, building and operation managers. Green features and processes are incorporated in the Group's development projects, right from the outset.

The GBG is applicable to all CapitaLand development projects with GFA of at least 2,000m<sup>2</sup>. It is regularly reviewed to ensure continuous improvement. Version 5 of the GBG will be launched in 2011.

Key components of the GBG are:

### **Environmental Impact Assessment (EIA)**

An EIA is carried out during the feasibility stage of any development project. The significant findings of the EIA and their cost implications are incorporated in the Investment paper submitted to the Board of Directors for approval.

The EIA focuses on identifying any environmental threats or opportunities related to the project site and its surroundings, covering areas such as air quality, noise, biodiversity, connectivity, heritage and resources.

## • Biodiversity

CapitaLand is committed to preserving the biodiversity of its sites wherever possible. This is done by addressing any distinctive ecological features of the site, taking into consideration nature reserves on or near the site, protection of plant and animal species on the site and removal of invasive plant species on or near the site. External experts will be engaged to provide expert advice when appropriate.

An example of CapitaLand's commitment to biodiversity is the CapitaLand Institute of Management and Business (CLIMB) on Sentosa Island, Singapore. It was the first conservation building in Singapore to be awarded Green Mark Gold<sup>PLUS</sup> by Singapore's Building and Construction Authority. One reason was the institute's efforts to preserve biodiversity including a planned insecticides usage programme to avoid the bird breeding season. Please refer to CLIMB, Singapore in Green Development Showcases.

### In Support of Biodiversity

CapitaLand launched the first and largest indoor vertical garden in Singapore's Central Business District (CBD) at its Six Battery Road office building, named the "Rainforest Rhapsody".

"Rainforest Rhapsody" vertical garden was Dr Patrick Blanc's first project in Singapore and the largest indoor vertical garden in Singapore's Central Business District. The vertical garden was phase one of the S\$92-million asset enhancement plan for Six Battery Road.

This soaring indoor vertical garden of about 2,000 square feet is populated by a rich array of about 120 plant species, originating from the tropical rainforests of Asia, the Americas and Africa. Some of these species are Singapore natives such as *Asplenium nidus* (Bird's Nest Fern), *Davallia denticulata* (Rabbit's Foot Fern), *Ficus deltoidea* (Rusty-Leafed Bush Fig), *Pogonatherum paniceum* (Slender Tuft Grass) and *Scindapsus pictus* (Silver Pothos).

"Rainforest Rhapsody", was a collaboration between CapitaLand and Dr Patrick Blanc, an award-winning French botanist and creator of over 140 vertical gardens around the world. It lays claim to having the highest biodiversity level in terms of number of plant species per square foot amongst all the vertical gardens Dr Blanc has designed. Using a technique pioneered by Dr Blanc, the plants in the vertical garden are grown in a way similar to how plants grow without soil on natural vertical cliff surfaces as well as epiphytically – growing on another plant but not depending on it for food – on the branches of rainforest trees throughout the world.



Harvested rainwater and nutrients are absorbed by the plants through a controlled irrigation process. The plants absorb environmental pollutants, add oxygen to the air, and also refresh the building's lobby.

Ms Grace Fu, then Singapore's Senior Minister of State for National Development and Education, said, "This vertical garden is the centerpiece of the revitalised Six Battery Road's main lobby. It represents CapitaLand's commitment and leadership in environmental sustainability. .... In Singapore, skysrise greenery helps to reduce the urban heat island effect and enhance our biodiversity. It is one of the critical components of being truly a City in a Garden, where greenery is lush and pervasive."



VIPs at the official opening of Six Battery Road's vertical garden: (from left) Mr Chong Lit Cheong, CEO of CapitaLand Commercial Limited; Dr Patrick Blanc, Botanist, French National Centre for Scientific Research; Ms Grace Fu, then Singapore's Senior Minister of State for National Development and Education; and Ms Lynette Leong, CEO of CapitaCommercial Trust Management Limited.

### ● Green Building Ratings

Green building rating targets are set at the outset of CapitaLand projects. In 2010, the target for Singapore projects is minimum BCA Green Mark Gold above the legal requirement of Green Mark Certification. CapitaLand raised the target for Singapore projects to a minimum Green Mark Gold<sup>PLUS</sup> for projects initiated in 2011 and beyond. This is two levels above current legal requirements. The target for projects outside Singapore is, minimum certification level by any green building rating system recognised by the World Green Building Council, such as the Leadership in Energy and Environmental Design (LEED) certification by the U.S. Green Building Council.

Six Battery Road became the first operating office building in Singapore to win the highest Green Mark accolade – BCA Green Mark Platinum. For more details, please refer to Six Battery Road, Singapore, in Green Development Showcases.

- **ISO 14001 Certified Contractors**

For construction projects, all main contractors must be ISO 14001 certified. In some overseas markets where such contractors are unavailable, CapitaLand requires the main contractor to implement environmental measures on site to comply fully with local environmental legislations, and to engage an independent accredited assessor to conduct an environmental legal compliance audit annually.

- **Green Evaluation**

After the completion of a project, the project team is required to conduct a green evaluation to document the lessons learnt.

## **GBG Version 5**

The Green Committee started to review the GBG in 2010 towards launching its Version 5 in 2011. The key enhancements include the following:

- **Biodiversity:** A consultation process with relevant stakeholders, e.g. local conservation authorities, is advocated. This also includes verification with IUCN (International Union for Conservation of Nature) on whether the site is designated as a protected area and whether it has any protected plant or animal species.
- **Certified Wood:** The use of timber from responsibly managed forests for hardwood products is encouraged. Certification standards could include FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification schemes).
- **Universal Design:** Guidelines to ensure that universal design considerations are factored in right from the start of a development project. This will ensure that public space in CapitaLand projects will be accessible to users of different age groups and varying abilities.

## Measuring Our Performance

All CapitaLand properties are operated according to procedures and guidelines stated in the EMS. CapitaLand has established annual and longer term targets for the reduction of energy and water usage per square metre of GFA in its properties worldwide.

### Long Term Energy and Water Reduction Target (using 2008 as base year)

- By 2015, to reduce energy and water usage (per square metre of GFA) by 15%
- By 2020, to reduce energy and water usage (per square metre of GFA) by 20%

### 2010 Energy and Water Reduction Target (using 2008 as base year)

- 6% reduction in energy and water usage (per square metre of GFA)

CapitaLand uses an Environmental Tracking System (ETS), developed in-house, to measure the energy usage<sup>6</sup>, water usage, waste generation and carbon dioxide emission of its managed and owned operational properties. This includes CapitaLand's office buildings, shopping malls, serviced residences and mixed developments worldwide. Each property submits monthly data and the consolidated data is analysed at the SBU and Group level with reference to the reduction targets set.

In addition, CapitaLand also monitors the energy and water usage of construction sites for its projects under construction, and energy usage and paper usage of its corporate offices.

In 2010, as part of continuous improvement, CapitaLand reviewed the methodology of computing energy and water usage, taking into account changes in the number of properties tracked because of acquisition, divestment and other factors, and the uniqueness of each type of development. As a result, there is a restating of 2008 and 2009 figures in this report.

As the group's portfolio of operational properties changed over time, the number of properties tracked also changed. It increased from 140 properties in 2008, and 167 properties in 2009 to 179 properties in 2010<sup>7</sup>.

Despite the increase in portfolio and GFA, in 2010, CapitaLand properties worldwide outperformed the target to reduce energy and water usage by 6%, achieving a 9.0% reduction in energy consumption per square metre (kWh/m<sup>2</sup>) and a 6.6% reduction in water consumption per square metre (m<sup>3</sup>/m<sup>2</sup>) when compared with the base year of 2008.

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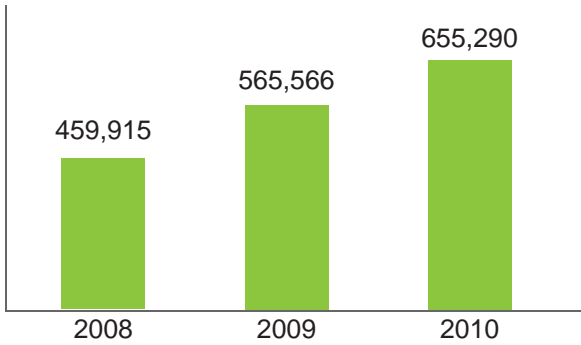
<sup>6</sup> Energy usage figures in this report refer to energy usage by the building owner / manager (landlord).

<sup>7</sup> The number of properties shown is the number of properties tracked for the computation of total energy and water usage. For usage per square meter of GFA, the properties which have been in operation for less than 12 months and those undergoing asset enhancement programmes are excluded; the numbers are 129, 145 and 164 for the three years. Energy usage by CapitaLand's corporate offices in Singapore are included in the total usage but excluded from the per square metre usage computations

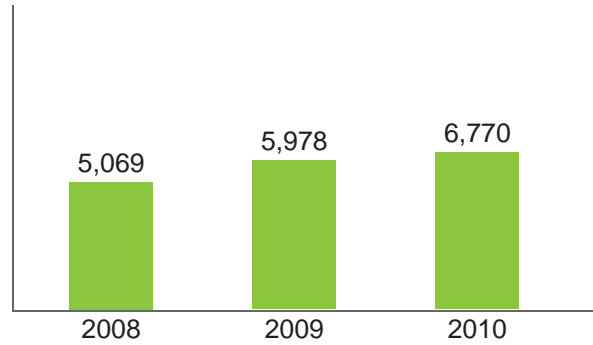


In terms of total usage, due to the increase in portfolio of the company, the total consumption of both energy and water has correspondingly increased between 2008 and 2010 (Charts 1 and 2).

