

WE SEE A
**SUSTAINABLE
FUTURE**



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INTRODUCTION

CORPORATE PROFILE

CapitaLand Limited (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 over S\$100 billion as at 31 December 2018, comprising integrated developments, shopping malls, lodging, offices, homes, real estate investment trusts (REITs) and funds. CapitaLand's market capitalisation is approximately S\$13 billion as at 31 December 2018. Present across more than 180 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, Europe and the U.S.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with strong 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.



FY 2018 HIGHLIGHTS



Profit Attributable
to Shareholders

s\$1,762.5
million



Return
on Equity

9.3%



Net Tangible
Assets per Share

s\$4.40



Dividend
per Share

12
cents

First sustainability-
linked loan in Asia
for real estate

s\$300
million



Climate
Change



29.8%
reduction in carbon
emissions intensity
since 2008

Energy and Water
Management



17.6% and
20.9% energy and
water reduction (per m²
from base year 2008)
respectively



Operational
Efficiency

s\$170 million
in utilities cost
avoidance
since 2009



Waste
Management

6,000
tonnes of recyclable
waste diverted
from landfill



Workplace
Injury Rate

1.8
(number of work-related
injuries per million
hours worked)



Diversity

About **31%**
of senior management
were women



Training
Hours

Over **50**
hours per staff



New CapitaLand Silver
Empowerment Fund

s\$2 million to assist
vulnerable elderly in
Singapore

INTRODUCTION

ABOUT THIS GLOBAL REPORT

CapitaLand reiterates its commitment to sustainability with the publication of its 10th Global Sustainability Report.

The report outlines CapitaLand's approach in integrating sustainability into its policies, structure, management and operations, the Group's sustainability journey and provides insights into its strategies. It also highlights the economic, environmental and social aspects of the Group's global developments and operations. Through this report, CapitaLand hopes to share its sustainability commitment with its various stakeholders, including staff, investors, customers, business partners, suppliers and contractors, the community, and government and national agencies.

International Standards and Guidelines

CapitaLand was one of the first companies in Singapore to voluntarily publish its annual Sustainability Report and adopt the internationally recognised Global Reporting Initiative (GRI) reporting framework. This report has been prepared in accordance with the GRI Standards: Core option. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

It will continue to apply the Guiding Principles of the International Integrated Reporting Framework, ISO 26000:2010 Guidance on Social Responsibility, and reference the United Nations (UN) Sustainable Development Goals.

CapitaLand is a signatory to the UN Global Compact and committed to the 10 Principles. This report serves as its Communication on Progress (COP), which will be made available at www.unglobalcompact.org.

CapitaLand participates in the annual Carbon Disclosure Project (CDP) Climate Change Programme and its footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol¹. It 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 global portfolio and staff in over 20 countries, 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, from 1 January to 31 December 2018 unless otherwise indicated. The reporting period aligns with the Group's financial year. This report is to be read in conjunction with the Group's Annual Report 2018 and other sustainability related disclosures which can be found at www.capitaland.com.

In line with CapitaLand's continued commitment to environmental sustainability, no hard copies have been printed. This report and previous editions are available online at:
<https://www.capitaland.com/international/en/about-capitaland/sustainability.html>

* GRI 102-45

¹ This is 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.

INTRODUCTION

Independent Assurance

CapitaLand appointed an independent third party, 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 2018 to December 2018. 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 latest AA1000 Assurance Standard 2018. All underlying systems and processes that support the Group's sustainability framework were reviewed, in adherence to the AA1000 AccountAbility Principles of inclusivity, materiality, responsiveness and impact. The assurance also covered the report's overall compliance to the Singapore Exchange'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.

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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, and the vulnerable elderly through corporate philanthropy and staff 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.

For its efforts, CapitaLand is listed in RobecoSAM's The Sustainability Yearbook, Global 100 Most Sustainable Corporations, Dow Jones Sustainability World Index and Asia Pacific Index, Global Real Estate Sustainability Benchmark (5 Star), FTSE4Good Index Series, MSCI Global Sustainability Indexes, Euronext VigeoEiris Indices World 120 and STOXX® Global ESG Leaders Indices.

Some of the awards and accolades obtained by CapitaLand Group and its properties are listed on page 78-81 of the CapitaLand Annual Report 2018.

