

PROPELLING OUR SUSTAINABLE GROWTH JOURNEY

CapitaLand Limited

Global Sustainability Report 2017 – an Integrated Report



CONTENTS

01	Introduction
12	President & Group CEO's Message
14	Financial Capital
15	Organisational Capital
20	Environmental Capital
34	Human Capital
45	Social and Relationship Capital
54	Material Topics & Boundaries
55	GRI Content Index
61	United Nations Global Compact
62	ISO 26000 Guidance on Social Responsibility
63	Independent Assurance Statement

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\$88 billion as at 31 December 2017, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 150 cities in over 30 countries, the Group focuses on Singapore and China as core markets, while it continues to expand in markets such as Vietnam and Indonesia.

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.

Introduction



FY 2017 HIGHLIGHTS

Earnings Before Interest and Tax

S\$3,110.5
million

S\$2,395.5 million
in 2016

Return on Equity

8.5%

6.6% in 2016

Net Tangible Assets
per Share

S\$4.20

S\$4.05 in 2016

Dividend per Share

12 cents

10 cents in 2016

Operational Efficiency

S\$140 million in utilities cost avoidance since 2009, arising from 23.4% and 24.1% energy and water reduction (per m² from base year 2008) respectively

Climate Change

29.4% reduction in carbon emissions intensity since 2008

Waste Management

4,300 tonnes of recyclable waste diverted from landfill

Diversity

About **35%** of senior management were women

Training Hours

Over **59** hours per staff

Workplace Injury Rate

2.1 (number of work-related injuries per million hours worked)

Staff Volunteerism

Over **13,500** hours

Supply Chain Management

3 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 ninth 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 adopt the internationally recognised GRI Reporting Guidelines. This report will continue to apply the Guiding Principles of the International Integrated Reporting Framework and ISO 26000:2010 Guidance on Social Responsibility. It also 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, outlines the Group's sustainability journey, and 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 UN Global Compact. This annual Sustainability Report serves as its Communication on Progress (COP). The Group 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. CapitaLand is taking steps to integrate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its reporting.

REPORTING SCOPE AND PERIOD*

This report covers CapitaLand's international portfolio in over 20 countries from 1 January to 31 December 2017 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 2017 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:
www.capitaland.com/international/en/about-capitaland/sustainability/sustainability-reports.html

* GRI 102-45

Introduction

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 2017 to December 2017. The accuracy and reliability of the Report's statements and figures are also validated. The assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). The assurance included 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.

CapitaLand Limited

168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel +65 6713 2888
Fax +65 6713 2999
www.capitaland.com
(Reg No. 198900036)

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 to overcome the challenges in 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, MSCI Global Sustainability Indexes, Euronext VigeoEiris Indices World 120, STOXX® Global ESG Leaders Indices and SGX Sustainability Indices.

Some of the awards and accolades obtained by CapitaLand Group and its properties are listed in page 68-70 of the CapitaLand Annual Report 2017.

BOARD STATEMENT

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

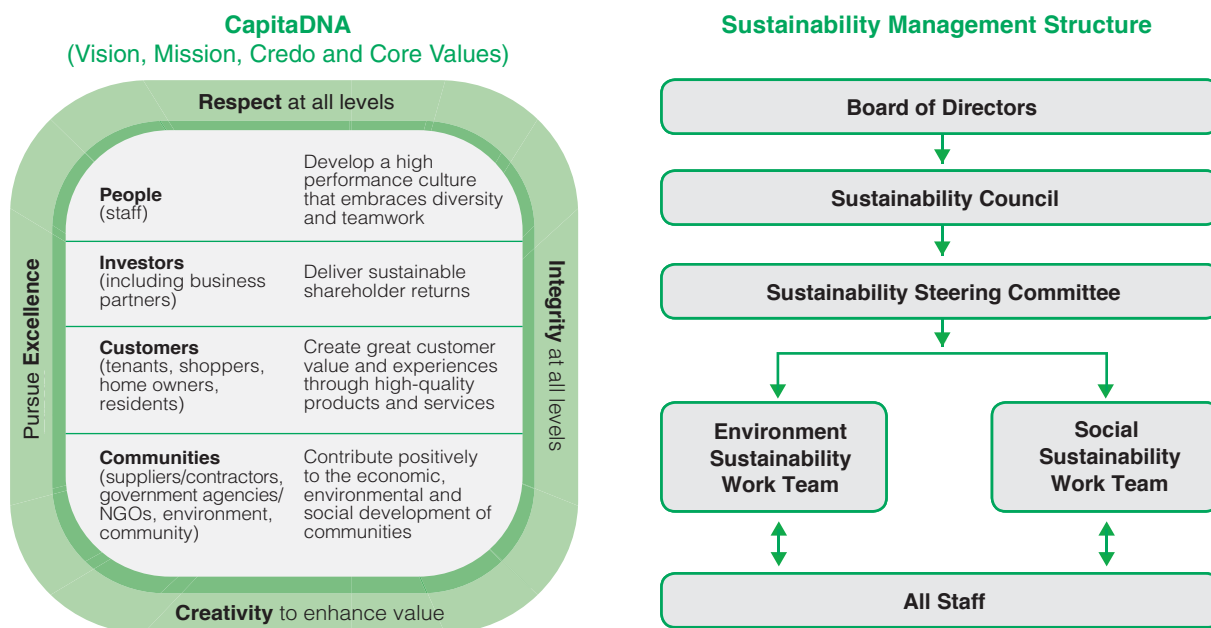
The CapitaLand Board sets the Group's risk appetite, which determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. The risk appetite incorporates ESG factors such as Fraud, Corruption and Bribery, Environment, Health and Safety.

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.

Introduction

TOP MANAGEMENT COMMITMENT AND STAFF INVOLVEMENT

CapitaLand's sustainability management comes under the purview of its Sustainability Council, comprising 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 ESG. 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 Board is also updated on the sustainability management performance of the Group, key material issues identified by stakeholders and the planned follow up measures.



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) - Active participation in Singapore Green Building Council
Social	- Regular dialogue with government agencies and unions - Active participation in Singapore Workplace Safety and Health Council - Regular employee engagement survey
Governance	- Engagement with Securities Investors Association (Singapore) (SIAS) for its annual Corporate Governance Conference - Engagement where appropriate with Singapore Exchange

CapitaLand identifies and reviews material issues that are most relevant and significant to the Group and its stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to CapitaLand. 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

Prioritisation of ESG Material Issues

Environment	Social/Labour Practices	Governance
Critical		
• Energy efficiency • Climate change and emissions reduction • Water management	• Occupational Health & Safety • Employment • Stakeholder engagement • Supply chain management	• Compliance • Business ethics • Product and services*
Moderate and emerging		
• Building materials • Construction and operational waste • Biodiversity	• Diversity • Human rights	

* This includes customer health and safety.

CREATING VALUE FROM CAPITAL

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

Stakeholder Commitment	Capital	
People Develop high-performing people and teams through rewarding opportunities	Financial	• Earnings • Equity • Investments • Assets
	Organisational	• Leadership and culture • Corporate governance • Risk management
Investors <i>(including business partners)</i> Deliver sustainable shareholder returns and build a strong global network of capital partners	Manufactured¹	• Environmentally sustainable, healthy, safe and accessible quality buildings • Innovative and sustainable construction methods and technologies
Customers <i>(tenants, shoppers, home owners, residents)</i> Create customer value and experiences through high-quality products and services	Environmental	• Carbon emissions • Energy management • Water stewardship • Waste and resource management
	Human	• Health and safety • Job creation and security • Learning and development • Benefits and remuneration
Communities <i>(including suppliers/contractors)</i> Care for and contribute to the economic, environmental and social development of communities	Social and relationship	• Stakeholder relations • Social license to operate • Partners • Community development

* GRI 102-46, 102-47

¹ CapitaLand's commitment and performance provide environmentally sustainable, healthy, safe and accessible quality buildings, using innovative and sustainable construction methods and technologies can be found in Environmental, Human and Social and Relationship Capital chapters

Introduction

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.



CapitaLand Hope Foundation (CHF), CapitaLand's philanthropic arm, 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 cycle².

For more information, please refer to chapter on Social and Relationship Capital.



Occupational health and safety is of utmost importance to CapitaLand, including all its employees, tenants, contractors, suppliers and the communities who use its properties. CapitaLand aims to provide a work environment that is safe and contributes to the general well-being of its employees.

For more information, please refer to chapter on Human Capital.



CapitaLand is committed to:

- Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern.
- Reduce energy consumption through energy efficiency and encourage renewable energy sources.
- Green its operational portfolio by 2030.
- Actively embraces innovation to ensure commercial viability without compromising the environment for future generations.
- Future-proof its developments by addressing the risks of climate change right from the design stage.
- Preserve the biodiversity of its sites as well as the wider area where possible.

For more information, please refer to chapter on Environmental Capital.



CapitaLand believes that regardless of ethnicity, age or gender, employees can make a significant contribution based on their talent, expertise and experience. We adopt consistent, equitable, and fair labour policies and practices in rewarding as well as developing employees under the direct hire of CapitaLand.

CapitaLand is a signatory to UN Global Compact.

For more information, please refer to chapter on Human Capital.



CapitaLand adopts a strong stance against bribery and corruption.

- All employees are required to make an annual declaration to uphold the core values and not to engage in any corrupt or unethical practices.
- Requires certain of its agreements with third-party service providers and vendors to incorporate anti-bribery and anti-corruption provisions.
- Require main contractor to ensure no child labour and forced labour at the CapitaLand project sites.
- Supply Chain Code of Conduct to influence its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management.
- CapitaLand is a signatory to UN Global Compact.

For more information, please refer to chapters on Organisational Capital, Human Capital, and Social and Relationship Capital.

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

CapitaLand understands the impact that climate change can have on its portfolio. It has been reporting on climate-related risks in its Sustainability Report. The Taskforce on Climate-related Financial Disclosure (TCFD) 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-proof 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. Some of CapitaLand's efforts to integrate TCFD recommendations in its reporting are listed below.

Governing Climate-Related Risks and Strategy

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 Environment (including climate change).

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 ESG.

Physical Risks

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. 2017 was the second hottest year on record according to NASA data, and was the hottest year without the short-term warming influence of an El Niño event. The ways in which CapitaLand portfolio could be impacted by such physical risks are diverse, complex and uncertain.

Transitional Risks

The challenge for each nation is to strengthen its resilience against climate change risks, manage its greenhouse gas (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.

Strategy and Risk Management

In Singapore, the government announced plans to increase water prices by 30% over two years starting from June 2017. It also announced that all facilities producing 25,000 tonnes or more of GHG in a year will have to pay a carbon tax from 2020. The carbon tax will be S\$5 per tonne of GHG from 2019 to 2023. The government will review the carbon tax rate by 2023, with plans to increase it to between S\$10 and S\$15 per tonne of emissions by 2030. Such measures will also impact inefficient end users with increased operational costs.

The China government has enacted two new environmental protection laws on 1 January 2018. The first will formalise the tax collected from industrial polluters under a uniform set of national rules at a levy of between 1.2 yuan and 12 yuan for every 0.95 kg of nitrogen oxide or sulphur dioxide they release. Previously, such companies were charged an emissions discharge fee. Another law will help combat water pollution more effectively in the country.

Introduction

Strategy and Risk Management

Response

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

CapitaLand has been reducing energy and water consumption and encouraging the use of renewable sources in its operational properties. It aims to future-proof its developments by addressing the risks of climate change right from the design stage through the implementation of its CapitaLand Sustainable Building Guidelines (SBG). SBG aims to address issues of adaptation and mitigation, as the local context of each project will be studied in detail, and appropriate measures will be 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 is looking into conducting climate-related scenario analysis consistent with the recommendations, wherever possible, using commonly agreed sector/subsector scenarios and time horizons. This will help to better anticipate and manage climate risks, as well as identify climate-related opportunities.

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 EMS in 15 countries. It recognises the importance of innovation in managing its environmental footprint and differentiating the company from its peers. It encourages the use of innovative green features in its developments.

Metrics and Targets

Operational

CapitaLand has tracked and reduced its operational carbon emissions since 2008, and disclosed related metrics in its annual Sustainability Report. It has a long-term carbon emissions target to reduce its carbon emissions intensity by 30% by 2030 from its 2008 baseline. It is also reviewing its target to set a science-based carbon reduction target and an internal carbon price.

Green Building Investment

CapitaLand aims to future-proof its developments by addressing the risks of climate change right from the design stage.

- Green rating target for all new developments
- Green certification of its existing properties by 2030

For more details, please refer to Environmental Capital Chapter.

DEMOGRAPHIC SHIFTS

As people lead longer lives, countries will increasingly encounter challenges of ageing populations in their urban spaces. The pace of the world population ageing is accelerating. By 2030, many middle-income countries would have aged considerably. By 2050, those aged 60 years or over are projected to account for 35% of the population of Europe, 28% of Northern America, 26% of Latin America and the Caribbean, 24% of Asia, 23% of Oceania, and 9% of Africa³. In this regard, CapitaLand has taken the lead in implementing social integration designs into its Sustainable Building 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 Capital Chapter.

³ World Population Ageing 2017 report, United Nations, Department of Economic and Social Affairs, Population Division (2017)

Introduction

INDUSTRY TRANSFORMATION

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

CapitaLand recognises the importance of innovation in managing its environmental footprint, improving the resilience of the properties 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 two of its projects. For more information, please refer to Environmental Capital Chapter.

In anticipation of the technological change and its impact on the skillsets of its staff, CapitaLand has in place a series of programmes to upskill its staff to ensure they remain relevant and contribute to the company. This includes the “Be Future Ready Learning Event” and CapitaLand Family Day Digital Festival. For more information, please refer to Human Capital Chapter.

CapitaLand organised a series of activities to engage its retail tenants in Singapore with its 2017 programme focusing on millennials and phygital retailing. For more details, please refer to Social and Relationship Capital Chapter.

President & Group CEO's Message

Dear Stakeholders,

At CapitaLand, we recognise that the long-term success of our business is closely intertwined with the health and prosperity of the communities we operate in. As CapitaLand works towards transforming city living globally, we believe in integrating sustainability to build a resilient and sustainable real estate of the future.

We share the United Nations Global Compact's (UNGC) commitment to deliver lasting benefits to people and communities. Before becoming a signatory in 2015, 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.