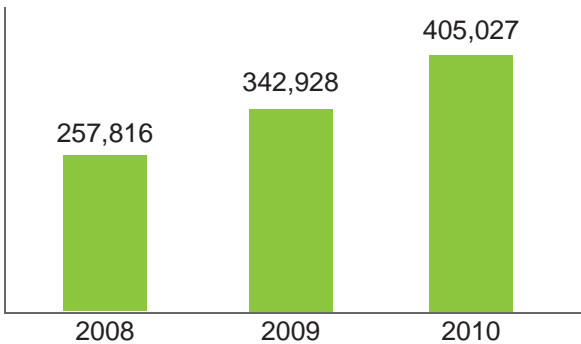
**Chart 1: Energy Usage ( '000 kWh )**



**Chart 2: Water Usage ( '000 m<sup>3</sup> )**



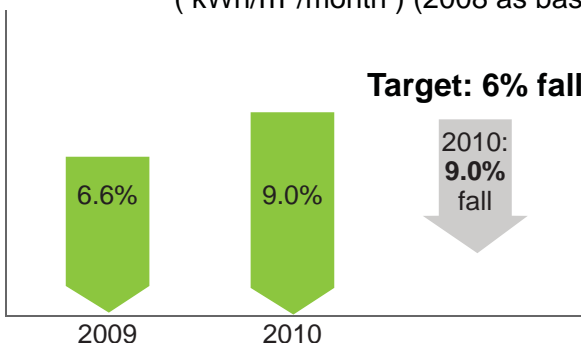
**Chart 3: Carbon Footprint<sup>8</sup> ( '000 kgCO<sub>2</sub>e )**



CapitaLand tracks carbon dioxide (CO<sub>2</sub>) emissions of all its operational buildings<sup>2</sup> based on their energy usage. The increase can be attributed to the increase in the company's portfolio of operational buildings.<sup>9</sup>

## Energy Conservation

**Chart 4: Reduction in Energy Usage<sup>10</sup>**  
( kWh/m<sup>2</sup>/month ) (2008 as base year)



In 2010, CapitaLand Group achieved a reduction in energy usage per square metre of GFA per month by 9.0%. This exceeded the EMS target of 6% reduction compared to 2008.

<sup>8</sup> The Group calculates its CO<sub>2</sub> emissions using individual country CO<sub>2</sub> emission factors retrieved from the IEA Statistics - CO<sub>2</sub> emission factors from fuel combustion 2007 Edition.

<sup>9</sup> The carbon emissions stated in this report include only Scope 2 emissions (indirect emissions) in CapitaLand's operating properties worldwide. Such Scope 2 emissions represent the carbon emissions attributable to the generation of electricity that is used in CapitaLand's operational buildings. The company is planning for the measurement of Scope 1 emissions.

<sup>10</sup> The chart excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement programmes and corporate offices.

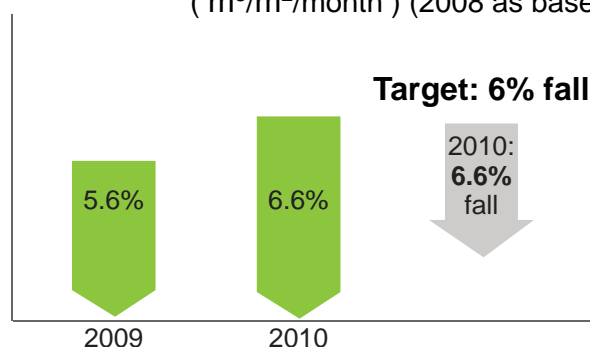
Reduction in energy usage per square metre of GFA (with 2008 as the base year) is computed at the property and SBU level. This forms part of the key performance indicator (KPI) for the property managers and the SBUs.

CapitaLand continues to implement various energy<sup>11</sup> conservation measures to reduce energy consumption in its properties. At the Ascott serviced residences, this included raising the air-conditioning temperature during non-peak hours, using variable speed drives for water pumps and air-handling units to reduce energy consumption.

At the CMA shopping malls, creating roof top open plazas in the tropics help reduce solar heat gain. Other energy saving measures include using alternative lighting circuits for common areas like carparks to reduce energy usage during non-peak hours, converting halogen lights into LED lighting, replacing air-cooled chillers with water-cooled chillers, installing outdoor temperature sensor to control chiller set points, and using variable speed drives (VSD) for chillers to reduce energy usage for cooling systems.

## Water Conservation

**Chart 5: Reduction in Water Usage<sup>12</sup>**  
( m<sup>3</sup>/m<sup>2</sup>/month ) (2008 as base year)



In 2010, CapitaLand Group achieved a reduction in water usage per square metre of GFA per month by 6.6%. This exceeded the EMS target of 6% reduction compared to 2008.

CapitaLand carries out regular maintenance and periodic upgrading of its facilities to ensure efficient operations and minimise water wastage. The Group also implements water conservation measures such as using NEWater<sup>13</sup> in cooling towers, toilet flushing systems, landscape irrigation and fire protection sprinklers in Singapore. Water saving devices like thimbles in taps and motion sensors for taps and urinals are installed wherever possible.

Water conserving features such as waterless urinals can help save up to 7.5% of water consumption in a property. Another key feature is the harvesting of rainwater in several projects to reduce the consumption of municipal water. All of CapitaLand's water consumption is derived from municipal supplies.

<sup>11</sup>This is based on the use of indirect energy (purchased electricity).

<sup>12</sup> The chart excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement programmes and corporate offices.

<sup>13</sup> NEWater refers to reclaimed water produced by PUB, Singapore's water agency. It is treated wastewater that has been purified using dual-membrane and ultraviolet technologies, in addition to conventional water treatment processes.

Reduction in water usage per square metre of GFA (with 2008 as the base year) is computed at the property and SBU level. This forms part of the key performance indicator (KPI) for the property managers and the SBUs.

In addition, individual properties which outperform the 3% target savings in both electricity and water consumption as compared to 2009 were acknowledged groupwide and staff were given cash awards.

### **Properties which outperformed the energy and water usage reduction target in 2010**

- Bugis Junction, Singapore
- CapitaLand Institute of Management and Business, Singapore
- Golden Shoe Car Park, Singapore
- Hougang Plaza, Singapore
- Somerset on Elizabeth Melbourne, Australia
- CapitaMall Zhanjiang, China
- CapitaMall Fucheng, China Raffles City Shanghai, China
- CapitaMall Zhangzhou, China
- Citadines Part-Dieu Lyon, France
- Citadines Prado Chanot Marseille, France
- Somerset Gateway Kuching, Malaysia
- Citadines Sukhumvit 8, Bangkok, Thailand
- Citadines Sukhumvit 11, Bangkok, Thailand
- Citadines Sukhumvit 16, Bangkok, Thailand

### **Conserving Energy and Reducing Paper Usage in CapitaLand corporate offices**

In 2010, CapitaLand's corporate offices in Singapore reduced energy usage per square metre of GFA by 3.3% compared with 2009. This was achieved mainly by changing existing light fittings to energy efficient ones. The offices have been implementing electronic faxing, which reduce the need for fax machines. There is regular communication with staff on good energy conservation practices.

CapitaLand achieved a paper usage reduction of 14.1% per employee compared with 2009. The savings were attributed to regular communication with staff on paper conservation tips such as printing only when necessary, printing on both sides of a page, and reusing and recycling used paper.

### **Energy and Water Usage at construction sites**

CapitaLand tracks the energy and water usage in its residential construction sites. The data was obtained from all main contractors. In 2010, there were a total of 22 residential projects under construction in Singapore, China, Vietnam and Abu Dhabi. The construction activities consumed a total of 18,613MWh of energy and 693,000m<sup>3</sup> of water.

## Green Training

CapitaLand launched the Green Army concept in 2009 as a result of the ICE Camp. Using an army analogy, the idea was to include employees of all levels in the fight for environmental sustainability against the common enemy of global warming. Employees are “armed” with the appropriate training and knowledge so that they can better implement green initiatives and affect change in their circles of influence. Training is categorised under Green Officer Series, Green Specialist Series and the Green Basic Series.



Under the Green Officer Series, the Green Commanders Course was conducted for senior management to drive home the importance of being green, and the crucial role that they play in supporting the green cause from the very top level. The EHS internal auditor course equips staff with the necessary capability to provide a check on CapitaLand’s Environmental, Health & Safety management system (EHS MS), to ensure that it is functioning smoothly.

The Green Specialist Series comprises technical topics to address specific areas that drive environmental improvements across development, operation and administrative functions. Courses include the CapitaLand Green Buildings Guidelines (GBG), Environmental Impact Assessment (EIA), green building operations and talks on technical topics such as renewable energy and high-rise greenery.

The Green Basic Series reach out to new hires and the wider group of staff.

Site visits to various areas of interest are also conducted for staff. In 2010, CLIMB organized a Biodiversity Talk and Walk by NParks<sup>14</sup> at the Bukit Timah Nature Reserve, one of the two remaining rainforest areas left in Singapore.

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<sup>14</sup> NParks is the Singapore government agency responsible for conserving, creating, sustaining and enhancing the green infrastructure of Singapore.

## Green Community Initiatives

CapitaLand understands the importance of the role that the wider community has to play as the end-users of these buildings. It launched the Building A Greener Future programme to encourage the Group's stakeholders and the public to play a role in protecting the environment.

In 2010, over 190 CapitaLand properties across Asia and Europe, in countries such as Singapore, China, Australia, Vietnam, India, Malaysia, the United Kingdom and France, participated in Earth Hour on Saturday, 26 March 2011. This is the third year that the Group is participating in the annual global sustainability movement to make a stand against climate change. As part of its 10<sup>th</sup> Anniversary celebrations, CapitaLand went 'beyond the hour' and turned off the façade lights and non-essential lighting at its participating properties for 10 hours. Emergency lighting and security systems functioned normally to ensure that safety and security were not compromised.