Board Statement

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

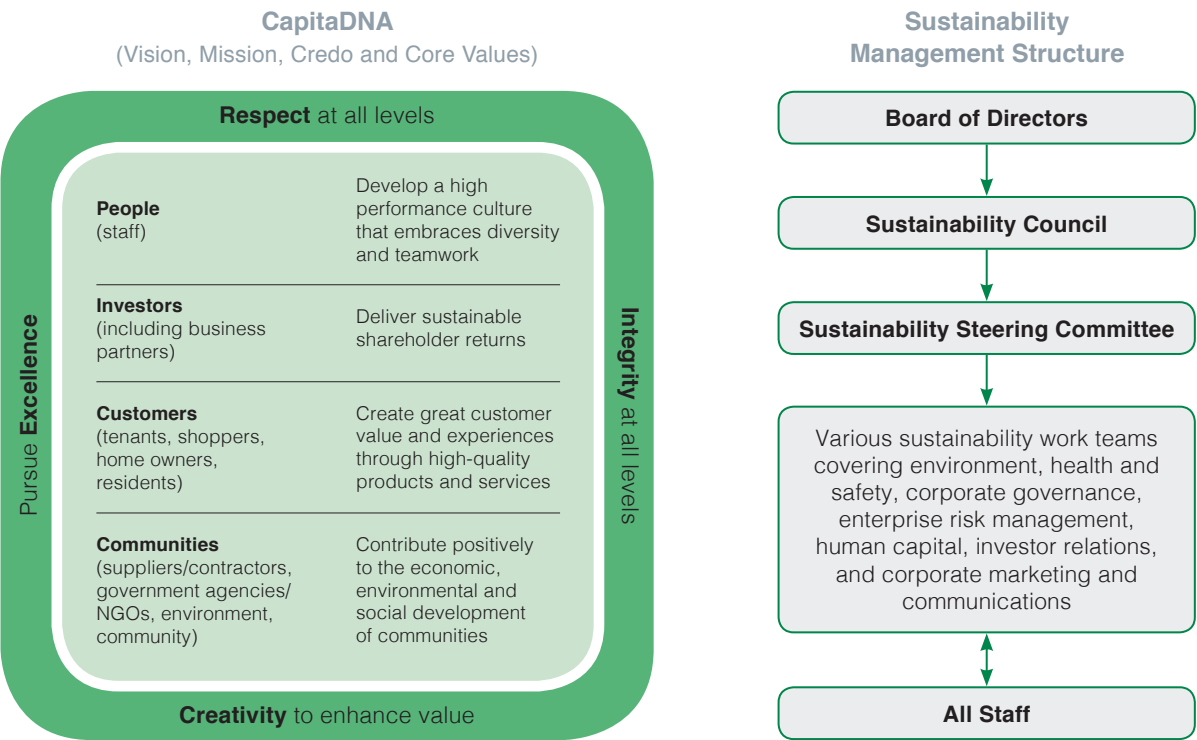
The CapitaLand Board sets the Group's risk appetite, which determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. The risk appetite incorporates ESG factors such as fraud, corruption, bribery, environment, health and safety.

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.

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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 various work teams to ensure the Group’s continued progress and improvement in the areas of ESG. The Sustainability Steering Committee comprises the CEOs of the business units and Real Estate Investment Trusts (REITs) and the work teams comprise representatives from all business units. The CapitaLand’s 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.



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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 (BCA), National Environment Agency) - Active participation in Singapore Green Building Council - Participate in engagement sessions with key sustainability indices
Social	- Regular dialogue with government agencies and unions - Active participation in Singapore Workplace Safety and Health Council - Regular employee engagement survey - Participate in engagement sessions with key sustainability indices
Governance	- Engagement with Securities Investors Association (Singapore) (SIAS) periodically and for its annual Corporate Governance Conference - Engagement where appropriate with Singapore Exchange and Monetary Authority of Singapore - Participate in engagement sessions with key sustainability indices

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.

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.

Stakeholder Interest**

Stakeholders are groups that CapitaLand's business has a significant impact on and those with a vested interest in our operations. Key stakeholders include staff, 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 CapitaLand. Through the various engagement channels, CapitaLand seeks to understand its stakeholders' views, communicate effectively with them and respond to their concerns.

* GRI 102-46, 102-47

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

INTRODUCTION

Stakeholder	Engagement Channel	Issues	Sustainability Report
Customers - homebuyers, residents, tenants and shoppers	- Homebuyers: welcome parties, welcome kits - Tenants: survey, green fit-out guide, enrichment events such as Biz+ events - CapitaLand's social media channels	- 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 reports - Company website - Regular analyst and investor meetings - Responses to sustainability surveys	- Operational efficiency, monetary savings, cost avoidance - Return on equity, earnings, business strategy, market outlook - ESG risks and opportunities	Financial Capital, Social and Relationship Capital
Staff	- Regular dialogue sessions with senior management - Regular staff engagement surveys - Volunteer programmes - Recreation club activities	- Work-life balance - Remuneration and benefits - Staff welfare	Human Capital, Social and Relationship Capital
Supply Chain – main contractors, vendors, suppliers	- CapitaLand's Supply Chain Code of Conduct - EHS management system - Quarterly EHS monitoring, vendor evaluation, 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 NGOs	- Senior management representation on boards of various industry bodies and sustainability-related public discussions - Regulatory readiness to support the Singapore Government's commitment to manage carbon emissions - Longstanding partner to 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 sustainable tenant/resident/ customer behaviours - Advocating best practices	Social and Relationship Capital

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

CREATING VALUE AND ALIGNMENT TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGS²)

The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework were referenced in this report, and the material ESG issues are grouped into six Capitals – Financial, Organisational, Manufactured, Environmental, Human, and Social and Relationship. This is also mapped against some of CapitaLand's key efforts and programmes in relation to the key UN SDGs.

