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Cover
Raffles City Chongqing, China
Introduction

Corporate Profile

CapitaLand is one of Asia’s largest real estate companies. Headquartered and listed in Singapore, it is an owner and manager of a global portfolio worth more than S$78 billion as at 31 December 2016, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 130 cities in over 20 countries, the Group focuses on Singapore and China as core markets, while it scales up presence in markets such as Vietnam.

CapitaLand’s competitive advantage is its significant asset base and extensive market network. Coupled with extensive design, development and operational capabilities, the Group develops and manages high-quality real estate products and services. It also has one of the largest investment management businesses in Asia and a stable of five REITs listed in Singapore and Malaysia – CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

Vision

To be a leading global enterprise that enriches people and communities through high-quality real estate products and services.

Mission

Customers: We create great customer value and experiences through high-quality products and services.

People: We develop high-performing people and teams through rewarding opportunities.

Investors: We deliver sustainable shareholder returns and build a strong global network of capital partners.

Communities: We care for and contribute to the economic, environmental and social development of communities.

Core Values

Respect: We believe in mutual trust and respect at all levels. This is fundamental to a high-performance culture that embraces diversity and teamwork as One CapitaLand.

Integrity: We embrace the highest standards of integrity. We have the courage to do what is right, and earn the trust of all our stakeholders.

Creativity: We constantly innovate to enhance value and stay ahead.

Excellence: We pursue excellence and persevere in everything we do.
## FY2016 Highlights

<table>
<thead>
<tr>
<th>Earnings Before Interest and Tax</th>
<th>Return on Equity</th>
<th>Net Tangible Assets per Share</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$2,359.5 million</td>
<td>6.6%</td>
<td>S$4.05</td>
<td>10 cents</td>
</tr>
<tr>
<td>S$2,316.0 million in 2015</td>
<td>6.1% in 2015</td>
<td>S$4.11 in 2015</td>
<td></td>
</tr>
</tbody>
</table>

**Operational efficiency**
S$108 million in utilities cost avoidance since 2009 from 18.8% and 21.8% energy and water reduction (per m² with 2008 base year) respectively

**Climate Change**
26.2% reduction in carbon emissions intensity since 2008

**Waste Management**
4,700 tonnes of recyclable waste diverted from landfill

**Diversity**
About 32% of senior management were women

**Training Hours**
Over 54 hours per staff

**Workplace Injury Rate**
1.9 (number of work-related injuries per million hours worked)

**Staff Volunteerism**
Over 16,000 hours

**Supply Chain Management**
6 appointed main contractors who are ISO 14001 and OHSAS 18001 certified or externally audited for EHS compliance on site
Introduction

About this Global Report

CapitaLand reiterates its commitment to sustainability with the publication of its eighth Global Sustainability Report.

International Standards and Guidelines

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. CapitaLand was one of the first companies in Singapore to voluntarily publish its annual Sustainability Report and adopted the internationally recognised GRI Reporting Guidelines. This report will continue to apply the Guiding Principles of the International Integrated Reporting Framework, ISO 26000:2010 Guidance on Social Responsibility. It references the United Nations (UN) Sustainable Development Goals, and covers CapitaLand's global portfolio and employees, including its listed real estate investment trusts CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

This report has successfully completed the GRI Materiality Disclosures Service which verifies that the General Disclosures 102-40 to 102-49 were correctly located in both the GRI Content Index and in the text of this report. It includes CapitaLand's management approach in integrating sustainability into its policies, structure, management and operations, and outlines the Group's sustainability journey, provides insights into its strategies. It also highlights the economic, environmental and social aspects of the Group's developments and operations, particularly in Singapore and China.

CapitaLand is a signatory to the United Nations Global Compact. This annual Sustainability Report serves as its Communication on Progress (COP). It is a Gold Member of the Global Compact Network Singapore, a national society committed to promote corporate social responsibility in Singapore.

CapitaLand participates in the annual Carbon Disclosure Project (CDP) Climate Change Programme and its footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol, developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), which sets the global standard on how to measure, manage and report greenhouse gas emissions. It is reviewing the recommendations made by the Task Force on Climate-Related Financial Disclosures to improve its disclosures.

Reporting Scope and Period*

This report covers CapitaLand's international portfolio in over 20 countries from 1 January to 31 December 2016 unless otherwise indicated. It covers CapitaLand’s global portfolio and employees, including its listed real estate investment trusts CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust. The reporting period aligns with the Group’s financial year. This report supplements the Group’s 2016 Annual Report which can be found at www.capitaland.com.

Through this Global Sustainability Report, CapitaLand hopes to share its sustainability commitment with its various stakeholders, including employees, investors, customers, business partners, suppliers and contractors, the community and government and national agencies.

In line with CapitaLand's continued commitment to environmental sustainability, no hard copies have been printed. This and previous reports are available online at http://www.capitaland.com/sustainability/sustainability-report.

Independent Assurance

CapitaLand appointed an independent third party, Ere-S Pte Ltd, a consulting company specialising in business sustainability, to provide independent assurance for this report. The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period January 2016 to December 2016, and the accuracy and reliability of its statements and figures validated. The assurance

* GRI 102-45
Introduction

engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). The assurance includes the evaluation of the Group’s sustainability behaviour and performance, based on the AA1000 Assurance Standard. All underlying systems and processes that support the Group’s sustainability framework were reviewed, in adherence to the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness. The assurance also covered the Report’s overall compliance to SGX’s principles and rules on sustainability reporting. The independent assurance statement provides a summary of the audit report findings.

Feedback

Feedback from CapitaLand’s stakeholders is welcome as it enables continual improvement in the Group’s sustainability policies, processes and performance. Please send your comments and suggestions to ask-us@capitaland.com.
Introduction

Managing Sustainability

Sustainability Commitment

CapitaLand’s sustainability strategy is aligned with its credo of ‘Building People. Building Communities.’. CapitaLand is committed to improving the economic and social well-being of its stakeholders through the execution of development projects and management of its operations. In a rapidly changing business landscape, it actively embraces innovation to ensure commercial viability without compromising the environment for future generations.

CapitaLand upholds high standards of corporate governance and transparency to safeguard shareholders’ interests. It has in place an adequate and effective Enterprise Risk Management framework to enhance its business resilience and agility. CapitaLand’s proactive approach towards environmental, health and safety (EHS) management, which incorporates universal design into its developments, ensures that its properties are future-proof and sustainable. Policies and guidelines are put in place to ensure the efficient use of energy, water and other resources.

CapitaLand’s integrated human capital strategy aims to recruit, develop and motivate employees to drive growth for the Group. Community development is an important component of CapitaLand’s commitment to sustainability. It focuses on providing support to enhance the lives of underprivileged children through corporate philanthropy and employee volunteerism.

CapitaLand was one of the first companies in Singapore to voluntarily publish its annual Sustainability Report and externally assure the entire report. Benchmarking against an international standard and framework that is externally validated helps CapitaLand overcome the challenges to sustainability reporting that arise from its diversified asset types and geographical presence.

CapitaLand is a signatory to the UN Global Compact and its Global Sustainability Report serves as its Communication on Progress, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in the Sustainability Yearbook, Dow Jones Sustainability World Index and Asia Pacific Index, Global Real Estate Sustainability Benchmark (Regional Sector Leader for Asia, Diversified), FTSE4Good Index Series, FTSE4Good ASEAN 5, MSCI Global Sustainability Indexes, STOXX® Global ESG Leaders Indices, Channel NewsAsia Sustainability Ranking and SGX Sustainability Indices.

In 2016, CapitaLand Group and its properties clinched over 100 awards and accolades. Some of the awards and accolades are listed in page 58-62 of the CapitaLand Annual Report 2016.

Board Statement

CapitaLand is committed to sustainability and incorporates the key principles of environment, social and governance in setting out its business strategies and operations.

The CapitaLand Board sets the Group’s risk appetite, which determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. The risk appetite incorporates ESG factors such as Fraud, Corruption and Bribery, Environment, Health and Safety.

The Board also approves the executive compensation framework based on the principle of linking pay to performance. The Group’s business plans are translated to both quantitative and qualitative performance targets including sustainable corporate practices and are cascaded throughout the organisation.

Top Management Commitment and Staff Involvement

CapitaLand’s sustainability management comes under the purview of its Sustainability Council, comprising members of CapitaLand’s top management. It is supported by a Sustainability Steering Committee which oversees two work teams to ensure the Group’s continued progress and improvement in the areas of environment, social and governance (ESG).
Introduction

The Sustainability Steering Committee and work teams comprise representatives from all business units. The CapitaLand Board of Directors is updated regularly through the Risk Committee and Audit Committee on matters relating to sustainability risks and business malpractice incidents. The Chairman of the Sustainability Steering Committee also updates the Board on the sustainability management performance of the group and key material issues identified by stakeholders and the planned follow up measures.

CapitaDNA
(Vision, Mission, Credo and Core Values)

Respect at all levels

- People (staff)
  Develop a high performance culture that embraces diversity and teamwork

- Investors (including business partners)
  Deliver sustainable shareholder returns

- Customers (tenants, shoppers, home owners, residents)
  Create great customer value and experiences through high-quality products and services

- Communities (suppliers/contractors, government agencies/NGOs, environment, community)
  Contribute positively to the economic, environmental and social development of communities

Integrity at all levels

Creativity to enhance value

Pursue Excellence

Sustainability Management Structure

- Board of Directors
- Sustainability Council
- Sustainability Steering Committee
- Environment Sustainability Work Team
- Social Sustainability Work Team
- All Staff

Materiality*

CapitaLand has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption, environmental, health and safety, and human capital risks which are ESG-relevant. Other existing channels for feedback to ensure relevance of issues include:

| Environment | • Regular dialogue/feedback sessions with government agencies (e.g. Building and Construction Authority, National Environment Agency) |
| Social      | • Regular dialogue with government agencies and unions |
| Governance  | • Engagement with Securities Investors Association (Singapore) (SIAS) for its annual Corporate Governance Conference |

Through regular stakeholder engagement, CapitaLand identifies and reviews material issues that are most relevant and significant to the Group and its stakeholders. For CapitaLand, priorities are ranked based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to society and applicable to CapitaLand. CapitaLand therefore prioritises its sustainability efforts and reporting on issues that are most material to its business and stakeholders. This report covers CapitaLand’s international portfolio in over 20 countries unless otherwise indicated. For more information on stakeholder engagement, please refer to the Social and Relationship Capital, Human Capital and Environmental Capital chapters.

* GRI 102-46, 102-47
Introduction

Prioritization of ESG Material Issues

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social/Labour Practices</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Critical</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Energy efficiency</td>
<td>• Occupational Health &amp; Safety</td>
<td>• Compliance</td>
</tr>
<tr>
<td>• Climate change and emissions reduction</td>
<td>• Employment</td>
<td>• Business ethics</td>
</tr>
<tr>
<td>• Water management</td>
<td>• Stakeholder engagement</td>
<td>• Product and services</td>
</tr>
<tr>
<td><strong>Moderate and emerging</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Building materials</td>
<td>• Diversity</td>
<td></td>
</tr>
<tr>
<td>• Construction and Operational Waste</td>
<td>• Human rights</td>
<td></td>
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<tr>
<td>• Biodiversity</td>
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</tbody>
</table>

Creating Value from Capital

The Guiding Principles of the International Integrated Reporting (IIRC) Framework were referenced to in this report, and the capitals were categorised into six areas – Financial, Organisational, Manufactured, Environmental, Human, and Social and Relationship.

* GRI 102-46, 102-47
UN Sustainable Development Goals (SDGs)

The UN SDGs call on companies everywhere to advance sustainable development through the investments they make, the solutions they develop, and the business practices they adopt. In doing so, the goals encourage companies to reduce their negative impacts while enhancing their positive contribution to the sustainable development agenda.

Some of CapitaLand’s key efforts and programmes in relation to the key SDGs are highlighted below.

<table>
<thead>
<tr>
<th>SDG</th>
<th>Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>No Poverty</strong></td>
</tr>
<tr>
<td>2</td>
<td><strong>Zero Hunger</strong></td>
</tr>
<tr>
<td>3</td>
<td><strong>Quality Education</strong></td>
</tr>
<tr>
<td>4</td>
<td><strong>Good Health and Well-being</strong></td>
</tr>
<tr>
<td>5</td>
<td><strong>Economic Growth</strong></td>
</tr>
</tbody>
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2 SDG1 No Poverty includes targets such as ensuring equal rights to economic resources. SDG2 Zero Hunger includes targets such as ending all forms of malnutrition. Both targets are in line with CHF’s work to provide education, healthcare and shelter for underprivileged children.
Introduction

Risks, Challenges and Opportunities

Climate Change

Climate change risks and opportunities are identified and mitigated through CapitaLand’s Enterprise Risk Management (ERM) framework, and its externally certified ISO14001 Environmental Management System (EMS).

Climate change brings about different effects in different geographies including rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion. 2016 also saw the Earth’s warmest year with data showing that 2016’s global temperatures are approximately 1.2 degrees Celsius above pre-industrial levels.

By the close of COP22 (22nd UN Climate Conference) in November 2016, 111 governments had already ratified the Paris Agreement. Together they account for three quarters of global greenhouse gas (GHG) emissions. Singapore committed to reduce its emissions intensity by 36% from 2005 levels by 2030, and stabilise greenhouse gas (GHG) emissions with the aim of peaking around 2030. In December 2016, the Task Force on Climate-related Financial Disclosures published its recommendations for a clear, efficient, and voluntary disclosure framework that improves the ease of both producing and using climate-related financial disclosures.

The challenge for each nation is to strengthen its resilience against climate change risks, manage its GHG emissions and achieve economic growth in a sustainable manner. As countries are rallying for actions to mitigate climate change, more stringent regulations may be expected and companies may be faced with increased expectations from stakeholders. An example was the year end shrouding of northern China in smog. In response, China’s parliament levied environmental protection taxes on industry from 2018.

CapitaLand is positioned to face such challenges as it has in place a target to achieve green certification of its existing properties by 2030. It is ISO 14001 certified for its environmental management system in 15 countries. It recognises the importance of innovation in managing its environmental footprint and differentiating the company from its peers. It encourages innovative green features in its developments. More than S$2.5 million has been invested in innovative features for three of its projects.

For more information, please refer to Environmental Capital chapter.

Demographic Change

As people lead longer lives, many countries will increasingly encounter challenges of ageing populations in their urban spaces. The pace of world population ageing is accelerating. By 2030 many middle-income countries will have aged considerably. By 2050, those aged 60 years or over, are projected to account for 34% of the population of Europe, 28% of Northern America, 26% of Latin America and the Caribbean, 25% of Asia, 23% of Oceania, and 9% of Africa. In this regard, CapitaLand has taken the lead in implementing social integration designs into its Sustainable Buildings Guidelines. For its new Singapore projects, a target has been set to achieve Universal Design Gold as assessed by Singapore’s Building and Construction Authority. For more information, please refer to Social and Relationship Chapter.

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3 Emissions Intensity refers to the amount of greenhouse gas emitted per dollar GDP. It is a measure of how efficient a country is in terms of greenhouse gas emissions relative to its economic activities.

4 This taskforce was created by the Financial Stability Board (FSB), an international body set up by the G20 to monitor risks to the financial system. It recommended a framework to give investors, lenders and underwriters greater clarity on how future-proofed a company is in a world that is getting worryingly warmer, and is an attempt to move climate-related issues into the mainstream of financial filings. The financial risks from climate change, outlined in this report, range from abrupt changes in energy costs and hiked insurance premiums, to property damage from floods and storms and the upfront cost of low-emissions technology.

5 World Population Ageing 2015 report, United Nations, Department of Economic and Social Affairs, Population Division
Introduction

Industry Transformation – Convergence of Online and Offline

As the pace of technological advancement within and outside of the real estate sector quickens, consumer spending and the culture of work will change.

In 2016, CapitaLand launched C31 Ventures to invest in new-economy startups relevant to its businesses and created the new brand lyf to tap into the millennial market for serviced residences.

CapitaLand leveraged digital technology to improve its mall customers’ experience. In 2016, it enhanced CapitaStar, a key digital platform to build brand loyalty, with the pilot of the Sparkle artificial intelligence chatbot in Singapore to connect shoppers with the products and services. CapitaStar members can tap on virtual concierge services, including ride hailing and restaurant booking through CapitaLand’s partnerships with new economy partners Grab and Chope respectively.

Ascott has also expanded its collaboration with Tujia China’s largest and fastest growing online apartment sharing platform with the launch of the Somerset Tujia brand. It also forged a new partnership with Fliggy, formerly known as Alitrip making its products and services accessible to hundreds of millions of Chinese travellers.

For the future of the work place, CapitaLand started working with Collective Works in Singapore, UrWork in China and Toong in Vietnam.

CapitaLand commenced the redevelopment of Funan DigitaLife Mall. The new integrated development is set to become an experiential creative centre within Singapore’s civic district, where it is envisioned to serve as a technology-enabled hub to connect retail, cultural, learning and business opportunities. It will feature a multi-level landscape with the creation of a series of gardens, including urban farms and edible gardens. The urban farm aims to showcase sustainable food production with a range of technologies, demonstrating the diversity and cyclical relationships of crop production.
Dear Stakeholders,

2016 has been eventful with continued geo-political uncertainties and economic headwinds in our core markets Singapore and China. Advances in technology continue to impact the way we live, work and play. It has direct implications to CapitaLand’s businesses and influence the way we design and deliver our products to meet our customers’ expectations and preference.

According to scientists from the UK Met Office, the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration, 2016 beat 2015 to become Earth’s warmest year since 1850. The Paris Agreement on Climate Change entered into force on 4 November 2016 and our core markets Singapore and China also made national level commitments. The Singapore government just announced its plans for a carbon tax in 2019 and to increase water price by 30% from July 2017.

As a sustainable real estate developer, we want to build a lasting company that adds value to our stakeholders across our diversified global real estate portfolio of integrated developments, shopping malls, serviced residences, offices and homes. Such global developments will spur us to continually strive for operational efficiency, and leverage on innovation to build resilient and sustainable real estate of the future.

We share the United Nations Global Compact’s (UNGC) commitment to deliver lasting benefits to people, communities and markets and became a signatory in 2015. Even before then, we had been adopting universal principles on human rights, labour, the environment and anti-corruption, as well as taking strategic actions that advance the development of society. Despite the challenging environment, we continued to deliver a set of resilient and healthy financial results of S$5.3 billion of total revenue and S$2.4 billion of earnings before interest and tax (EBIT) from our continuing operations. The Group’s return on equity improved to 6.6%, up from 6.1% in 2015.