In 2017, CapitaLand delivered a set of resilient and healthy financial results of S\$3.1 billion in earnings before interest and tax (EBIT), with the Group's return on equity at 8.5%, up from 6.6% in 2016. As we continue to expand into new cities and businesses, we remain resolute and steadfast in maintaining a high standard of integrity and have the courage to do what is right when conducting our business and interacting with stakeholders. We do not condone any form of business malpractice or impropriety and we adopt a zero-tolerance policy on corruption and bribery. Staff found engaging in such acts will be dealt with seriously. We have also instituted a code of conduct to ensure these ethical values permeate throughout our supply chain.

Our core markets, Singapore and China, made national level commitments as part of the Paris Agreement on Climate Change. In Singapore, a carbon tax will be imposed from 2020 and staggered increases in water prices have been implemented from June 2017. In China, two new environmental protection laws were enacted to better combat industrial and water pollution more effectively, with effect from 1 January 2018.

CapitaLand understands the need to continually improve our operational efficiency and reduce our carbon emission intensity. As at end 2017, we have achieved green certification for more than 55% (by m²) of our global portfolio of owned and managed properties, and are diligently working towards achieving certification for the remainder of our portfolio by 2030. We also managed to reduce energy and water intensity (per m²) by 23.4% and 24.1% respectively for our operational properties and reduced our carbon emission intensity by 29.4%, compared to the base year 2008. This amounted to utilities cost avoidance in excess of S\$140 million for the Group since 2009.



(Left to right) Lim Ming Yan, President & Group CEO of CapitaLand Group and Director of CapitaLand Hope Foundation and Ms Low Yen Ling, Chairman of Mayors' Committee and Mayor of South West District, engaging with Hua Yi Secondary School students who won the Best Design Award from CapitaLand Young Architect Programme.

President & Group CEO's Message

In today's changing landscape, we are committed to upskill our staff. In 2017, we organised the "Be Future-Ready Learning Event", a full day event with industry experts sharing insights on digital revolution, and dealing with online negativity. Over 1,290 staff invested more than 5,500 hours attending training on topics including analytics and innovation. CapitaLand also partnered with Singapore's Economic Development Board (EDB) in a skills development and innovation programme named CapitaLand ELEVATE. This programme aims to upskill CapitaLand's staff and develop technology-enablers for the company to seize opportunities to build real estate of the future. The programme will enable CapitaLand to create people-centric products, services and experiences.

We invested more than S\$2.9 million through CapitaLand Hope Foundation to benefit underprivileged children in markets where we operate, and over S\$0.5 million in other community development initiatives. In 2017, over 1,600 staff in CapitaLand properties tapped on the paid volunteer service leave provided and contributed more than 13,500 volunteer hours to play their part in building communities.

We are glad that our efforts have been recognised globally. CapitaLand remain the only Singapore company to receive the "Silver Class" distinction in real estate, in RobecoSAM's The Sustainability Yearbook. We remain listed in the Dow Jones Sustainability World and Asia Pacific Index, FTSE4Good Index Series, MSCI Global Sustainability Indices, Euronext VigeoEiris Indices World 120, and STOXX® Global ESG Leaders Indices.

To continue delivering long term value to our stakeholders, we must remain a purpose driven company, adapt quickly to the changing environment, stand resolute against any misconduct as trusted stewards of our stakeholders, and continue to upskill our staff. This sustainability journey will take continual effort. We thank all our stakeholders for their continued support and together we can improve the economic, environmental and social well-being of the communities we operate in.

LIM MING YAN

President & Group CEO
CapitaLand Group

Financial Capital

CapitaLand Group achieved S\$4.6 billion total revenue and S\$3.1 billion earnings before interest and tax (EBIT) from its continuing operations for the year ended 31 December 2017. Total net profit after tax and minority interests (PATMI) was S\$1.55 billion. Reflecting the strength of its underlying businesses, operating PATMI grew 5% to reach S\$908.3 million and earnings per share (EPS) was 36.5 Singapore cents. Including total paid out dividends of 12 Singapore cents per share, the total shareholders' return was 20.2% and return on equity in 2017 was 8.5%.

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 2017 financial results, five-year financial summary, economic value added statement and value added statement, please refer to the following sections in the CapitaLand Limited Annual Report 2017:

- Financial Highlights FY2017, page 4-5
- 5-Year Financial Summary, page 6
- Performance Overview, page 76-82
- Economic Value Added Statement, page 251
- Value Added Statement, page 252

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 (including its subsidiaries) is committed to upholding the highest standard of corporate governance, 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 and its Singapore listed REITs, joined the Securities Investors Association (Singapore) (SIAS) and its partners in making the following public Statement of Support:

“As an Organisation, 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 eighth Singapore Corporate Governance Week (organised by the SIAS) in September 2017 where business leaders, academics and policy makers shared corporate governance perspectives and experiences.

CapitaLand continued to receive accolades from the investment community for excellence in corporate governance. It was accorded the Golden Circle Award as the overall winner for the Singapore Corporate Governance Award at the SIAS 18th Investors' Choice Awards. It topped the Singapore Corporate Governance Award for Big Cap and Real Estate categories. It was also a winner of the inaugural Sustainability Award and Shareholder Communication Excellence Award.

CapitaLand was ranked second out of 606 companies in the Singapore Governance and Transparency Index 2017. This annual study was conducted by the National University of Singapore Business School's Centre for Governance, Institutions and Organisations.

For detailed disclosure on the application of its corporate governance practices with reference to the Code, please refer to the Corporate Governance Report on pages 28-59 in CapitaLand Limited Annual Report 2017. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within the Annual Report. In addition, the company has included its answers to the questions in the Disclosure Guide provided by the Singapore Exchange Securities Trading Limited (SGX-ST) on pages 51 to 59 of the Annual 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-executive Directors. For more information, please refer to the CapitaLand Limited Annual Report 2017, page 30-32.

The current Board has diversity of skills and knowledge, experience, educational background, ethnicity and gender. Each Director brings to the Board skills, experience, insights and sound judgement which, together with his or her strategic networking relationships, serve to further the interests of the Group. In 2017, three new independent Directors joined the board bringing with them extensive and diverse experience. For more information, please refer to CapitaLand Limited Annual Report 2017, page 14-20.

Organisational Capital

Each year, the Nominating Committee undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees. An external consultant is engaged to facilitate the evaluation process for the Board's performance in FY 2017. The consultant is independent of and is not related to the company or any of its Directors. As part of the process, questionnaires are sent by the consultant to the Directors and Management and interviews are conducted where required. The objective of the interviews is to seek clarifications to the feedback obtained from the responses in the questionnaires, during which broader questions might also be 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 (P&GCEO) performance and succession planning, Director development and management, and managing risk and adversity. The findings and the recommendations of the consultant which include benchmarking information and best practices of other boards, are considered by the Board and follow up action is taken where necessary.

In respect of individual Directors, a 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 and accessible by all staff. The policies CapitaLand has implemented aim to help detect and prevent occupational fraud in three main ways:

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

Managing Risk Of Bribery And Corruption

	Staff	Supply Chain
Communication/ Signing of Code of Conduct	- Code of Conduct Policy Suite including - CapitaLand Global Principles on Ethical Business Conduct¹ - Bribery and Corruption Prevention Policy - Annual declaration through the 'CapitaLand Pledge' to uphold CapitaLand's core values, and not to engage in any corrupt practices - Relevant training	- Bribery and Corruption Prevention Policy - CapitaLand Supply Chain Code of Conduct², and anti-corruption clause in key contracts
Feedback Channels	- Business Malpractice Incident (BMI) Reporting - Whistle Blowing Reporting	BMI Reporting

¹ CapitaLand has set four Global Principles on Ethical Business Conduct which are implemented globally across all strategic business units, covering the areas of marketing of products and services, offering of business courtesies, accepting business courtesies and managing business relationships. It reiterates key areas for ethical business conduct.

² Progressively being rolled out from end 2017

Organisational Capital

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 or concessionary offers, all staff 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 staff 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 this policy, the Group requires that certain agreements with third-party service providers and vendors incorporate anti-bribery and anti-corruption provisions.

A whistle-blowing policy and other procedures are in place to provide the Group's staff and external 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. It also allows for the independent investigation of any reported incidents and appropriate actions for follow up. The objective of the whistle-blowing policy is to encourage the reporting of such matters – that staff 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 furthest 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 and shared with the Risk Champions regularly. Operationally, risk champions from the different Strategic Business Units (SBUs) and corporate functions, as well as various specialist support functions, are tasked to develop, implement and monitor risk management policies, methodologies and procedures in their respective areas. Actions taken may include the termination of staff contract, and/or reporting to the appropriate external authorities. In 2017, there were 17 BMI cases substantiated and the appropriate actions were taken. None of the cases were pertaining to anti-competitive or money laundering behaviour.

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 staff which applies the recommendations based on best practices in the Listing Manual. It issued guidelines to Directors and staff 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 staff of the Group to inform them of the duration of the period.

Directors and staff 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 staff. As and when appropriate, they would be issued an advisory to refrain from dealing in the relevant securities. Under the policy, Directors and staff 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.

Organisational Capital

CapitaLand supports the ethical marketing of its products and services, including the marketing of residential projects, commercial leasing or serviced residence 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 has updated its communications/ marketing Code of Conduct and shared it with the 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' presentations 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.

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 such as "CapitaDNA: Strengthening Core Values", where specific examples and applications of the company's core values in the workplace are shared. As the majority of CapitaLand staff are based in China, this training module is also offered there. In 2017, more than 50 new staff from Singapore and other countries participated in CIP. More than 1,400 staff attended the CapitaDNA courses in Singapore, China, Malaysia and Vietnam. In addition, over 580 staff clocked in over 2,100 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 is adapted from the ISO 31000 International Risk Management Standards. It also takes reference from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework and other relevant best practices and guidelines. It sets out the required environmental and organisational components which enable the Group to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually and previously validated by external consultants.

A robust 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 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.

Organisational Capital

Awareness 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. With increased reliance on Information Technology (IT) as a business enabler, CapitaLand has in place Group-wide policies and procedures which set out the governance and controls of IT risks, including cyber-risks. Appropriate measures are in place to ensure the confidentiality, integrity, and availability of CapitaLand's information assets. This includes implementing access controls, building up data security, raising staff's IT security awareness through activities such as phishing campaigns, and conducting IT disaster recovery exercise annually to ensure business recovery objectives are met.

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 by conducting regular workshops targeted at different levels and functions, and to promote a culture of risk awareness which embeds risk management principles in decision making and business processes.

Sustainability risks identified include fraud, corruption and bribery risk, environmental risk, health and safety risk.

Based on the ERM framework established and the reviews conducted by Management, both internal and external auditors, as well as the assurance from the P&GCEO and the Group CFO, the Board concurs with the recommendation of the Audit Committee and Risk Committee and is of the opinion that the system of risk management and internal controls within the Group is adequate and effectively addresses the financial, operational, compliance and IT risks which the company considers relevant and material to its current business environment as at 31 December 2017.

For more information regarding Risk Assessment and Management in CapitaLand, please refer to the CapitaLand Limited Annual Report 2017, pages 60-63.

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.

FRAMEWORK*				
Material Issues, Context and Business Case				
	Climate Change and Energy	Water	Waste	Biodiversity
	- Global Greenhouse gas (GHG) emissions at unsustainable level - Rising demands for energy, compounded by finite resources	Water scarcity, accessibility and security	- Waste generation at unsustainable rates; - Land scarcity for waste disposal - Cost pressure from resource scarcity	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	- Be part of national making policy - Collaborate with NGOs - Require and indicate preference for ISO 14001 main contractors/vendors - Share 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

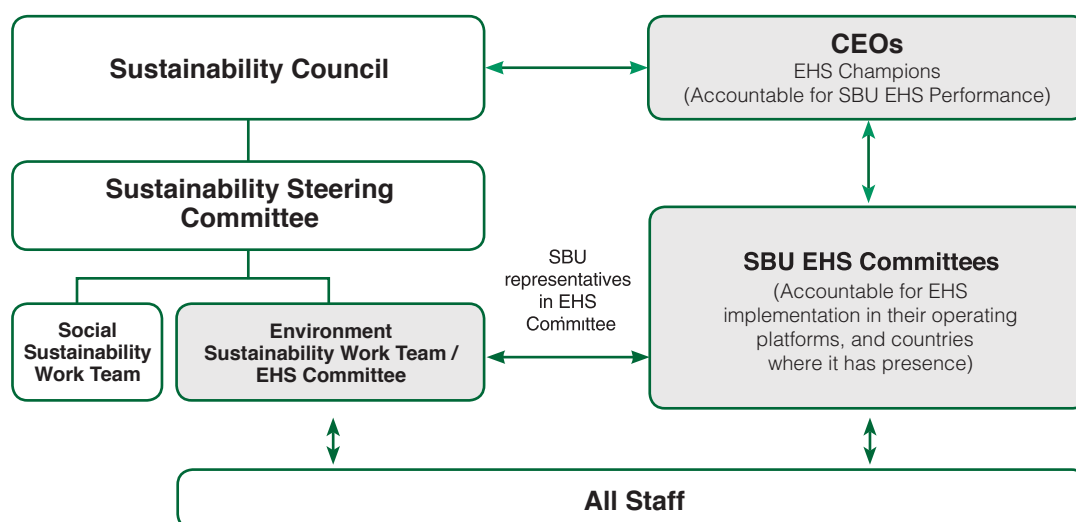
Climate change risks and opportunities are identified and mitigated through CapitaLand's Enterprise Risk Management (ERM) framework and the externally certified ISO14001 Environmental Management System. CapitaLand is positioned to face such challenges as it has in place a target to achieve green certification of existing properties by 2030. It is also ISO 14001 certified for its Environmental Management System in 15 countries. CapitaLand is taking steps to integrate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD¹) in its reporting.

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's 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.

CapitaLand Environmental, Health and Safety Management Structure



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.

¹ 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.