Capitals	What we do (SDGs Supported)	2018 Value Created	Sustainability Report
Financial - Earnings - Equity - Investments - Assets	- Combination of operating income from investment properties and trading properties, disciplined capital recycling and growth of fee income - Calibrated balance across product platforms and geographies	- Earnings before Interest and Tax S\$4,145 million - Return on Equity 9.3% - Net Tangible Assets per Share S\$4.40 - Dividend of 12 cents per share	Financial Capital
Organisational - Leadership & culture - Corporate governance - Risk management	- CapitaLand adopts a strong stance against bribery and corruption - All staff are required to make an annual declaration to uphold CapitaLand's 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 - Requires main contractor to ensure no child labour and forced labour at 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 the UN Global Compact (SDG 16)	- Refer to Corporate Governance, CapitaLand Annual Report 2018 - No reported incident relating to discrimination, child labour or forced labour in CapitaLand	Organisational Capital

² 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.

INTRODUCTION

Capitals	What we do (SDGs Supported)	2018 Value Created	Sustainability Report
Manufactured • Environmentally sustainable, healthy, safe and accessible quality buildings • Innovative and sustainable construction methods and technologies	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 global operational portfolio by 2030 • Actively embrace 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 • Build 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 Occupational health and safety is of utmost importance to CapitaLand, including all its staff, tenants, contractors, suppliers and the communities who use its properties. (SDG 3, 6, 7, 9, 11, 13, 15)	• Achieved 21 green building ratings for its new development projects and existing buildings • S\$170 million in utilities cost avoidance since 2009, arising from 17.6% and 20.9% energy and water reduction (per m² from base year 2008) respectively • 29.8% reduction in carbon emissions intensity since 2008 • Achieved two BCA Universal Design Mark Awards for its projects in Singapore • Two main contractors appointed for new development projects were both ISO 14001 and OHSAS 18001 certified	Environmental Capital, Human Capital, Social and Relationship Capital
Environmental • Carbon emissions • Energy management • Water stewardship • Waste and resource management			

INTRODUCTION

Capitals	What we do (SDGs Supported)	2018 Value Created	Sustainability Report
Human • Health and safety • Job creation and security • Learning and development • Benefits and remuneration	CapitaLand believes that regardless of ethnicity, age or gender, staff 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 staff under the direct hire of CapitaLand. CapitaLand is a signatory to the UN Global Compact. CapitaLand aims to provide a work environment that is safe and contributes to the general well-being of its staff. (SDG 3, 8, 10)	• Global workforce ○ more than 80 nationalities working within the Group ○ almost equal proportion of males and females, at a ratio of 47:53 ○ 67% of CapitaLand's global workforce was aged between 30 and 50 • About 31% of senior management were women • Over 50 training hours per staff • Zero staff fatality or permanent disability	Human Capital
Social and relationship • Stakeholder relations • Social license to operate • Community development	CapitaLand is committed to activities that are aligned with its focus on community investment, raising awareness and stakeholder engagement in the areas of philanthropy, environment, health and safety. 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 cycle³. (SDG 1, 2, 4)	• 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 • Invested more than S\$2.2 million through CHF to benefit underprivileged children and vulnerable elderly, and over S\$0.5 million in other community development initiatives • Staff volunteered for over 10,700 hours • Launched S\$2 million CapitaLand Silver Empowerment Fund	Social and Relationship Capital

³ 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.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

CapitaLand understands the impact that climate change can have on its portfolio and has been reporting on climate-related risks in its Sustainability Report. CapitaLand has pledged its support for the recommendations and has voluntarily disclosed some of our climate-related financial disclosures in four key areas as recommended by the TCFD⁴.

Key Area	Recommended Disclosure
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 various work teams to ensure the Group's continued progress and improvement in the areas of ESG.
Strategy and Risk Management	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. 2018 was the fourth hottest year on record according to NASA (National Aeronautics and Space Administration) data, and was the hottest year without the short-term warming influence of an El Niño-related event. The ways in which CapitaLand's 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 GHG emissions and achieve economic growth in a sustainable manner. More stringent regulations may be expected and companies may be faced with increased expectations from stakeholders. The Singapore government increased water prices by 30% in 2018, and announced facilities producing 25,000 tonnes or more of GHG in a year will have to pay a carbon tax from 2020 at S\$5 per tonne of GHG. 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 released. The other law will help combat water pollution more effectively in the country.

⁴ 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.

Key Area	Recommended Disclosure
	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. 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 more energy efficient, 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 include setting an internal price of carbon, 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 in its global portfolio 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 has disclosed related metrics in its annual Global Sustainability Report. Since 2010, CapitaLand has been disclosing Scope 1, 2 and 3 GHG of CapitaLand global portfolio. 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 in its global portfolio by 2030 For more details, please refer to Environmental Capital Chapter.

INTRODUCTION

TRENDS- RISKS, CHALLENGES AND OPPORTUNITIES

Demographic Shifts (Ageing and Rise of Millennials)

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 Africa⁵.