For more details on green community engagement programmes, please refer to Building a Greener Future in the Chapter on Philanthropy and Volunteerism.

## Green Development Showcases

CapitaLand's residential, commercial, shopping mall and serviced residence properties have won awards for their quality, and environmentally-friendly designs and features. Featured here are three projects which demonstrate CapitaLand's commitment to sustainability.

### CapitaLand Institute of Management and Business (CLIMB), Singapore

CLIMB is CapitaLand's learning and development institute and was the first conservation building in Singapore to achieve Green Mark Gold<sup>PLUS</sup> in 2011. Built in 1937 to store the British coastal defense artillery, CapitaLand's restoration of this building is a testimony of CapitaLand's dedication to employing a holistic approach to both the built and natural environment. The old façade with its details such as the doors, roofs and fanlights were reinstated after much research. Deep corridors reminiscent of verandahs of old were preserved and existing roof tiles and timbers were reused and drywalls and ceilings recycled.



Furniture and carpets used are made from eco-friendly and recycled material. A steel truss for the roof was employed instead of conventional concrete. The pre-fabricated framework shortened construction time and used less sand during construction.



## ENVIRONMENT

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The campus was designed to conserve energy consumption by allowing maximum daylight and natural ventilation into the building, reducing the need for artificial lighting and cooling systems. Special double-glazed glass panels and frosted glass windows for toilets keeps out the tropical heat. Rooms are compartmentalised and individually cooled to reduce energy consumption. Photocell sensors were installed on the roof to reduce energy consumption through controlled corridor lighting.

Changing the mindsets and behaviour of the users of the building is a key component for this green institute. Staff attending courses at CLIMB use reusable mugs for refreshments and this has saved more than 6,000 plastic cups 2009. Caterers who provide 100 percent biodegradable disposable utensils are engaged.

An innovative rainwater harvesting system collects rainwater in an underground tank, which delivers filtered water for general washing and irrigation. The plants around the compound are irrigated only during the coolest part of the day to reduce water loss through evaporation.

The landscape around the building has been carefully and extensively cultivated. Trees native to the grounds have been preserved and a "chill out zone" was created around the existing trees, incorporating them into the design of the green space.

To protect the ecological life cycles of the birds that inhabit the area, insecticides are banned during the breeding season. Compost from recycled waste rather than chemical fertilisers are favoured, making CLIMB rich in wildlife with peacocks, squirrels and a variety of birds roaming the area.

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### Six Battery Road, Singapore



Six Battery Road is the first operating office building in Singapore to receive Green Mark Platinum award conferred by the Building and Construction Authority (BCA). This is the highest accolade for the Green Mark awards which recognises the building's best practices in environmental design and performance. Six Battery Road will put in additional "green" features to improve the buildings' environmental sustainability. These new features include the re-design of the chiller plant room

system to incorporate a thermal energy storage system, use of renewable energy source by installing solar light tubes which harvest daylight to illuminate part of the basement car park, and using the exhaust air stream to power wind turbines which will in turn power the green wall maintenance system.

Six Battery Road features an iconic vertical garden covering an area of 2,000 square feet, making it the largest vertical garden wall in office building in Singapore with living green plants to reduce indoor heat gain. A rainwater harvesting system has been installed to provide efficient irrigation to maintain this vertical garden. For more information on this vertical garden, please refer to article on "Supporting Biodiversity".

To encourage energy conservation awareness and behaviour, real time monitoring of energy and water savings would be displayed publicly. Tenants, staff and visitors could also find out more about how they could help save the environment at a dedicated education corner within Six Battery Road. Allocated parking lots have also been reserved for drivers of hybrid and electric vehicles.

After all the energy saving features have been fully installed over two years the property is projected to achieve a 20% improvement in its energy efficiency index (EEI).

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### **Shinjuku Front Square, Tokyo, Japan**

Shinjuku Front Square will comprise a 35-storey commercial tower with offices and shops, and a 20-storey residential tower. CapitaLand, together with its partners Mitsubishi Estate Co., Ltd. Mitsubishi Jisho Residence Co., Ltd. and Heiwa Real Estate Co., Ltd. aimed to transform the site in Kita-Shinjuku, northwest of Shinjuku Ward, into an eco-town where nature and urban lifestyle co-exist.



Several features have been included to cool the building. The exterior walls of the building are also specially designed to insulate against the sun's heat using ream glass windows, making it 20% more effective in keeping out the sun's heat. Whitish natural stones are used for external walls of the tower to reflect light and heat. Photovoltaic power is used in the development to promote energy conservation. The pillar-less designs will allow for flexibility of use.

The residential block will use the Soleco Habitat system which is an electrical power distribution system cum solar power unit. Through high-voltage incoming circuit transformation to low voltage distribution for each residential unit, electricity expenses will be reduced by 10%. Another innovation used is an advanced ice thermal storage system, an energy conservation and management system that uses energy during the night to control the indoor lighting and air conditioning.

A 4,700 square metre plot of greenery has been allocated for recreation and relaxation of users and residents. It will also serve as a regional disaster-prevention base where people can seek temporary shelter during an earthquake. The residential tower is the first base-isolated high-rise condominium in Shinjuku Ward. This is the most powerful tool in earthquake engineering as its collection of structural elements decouples the superstructure from its substructure which is resting on shaking ground.

The office tower has an oil damper vibration control system which absorbs vibration and heat energy, and can withstand quakes of up to seven on the Richter scale as well as vibrations caused by strong winds. It also has disaster prevention storerooms and portable toilets to be attached to manholes in times of emergency.

## Human Capital

CapitaLand recognises the importance of managing and developing its staff. Its credo of "Building People to Build for People" means training its employees to achieve at an optimal level of performance, aligning their personal goals with the company and creating a positive work environment where everyone can contribute effectively. People are integral to the success of the company and CapitaLand has incorporated Key Performance Indicators (KPIs) to develop a talented, motivated and healthy workforce. This is CapitaLand's integrated human capital strategy.

## Fair and Diverse Workplace

With a workforce of close to 11,000 employees worldwide, CapitaLand is committed to be a workplace of choice for its employees. CapitaLand firmly believes in the practice of fair employment and in Singapore, it has signed the Employers Pledge for Fair Employment Practices with The Tripartite Alliance for Fair Employment Practices (TAFEP)<sup>15</sup>. This also guides the thinking for CapitaLand's global operations.

In accordance with CapitaLand's policy on non-discrimination and fairness, it adheres to clear guidelines in the recruitment process. Recruitment advertisements placed in newspapers and recruiting websites do not indicate ethnic, age or gender preferences. In 2010, there were no reports of any incidence of discrimination.

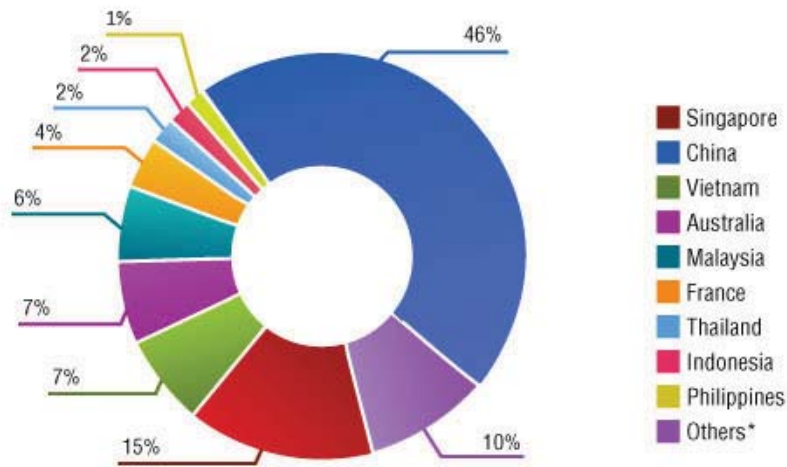
CapitaLand identifies talent both internally and externally to build its talent pipeline for succession planning and bench strength. This ranges from undergraduates, fresh graduates to mid-career professionals to "silver-haired" industry veterans. As an international company, CapitaLand embraces diversity in various aspects including different cultures, nationalities and languages. CapitaLand believes that regardless of ethnicity, age or gender, employees can make a significant contribution based on their talent, expertise and experience.

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<sup>15</sup> The Tripartite Alliance for Fair Employment Practices (TAFEP) was formed in May 2006 to promote non-discriminatory employment practices and to shift mindsets among employers, employees and the general public towards fair employment practices for all workers. Members include employer representatives, union leaders and government officials.

# PEOPLE AND COMMUNITY

Global Workforce (By nationality)

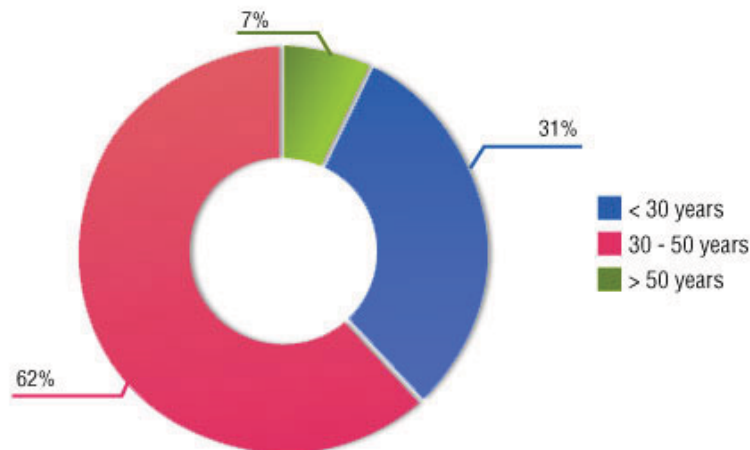


*Others\** - This refers to the various nationalities ranging from India and Japan to countries such as Lithuania, Portugal and the United Kingdom.