Environmental Capital

2017 Key Performance Indicators

	Targets	Performance
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	Three main contractors appointed in 2017, two are ISO 14001 certified, and one is in the process of getting certified. In the interim, it will comply fully with local OHS laws and regulations and the site will be audited by an independent accredited assessor
Resource Consumption Management	All new development projects to meet minimum green rating target set • Singapore – Green Mark Gold^{PLUS} 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 projects²	Achieved • 5 LEED, 15 Green Mark, 1 Green Building Evaluation Label³ <i>Total of 163 green ratings achieved for its new development projects and existing buildings – 122 Green Mark, 22 LEED, 10 Green Building Evaluation Label, 2 Green Star, 2 CASBEE, 2 BREEAM, 1 DGNB, 1 GBI and 1 LEED (India)</i> Estimated energy and water reduction exceeding S\$ 31 million (over 150,000 MWh/year and 1.3 million m³/year) from these projects⁵, while estimated carbon emission reduction is about 87 million kgCO₂e/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	93% of CapitaLand's existing buildings in Singapore (by m²) has at least a Green Mark Gold rating 48% of CapitaLand's existing buildings overseas (by m²) has achieved a green rating
Operational Efficiency	0.5% energy reduction and 0.5% water reduction per m² (vs. 2016 for like-for-like set of properties) <i>Reduce carbon emissions intensity by 23% by 2020, and 30% by 2030</i> <i>Reduce energy intensity by 20% by 2020, and 25% by 2030</i> <i>Reduce water intensity by 20% by 2020, and 30% by 2030 (using 2008 as the base year)</i>	4.3% and 0.7% reduction in energy and water consumption per m² (vs. 2016) Reduced 5.2% carbon emissions intensity (vs. 2016) Achieved 29.4% carbon emissions reduction, 23.4% energy reduction and 24.1% water reduction per m² (using 2008 as the base year) Achieved cost avoidance in excess of S\$140 million⁶ from utilities savings since 2009 for its operational properties Energy and water saving initiatives implemented in 2017 may lead to an estimated reduction of 14,000 MWh (8.7 million kgC₂Oe) and 360,000 m³ of potable water per year.
Stakeholder Engagement	Organise environmental outreach activities to encourage an 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

² Iconic projects refer to Raffles City developments, Grade A offices and projects involving a star architect.

³ Green Building Evaluation Label (GBEL) administered by China's Ministry of Housing and Urban-Rural Development.

⁴ Green Building Index (GBI) is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment.

⁵ This is computed from 40 completed projects and projects under construction, based on their submissions for BCA Green Mark and LEED green rating.

⁶ 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, 178 in 2016 and 192 in 2017. Excluded properties 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 12,500 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 Policy⁷

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 staff, 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 countries⁸ – Singapore, Australia, Belgium, China, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, United Kingdom (UK) and Vietnam – covering all markets with investment properties managed by CapitaLand. 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 2017, CapitaLand complied with the environmental laws and regulations in Singapore, Australia, Belgium, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, UK and Vietnam. Despite all efforts to ensure compliance, there was one non-compliance incident in China where a property's discharge to the municipal sewer exceeded the stipulated standards. Thorough investigations were conducted and all necessary follow-up action immediately undertaken. Lessons learnt from the incident were shared across business units, and the Group's commitment to environmental sustainability was reinforced.

CapitaLand's EMS provides a systematic process to manage the Group's environmental impact 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 "2017 Key Performance Indicators".

⁷ This EHS Policy was developed for the understanding and implementation by all staff in CapitaLand.

⁸ 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 2017, more than 7,600 CapitaLand staff attended at least one EHS-related training amounting to more than 103,000 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 determined at the outset of CapitaLand projects⁹. This aids in 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 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 2017, it has already achieved green certification of more than 55% (by m²) of its global portfolio.

⁹This is for new projects or development projects with gross floor area of at least 2,000 m².

Environmental Capital

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. 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. Originally titled Green Buildings Guidelines, it was renamed in 2014 to reinforce the company's holistic approach towards sustainability.

Mitigating Climate Change Risks And Identifying Opportunities Through Design

Climate change brings about different effects in different geographies such as 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.

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 where 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. 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 finishings.

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.

Environmental Capital

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

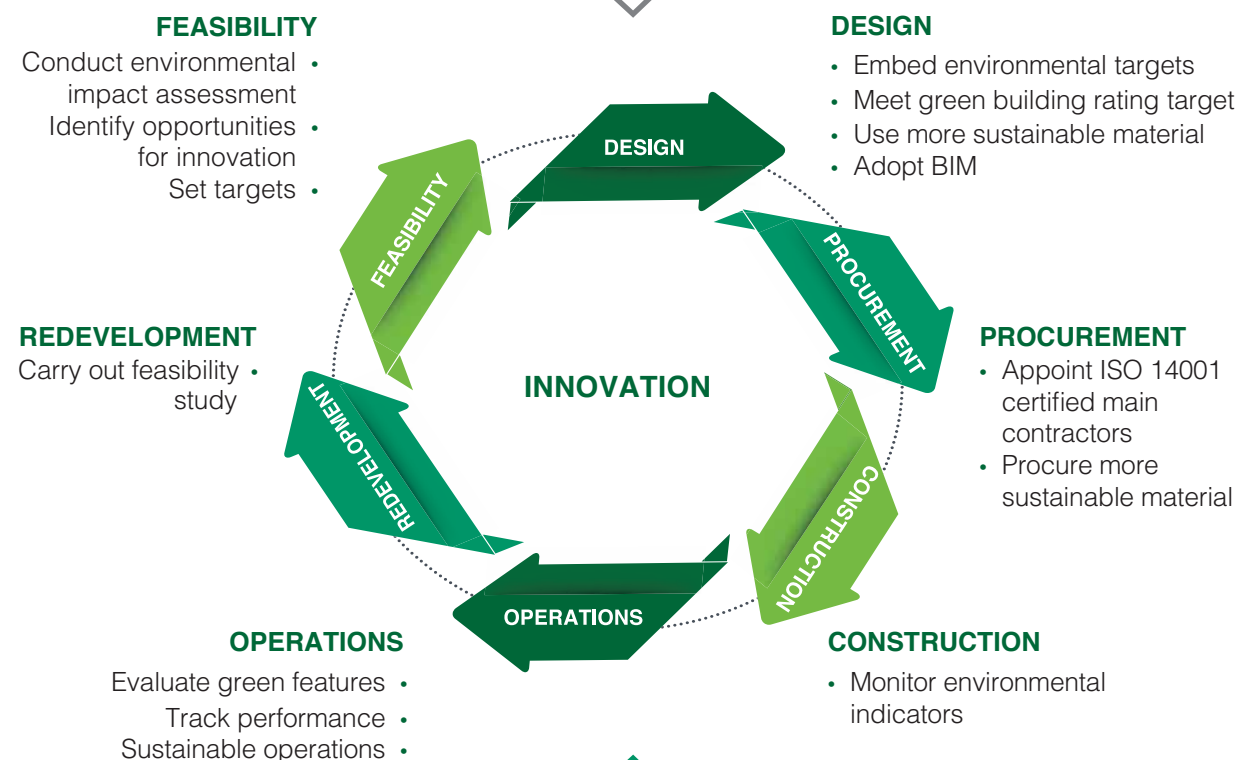
- Create, enhance and conserve habitat for flora and fauna, particularly protected species, both on-site and in the wider area
- Consultation with experts, local authorities and communities
- Eliminate or minimise environmental impacts to site through control measures
- Use more sustainable materials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



TRAINING OF STAFF STAKEHOLDER AND COMMUNITY ENGAGEMENT

Environmental Capital

RAFFLES CITY SHENZHEN, CHINA

Gold Level (Office and Mall) and Certified Level (Serviced Residences)

LEED-CS (Leadership in Energy and Environmental Design Core & Shell)

US Green Building Council

Raffles City Shenzhen is an integrated development that comprises a shopping mall, grade A office tower, and serviced residences, sited along Nanhai Boulevard which connects two of Shenzhen's financial centres.

Connectivity and Green Transport

Raffles City Shenzhen is well-served by public transport, including the existing Metro Line 9, and a future Metro Line 12. Metro Line 9 is directly connected to Raffles City Shenzhen's Basement 1. More than 280 secured bicycle lots, as well as changing and shower facilities, are provided to encourage green transportation. It also set aside 12% of parking lots as priority parking spaces: more than 60 parking lots for low emissions and fuel-efficient vehicles and more than 50 parking lots for carpooled vehicles located near carpark elevators.

Sustainable Building Material and Construction Waste Management

Regionally sourced materials accounted for about 32% of total material cost. This included materials and products such as concrete, glass, window frames, reinforcements. Materials with recycled content constituted at least 12% of total materials cost used during construction. Low-emitting volatile organic compound materials (such as paint, adhesives and sealants) has been used to improve the indoor environmental quality.

During the construction period, the contractors diverted more than 82% of construction waste from landfill disposal or incineration, for reuse on-site or recycling.

Energy-Efficiency and Renewable Energy

Wind and sunlight simulation and analysis were conducted to maximise daylighting and reduce heat gain in the development, as well as improve thermal comfort. High efficiency mechanical equipment are installed, such as energy efficient air-conditioning system with high performance cooling towers and variable speed drives for pumps. Other features include high-efficiency lighting system and daylight control. Solar heating water system and condenser heat recovery system are installed to preheat the hot water supply for the serviced residences, which will help save almost 14% of heating requirements from natural gas combustion.

Total operational energy usage reduction is estimated to exceed 8%¹⁰, or 2,390 MWh/year. This will help mitigate more than 1,180 tonnes of carbon emissions per year.

Water Conservation

The selection of native and climate-tolerant plants and efficient irrigation system for its landscaping is estimated to reduce irrigation water requirements by 60%. Through the use of water-efficient fixtures, condensate water recycling and rainwater harvesting for landscape irrigation, toilet flushing and floor washing, it is estimated that potable water consumption will be reduced by more than 40% (about 19,000 m³/year).

The overall estimated annual utility savings exceeds RMB 3.1 million (S\$650,000).

Greenery and Stakeholder Engagement

More than 30% of the total site area was set aside for landscaping and greenery and the amount of open space exceeded local zoning requirements by 50%. The mall's roof garden offers a nature-inspired environment for shoppers to take in the panoramic views of Nanshan Park, while its plaza is linked to the adjacent Nanshan Park with ample public space for visitors to enjoy. Throughout the development, native and climate-tolerant plant species of Shenzhen are selected to promote biodiversity and minimise irrigation requirements.

Green fit-out guidelines are made available to tenants to encourage environmentally sustainable behaviour.

Raffles City Shenzhen has rolled out CapitaLand's smart building innovations under its strategy of integrating technology with its real estate business to meet the needs of tomorrow's customers. Shoppers, serviced residence guests and working professionals are enjoying seamless offline and online customer experiences, including an in-mall navigation tool, smart car parks, online payment options, and more.

¹⁰ This is compared with the minimum energy efficiency standard, or base requirements for buildings designed to reduce energy consumption, set by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE).

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. It is reviewing its carbon emissions intensity to set a science-based carbon reduction target¹¹.

Long-term targets (using 2008 as base year):

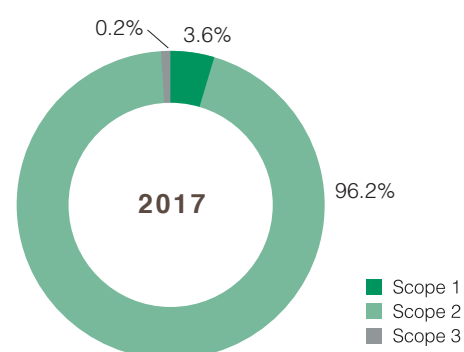
- Reduce carbon emissions intensity by 23% by 2020, and 30% by 2030
- Reduce energy intensity by 20% by 2020, and 25% by 2030
- Reduce water intensity by 20% by 2020, and 30% by 2030

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 emissions¹². Improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions. CapitaLand is working towards setting an internal carbon price for its global portfolio.

CapitaLand's total carbon emissions¹³ (Scope 1, 2 and 3) in 2017 was 656,158 tonnes CO₂e. Operational properties¹⁴ account for the largest proportion of CapitaLand's Scope 1 and 2 emissions and remain the focus of CapitaLand's energy efficiency initiatives. CapitaLand's corporate offices account for 0.5% of total carbon emissions.

Total Carbon Emissions
Scope 1, 2 and 3 (%)



¹¹ This will be based on the Science Base Target Initiative (SBTi). SBTi is a collaboration between CDP, World Resources Institute, World Wide Fund for Nature (WWF) and the United Nations Global Compact. The initiative recognises organisations aligned with the COP21 Paris Agreement to keep the rise in global temperature below 2°C.

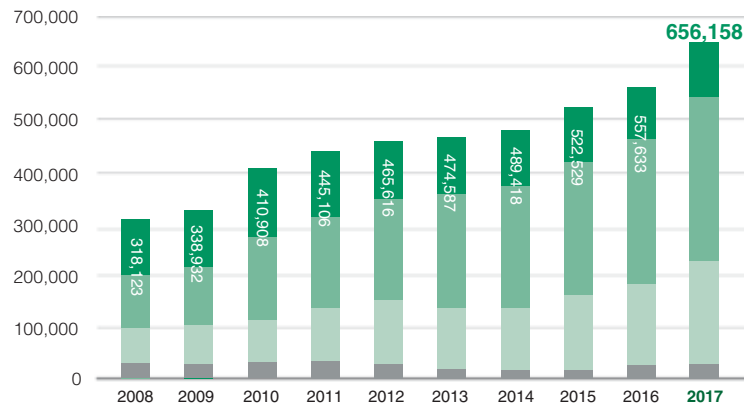
¹² "Buildings for Our Future", GBPN in partnership with KPMG, 2013.

¹³ 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 (operational control approach) and using individual country CO₂ emission factors retrieved from the IEA Statistics – CO₂ emission factors from fuel combustion 2017 edition. Scope 3 emissions are computed from staff business travel by air.

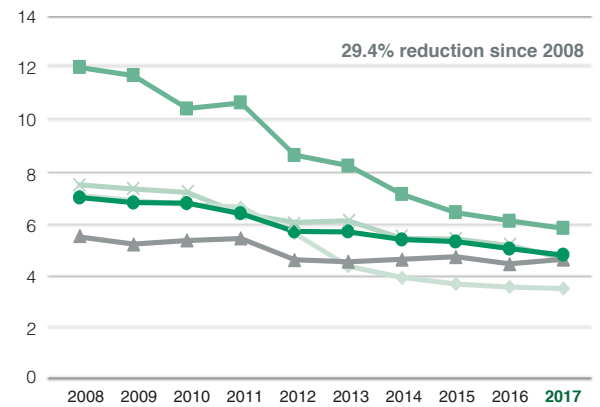
¹⁴ The Group's portfolio of operational properties increased from 142 in 2008, 167 in 2009, 182 in 2010, 195 in 2011, 210 in 2012, 199 in 2013, 204 in 2014, 228 in 2015, 244 in 2016 and 263 in 2017.