In this regard, CapitaLand has taken the lead in implementing social integration designs into its Sustainable Building Guidelines. For its new projects in Singapore, a target has been set to achieve Universal Design Gold as assessed by Singapore's BCA. In response to the ageing population, CapitaLand has also established a S\$2-million CapitaLand Silver Empowerment Fund (CSEF), to improve the quality of life for the vulnerable elderly in Singapore through healthcare, deeper social integration and better living conditions. Since its establishment in 2005, this marks the first time that CapitaLand Hope Foundation, CapitaLand's philanthropic arm, has expanded its mandate, from supporting underprivileged children to also include caring for the vulnerable elderly in Singapore.

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

Industry Transformation

As the pace of technological advancement within and outside of the real estate sector accelerates, 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 developments⁶. For more information, please refer to Environmental Capital Chapter.

Leveraging Technology

Six CapitaLand malls in Singapore piloted an automatic surveillance monitoring project that uses artificial intelligence to identify abnormalities by analysing security information, funded by Infocomm Media Development Authority and Vi Dimensions.

Three CapitaLand malls in Singapore embarked on a smarter generation pest control approach through the deployment of rodent sensors at strategic locations to monitor and narrow down the source of any rodent activity quickly. This minimised onsite manpower reliance to carry out periodic checks and ad-hoc flushing.

Such technology adoption in the security and pest control sector helps address manpower shortage issues as well as skills enhancement in these supply chain sectors.

In anticipation of the technological change and its impact on the skillsets of its staff, CapitaLand has a series of programmes to upskill its staff to ensure they remain relevant and contribute to the company. For more information, please refer to Human Capital Chapter.

⁵ World Population Ageing 2017 report, United Nations, Department of Economic and Social Affairs, Population Division (2017).

⁶ More than S\$540,000 was invested in innovative features for three of its projects

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. We firmly believe in doing good and doing right, as we do well, and will continue to place sustainability as an integral part of CapitaLand's global business.

As a signatory to the United Nations Global Compact's (UNGC¹) commitment, we adopt UNGC's universal principles on human rights, labour, the environment and anti-corruption, to create a positive impact aligned with the United Nations' Sustainable Development Goals (UN SDG).

A decade ago, CapitaLand was one of the first companies in Singapore to voluntarily publish its Global Sustainability Report. This dedication to transparency and rigour continues to guide us in our sustainability journey today. CapitaLand is a supporter of the Carbon Disclosure Project (CDP) and recently the Taskforce on Climate-Related Financial Disclosure (TCFD).

Over the 10 years, CapitaLand has transformed into one of the leaders in sustainability within the real estate industry in the world. Our sustainability efforts have been consistently recognised globally. CapitaLand was ranked 33rd in the Global 100 Most Sustainable Corporations in the World 2019. We remain the only Singapore real estate company to receive the "Bronze Class" distinction in The Sustainability Yearbook 2019 by RobecoSAM, an investment specialist focused on sustainability investing.

We are encouraged by the recognition worldwide and inspired to do better. We remain a purpose-driven company to enrich people and communities as we seek to transform city living globally.

Championing Green Buildings

As part of our strategy to reduce CapitaLand's environmental footprint, we focus on improving our operational efficiency and reducing our energy, water and carbon emission intensity. In 2018, we achieved utilities cost avoidance in excess of S\$170 million for the Group since 2009 by reducing our energy intensity (per m²) and water intensity (per m²) by 17.6% and 20.9% respectively for our operational properties. We have also reduced our carbon emission intensity by 29.8% since 2008, exceeding our 2020 target of 23%.

CapitaLand has endeavoured to obtain green certifications for our global portfolio of owned and managed properties by 2030, and at the end of 2018, we achieved green certifications for 70% (by m²) of our properties.

To accelerate the greening of our portfolio, we collaborated with International Finance Corporation (IFC), a member of the World Bank Group, to pioneer the first green certification for the serviced residence industry under its EDGE (Excellence in Design for Greater Efficiencies) framework. Ascott Makati in Manila is the first serviced residence in the world to be certified under this new category.

Integrating Sustainability With Corporate Financing

Beyond greening our properties, we integrated sustainability into our corporate financing activities. Last year, CapitaLand inked Asia's first and largest real estate sustainability-linked loan with DBS and was the first to collaborate with RobecoSAM, an investment specialist focused on sustainability investing. Pegging interest rates to our sustainability efforts, the loan is a testament of our strong, holistic and long-term commitment to sustainability.

¹ UNGC is the largest corporate sustainability initiative in the world with more than 9,500 companies and 3,000 non-business signatories based in over 160 countries, and 70 Local Networks. <https://www.unglobalcompact.org/about>.