We persisted in our drive for operational efficiency and achieved energy and water consumption reductions of 18.8% and 21.8% (per m²) respectively for our operational properties, and reduced our carbon emission intensity by 26.2%, compared to the base year 2008. This amounted to utilities cost avoidance in excess of S$108 million for the Group since 2009 and helps us mitigate fluctuations in the global utility costs and resource scarcity. By end 2016, we installed over 80 electric vehicle (EV) charging stations in 30 of our properties in Singapore, China, Belgium, Germany and Japan. The total electricity charged at these stations by EVs exceeded 130 MWh which can be translated to more than 613,000 km travelled by EVs.

We understand how buildings touch the lives of our stakeholders, and remain committed to developing buildings that are accessible to all in the community. I am glad that to date, 12 of our Singapore developments have achieved Universal Design Mark from Singapore’s Building and Construction Authority for their accessible features, with 5 of our properties achieving the highest accolade of Universal Design Mark Platinum.

As we continue to expand our footprint to new growth markets and existing gateway cities, we remain vigilant in conducting our business and interacting with stakeholders in a fair and ethical manner, maintaining the highest level of integrity.

We recognise that the long-term success of our business is closely linked with the health and prosperity of the communities we operate in. We offer our staff three days of paid Volunteer Service Leave each year, so that they can play their part in building communities beyond their roles as real estate professionals, and encourage staff to use up all their volunteer leave with a donation to a charity of their choice. In 2016, over 2,100 staff in CapitaLand properties contributed more than 16,000 volunteer hours.

We are committed to re-skill our people to remain relevant in the changing landscape. In 2016, we continued to organise regular evening sharing sessions featuring speakers from within the company, as well as industry experts, to share their experiences on game changing trends and innovation. These were attended by over 560 staff who invested over 3,000 training hours. Staff located outside of the venue could join the session via private streaming. Our overall training exceeded 54 hours per staff on average in 2016, well above the recommended industry standards.
President & Group CEO’s Message

To ensure a good understanding of local socio-political environment and cultural sensitivities, we continued our localisation strategy for overseas operations with locals accounted for about 83% of the employees based in Singapore and 98% of employees based in China in 2016.

We are one of the first Singapore companies to voluntarily report on our sustainability performance since Financial Year (FY) 2009. This was well before the Singapore Exchange issued sustainability reporting guidelines and its plans to introduce the “comply or explain” listing rule for sustainability reporting for FY 2017. We are glad that our effort has been recognised by international and regional listings and accolades. We are the only Singapore company to receive the “Silver Class” distinction in real estate in The Sustainability Yearbook. We are also listed in the Dow Jones Sustainability World and Asia Pacific Index, FTSE4Good Index Series, as well as the MSCI Global Sustainability Indices and STOXX® Global ESG Leaders Indices. More importantly, more than 87% of our staff volunteers expressed their pride and enjoyment working in a company with a positive and vibrant corporate culture.

For our company’s continued success, we want good people who are professionally competent, with good character. This sustainability journey takes continual effort and we urge our stakeholders to share our Group’s commitment to transparency and innovation so that together we can improve the economic, environmental and social well-being of the communities we operate in.

LIM MING YAN
President & Group CEO
CapitaLand Limited
Financial Capital

CapitaLand Group achieved S$5.3 billion total revenue and S$2.4 billion earnings before interest and tax (EBIT) from its continuing operations for the year ended 31 December 2016. Total net profit after tax and minority interests (PATMI) was S$1.2 billion. Reflecting the strength of its underlying businesses, operating PATMI grew 5% to reach S$856.3 million and earnings per share (EPS) was 28 Singapore cents. Including total paid out dividends of 10 Singapore cents per share, the total shareholder returns was -7.2% and return on equity in 2016 was 6.6%.

Sound risk management coupled with good corporate governance policies and practices are vital in driving the Group’s long-term sustainable growth and shareholder value. For a detailed breakdown of its 2016 financial results, five-year financial summary, economic value added statements and value added statements, please refer to the following sections in the CapitaLand Limited Annual Report 2016:

- Financial Highlights FY2016, page 4-5
- 5-year Financial Summary, page 6
- Performance Overview, page 66-72
- Economic Value Added Statements, page 227
- Value Added Statements, page 228
Organisational Capital

CapitaLand strived, where applicable, to align its policies and practices to regional and international standards, surveys or indices including:

- ISO 14001 – Environmental Management
- OHSAS 18001 – Occupational Health and Safety Management
- ISO 26000 – Guidance on Social Responsibility
- Dow Jones Sustainability Indices (DJSI)
- Global Real Estate Sustainability Benchmark (GRESB)
- Carbon Disclosure Project (CDP)
- FTSE4Good Index Series

Corporate Governance

CapitaLand observes a high standard of corporate conduct, integral to ensuring the sustainability of the Group’s business as well as safeguarding shareholders’ interests and maximising long-term shareholder value. This is in line with the Principles of the Code of Corporate Governance 2012.

To demonstrate its commitment in upholding the highest standards of corporate governance, CapitaLand joined the Securities Investors Association (Singapore) (SIAS) and its partners in making the following public Statement of Support:

“As a Company, we are committed to upholding high standards of corporate governance to enhance shareholder value. We believe, practising good corporate governance is central to the health and stability of our financial markets and economy.”

CapitaLand was the Platinum Sponsor at the seventh Singapore Corporate Governance Week (organised by the SIAS) in September 2016 where business leaders, academics and policy makers shared corporate governance perspectives and experiences.

CapitaLand has received accolades from the investment community for excellence in corporate governance including winning the new Diversity category and runner up in the Big Cap category for Corporate Governance.

CapitaLand was ranked fourth out of 631 companies in the Singapore Governance and Transparency Index 2016. This annual study was conducted by the NUS Business School’s Centre for Governance, Institutions and Organisations. More details can be found in the Awards & Accolades section on page 58-62 of the CapitaLand Limited Annual Report 2016.

For detailed disclosure on the application of its corporate governance practices with reference to the Code, please refer to the Corporate Governance Report page 24-51 in CapitaLand Limited Annual Report 2016. Where there are deviations from the principles and guidelines of the Code, an explanation has been provided within the Report.

Board Independence, Diversity and Performance

All board committees are chaired by independent non-executive Directors. The Audit Committee, Executive Resource and Compensation Committee, Nominating Committee and Risk Committee comprise only independent non Directors. For more information, please refer to the CapitaLand Limited Annual Report 2016, page 26-27.

The current CapitaLand Board comprises individuals who are business leaders and professionals with financial, banking, real estate, legal, investment and accounting backgrounds. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board’s composition contributes to the quality of its decision making. For more information, please refer to CapitaLand Limited Annual Report 2016, page 27-28.
Organisational Capital

Each year, the Nominating Committee (NC) undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees. An external consultant was engaged to facilitate the evaluation process for the Board’s performance in FY 2016. The consultant is independent of and is not related to the Company or any of its Directors. As part of the process, questionnaires were sent by the consultant to the Directors and Management and the findings were evaluated by the consultant and reported, together with the recommendations of the consultant, to the Chairman of the Board (also Chairman of the NC). One-on-one interviews were also conducted. The interviews focused on seeking clarifications to the feedback obtained from the responses in the questionnaires, and broader questions were also raised to help validate certain survey findings. The evaluation categories covered in the questionnaire included Board composition, information management, Board processes, corporate integrity and social responsibility, managing company performance, strategy review, Board Committee effectiveness, President &Group CEO performance and succession planning, Director development and management, and managing risk and adversity. The Board has considered and followed up with the findings and recommendations of the consultant. In respect of individual Directors, formal evaluation is carried out by the NC as and when a Director is due for retirement by rotation and is seeking reelection.

Code of Business Conduct

The Group adheres to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The detailed policies and guidelines are published on the Group’s intranet (iHub) and accessible by all staff. The policies CapitaLand has implemented aim to help detect and prevent occupational fraud mainly in three ways.

First, the Group offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit, to its employees. The Group also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face.

Second, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Group seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethics.

Managing Risk of Bribery and Corruption

<table>
<thead>
<tr>
<th>Staff</th>
<th>Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>Bribery and Corruption Prevention Policy</td>
</tr>
<tr>
<td>• Code of Conduct Policy Suite</td>
<td>• Anti-corruption clause in key contracts</td>
</tr>
<tr>
<td>• CapitaLand Global Principles on Ethical Business Conduct</td>
<td></td>
</tr>
<tr>
<td>• Bribery and Corruption Prevention Policy</td>
<td></td>
</tr>
<tr>
<td>• Annual declaration through CapitaLand Pledge to uphold CapitaLand’s core values, and not to indulge in any corrupt or unethical practice</td>
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<tr>
<td>• Training</td>
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<tr>
<td>Feedback Channels</td>
<td>BMI Reporting</td>
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<tr>
<td>• Whistle Blowing Reporting</td>
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<tr>
<td>• Business Malpractice Incident (BMI) Reporting</td>
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CapitaLand Global Principles on Ethical Business Conduct

In pursuance of the Anti-Corruption Policy, CapitaLand has set four Global Principles on Ethical Business Conduct which are implemented globally across all strategic business units.

<table>
<thead>
<tr>
<th>Global Principles</th>
<th>Ethical Business Conduct</th>
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</table>
| Marketing of Products and Services | • Act with integrity and professionalism  
• Practise fair competition  
• Honour contractual commitments made  
• Do not make inaccurate or misleading statements  
• Do not offer or provide kickbacks or bribes  
• Do not contravene applicable laws and regulations                                                                                                                                                                                                                             |
| Offering of Business Courtesies    | • Ensure necessary and justifiable for the occasion  
• Ensure appropriateness to local business customs and culture  
• Ensure reasonable monetary value or frequency  
• Do not cause embarrassment or adversely affect reputation of either party  
• Do not contravene applicable laws and regulations                                                                                                                                                                                                                             |
| Accepting Business Courtesies      | • Ensure appropriateness to accept  
• Ensure no undue influence on business dealings  
• Ensure no conflict of interest  
• Declare business courtesies received  
• Do not accept frequent business courtesies from the same party  
• Do not cause embarrassment or adversely affect reputation of either party  
• Do not contravene applicable laws and regulations                                                                                                                                                                                                                             |
| Managing Business Relationships    | • Act with integrity and professionalism  
• Make decisions/representation only when duly authorised  
• Exercise discretion over frequency and place of business activities  
• Maintain security and confidentiality of data and information used in business interactions  
• Do not manipulate business relationship for personal gains and interests  
• Do not offer nor provide kickbacks or bribes  
• Do not ask for or accept kickbacks or bribes  
• Do not contravene applicable laws and regulations                                                                                                                                                                                                                             |

Bribery and Corruption Prevention Policy

The Group adopts a strong stance against bribery and corruption. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Group are required to make a declaration on an annual basis when they pledge to uphold the core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings.

The Group’s zero-tolerance policy against bribery and corruption extends to its business dealings with third-party service providers and vendors. Pursuant to such a policy, the Group requires that certain of its agreements with third party service providers and vendors incorporate anti-bribery and anti-corruption provisions.

A whistle-blowing policy and other procedures are put in place to provide the Group’s employees and parties who have dealings with the Group with well-defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow-up action. The objective of the whistle-blowing policy is to encourage the
Organisational Capital

reporting of such matters – that employees or external parties making any reports in good faith will be able to do so
with confidence that they will be treated fairly, and to the extent possible, be protected from reprisal.

This is reinforced by the Group Policy and Procedure on Business Malpractice Incidents (BMIs) Reporting that
facilitates line/functional managers to swiftly report any BMI discovered in their workplace or in the course of their
work directly to their CEOs.

Substantiated BMI cases are reported quarterly to the CapitaLand Audit Committee meetings and shared with the
Risk Champions regularly. Actions taken could include the termination of staff contract, and/or reporting to the
appropriate external authorities. In 2016, there were 4 BMI cases substantiated and the appropriate actions were
taken. None of the cases were pertaining to anti-competitive or money laundering behavior.

CapitaLand made no payment/donations to politicians or political parties as it expects its projects to be judged on
their merits.

Dealings in Securities

CapitaLand has adopted a securities dealing policy for the Group’s officers and employees which applies the
best practices recommendations in the Listing Manual. It has issued guidelines to Directors and employees in the
Group, which sets out prohibitions against dealings in the Company’s securities (i) while in possession of material
unpublished price-sensitive information, (ii) during the two weeks immediately preceding, and up to the time of the
announcement of, the Company’s results for each of the first three quarters of its financial year and, (iii) during the
one month preceding, and up to the time of announcement of, the Company’s results for the full financial year. Prior to
the commencement of each relevant period, an email would be sent out to all Directors and employees of the Group
to inform them of the duration of the period.

Directors and employees of the Group are also prohibited from dealing in securities of the company and other
relevant listed entities in the Group if they are in possession of unpublished price-sensitive information of the company
and other listed entities by virtue of their status as Directors and/or employees. As and when appropriate, they would
be issued an advisory to refrain from dealing in the relevant securities. Under the policy, Directors and employees
are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using
any information with respect to other companies or entities obtained in the course of their employment in connection
with securities transactions of such companies or entities.

Other Ethical Management Issues

CapitaLand is committed to best practices and complies with the relevant legislations and requirements.

CapitaLand supports ethical marketing of its products and services, including the marketing of residential projects,
commercial leasing or serviced apartment sales. As such, we adhere to the Singapore Code of Advertising Practice
(SCAP) and any other rules and regulations that apply. The SCAP was formulated against the background of
national law, international law and practice, including the International Code of Advertising Practice published by the
International Chamber of Commerce.

CapitaLand is looking into updating its communications/ marketing Code of Conduct and will communicate to
communications and marketing heads of department.

CapitaLand ensures that timely and accurate information is disseminated in the markets that it operates. This is
particularly important in our residential developments where marketing collaterals and ‘show flats’ presentation are
done as accurately as possible to avoid misleading potential homebuyers. In Singapore, CapitaLand adheres to the
Urban Redevelopment Authority’s housing developers rules. Shopping mall and office building marketing activities,
such as advertisements and promotions (A&P), are generally guided by external A&P consultants where CapitaLand
stipulates they ensure compliance to local marketing requirements.
Organisational Capital

Training

CapitaLand implemented initiatives to ensure that all staff understand the Group’s core values and principles that shape the way the Group works and functions. This is a compulsory module in the CapitaLand Immersion Programme (CIP) for new staff from various countries. For existing staff, there are dedicated training courses in Singapore on “CapitaDNA: Strengthening Core Values” where specific examples and applications of core values in the workplace are shared. As the majority of CapitaLand staff are based in China, this training module has been offered there. In 2016, more than 120 new staff from Singapore, China and other countries participated in CIP. More than 1,500 staff attended the CapitaDNA courses in Singapore, China, Malaysia and Vietnam. In addition, close to 120 staff clocked in over 880 hours of training pertaining to ethics and code of conduct such as preventing and detecting money laundering, profiling and investigation techniques.

Enterprise Risk Management (ERM)

Risk management is an integral part of CapitaLand’s business at both the strategic and operational levels. A proactive approach towards risk management supports the attainment of CapitaLand’s business objective and corporate strategy of ONE CapitaLand, thereby creating and preserving value.

CapitaLand recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the company has to take measured risks. Therefore, risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward relationship within known and agreed risk appetite levels. CapitaLand takes risks in a prudent manner for justifiable business reasons. Its Board of Directors is responsible for the governance of risk across the Group.

CapitaLand’s ERM Framework sets out the required environmental and organisational components which enable the company to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually and was previously validated by external ERM consultants.

An effective internal control system and an independent review and audit process are the twin pillars that underpin the Group’s ERM Framework. While the line management is responsible for the design and implementation of effective internal controls using a risk-based approach, the Internal Audit function reviews such design and implementation to provide reasonable assurance to the Audit Committee on the adequacy and effectiveness of the internal control system.

Annually, the Risk Assessment Group (RAG) facilitates and coordinates the Group-wide Risk and Control Self-Assessment (RCSA) exercise that requires business and corporate executive leaders to proactively identify, assess and document material risks as well as the corresponding key controls and mitigating measures needed to address them. Material risks and their associated controls are consolidated and reviewed at the Group level before they are presented to the Risk Committee, Audit Committee and the CapitaLand Board.

Awareness of and preparedness for potential risks affecting its business continuity help CapitaLand minimise the impact of disruption to its business operations. CapitaLand has a Business Continuity Management Policy to guide the business units in the implementation of business continuity plans. Periodic exercises were conducted and results recorded and continual improvements made. The Information Technology team has a disaster recovery strategy which it tests and reviews annually.

CapitaLand believes that having the right risk culture and people with the right attitude, values and knowledge are fundamental to the Group’s success. Therefore, the RAG continues to proactively enhance risk management knowledge within the Group to promote a culture of risk awareness by conducting a survey.

Sustainability risks identified include fraud and corruption risk, environmental risk, health and safety risk and human capital risk.
Organisational Capital

Based on the ERM framework established and the reviews conducted by Management, both internal and external auditors, as well as the assurance from the President & Group CEO and the Group CFO, the Board concurs with the recommendation of the CapitaLand Audit Committee and Risk Committee and is of the opinion, that the Group’s system of risk management and internal controls addressing financial, operational, compliance and information technology risks is adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2016.

For more information regarding Risk Assessment and Management in CapitaLand, please refer to the CapitaLand Limited Annual Report 2016, page 52-54.
Environmental Capital

CapitaLand is committed to minimising its environmental impact as a real estate owner, developer and manager. It believes that lowering the environmental footprint of its buildings through innovation creates value for its stakeholders.

It incorporates environmental sustainability in its life cycle management, in all stages of a project, from feasibility, design, procurement, construction, operation to redevelopment. Monitoring environmental impacts is integral to its business operations, as efficient use of environmental resources such as energy and water contributes to the operational efficiency and long-term sustainability of the company.

The following elements are CapitaLand’s material environmental aspects of business functions including investment, property development, property management as well as corporate office management.

<table>
<thead>
<tr>
<th>Material Issues, Context and Business Case</th>
<th>Framework*</th>
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</table>

**Climate Change and Energy**
- Global Greenhouse gas (GHG) emissions at unsustainable level
- Rising demands for energy, compounded by finite resources

**Water**
- Water scarcity, accessibility and security

**Waste**
- Waste generation at unsustainable rates
- Land scarcity for waste disposal
- Cost pressure from resource scarcity

**Biodiversity**
- Interdependence between ecosystems and the wellbeing of the community

The efficient use of environmental resources such as energy and water contributes to the operational efficiency and long-term sustainability of the company, mitigates risks such as compliance and climate change, and presents new opportunities in differentiating the company in the markets that it has a presence in.