Environmental Capital

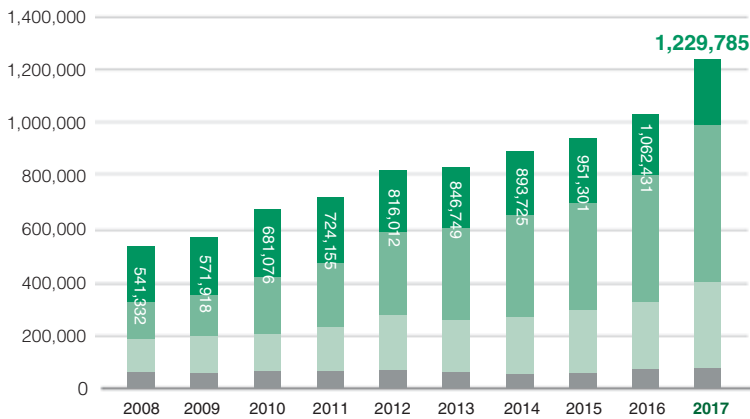
Total Carbon Emissions* (tonnes CO₂e)



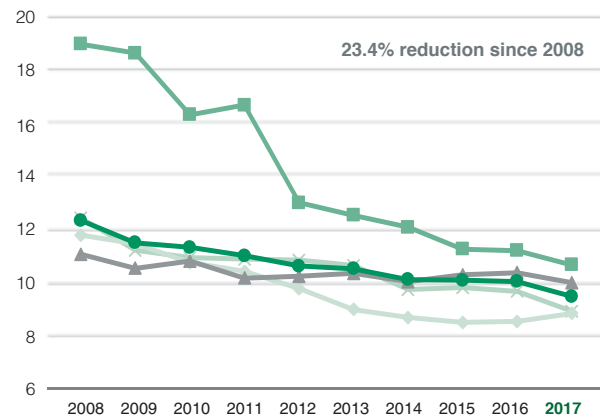
Carbon Intensity (kgCO₂e/m²/month)



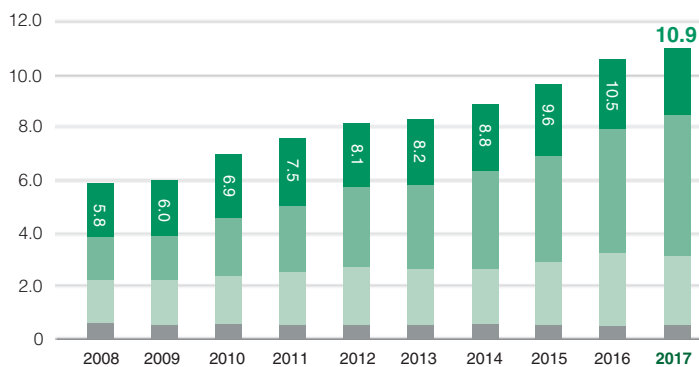
Energy Usage* (MWh)



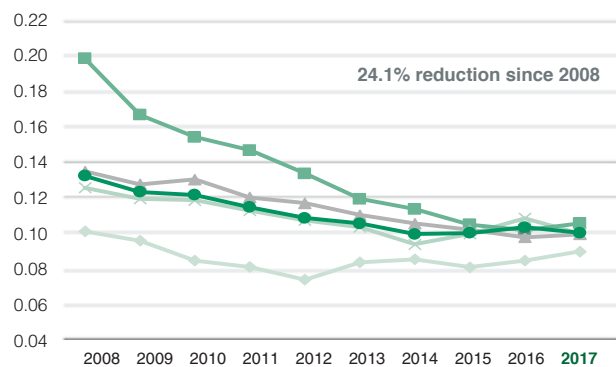
Energy Intensity (kWh/m²/month)



Water Usage* (million m³)



Water Intensity (m³/m²/month)



- Singapore
- China (including Hong Kong)
- Other Asia (excluding Singapore & China)
- Europe & Others

- CapitaLand Group Average
- Integrated Developments
- × Shopping Malls
- ◇ Commercial
- ▲ Serviced Residences

* GRI 102-48

Environmental Capital

Operational Properties Carbon Emissions Intensity (kgCO₂e/m²)

Despite an increase in absolute carbon emissions due to an expanded property portfolio, CapitaLand continued to reduce its carbon emissions intensity¹⁵ to 5.06 kgCO₂e/m²/month, a 29.4% reduction compared to 2008 intensity levels. Compared to baseline intensity levels, an estimated 178,000 tonnes of CO₂e emissions was avoided in 2017.

Embodied Carbon – Development Projects

The carbon emissions from direct and indirect energy consumption at 26 construction projects was approximately 18,900 tonnes in 2017.

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 six projects in China that were completed in 2017, embodied carbon emissions arising from materials usage at these projects was about 690,000 tonnes¹⁶ or 688 kg/m². The data collated is based on the entire construction period.

ENERGY

In 2017, the Group's operational properties' and corporate offices' total energy consumption was 1,229,785 MWh (4.43 million GJ). Indirect energy consumption accounted for about 89.8% (3.98 million GJ) and direct energy consumption from gas, diesel and other fuels accounted for about 10.2% (0.45 million GJ¹⁷) of total energy consumption.

CapitaLand's corporate offices in 13 countries accounted for 0.3% of the Group's total energy consumption in 2017. The offices consumed 2,648 MWh of electricity, a 35% improvement in the electricity consumption per m² compared to 2009.

26 CapitaLand projects under construction in Singapore, China and Vietnam consumed about 33,050 MWh of energy.

Operating Properties Energy Intensity (kWh/m²)

Despite an increase in total energy use due to expansion in its operational portfolio, CapitaLand reduced its energy intensity¹⁸ measured in kWh per m² by 23.4% from base year 2008. Using a 'Business as Usual' (BAU¹⁹) methodology, it is estimated that more than 580,000 MWh of energy consumption was avoided, resulting in an estimated cost avoidance of S\$135 million since 2009.

The reduction in energy intensity or energy usage per m² is computed at the property and SBU level. The reduction targets are KPIs for the property managers and the SBU CEOs.

The Group continues to implement various energy conservation measures, some of which are listed below. It also focuses on innovation to reduce energy consumption.

¹⁵ 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, 178 and 192 for the period from 2008-2017 respectively.

¹⁶ 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.

¹⁷ Direct energy consumption from gas, diesel and other fuels (gasoline) are approximately 421,251 GJ, 18,740 GJ and 11,441 GJ respectively.

¹⁸ 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, 178 and 192 for the period from 2008-2017 respectively.

¹⁹ The assumption is that energy consumption in subsequent years will continue at 2008 levels (base year) unless energy improvement measures are adopted.

Environmental Capital

Focus	Initiatives
Consumption Reduction	- Natural ventilation to reduce air-conditioning demands - Sun shading, cool paints to reduce heat gain - Use of daylight, sun pipes/light shelves to reduce the need for artificial lighting
Energy Efficiency	- Upgrade to more efficient air-conditioning equipment - Use more efficient lighting such as T5 with electronic ballast, LED (light-emitting diode) - Conduct energy audits at properties to improve energy efficiency
Control, Metering and Monitoring	- Dimmers/ occupancy sensors/ daylight sensors - Sub-metering systems to provide detailed energy information - Building Management Systems
Renewable Energy	Encourage use of renewable energy and purchase of green power

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. However, this remains challenging due to limited rooftop space where they should be optimally installed. In 2017, 0.6% (about 7,500 MWh) of the Group's total energy use was from renewable energy sources, which helps to mitigate about 3,950 tonnes of carbon emissions. Six properties in Singapore and China had on-site renewable energy systems. Thirty-three properties in India, France, Germany and Belgium purchased full or partial green power (component of 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 supplies²⁰.

In 2017, the Group's operating properties' total water consumption was about 10.9 million m³. This includes the use of 955,000 m³ of recycled water²¹ 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. Twenty-two CapitaLand projects under construction in Singapore, China and Vietnam consumed about 699,000 m³ of water. At its Singapore development sites, waste water is generally recycled and reused for vehicular washing.

Operating Properties Water Intensity (m³/m²)

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 intensity²² measured in m³/m² by 24.1% from baseline year 2008. The reduction in water usage per m² is computed at the property and SBU level. This forms a critical part of the KPI for the property managers and the SBUs.

²⁰ Four properties extract groundwater for use with the appropriate treatment system in place. Meters are installed to monitor water usage. This usage accounts for about 1% of CapitaLand's total water usage.

²¹ 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.

²² 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, 175 and 189 for the period from 2008-2017 respectively.

Environmental Capital

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

Focus	Initiatives
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 residence guests.

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 2017, more than 4,300 tonnes of recyclable waste²³ was collected from 95 properties in 15 countries.

The Global E-Waste Monitor 2017²⁴ highlighted increasing levels of e-waste and that improper and unsafe treatment and disposal could pose considerable environmental and health risks. The amount of e-waste is expected to increase a further 17% to 52.2 million tonnes by 2021, especially with the proliferation of electrical devices and new models being launched.

CapitaLand launched an e-waste recycling initiative at seven of its office buildings and 10 of its malls in Singapore in 2016 to make e-waste recycling more accessible to its tenants and shoppers, and ensure proper disposal and recycling through engaging with certified e-waste vendors²⁵.

In 2017, the total amount of e-waste collected at these 17 properties was 22,550 kg.

Its serviced residences in Australia and Europe also offer similar e-waste recycling programmes where the collected e-waste is sent to appointed vendors or local collection points for proper processing.

²³ Whilst 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 2017, about 71,180 tonnes of non-recyclable waste was generated at 135 properties in Singapore, China, rest of Asia and Europe. These included integrated developments, shopping malls, serviced residences, and office buildings.

²⁴ This report by International Telecommunication Union (ITU), the UN University (UNU) and the International Solid Waste Association (ISWA) provides a comprehensive overview of global e-waste statistics.

²⁵ The shopping malls partnered StarHub in its REcycling Nation's Electronic Waste (RENEW) programme.

Environmental Capital

Paper Conservation in CapitaLand Corporate Offices

CapitaLand reduced its paper usage by 58% per staff compared to 2009. These savings are attributable to the conscious effort by every staff to reduce paper usage. In 2017, 19 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. Work processes are increasingly made available online to avoid paper consumption. Default settings for double-sided and non-colour printing, use of emails and tracking of paper consumption are some measures to encourage staff to consume less paper. Corporate offices in Singapore implemented “Follow-me” printing to better track paper usage and minimise wastage. Recycling bins (including secured bins) are conveniently located at corporate offices to encourage staff to recycle used paper.

CapitaLand actively promotes the use of environmentally-friendly paper. In Singapore, letterheads and name cards have been printed on recycled paper since 2011. Where needed, print collaterals such as CapitaLand annual report and calendar are printed on Forest Stewardship Council (FSC) paper.

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 470 tonnes of construction waste was recorded for its development projects in Singapore in 2017. 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 10 projects under development in Singapore, China and Vietnam.

Green Transport

The transport sector accounts for 23% of global energy related greenhouse gas emissions and is the main cause of air pollution in cities. Decarbonising transport is therefore instrumental for countries to achieve their commitments set out by the Paris Agreement.

As of end 2017, CapitaLand has installed over 85 electric vehicle (EV) charging stations in 30 CapitaLand managed properties in Singapore, China, Belgium and Japan. The total electricity charged at these stations exceeded 185 MWh (estimated travel distance of more than 870,000 km²⁶) in 2017.

Over 90% of CapitaLand properties²⁷ 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. More than 12,000 bicycle parking facilities are available at more than 100 of its properties.

²⁶ This is computed using “2016 Tesla Model S” efficiency of 4.7 km/kWh (FuelEconomy.gov).

²⁷ Includes CapitaLand owned and managed properties only.

Human Capital

COMMITMENT TO A SAFE AND HEALTHY WORKPLACE

Occupational health and safety (OHS) of CapitaLand's staff, 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.

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

Human Capital

TOP MANAGEMENT COMMITMENT AND STAFF INVOLVEMENT

CapitaLand champions OHS with commitment from the top management 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 2009.

Since 2012, the Group achieved OHSAS 18001 certification for its OHS Management System in 15 countries – covering all markets with investment properties managed by CapitaLand. 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 the 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 of its management system and legal compliance requirements and commitment to best practices.

COMPLIANCE

Legal requirements are reviewed on a quarterly basis, and compliance to these requirements are evaluated annually. Despite all efforts to ensure compliance, its operations in China incurred three non-compliant areas relating to fire safety. Thorough investigations were conducted and all necessary follow-up action immediately undertaken. Lessons learnt from the incident were shared across business units, and the Group's commitment to strengthen its safety standards was reinforced.

Human Capital

RISK MANAGEMENT OF OHS HAZARDS

Identifying OHS hazards and assessing their risks are key components in CapitaLand's OHS Management System. CapitaLand strives to eliminate or minimise such hazards and risks through various measures.

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 poor 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 staff was briefed on how to respond to OHS incidents at the workplace. As part of staff well-being, CapitaLand also regularly organises lunchtime talks relating to health and related issues like parenting to help staff manage stress. It also organises financial resilience talks such as financial planning where over 100 staff attended. Some of the abridged material are made available on the CapitaLand intranet for 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 intranet.

MEASURING OUR SAFETY PERFORMANCE

2017 Occupational Health and Safety Targets and Performance

Targets	Performance
OHSAS 18001 certification for its OHS Management System in all markets with investment properties	Maintained OHSAS 18001 certification in 15 countries, covering all markets with investment properties managed by CapitaLand
Zero incident resulting in staff permanent disability or fatality	- One staff work-related fatality. - No staff work-related permanent disability
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)	- Three main contractors appointed in 2017 for new development projects (Two are OHSAS 18001 certified and one is undergoing certification. In the interim, it will comply fully with local OHS laws and regulations and the site will be audited by an independent accredited assessor) - One RoSPA Gold award¹

¹ Victoria Park Villas, Singapore obtained the RoSPA Gold Award for workplace safety performance. RoSPA (The Royal Society for the Prevention of Accidents, UK) Award recognises organisations with strong and ongoing commitment to raising health and safety standards.