PRESIDENT & GROUP CEO'S MESSAGE

Extending Our Social Investment Impact

In 2018, CapitaLand invested more than S\$2.2 million through our philanthropic arm, CapitaLand Hope Foundation (CHF) to support more than 18,000 children beneficiaries and over 42,000 vulnerable elderly. CHF expanded its mandate last year to support the vulnerable elderly in Singapore and improve their quality of life. Notably, CHF established a S\$2 million CapitaLand Silver Empowerment Fund in partnership with Community Chest Singapore. Programmes such as the CapitaLand-NUHKids Nutrition Fund continued to support underprivileged children undergoing medical treatment, while the CapitaLand-Yellow Ribbon Fund Children supported the development of cognitive and socio-emotional skills for children of offenders aged between 3 and 12 years old.

Driving Sustainability As One Of Asia's Largest Real Estate Companies

In FY 2018, CapitaLand achieved a 12% increase in PATMI at S\$1.8 billion, the highest net profit recorded since 2008. Our return on equity grew to 9.3% from 8.6% in FY 2017. In the coming year, CapitaLand will acquire all the issued shares of each of Ascendas Pte Ltd and Singbridge Pte. Ltd² upon legal completion by end June 2019, creating one of Asia's largest diversified real estate groups with over S\$123 billion of assets under management. As we strive towards delivering sustainable returns to our shareholders, we are elevating our sustainability efforts across our enlarged group:

- Extend our zero-tolerance policy on corruption and bribery for our expanded organisation to maintain a high standard of integrity when conducting our business.
- Recalibrate upwards our Group's energy, water consumption and carbon emission targets, and aim to have our carbon emission targets approved by the Science-Based Targets Initiative³. This includes a target of at least 20% energy consumption from renewable energy for the enlarged Group by 2025, and 100% green certifications for our properties in our enlarged global portfolio by 2030.
- Further tackle the issue of resource consumption within our operations, focusing on single-use plastics and paper consumption, and expect to see significant reductions from 2020.
- Seek more sustainability-linked and green financial instruments to further twin our sustainability and fundraising efforts.

We thank our employees for their dedication as well as our customers, shareholders, and partners for their continued support. Together, we can create a greater impact on improving the economic, environmental and social well-being of the communities we operate in.

LEE CHEE KOON

President & Group Chief Executive Officer
CapitaLand Group



Mr Lee Chee Koon at the CapitaLand My Schoolbag Programme 2018 event which saw over 170 staff volunteers guiding and caring for more than 180 beneficiaries including students from the Movement for the Intellectually Disabled of Singapore (MINDS) and the Association for Persons with Special Needs (APSN).

² Ascendas Pte Ltd (APL) and Singbridge Pte. Ltd. (SB), are the holding companies of the business of Ascendas-Singbridge. APL holds business space and industrial development platforms and fund management platforms; and SB holds the joint ventures for large scale urban development projects.

³ This is to align with the 2015 Paris Agreement commitment to limit global warming up to 1.5°C.

FINANCIAL CAPITAL

CapitaLand achieved a third consecutive year of growth in profit, registering a PATMI of S\$1.8 billion and ROE of 9.3% for FY 2018. PATMI grew by S\$192.9 million year-on-year on account of higher gains realised from assets recycling and revaluation of its investment properties. It is the company's highest net profit recorded since 2008.

Year	2018	2017	2016	2015	2014
Revenue (S\$ million)	5,602.4	4,618.2	5,252.3	4,761.9	3,924.6
Earnings before interest and tax (EBIT) (S\$ million)	4,145.0	3,302.2	2,359.5	2,316.0	2,436.9
Profit attributable to shareholders (PATMI) (S\$ million)	1,762.5	1,569.6	1,190.3	1,065.7	1,160.8
Operating PATMI (S\$ million)	872.2	927.2	865.3	823.6	705.3
Earnings per share (cents)	42.1	37.0	28.0	25.0	27.3
Net Tangible Assets per Share (S\$)	4.40	4.20	4.05	4.11	3.83
Return on Equity (ROE) (%)	9.3	8.6	6.6	6.1	7.1
Ordinary dividend per share (cents)	12.0	12.0	10.0	9.0	9.0

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.

The Group maintains a prudent capital structure and actively reviews its cashflows, debt maturity profile and overall liquidity position on an ongoing basis. The main sources of the Group's operating cashflows are derived from residential sales, fees and rental income from its commercial and integrated developments, shopping malls and serviced residence business. To support its funding requirements, investment needs and growth plans, the Group actively diversifies its funding sources through a combination of bank facilities and capital market issuances.

As at 31 December 2018, the Group's gross debt stood at S\$23.6 billion. With a cash balance of S\$5.1 billion, the net debt as at 31 December 2018 was S\$18.6 billion. The Group's net gearing as at end 2018 was higher at 0.56 times as compared to 0.49 times as at end 2017, mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction. CapitaLand prudently staggered its debt maturity profile which stretches from 2019 to 2027 and beyond, and also avoided debt towers. For 2019, the on balance sheet debt due is at a manageable 13.5%. It extended its debt maturity to 3.6 years in 2018 from 3.4 years in 2017 and the average cost of borrowings remained low, at 3.2% per annum.