CapitaLand makes a conscious effort to recruit people at different points in their careers to ensure depth and breadth in its talent pool. The majority of the CapitaLand global workforce is between the age of 30 and 50.

In a 2010 survey by executive search firm PeopleSearch and Boardroom Research, Gen Y respondents voted CapitaLand one of the companies they most desired to work for.

Global Workforce (By age)





### **Recruiting "Silver Hairs"**

CapitaLand has been recruiting experienced "silver haired" professionals, to benefit from their wisdom and varied experiences, and to support the younger leadership team. These senior officers, who have considerable specialised expertise and experience, further strengthen the management bandwidth and support the CEOs as they expand and develop the various businesses. They relieve the CEOs and their management staff to focus on their strategic business operations. In CapitaLand, these "silver hairs" oversee portfolios like security, training and corporate ethics.

Former assistant commissioner with the Singapore Police Force Mr Lim Soo Gee heads the Corporate Security and Investigation (CSI) division which is responsible for all matters relating to security and investigations in the CapitaLand Group. These include developing security and investigative programmes, policies and procedures, ensuring a high standard of security in the Group's properties, assessment and management of security risks, providing strategic interventions, maintaining liaison with the group's strategic partners, as well as sharing of security and safety and Investigative best practices with its employees. "I am a facilitator; I want to impart my knowledge to them." says Mr Lim Soo Gee.

Mr Lee Tiong Peng, Senior Vice President of the CapitaLand Institute of Management and Business, started his career as a teacher and went on to be a lecturer, training manager, human resource director and manpower consultant.

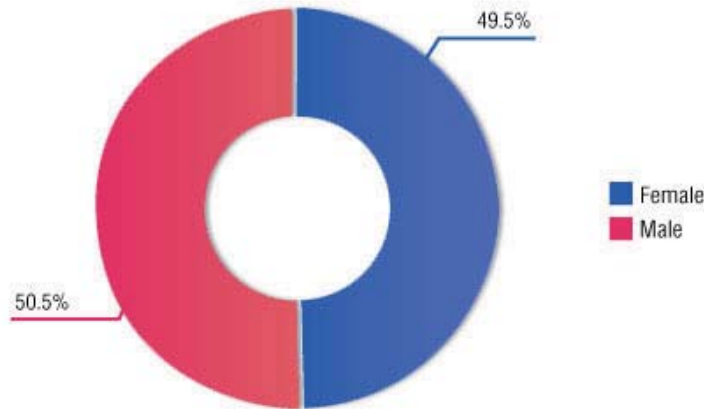
Former managing director of Eastgate Technology Mr Leow Siew Beng is Senior Vice President, Organisational Development in the Human Resources department. He mentors CapitaLand's top young talent, and spearheads its innovation, creativity and entrepreneurship programme.

These industry veterans are also tapped for their experience to form the CapitaLand Counselling & Advisory Panel (CAP) in early 2010, providing an additional avenue for employees to seek advice, guidance, coaching and counselling on any work or career-related matters.

# PEOPLE AND COMMUNITY

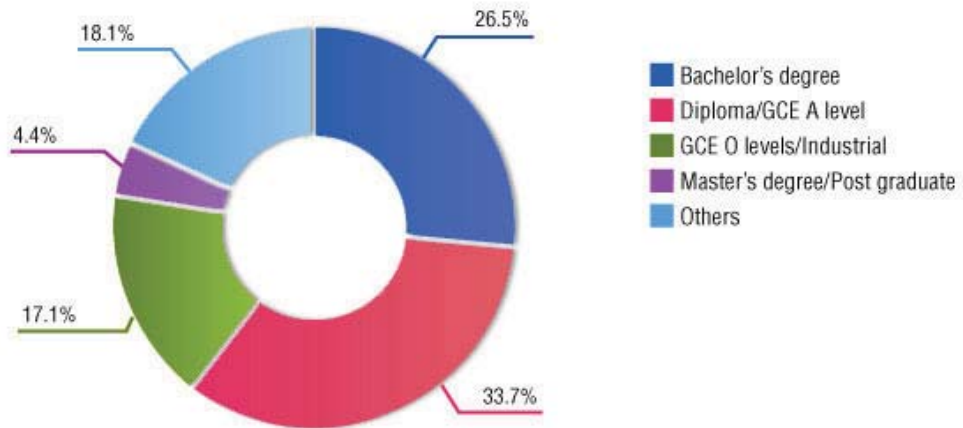
CapitaLand's global workforce comprises an almost equal proportion of males and females. The company has female employees represented at the senior management in the Company with five of them holding top positions such as CEO and Deputy CEO within the Group<sup>16</sup>.

Global Workforce (By gender)



CapitaLand's vibrant, motivated and qualified work force has given the Group a competitive edge. Over 60% of its employees hold tertiary qualifications and above (this includes holders of diploma, and bachelor's and master's degree qualifications).

Global Workforce (By educational qualifications)



<sup>16</sup> Ms Jennie Chua, Chief Corporate Officer, CapitaLand Limited; Ms Lynette Leong, CEO, CapitaCommercial Trust Management Limited; Ms Sharon Lim, CEO, CapitaMalls Malaysia REIT Management Sdn. Bhd; Ms Ang Siew Yan, Deputy CEO, CapitaLand Financial Limited; Ms Jesline Goh, Deputy CEO, CapitaMall Trust Management Ltd.

## Employee Relations

CapitaLand fosters good employee relations with its employees. 17.5% of its global workforce is covered by collective bargaining agreements. CapitaLand has been proactive in adopting a flexible wage system that allows it to respond to changes in economic situations in Singapore and around the world. This has helped the company to be better prepared in both good times and bad times. In Singapore, CapitaLand collaborates closely with the trade unions through regular communication and consultation in matters that concern its staff. These efforts were recognised by the government and trade unions when CapitaLand was presented the May Day Upturn the Downturn Award from Mr Lim Swee Say, Secretary General of National Trades Union Congress, in recognition of its people-first policies during the global financial crisis in 2008-2009.

*"Last January, when the outlook was bleak, the CapitaLand management and executives took wage cuts of up to 20%, with the deepest cuts for management, but everybody being affected some, 3% maybe, but everybody chipped in. Throughout the downturn, CapitaLand worked with its workers and its union, the Singapore Industrial and Services Employees' Union (SISEU) to cut costs. When performance and business outlook improved towards the end of the year, it reinstated and later on it raised employee wages. This is the model of labour relations that we must aim for – sharing benefits in good times and riding out difficulties together in bad times, with management leading by example."*



- Mr Lee Hsien Loong, Prime Minister, Singapore

At the opening of the SNEF (Singapore National Employers Federation) 30th Anniversary CEO & Employers Summit, 28 July 2010.

CapitaLand's philanthropic arm CapitaLand Hope Foundation donated S\$50,000 to the NTUC<sup>17</sup> U Care Fund (a fund set up by the Labour Movement) to purchase "Back to School" vouchers for school necessities for underprivileged children of union workers.

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<sup>17</sup> National Trades Union Congress (NTUC) is a national federation of trade unions of workers in the industrial, service and public sectors in Singapore.

## Talent Management

CapitaLand seeks innovative, dynamic and talented employees to take the company forward to its next stage of growth. It adopts a performance driven, total rewards approach in motivating and rewarding its employees by offering comprehensive and market-competitive compensation and benefits, as well as a work environment that enhances employees' well-being.

Incentive plans include short-term cash bonus programmes and long-term equity-based reward plans such as restricted shares and performance shares programmes. To ensure that CapitaLand remains competitive and continues to attract and retain the right talent, it engages an external HR consultant to benchmark the company against different markets and to innovate its compensation strategies for the top management. Benchmarking is also conducted for the remaining staff. All regular full time employees, including those on secondment and contract, undergo an annual performance review where there is an open discussion on the employee's performance which includes topics such as possible career moves and recommended training plans.

In CapitaLand, the framework for remuneration for the board of directors and key executives are also linked to their building of management bench strength and the development of key executives. This is to ensure continual development of talent and renewal of strong and sound leadership for a sustainable business and a lasting company.

There is a board level committee, the Executive Resource and Compensation Committee (ERCC), which aims to build capable and committed management teams. It conducts a succession planning review of the President & CEO and selected key positions in CapitaLand annually. Potential internal and external candidates for succession are reviewed in light of immediate, medium term and longer term needs and readiness. For more information, please refer to page 86 and 87 of the CapitaLand Annual Report 2010.

In 2010, CapitaLand continued its consistent policy of strengthening its management bench with younger senior officers in their 40s taking on leadership roles. This included the appointment of Mr Tony Tan as CEO of CapitaRetail China Trust Management Limited.

## Learning and Development

During the year, CapitaLand continued its focus on training and development programmes to further prepare employees as the economy recovers from the global financial crisis.

In 2010, the average training hours completed by each employee for the year was 51.3 hours - well above the recommended industry guide of 40 hours per annum. The company set aside 1.7% of its payroll in 2010 for learning and development. The Group's President and CEO Mr Liew Mun Leong personally conducts classes for senior management, reflecting top management commitment to continuous learning and development.

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Its Talent Incubation Programme continued to place young and promising employees on short attachments within the Group. It recruited talent through a network of Singapore and overseas universities. CapitaLand continued to invest in future leaders through scholarships such as the CapitaLand–BCA Scholarship, CapitaLand-NUS-USP Scholarship and CapitaLand International Scholarship.

Its training hub, CapitaLand Institute of Management and Business (CLIMB), has provided over 5,750 training places for employees from various countries.