Human Capital

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

In 2017, there were 56 work-related injuries². Most of the staff were from the operations teams. Despite all efforts to ensure site safety, it was with great regret that there was one work-related fatality of a CapitaLand staff in China. Thorough investigations were conducted and all necessary follow-up action undertaken. The site stepped up efforts to reinforce the importance of a pro-active safety mindset. Lessons learnt from the incident were shared across business units, and the Group's commitment to strengthen its safety standards was reinforced. As part of the occupational health and safety management system, CapitaLand will continue to monitor the performance, reinforce safety standards and fine-tune its SOPs for improvement.

	2017				2016	2015
CapitaLand Staff	Singapore	China	Rest of the World	Group Overall	Group Overall	Group Overall
Number of work-related injuries	4	25	27	56	51	68
Work-related fatalities/permanent disabilities	0	1	0	1	0	0
Injury rate ³ (number of work-related injuries per million hours worked)	1.0	1.8	3.0	2.1	1.9	2.8
Lost day rate ⁴ (number of lost man-days per million hours worked)	5.4	539.5	112.5	313.8	44.0	101.2
Absentee rate ⁵ (days per staff per year)	6.4	2.6	5.2	4.0	3.5	4.3

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 total well-being, health and safety.

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 more than 170 local fire departments, government agencies and associations to organise fire drills at 48 malls to raise safety awareness among more than 29,000 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.

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

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. Of the 56 work-related injuries, two were incidents of occupational disease.

³ In 2017, injury rate is 1.5 and 2.6 per million hours worked for male and female staff respectively.

⁴ A fatal injury is equivalent to a loss of 6,000 man-days, as defined by the U.S. National Institute for Occupational Safety and Health. This is also adopted by the Singapore Ministry of Manpower. This resulted in the spike in the 2017 performance for lost day rate.

⁵ Absentee rate is based on medical leave taken by staff, regardless of whether it is work-related illness or not. In 2017, absentee rate is 2.7 and 5.2 days per staff for male and female staff respectively.

Human Capital

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.

In end 2017, it is progressively rolling out the CapitaLand Supply Chain Code of Conduct to influence its supply chain to operate responsibly in the areas of 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 staff 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 properties in Singapore only appoint bizSAFE⁶ 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 2017, about 93% of its Singapore corporate offices' and operating properties' vendors and service providers⁷ 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. Two main contractors appointed in 2017 fulfilled these requirements and one main contractor is in the process of getting certified.

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)⁸ of its main contractors at its sites. In 2017, there was no injury at its Singapore construction sites⁹.

Despite best efforts to ensure site safety, it was with great regret that there was one fatality of CapitaLand's contractor staff in China. Detailed investigations were undertaken, and it ensured that the contractor quickly completed all necessary follow-up action. Appropriate actions were also taken against the contractor by the local authorities. 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 SHARP¹⁰ awards and for overseas main contractors to apply for local safety awards.

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

⁶ 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.

⁷ This refers to term contractors/service providers where their work is on-site at CapitaLand properties or offices.

⁸ AFR and ASR are terms used in Singapore by the WSH Council. AFR measures how often workplace incidents occurred per million man-hours worked. ASR measures number of man-days lost to workplace accidents per million man-hours worked.

⁹ As there was no contractor injury at the three sites in Singapore, its AFR and ASR was zero, which was below Singapore national average of 1.6 for AFR and 104 for ASR for construction sector.

¹⁰ 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.

Human Capital

HUMAN RIGHTS

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

CapitaLand was voted winner of the Randstad SEA Employer Brand Award 2017 (Property and Real Estate Sector). The annual award is presented to the most attractive employer in 26 countries globally.

ANTI-CHILD LABOUR AND ANTI-FORCED LABOUR

With a global workforce of more than 12,500 staff, CapitaLand is committed to be a workplace of choice for its staff.

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 (TAFEP¹¹) and a commitment to the five key principles of fair employment as follows:

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

In 2017, there was no reported incident relating to discrimination, child labour or forced labour in CapitaLand. In 2017, CapitaLand had no staff below the age of 16.

PROMOTING FAIRNESS AND DIVERSITY

As an international company, CapitaLand embraces diversity and inclusivity regardless of gender, race, culture, nationality and family status. There are more than 80 nationalities working within the Group. CapitaLand believes that regardless of ethnicity, age, gender or family status, staff can make a significant contribution based on their talent, expertise and experience.

CapitaLand propagates a localisation strategy for its overseas operations where reasonable and practical. 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 2017, locals accounted for about 83% of the staff based in Singapore and 97% of staff based in China. Of these locals, 42% were holding managerial and senior management positions in Singapore and 15% 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 at an early stage 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 25% of the total headcount in 2017¹².

¹¹ 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, staff and the general public towards fair employment practices for all workers in Singapore. Members include employer representatives, union leaders and government officials.

¹² Singapore and China account for about 9% and 48% 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. About 84% of new hires in 2017 were born from 1978 onwards. Over 75% of CapitaLand's staff 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 48:52 (In Singapore, the proportion of male to female staff is 40:60; in China, the ratio is 48:52). The company's female staff are well represented at the middle and senior management level. In the past three years, about 50% of the managerial staff were female. In 2017, about 35% of senior management were female with four of them holding C-suite appointments within the Group.

The average gender pay gap¹³ for staff up to middle management levels ranges between 1% (in favour of females) for non-executives, 0% for executives and 7% (in favour of males) for managers. At senior management levels with female representation¹⁴, the average gender pay gap ranges between 1% (in favour of females) and 12% (in favour of males). An analysis of comparable roles shows that CapitaLand rewards men and women fairly for similar work and that the gap reflects the lower representation of women at the more senior levels of the organisation.

RE-EMPLOYMENT OPPORTUNITIES

The Singapore government implemented the re-employment legislation in 2012 to enable more people to work beyond the current statutory retirement age of 62, and up to 65 in the first instance and subsequently, up to 67 years old. Before the legislation, CapitaLand already had a re-employment policy of extending employment to staff who have reached the mandatory retirement age but are still able and willing to continue contributing to CapitaLand. This policy is applicable to all staff globally with a total of 126 staff above retirement age¹⁵ in 2017. They will continue to draw their last drawn salary if upon re-employment, their work scope and responsibilities remain unchanged.

RESPECT FOR FREEDOM OF ASSOCIATION

CapitaLand is committed to maintaining harmonious labour relations. It respects its staff's right to freedom of association and 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 unions enjoy a cordial working relationship, promoting positive working conditions and improving productivity for the mutual benefit of staff and the company. Currently, 39% of the bargainable workforce and junior executives in Singapore are union members. Globally, 14% of its workforce is covered by collective agreements*. During the year, the unions did not express any concerns on staff health and safety issues as the CapitaLand OHS management system is externally audited.

TALENT MANAGEMENT

CapitaLand seeks innovative, dynamic and talented staff to take the company into its next phase of growth and 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 staff's capability and personal traits, underpinned by its core values, through formal classroom trainings, on-the-job exposure, job rotation and mentoring/coaching.

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.

*GRI 102-41

¹³ This comparison is for base salary which excludes payments such as allowances, CPF (Singapore), overtime pay and bonus.

¹⁴ There are 2 levels with no female representation.

¹⁵ This is based on the retirement age in the respective countries.

Human Capital

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 long 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, staff engagement initiatives and subsidised rates for staff staying at Ascott's serviced residences. Part-time staff 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 staff receive regular performance and career development reviews.

In 2017, 442 eligible female staff went on maternity leave and 323¹⁶ returned to work. CapitaLand also provides paid paternity leave to all male staff in Singapore and countries where practicable. In 2017, 231 eligible male staff 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 for a more secure retirement. Under the CPF scheme, CapitaLand and its staff make monthly contributions to the staff's CPF account in accordance with the prevailing regulations. Apart from complying with Singapore's statutory requirements on making monthly contributions to staff's 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 the key employment terms and conditions clearly spelt out, so that staff fully understand what the terms and conditions mean. This allows staff to understand both their rights and obligations as well as those of the company, thus minimising potential employment disputes in future. Key employment terms specified in the employment contract include the job title and description, duration of employment, working hours, salary and allowances, and (statutory) contributions/deductions, leave entitlements, probation and notice periods, and key insurance and medical benefits, etc.

To ensure that CapitaLand remains competitive and continues to attract and retain the right talent, the Group engages external independent remuneration consultants to benchmark the company's compensation packages against the relevant talent markets. Salaries are reviewed taking into consideration these benchmarks as well as the specific job scope and responsibilities of each staff.

All regular full-time staff undergo an annual performance review where there is an open discussion on the staff's performance, areas for improvement, developmental needs and career plans.

The Group rewards and motivates staff with comprehensive and competitive compensation and benefits programmes. The Group observes a pay-for-performance philosophy that rewards for superior performance, which aligns staff and shareholder interests to deliver business results. The Group's overall annual variable bonus pool is determined based on the Group's achievement against a holistic set of financial and non-financial targets in the balanced scorecard dimensions of Financials, Growth, Execution and People. The amount of bonus awarded to staff are further based on their relative contributions and individual performance. Staff at managerial grades are also eligible to receive performance-based long-term share awards. The share awards will vest over three years subject to the achievement of pre-determined Group profitability and shareholder return targets.

The performance and remuneration of key management executives is based on both quantitative and qualitative targets within the balanced scorecard framework, including their efforts in building the management bench strength and in the development of talent.

¹⁶ Excludes staff whose paternity/maternity leave cross over to 2018 and hence have not return to work in 2017.

Human Capital

CapitaLand monitors the movement of its workforce closely. In 2017, the staff turnover¹⁷ was 15.9%. In Singapore, the turnover was 14.6%, which was better than the national average of 21.6%¹⁸. In China, the turnover was 18.2%, which was better than the national average of 19.6%¹⁹. Due to the labour-intensive hospitality industry that CapitaLand is also in, as well as the large number of non-executive staff, the staff movement whilst significant, was not abnormal.

Almost 45% of staff globally have been with the Group for five years or longer. The company also interviews resigning staff as part of its continuing efforts to improve its retention policies and initiatives.

JOB SECURITY

CapitaLand is committed to talent mobility where staff are given opportunities to rotate to different job functions, subject to skills/competency requirements and business needs. CapitaLand is committed to providing meaningful jobs for its staff. This is in line with the revised Tripartite Guidelines on Managing Excess Manpower and Responsible Retrenchment 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 upskilling staff and redesigning jobs, as well 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 the event of termination or staff resignation, there is a minimum notice period of one to three months, depending on the staff's job grade. Due to operational requirements, senior management staff are required to serve a notice period of three to six months.

In 2017, other than the reconfiguration of certain functions, there was no major reorganisation in CapitaLand. There were no layoffs arising from these changes.

LEARNING AND DEVELOPMENT

Staff are provided with appropriate training to be better equipped to contribute at optimal levels, and contribute effectively to Group's performance. The target is for 95% of staff to attend at least one learning event per year and each staff is 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 staff's learning and development. This includes personal development courses and certified training programmes to equip staff with the necessary skills for better performance. Staff are granted paid examination leave for their studies. Full-time staff are allowed up to 10 days of examination leave per calendar year.

In 2017, about 95% of the workforce attended at least one learning event²⁰, and the average number of training hours completed by each staff for the year was more than 59 hours, well above the recommended industry guide of 40 hours per annum.

Upskilling The Workforce For The Future

In anticipation of the technological change and its impact on the skillsets of its staff, CapitaLand organised a series of evening sessions where industry experts are invited to share insights on topics and trends related to its business, including building retail of the future. By organising these discussions, the company hopes to inculcate a spirit of lifelong learning and help equip staff with the knowhow to navigate a constantly changing world. A key highlight

¹⁷ 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.

¹⁸ Data by Ministry of Manpower, Singapore.

¹⁹ Data by a human capital and management company.

²⁰ The number includes third party staff at CapitaLand properties.

Human Capital

was the CapitaLand Family Day Digital Festival, which was a full day technology carnival at a CapitaLand property. CapitaLand staff and their family (including children) could experience a glimpse of the future of real estate at the exhibition, and learn digital skills at the technology workshops. CapitaLand Hope Foundation children beneficiaries were also invited to participate in this event.

Another key event was the “Be Future Ready Learning Event”, a full day event with industry experts sharing insights on digital revolution, developing lifelong resilience skills and dealing with online negativity. In end 2017, CapitaLand launched the CapitaLand ELEVATE, a S\$10 million programme to train its staff in new proptech-enabled capabilities, such as data analytics, digital marketing, and digital asset management.

Other training organised by CapitaLand included analytics and innovation. Over 1,290 staff invested over 5,500 hours attending these sessions in 2017. Also, more than 360 staff spent over 2,100 hours participating in change management and diversity-related training.

STAFF ENGAGEMENT*

CapitaLand actively engages its staff 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 the 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 staff. These sessions include a question and answer session, where staff can pose questions via an online platform, via email, or in person.

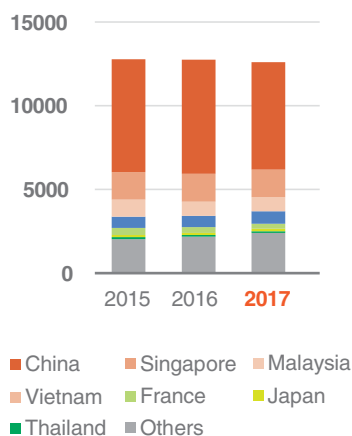
CapitaLand practises an open-door policy, allowing all staff to obtain a fair review and a prompt response to problems or concerns relating to any aspects of employment with the Group. This includes harassment, grievance handling and whistle-blowing policies applicable to all staff. Staff can also raise their concerns to a higher level of management or to the Human Resource Department.