The Group continued to explore new ways to improve its financial flexibility and resilience. In October 2018, the Group secured a general corporate purpose S\$300 million sustainability-linked five-year multi-currency facility. The interest rate on this facility may be adjusted downwards, pegged to the Group's performance against Environment, Sustainability and Governance (ESG) indicators. The sustainability-linked loan was the first and largest in Asia's real estate sector.

For a detailed breakdown of its 2018 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 2018:

- 2018 Highlights, page 8
- 5-Year Financial Summary, page 10
- Performance Overview, page 90-96
- Economic Value-Added Statement, page 289
- Value Added Statement, page 290

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) embraces the tenets of good corporate governance including accountability, transparency and sustainability. It is committed to enhancing long-term shareholder value and has the appropriate people, processes and structure to direct and manage the business and affairs of the company. The policies and practices it has developed to meet the specific business needs of the Group provide a firm foundation for a trusted and respected business enterprise. The Company remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2012 while achieving operational excellence and delivering the Group's long-term strategic objectives. The Board of Directors (Board) is responsible for the Company's corporate governance standards and policies, underscoring their importance to the Group.

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 2018 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 Most Transparent Company Award (Properties) for the Singapore Corporate Governance Award at the SIAS 19th Investors' Choice Awards.

CapitaLand was ranked 3rd out of 589 listed companies in the Singapore Governance and Transparency Index 2018. 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 page 37-69 in the CapitaLand Limited Annual Report 2018. 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 page 63-69 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 2018, page 40-42.

Female representation is also considered an important aspect of diversity. The current Board comprises 11 members who are corporate and business leaders, and are professionals with varied background, expertise and experience in industries including finance, banking, real estate, legal, accounting, general management and technology. The current Board has two female members. It has adopted the Board Diversity Policy which provides for the Board to comprise talented and dedicated Directors with a diverse mix of expertise, experience,

ORGANISATIONAL CAPITAL

perspectives, skills and backgrounds, with due consideration to diversity, including but not limited to, diversity in business or professional experience, age and gender. For more information, please refer to CapitaLand Limited Annual Report 2018, page 22-29 and 58.

Each year, the Nominating Committee (NC) undertakes a process to evaluate the effectiveness of the Board as a whole and the various Board Committees. An external consultant was engaged to facilitate the evaluation process for the Board's performance in FY 2018. 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 were 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 include 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.

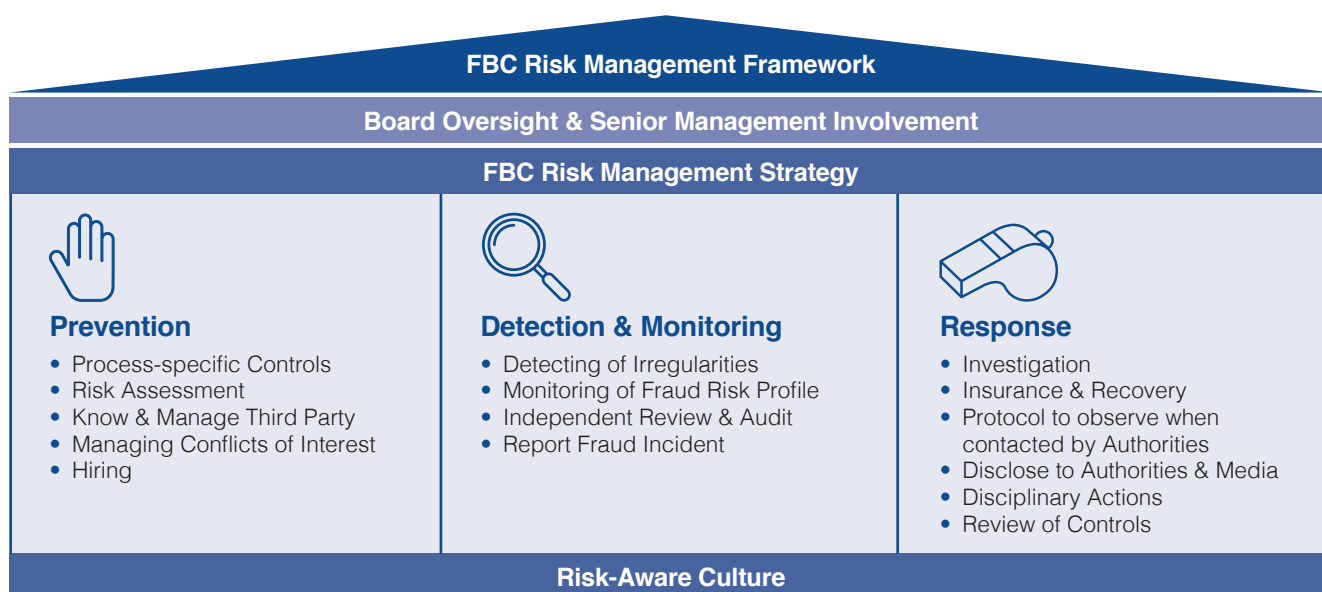
In respect of individual Directors, a formal evaluation is carried out by the NC as and when a Director is due for retirement by rotation and is seeking reelection.