As part of its talent management programme, CapitaLand encourages employees to upgrade themselves by attending courses relevant to their work. Employees are granted paid examination leave for their studies. For full time staff, examination leave is up to 10 days per calendar year.

### Rewards and Benefits

CapitaLand recognises the diverse needs of its workforce. It continues to enhance the Group's flexible benefits plan to enable staff to complement their personal medical and insurance needs with those provided by the company. CapitaLand implements a flexible benefits plan, enabling staff to customise the benefits for the employee and family. Regular benchmarking against relevant markets as well as innovation in compensation strategies ensure CapitaLand remains competitive and continues to attract and retain talent.

CapitaLand understands the employee's need to balance work and family commitments. It formalised a flexible work arrangement policy which supports work arrangements that meet both the needs of CapitaLand and the employee, such as flexible working hours, working from home, part-time work arrangement or job-sharing arrangements.

*"We have to accept the reality that there is a need to work hard as we strive to grow at the rate we are growing. Policies like flexi-work hours, part-time arrangements are set in place for people who need time off to look after family needs. For example, if staff need to pick their children up from school or childcare centres earlier, they can arrange with their supervisors to leave earlier and pick their kids up and attend to domestic needs. They can continue to work later in the evening to finish up their work. This way, staff will surely have a better peace of mind, meeting family needs and producing good quality work. So work-life balance to me is about how to integrate work with life and be at peace when doing both. To achieve work-life balance is about being flexible to yourself and your expectations,"* says Mr Tan Seng Chai, Chief Human Resource Officer, CapitaLand Limited.

Under the CapitaLand Volunteer Programme, employees are extended three days of volunteer service leave, part-time volunteer leave, and no pay leave system to allow employees to contribute back to the society. This commitment was cited as a reason why, in a 2010 survey by executive search firm PeopleSearch and Boardroom Research, Gen Y respondents voted CapitaLand one of the companies they most desired to work for. *"CapitaLand has demonstrated to be a company with a soul, going beyond just chasing*



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*after the bottom-line. Gen Y is attracted to CapitaLand's credo of 'building people' and our corporate social responsibility efforts sit well with them," says Mr Tan Seng Chai.*

A popular staff benefit scheme is the "Holiday Accommodation Programme Provided for You" (HAPPY Programme) which allows staff to enjoy subsidised room rates at any of its serviced residences around the world. This is to encourage staff to take a break with their family and rejuvenate themselves. In 2010, CapitaLand enhanced this benefit, allowing staff to bring their parents and/or parents-in-law to travel together to foster closer family ties.

As part of its benefits programme, CapitaLand extends financial assistance to help employees for emergencies such as serious illness, death of family members or for other situations acceptable to the Company. These are just some examples of the full suite of employee benefits.

CapitaLand prides itself on being proactive in providing a total well-being programme to help employees better manage their physical health as well as handle any stress and personal issues that may arise. Comprehensive health screenings are made available. Regular talks and workshops are held to educate and encourage staff to lead a balanced lifestyle, with topics ranging from office ergonomics, positive parenting, to retirement and financial planning.

## Employee Engagement

CapitaLand encourages open communication and positive employee bonding to create a happy work-life that boosts productivity.

All employees are given the book entitled “Building People – Sunday Emails from a CEO” Volumes 1 and 2 by Mr Liew Mun Leong, President & CEO, CapitaLand Group, to help them better understand the Company’s vision, mission and corporate culture through his anecdotes.

## Communicating with the staff - Launch of “Building People: Sunday Emails from a CEO Volume 2” book

“Building People: Sunday Emails from a CEO” Volumes 1 and 2 are compilations of emails written by Mr Liew Mun Leong, President & CEO of CapitaLand Group, typically on Sundays. These emails give interesting insights and lessons gathered from Mr Liew’s over 40 years of working in the public and private sectors and form a channel that Mr Liew uses to communicate regularly and frankly with its close to 11,000 CapitaLand staff worldwide.

The first volume, comprising emails written between 1998 and 2007, was launched in June 2007 at the opening of the CapitaLand Institute of Management & Business (CLIMB) and has since been translated into Chinese and Vietnamese.

The second volume was launched in November during celebrations of CapitaLand Hope Foundation's fifth anniversary, Mr Liew Mun Leong said: *“Like the first volume, this second volume ensures that we leave behind for posterity the core values, morals, ethics, ethos and corporate culture of an ever expanding CapitaLand Group through ‘story-telling’ of real-life events. This hobby of writing anecdotal emails has been an essential means for me to communicate directly with all my colleagues in the company, whether they are in Singapore, China, Vietnam, Australia, Europe, Malaysia, Japan or elsewhere.”*



All royalties from both volumes are donated to CapitaLand Hope Foundation to support programmes for the shelter, education and healthcare needs of underprivileged children.

Quarterly employee communication sessions are organised where Mr Liew Mun Leong, President & CEO, CapitaLand Group and the senior management team are able to reach out directly to staff. These sessions are also webcast live to CapitaLand offices in Singapore and other countries. During these staff communication sessions, Mr Liew not only disseminates the

company results and articulates key business strategic thrusts, but also answers a range of questions posed by the staff. Staff are also able to send in their questions beforehand, to be answered during the session. Mr Liew frequently meets with employees from the

various strategic business units in one-to-one sessions or in small groups. He communicates with them through regular emails and encourages staff to provide feedback to him directly.

*“When I visit our overseas operations I make it a point to conduct staff communication sessions with the local staff too as well as Q&A sessions during breakfast, coffee, lunch or dinner with them. It is all about me speaking to them and allowing them an access to speak to me in person. All these communication sessions have been useful as many ideas, suggestions and grievances are discussed and addressed.”*

- Mr Liew Mun Leong, President & CEO, CapitaLand Group

CapitaLand practices an open door policy, allowing all employees to obtain a fair review and a prompt response to problems or concerns relating to any aspects of employment with the Company. Employees can also raise their concerns to a higher level of management or the Human Resource Department. In this regard, the company also welcomes staff suggestions on any forms of improvement. These include feedback on building facilities, services or maintenance, suggestions that promote entrepreneurship and innovation to grow new businesses and ideas on how to improve operations and manage costs creatively. The CapitaLand Counselling & Advisory Panel (CAP), established in 2010, provides an additional avenue for employees to seek advice, guidance, coaching and counselling on any work or career related matters.

When there are changes in HR policies, emails are sent to employees to enable them to understand the new or revised procedures in detail and to help address any queries or doubts. Employees can also refer to the CapitaLand intranet to find out the details of the Company's terms and conditions of employment, benefits, HR policies and practices including the Whistle-Blowing Policy and the Code of Business and Ethical Conduct.

### **Your Voice Matters**

In September 2010, CapitaLand conducted an inaugural employee engagement survey entitled “Your Voice Matters” to take stock of where the company was and to identify areas of the work environment which could be improved. Towers Watson, an independent consultancy firm, was appointed to administer the survey and ensure confidentiality of the staff responses. An email was sent on behalf of Mr Liew Mun Leong, President and CEO, CapitaLand Group to express his commitment to the survey.

To ensure that all staff were able to access the survey, an online version as well as a paper and pen version were made available. The questionnaire was also translated into several languages including Chinese, Japanese, French, Thai, Bahasa Melayu, Bahasa Indonesia and Vietnamese.

There was overwhelming response from staff, with close to 90% of the Group's close to 11,000 staff sending in their completed surveys. CapitaLand organised an

'Employee Engagement Forum 2010' with the theme of "Building a Human Capital for a World Class Company" where Towers Watson shared the results of the Employee Engagement Survey. Focus groups comprising selected staff from the group discussed on key matters arising from the survey. In early 2011, trained facilitators helped the focus groups at each SBU to discuss details of the feedback and give their recommendations. A cross-SBU focus group has been tasked to compile and discuss the feedback gathered before presenting the final recommendations to senior management in 2011.

CapitaLand staff were regularly kept abreast of the developments through emails from Mr Tan Seng Chai, Chief Human Resource Officer of CapitaLand and staff communication sessions by Mr Liew Mun Leong, President and CEO, CapitaLand Group.

*"In fact, we are working on many fronts to address the key feedback we received from the survey. We want to continue to demonstrate that as a company we care for our people and we sincerely want to engage the CapitaLand community to care for the company too,"* added Mr Tan.

### **ICE (Innovation, Creativity and Entrepreneurship)**

For CapitaLand, innovation, creativity and entrepreneurship are key success factors that help differentiate the Group from its competitors. The ICE (Innovation, Creativity, Entrepreneurship) programme was started in 2006 to be the "entrepreneurial glue" that harnesses CapitaLand's real estate strengths – deep market and real estate domain knowledge, financial engineering skills, strong management bench and robust balance sheet – into one powerful whole. This initiative aims to tap on the innovative enterprising mindsets of all staff.

ICE Berg is an online platform that rewards staff when they contribute meaningful ideas. ICE Camps have been conducted since 2007 to equip staff with the framework and process to generate, evaluate and market ideas. Senior management attend the presentation sessions at the end of the camps to consider these ideas and help shape them into implementable projects. To date, close to 1,000 employees from Australia, China, Japan, Malaysia, the Philippines, Singapore, Thailand and Vietnam have shared ideas at 29 ICE camps in 10 cities. Various initiatives have been implemented.

#### **Turning to staff creativity to name the new Strategic Business Unit**



In 2010, CapitaLand decided to set up a new business unit to grow its residential business in the value housing sector in China and Vietnam. For the name of the new business unit, CapitaLand focused on engaging its staff to come up with ideas. Hundreds of entries were received during the contest period. The winning name "CapitaValue Homes" was chosen as it clearly reflected that the new business unit will focus on developing well-designed and value homes.