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

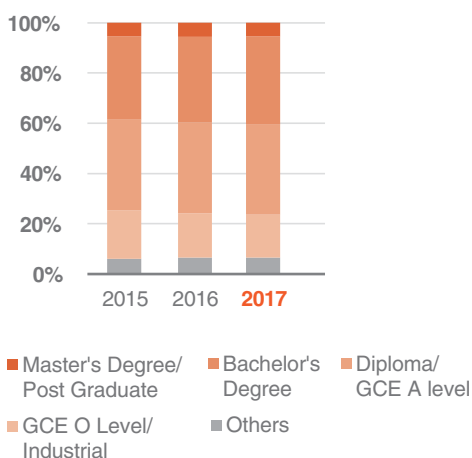
**GRI 102-40, 102-43, 102-44*

Human Capital

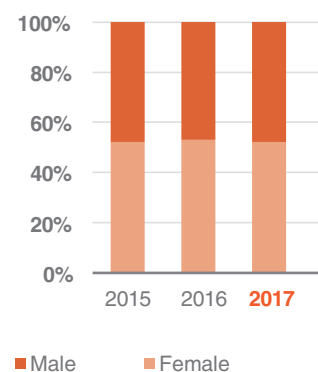
Global Staff by Nationality



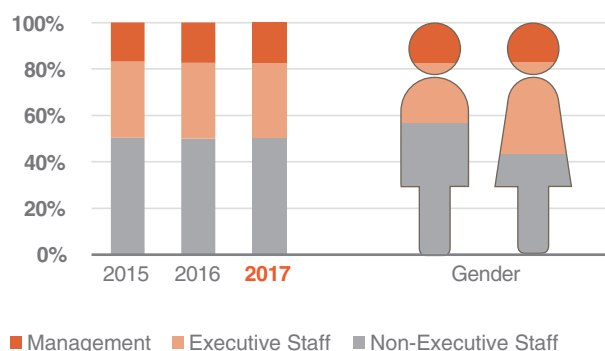
Global Staff by Educational Qualifications



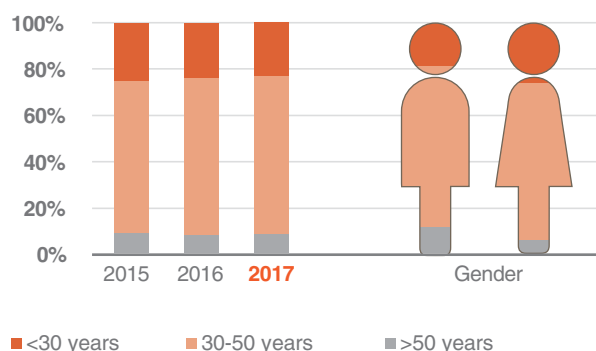
Global Staff by Gender



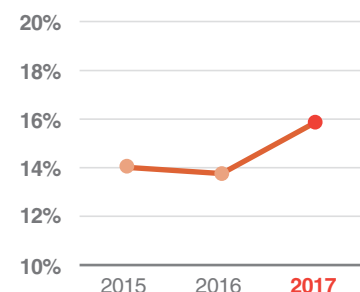
Global Staff by Seniority and Gender Profile



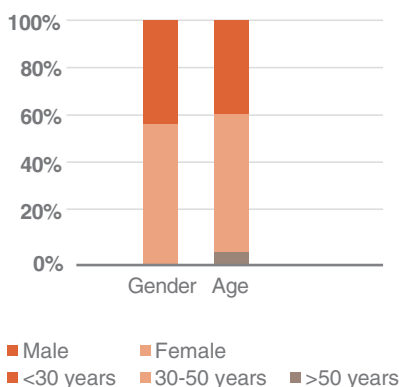
Global Staff by Age and Gender Profile



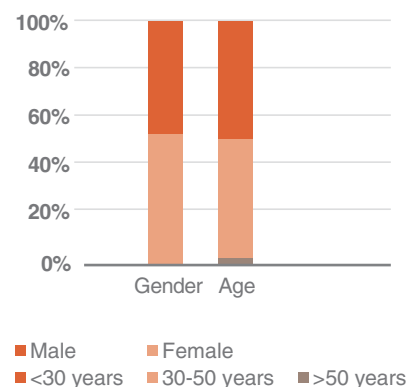
Global Staff: Voluntary Turnover Rate



Voluntary Turnover by Gender and Age (2017)



Global Staff: New Hires by Gender and Age (2017)



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.

STAKEHOLDERS' ISSUES OF INTEREST*

Stakeholder	Engagement Channels	Issues	Sustainability Report
Customers-home buyers and residents, tenants, shoppers	- Homebuyer: welcome parties, welcome kits - Tenant: survey, green fit out guide, enrichment events such as Biz+ events - CapitaLand weekly lifestyle blog - INSIDE, social media	- Workmanship, design - Facilities management, - Customer experience	Social and Relationship Capital, Environmental Capital
Investors, Analysts and Media	- Annual general meetings - Quarterly financial results announcements - Media releases and interviews - Annual reports and sustainability report - Company website - Regular analyst and investor meetings - Response to sustainability surveys	- Operational efficiency - Monetary savings, cost avoidance and return on investment - ESG risks and opportunities	Financial Capital, Social and Relationship Capital
Staff	- Regular dialogue sessions with senior management - Regular staff engagement survey - Volunteer programmes - Recreation club activities	- Work-life balance - Remuneration and benefits - Employee welfare	Human Capital, Social and Relationship Capital
Supply Chain – main contractors, vendors, suppliers	- CapitaLand Supply Chain Code of Conduct - Environmental, Health and Safety (EHS) - Policy and quarterly EHS monitoring - Vendor evaluation, including events, meetings and trainings	- Design and quality - Occupational health and safety practices - Workers welfare and well-being - Environmental compliance	Human Capital, Social and Relationship Capital, Environmental Capital
Government/national agencies/Community and non-governmental organisations (NGOs)	- 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	- Sustainable building developments - Stakeholder programmes to advocate greener tenant/resident/customer behaviours - Advocating best practices	Social and Relationship Capital

* GRI 102-40, 102-42, 102-43, 102-44, 102-46

Social and Relationship Capital

STAKEHOLDER ENGAGEMENT

Staff

CapitaLand actively engages its staff 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 at 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.

CapitaLand conducted homebuyer surveys for its residential developments in China and Vietnam. Through these surveys, it garnered feedback on staff service, quality of homes and common facilities. The respondents for two China residential developments gave an average rating of 8 out of 10. 70-90% of respondents for eight Vietnam residential developments gave a satisfied to very satisfied rating for different indicators.

CapitaLand's serviced apartments track and monitor its properties' performance via two platforms. One is a subscription to ReviewPro. Its Guest Rating Score™ (GRS™) is an independent assessment of the individual properties' quality rating based upon consumer reviews from 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.

Another platform allows guests to provide specific feedback and ensure that the properties respond promptly on specific feedback furnished.

A key tenant engagement programme for CapitaLand malls in Singapore was the Biz+ Series of seminars and workshops where industry experts, business consultants and retailers gather to share insights and innovations. The theme for the 2017 programme was on Millennials and Phygital. Retail Future 2017 entitled 'Capturing the Millennial Dollar' held in May 2017 brought together speakers from IBM, Sephora, TBWA and local millennial entrepreneurs to share case studies in engaging millennials, the appeal of the sharing economy and new market initiatives that merge the digital and physical worlds to create a seamless offline-and-online experience. Two other seminars focusing on millennial customer loyalty and phygital technology such as augmented reality and artificial intelligence applications in retail were also organised to inspire retailers to innovate. A CEO breakfast roundtable session titled 'Magnify the in-store experience' was organised in September 2017 where leaders of various retail brands came together for a lively discussion on phygital trends and innovations.

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 its shareholders, investors, analysts and the media is important to CapitaLand. CapitaLand provides regular updates on its strategies, financial performance and operations through multiple platforms. Official announcements and news releases are filed on the Singapore Exchange (SGX), updated on CapitaLand website, and issued to analysts and media for coverage. CapitaLand has a dedicated Investor Relations (IR) webpage with its announcements, IR policies and materials relating to its financial results and annual reports. Investors can sign up for email alerts to receive the latest announcements from CapitaLand. Investors can also send enquiries to the IR team through the "Contact Us" page or email groupir@capitaland.com.

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

Social and Relationship Capital

CapitaLand's management conducts biannual briefings on its half year and full year financial results for analysts and media. Investors can view live webcasts or videos of the briefings which are available on its IR webpage for up to three years. Its management and IR team also hold briefings for investors based in Singapore on its quarterly financial results.

The Group Communications team works closely with the media to profile CapitaLand's senior management and latest developments of the Group. The team communicates with the consumers and the public through print, broadcast and digital media outlets. This also includes sharing news and stories, as well as executing brand and marketing campaigns on our social media platforms via Facebook, Instagram, Twitter, LinkedIn, YouTube, and through CapitaLand's weekly lifestyle blog, INSIDE. For more information, please refer to "Investor & Media Relations" CapitaLand Limited Annual Report 2017, page 64-65.

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 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.

In end 2017, the CapitaLand Supply Chain Code of Conduct was rolled out progressively to influence its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management.

For more information on the monitoring of contractors' and suppliers' performance, please refer to the Supply Chain Management 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 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 sustainability and innovation through the design and use of technologies. More than S\$2.5 million was invested in innovative features for two 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

Social and Relationship Capital

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

A registered charity in Singapore, the philanthropic arm of CapitaLand, CapitaLand Hope Foundation (CHF) invests 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 operating profit to CHF and supports its day-to-day operations with staff from the various functional departments within the company.

In 2017, CapitaLand invested more than S\$2.9 million through CHF to benefit underprivileged children and over S\$0.5 million in other community development initiatives. CapitaLand measures the impact of its community development investments in sustained programmes. For example, it referenced the London Benchmark Group's (LBG)¹ model for impact assessment for the CapitaLand-NUHKids Nutrition Fund, which is part of the CapitaLand Kids' Food Fund (KFF). CapitaLand KFF aims to improve food security and nutritional wellbeing of children from financially challenged families through the provision of fortified milk formulas and nutritional supplements. In 2017, through the continued partnership with National University Hospital, People's Association and Community Development Councils, CHF donated more than S\$176,000 to benefit more than 1,100 underprivileged children.

CapitaLand-NUHKids Nutrition Fund, Singapore

CapitaLand-NUHKids Nutrition Fund was established to support underprivileged children undergoing medical treatment for specific conditions at the pediatric ward of National University Hospital (NUH). In 2017, of the 35 beneficiaries supported through the CapitaLand-NUHKids Nutrition Fund, about 57% of the beneficiaries have seen an improvement in weight since being supported under the programme; out of which, 85% met the optimal weight gain, as advised by NUH. In addition, 13 beneficiaries that was supported in 2016 saw a 92% improvement in weight; out of which, about 67% met the optimal weight gain.

Syifaa (not her real name), a three-year-old diagnosed with Nemaline Myopathy and other comorbidities such as reflux and respiratory insufficiency is on long term tube feeding via the PEG tube and requires fortified milk formula. The Fund has helped alleviate the family's financial burden by purchasing the feeding bags and PEG button. She successfully reached an optimal weight at the 25th percentile and her health improved as demonstrated by the drop in readmissions to hospital. This also reduced the stress to her caregivers and she started attending school.

Fabian (not his real name), a five-year-old child diagnosed with dysmorphism with global developmental delay has poor appetite and insufficient solid intake. Since receiving financial assistance for milk feeds from 2016, he has experienced an increase in height and weight, though he has yet to achieve an optimal level. His mum commented he no longer fall sick easily and no longer missed school and therapy sessions. He has improved his speech capability and can now better communicate his needs to his parents.

(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

CapitaLand Young Architect Programme (CYAP)

CYAP aims to inspire the younger generation to play a role in shaping real estate of the future and engage the community in rethinking the design of public spaces in their neighbourhood. It was launched in July 2017 in partnership with the People's Association, Community Development Councils and National University of Singapore (NUS) Department of Architecture. More than 70 secondary students participated in the three-month programme under the mentorship of CapitaLand staff and students from the NUS 'Architecture Design Facilitation' course. Their works were featured in a public exhibition at IMM, a CapitaLand mall. The winners of the inaugural CapitaLand Young Architect Award also participated in a special student immersion programme with CapitaLand during the December school holidays.

A Social Emotional Learning Self-Assessment was completed by 53 student participants and 10 NUS mentors during the CYAP. The majority of students and mentors reported that they had improved in the five areas assessed, namely Self-Awareness, Self-Management, Social Awareness, Relationship Management and Responsible Decision Making. Specifically, 90% of participating students and 80% of NUS mentors reported improvement in self-awareness; 81% of students and 80% of NUS mentors reported improvement in relationship management.

(SDG 4)

OTHER KEY PROGRAMMES

Initiative	Impact
CapitaLand Therapy for Children Project (CTCP) Support the treatment and rehabilitation needs of underprivileged children with cleft lip and palate issues through the continual partnership with China Foundation for Poverty Alleviation. The project was implemented by two leading NGOs: Smile Angel Foundation (嫣然天使基金会) and Future Smile Charitable Foundation (微笑明天基金会).	Through CHF's support, CTCP has benefitted 160 children with physical disabilities to date and in 2017, 313 children with cleft and palate issues received treatment. Xiaochao, a two-year-old boy who lived with his grandma in a small town in Sichuan province had difficulty feeding and eating since he was an infant. He was abandoned by his mom at one and a half years of age and his father was away working in the city. In August 2017, Xiaochao received surgery for cleft lip, and reports indicate he is getting healthier and stronger.
CapitaLand Hope Schools 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.	In 2017, over 40 CapitaLand staff volunteers and management from Singapore, China, Malaysia and Vietnam embarked on a three-day volunteer expedition to CapitaLand Xingfuzhulu Hope School located in Chifeng, Inner Mongolia, China, with the aim to improve the learning and development environment for the students. The staff volunteers helped with gardening work in the school field, installed bookshelves in classrooms, and painted colourful wall murals in the activity and art & craft rooms. A series of educational activities, including science classes and CapitaLand's signature Little Architect Programme, were also organised for the pupils. A donation of over S\$50,000 was used to refurbish five classrooms and dormitories as well as provide hot water dispensers and schoolbags, etc.