The Board has adopted a Board Code of Business Conduct & Ethics which provides for every Director to, among other things, adhere to the highest standards of ethical conduct, which includes not allowing himself/herself to be in a situation where there is a conflict between his/her duty to the Company and his/her own interests.

Fraud, Bribery and Corruption (FBC) Risk Management Framework

CapitaLand adopts a zero-tolerance stance against any FBC¹ in the conduct of its business activities and expects all its staff to be committed to the highest standards of integrity in their work and business dealings.

In 2018, CapitaLand carried out a comprehensive review of its existing anti-fraud and corruption programme which resulted in the Company consolidating, streamlining and adopting a FBC Risk Management Policy, approved by the Audit Committee and endorsed by the Board. The FBC Risk Management framework has been set in place to manage FBC risks in an integrated, systematic and consistent manner.



¹ (a) Fraud is the use of deception with the intention of obtaining an advantage, or avoiding an obligation or causing loss to another party. Fraud can be perpetrated by employees, third parties or a collusion between employees and third parties.

(b) Bribery and corruption is the offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location, in violation of applicable law. These are usually made as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.

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Together with various CapitaLand's policies and procedures, the FBC Risk Management Policy is published on the Group's intranet and accessible by staff. The policies CapitaLand has implemented aim to help detect and prevent FBC by:

- offering fair compensation packages based on practices of pay-for-performance and promotion based on merit, to its staff; and providing various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures faced by its staff.
- documenting policies and work procedures which incorporate internal controls to ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.
- building and maintaining the right organisational culture through its core values, educating its staff on good business conduct and ethical values.

In addition, these various policies and guidelines call upon the staff to observe ethical principles in the conduct of business activities which include:

- Abiding by CapitaLand's Ethics and Code of Business Conduct Policies which deal with matters 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 place².
- Acting professionally and with integrity;
- Practising fair competition;
- Honouring contractual commitments made;
- Not making inaccurate or misleading statements;
- Making decisions or representations only when duly authorised;
- Ensuring appropriateness of frequency and venue when conducting business activities;
- Maintaining security and confidentiality of data and information; and
- Not manipulating business relationships for personal gains or interests.

CapitaLand's zero-tolerance policy on FBC extends to its business dealings with third parties (including contractors, subcontractors, consultants, agents, representatives and others performing work or services for or on behalf of CapitaLand). Pursuant to this policy, it requires that certain agreements of the Group incorporate anti-corruption provisions.

	Staff	Supply Chain/ Partners
Communication/ Signing of Code of Conduct	• FBC Risk Management Policy • Annual declaration through the 'CapitaLand Pledge' to uphold CapitaLand's core values, and not to engage in any corrupt practices • Relevant training	• FBC Risk Management Policy • CapitaLand Supply Chain Code of Conduct³, and anti-corruption clause in key contracts
Feedback channels	• Whistle-blowing reporting	• Whistle-blowing reporting

² This includes the Securities Dealing Policy. It 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. Directors and/or staff 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.

³ Progressively rolled out from end 2017.

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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 a well-defined, accessible and trusted channel to report suspected FBC, 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 report 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 if any.

Substantiated cases are reported quarterly to the CapitaLand Audit Committee and shared with the risk champions regularly. Actions taken can include the termination of staff's contract, and/or reporting to the appropriate external authorities. In 2018, 12 such cases were substantiated⁴. Staff involved in 10 of these cases were either terminated and/or reported to appropriate external authorities. Some had resigned on their own accord. There were no cases involving 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.

Other Ethical Management Issues

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

CapitaLand supports the ethical marketing of its products and services, including the marketing of its residential, commercial and serviced residence projects. CapitaLand adheres to the Singapore Code of Advertising Practice (SCAP) and any other rules and regulations that apply. The SCAP was formulated against the background of Singapore's national law, international law and practice, including the International Code of Advertising Practice published by the International Chamber of Commerce. CapitaLand's communications/ marketing Code of Conduct is made available on its intranet. CapitaLand ensures that timely and accurate information is disseminated in the markets that it operates. This is particularly important in its residential developments where marketing collaterals and showflat 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.

Marketing activities relating to shopping malls and office spaces, such as advertisements and promotions (A&P), are generally guided by external A&P consultants, and are in compliance with local marketing requirements as stipulated by CapitaLand. In 2018, a sales brochure was found to be in breach of the Advertising Act in China. This breach was not in relation to the property but about the description of the company. Learning points were shared to prevent similar incidents from recurring.

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 2018, more than 230 new staff from Singapore, China and other countries participated in the CIP. More than 3,260 staff have attended the CapitaDNA courses in Singapore, China, and other countries. In addition, over 3,180 staff clocked in over 8,900 hours of training pertaining to ethics and code of conduct, such as preventing and detecting money laundering, profiling and investigation techniques. Over 1,170 staff clocked close to 2,000 hours of training relating to enterprise risk management. This has a component on sharing of FBC incidents as well as CapitaLand's FBC Policy and Framework.

⁴ These cases are reported regardless of the financial amount.