## Health and Safety

Occupational health and safety is of paramount importance to CapitaLand. The Occupational Health and Safety (OHS) Management System was established in Singapore in 2009 and extended to China, Malaysia, Vietnam and Japan in 2010. Australand was certified under AS 4801 - Australian Standard for Occupational Health and Safety Management Systems.

As part of CapitaLand's OHS Management System, new or updated legal requirements are reviewed on a quarterly basis and compliance is evaluated on an annual basis. CapitaLand complied fully with OHS laws and regulations in 2010.

CapitaLand obtained OHSAS 18001 certification of its OHS for Singapore, China, Malaysia, Vietnam and Japan in 2010. OHSAS 18001 is a recognised international standard for Occupational Health and Safety Management Systems and is audited by a third party accredited certification body. CapitaLand plans to achieve certification for its global businesses by 2012.

## Occupational Health and Safety Management System

Identifying and managing OHS hazards are a key component in CapitaLand's OHS Management System. Objectives and programmes are established to manage the hazards with procedures and guidelines to implement and evaluate mitigation measures.

CapitaLand's EHS Policy reiterates the company's commitment to managing occupational health and safety issues. It is endorsed by top management and communicated to all staff via emails, posters and the intranet. Please refer to Chapter on Environment for the EHS policy.

### **CapitaLand identified two OHS objectives in 2010:**

- Zero Reportable Incidents (reportable under the local government regulations<sup>18</sup>)
- 100% of main contractors to be OHSAS 18001 certified (or equivalent)

### **Occupational Health and Safety (OHS) Hazards**

Hazards Identification and Risk Assessments (HIRA) were undertaken to identify and address key OHS risks. CapitaLand employees in Singapore were involved in identifying the hazards present in their workplace and cross functional teams were formed to conduct customised Risk Assessments for offices and individual properties. The findings were reviewed annually or whenever appropriate, for example, following a change in the processes.

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<sup>18</sup> The definition of reportable incident varies in different countries. In Singapore, this refers to work-related injuries to an employee resulting in death, more than 3 days of medical leave or hospitalization for more than 24 hours. In China, it refers to work-related injuries to an employee resulting in one day of medical leave. In Malaysia, this is defined as work-related injuries resulting in an employee taking more than four days of medical leave. In Vietnam and Japan, this refers to work-related injuries to employees.



Key OHS hazards identified during the development stages of projects include hazards encountered during site visits and possession of the site. As the main contractor takes charge of the construction process, preference will be given to OHSAS 18000 certified contractors.

For the operations of CapitaLand properties, the key OHS hazards include facilities, operations and contractor management. Corporate office OHS issues include ergonomics and general employee well-being. Preference will also be given to OHSAS 18000 certified or bizSAFE Level 3<sup>19</sup> certified service providers. Every employee is also briefed on how to respond to OHS incidents at the workplace.

In 2010, there were five reportable incidents in Singapore, two in China and one in Japan. Seven involved a fall at the work place, resulting in employee taking a number of days of outpatient medical leave exceeding the countries' reportable incident requirement. All affected staff resumed normal work after their medical leave. In all cases, detailed investigations were conducted and all necessary follow up action taken.

### **Prevention and Action on Serious Diseases**

CapitaLand is always primed to set up appropriate response procedures and teams in relations to the threat of serious diseases.

The HR department regularly sends all staff medical and travel alerts when appropriate. Information on pandemic planning is made readily available for all staff on the CapitaLand intranet.

### **Engaging Main Contractors and Vendors**

For projects under development, the Group requires all its main contractors to comply with relevant legal requirements with regards to the occupational health and safety hazards on site. Main contractors of projects of at least 2,000m<sup>2</sup> GFA must be OHSAS 18001 certified or must implement OHS measures on site to comply fully with OHS legislations.

For building operations, CapitaLand's contractor management guidelines require all contractors to comply with local government and other legal requirements. In Singapore, preference is given to bizSAFE Level 3 certified contractors. All contractors are required to submit a copy of their risk assessments in cases where their activities may affect the occupational health and safety of CapitaLand employees or visitors.

Vendors are sent a copy of CapitaLand's EHS Policy and have to ensure that their staff are sufficiently trained or briefed on environmental, health and safety measures. Contractor house rules stipulating requirements such as deploying personal protective equipment, reporting of accidents and proper disposal of debris and toxic waste have also been implemented. For CapitaLand offices in Singapore, preference is given to bizSAFE Level 3 certified vendors wherever possible.

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<sup>19</sup> The bizSAFE programme is advocated by the Workplace Safety and Health Council in Singapore to promote workplace safety and health in small and medium enterprises (SMEs) through the recognition of their safety and health efforts. There are five different levels to achieve.

## Philanthropy and Volunteerism

“CapitaLand China was conferred “China Best Corporate Citizen” award for the third year running, by the China Committee of Corporate Citizenship and CCTV2 in recognition of its excellent corporate social responsibility practices in China.”

CapitaLand is committed to be a good corporate citizen. It aims to contribute to the societies within which it operates and promote sustainable growth for future generations. CapitaLand’s corporate social responsibility efforts focus on philanthropy, the environment and the community.

## CapitaLand Hope Foundation - the philanthropic arm of CapitaLand



CapitaLand’s strong commitment to philanthropy and volunteerism is a reflection of its corporate credo “Building People”. The CapitaLand Hope Foundation (CHF) was established in 2005 in celebration of CapitaLand’s 5<sup>th</sup> anniversary. CHF is a registered charity and focuses on supporting programmes for the shelter, education and healthcare needs of underprivileged children.

CapitaLand donates up to 0.5% of its net annual profit to CHF. It also bears its overhead expenses including staff costs and external legal and audit fees. In addition, CapitaLand also provides CHF with legal, financial and tax advice to ensure it complies with the relevant regulations and governance expectations.

## Building for Their Future

By touching the lives of children during the earlier stages of their development, CHF firmly believes that it can create a bigger multiplier effect and positive impact on them, their families and the communities in which they live. To achieve this, CHF leverages on CapitaLand’s extensive geographical footprint, to identify and support programmes in the communities in which CapitaLand operates. In 2010, CHF celebrated its 5<sup>th</sup> anniversary with close to S\$10 million donated since 2005.

*“Since 2005, CapitaLand Hope Foundation has donated about S\$10 million to aid underprivileged children, a commendable effort for a young foundation like us. We will continue to support programmes that meet the shelter, education and healthcare needs of underprivileged children in Singapore and overseas.”*

- Mr Lim Chin Beng, Chairman, CapitaLand Hope Foundation at the CHF’s 5<sup>th</sup> anniversary celebration

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In recognition of CHF's corporate giving strategy despite the global economic slowdown in 2009, National Volunteer and Philanthropy Centre (NVPC), Singapore presented CapitaLand the Corporate Citizen Award for Philanthropy that year.

In 2010, CapitaLand's donation of S\$500,000 to President's Challenge, Singapore, was largely due to the charity sales of the book "Building People: Sunday Emails from a CEO Volume 2" by Mr Liew Mun Leong, President and CEO, CapitaLand Group.

In the same year CHF also established the CapitaLand Kids' Food Fund programme, donating S\$525,000 to provide nutritious food for over 11,000 underprivileged children in Singapore, China, the Philippines and Thailand.

It has also funded CapitaMalls Asia's My Schoolbag programme with S\$300,000 to provide 11,000 underprivileged children in China and Singapore with basic school supplies and daily necessities.

### **Reaching Out: Building Partnerships**

CHF collaborates with local volunteer welfare organisations (VWOs), non-governmental organisations (NGOs) and relevant local government agencies to better effect positive and sustainable changes for underprivileged children. Organisations and agencies with strong local knowledge are better able to help identify and assess the needs, suggest solutions and monitor and update on the progress of beneficiaries. CapitaLand has worked with organisations such as Gentle Fund Organisation, Plan International, China Charity Federation, China Youth Development Foundation, as well as Singapore's Ministry of Education and National Environment Agency, to organise and implement corporate giving and volunteer programmes.

These programmes are designed and implemented with inputs from VWOs. One example is CapitaLand's My Schoolbag programme, where VWOs advised on the school necessities preferred for the children participating (please see next page).

CHF's longer-term approach and commitment to the community is reflected in the range of signature programmes it has established and remain involved in. They are aimed at providing much needed stability for the children with long term financial support and on-going educational experiences for them. Please visit <http://www.capitalandhopefoundation.com> for more information.

### **Encouraging Staff Volunteerism**

CapitaLand was the first company in Singapore to formalise a 3-day volunteer service leave system which is integrated into its online leave application policy. CapitaLand has since expanded its volunteer leave policy to include Volunteer No Pay Leave and Volunteer Part-Time Leave. Through emails to all CapitaLand staff, recognition is given to employees who have utilised all 3 days of volunteer service leave. As an added incentive, CHF recognises the efforts of such staff by donating S\$500 to a children's charity of their choice in Singapore.

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In 2010, about 20% of CapitaLand staff based in Singapore participated in a CHF-organised volunteer activity. This is an increase from the 12% participation rate in 2009. Volunteer activities ranged from attending overseas volunteer expeditions to guiding children through green discovery trails at CapitaLand properties.

### Signature Programmes - CHF Community Development Programmes

#### Hand In Hand 20.10 campaign (China)



CapitaLand launched the “Hand in Hand 20.10” campaign, and brought 2,010 underprivileged children from all over China, including students from its CapitaLand Hope Schools, to visit the Shanghai World Expo 2010, with the aim of inspiring them to work towards a better life. CapitaLand recruited members of the public to join its CapitaLand staff as volunteers, guiding these children during their Shanghai World Expo 2010 visit.