**Policy and Objectives**
- Identify opportunities in managing its property portfolio to deliver long-term benefits
- Identify and respond to climate change risks
- Reduce energy consumption and encourage renewable energy sources
- Reduce water consumption, encourage use of treated/recycled water and rainwater harvesting
- Manage waste through construction efficiency and encourage recycling
- Manage biodiversity to contribute positively to the natural environment
- Engage stakeholders to play their part

**Accountability**
- CEOs are Environment, Health and Safety (EHS) Champions
- ISO 14001 certified Environmental Management System (EMS) ensures accountability to relevant managers and all staff
- Setting of key performance indicators (KPIs), linked to remuneration for all staff; track performance via an Environmental Tracking System (ETS)

**Method/Action Plan**
- **Environmental Management System (EMS)**
  - Legal compliance
  - Identification of aspect and management of impact
  - Sustainable Building Guidelines - including Environmental Impact Assessment (EIA) and stakeholder consultation
  - Appointment of ISO 14001 certified main contractors or conduct EMS legal compliance on-site
  - Green Operations – EMS SOPs
  - KPIs
    - Green rating target for new buildings and major refurbishments
    - Green existing property portfolio
    - Eco-efficiency targets: Improve performance through tracking of energy and water usage, waste generation and carbon emissions
    - Stakeholder engagement

**Stakeholder Engagement**
- Involve in national making policy
- Collaborate with NGOs
- Require and indicate preference for ISO 14001 main contractors/vendors
- Sharing CapitaLand EHS policy with suppliers and service providers
- Share and encourage end users, including tenants, shoppers, residents and the general community, to adopt environmentally sustainable habits

* GRI 102-40, 102-42, 102-43, 102-44
Environmental Capital

Mitigating Climate Change Risks and Identifying Opportunities

Climate change risks and opportunities are identified and mitigated through CapitaLand’s Enterprise Risk Management (ERM) framework and the externally certified ISO14001 Environmental Management System. CapitaLand is ready to take on such challenges as it has in place a target to achieve green certification of existing properties by 2030. It is ISO 14001 certified for its environmental management system in 15 countries.

Top Management Commitment and Staff Involvement

CapitaLand’s EHS Committee maintains the Group’s EHS Management System. Each Strategic Business Unit (SBU) also has its own EHS Committee to drive initiatives in countries where they operate with support from various departments. The CapitaLand EHS Committee doubles up as the CapitaLand Environment Sustainability Working Team and supports the work of CapitaLand Sustainability Steering Committee. Please refer to Introduction Chapter for details of the Sustainability Management Structure.

All staff are involved in reducing CapitaLand’s environmental footprint. They are encouraged to be forthcoming and to report all incidences of environmental-related issues and complaints, and incidences of non-compliances and non-conformities.

*Includes Vietnam residential portfolio
**Includes Indonesia and Malaysia portfolio, less CapitaLand Mall Asia (CMA) and Ascott entities
## Environmental Capital

### Key Performance Indicators (KPIs) Tied to Remuneration

To measure its performance, CapitaLand has incorporated KPIs, most of which are linked to remuneration for its staff including top management.

### 2016 Key Performance Indicators

<table>
<thead>
<tr>
<th>Targets</th>
<th>Performance</th>
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</table>
| **Environmental Management System (EMS)** | ISO 14001 certification for its EMS in all markets with investment properties  
Risk management of environmental aspects and impacts | Retained ISO 14001 certification in 15 countries covering all markets with investment properties  
Having an annually audited EMS provides assurance to top management and external investors on the company’s compliance and alignment to best practices |
| **Supply Chain Management** | All main contractors appointed to be ISO 14001 certified or, to comply fully with local environmental laws and regulations, annually audited by an independent accredited assessor |  
- Six main contractors appointed in 2016 are ISO 14001 certified |
| **Resource Consumption Management** | All new development projects to meet minimum green rating target set  
- Singapore – Green Mark GoldPLUS award  
- Overseas – certification by a green rating system administered by a national government ministry/agency or a WGBC recognised Green Building Council; one level higher than certification for iconic projects¹ |  
Achieved  
- 4 LEED, 19 Green Mark, 2 Green Building Evaluation Label², 1 GBI³  
Total of 148 green ratings achieved for its new development projects and existing buildings – 110 Green Mark, 21 LEED, 9 Green Building Evaluation Label, 2 Green Star, 2 CASBEE, 1 BREEAM, 1 DGNB, 1 GBI and 1 LEED (India)  
Estimated energy and water reduction exceeding S$ 29 million (over 141,000 MWh/year and 1.2 million m³/year) from these projects⁴, while estimated carbon emission reduction is about 85 million kgCO₂/year  
Five projects under development designed to harvest renewable energy on-site |
|  | All existing buildings to achieve a minimum green rating  
- Singapore – by 2020  
- Overseas – by 2030 |  
92% of CapitaLand’s existing buildings in Singapore (by m²) has at least a Green Mark Gold rating  
39% of CapitaLand’s existing buildings overseas (by m²) has achieved a green rating |
| **Operational Efficiency** | 0.5% energy reduction and 0.7% water reduction per m² (vs. 2015 for like-for-like set of properties)  
Reduce carbon emissions intensity by 23% by 2020, and 30% by 2030  
Reduce energy intensity by 20% by 2020, and 25% by 2030  
Reduce water intensity by 20% by 2020, and 30% by 2030 (using 2008 as the base year) | 0.6% and 1.2% increase in energy and water consumption per m² (vs. 2015)  
Reduced 3.6% carbon emissions intensity (vs. 2015)  
Achieved 26.2% carbon emissions reduction, 18.8% energy reduction and 21.8% water reduction per m² (using 2008 as the base year)  
Achieved cost avoidance in excess of S$108 million⁵ from utilities savings since 2009 for its operational properties  
Energy and water saving initiatives implemented in 2016 may lead to an estimated reduction of 9,000 MWh (6 million kgCO₂e) and 150,000 m³ of potable water per year. |
| **Stakeholder Engagement** | Organise environmental outreach activities to encourage a environmental mindset among staff and stakeholders | Over 280 CapitaLand properties participated in WWF Earth Hour, pledging to go beyond the hour with year-long sustainable initiatives  
Six stakeholder engagement awards were given out for encouraging pro-active and creative stakeholder engagement initiatives. |

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1. Iconic projects refer to Raffles City developments, Grade A offices and projects involving star architect.
2. Green Building Evaluation Label (GBEL) administered by China’s Ministry of Housing and Urban-Rural Development.
3. Green Building Index (GBI) is Malaysia’s industry recognised green rating tool for buildings to promote sustainability in the built environment.
4. This is computed from 40 completed projects and projects under construction, based on their submissions for BCA Green Mark and LEED green rating.
5. This is based on computation of data from 126 properties in 2009, 142 in 2010, 148 in 2011, 164 in 2012, 161 in 2013, 172 in 2014, 174 in 2015 and 178 in 2016. Properties excluded those undergoing asset enhancement initiatives and newly operational properties. Cost avoidance is computed by multiplying the absolute energy (kWh) and water (m³) savings against the annual average tariff rate for Singapore on a business-as-usual (BAU) basis.
Environmental Capital

Managing our Environmental Footprint

CapitaLand’s Environmental Management System (EMS) is a key tool in managing the Group’s environmental footprint across its global and diverse portfolio, with more than 12,700 staff. This EMS, together with CapitaLand’s Occupational, Health and Safety Management System (OHSMS) are integrated as CapitaLand’s Environmental, Health and Safety Management System (EHSMS). CapitaLand’s EHSMS is audited by a third-party accredited certification body to ISO 14001 and OHSAS 18001 standards. ISO 14001 and OHSAS 18001 are internationally recognised standards for the environmental management of businesses and occupational health and safety management of businesses respectively.

CapitaLand’s EHS Committee and the SBU EHS Committees are responsible for driving the EHSMS.

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 Sustainable Building Guidelines and Occupational Health and Safety programmes

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

*This includes implementing an EHS Management System.

Since 2012, the Group achieved ISO 14001 certification for its EMS in 15 countries – Singapore, Australia, Belgium, China, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, United Kingdom (UK) and Vietnam – covering all markets with investment properties. This encompasses all business functions including property development, property management as well as corporate management and operations.

Risk Management of Environmental Aspects and Impacts

As part of the certified EMS, new or updated legal requirements are reviewed quarterly and compliance is evaluated annually. In 2016, CapitaLand complied with the environmental laws and regulations in Singapore, Australia, Belgium, China, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, UK and Vietnam.

CapitaLand’s EMS provides a systematic process to manage the Group’s environmental impacts and to continuously improve its environmental performance. A key element is to identify and manage significant environmental aspects of its business operations that can potentially have a negative impact on the environment. The significance level of each environmental aspect and impact is assessed using a risk assessment technique based on factors comprising the likelihood of the occurrence, severity of the impact and control measures implemented.

CapitaLand strives to minimise impacts such as resource depletion, carbon emissions and waste generation. This is done by setting environmental targets such as green building rating targets, carbon emissions, energy, water and paper usage reduction targets, stakeholder engagement activities, and implementing various measures to achieve them. The targets are linked to the remuneration to staff including top management. For more details, please refer to the table “2016 Key Performance Indicators”.

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6 This EHS Policy was developed for the understanding and implementation by all staff in CapitaLand.
7 This excludes countries where CapitaLand does not have any investment projects.
Environmental Capital

Training
To facilitate effective implementation of CapitaLand’s EHSMS, training and awareness programmes are planned and conducted for all staff. New staff are inducted to the EHSMS, as well as CapitaLand’s EHS policy and briefed on the roles they play. For the implementation of CapitaLand’s EHSMS, Heads of Departments in administration, operations, and project development, including heads of operating properties, design managers and project managers, undergo more detailed training. In 2016, more than 8,600 CapitaLand staff attended at least one EHS-related training amounting to more than 83,000 training hours.

To overcome the challenge of its extensive international portfolio, CapitaLand has a “Train the Trainer” method for its EHS Implementor Training Programme. This ensures that there are trainers based in countries where CapitaLand operates to minimise travelling by trainees. An e-learning module on Introduction to EHS was launched in 2016.

Global Internal and External Audits
CapitaLand has in place an internal audit system to ensure the conformance and effective implementation of its EMS to ISO 14001 international standards. Internal audits are conducted in the 15 markets where it has investment properties at least once a year covering at least 50% of the sites in each country. External audits are conducted annually by a third-party accredited certification body.

High Performance Sustainable Developments and Assets
Green building ratings and certifications help assure and demonstrate the quality of CapitaLand projects and portfolio. These ratings serve as an external validation that key environmental aspects have been considered in the Group’s project design, development and operations.

Green Building Rating
Green building rating targets are set at the outset of CapitaLand projects. This aids resource management as green rated buildings are more resource efficient to construct and operate.

The target for Singapore projects is minimum Green Mark Gold PLUS, two levels above the legal requirement of Green Mark Certification, administered by the Building and Construction Authority (BCA) in Singapore. The target for projects outside Singapore is certification by a green rating system administered by a national government ministry/agency or a World Green Building Council (WGBC) recognised Green Building Council. The green rating target for iconic projects outside Singapore is set at one level above certification.

Greening Existing Buildings in the Portfolio
CapitaLand is committed to achieving minimum Green Mark certification for all of its existing stock of properties by 2020, in support of the Singapore government’s Green Building Master Plan. It has also set an internal target to green all its existing properties outside Singapore by 2030 with each achieving minimum certification level by a green rating system administered by a national government ministry/agency or a WGBC recognised Green Building Council. As at end 2016, it has already achieved green certification of almost 50% (by m²) of its global portfolio.

Life Cycle Management: CapitaLand Sustainable Building Guidelines
CapitaLand’s Sustainable Building Guidelines (SBG) is an in-house guide developed since 2007 to ensure environmental considerations are factored in at all stages of a project, from feasibility, design, procurement, construction, operation to redevelopment. It covers developments and refurbishments, and joint venture developments where CapitaLand has management control and the largest stake. Originally titled Green Buildings Guidelines, it was renamed in 2014 to reinforce the company’s holistic approach towards sustainability.

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8 This is for new projects or development projects with gross floor area of at least 2,000 m².
Environmental Capital

Mitigating Climate Change Risks and Identifying Opportunities through Design
Climate change brings about different effects in different geographies including rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion. As countries rally for action to mitigate climate change, more stringent regulations may be expected and companies will face increased expectations from stakeholders. By adopting the SBG, CapitaLand aims to future-proof its developments by addressing the risks of climate change right from the design stage. The localised context of each project is to be studied in detail, and appropriate measures taken in consideration of climate change. SBG also sets guidelines for buildings to be less energy reliant, e.g. setting green rating targets above legal requirements, and also encourage the use of renewable energy whenever possible. CapitaLand developments that are future-proofed against changing climatic conditions and of higher operating efficiency would likely be valued by stakeholders.

The SBG is regularly reviewed to ensure continuous improvement, with a focus on four key objectives of minimising carbon footprint and energy consumption, water management, generation of waste, and promoting biodiversity in the life cycles of its developments. Changes since inception include higher green building rating requirements, increased focus on biodiversity, use of certified wood and design for accessibility.

Environmental Impact Assessment (EIA)
A key component of the SBG is the mandatory 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, if any, 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 floods, biodiversity, air quality, noise, connectivity, heritage and resources.

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

With its focus on gateway cities in Asia, most CapitaLand projects and properties are located in urban and built-up areas. There are no sites located within protected areas and no material biodiversity risk identified. Instead, CapitaLand encourages greenery within its projects as it enhances the liveability of the project for its end-users and vitality of the surrounding communities over the long term. For its Funan redevelopment project in Singapore, the project will feature a multi-level landscape with the creation of a series of gardens, including urban farms and edible gardens. The urban farm aims to showcase sustainable food production with a range of technologies, demonstrating the diversity and cyclical relationships of crop production. More than 430 trees were conserved at 13 completed projects or projects under development. SBG encourages the use of certified wood and other more sustainable wood materials and products, such as composite wood, engineered wood and bamboo. In China, a number of CapitaLand residential projects feature composite wood or engineered wood for their interior finishes.

Some possible concerns to biodiversity include the flow out of waste or toxic materials from construction sites and properties. With CapitaLand’s EMS, this flow out (e.g. waste water), if any, is monitored and minimised.
Life Cycle Management

Objectives

Minimise Carbon Footprint and Energy Consumption
- Understand and minimise the amount of embodied carbon
- Use energy-efficient equipment
- Reduce direct and indirect carbon emissions (through consumption of fuelled energy) from construction and operation activities
- Use renewable energy

Enhance Biodiversity
- Create, enhance and conserve habitat for flora and fauna, particularly protected species, both on-site and in the wider area
- Consultation with experts, local authorities and communities
- Eliminate or minimise environmental impacts to site through control measures
- Use more sustainable materials like certified wood and bamboo

Minimise Resource Depletion
- Reuse of grey water and rainwater harvesting
- Use water-efficient fittings

Minimise Generation of Waste
- Adopt Building Information Modelling (BIM)
- Implement reduce, reuse and recycle waste hierarchy for building components and materials

Feasibility
- Conduct environmental impact assessment
- Identify opportunities for innovation
- Set targets

Design
- Embed environmental targets
- Meet green building rating target
- Use more sustainable material
- Adopt BIM

Procurement
- Appoint ISO 14001 certified main contractors
- Procure more sustainable material

Redevelopment
- Carry out feasibility study

Innovation

Operations
- Evaluate green features
- Track performance
- Sustainable operations

Construction
- Monitor environmental indicators

Training of Staff

Stakeholder and Community Engagement
Environmental Capital

Greening of Existing Buildings

**Raffles City Beijing, China**
Gold Level (for mall and office tower)
LEED for Existing Building: Operations and Maintenance
US Green Building Council

**Raffles City Shanghai, China**
Gold Level
LEED for Existing Building: Operations and Maintenance
US Green Building Council

Raffles City Shanghai (RCS) is an integrated development that comprises a shopping mall and Grade A office which first opened in 2004. Raffles City Beijing (RCB) is an integrated development that comprises a shopping mall, Grade A office tower and serviced residences, which opened in 2009. Both operational buildings achieved their green building certification, LEED Gold, in 2016. The LEED rating is assessed and awarded not only for the enhanced building performance but also property management practices as well. Prior to this green rating, both properties had implemented the CapitaLand EHS Management System which is certified ISO 14001 and OHSAS 18001.

Energy Efficiency

High-albedo (reflective) material was installed on the roof to reduce the solar heat gain. Both properties implemented energy efficiency measures including the retrofitting of air-conditioning, lighting and control systems, resulting in an 88 points score for RCS’s energy performance based on the US EPA’s Energy Star standard.

RCS also installed a magnetic water treatment system which improved its chiller system efficiency by more than 3%.

Water Efficiency

Upgrading of water fixtures in toilets resulted in more than 40% savings (24,000 m³) in potable water usage (compared to LEED-EBOM baseline). Water meters were installed to measure water consumption for the entire building, including sub-metering for irrigation system, cooling towers, boilers, water features, to monitor usage and identify water saving potentials.

Overall, the estimated annual utility savings is RMB 360,000 (S$72,000).

Waste Management

RCB and RCS divert about 69% and 98% (by weight) of their waste from landfills for recycling. In addition, RCS recycled 4,000kg of e-waste during its asset enhancement initiative.

Connectivity and Green Transport

Both properties are well connected to the subway station via multiple subway lines. More than 1,000 bicycle lots are provided to encourage green transportation. RCB and RCS have also installed a total of seven electric vehicles charging stations.

Stakeholder Engagement

Tenant surveys were conducted through online platforms to collect feedback on indoor environment quality (IEQ) prior to their AEIs. An almost 80% response rate was obtained from RCB and 53% from RCS, and overall, more than 80% of the respondents were satisfied with the IEQ. Action was taken on feedback such as thermal comfort and incoming sunlight. Communication platforms such as brochures, display panels and social media were used to educate occupants and visitors on what they can do to play their part in environmental sustainability. This outreach is in line with the World Green Building Council programme on “Better Place for People”.

Environmental Capital

Tracking Our Environmental Results

CapitaLand Environmental Tracking System

CapitaLand developed an in-house online Environmental Tracking System (ETS) to better track energy and water usage, waste generation and carbon emissions of its managed and owned operational properties. These include CapitaLand’s office buildings, shopping malls, serviced residences and integrated developments worldwide.

The management team of each property submits monthly data and uploads supporting documentation online. The consolidated data is analysed at the SBU and Group levels against reduction targets. This facilitates a better understanding of consumption patterns and identification of areas for eco-efficiency improvements.

Since 2012, ETS includes the tracking of energy and water usage of CapitaLand development sites as well as energy and paper consumption of CapitaLand’s corporate offices in Singapore and overseas.

Regular desktop audits are conducted to minimise data entry inaccuracies.

CapitaLand Eco-efficiency Commitments

CapitaLand established long-term and annual targets for the reduction of carbon emissions, energy and water usage per m² in its properties worldwide. As the Group has achieved its 2015 targets and is on track to meet its 2020 targets, the Group reviewed and set new 2030 targets. It is also looking at setting a science-based carbon reduction target.