Social and Relationship Capital

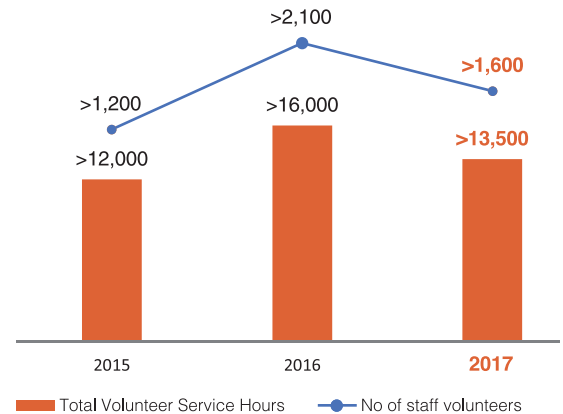
ADVOCATING STAFF VOLUNTEERISM

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 2017, over 1,600 staff in CapitaLand properties tapped on this VSL policy to volunteer more than 13,500 hours² in various activities in Asia and beyond. CapitaLand encourages its staff to volunteer and over 125 staff dedicated more than 1,700 hours to volunteer during their personal time on CapitaLand initiatives. The estimated salary cost to CapitaLand in 2017 based on VSL taken was over S\$210,000.

In recognition of staff's social contribution as volunteers, CHF donates S\$500³ 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 2017, 158 staff qualified for this donation incentive and about S\$64,000 will be pledged for donation by CHF in 2018.

Based on post-volunteer event surveys, more than 94% of the respondents feel proud working in CapitaLand, and enjoy working in a company with a positive and vibrant corporate culture.



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 (handicapped) parking lots and family lots to lift lobbies;
- Sheltered and barrier-free drop-off areas;
- Accessible (handicapped) parking lots and 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 2017, CapitaLand obtained four Universal Design Awards from Singapore's Building and Construction Authority (BCA).

²The Group calculated its VSL based on leave taken during office hours.

³The 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.

Social and Relationship Capital

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.

The following key figures represent CapitaLand's overall alignment to the social integration criteria and are based on the floor area of its owned and managed properties. More than 70% of CapitaLand's completed and operational properties worldwide have met all criteria for social integration.

More than 95% of CapitaLand's properties worldwide have at least one access-enabled facility for the disabled. These facilities include accessible alighting and boarding bays, lifts, parking lots and public toilets. Its office buildings and shopping malls in Singapore, and shopping malls in Japan are also 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 connected 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.

Ascott Orchard Singapore and Cairnhill Nine – Universal Design Mark Platinum

Ascott Orchard Singapore, a 20-storey serviced residence, and Cairnhill Nine, a 30-storey residential tower is an integrated development surrounded by a covered, step-less pedestrian walkway that bridges the height differences between Bideford Road and Cairnhill Road, allowing for seamless, sheltered access to the drop-off porches and lift lobbies of Ascott Orchard Singapore, Cairnhill Nine, as well as the Al-Falah Mosque. A step-less link-bridge provides safe pedestrian crossing between the development and the adjacent shopping mall, and braille indicators have been incorporated at appropriate navigational points to help the visually challenged in wayfinding.

Ascott Orchard Singapore offers accessible guestrooms with features that cater to the needs of wheelchair users, such as wardrobe pull-down systems that allow for easy access to and operation of clothes rails, as well as wheelchair-accessible showers with seats. These guestrooms are directly connected to the environmental deck (E-deck) to allow for seamless access to recreational facilities. Dual-key units, in which studio and two-bedroom units can be combined, provides flexibility for multi-generational living.

The E-deck of Cairnhill Nine is lined with wide, covered walkways and provides ample seating as well as recessed nooks to accommodate wheelchair users and prams. Recreational facilities are also designed to be inclusive. The playground is equipped with multi-generational fitness equipment and seats that come with extended arm bars and varying heights suitable for all ages. The swimming pool has staggered platforms with handrails that improve accessibility for wheelchair users. The BBQ pits incorporate dual height sinks for use by adults and children. Both Ascott Orchard Singapore's and Cairnhill Nine's gymnasiums are equipped with wheelchair-friendly weight machines.

Social and Relationship Capital

RAISING PUBLIC AWARENESS AND COMMUNITY OUTREACH

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

Initiative	Impact
CapitaLand Giving Marketplace This new initiative aimed to promote the spirit of giving among CapitaLand staff and tenants. They could contribute by purchasing goods sold by social enterprises and charities. It also gave social enterprises and charities an opportunity to share their causes and products as well as offer volunteering opportunities. For every item purchased or donations made at the marketplace, CHF donated S\$3 to participating charities and another S\$3 to Rainbow Centre Singapore, CapitaLand Commercial Trust's adopted charity for 2017.	During the event, guest speakers from the National Volunteer and Philanthropic Centre (NVPC) and Community Chest shared more about the art of giving, effective giving and meaningful volunteerism. More than 100 staff and tenants participated in the "Art of Giving" lunch talk. A post event survey showed 100% of the participants were interested to attend similar future events and 100% of the participants felt that the lunch talk helped them learn more about giving and volunteering for the community. More than S\$6,000 was raised by CHF for the beneficiaries.
CapitaLand Earth Hour Campaign It was the tenth year that CapitaLand participated in the annual global sustainability movement to raise awareness on climate change and encourage individual action.	More than 280 CapitaLand's properties worldwide participated in the WWF Earth Hour initiative by turning off the façade and non-essential lights through the night on 25 March 2017. The properties also organised activities to engage tenants, shoppers, residents and the public to play their part environmental sustainability in various ways such as saving energy and water, taking public transport, recycling and tree planting.
Venue sponsorship for health events at CapitaLand properties	CapitaLand malls and office buildings in CapitaLand Mall Trust and CapitaLand Commercial Trust.

Social and Relationship Capital

Framework – Corporate Giving And Volunteerism

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 - Geography: Communities where CapitaLand operates Employee Volunteerism: Volunteer Service Leave (paid): three days per year
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 - One non-executive independent director, 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 operating 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

Material Topics & Boundaries

Material Topics (GRI102-47)	Topics Boundary: Internal and External	Management Approach References (GRI 103)
Economic		
Economic Performance	CapitaLand Group (CL)	Financial Capital (pg 14)
Market Presence	CL, investors	Human Capital (pg 39)
Indirect Economic Impacts	CL, community	Social and Relationship Capital (pg 50, 53)
Anti-corruption	CL, investors, customers, communities	Organisational Capital (pg 16-18)
Environmental		
Materials	CL, contractors	Environment Capital (pg 20-26)
Energy	CL, contractors	
Water	CL, contractors	
Biodiversity	Relevant to the communities where CL operates	
Emissions	CL, contractors	
Effluents and Waste	CL, contractors and suppliers	
Environmental Compliance	CL, investors	
Supplier Environmental Assessment	CL, contractors and suppliers	
Social		
Employment	CL	Human Capital (pg 39-42)
Labour/Management Relations	CL	Human Capital (pg 40)
Occupational Health and Safety	CL	Human Capital (pg 34-36)
Training and Education	CL	Human Capital (pg 42)
Diversity and Equal Opportunity	CL	Human Capital (pg 39-2)
Non-Discrimination	CL	Human Capital (pg 39)
Child Labour	CL	Human Capital (pg 39)
Forced or Compulsory Labour	CL	Human Capital (pg 39)
Human Rights Assessment	CL, contractors	Human Capital (pg 34, 38)
Local Communities	CL, communities	Environment Capital (pg 20), Human Capital (pg 34), Social and Relationship Capital (pg 50, 53)
Supplier Social Assessment	CL, contractors	Human Capital (pg 34-38)
Customer Health and Safety	CL, tenants, contractors, suppliers, and communities	Human Capital (pg 37-38), Social and Relationship Capital (pg 50)
Marketing and Labelling	CL, customers	Organisational Capital (pg 17-18)
Customer Privacy	CL, customers, investors	Organisational Capital (pg 17-18)
Socioeconomic Compliance	CL, investors	Organisational Capital (pg 16-18), Human Capital (pg 35)

GRI Standards Content Index for 'In accordance' – Core

The GRI Content Index references CapitaLand Limited Sustainability Report 2017 and the Annual Report 2017 (AR).

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 63-66)
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)				
General Disclosures				
GRI 102: General Disclosures 2016	102-1	Organisation's name	Introduction (pg 4)	
	102-2	Primary brands, products, and services	Introduction (pg 1)	
	102-3	Location of headquarters	Introduction (pg 4)	
	102-4	Location of operations	AR (pg 2-3)	
	102-5	Ownership and legal form	AR (pg7)	
	102-6	Markets served	AR (pg 2-3, 83-88)	
	102-7	Scale of the organisation	Introduction (pg 1, 3) Financial Capital (pg 14) AR (pg 2-3, 6, 76-88)	
	102-8	Workforce figures	Human Capital (pg 39)	✓
	102-9	Organisation's supply chain	Environmental Capital (pg 20, 30-33) Human Capital (pg 34, 37-38) Social and Relationship Capital (pg 45, 47)	✓
	102-10	Significant changes during the reporting period	AR (pg 12-13)	
	102-11	Report whether and how the precautionary approach or principle is addressed by the organisation	Introduction (pg 9-10) Environmental Capital (pg 20-26)	✓
	102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	Introduction (pg 3) Organisational Capital (pg 14) Human Capital (pg 40) Social and Relationship Capital (pg 48)	✓
	102-13	Memberships of associations and national or international advocacy organisations	Introduction (pg 3) Organisational Capital (pg 15) Human Capital (pg 39) Social and Relationship Capital (pg 47)	✓
	102-14	Statement from senior decision-maker	President & Group CEO's Message (pg12-13) AR (pg 8-11)	✓
	102-15	Description of key impacts, risks, and opportunities	Introduction (pg 9-11) Organisational Capital (pg 18-19) Environmental Capital (pg 20) Human Capital (pg 34) Social and Relationship Capital (45-47) AR (28-63)	✓
	102-16	Organisation's values, principles, standards and norms of behaviour	Introduction (pg 1) Organisational Capital (pg 15-18) AR (pg 42)	✓
	102-18	Governance structure	Introduction (pg 6) AR (14-59, 71-72)	✓
	102-40	List of stakeholder groups	Environmental Capital (pg 20) Human Capital (pg 37-38, 43) Social and Relationship Capital (pg 45-47)	✓
	102-41	Collective bargaining agreements	Human Capital (pg 40)	✓
	102-42	Identifying and selecting stakeholders	Environmental Capital (pg 20) Human Capital (pg 37-38) Social and Relationship Capital (pg 45-47)	✓
	102-43	Approach to stakeholder engagement	Environmental Capital (pg 20) Human Capital (pg 37-38, 43) Social and Relationship Capital (pg 45-47)	✓
	102-44	Key topics and concerns raised through stakeholder engagement	Environmental Capital (pg 20) Human Capital (pg 37-38, 43) Social and Relationship Capital (pg 45-47)	✓

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2017.

GRI Content Index

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 63-66)
GRI 102: General Disclosures 2016	102-45	Entities included in the organisation's consolidated financial statements	Introduction (pg 3) AR (pg 7)	✓
	102-46	Defining report content and topic boundaries	Introduction (pg 6-7) Social and Relationship Capital (pg 45)	✓
	102-47	List of material topics	Introduction (pg 6-7) Material Topics and Boundaries (pg 54)	✓
	102-48	Effect of any restatements of information provided in previous reports	There are some minor restatements of 2015 and 2016 total CO ₂ emissions, energy and water usage Environmental Capital (pg 29)	✓
	102-49	Significant changes from previous reports in the material topics and boundaries	There are no significant changes from previous reports.	✓
	102-50	Reporting period	FY 1 January to 31 December 2017 Introduction (pg 3)	✓
	102-51	Date of previous report	Published on 23 May 2017	
	102-52	Reporting cycle	Introduction (pg 3)	
	102-53	Contact point	Introduction (pg 4)	
	102-54	Claims of reporting in accordance with GRI Standards	Introduction (pg 3)	✓
	102-55	GRI Content Index	GRI Content Index (pg 55-60)	✓
	102-56	Assurance	Introduction (pg 3-4) Independent Assurance Statement (pg 63-66)	✓
Topic-Specific Standards				
Economic Benefit to Stakeholders				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 14, 39, 50, 53	
	103-3	Evaluation of the management approach	pg 14, 39, 50, 53	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated	Financial Capital (pg 14) AR (pg 4, 76-82)	
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from local community	Human Capital (pg 39)	✓
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Environmental Capital (pg 27, 33) Social and Relationship Capital (pg 48-53)	✓
Business Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 16-18	
	103-3	Evaluation of the management approach	pg 16-18	
GRI 205: Anti-Corruption 2016	205-1	Risk assessment for corruption	Organisational Capital (pg 16-18)	✓
	205-2	Communication and training on anti-corruption policies and procedures	Organisational Capital (pg 16-18)	✓
	205-3	Incidents and action taken	Organisational Capital (pg 17)	✓
GRI 415: Public Policy 2016	415-1	Political contributions	Organisational Capital (pg 17)	✓

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2017.

GRI Content Index

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 63-66)
GRI 417: Marketing Communications 2016	417-3	Incidents of non-compliance concerning marketing communications	No instances of non-compliance with regulations and voluntary codes concerning product and service information and labeling during the reporting period.	✓
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	Despite all efforts to ensure compliance, there was one breach of customer privacy where fake emails were sent through a vendor server to some customers. Third party consultant was engaged to help investigate and close the case.	✓
Energy Efficiency				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 20-26	
	103-3	Evaluation of the management approach	pg 20-26	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environmental Capital (pg 29, 30-31)	✓
	302-2	Energy consumption outside of the organisation	Environmental Capital (pg 30)	✓
	302-3	Energy intensity	Environmental Capital (pg 29, 30)	✓
	302-4	Reduction of energy consumption	Environmental Capital (pg 22, 27, 30-31)	✓
	302-5	Reductions in energy requirements of products and services	Environmental Capital (pg 22, 27)	✓
Water Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 20-26	
	103-3	Evaluation of the management approach	pg 20-26	
GRI 303: Water 2016	303-1	Total water consumption	Environmental Capital (pg 29, 31)	✓
	303-2	Water sources significantly affected	None during the reporting period Environmental Capital (pg 25, 31)	✓
	303-3	Water recycled and reused	Environmental Capital (pg 31)	✓
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 20-26	
	103-3	Evaluation of the management approach	pg 20-26	
GRI 304: Biodiversity 2016	304-1	Operational sites in or adjacent to protected areas or areas of high biodiversity value	None during the reporting period Environmental Capital (pg 25)	✓
	304-2	Significant impact on biodiversity		✓
	304-4	IUCN Red List species and national conservation list species affected		✓

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2017.