Many corporate entities and government bodies came onboard as partners in this campaign. China Eastern Airlines offered a hefty discount on the airfare, despite the peak season, for about 600 children and 100 volunteers. Shanghai Top Institute of Information Technology provided accommodation at its students’ hostel while CP Foods offered their premises for meals for the children and volunteers. A number of pavilions at the Expo granted the visiting children VIP treatment with priority entry. Several tenants of CapitaLand’s Raffles City Shanghai provided complimentary movie tickets, books, food and beverages to the visiting children.

In recognition of its efforts, CapitaLand China was conferred the “China Best Corporate Citizen” award for the third year running, by the China Committee of Corporate Citizenship and CCTV2.

For more details of this programme, please refer to the following article in CapitaLand Inside Magazine “Working Hand in Hand”.



## My Schoolbag Programme (Singapore, China)



Following on the success of the “Back to School” event in Singapore in 2009, this programme was rebranded as “My Schoolbag”, reflecting the perspective of the underprivileged children. The My Schoolbag programme was held for the first time in China from 1-13 September 2010, at the start of the country’s new school year, in 129 schools across 18 cities, in partnership with the China Children and Teenagers’ Fund. A total of S\$190,000 worth of new schoolbags containing stationery were presented to more than 10,000 underprivileged first-year primary school pupils.



In Singapore, CapitaLand took a step further by bringing the children recipients to four of its shopping malls: Junction 8, Lot One Shoppers’ Mall, Tampines Mall and Plaza Singapura. Accompanied by 300 CapitaLand staff volunteers, these children purchased school and daily necessities from shops in the four shopping malls, using CapitaVouchers purchased with funds donated by CHF. These children were identified by the Chinese Development

Assistance Council (CDAC), MENDAKI and the Singapore Indian Development Association (SINDA). The programmes in Singapore and China were made possible with funding of S\$300,000 in total from CHF.

For more details of this programme, please refer to the following articles in CapitaLand Inside Magazine “Spreading the Season’s Joy with My Schoolbag”.

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## CapitaLand Hope Schools (China, Vietnam)

In China, CapitaLand collaborates with local authorities and charities to build CapitaLand Hope Schools and student dormitories which are partially funded by CapitaLand Hope Foundation. Launched in 2004, the CapitaLand Hope Schools project aims to provide improved school and living facilities for children in China’s rural areas. These new school facilities provide a conducive environment for children to study, especially during the chilly winter season.

In China, there are a total of 15 CapitaLand Hope Schools in operation or under development. To date, seven schools have been opened to students, including the CapitaLand Muchuan Green Hope School and CapitaLand Donghua Hope School in



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Sichuan Province, and CapitaLand Huangmaoling Hope School in Yunnan Province. Children from the CapitaLand Hope Schools were invited to participate in the Hand in Hand 20.10 campaign. (Please see write up on Hand in Hand 20.10 campaign.)

Outside China, CHF has also committed to refurbish its first CapitaLand Hope School in Vietnam – the CapitaLand Nang Yen Primary Hope School in Hanoi. When completed in December 2011, the school is expected to benefit 165 underprivileged children with upgraded amenities for the children to grow, develop and learn in a more conducive and spacious environment.

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### CapitaLand Food Fund (Singapore, China, the Philippines and Thailand)

CapitaLand launched its Kids' Food Fund programme with a series of food-related initiatives in Singapore, China, the Philippines and Thailand. In support of United Nations World Food Day on 16 October 2010, CapitaLand devoted the month of October to improving food security and nutrition for underprivileged children in these countries. As part of the programme, CHF donated a total of S\$525,000 to provide nutritious food for over 11,000 underprivileged children in Singapore, China, the Philippines and Thailand. This included a S\$150,000 contribution to four Singapore charities, namely Food From The Heart (FFTH), Jamiyah Children's Home, Singapore Anglican Community Services and Children's Aid Society (Melrose Home).



CHF partnered Plan International, an international children's organisation working to alleviate child poverty in developing countries, and to improve food security and nutrition for underprivileged children in China, the Philippines and Thailand. In China, about 6,600 children from 14 elementary schools in Chun Hua County (two-hour drive away from Xi'an) were provided with food fortified with micronutrients. The schools' kitchen facilities were also improved. In the Philippines, about 2,400 children from five elementary schools in Visayas, central Philippines, were provided with supplementary feeding – used to treat malnourished children – as well as Vitamin A and de-worming tablets. In Thailand, CHF's contribution was used to implement a school lunch programme and provide nutrient supplements for 2,000 children from 15 elementary schools in Chiangrai.

Mr Mike Diamond, Director of Plan Philippines said, *"The partnership between CapitaLand and Plan International will help more children overcome malnutrition so they can grow up healthy and be empowered to build a better future for themselves and the whole community."*

### **Building A Greener Future - engaging the community in environmental sustainability**

CapitaLand actively involves the community in its environmental education efforts. Engaging communities to help them better understand environmental issues is a key component of CapitaLand's community engagement activities.

#### **Green for Hope @ Primary Schools (Singapore)**

Green for Hope @ Primary Schools is a creative recycling campaign which encourages primary school children in Singapore to help their less fortunate classmates through recycling. It combines two of CapitaLand's corporate social responsibility initiatives, protecting the environment and aiding underprivileged children. CHF donated S\$2 to each school's student welfare fund for every kilogramme of recyclable waste collected by the students. The top three performing schools also received additional donations for their needy students.

This project is supported by the Ministry of Education, the National Environment Agency, the Waste Management and Recycling Association of Singapore (WMRAS), and all four national public waste collectors. Into its third year, Green for Hope @ Primary Schools collected close to 500,000 kilogrammes of recyclable waste collected in 2010, more than doubling the recycling rate amongst primary schools. This resulted in a donation of about \$900,000 to benefit the 170 participating primary schools.

Through this programme, primary schools were able to reach out not only to the students, but their parents. *"With the participation in Green for Hope (GfH), the school puts in greater effort to encourage the pupils to bring their newspaper and recyclables from home regularly. Letters were also sent to parents to inform them about our involvement in GfH,"* shared Ms Kan Shook Ching, lead teacher at Peiyong Primary School. The beauty of recycling was emphasised through its structured Art Programme which saw art teachers conducting art lessons using recyclable materials.

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In Marymount Convent School, every class appointed two Environment Ambassadors to promote and carry out green acts every day. They also maintained a notice board entitled 'Save our Rainforest' that served to educate classmates on environment protection. *"The students are now more conscious about the importance of recycling and are more proactive in their efforts,"* said teacher Ms Adeline Pang.

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### **Green for Hope @ CapitaLand (Singapore)**

With the success of Green for Hope @ Primary Schools, CapitaLand extended this programme to its properties in Singapore. A total of 26 CapitaLand offices, shopping malls and serviced took part in Green for Hope @ CapitaLand, involving its tenants, shoppers and residents serviced residence guests in this programme to recycle and help underprivileged children from 10 Singapore children charities. The top three performing properties also 'earned' additional donations for their chosen children charities.

Bugis Junction collected the most recyclable waste amongst the 26 CapitaLand participating properties in Singapore, raising a total of S\$47,000 for the mall's chosen charity, the Canossaville Children's Home. In addition, the management team at Bugis Junction also took half a day off to help out at the Home.

*"To me, it was a simple act of helping to clean the compound of Canossaville Children's Home but it brought much fulfilment and joy as I was personally able to contribute to the well being of the less-fortunate children at the Home,"* recalls Mr Abdul Samat Bin Ismail, Senior Technician of the Operations team at Bugis Junction. This initiative has also created an opportunity to engage CapitaLand's tenants to come together for more than just business.

*"We want all our tenants and people we work with to truly come together to care for the environment and the underprivileged children. I must say that our tenants have been extremely supportive and through this exercise of engaging them in this programme, we have strengthened our relationship with them as well,"* said Ms Pauline Tan, Centre Manager of Bugis Junction.

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For more information on this initiative, please refer to the following article in CapitaLand Inside Magazine “Walking the Green Talk”.



CapitaLand staff from its Bugis Junction management team were at Canossaville Children's Home in 2010 to help the charity with sanitising the playground and trimming the plants at the rooftop garden.



## **Cultural Exchange**

CapitaLand believes in promoting an understanding of the cultures between Singapore and overseas communities. It was a Supporting Partner of the Singapore Pavilion at the Shanghai World Expo 2010. As part of its programme, CapitaLand organised the 'One-Line Drawing Contest' in Singapore and invited Singaporeans to use one continuous line to draw a picture with elements of the Shanghai World Expo, Singapore, China or CapitaLand. The contest aimed to connect Singaporeans to Shanghai World Expo through the medium of art. The winners for the three age group categories each won an all expenses paid trip as a volunteer, joining a CapitaLand volunteer expedition that brought underprivileged children from CapitaLand Hope Schools across China to the Expo. The 30 best drawings were also displayed in the Singapore Pavilion at the Shanghai World Expo, at the "Celebrating 10 Years of Building People" exhibition presented by CapitaLand.

CapitaLand is the Presenting Sponsor and Conservation Donor of the pair of giant panda cubs Singapore will receive from China in 2012, further strengthening the strong relationship between the two countries. CapitaLand's conservation donation is a testament of CapitaLand's long-term commitment to China and the collaborative effort will raise cultural exchange and understanding between the two countries and further strengthen the strong relationship between Singapore and China. This is part of a joint collaboration between Wildlife Reserves Singapore and China Wildlife Conservation Association to raise awareness for panda conservation, and the development of a breeding programme. Educational programmes on wildlife conservation awareness will also be specially designed for underprivileged children supported by the CHF.