Long-term targets (using 2008 as base year):
- Reduce carbon emissions intensity by 23% by 2020⁹, and 30% by 2030
- Reduce energy intensity by 20% by 2020, and 25% by 2030
- Reduce water intensity by 20% by 2020, and 30% by 2030

Carbon Emissions

CapitaLand is committed to address climate change risks through the reduction of its energy consumption as well as its other carbon emissions in its business operations. It is aware that the building sector accounts for around 30-40% of global energy use and more than 30% of global CO₂ emissions¹⁰. Improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions.

CapitaLand’s total carbon emissions¹¹ (Scope 1, 2 and 3) in 2016 is 555,489 tonnes CO₂e. Operational properties¹² account for the largest proportion of CapitaLand’s Scope 1 and 2 emissions (552,141 tonnes CO₂e or 99.4% of total carbon emissions) and remains the focus of CapitaLand’s energy efficiency initiatives. CapitaLand’s corporate offices account for 0.6% of total carbon emissions.

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⁹ CapitaLand has a long-term target of achieving 20% in energy reduction per m² by 2020 (2008 base year). This would translate to an estimated carbon emissions intensity of 5.5 kg CO₂e/m²/month in 2020, a 23% reduction in carbon intensity by 2020 (using 2008 as base year). This assumes that the portfolio and energy consumption pattern remains unchanged from 2014 and based on 2014 carbon emission factors.


¹¹ This is computed mostly from purchased electricity consumption under Scope 2, and some direct energy consumption under Scope 1 as defined by the Greenhouse Gas (GHG) Protocol and using individual country CO₂ emission factors retrieved from the IEA Statistics – CO₂ emission factors from fuel combustion 2016 edition. Scope 3 emissions are computed from staff business travel by air.

Environmental Capital

**Total Carbon Emissions**
(tonnes CO₂e)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td>318,123</td>
<td>338,932</td>
<td>410,906</td>
<td>445,106</td>
<td>465,616</td>
<td>474,567</td>
<td>489,418</td>
<td>521,032</td>
<td>555,489</td>
</tr>
</tbody>
</table>

2008-2016: 26.2% reduction since 2008

**Carbon Intensity**
(kgCO₂e/m²/month)

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</tr>
</thead>
<tbody>
<tr>
<td>Intensity</td>
<td>14</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>0</td>
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</tbody>
</table>

2008-2016: 26.2% reduction since 2008

**Energy Usage**
(MWh)

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Usage</td>
<td>541,332</td>
<td>571,918</td>
<td>681,076</td>
<td>724,156</td>
<td>816,012</td>
<td>846,749</td>
<td>893,725</td>
<td>949,329</td>
<td>1,057,484</td>
</tr>
</tbody>
</table>

2008-2016: 18.8% reduction since 2008

**Energy Intensity**
(kWh/m²/month)

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intensity</td>
<td>20</td>
<td>18</td>
<td>16</td>
<td>14</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

2008-2016: 18.8% reduction since 2008

**Water Usage**
(million m³)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage</td>
<td>5.8</td>
<td>6.0</td>
<td>6.9</td>
<td>7.5</td>
<td>8.1</td>
<td>8.2</td>
<td>8.8</td>
<td>9.5</td>
<td>10.4</td>
</tr>
</tbody>
</table>

2008-2016: 21.8% reduction since 2008

**Water Intensity**
(m³/m²/month)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intensity</td>
<td>0.20</td>
<td>0.18</td>
<td>0.16</td>
<td>0.14</td>
<td>0.12</td>
<td>0.10</td>
<td>0.08</td>
<td>0.06</td>
<td>0.04</td>
</tr>
</tbody>
</table>

2008-2016: 21.8% reduction since 2008

* GRI 102-48
Environmental Capital

Operational Properties Carbon Emissions Intensity (kgCO\(_2\)e/m\(^2\))

Despite an increase in absolute carbon emissions due to an expanded property portfolio, CapitaLand continued to reduce its carbon emissions intensity\(^\text{13}\) to 5.3 kg CO\(_2\)e/m\(^2\)/month, a 26.2% reduction compared to 2008 intensity levels. Compared to baseline intensity levels, a total of 145,400 tonnes of CO\(_2\)e emissions was avoided in 2016.

Embodied Carbon – Development Projects

The carbon emissions from direct and indirect energy consumption at 25 construction projects was approximately 27,831 tonnes in 2016.

CapitaLand also aims to minimise its carbon footprint not only through reducing carbon emissions arising from the consumption of fuelled energy from its construction and operation activities but also from the embodied carbon in the production and distribution of building materials. For three projects in Singapore and two projects in China that were completed in 2016, embodied carbon emissions arising from materials usage at these projects was about 1.03 million tonnes\(^\text{14}\) or 1,340 kg/m\(^2\). The data collated is based on the entire construction period.

Energy

In 2016, the Group’s operational properties’ and corporate offices’ total energy consumption was 1,057 GWh (3.81 million GJ). Indirect energy consumption accounted for about 88% (3.35 million GJ) and direct energy consumption from gas, diesel and other fuels accounted for about 12% (0.46 million GJ\(^\text{15}\)) of total energy consumption.

CapitaLand’s corporate offices in 11 countries account for 0.3% of the Group’s total energy consumption in 2016. The offices consumed 2,685 MWh of electricity, a 31% improvement in the electricity consumption per m\(^2\) compared to 2009.

25 CapitaLand projects under construction in Singapore, China, Malaysia, and Vietnam consumed about 47,725 MWh of energy.

Operating Properties Energy Intensity (kWh/m\(^2\))

Despite an increase in total energy use due to expansion in its operational portfolio, CapitaLand reduced its energy intensity\(^\text{16}\) measured in kWh per m\(^2\) by 18.8% from base year 2008. Using a ‘Business as Usual’ (BAU\(^\text{17}\)) approach, it is estimated that more than 432,000 MWh of energy consumption was avoided, resulting in an estimated cost avoidance of S$100 million since 2009.

The reduction in energy intensity or energy usage per m\(^2\) is computed at the property and SBU level. The reduction targets are KPIs for the property managers and the SBU CEOs.

CapitaLand is on track to achieving its 2020 energy intensity reduction target. The Group continues to implement various energy conservation measures, some of which are listed below. It also focuses on innovation to reduce energy consumption.

\(^{13}\) Computation of carbon emissions intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement initiatives (AEI) and corporate offices. The number of properties are 127, 145, 152, 174, 189, 175, 191, 174 and 178 for the period from 2008-2016 respectively.

\(^{14}\) The materials are concrete, cement, sand and aggregate, steel, bricks, aluminum, glass, paint, ceramic tiles and granite. Densities and coefficients used for computation of the embodied carbon emissions of these materials are obtained from the Inventory of Carbon & Energy (ICE) Version 2.0.

\(^{15}\) Direct energy consumption from gas, diesel and other fuels (gasoline) are approximately 424,875 GJ, 24,488 GJ and 12,012 GJ respectively.

\(^{16}\) Computation of energy intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement initiatives (AEI) and corporate offices. The number of properties are 127, 145, 152, 174, 189, 175, 191, 174 and 178 for the period from 2008-2016 respectively.

\(^{17}\) The assumption is that energy consumption in subsequent years will continue at 2008 levels (base year) unless energy improvement measures are adopted.
Environmental Capital

<table>
<thead>
<tr>
<th>Focus</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Reduction</td>
<td>• Natural ventilation to reduce air-conditioning demands</td>
</tr>
<tr>
<td></td>
<td>• Sun shading, cool paints to reduce heat gain</td>
</tr>
<tr>
<td></td>
<td>• Use of daylight, sun pipes/light shelves to reduce the need for artificial lighting</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>• Equipment upgrade of indoor air-conditioning to more efficient ones</td>
</tr>
<tr>
<td></td>
<td>• Lighting retrofits to more efficient types such as T5 with electronic ballast, LED (light-emitting diode)</td>
</tr>
<tr>
<td></td>
<td>• Central procurement of LED to encourage the new technology usage</td>
</tr>
<tr>
<td></td>
<td>• Conduct energy audits at properties to improve energy efficiency</td>
</tr>
<tr>
<td>Control, Metering and Monitoring</td>
<td>• Dimmers/ occupancy sensors/ daylight sensors</td>
</tr>
<tr>
<td></td>
<td>• Sub-metering systems to provide detailed energy information</td>
</tr>
<tr>
<td></td>
<td>• Building Management Systems</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>• Encourage use of renewable energy and purchase of green power</td>
</tr>
</tbody>
</table>

Renewable Energy

While energy efficiency is the most cost-effective and material way for CapitaLand to reduce carbon emissions, it also encourages the use of renewable sources to avoid emissions. In 2016, 0.5% (or 4,813 MWh) of the Group’s total electricity use was from renewable energy sources, which helps to mitigate about 2,800 tonnes of carbon emissions. 11 properties in Singapore, India, France, Germany and Belgium had on-site renewable energy systems (including building integrated photovoltaic panels) or purchased certified Green Power (electricity generated from renewable sources).

Water

A strategic approach to water management and quality enhances the efficiency, resilience and long term value of the Group’s portfolio. CapitaLand is committed to reducing water consumption, reusing water and preventing water pollution, especially in countries where the availability of clean water and sanitation are of concern. A regular survey was conducted to better understand water source and discharge for each property. Almost all of CapitaLand’s operational properties’ water consumption is derived from municipal supplies.\(^{18}\)

In 2016, the Group’s operating properties’ total water consumption was about 10.4 million m\(^3\).\(^{19}\) This includes the use of 1.1 million m\(^3\) of recycled water\(^{20}\) and collected rainwater.

CapitaLand recognises the importance of effectively managing water consumption and the quality of water run-off leaving its project sites and requires its main contractors appointed to be ISO 14001 certified and monitor the waste water discharge into watercourse or sewer. 25 CapitaLand projects under construction in Singapore, China, Malaysia and Vietnam consumed about 1.1 million m\(^3\) of water. At its Singapore development sites, waste water is generally recycled and reused for vehicular washing.

Operating Properties Water Intensity (m\(^3\)/m\(^2\))

The increase in water consumption is largely attributed to the expansion of the Group’s property portfolio, as well as increased activities carried out in the properties and weather conditions. CapitaLand reduced its water intensity\(^{21}\) measured in m\(^3\)/m\(^2\) by 21.8% from baseline year 2008. The slight increase in water intensity from 2015 was mainly

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\(^{18}\)Two properties extract groundwater mainly for emergency and non-potable use. One property extracts groundwater for potable use with the appropriate treatment system in place. Meters are installed to monitor water usage.

\(^{19}\)This includes 2,882 m\(^3\) of water consumed mostly for drinking and washing of cups at the CapitaLand corporate offices.

\(^{20}\)Mostly NEWater, treated waste water produced by PUB, the national water agency of Singapore, which has been further purified using advanced membrane technologies and ultraviolet disinfection.

\(^{21}\)Computation of water intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement programmes and corporate offices. The numbers of properties are 123, 141, 148, 169, 186, 172, 188,171 and 175 for the period from 2008-2016 respectively.
Environmental Capital

due to increase in occupany and human traffic at its properties. The reduction in water usage per square metre is computed at the property and SBU level. This forms a critical part of the KPI for the property managers and the SBUs.

CapitaLand continues to implement the following initiatives to ensure efficient operations and minimise water wastage.

<table>
<thead>
<tr>
<th>Focus</th>
<th>Initiatives</th>
</tr>
</thead>
</table>
| Consumption Reduction              | • Flow regulators; self-closing delayed action faucets/motion-activated faucets; dual flush/low flush toilets  
|                                    | • Choice of local plant species and drought resistance plants; Irrigate plants in the morning or late afternoon to minimise evaporation losses |
| Control, Metering and Monitoring   | • Water audit; sub-metering to track consumption and early leak detection |
| Recycling                          | • Rainwater harvesting; condensate recovery; grey water recycling |

Waste Management

Waste Recycled

CapitaLand aims to manage waste at its properties responsibly. As waste generated at its operational properties is mostly from its tenants, residents and the general public, CapitaLand engages its stakeholders through various means to minimise and recycle waste. Recycling bins are made available at its properties for its tenants, shoppers and serviced residents.

CapitaLand implements waste management strategies as part of its EMS. However, data in certain countries and properties is not readily available or cannot be consolidated due to local supply chain issues. In 2016, more than 4,700 tonnes of recyclable waste was collected from 100 properties in 15 countries. This includes 7,033 kg of e-waste collected at Singapore office buildings.

CapitaLand launched an e-waste collection and recycling initiative at eight of its office properties in Singapore. The initiative aimed to encourage tenants to safely dispose and recycle their personal and corporate e-waste. During the collection period from 15 August to 31 December 2016, the total amount of e-waste collected was 7,033 kg. CapitaLand plans to continue the initiative in 2017. CapitaLand also partnered with StarHub to roll out e-waste recycling bins at 10 of its malls in Singapore to encourage shoppers and tenants to adopt e-waste recycling.

Paper Conservation in CapitaLand Corporate Offices

CapitaLand reduced its paper usage by more than 56% per employee compared to 2009. These savings are attributable to the conscious effort by every employee to reduce paper usage. In 2016 almost 16 tonnes of used paper were collected from its corporate offices for recycling.

Paper accounts for the main stream of waste generated from CapitaLand corporate offices. To reduce paper usage, CapitaLand has established a systematic paper management and recycling programme. This includes default settings for double-sided and black and white printing, encouraging the use of e-mails, e-fax and promoting a “think before you print/copy” attitude to encourage employees to use less paper. Recycling bins (including secured bins) are conveniently located at corporate offices to encourage employees to recycle used paper. Work processes are increasingly made available online to avoid paper consumption, e.g. CapitaLand implemented the Human Resource e-Letters initiatives across various SBUs in Singapore, Malaysia, and China since 2014. The e-Letters initiative enables employees to view their Annual Increment, bonus, and Restricted Cash Plan letters online. Corporate offices in Singapore implemented “Follow-me” printing to track paper usage more effectively and minimise wastage.

22Whilst recycling facilities are made available at CapitaLand properties, not all public waste collectors are able to furnish the recycled waste collected in weight as requested for reporting purposes. In 2016, about 78,300 tonnes of non-recyclable waste was generated at 134 properties in Singapore, China, rest of Asia and Europe. These included integrated developments, shopping malls, serviced residences, and office buildings.
Environmental Capital

CapitaLand actively promotes the use of environmentally-friendly paper. In Singapore, letterheads and name cards have been printed on recycled paper since 2011. CapitaLand annual reports were printed with recycled paper from 2006 to 2010 and with Forest Stewardship Council (FSC) paper from 2011. Biodegradable soy-based ink from renewable resources is used to print the annual report.

Resource Management at Development Projects

CapitaLand requires its main contractors to implement proper waste management procedures to minimise construction waste, properly manage and dispose the waste generated. An estimated 5,700 tonnes of construction waste was recorded for four development projects in Singapore in 2016. For its China development projects targeting LEED certification, the projects have set a target of at least 75% of construction waste to be diverted from landfill. CapitaLand continues to build up capacity to leverage Building Information Modelling (BIM) technology to improve the design and construction process through more integrated project coordination. BIM can perform clash detection before construction, identifying situations where mechanical and electrical pipes will clash with structural members. This detection saves time and cost of remedial work and minimises material wastage. BIM is implemented in 12 projects under development in Singapore, China and Vietnam.

Green Transport

As of end 2016, CapitaLand has installed over 80 electric vehicle (EV) charging stations in 30 CapitaLand managed properties in Singapore, China, Belgium, Germany and Japan. The total electricity charged at these stations exceeded 130 MWh (estimated travel distance of more than 613,000 km\(^2\)\(^3\)) in 2016.

Over 90% of CapitaLand properties\(^24\) worldwide are conveniently located in close proximity to transport hubs such as bus-stops and train/subway stations. This allows easy access to the surrounding communities and facilities. Free shuttle bus services to transport hubs are made available at some of its shopping malls.

Bicycle parking facilities are also available at close to 100 of its properties. In Singapore, there are more than 500 bicycle lots in its 15 office buildings and shopping malls, with around 180 of these in the Civic District and CBD to cater to tenants and employees who want to cycle to work. Shower facilities are also available in CapitaLand’s own headquarters in Capital Tower for staff who cycle to work. There are more than 7,000 bicycle lots in its overseas office buildings and shopping malls.

In support of Singapore’s move towards a car-lite society and to promote healthy living, Funan will offer full amenities and end-of-trip facilities for cycling enthusiasts. Funan’s proposed streetscape on its ground floor features multiple access points and gentle slopes, which will make it easy for cyclists and pedestrians alike to enter the building.

\(^{23}\)This is computed using “2016 Tesla Model S” efficiency of 4.7 km/kWh (FuelEconomy.gov).

\(^{24}\)Includes CapitaLand owned and managed properties only.
Human Capital

Commitment to a Safe and Healthy Workplace

Occupational health and safety (OHS) of CapitaLand’s employees, tenants, contractors, suppliers and the communities who use its properties, is of utmost importance to CapitaLand. Effective OHS management is part of risk management and deemed to enhance staff productivity and morale.

CapitaLand’s OHS framework includes identifying material issues, setting policies, ensuring accountability within the company, developing action plans and engaging stakeholders.

<table>
<thead>
<tr>
<th>Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Material Issues and Business Case</strong></td>
</tr>
<tr>
<td>Workplace health and safety of staff</td>
</tr>
<tr>
<td>Effective OHS management is part of risk management and deemed to enhance staff productivity and morale.</td>
</tr>
<tr>
<td><strong>Policy</strong></td>
</tr>
<tr>
<td>• Reduce occupational injury rates to achieve zero harm</td>
</tr>
<tr>
<td>• Provide a robust OHS Management System</td>
</tr>
<tr>
<td>• Meet and exceed OHS legal requirements</td>
</tr>
<tr>
<td>• Promote a culture of individual ownership and responsibility for OHS management</td>
</tr>
<tr>
<td>• Seek proactive support and participation from CapitaLand’s stakeholders including top management, all employees, contractors, suppliers and tenants</td>
</tr>
<tr>
<td>• Drive continuous improvement in OHS performance</td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
</tr>
<tr>
<td>• CEOs are accountable</td>
</tr>
<tr>
<td>• OHSAS 18001 certified OHS Management System ensures accountability to relevant managers and all staff</td>
</tr>
<tr>
<td>• Key performance indicators (KPIs) linked to remuneration of all staff</td>
</tr>
<tr>
<td><strong>Method/Action Plan</strong></td>
</tr>
<tr>
<td>OHS Management System</td>
</tr>
<tr>
<td>• Legal compliance</td>
</tr>
<tr>
<td>• Identification of hazards and risk assessment</td>
</tr>
<tr>
<td>• Sustainable Buildings Guidelines – Design for Safety (DfS)</td>
</tr>
<tr>
<td>• Safe operations – OHS Standard Operating Procedures (SOPs)</td>
</tr>
<tr>
<td>• Training and awareness KPIs</td>
</tr>
<tr>
<td>• OHS performance of staff</td>
</tr>
<tr>
<td>• Stakeholder engagement</td>
</tr>
<tr>
<td>• Appoint OHSAS 18001 certified main contractors or OHS legal compliance on-site</td>
</tr>
<tr>
<td>• Give preference to OHSAS 18001 certified vendors/suppliers; in Singapore, non-OHSAS 18001 certified vendors/suppliers encouraged to achieve BizSAFE Level 3 and above.</td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
</tr>
<tr>
<td>• Involve in national policy making</td>
</tr>
<tr>
<td>• Educate end-users, including tenants, shoppers, residents and the general community</td>
</tr>
</tbody>
</table>
Human Capital

Top Management Commitment and Staff Involvement

CapitaLand champions OHS with top management commitment and staff participation through an integrated Environmental Health and Safety Management System (EHSMS) and stakeholder engagement activities. CEOs are accountable for the OHS performance of their strategic business units (SBUs). Please refer to the management structure and EHSMS in the Environmental Capital chapter of this report.