GRI Content Index

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 63-66)
Climate Change and Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 9-10, 20-26	
	103-3	Evaluation of the management approach	pg 9-10, 20-26	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	Environmental Capital (pg 28-29)	✓
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Capital (pg 28-30)	✓
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Capital (pg 28-30)	✓
	305-4	GHG emissions intensity	Environmental Capital (pg 29, 30)	✓
	305-5	Reduction of GHG emissions	Environmental Capital (pg 22, 30, 31)	✓
GRI 201: Economic Performance 2016	201-2	Financial implications, risks and opportunities due to climate change	Introduction (pg 9-10) Environment (pg 20-21, 25-26)	✓
Construction and Operational Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 20-26, 32-33	
	103-3	Evaluation of the management approach	pg 20-26, 32-33	
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	Wastewater is discharged into the public sewerage system or sewage treatment plant.	✓
	306-2	Waste management	Environmental Capital (pg 32-33)	✓
	306-3	Significant spills	None during the reporting period.	✓
	306-4	Transport of hazardous waste	Disclosure is not applicable as the Company does not transport, import, export or treat hazardous waste.	
	306-5	Discharge and runoffs affecting protected water bodies	None during the reporting period. Waste water is discharged into the public sewerage system or sewage treatment plant. Environmental Capital (pg 25)	✓
GRI 301: Materials 2016	301-1	Materials used by weight or volume	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.	✓
Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 20-25, 34, 38	
	103-3	Evaluation of the management approach	pg 20-25, 34, 38	
GRI 307: Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environmental Capital (pg 23) Some of the main contractors had a total of six fines totalling of S\$50,000.	✓

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2017.

GRI Content Index

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 63-66)
Supply Chain Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 20-26, 34, 38, 47	
	103-3	Evaluation of the management approach	pg 20-26, 34, 38, 47	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers screened using environmental criteria	Environmental Capital (pg 22)	✓
GRI 414: Supplier Social Assessment 2016	414-1	Suppliers screened using social criteria	Human Capital (pg 38)	✓
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 39-42	
	103-3	Evaluation of the management approach	pg 39-42	
GRI 401: Employment 2016	401-1	New hires and employee turnover	Human Capital (pg 39, 42, 44)	✓
	401-3	Parental leave	Human Capital (pg 41)	✓
GRI 402: Labour/ Management Relations 2016	402-1	Notice period regarding operational changes	Human Capital (pg 42)	✓
GRI 404: Training and/ Education 2016	404-1	Average hours of training	Human Capital (pg 42-43)	✓
	401-3	Employee skills upgrade and transition assistance programmes	Human Capital (pg 42-43)	✓
	404-3	Performance and career development reviews	Human Capital (pg 41, 42)	✓
Occupational Health & Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 34-36	
	103-3	Evaluation of the management approach	pg 34-36	
GRI 403: Occupational Health and Safety 2016	403-1	Staff represented in OHS committee	Human Capital (pg 34-37)	✓
	403-2	Occupational injury	Human Capital (pg 37)	✓
Diversity and Human Rights				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 39-42, 47	
	103-3	Evaluation of the management approach	pg 39-42, 47	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity	Human Capital (pg 39-40, 44)	✓
	405-2	Ratio of basic salary and remuneration of women to men	Human Capital (pg 40)	✓

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2017.

GRI Content Index

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 63-66)
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective action taken	Human Capital (pg 39)	✓
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour and measures taken to the effective abolition of child labour	Human Capital (pg 39) Social and Relationship Capital (pg 47)	✓
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it	Human Capital (pg 39) Social and Relationship Capital (pg 47)	✓
GRI 412: Human Rights Assessment 2016	412-1	Operations subjected to human rights reviews	Human Capital (pg 34-37, 39, 40) Social and Relationship Capital (pg 47)	✓
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Environmental Capital (pg 25) Human Capital (pg 37-38) Social and Relationship Capital (pg 45-53)	✓
GRI 414: Supplier Social Assessment 2016	414-1	Suppliers screened using social criteria	Human Capital (pg 37-38)	✓
Products and Services				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 6-7, 54	
	103-2	The management approach and its components	pg 34-36	
	103-3	Evaluation of the management approach	pg 34-36	
GRI 416: Customer Health and Safety 2016	416-1	Health and safety impacts assessment of products and services	Human Capital (pg 34, 37-38) Social and Relationship Capital (pg 50-51)	✓
	416-2	Incidents of non-compliance	Human Capital (pg 35)	✓
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Environmental Capital (pg 25) Social and Relationship Capital (pg 45-53)	✓

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.

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2017.

United Nations Global Compact

10 Principles of the UN Global Compact

Principles		Report Page
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	39
Principle 2	Make sure that they are not complicit in human rights abuses	
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	40
Principle 4	Elimination of all forms of forced and compulsory labour	39
Principle 5	Effective abolition of child labour	
Principle 6	Elimination of discrimination in respect of employment and occupation	
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	20-33
Principle 8	Undertake initiatives to promote greater environmental responsibility	
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	16-18

ISO 26000 Guidance on Social Responsibility

Core Subjects		Report Page
6.2	Organisational governance The system by which an organisation makes and implements decisions to achieve its objectives.	Introduction (pg 5-11), Organisation Capital (pg 15-19), Social and Relationship Capital (pg 45-47), AR (pg 14-59)
6.3	Human rights Respect for human rights including civil and political rights as well as economic, social and cultural rights.	Human Capital (pg 34-45)
6.4	Labour practices Policies and practices relating to work performed within, by or on behalf of the organisation, including sub-contracted work.	Human Capital (pg 34-37, 39-44)
6.5	The environment Environmental impact of an organisation's decisions and activities, such as use of resources, generation of pollution and wastes.	Environmental Capital (pg 20-33)
6.6	Fair operating practices Ethical conduct in dealings with other organisations such as anti-corruption, socially responsible behaviour, fair competition and respect for property rights.	Organisational Capital (pg 16-18), Environmental Capital (pg 20, 22), Human Capital (pg 38-38)
6.7	Consumer issues 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.	Organisational Capital (pg 18), Environmental Capital (pg 20, 22, 24-27, 32-33), Human Capital (pg 34-36), Social and Relationship Capital (pg 50-51)
6.8	Community involvement and development Support for and building relationship with the community, so as to contribute to community development.	Human Capital (pg 34, 37, 40), Social and Relationship Capital (pg 45-53)

Independent Assurance Statement

To the Management of CapitaLand Limited

CapitaLand Limited (CapitaLand) engaged Ere-S Pte Ltd (Ere-S) to carry out an independent assurance of CapitaLand Global Sustainability Report 2017 (the Report). The engagement took place in March and April 2018.

SCOPE

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period January 2017 to December 2017. This covers the information provided with reference to the following GRI Standards disclosures:

- GRI general disclosures on organisation profile (102-8, 102-9, 102-12, 102-13, 102-14, 102-15, 102-16, 102-18), stakeholder engagement (102-40, 102-41, 102-42, 102-43, 102-44) and reporting practice (102-45, 102-46, 102-47, 102-48, 102-49, 102-54, 102-55)
- Economic GRI disclosures on economic performance (201-2), market presence (202-2), indirect economic impacts (203-1) and anti-corruption (205-1, 205-2, 205-3)
- Environmental GRI disclosures on materials (301-1), energy (302-1, 302-2, 302-3, 302-4, 302-5), water (303-1, 303-2, 303-3), biodiversity (304-1, 304-2, 304-4), emissions (305-1, 305-2, 305-3, 305-4, 305-5), effluents and waste (306-1, 306-2, 306-3, 306-4, 306-5), compliance (307-1), supplier environmental assessment (308-1)
- Social GRI disclosures on employment (401-1, 401-3), labour/management relations (402-1), occupational health and safety (403-1, 403-2), training and education (404-1, 404-2, 404-3), diversity and equal opportunity (405-1, 405-2), non-discrimination (406-1), child labour (408-1), forced or compulsory labour (409-1), human rights assessment (412-1), local communities (413-1), supplier social assessment (414-1), public policy (415-1), customer health and safety (416-1)

Ere-S also checked all disclosures on management approaches (GRI DMA) associated with the above topics, as well as new or updated historical performance data that was not verified during last year's assurance engagements by Ere-S for CapitaLand's previous sustainability report.

A verification on the alignment of the entire Report with the Singapore Exchange (SGX)'s 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 CapitaLand's Annual Report and third-party audits and certifications (e.g. BCA Green Mark, LEED, ISO 14001 and OHSAS 18001).

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. Ere-S did not check the content of CapitaLand's Annual Report referred to in the GRI Content Index.

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).

Independent Assurance Statement

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).

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, spills and cases of non-compliance to regulations (GRI 205-3, 306-3, 307-1, 406-1, 416-2, 417-3, 418-1, 419-1), on impacts on biodiversity, water sources and water bodies (303-2, 304-1, 304-2, 304-4, 306-1, 306-5) and on political contributions (415-1), Ere S assessment was essentially based on confirmation by key data owners and, where applicable, internal documents from CapitaLand's accounting, feedback and reporting systems.

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 Ere S are independent of CapitaLand and contain no financial interest in CapitaLand's business operations.

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.*

Employees, customers and investors continue to benefit, at global levels, from multiple engagements platforms, including regular surveys, meetings and online feedback channels. Formal engagement with the other stakeholder groups was also observed but in a less sustained way. Examples of the latter include communication and

Independent Assurance Statement

engagement with contractors, particularly overseas, to cover specific concerns such as environmental and safety approaches, quality of performance data collection and the implementation of CapitaLand's new supply chain code of conduct. Active relationships to discuss key concerns during the reporting period were mainly observed with unions and government agencies in Singapore. Except for overseas community partners, there was less evidence of similar participation in decision making processes by other stakeholders abroad.

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

Key mechanisms to identify and prioritise material issues, measure relevant performances and impacts and set appropriate targets could be observed for the reporting period. These included CapitaLand's global sustainability management structure, its certified systems on environment, health and safety, including relevant committees and work units, as well as CapitaLand's enterprise risk management system. Evidence showed that these mechanisms were overseen by senior management.

In addition to the engagement channels described above, observed approaches to recognise material issues and concerns from stakeholders included non-compliance assessment and reporting systems and the sharing of information. Material shared covered incidents, business malpractices, legal updates and the relevant mitigation measures and best practices. Some concerns were raised by the unions in Singapore, but there was no evidence of other significant issues identified through direct engagement with stakeholders overseas.

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

Responsiveness was observed to issues raised by all key stakeholder groups during 2017. In particular, there was evidence of actions taken in response to concerns from unions about employees affected by CapitaLand's newly implemented digitalisation programme. Other actions by CapitaLand in response to ongoing material issues that could be evidenced during the reporting period included investigations and information sharing following safety incidents, cases of non-compliance or malpractice.

The assurance showed that, during the reporting period, communication platforms including events, meetings corporate website, intranet, and other online channels continued to be used to share information about CapitaLand's sustainability strategy and performance with all key stakeholders.

The Report would benefit from additional and diverse case studies showing CapitaLand's responses to new concerns raised by stakeholders during the year and how effectively and timely the organisation mitigates these concerns and communicates the results and relevant performance data.

EVALUATION OF THE ADHERENCE TO THE GRI REPORTING PRINCIPLES (QUALITY OF THE REPORT CONTENT)

The content of the Report is sufficiently clear and detailed to provide an overall accurate picture of CapitaLand's sustainability framework and performance during the reporting period. Reported social and environmental policies, management approaches, targets and their application appear to comprehensively cover all key operations of the organisation and its supply chain. Based on Ere-S assessment of the reported information and underlying processes, CapitaLand showed continuous efforts in aligning its sustainability framework with the latest standards and best practices in the sustainability context of the real estate and construction sectors.

However, more detailed performance data, especially from overseas operations and suppliers, would improve the completeness of the Report. For example, indicators on safety, water, waste and scope 3 emissions could be more exhaustive. Ere-S understands that embodied emissions in the construction sector are still difficult to measure due to lack of clear benchmarks.

Data files and other evidence presented by data owners during the assurance interviews appeared to be detailed and coherent, with some noticeable improvements this year in the data sets structure allowing a more effective examination of the data trails. With only a few exceptions, all figures assessed through sampling could be traced back to their source documents, such as reports and invoices. The majority of the data sets originated from the CapitaLand's in-house data systems, such as its environmental tracking system (ETS) and its HR system. In addition, the reporting team repeated the internal desktop audit and detailed sampling checks in 2017 to validate the data entries in the ETS. These structured systems and control procedures increase confidence in the overall level of reliability of performance information disclosed in the Report.

Independent Assurance Statement

Based on the Ere-S assessment, reported statements and figures appear to be accurate, with only a few minor inconsistencies found during the assurance that were promptly corrected by the reporting team. There is still some room to further improve on more detailed reporting of CapitaLand's global performance.

Report content is moderately balanced with a limited number of statements and numbers showing negative information. These pertain to work-related injuries and fatalities in the workforce and the supply chain, cases of non-compliance, business malpractice incidents and fines imposed upon contractors.

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 2017

- 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.

MOVING FORWARD

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

- To be in line with the scope of policies and management approaches covering all key operations and projects, CapitaLand is encouraged to continue its efforts in standardising and expanding data collection and reporting procedures to locations, sites and properties that are currently not included in the calculations of some performance indicators. Due to the multiple challenges that appear to be inherent to the supply chain and local infrastructures (e.g. absence of formal waste collection systems), a selective approach based on each location or supplier may be crucial for the improvement or implementation of the required measurement and collection processes.
- CapitaLand is also encouraged to further improve the balance of the Report by including more disclosures on any identified and significant negative performance, ideally related to concerns and issues raised by local or overseas stakeholders, and the mitigative actions taken by the organisation.

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

Singapore, 22 May 2018



Jean-Pierre Dalla Palma

Director and Lead Certified Sustainability Assurance Practitioner



AA1000
Licensed Assurance Provider
000-68



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 training. Our assurance team is composed of assurance practitioners with expertise in corporate sustainability and each member is required to follow Ere-S' assurance code of conduct, which can be found at 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.

CapitaLand Limited

Registration Number: 198900036N

168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel +65 6713 2888
Fax +65 6713 2999

www.capitaland.com