## Panda Naming Contest

A nationwide naming contest in Singapore was launched to ask members of the public to suggest panda names that bear special significance of the close relationship between Singapore and China. A distinguished seven-person judging panel selected the winning name “Kai Kai” (凯凯) and “Jia Jia” (嘉嘉) from nearly 1,000 entries submitted by the public. “Kai Kai”, the name for the male giant panda, was chosen as it means ‘victorious’ in Chinese (as in 凯旋, 凯歌) and is a testament to the 20 triumphant years of Sino-Singapore relations. For the female giant panda, “Jia Jia” which means beautiful and fine, is a reflection of the excellent ties between Singapore and China. “Jia” (嘉) was also used in the old Chinese reference for Singapore (星嘉坡) and the phonetic pronunciation of ‘Jia’ is equivalent to the Mandarin pronunciation of the Chinese character ‘加’ which is not only an integral part of Singapore’s current Chinese name (新加坡), but also means ‘to add’ – representing the wish to expand the giant panda family in Singapore through a successful breeding programme at WRS. For more information, please read the following article in CapitaLand Inside Magazine “Say Hello to Kai Kai and Jia Jia”.



## AWARDS AND ACCOLADES

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In 2010, CapitaLand Group and its properties clinched over 100 awards and accolades. Some of the awards and accolades are listed in page 48-50 of the CapitaLand Annual Report 2010.

The GRI Content Index references CapitaLand's Sustainability Report 2010, Annual Report 2010 and the Property Portfolio in the Annual Report 2010.

Indicator	Description	Chapter/ Report Page
1.1	Statement from senior decision-maker	Letter to Stakeholders, AR (pg 8-17)
1.2	Description of key impacts, risks and	Corporate Governance, AR (pg 94-95)
<b>2</b>	<b>Organisational Profile</b>	
2.1	Organisation's name	Introduction (pg 2), Glossary
2.2	Primary brands and products	Introduction
2.3	Operational structure and major divisions	Introduction, AR (pg 51)
2.4	Location of headquarters	Glossary
2.5	Countries of operation	AR (pg 36-37, Property Portfolio pg 2-23)
2.6	Nature of ownership and legal form	Introduction, AR (pg 51)
2.7	Markets served	AR (36-37, Property Portfolio pg 2-23)
2.8	Scale of organisation	Introduction, AR (pg 2-3, 38-47)
2.9	Significant changes during reporting period	AR (pg 77-80, 125-127)
2.10	Awards	Awards and Certifications, AR (pg 48-50)
<b>3</b>	<b>Report Parameters</b>	
3.1	Reporting period	Introduction
3.2	Date of previous report	FY 1 January to 31 December 2009
3.3	Reporting cycle	Introduction
3.4	Contact point	Introduction
3.5	Process for defining report content	Introduction, Managing Our Sustainability, Environment
3.6	Boundary of the report	Introduction
3.7	Limitations on the scope or boundary of the report	Environment, Measuring Our Performance
3.8	Basis for reporting on other entities	Introduction, Environment, Measuring Our Performance
3.9	Data measurement techniques and calculations	Measuring Our Performance

3.10	Re-statements of information	Measuring Our Performance
3.11	Significant changes from previous report	None
3.12	GRI Content Index Table	GRI Content Index
<b>4</b>	<b>Governance, Commitments &amp; Engagement</b>	
4.1	Governance structure	AR (pg 81-93)
4.2	Chairman and Chief Executive Officer	AR (pg 20-21, 74, 83)
4.3	Independent directors	AR (pg 20-25, 84)
4.4	Communication with stakeholders	Stakeholder Communications and Engagement, AR (pg 96-97)
4.5	Remuneration	AR (pg 86-87, 102-103)
4.6	Conflicts of interest	AR (pg 87-89)
4.7	Composition, qualifications and expertise of directors	AR (pg 20-25, 83-85)
4.8	Mission and value statements	Introduction, Environment
4.9	Board oversight of sustainability	Managing Sustainability, Environment
4.10	Board performance	AR (pg 84-85)
4.11	Internal control and audit	Corporate Governance, AR (pg 87-89)
4.12	External charters, principles	Stakeholder Communications and Engagement
4.13	Associations and memberships	Stakeholder Communications and Engagement
4.14	List of stakeholder groups	Managing Sustainability
4.15	Identification and selection of stakeholders	Managing Sustainability, AR (pg 96-97)
4.16	Approaches to stakeholder engagement	Managing Sustainability, Stakeholder Communication and Engagement, AR (pg 96-97)
4.17	Issues raised through stakeholder engagement	Stakeholder Communication and Engagement, AR (pg 96-97)

<b>Economic Performance Indicators</b>		
EC1	Direct economic value generated and distributed	AR (pg 2-3, 38-47)
EC8	Infrastructure for public benefit	Stakeholder Communications and Engagement, Green Development Showcases
EC9	Indirect impact	Stakeholder Communications and Engagement
<b>Environmental Performance Indicators</b>		
EN4	Indirect energy consumption	Measuring Our Performance
EN5	Energy save	Measuring Our Performance
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy	Measuring Our Performance
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Measuring Our Performance
EN8	Water consumption	Measuring Our Performance
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Environment
EN16	Direct and indirect greenhouse gas emissions	Measuring Our Performance
EN18	Initiatives to reduce greenhouse gas emissions	Environment, Measuring Our Performance
EN21	Water discharges	Environment
EN26	Initiatives to mitigate environmental impacts of products	Environment
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environment



<b>Social Performance Indicators</b>		
<b>Labour Practices and Decent Work</b>		
LA1	Workforce	Human Capital
LA4	Collective bargaining agreements	Human Capital
LA6	% of staff represented in EHS committee	Health and Safety
LA7	Reportable incidents	Health and Safety
LA8	Education on workplace health and safety	Health and Safety
LA10	Average hours of training	Human Capital
LA11	Skills management and lifelong learning	Human Capital
LA12	Performance and career development reviews	Human Capital
LA13	Diversity	Human Capital, AR (pg 20-25, 28-33)
<b>Human Rights</b>		
HR4	Non-discrimination	Human Capital
<b>Society</b>		
SO1	Local Community Engagement	Stakeholder Communications and Engagement, People and Community
SO2	Risk analysis for corruption	Corporate Governance
SO3	Staff training in anti-corruption policies and procedures	Corporate Governance
<b>Product Responsibility</b>		
PR1	Health and safety impacts	Health and Safety
PR5	Customer satisfaction	Stakeholder Communications

## Independent assurance statement

To the Management and Stakeholders of CapitaLand Limited

### Scope and objectives

CapitaLand Limited commissioned Ere-S Pte Ltd to undertake external assurance of their Sustainability Report 2010.

The assurance engagement focussed on the sustainability performance and activities of CapitaLand during the reporting period of January to December 2010. We covered the Sustainability Report information related to sustainability, including statements and figures on Corporate Social Responsibility initiatives, strategy, policies, procedures, management systems and associated processes.

We did not cover information already supported by existing documents, such as the Annual Report, and descriptions of the organisation profile, corporate structure and corporate financial and economic performance, technical descriptions of buildings, equipment and production processes. Ere-S did not confirm whether or not all material issues relating to stakeholder engagement are included in the Sustainability Report.

We provided a moderate level of assurance with desktop review, management-level data verification and evidence gathering from internal sources. This includes group level systems and procedures to collect and report sustainability performance information. We did not execute multi-level research to determine materiality issues and stakeholders relevant to the company.

GRI Reporting Principles (materiality, stakeholder inclusiveness, sustainability context, completeness, balance, clarity, accuracy, timeliness, comparability and reliability) were used to assess the content of the Sustainability Report. We did not assure the report for GRI application level check.

### Responsibility and independence

Ere-S responsibility was to execute the assurance engagement, prepare the assurance report and this assurance statement for the management of CapitaLand alone and for no other purpose. All information including statements and figures contained within the Sustainability Report are the responsibility of CapitaLand.

Ere-S was not involved in any prior work on the report. The activity of Ere-S is independent to CapitaLand and contains no other financial interest in their business operation.

### Methodology

We reviewed the statements and figures of the Sustainability Report and classified them according to the relevant data owners. Interviews were held at the headquarters with key managers. Evidence of the relevant data, collection and calculation methods as well as information on the underlying processes were collected and evaluated. After each interview, we provided recommendations to allow immediate amendment by the reporting team. We checked the final version of the Sustainability Report to confirm the actions had been taken following those recommendations.

### Findings

Overall, the content of the Sustainability Report shows a satisfactory level of compliance with the requirements of the GRI Reporting Principles. In our opinion, information related to sustainability does reflect the performance of the whole group, covering key material issues and relevant stakeholder groups. For the majority of indicators, sustainability performance is equally reported for the local and overseas key business units of the group.

Minor inaccuracies were found during the verification and were corrected by the sustainability reporting team, which amended the final version of the report accordingly. The sustainability reporting team also followed the majority of our recommendations on general improvement of the report content. These included adjustment of statements to improve clarity, insertion of additional material information found during the interviews and removal of statements for which evidence was not available at the time of assurance.

#### Assurance conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the Sustainability Report does not reflect CapitaLand sustainability profile and performance for the reporting period.

From the work undertaken and on the basis of a moderate level of assurance, we are confident, within satisfactory limits, that the reported performance information provides a reliable and fair representation of CapitaLand sustainability profile and is supported by verifiable data and underlying management processes.

Moving forward, additional observations and suggestions for improvement include:

- We recommend more detailed information on processes for engaging external stakeholder groups and the extent of their inclusion in decision making.
- Benchmarking on high performing areas and disclosing gaps in the CSR framework will provide the report with a more complete and balanced content.
- We commend CapitaLand efforts in improving its Environmental Tracking System to expand and reinforce the data collection processes. This will provide additional performance information, such as direct energy consumption at constructions sites, which will be gradually collected from the diverse business units.

The above findings and additional suggestions for improvement have been presented to the management of CapitaLand in a more detailed assurance report.



Jean-Pierre Dalla Palma, Director

Ere-S  
Singapore  
6 June 2011



Ere-S Pte Ltd is a consulting company specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and CSR training.