All staff assume personal responsibility towards OHS and are encouraged to be forthcoming in reporting all OHS-related incidents, including non-compliances and non-conformities to the relevant business unit management representatives. This list is updated in the CapitaLand intranet.

Key Performance Indicators (KPIs) Tied to Remuneration

CapitaLand incorporates OHS KPIs which are linked to remuneration of all staff, including top management.

Robust OHS Management System

CapitaLand’s approach to health and safety is guided by its OHS Management System. Established in Singapore in 2009, it extends to Australia, Belgium, China, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, Vietnam and the United Kingdom (UK). CapitaLand’s EHS policy outlines the company’s commitment to manage OHS issues. Please refer to the EHS policy outlined in the Environmental Capital chapter of this report.

Certified to International Standards

The OHS Management System has been externally audited by a third-party accredited certification body to OHSAS 18001 standards, a recognised international standard for OHS Management Systems.

Since 2012, the Group achieved OHSAS 18001 certification for its OHS Management System in 15 countries1 – covering all markets with investment properties. This encompasses all business functions: property management, property development, corporate management and operations.

Global Internal and External Audits

CapitaLand has put in place an internal audit system to ensure that the conformance and effective implementation of its OHS Management System is aligned with OHSAS 18001 standards. Internal audits are conducted in all 15 countries where CapitaLand has investment properties at least once a year, covering at least 50% of the sites in each country. In addition, external audits are conducted annually by a third-party accredited certification body.

An annual audit of the OHS Management System provides assurance to top management and external investors that it is legally compliant and aligned with the company’s best practices.

Compliance

Legal requirements are reviewed on a quarterly basis, and compliance to these requirements are evaluated annually.

Risk Management of OHS Hazards

Identifying OHS hazards and assessing their risks are a key component in CapitaLand’s OHS Management System. CapitaLand strives to eliminate or minimise such hazards and risks though various measures.

1 This excludes countries where CapitaLand does not have any investment projects
Human Capital

Hazards Identification and Risk Assessments (HIRA) are reviewed annually or when appropriate, for example, following a change in processes.

OHS hazards are identified for the administration, development and operational functions of CapitaLand’s businesses and their risks are assessed. Examples of hazards include ergonomics, falling from height, falling objects and working in an enclosed space. The SBUs have put in place various SOPs to minimise the occurrence of such hazards.

Training and Awareness

To facilitate the effective implementation of its OHS Management System, training and awareness programmes are planned for all staff. Please refer to the Environmental Capital chapter of this report for more details on EHS training programmes. In addition, every employee was briefed on how to respond to OHS incidents at the workplace. And as part of staff well-being, CapitaLand regularly organises lunchtime talks relating to health and related issues like parenting to help manage stress for staff. It also organises financial resilience talks such as financial planning where over 100 staff attended. Some of the abridged material is made available on the CapitaLand intranet for the staff to access in their own time.

Measures to Mitigate Risks of Serious Diseases

CapitaLand responds to the threat of serious diseases in a timely manner by putting in place appropriate measures to mitigate risks. When necessary, the human resource department disseminates medical and travel advisories to all staff. Information on pandemic planning is made readily available for all staff on the staff intranet.

Measuring Our Safety Performance

2016 Occupational Health and Safety Targets and Performance

<table>
<thead>
<tr>
<th>Targets</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>OHSAS 18001 certification for its OHS Management System in all markets with investment properties</td>
<td>• Achieved OHSAS 18001 certification in 15 countries covering all markets with investment properties</td>
</tr>
<tr>
<td>Zero incident resulting in staff permanent disability or fatality</td>
<td>• No staff work-related permanent disability or fatality</td>
</tr>
<tr>
<td>All main contractors appointed to be OHSAS 18001 certified (or to comply fully with local OHS laws and regulations, annually audited by an independent accredited assessor)</td>
<td>• 6 main contractors appointed in 2016 and are OHSAS 18001 certified</td>
</tr>
<tr>
<td></td>
<td>• 5 Workplace Safety and Health (WSH) SHARP and RoSPA awards</td>
</tr>
</tbody>
</table>

CapitaLand’s performance monitoring includes all employees (both full-time and part-time) involved in the daily operations and project management of its development sites.

In 2016, there were no work-related fatalities or permanent disabilities. There were 51 work-related injuries\(^2\) (2 in Singapore, 18 in China and 31 in rest of the world). Most of the staff were from the operations teams. All affected staff resumed normal work after medical leave. In all cases, detailed investigations were conducted and all necessary follow-up action undertaken. CapitaLand will continue to monitor the performance, reinforce safety standards and fine-tune its SOPs for improvement.

\(^2\) This is based on work-related incidents that resulted in more than three days of medical leave or more than 24 hours of hospitalisation.
Human Capital

<table>
<thead>
<tr>
<th>CapitaLand Staff</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Singapore</td>
<td>China</td>
<td>Rest of the World</td>
</tr>
<tr>
<td>Number of work-related injuries</td>
<td>2</td>
<td>18</td>
<td>31</td>
</tr>
<tr>
<td>Work-related fatalities/permanent disabilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Injury rate(^3) (number of work-related injuries per million hours worked)</td>
<td>0.5</td>
<td>1.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Lost day rate (number of lost man-days per million hours worked)</td>
<td>9.5</td>
<td>58.0</td>
<td>36.7</td>
</tr>
<tr>
<td>Absentee rate(^4) (days per employee per year)</td>
<td>7.4</td>
<td>1.9</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Staff Wellness

CapitaLand aims to provide a work environment that is safe and contributes to the general well-being of its employees.

In Singapore, CapitaLand implemented a Total Well-Being Programme to promote staff health and well-being. It included an annual free on-site health screening (optional test packages were included to provide more comprehensive coverage). Staff health screening results were benchmarked against national statistics and trended. High total cholesterol indicator worsened compared to the year before but was better than the national average, whilst weight management remains an area of concern. Regular exercise sessions, e.g. yoga and Zumba classes, continued to be organised to promote an active lifestyle. Tips on healthy living and exercise were updated on the CapitaLand intranet.

OHS Stakeholder Engagement*

CapitaLand understands the important role that end-users of its buildings and its supply chain play. It actively involves its staff, tenants, contractors, suppliers as well as the wider community to promote health and safety.

<table>
<thead>
<tr>
<th></th>
<th>Staff</th>
<th>Tenants</th>
<th>Suppliers and Main Contractors</th>
<th>Community</th>
<th>Government and NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>National WSH committees/ campaigns</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
</tr>
<tr>
<td>Safety talk, quiz and emergency response drills</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
</tr>
<tr>
<td>Tender/contract specifications</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
<td>![Icon]</td>
</tr>
</tbody>
</table>

* GRI 102-40, 102-42, 102-43, 102-44

\(^3\) In 2016, injury rate is 1.9 per million hours worked both male and female employees.

\(^4\) Absentee rate is based on medical leave taken by staff, regardless of whether it is work-related illness or not. In 2016, absentee rate is 2.7 and 4.2 days per employee for male and female employees respectively.
Human Capital

National Policy Making
CapitaLand participates actively in national efforts towards workplace health and safety. In Singapore, this included being a member of the Workplace Safety and Health Council (Construction and Landscape) Committee.

Tenants and Community
As part of CapitaLand’s OHS Management System, emergency response procedures are in place for potential OHS risks. Periodic briefings and annual evacuation drills are conducted to ensure that tenants are familiar with the response plan.

In China, CapitaLand collaborated with 90 local fire departments, government agencies and associations to organise fire drills at 45 malls to raise safety awareness among more than 14,000 participants including tenants and shoppers. This included live fire extinguishing session, involvement of local fire departments, simulation of fire and evacuation. This was well-received by the local authorities.

Supply Chain Management
CapitaLand works closely with its contractors and suppliers who are committed to high quality, environmental, health and safety standards. Contractors are only appointed for its projects upon meeting the Group’s stringent selection criteria, one of which is safety.

CapitaLand is also looking into establishing a Suppliers’ Code of Conduct for its business operations, to influence its suppliers to operate responsibly, improve energy and water consumption efficiency and reduce overall emissions. The Suppliers’ Code of Conduct aims to set out the Company’s requirements of its contractors in the areas of legal compliance, anti-corruption, human rights, health and safety, as well as environmental management.

Vendors and Service Providers
For building operations, CapitaLand’s contractor management guidelines require all contractors to comply with local government and other legal requirements. Contractors and service providers in Singapore and overseas 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 and service providers are sent a copy of CapitaLand’s EHS Policy. They have to ensure that their staff are sufficiently trained or briefed on environmental, health and safety measures. Contractor house rules stipulate requirements such as deploying personal protective equipment, reporting of accidents and proper disposal of debris and toxic waste.

Since 2012, CapitaLand offices in Singapore only appoint bizSAFE® Level 3 and above certified vendors and service providers upon contract renewal or signing of new contracts. Where possible, CapitaLand intends to stipulate similar requirements for its overseas offices. In 2016, more than 94% of its Singapore corporate offices’ and operating properties’ vendors and service providers were bizSAFE Level 3 and above certified.

Main Contractors
CapitaLand requires main contractors appointed for its development projects to be OHSAS 18001 certified or to engage an independent accredited assessor to conduct site OHS legal compliance audits. All six main contractors appointed in 2016 fulfilled these requirements.

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* GRI 102-40, 102-42, 102-43, 102-44

5 The bizSAFE programme is advocated by the WSH Council in Singapore to promote workplace safety and health in small and medium enterprises. There are five levels.

6 This refers to term contractors/service providers where their work is on-site at CapitaLand properties or offices.
Human Capital

CapitaLand also tracked the health and safety performance of its main contractors at its worksites in Singapore and overseas.

CapitaLand undertook various initiatives to improve the Accident Frequency Rate (AFR) and Accident Severity Rate (ASR) of its main contractors at its sites. In 2016, CapitaLand worsened its AFR at its Singapore construction sites, registering 0.7 cases for every million man-hours worked, which is lower when compared with Singapore national average of 1.7 for the same period. Whilst the ASR worsened to 63.6 man-days lost per million man-hours worked, this is still significantly lower than Singapore national average of 159 man-days lost in 2016.

Despite best efforts to ensure site safety, there were three fatalities of CapitaLand’s contractor staff in China. Appropriate actions were taken against the contractor. Lessons from the fatality incidents were shared across business units, and the Group’s commitment to strengthen its safety standards was reinforced.

CapitaLand strongly encourages its main contractors in Singapore to apply for the WSH SHARP awards and for overseas main contractors to target performance and apply for local safety awards.

**CapitaLand Projects with Safety Awards 2016**

<table>
<thead>
<tr>
<th>Project</th>
<th>2016 Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sky Vue</td>
<td>SHARP, WSH Council, Singapore RoSPA Gold</td>
</tr>
<tr>
<td>Victoria Park Villas</td>
<td>RoSPA Gold</td>
</tr>
<tr>
<td>Cairnhill Nine</td>
<td>SHARP, WSH Council, Singapore RoSPA Gold</td>
</tr>
<tr>
<td>Raffles City Chongqing</td>
<td>City level awards for onsite safety, dust control, and for championing workers</td>
</tr>
</tbody>
</table>

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7 AFR is a term used in Singapore by the WSH Council, which measures how often workplace incidents occurred per million man-hours worked.

8 ASR is a term used in Singapore by the WSH Council, which measures number of man-days lost to workplace accidents per million man-hours worked.

9 Safety and Health Award Recognition for Projects (SHARP) Award recognises projects or worksites that have good safety and health performance and workplace safety and health management systems.

10 RoSPA (The Royal Society for the Prevention of Accidents, UK) Award recognises organisations with strong and ongoing commitment to raising health and safety standards.

* GRI 102-40, 102-42, 102-43, 102-44
Human Capital

Human Rights

CapitaLand has an integrated human capital strategy to recruit, develop and motivate employees. KPIs, both for the business as well as for people development, are in place to ensure that employees’ performance goals are aligned with the Group’s business objectives. Employees are provided with appropriate development opportunities to perform well in their job.

CapitaLand was voted winner for the Property and Real Estate Sector, Randstad Award 2016. The Randstad Awards\textsuperscript{11} are based on the results of the largest employment survey of employer branding research in 25 countries globally.

Anti-child Labour and Anti-forced Labour

With a global workforce of more than 12,700 employees, CapitaLand is committed to being a workplace of choice for its employees.

CapitaLand upholds the spirit of international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour and discrimination in any form. To date, Singapore has ratified 20 ILO Conventions covering four key areas of employment standards: child labour, forced labour, collective bargaining, and equal remuneration. CapitaLand has aligned its policies with these four key areas in Singapore and overseas. This includes the signing of the Employers Pledge for Fair Employment Practices with The Tripartite Alliance for Fair Employment Practices (TAFEP\textsuperscript{12}) and a commitment to the five key principles of fair employment as follows:

- Recruit and select employees based on merit, such as skills, experience and ability, regardless of age, race, gender, religion or family status.
- Treat employees fairly and with respect and implement progressive human resource management systems.
- Provide employees with equal opportunities for training and development based on their strengths and needs, to help them achieve their full potential.
- Reward employees fairly based on their ability, performance, contribution and experience.
- Abide by labour laws and adopt Tripartite Guidelines which promote fair employment practices.

In 2016, there was no reported incident relating to discrimination, child labour or forced labour in CapitaLand.

Promoting Fairness and Diversity

As an international company, CapitaLand embraces diversity in various aspects including different cultures, nationalities and languages. There are more than 80 nationalities working within the Group. CapitaLand believes that regardless of ethnicity, age or gender, employees can make a significant contribution based on their talent, expertise and experience.

CapitaLand propagates a localisation strategy for its overseas operations. This ensures that the teams on the ground have a good grasp of local socio-political and cultural sensitivities to help deliver targeted business outcomes for the Group. In 2016, locals accounted for about 83% of the employees based in Singapore and 98% of employees based in China. Of these locals, 40% were holding managerial and senior management positions in Singapore and 14% in China.

CapitaLand identifies talent internally and externally to build bench strength as well as talent pipeline for leadership succession planning. CapitaLand recruits talent through a network of local and overseas universities, and also attracts young talent early through scholarship programmes such as the CapitaLand-Building and Construction Authority Singapore Scholarship. Apart from fresh graduates, CapitaLand also employs experienced and mid-career professionals as well as industry veterans. New hires represented 23% of the total headcount in 2016\textsuperscript{13}.

\textsuperscript{11} In Singapore, 5,000 employees and job-seekers between the ages of 18-65 were surveyed. These respondents were asked to identify companies they recognize and indicate if they would like to work for them. This is then followed up with an evaluation of attractiveness factors, such as salary, benefits, work atmosphere and job content, for each of the companies.

\textsuperscript{12} The Tripartite Alliance for Fair Employment Practices (TAFEP) was formed in May 2006 to promote non-discriminatory employment practices and to shift mindset among employers, employees and the general public towards fair employment practices for all workers in Singapore. Members include employer representatives, union leaders and government officials.

\textsuperscript{13} Singapore and China account for about 10% and 50% of the total number of new hires respectively.
Human Capital

CapitaLand’s vibrant, motivated and qualified workforce has given the Group a competitive edge. About 68% of CapitaLand’s global workforce is aged 30 to 50. In 2016, CapitaLand had no employee below the age of 16. About 80% of new hires in 2016 were born from 1978 onwards, commonly known as Generation-Y. Over 75% of its employees hold tertiary qualifications and above (this includes holders of diploma, and bachelor’s and master’s degree qualifications).

CapitaLand’s global workforce comprises an almost equal proportion of males and females, at a ratio of 47:53 (In Singapore, the proportion of male to female employees is 40:60; in China, the ratio is 47:53).

The company’s female employees are well represented at the middle and senior management level. For the past three years, about 50% of the managerial employees were female. In 2016, about 32% of senior management were female with three14 of them holding C-Suite appointments within the Group.

The gender pay gap is between 2-21% for male and females with no clear trend of gender gap at all levels except senior management which was at 21% variance. An analysis of comparable roles showed that CapitaLand rewards men and women fairly for similar work and that the gap reflects the lower representation of women at senior levels within the organization.

Re-employment Opportunities

The Singapore government implemented the reemployment legislation in 2012 to enable more people to work beyond the current statutory retirement age of 62, up to 65 in the first instance and subsequently, up to 67 years old. Before the legislation, CapitaLand already had a reemployment policy of extending employment to employees who have reached the mandatory retirement age but are still able and willing to continue contributing to CapitaLand. The reemployment will continue at full pay, although it is permissible by the law to reduce pay upon reemployment as more companies move away from seniority-based wage system for reemployed workers. This policy is applicable to all staff globally. In 2016, a total of 107 staff were above retirement age15.

Respect for Freedom of Association

CapitaLand is committed to maintaining harmonious labour relations. It respects all employees’ right to freedom of association and the right to be members of trade unions. In Singapore, CapitaLand is guided by the Industrial Relations Act that allows representation of staff by trade unions for collective bargaining, thus providing them with an avenue to seek redress for any industrial disputes. CapitaLand and the union enjoy a cordial working relationship, promoting positive working conditions and improving productivity for the mutual benefit of employees and the company. Currently, 40% of the bargainable workforce and junior executives in Singapore are union members. Globally, 12% of its workforce is covered by collective agreements*. During the year, the union did not express any concerns on employee health and safety issues as the OHS management system is externally audited.

Talent Management

CapitaLand seeks innovative, dynamic and talented employees to take the company into its next phase of growth. It also adopts a multi-pronged approach to manpower planning, i.e. developing internal talent and hiring young talent, mid-career and industry veterans. CapitaLand continuously builds its management bench strength through the identification of high potential talent as part of the regular succession planning process. Talent management decisions are driven by a set of organisational core competencies as well as position-specific competencies. CapitaLand’s performance management and talent development programmes provide developmental opportunities to nurture employees’ capability and personal traits, underpinned by its core values, through formal classroom trainings, on-the-job exposure, job rotation and mentoring/coaching.

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* GRI 102-41


15 This is based on the retirement age in the respective country.
Human Capital

The Board’s Executive Resource and Compensation Committee (ERCC) regularly reviews the succession plans for the key positions in the company including President & Group CEO and other key management personnel in CapitaLand.

On an annual basis, CapitaLand identifies and reviews suitably qualified candidates from both within and outside of the Group who could be considered for key positions when the need arises in the immediate, medium, or longer term.

Positive Work Environment

CapitaLand recognises that a positive work environment is essential to attract, motivate and retain talent. A total well-being programme has been put in place to promote personal development, health and work-life harmony. Initiatives include a flexible medical and benefits plan, flexible work arrangements, employee engagement initiatives and subsidised rates for employees staying at Ascott’s serviced residences. Part-time employees are entitled to the same benefits on a pro-rata basis. CapitaLand advocates a pay-for-performance philosophy to drive ownership of collective goals, leading to a high performance culture which creates long-term shareholder value. Its robust performance management system ensures that all employees receive regular performance and career development reviews.

In 2016, 435 eligible female employees went on maternity leave and 322 returned to work. CapitaLand also provides paid paternity leave to all male employees in Singapore and countries where practicable. 163 eligible male employees took paternity leave. In Singapore, the Central Provident Fund (CPF) is a comprehensive social security savings plan introduced by the Singapore government to enforce savings by salaried workers to help CPF members work towards a secure retirement. Under the CPF scheme, CapitaLand and its employees make monthly contributions to the employees’ CPF account in accordance with the prevailing regulations.

Apart from complying with Singapore’s statutory requirements on making monthly contributions to employees’ CPF accounts, the Group also adheres to the respective social security contribution or pension plan obligations of the countries it operates in.

Fair Remuneration

All staff sign employment contracts with clear terms and conditions and their progress are subject to a formal annual performance assessment.

To ensure that CapitaLand remains competitive and continues to attract and retain the right talent, the Group engages external consultants to benchmark the company’s compensation packages against different markets. All regular full-time employees undergo an annual performance review where there is an open discussion on the employee’s performance, areas for improvement, developmental needs and career planning.

The Group rewards and motivates employees with comprehensive and competitive compensation and benefits programmes. CapitaLand’s compensation packages, which include short-term cash bonuses and long-term equity-based reward plans, are benchmarked against different geographical markets and industries to ensure competitiveness. The performance based Restricted Share Plan (RSP) is an attractive long-term incentive offered to employees of managerial grades to provide them with a personal stake in the Group, contingent on achieving performance targets. This better aligns employee and shareholder interests to deliver business results. For non-managerial grade employees, an equivalent Restricted Cash Plan (RCP) gives equivalent cash awards when business targets are met. The incentive pool is funded by the Group’s profitability and economic value added (EVA) performance, to award employees based on their job responsibilities and individual work performance.

Regular benchmarking against different geographical markets and industries, as well as innovation in compensation strategies ensures CapitaLand remains competitive and continues to attract and retain talent.

The remuneration of key management executives is also tied to a set of key performance indicators including their efforts in building the management bench strength and in the development of talent.
Human Capital

CapitaLand monitors the movement of its workforce closely and its staff turnover\(^\text{16}\) was 13.8%. In 2016, the turnover was 12.4% in Singapore which was better than the national average of 21.6%\(^\text{17}\). The turnover was 14.5% in China, which was better than the national average of 18.6%\(^\text{18}\).

Almost 43% of employees globally have been with the Group for five years or longer. The company also interviews resigning employees as part of its continuing efforts to improve its retention policies and initiatives.

Job Security

CapitaLand is committed to providing meaningful jobs for its employees. This is in line with the Tripartite Guidelines on Managing Excess Manpower issued by the Singapore Ministry of Manpower (MOM) together with its tripartite partners, Singapore National Employers Federation (SNEF) and the National Trades Union Congress (NTUC).

These guidelines also suggest various arrangements such as providing company retraining programmes for workers, redeployment of workers to alternative areas of work, implementing, flexible work arrangements, and managing wage costs through a flexible wage system.

In 2016, other than the centralisation of certain functions there was no major reorganisation in CapitaLand. There were no layoffs arising from these changes.

In the event of termination or employee resignation, there is a minimum notice period of one to three months that needs to be fulfilled, depending on the employee’s job grade. Due to operational requirements, senior management employees are required to serve a notice period of three to six months.

Learning and Development

Employees are provided with appropriate training to be better equipped to contribute at optimal levels, and contribute effectively to Group’s performance. At least 95% of employees are required to attend at least one learning event per year and each employee is required to achieve an average of at least 40 hours of learning and development for continuous upskilling and improvement.

CapitaLand commits up to 3% of its annual wage bill towards initiatives for employees’ learning and development. This includes personal development courses and certified training programmes to equip employees with the necessary skills for better performance. Employees are granted paid examination leave for their studies. Full-time employees are allowed up to 10 days of examination leave per calendar year.

In 2016, about 89% of the workforce attended at least one learning event\(^\text{19}\), and the average number of training hours completed by each employee for the year was more than 54 hours, well above the recommended industry guide of 40 hours per annum.

In anticipation of the technological change and its impact on the skillsets of its employees, CapitaLand organised a series of fireside chats providing an informal learning platform where industry experts are invited to share insights on topics and trends related to our business, especially developments in the global tech scene. By organising these casual discussions, the company hopes to inculcate a spirit of lifelong learning and help equip employees with the knowhow to navigate a constantly changing world with topics ranging from mobile payments, change management, digital realities to the office of the future. Staff located outside of the venue could join the session via private streaming.

Other training organized by the CapitaLand training arm included analytics, change management and diversity related training. Over 960 employees invested over 3,600 hours attending these sessions in 2016.

\(^{16}\) This refers to voluntary turnover and does not include figures attributable to internal transfers from one entity to another entity, non-renewal of contracts, etc.

\(^{17}\) Data by Ministry of Manpower, Singapore.

\(^{18}\) Data by a human capital and management company.

\(^{19}\) The number includes 3rd party staff at CapitaLand properties.
Human Capital

Global Employee by Nationality

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>14,000</td>
<td>14,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Singapore</td>
<td>10,500</td>
<td>10,500</td>
<td>10,500</td>
</tr>
<tr>
<td>Malaysia</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>France</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Thailand</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Global Employee by Educational Qualifications

<table>
<thead>
<tr>
<th>Qualification</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master’s Degree/Post Graduate</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Diploma/GCE A Level</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>GCE O Level/Industrial</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Others</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Global Employee by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Female</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Global Employee by Age and Gender Profile

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 Years</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>30 – 50 Years</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>&gt;50 Years</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Global Employee by Gender Pay Gap

Note: 1 to 4 are job grades (where 1 is the most senior). The band on the right indicates males are paid higher, while the band on the left indicates females are paid higher.

Global Employee: New Hires by Gender and Age (2016)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age Group</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>&lt;30 Years</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Female</td>
<td>&lt;30 Years</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Global Employee: Voluntary Turnover Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>&lt;30 Years</th>
<th>30 – 50 Years</th>
<th>&gt;50 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>16%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>2015</td>
<td>14%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>2016</td>
<td>12%</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Voluntary Turnover by Gender and Age (2016)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age Group</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>&lt;30 Years</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Female</td>
<td>&lt;30 Years</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Note: This comparison is for base salary which excludes payments such as allowances, CPF (Singapore), overtime pay and bonus.
Human Capital

Staff Engagement*

CapitaLand actively engages its employees through various avenues, including regular communication sessions held by senior management for effective flow of information and alignment of business goals and objectives across all levels of workforce.

Quarterly staff communication sessions by the President & Group CEO allow the Group’s senior management team to communicate and interact with staff. These sessions are webcast live to CapitaLand offices in Singapore and overseas. During these staff communication sessions, information on the Group’s results and key business focus are shared with employees. These sessions include a question and answer session, where employees can pose and vote on questions via an online platform, via email, or in person.

CapitaLand practises 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 Group. This includes harassment, grievance handling and whistle blowing policies applicable to all employees. Staff members can also raise their concerns to a higher level of management or the Human Resource Department.

Information such as employment terms, benefits and practices, Ethics and Code of Business Conduct is made available to all employees through CapitaLand’s intranet portal iHub.

Since the 2015 global Employee Engagement Survey\(^2\), 169 focus group meetings were organised across 18 countries and various follow up actions were taken.

Innovation

CapitaLand encourages a collaborative, innovative and entrepreneurial culture within the company. It created platforms for staff to make suggestions and organised training programmes to encourage employees to think differently and to be innovative.

In 2016, CapitaLand organised regular evening sharing sessions featuring speakers from within the company, as well as industry experts, to share their experiences on game changing trends and innovation. These were attended by over 560 staff who invested over 3,000 training hours.

CapitaLand organised the CapitaLand & CNN Future Cities: Asia Forum which brought together a panel of change-makers from the government, real estate and technology sectors to discuss what it takes to be the builder of future cities and the catalysts for change as Asia’s bustling metropolises evolve into smart cities. During the event, CapitaLand launched its fully automated artificial intelligence (AI) chatbot on its CapitaStar digital platform.

As sustainability is integral to CapitaLand’s business, it conducted a competition to encourage and identify outstanding EHS Innovations within the Group which contribute to the environment and its business. In 2016, six EHS Innovation Awards were given out.

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* GRI 102-40, 102-43, 102-44

\(^2\) In 2015, 93% of the Group’s staff in over 20 countries participated in the Group’s third Employee Engagement Survey (EES). Employee engagement score increased from 80 points in 2012 to 87 points in 2015 which exceeded the global real estate, property and asset management norm. An independent consultancy firm was appointed to administer the survey and to ensure confidentiality in soliciting honest responses from the staff.
Social and Relationship Capital

CapitaLand’s social and relationship capital can be built up through community investments. In the longer term, this strengthens CapitaLand’s social licence to operate and ability to deliver sustainable value.

Stakeholders are groups that our business has a significant impact on and those with a vested interest in our operations. Our key stakeholders include employees, customers, business associates, builders and suppliers, and the local community. Other groups include regulators and key government agencies, non-governmental organisations (NGOs), representatives of the capital market and the media. They are mapped into groups based on their impact on the Company.

Through the various engagement channels, CapitaLand seeks to understand our stakeholders’ views, communicate effectively with them and respond to their concerns. Stakeholders’ issues of interest are outlined on the next page.

### Stakeholder Issues of Interest*

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<th>Issues</th>
<th>Sustainability Report</th>
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<td>• Homebuyer: welcome parties, welcome kits • Tenant: survey, green fit out guide, enrichment events such as Biz+ events • CapitaLand Inside newsletter, social media</td>
<td>• Workmanship, design • Facilities management, • Customer experience</td>
<td>Social and Relationship Capital, Environmental Capital</td>
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<tr>
<td>Investors, Analysts and Media</td>
<td>• Annual general meetings • Quarterly financial results announcements • Media releases and interviews • Annual reports, sustainability report • Company website • Regular analyst and investor meetings • Response to sustainability surveys</td>
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<tr>
<td>Employees</td>
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<td>Supply Chain – main contractors, vendors, suppliers</td>
<td>• Environmental, Health and Safety (EHS) Policy and quarterly EHS monitoring • Vendor evaluation, including events, meetings and trainings</td>
<td>• Design and quality • Occupational health and safety practices • Workers welfare and well-being • Environmental compliance</td>
<td>Human Capital, Social and Relationship Capital, Environmental Capital</td>
</tr>
<tr>
<td>Government/national agencies/Community/NGOs</td>
<td>• Senior management representation on boards of various industry bodies and sustainability related public discussions • Regulatory readiness to the Singapore Government’s commitment to manage carbon emissions • Longstanding partner of various national programmes • Public communications plan for residents within a 100 m radius of our new developments • Sustainability reports • Participation in external conferences/forums • Corporate advertisements • Consultation and sharing with academics, NGOs and business associations</td>
<td>• Sustainable building developments • Stakeholder programmes to advocate greener tenant/resident/customer behaviours • Advocating best practices</td>
<td>Social and Relationship Capital</td>
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* GRI 102-40, 102-42, 102-43, 102-44, 102-46
Social and Relationship Capital

Stakeholder Engagement

Employees
CapitaLand actively engages its employees through various avenues, including regular communication sessions held by senior management for the effective flow of information and alignment of business goals and objectives across all levels of workforce. For more details, please refer to staff engagement in the Human Capital chapter.

Customers
CapitaLand conducts regular resident satisfaction surveys in all its serviced residences and tenant surveys at its shopping malls and office buildings. The feedback obtained is reviewed and relevant follow-up actions are taken to improve serviced residents’ experience and improve service levels to tenants.

In 2016, tenant surveys were conducted through online platforms to collect feedback on indoor environment quality (IEQ) in Raffles City Shanghai and Raffles City Beijing prior to the asset enhancement initiative (AEI) with over 80% of the respondents satisfied with the IEQ. Action was taken on feedback such as thermal comfort and incoming sunlight. More details can be found in the “Greening of Existing Buildings” case study in Environmental Capital Chapter.

In 2015, CapitaLand conducted its second biennial customer satisfaction survey of its office tenants in Singapore. Customers indicated more interest in two value-adding concepts amongst a few concepts proposed in the survey. The two concepts were further developed with tenants’ needs in mind and resulted in Just Use, which was launched as a pilot project in 2016; and Collective Works Capital Tower, a joint venture between CapitaLand and Collective Works to offer coworking spaces. Just Use is an online multi-service offering that aggregates the demands of the office community, allowing them convenient access to curated goods and services as well as special bulk discounts. Coworking has been evolving and gaining popularity in Singapore. CapitaLand has formed a joint venture with Collective Works to establish a coworking space at Capital Tower.

CapitaLand’s serviced apartments subscribe to ReviewPro, a leading provider of online reputation management analytics for the hospitality sector. Its Guest Rating Score™ (GRS™) is an independent assessment of the individual properties’ quality rating based upon consumer reviews from around the internet. The GRS™ is calculated by analysing more than 100 million consumer reviews in 40 languages from more than 100 leading online travel agencies and review sites. This allows CapitaLand to benchmark and respond by making the necessary operational and service improvements to create a better customer experience for the guests.

Investors and Analysts
There is an increasing call for more transparency, stakeholder engagement and sustainability reporting. CapitaLand’s commitment to sustainability management and reporting has been affirmed by international sustainability performance benchmarks such as Dow Jones Sustainability Index and FTSE4Good.

Conveying timely, full, accurate and credible information to our shareholders, investors, analysts and the media is important to CapitaLand. This is done through announcements on SGXNET, the CapitaLand website www.capitaland.com and other communication channels. Underlying CapitaLand’s investor and analyst communications is its Shareholders’ Communications and Investor Relations (IR) policy which is available at http://investor.capitaland.com.
Social and Relationship Capital

The IR team maintains regular interaction with shareholders through the Annual General Meeting (AGM), biannual media and analyst results briefings as well as meetings and conferences with investors and analysts, roadshows and site visits. CapitaLand also organises CapitaLand Investors’ Day events for equity and debt investors.

The Group Communications team engages the media regularly through official announcements and news releases, media and analyst briefings, interviews with senior management and many networking events. The team also works very closely with the media in its efforts to profile CapitaLand’s management and corporate developments of the various business units, as well as its sustainability and corporate social responsibility initiatives. It also leverages on social media platforms such as Facebook, Instagram, Twitter, LinkedIn and YouTube to communicate key messages.

In 2016, CapitaLand met over 770 institutional investors and arranged more than 70 visits for investors to CapitaLand properties in Singapore, China and Vietnam. CapitaLand hosted a CapitaLand Investors’ Day events with over 60 investors participating. CapitaLand also held 5 non-deal roadshows in the United States, United Kingdom, Europe, China (including Hong Kong) and Thailand. For more information, please refer to CapitaLand Limited Annual Report 2016, page 55-57.

Supply Chain
CapitaLand works closely with its contractors and suppliers who are committed to high quality, environmental, health and safety standards. Contractors are only appointed for its projects upon meeting the Group’s stringent selection criteria, including environment and safety.

For building operations, CapitaLand’s contractor management guidelines require all contractors to comply with local government and other legal requirements. Preference is given to ISO 14001 and OHSAS 18001 certified companies.

CapitaLand requires main contractors appointed for its development projects to be ISO 14001 and OHSAS 18001 certified, or to engage an independent accredited assessor to conduct site EHS legal compliance audits. In line with our global commitment to human rights, CapitaLand also inserted a clause in the main contractor specifications to ensure no child labour and forced labour at the CapitaLand project sites.

For more information on the performance monitoring, please refer to supply chain segment in the Human Capital chapter.

Government Agencies and Regulators
CapitaLand participates in stakeholder consultations organised by key government agencies so as to furnish feedback on proposed regulatory changes that impact the company’s business. This allows CapitaLand to plan ahead, in view of the cost of regulatory alignment. Engaging regulators and relevant industry bodies has enabled CapitaLand to be aware of industry challenges, placing the company in a better position to leverage on existing and future opportunities for growth.

CapitaLand is committed to regulatory compliance. Procedures are in place to ensure that its activities and operations comply with existing regulatory requirements through regular monitoring, evaluation and auditing of the CapitaLand EHS management systems (for more details, please refer to Environmental Capital chapter). Some of CapitaLand’s projects also set new benchmarks in the area of sustainability and innovation through the design and use of technologies. More than S$2.5 million was invested in innovative features for three of its projects.

Community/NGOs
CapitaLand is a signatory to the United Nations Global Compact and a Gold member of the Global Compact Network Singapore. It is also a founding member of the Singapore Green Building Council.

* GRI 102-40, 102-42, 102-43, 102-44
Community Development Investment and Value

Community development is a key focus of CapitaLand’s sustainability strategy. This has built strong social capital and goodwill for CapitaLand in the communities it operates in. It supports various stakeholder engagement activities which include environmental sustainability, health and safety, social integration as well as helping underprivileged children.

Helping Underprivileged Children

CapitaLand recognises that the long-term success of the company is closely intertwined with the health and prosperity of the communities in which it operates. CapitaLand Hope Foundation (CHF), CapitaLand’s philanthropic arm, was established in 2005. A registered charity in Singapore, CHF believes in investing in the fundamental needs of education, healthcare and shelter of underprivileged children to relieve them of hardship and help them to eventually break the poverty cycle. Every year, CapitaLand allocates up to 0.5% of its net profit to CHF and supports its day-to-day operations with staff from the various functional departments within the company.

In 2016, CapitaLand invested more than S$2.4 million through CHF to benefit underprivileged children and over S$0.5 million in other community development initiatives.

To measure the impact of CapitaLand’s community development investments in sustained programmes, it referenced the impact of the CapitaLand Kids’ Food Fund based on the London Benchmark Group (LBG)1 model for impact assessment.

CapitaLand Kids’ Food Fund, Singapore

This programme aims to improve food security and nutrition for underprivileged children. In 2016, it was further extended to children undergoing medical treatment for specific conditions at the paediatric ward of National University Hospital (NUH) through the establishment of CapitaLand-NUHkids Nutrition Fund. This was important as Associate Professor Marion Aw, Senior Consultant, NUH, Paediatric Feeding and Nutrition Clinic shared that children with chronic illnesses were at risk of stunted physical growth and delays in their cognitive development because of their medical condition.

With the donation of S$50,000 from CHF, the Fund aimed to improve the nutrition of paediatric patients from financially challenged background. 32 beneficiaries were supported through the Fund, 12 more than the original 20 beneficiaries targeted. About 63% of the beneficiaries have seen an improvement in weight since being supported under the programme; out of which, 80% met the optimal weight gain, as advised by NUH.

10 month old beneficiary Johnny (not his real name) suffered from a congenital heart condition and was hospitalised for five months in NUH neonatal intensive care. His medical condition affected his growth, stagnating his weight and he was below the 3rd percentile for growth based on his age. Unable to feed orally and requiring the use of a feeding pump 24 hours a day for his nutrition, the CapitaLand-NUHkids Nutrition Fund paid for the cost of the feeding pump, bags and Johnny’s nutritional feeds and Johnny met the optimal weight gain of 26 grams/day within three months. Johnny is currently able to feed normally and continues to gain weight. He will continue to receive help till July 2017 and will be seen by the dietitian until his weight exceeds the 3rd percentile.

Three year old Kate (not her real name) was diagnosed with kidney failure at birth and unable to feed orally, requiring a feeding tube to meet her nutrition needs. Her elderly grandfather was paying for Kate’s costs of medical treatment and he also had to support a family of 10 along with his son. The Fund helped pay for the costs of the feeding pump, bags, tubes and nutritional therapy. Even though she still required nutritional therapy, Kate’s condition improved tremendously and she exceeded the optimal weight gain of 8.7 grams/day over the four-month funding period. She will be funded till May 2017, and have her routine medical check-ups with her doctor. (SDG 1, 2)

1 The LBG model is an internationally-recognised framework that enables corporations to measure their overall contribution to the community, taking into account cash, time and in-kind donations, as well as management costs.
Social and Relationship Capital

Other Key Programmes

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<th>Impact</th>
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<tr>
<td><strong>CapitaLand Hope Schools</strong>&lt;br&gt;New school facilities funded by CHF create a more conducive learning environment, while staying in dormitories allow the children to focus on their studies and foster character development. CapitaLand Nang Yen Primary Hope School located in Phu Tho Province, one of the most impoverished provinces in Vietnam. The original school was built in 1975 with makeshift classrooms made from clay and leaves. In 2011, CHF donated VND2.2 billion (about S$140,000) to fund the construction of new school buildings and facilities, including a two-storey block with 10 classrooms, a library-cum-reading room, and upgraded equipment for outdoor activities for close to 200 pupils from surrounding villages with education from Grade 1 to 5, equivalent to that offered by primary schools in Singapore. CapitaLand staff based in Vietnam regularly visited the school to better understand the needs of the students and the community. In 2016, over 50 CapitaLand staff volunteers and senior management embarked on a five-day volunteer expedition and helped build more toilets and sheltered walkways to cater to the growing pupil population, cemented damaged walls, and refurbished the library with more shelves, which were filled with books gathered from the local community through a book donation drive organised by CapitaLand staff in Vietnam. A series of educational activities, including sports sessions, art and craft workshops, and CapitaLand's signature Little Architect Programme, were also organised for the pupils. From the post-volunteer survey conducted in March 2016, 100% of the staff volunteers had expressed appreciation for the spirit of community development at CapitaLand and will continue to embrace this corporate culture. In recognition of staff's social contribution as volunteers, CHF donates S$500 to an approved Institution of a Public Character (IPC) in Singapore or International Non-Profit Organisation or RMB1,000 to a China-based children's charity of the staff’s choice when he/she has taken all three days of VSL within the year. In 2016, 147 staff qualified for this donation incentive and about S$60,000 will be pledged for donation by CHF in 2017. For more information, please watch this video of the 2016 volunteer expedition at <a href="https://www.youtube.com/watch?v=r_P2Ksvpodc&amp;feature=youtu.be">https://www.youtube.com/watch?v=r_P2Ksvpodc&amp;feature=youtu.be</a></td>
<td>&lt;br&gt;CapitaLand Nang Yen Primary Hope School was the first Hope School funded by CHF in Vietnam. In 2016, 30 underprivileged children with physical disabilities from Sichuan and Shaanxi provinces received treatment as part of a continual partnership with China Foundation for Poverty Alleviation and China Association of Persons with Physical Disabilities. To date, a total of 160 children with physical disabilities have benefitted from CHF’s support and now have improved mobility.</td>
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</table>

**Advocating Staff Volunteerism**

CapitaLand is a strong advocate of volunteerism and was one of the first companies to formalise three days of Volunteer Service Leave (VSL) for its staff. In 2016, over 2,100 staff in CapitaLand properties tapped on this VSL policy to volunteer more than 16,000 hours in volunteer activities in Asia and beyond. In addition, staff also volunteered after office hours as CapitaLand encourages its staff to volunteer in their own time – over 210 staff continued to volunteer in CapitaLand initiatives during their personal/own time for more than 3,500 hours. The estimated salary cost to CapitaLand in 2016 based on VSL taken was over S$200,000. In recognition of staff’s social contribution as volunteers, CHF donates S$500 to an approved Institution of a Public Character (IPC) in Singapore or International Non-Profit Organisation or RMB1,000 to a China-based children’s charity of the staff’s choice when he/she has taken all three days of VSL within the year. In 2016, 147 staff qualified for this donation incentive and about S$60,000 will be pledged for donation by CHF in 2017. Based on some post-volunteer surveys, more than 87% of staff volunteers feel proud working in CapitaLand, and enjoy working in a company with a positive and vibrant corporate culture. For more information on CHF, please visit www.capitalandhopefoundation.com.

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2 The donation must be used to support programmes that align with CHF’s objective of helping underprivileged children aged 16 years and below in the areas of education, healthcare and shelter in communities where CapitaLand operates.

3 The Group calculated its VSL based on leave taken during office hours. Data from previous years have been revised to ensure consistency in year on year comparison. *GRI 102-48
Social and Relationship Capital

Social Integration of CapitaLand Properties

CapitaLand is committed to building safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence guests, homeowners and members of the community. Its social integration criteria include:

- Ensuring accessibility in the built environment to people of different age groups and varying mobility;
- Connectivity to public transport, roads, amenities and between buildings; and
- Providing community spaces as public gathering points.

These criteria are integrated into the CapitaLand’s Sustainable Building Guidelines to ensure that they are considered from the start of the project development process. Universal Design (UD) considerations ensure that public spaces in CapitaLand projects are accessible to users of different age groups and varying abilities. These include:

- Seamless connectivity to the external surroundings, e.g. bus-stops, adjacent buildings, streets and sidewalks;
- Barrier-free access from accessible parking lots/family lots to lift lobbies;
- Sheltered and barrier-free drop-off areas;
- Accessible (handicapped) parking lots, family lots;
- Designated pedestrian lanes in carparks; and
- Amenities such as accessible toilets, lifts and nursing rooms.

CapitaLand champions the UD concept in Singapore. In 2016, CapitaLand obtained four Universal Design Awards from Singapore’s Building and Construction Authority (BCA).

The Group’s overseas developments are to comply with local UD / barrier-free codes and guidelines, and are encouraged to adopt BCA’s UD Guide in the absence of local codes and guidelines.

More than 70%4 of CapitaLand’s completed and operational properties worldwide met all criteria for social integration.

More than 95% of CapitaLand’s properties worldwide have at least one disability access enabled facility. These facilities include accessible alighting and boarding bays, lifts, parking lots and public toilets. Its shopping malls in Singapore and Japan are guide-dog friendly.

Over 90% of CapitaLand’s properties worldwide are conveniently located in close proximity to transport hubs such as bus-stops and train/subway stations. This allows easy access to the surrounding communities and facilities. Free shuttle bus services are also available at some of its shopping malls. Bicycle parking facilities are also provided at many of its properties. All CapitaLand integrated developments are well integrated with public transport facilities.

Close to 90% of CapitaLand’s shopping malls, office buildings and integrated developments have atrium event spaces and/or children play areas. These provide communal spaces to promote community engagement. Family or nursing rooms are a common feature at CapitaLand’s shopping malls.

Almost all CapitaLand residential projects have disability access enabled facilities, including accessible alighting and boarding bays, lifts, parking lots and public toilets.

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4 By floor area of CapitaLand owned and managed properties.
Social and Relationship Capital

CapitaGreen – Universal Design Mark Platinum

CapitaGreen is a 40-storey premium Grade A and sustainable office tower located in Singapore’s Central Business District. CapitaGreen incorporates seamless design within the building to help the hearing-, visually- and mobility-impaired move more easily within the building. The height of the concierge counter is lower to cater to wheelchair users, and a Hearing Induction Loop System facilitates clearer conversations with customers with hearing aids. Lift doors are programmed to remain open longer for the benefit of mobility-impaired visitors. Other features include barrier-free access to and within the building and a lift to help mobility-impaired visitors access the pedestrian underpass, with English Braille / tactile indicators at the start and end of the stairway leading to the underpass. CapitaGreen also includes family-friendly features such as nursing rooms and changing stations in men’s and women’s washrooms, as well as elder-friendly facilities such as grab bars in relevant areas.

Raising Public Awareness And Community Outreach

CapitaLand organised activities aligned with its focus on community investment, raising awareness and stakeholder engagement in the area of philanthropy, environment, health and safety. The social capital generated in these focus areas supports CapitaLand’s business and sustained growth.

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<tr>
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<tr>
<td>“Building for Tomorrow. Walk for Hope” Experiential Charity Event</td>
<td>CHF donated RMB1,000,000 to improve educational and healthcare rehabilitation services to hearing-impaired children in Beijing, Shanghai, Guangzhou, Wuhan and Chengdu. CapitaLand organised its second “Building for Tomorrow. Walk for Hope” experiential charity event in these five Chinese cities on 16 January 2016 to raise awareness of the needs of hearing impaired children. Close to 3,500 participants comprising CapitaLand’s senior management and staff, community volunteers including members of the public, business associates, local government officials and celebrities, undertook so called ‘hardship challenges’ in the 6-8 kilometres walk. Participants were given headsets to listen to simulated noise recordings during the walk and participated in listening games where they had to pick out words and phrases amidst the sound interference so that they could empathize the daily challenges faced by the hearing-impaired children. For more information, please visit <a href="http://inside.capitaland.com/advocate/change-makers/201604-stepping-up-stepping-forward">http://inside.capitaland.com/advocate/change-makers/201604-stepping-up-stepping-forward</a>.</td>
</tr>
<tr>
<td>CapitaLand Earth Hour Campaign. It was the ninth year that CapitaLand participated in the annual global sustainability movement to raise awareness on climate change and encourage individual action.</td>
<td>More than 280 CapitaLand’s properties across Asia and Europe participated in the WWF Earth Hour initiative by turning off the façade and non-essential lights through the night on 19 March 2016 and organised activities with key messages on saving energy and water, taking public transport and recycling, beach cleanup, tree planting to engage tenants, shoppers, residents and public.</td>
</tr>
<tr>
<td>Venue sponsorship for health events at CapitaLand properties</td>
<td>CapitaLand malls and office buildings in CapitaLand Mall Trust and CapitaLand Commercial Trust.</td>
</tr>
<tr>
<td>Biz+ Series 2016, a tenant engagement programme comprising seminars, workshops and networking sessions, was themed on “Bridging the Online-to-Offline (O2O) Gap in Retail”</td>
<td>Three seminars were held centred on this theme to help retailers be aware of and identify growth opportunities in the evolving consumer retail landscape. Industry experts in new mobile payment modes and digital marketing tactics were invited to share insights on how retailers can engage customers from the online to the offline space. A CEO breakfast roundtable session titled ‘Upsize: Millennial Customers’ was organised in September 2016 where leaders of various retail brands came together for a lively discussion on ways to adapt to the millennials to secure their business and loyalty as they become the upcoming influential group of consumers in the next 15 years.</td>
</tr>
</tbody>
</table>
## Social and Relationship Capital

### Framework – Corporate Giving And Volunteerism

| Credo and Mission | Building People. Building Communities  
To invest in the communities in which CapitaLand operates through its philanthropic arm, CapitaLand Hope Foundation (CHF), to promote social growth and development of underprivileged children, with respect to their education, healthcare and shelter needs. |
| Policies | Corporate Philanthropy  
- Underprivileged Children (up to 16 years old)  
Areas of Focus  
- Education, Healthcare and Shelter  
Employee Volunteerism  
- Volunteer Service Leave (paid): three days per year  
Geography  
- Communities where CapitaLand operates |
| Corporate Governance | Governing Authority  
- Established CHF as a corporate foundation governed under the Singapore Charities Act  
- Conferred Grant Maker Status under the Double Tax Deduction scheme  
- Engagement with the Inland Revenue Authority of Singapore and Singapore’s Ministry of Culture, Community and Youth to ensure legal compliance  
- Submission of Annual Report to the Commissioner of Charities, Singapore  
Board of Directors  
- Chaired by Mr S R Nathan, former President of the Republic of Singapore⁵  
- Two non-executive independent directors, one non-executive, non-independent director and one executive non-independent director  
Internal/External Audit  
- Thorough audit of financial accounts and statements for submission to the Commissioner of Charities, Singapore.  
Volunteer Service Administrative System  
- Built-in Volunteer Service Leave and Volunteer Service (non-workday) modules into the online HR leave application system  
- Track both workdays and non-workdays volunteer activities |
| Strategic Goals | • Invest in fundamental needs i.e. education, healthcare and shelter of underprivileged children; to relieve them of hardship and eventually break the poverty cycle  
• Focus on communities where CapitaLand operates as the long-term success of CapitaLand’s business is closely intertwined with the health and prosperity of these communities  
• Go beyond donations and be actively involved in projects that will have positive impact on both the community and its business |
| Action Plan | Alignment with Business Goals and Stakeholders’ Interest  
- Source of funding for CHF: up to 0.5% of CapitaLand’s annual net profit  
- Align community investment with business and interests of stakeholders e.g. shareholders, consumers, employees and the community  
- CapitaLand’s corporate governance including internal policies, procedures and codes of business conduct (e.g. anti-corruption and whistle blowing policy)  
Employee Volunteerism  
- Advocate volunteerism to embody the true spirit of community investment in CapitaLand  
- Employee involvement can lead to improved teambuilding, better working relationships and enhanced internal brand value  
- Support volunteer efforts with a donation to a children’s charity of the employee’s choice if all three days of Volunteer Service Leave are taken  
Progress Management  
- CHF’s work is well supported by the various departments in the company and linked to effective management systems  
- Set meaningful targets and key performance indicators when planning community investment initiatives. In addition to measuring input, e.g. donation amount, CHF will also look into output and outcome, e.g. time invested by staff and impact of donations, referencing LBG model where appropriate.  
- Collaborate with credible, experienced and established organisations to build programmes that will have long-term sustainable impact on the beneficiaries  
Brand Building  
- Building brand, reputation and trust among its stakeholders will help CapitaLand garner wider support, which is crucial in maintaining sustainable operations for CHF |
| Impact | • Improved academic results, health and behavioural performance of beneficiaries  
• Staff volunteers feel proud and enjoy working in the company with a positive and vibrant corporate culture |

⁵ Mr S R Nathan passed away on 22 August 2016. He was one of the two non-executive independent directors.
# Material Topics & Boundaries

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<td>CL, contractors</td>
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<td>Local Communities</td>
<td>CL, communities</td>
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<td>Organisation’s supply chain</td>
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<td>Significant changes during the reporting period</td>
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<td>102-11</td>
<td>Report whether and how the precautionary approach or principle is addressed by the organisation</td>
<td>Introduction (pg 9) Environmental Capital (pg 20-26)</td>
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<td>102-12</td>
<td>List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes</td>
<td>Introduction (pg 3) Organisational Capital (pg 14) Human Capital (pg 40) Social and Relationship Capital (pg 48)</td>
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<td>102-13</td>
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<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>President and Group CEO’s Message (pg 11-12) AR (pg 8-11)</td>
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<td>102-15</td>
<td>Description of key impacts, risks, and opportunities</td>
<td>Introduction (pg 9-10) Organisational Capital (pg 18-19) Environmental Capital (pg 20) Human Capital (pg 34) Social and Relationship Capital (46-48) AR (24-54)</td>
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<td>102-16</td>
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<td>Introduction (pg 6) AR (14-51, 63-64)</td>
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<td>102-40</td>
<td>List of stakeholder groups</td>
<td>Environmental Capital (pg 20) Human Capital (pg 37-39, 45) Social and Relationship Capital (pg 46-48)</td>
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¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2016.
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<td>List of material topics</td>
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<td>102-48</td>
<td>Effect of any restatements of information provided in previous reports</td>
<td>There are some minor restatements of 2014 and 2015 total CO₂ emissions and energy usage. Environmental Capital (pg 29) Revision of total volunteer service hours in 2014 and 2015 for consistency in year on year comparison. Social and Relationship Capital (pg 50)</td>
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<td>102-49</td>
<td>Significant changes from previous reports in the material topics and boundaries</td>
<td>There are no significant changes from previous reports.</td>
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<td>FY 1 January to 31 December 2016 Introduction (pg 3)</td>
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<td>Financial Capital (pg 13) AR (pg 4, 66-72)</td>
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<td>201-2</td>
<td>Financial implications, risks and opportunities due to climate change</td>
<td>Introduction (pg 9) Environment (pg 20-21, 25-26)</td>
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<td><strong>Market Presence</strong></td>
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<td>Risk assessment for corruption</td>
<td>Organisational Capital (pg 15-18)</td>
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<td>Communication and training on anti-corruption policies and procedures</td>
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<td>205-3</td>
<td>Incidents and action taken</td>
<td>Organisational Capital (pg 17)</td>
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<td><strong>Environment</strong></td>
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<tr>
<td>301-1</td>
<td>Materials used by weight or volume</td>
<td>Disclosure is not directly applicable as building materials are purchased by builders (main contractors). Weight of 10 materials was collated for computation of embodied carbon. Please see company approach on how it encourages the use of recycled and/or sustainable building materials on page 26 and 33.</td>
<td>✓</td>
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<td>Energy consumption within the organisation</td>
<td>Environmental Capital (pg 29, 30-31)</td>
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<td>302-2</td>
<td>Energy consumption outside of the organisation</td>
<td>Environmental Capital (pg 30)</td>
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<td>302-3</td>
<td>Energy intensity</td>
<td>Environmental Capital (pg 29, 30)</td>
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<td>302-4</td>
<td>Reduction of energy consumption</td>
<td>Environmental Capital (pg 22, 27, 30-31)</td>
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<td>302-5</td>
<td>Reductions in energy requirements of products and services</td>
<td>Environmental Capital (pg 22, 27)</td>
<td>✓</td>
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<td>303-1</td>
<td>Total water consumption</td>
<td>Environmental Capital (pg 29, 31)</td>
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<td>303-2</td>
<td>Water sources significantly affected</td>
<td>None during the reporting period Environmental Capital (pg 25, 31)</td>
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<td>303-3</td>
<td>Water recycled and reused</td>
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<td><strong>Biodiversity</strong></td>
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<td>304-1</td>
<td>Operational sites in or adjacent to protected areas or areas of high biodiversity value</td>
<td>None during the reporting period. Environmental Capital (pg 25)</td>
<td>✓</td>
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<td>304-2</td>
<td>Significant impact on biodiversity</td>
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<td>✓</td>
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<tr>
<td>304-4</td>
<td>IUCN Red List species and national conservation list species affected</td>
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<td><strong>Emissions</strong></td>
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<td>Direct (Scope 1) greenhouse gas (GHG) emissions</td>
<td>Environmental Capital (pg 28-29)</td>
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<td>305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
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<td>305-3</td>
<td>Other indirect (Scope 3) GHG emissions</td>
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<td>305-4</td>
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<td>305-5</td>
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<td>306-1</td>
<td>Water discharge by quality and destination</td>
<td>Wastewater is discharged into the public sewerage system or sewage treatment plant.</td>
<td>✓</td>
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<tr>
<td>306-2</td>
<td>Waste management</td>
<td>Environmental Capital (pg 32-33)</td>
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<td>306-3</td>
<td>Significant spills</td>
<td>None during the reporting period.</td>
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<td>306-4</td>
<td>Transport of hazardous waste</td>
<td>Disclosure is not applicable as the Company does not transport, import, export or treat hazardous waste.</td>
<td>✓</td>
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<tr>
<td>306-5</td>
<td>Discharge and runoffs affecting protected water bodies</td>
<td>None during the reporting period. Waste water is discharged into the public sewerage system or sewage treatment plant.</td>
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<td>Non-compliance with environmental laws and regulations</td>
<td>One environmental non-compliance during the reporting period.</td>
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<td>New suppliers screened using environmental criteria</td>
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<td>401-1</td>
<td>New hires and employee turnover</td>
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<td>Parental leave</td>
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<td>Notice period regarding operational changes</td>
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<td>403-1</td>
<td>Staff represented in OHS committee</td>
<td>Human Capital (pg 34-37)</td>
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<td>404-2</td>
<td>Employee skills upgrade and transition assistance programmes</td>
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<td>405-2</td>
<td>Ratio of basic salary and remuneration of women to men</td>
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<td>406-1</td>
<td>Incidents of discrimination and corrective action taken</td>
<td>Human Capital (pg 40)</td>
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<td>Operations and suppliers at significant risk for incidents of child labour and measures taken to the effective abolition of child labour</td>
<td>Human Capital (pg 40) Social and Relationship Capital (pg 48)</td>
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<td>409-1</td>
<td>Operations and suppliers at significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it</td>
<td>Human Capital (pg 40) Social and Relationship Capital (pg 48)</td>
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<td>412-1</td>
<td>Operations subjected to human rights reviews</td>
<td>Human Capital (pg 34-37, 40, 41) Social and Relationship Capital (pg 48)</td>
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<td>413-1</td>
<td>Operations with local community engagement, impact assessments, and development programmes</td>
<td>Environmental Capital (pg 25) Social and Relationship Capital (pg 46-53)</td>
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<td>414-1</td>
<td>Suppliers screened using social criteria</td>
<td>Human Capital (pg 36, 38)</td>
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<td>415-1</td>
<td>Political contributions</td>
<td>Organisational Capital (pg 17)</td>
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<td>416-1</td>
<td>Health and safety impacts assessment of products and services</td>
<td>Human Capital (pg 34, 38) Social and Relationship Capital (pg 51-52)</td>
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<td>416-2</td>
<td>Incidents of non-compliance</td>
<td>One non-compliance with local OHS laws and regulations relating to a fire exit door.</td>
<td>✓</td>
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<td>417-3</td>
<td>Incidents of non-compliance concerning marketing communications</td>
<td>No instances of non-compliance with regulations and voluntary codes concerning product and service information and labeling during the reporting period.</td>
<td>✓</td>
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<td>418-1</td>
<td>Substantiated complaints regarding breaches of customer privacy and losses of customer data</td>
<td>No instances on breaches of customer privacy and loss of customer data during the reporting period.</td>
<td>✓</td>
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<td>419-1</td>
<td>Non-compliance with laws and regulations in the social and economic area</td>
<td>Some of the main contractors had a total of six stop orders and five fines totalling of S$50,000. Lessons learnt, if any, were shared across the business units.</td>
<td>✓</td>
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¹ This report may contain forward-looking statements. Forward-looking statement is subject to inherent uncertainties and is based on numerous assumptions. Actual performance, outcomes and results may differ materially from those expressed in forward-looking statements. Representative examples of factors which may cause the actual performance, outcomes and results to differ materially from those in the forward-statements include (without limitation) changes in general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate investment opportunities, competition from other companies, shifts in customers’ demands, changes in operating conditions, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management of future events.
10 Principles of the UN Global Compact

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<td>Principle 1</td>
<td>Businesses should support and respect the protection of internationally proclaimed human rights</td>
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<td>Principle 2</td>
<td>Make sure that they are not complicit in human rights abuses</td>
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<td>Labour</td>
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<td>Principle 3</td>
<td>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</td>
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<td>Elimination of all forms of forced and compulsory labour</td>
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<td>Principle 5</td>
<td>Effective abolition of child labour</td>
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<td>Environment</td>
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<td>Principle 7</td>
<td>Businesses should support a precautionary approach to environmental challenges</td>
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<td>Principle 8</td>
<td>Undertake initiatives to promote greater environmental responsibility</td>
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<td>Principle 9</td>
<td>Encourage the development and diffusion of environmentally friendly technologies</td>
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<tr>
<td>Anti-corruption</td>
<td></td>
</tr>
<tr>
<td>Principle 10</td>
<td>Businesses should work against corruption in all its forms, including extortion and bribery</td>
</tr>
</tbody>
</table>
## ISO 26000 Guidance on Social Responsibility

<table>
<thead>
<tr>
<th>Core Subjects</th>
<th>Report Page</th>
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</thead>
<tbody>
<tr>
<td>6.2 <strong>Organisational governance</strong>&lt;br&gt;The system by which an organisation makes and implements decisions to achieve its objectives.</td>
<td>Introduction (pg 4-10), Organisation Capital (pg 14-19), Social and Relationship Capital (pg 46-48), AR (pg 14-51)</td>
</tr>
<tr>
<td>6.3 <strong>Human rights</strong>&lt;br&gt;Respect for human rights including civil and political rights as well as economic, social and cultural rights.</td>
<td>Human Capital (pg 34-45)</td>
</tr>
<tr>
<td>6.4 <strong>Labour practices</strong>&lt;br&gt;Policies and practices relating to work performed within, by or on behalf of the organisation, including sub-contracted work.</td>
<td>Human Capital (pg 34-37, 40-45)</td>
</tr>
<tr>
<td>6.5 <strong>The environment</strong>&lt;br&gt;Environmental impact of an organisation’s decisions and activities, such as use of resources, generation of pollution and wastes.</td>
<td>Environmental Capital (pg 20-33)</td>
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<td>6.6 <strong>Fair operating practices</strong>&lt;br&gt;Ethical conduct in dealings with other organisations such as anti-corruption, socially responsible behaviour, fair competition and respect for property rights.</td>
<td>Organisational Capital (pg 15-17), Environmental Capital (pg 20, 22), Human Capital (pg 37-39)</td>
</tr>
<tr>
<td>6.7 <strong>Consumer issues</strong>&lt;br&gt;Responsibilities to customers including having accurate, fair and transparent marketing information and contractual processes, as well as promoting sustainable consumption and designing products that are accessible by all.</td>
<td>Organisational Capital (pg 17), Environmental Capital (pg 20, 22, 24-27, 32-33), Human Capital (pg 34-36), Social and Relationship Capital (pg 51-52)</td>
</tr>
<tr>
<td>6.8 <strong>Community involvement and development</strong>&lt;br&gt;Support for and building relationship with the community, so as to contribute to community development.</td>
<td>Human Capital (pg 34, 38, 41), Social and Relationship Capital (pg 46-53)</td>
</tr>
</tbody>
</table>
Independent Assurance Statement

To the Management and Stakeholders of CapitaLand Limited

CapitaLand Limited (CapitaLand) engaged Ere-S Pte Ltd (Ere-S) to carry out an independent assurance of CapitaLand’s Sustainability Report 2016 (the Report). The engagement took place between March and May 2017.

Scope

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period January 2016 to December 2016, with the limitations stated below. This covers the selected information provided with reference to the GRI Standards disclosures as shown in the Assurance column of the Report’s GRI Content Index. A verification on the alignment of the entire Report with the Singapore Exchange (SGX)’s new rules on sustainability reporting for listed companies was also included as part of the assurance process.

Limitations

The assurance did not cover financial data, risk management structures, technical descriptions of buildings, equipment and production processes or other information not related to sustainability or already supported by existing documents, such as previous CapitaLand Sustainability Reports, which were externally assured by Ere-S, CapitaLand’s Annual Report and third-party audits and certifications (e.g. BCA Green Mark, LEED, ISO 14001 and OHSAS 18000).

Ere-S did not check whether all elements provided in the GRI guidance (What to Report) on each indicator had been fully reported and whether CapitaLand’s approaches listed in the Sustainability Development Goals (SDGs) table were specifically aligned with the SDGs.

Type of assurance and criteria

The assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) and in line with the requirements of a Type 2 assurance of the AA1000 Assurance Standard (AA1000AS 2008).

AA1000AS consists of evaluating the company’s sustainability framework and processes using the criteria of the AA1000 AccountAbility Principles (AA1000APS 2008), namely inclusivity, materiality and responsiveness. AA1000AS also requires an evaluation of the quality of the reported sustainability performance information. For this, Ere-S employed the reporting principles of the GRI Standards (reliability, accuracy, balance, comparability, timeliness, clarity, sustainability context and completeness).

A moderate level of assurance under AA1000AS was provided for this engagement. A moderate assurance is restricted to desktop review, management-level evidence gathering and data verification.

The verification on SGX’s reporting rules was based on clauses 3 to 6 of the “SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide”, which include SGX reporting principles and the required five primary components of a report (material ESG factors, policies practices and performance, targets, sustainability reporting framework and board statement).

Responsibility and independence

This statement represents the independent opinion of Ere-S, whose responsibility was to provide the assurance, to express conclusions in relation to the agreed scope and to prepare the assurance report and this assurance statement for the management of CapitaLand alone and for no other purpose. The management of CapitaLand was responsible for the preparation of the Report and all statements and figures contained within it. Ere-S has not been involved in the development of the Report or the disclosed management processes; neither has Ere-S been engaged by CapitaLand for other projects. The activities of EreS are independent of CapitaLand and contain no financial interest in CapitaLand’s business operations.
Independent Assurance Statement

Assurance methodology

The assurance procedures and principles used for this engagement are compliant with ISAE 3000 and were drawn from a methodology developed by Ere-S, which consists of the following steps:

1. Identify statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.

2. Carry out interviews with key functional managers and data owners at CapitaLand’s corporate office in Singapore. Data verification included the following:
   - Enquiring about the quantitative and qualitative aspects of the Report disclosures, including performance information, policies, procedures and underlying management systems.
   - Requesting evidence of the data sources and explanation of relevant collection and calculation methods to substantiate the figures and claims. This includes limited sampling of quantitative data to validate relevant sources and other supporting documents.
   - Challenging the claims made in the Report and, where possible, confirming the presented evidence, including calculation methods, criteria and assumptions, with multiple data owners and other documentation from internal and external sources, such as previous CapitaLand sustainability reports.

3. Assess the collected information and provide recommendations for immediate correction where required or for future improvement to the Report content.

For statements on the number (or absence) of complaints, incidents and cases of non-compliance to regulations (GRI disclosures 205-3, 307-1, 406-1, 416-2, 417-3, 418-1 and 419-1), Ere-S assessment was essentially based on internal documents from CapitaLand’s feedback and reporting systems.

Findings and observations

Evaluation of the adherence to AA1000 AccountAbility Principles

Inclusivity - How the organisation engages with stakeholders and enables their participation in identifying issues and finding solutions.

Multiple platforms for engaging with the company’s key stakeholder were observed throughout the whole company. These include diverse surveys, meetings, online channels and use of social media. Employees, customers and investors benefit the most from continuous and strong engagement by the company. While collaboration with other stakeholder groups tends to be less sustained, it also appeared solid on a project or event-basis.

Particular engagement with stakeholders was observed during the reporting period in Singapore and included interactions with the local union relating to changes affecting staff. There was also evidence of additional effort in engaging with first-tier contractors to further strengthen the company’s global sustainable supply chain management.

Materiality - How the organisation recognises issues that are relevant and significant to it and its stakeholders.

Overall, evidence of regular review of sustainability risks and opportunities, including identification of issues, setting targets and assessing performance, was observed at the top levels. These processes belong to CapitaLand’s frameworks on enterprise risk management, audit and global sustainability management, which are all overseen by the Board.

More specifically, evaluation of material issues was also observed through the company’s certified environmental, health and safety (EHS) management structure, which provides regular internal and third-party assessments on the compliance of the company’s processes and performance to regulations and international standards. Observed mechanisms to identify other social-related issues include the above-described engagement channels and internal reporting platforms.

Commitment from top management to recognise and mitigate sustainability issues is also reflected in the environmental and social topics found in CapitaLand’s risk register and key performance indicators (KPIs) linked to the remuneration of top managers.
Independent Assurance Statement

Responsiveness - How the organisation responds to stakeholder issues and feedback through decisions, actions, performance and communication.

Response to stakeholders’ concerns during the reporting period was evidenced globally for employees, customers, investors and community partners (for philanthropic projects). While actions taken as a result of engagement with government agencies, suppliers, unions and industry bodies were mostly observed in Singapore, nothing came to our attention to indicate that the response mechanisms would not be equally applied at overseas business units.

Sharing of information on CapitaLand’s sustainability policies, processes and performance appeared comprehensive, timely and ongoing. Key information was made available to all stakeholders through diverse platforms and events, such as the company’s website, sustainability report, intranet, newsletters, emails and meetings with relevant staff, including senior managers.

Evaluation of the adherence to the GRI reporting principles (quality of the Report content)

Overall, the Report presents CapitaLand’s sustainability priorities, processes and performance in a clear and detailed way. The scope of the Report is global and reflects the industry value chain and sustainability context. There is evidence of CapitaLand’s effort to align its reporting approach with the latest industry practices and reporting requirements, specifically regarding the company’s investors and the new SGX rules.

Compared to previous sustainability reports, the Report is more comprehensive. Additional disclosures include information on Sustainable Development Goals alignment, new targets on carbon and water intensity, and new performance indicators such as turnover by gender and age, gender pay gap and the number of employees on paternity leave.

Report content is moderately balanced with statements pertaining to work-related injuries and fatalities in the workforce and the supply chain, business malpractice incidents and cases of non-compliance, as well as supply chain stop orders and fines.

Data sets and descriptions of the relevant calculation methods provided during the assurance interviews were comprehensive and well-structured. In most cases, data sources were generated by the company’s in-house data systems, such as the environmental tracking system (ETS) and the HR system, which allow effective assessment of the data collection and calculation processes, including formulas, conversion factors and units used to generate the reported performance figures.

The level of reliability and data accuracy was reinforced by the internal desktop audit repeated in 2016 by the reporting team to validate data entries from various business units. In addition, Ere-S executed this year a more thorough assessment of some data trails, such as the collection of performance figures on construction material used by contractors. These additional control procedures provided stronger confidence in the overall level of reliability and accuracy of the quantitative performance disclosures found in the Report.

All figures and statements within the assurance scope could be validated through evidence and clarifications presented by the data owners during interview. A few minor inconsistencies, such as unclear statement or missing definition of a term, were found during the assessment and subsequently addressed by CapitaLand’s reporting team.

Evaluation of the adherence to SGX rules on sustainability reporting

According to Ere-S verification findings, the Report content adheres adequately to SGX sustainability reporting principles and rules, including the required five primary components.

Conclusion

On the basis of a moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us not to believe that, in all material respects, CapitaLand’s Sustainability Report 2016 – provides a credible and fair representation of the organisation’s sustainability profile and application of the AA1000 AccountAbility Principles.

– includes statements and figures that achieve an adequate level of reliability and accuracy.

The assurance findings also provide confidence that the Report has been prepared in accordance with the Reporting Principles of GRI Standards and the SGX requirements on sustainability reporting.
Independent Assurance Statement

Moving forward

For further improvement of sustainability reporting by CapitaLand, Ere-S recommends the following:

- Although overall high quality is observed in the current data collection and reporting processes, stronger reliability and accuracy could be achieved through the further standardisation of sustainability data systems. For example, additional quantitative performance indicators could be incorporated into the ETS and more consistency could be applied to the provision and formatting of the relevant datasets and supporting documents and, where applicable, details of the calculation method(s). Such standardisation will also facilitate the reporting process and improve the effectiveness of quality checks by internal (audit and reporting teams) and external (assurance provider) parties.

- CapitaLand is encouraged to continue reporting on negative performance in its operations and supply chain, covering both environmental and social aspects. Future sustainability reports will benefit from more details on the actions taken by the company, including engagement with the relevant stakeholders, to mitigate the negative outcomes. Ideally illustrated through case studies, such disclosures should also cover CapitaLand’s operations overseas and, where applicable, include evidence of top-management participation in assessing the issues and setting the response processes.

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

Singapore, 17 May 2017

Jean-Pierre Dalla Palma
Director and Lead Certified Sustainability Assurance Practitioner

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. Our assurance team is composed of assurance practitioners with expertise in CSR and each member is required to follow Ere-S’ assurance code of conduct, which can be found at http://www.ere-s.com/assurance-code-of-conduct/. Ere-S is not responsible for any actions taken by other parties as a result of the findings presented in this assurance statement.