Enterprise Risk Management (ERM)

Risk management is an integral part of CapitaLand's business at both the strategic and operational levels. Its objective is not risk minimisation, but rather the optimisation of opportunities within the known and agreed risk appetite levels set by the Board. In short, CapitaLand takes measured risks in a prudent manner for justifiable business reasons. Its Board of Directors is responsible for the governance of risks across the Group.

CapitaLand's ERM Framework is adapted from the ISO 31000 International Risk Management Standards. It is also guided by 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.

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.

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 have been conducted with its results recorded for continual improvements to be made.

With increased reliance on digital capabilities 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. It sharpened its focus on cyber resilience by increasing efforts to strengthen its internal cyber security ecosystem. Appropriate measures are in place to ensure the confidentiality, integrity, and availability of CapitaLand's IT assets. This includes implementing access controls, building up data security, raising staff's IT security awareness through activities such as anti-phishing campaigns, and conducting an annual IT disaster recovery exercise 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 management 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, bribery and corruption risk, environmental risk, health and safety risk as well as regulatory and compliance risk.

For more information regarding Enterprise Risk Assessment, please refer to the CapitaLand Limited Annual Report 2018, page 68-71.

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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 the 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 its 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 well-being 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 and encourage the 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 - Set 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 - Identify environment aspects and manage impact - Sustainable Building Guidelines - including Environmental Impact Assessment (EIA) and stakeholder consultation - Appoint 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 policy-making - Collaborate with non-governmental organisations (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

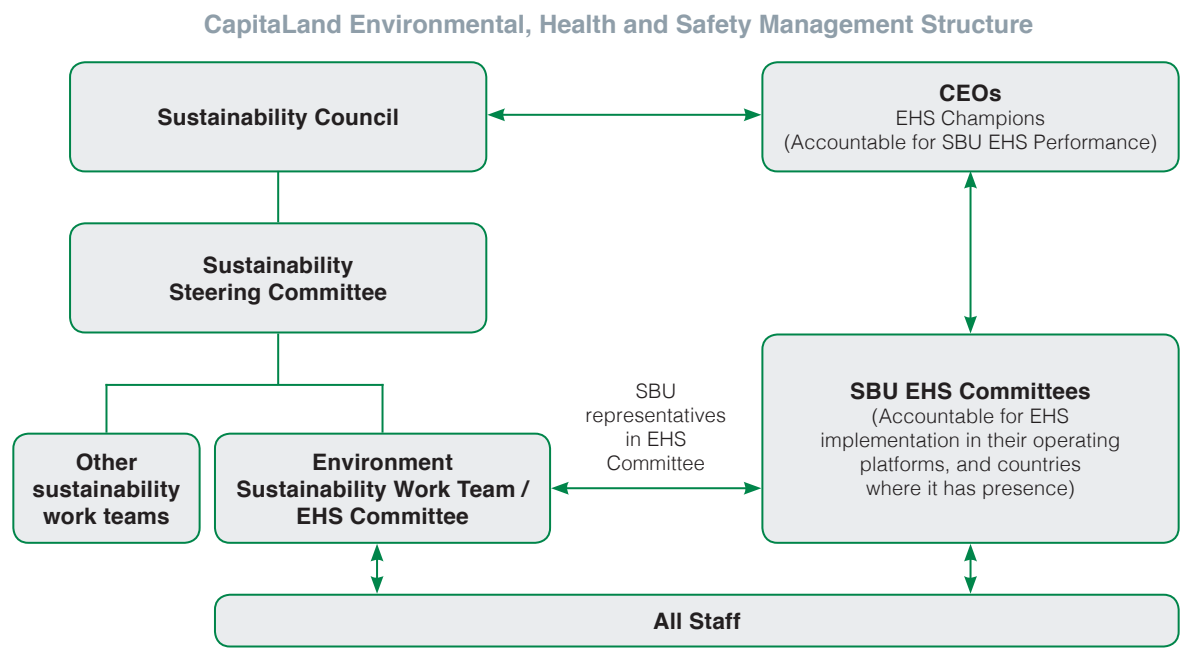
Mitigating Climate Change Risks and Identifying Opportunities

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 worldwide by 2030. It is also ISO 14001 certified for its Environmental Management System in 15 countries. On the alignment to the Task Force on Climate-related Financial Disclosures (TCFD¹) reporting, please refer to the Introduction Chapter.

TOP MANAGEMENT COMMITMENT AND STAFF INVOLVEMENT

CapitaLand’s Environmental, Health and Safety (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 the 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, as well as incidences of non-compliances and non-conformities.



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

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.

2018 Key Performance Indicators

Targets		Performance
Environmental Management System (EMS)	ISO 14001 certification for its EMS in all markets with investment properties managed by CapitaLand Manage risks of environmental impact	Retained ISO 14001 certification in 15 countries covering all markets with investment properties managed by CapitaLand EMS is audited annually, providing assurance to top management and external investors on the company's compliance and alignment to best practices
Supply Chain Management	All main contractors appointed are to be ISO 14001 certified or, to comply fully with local environmental laws and regulations, and audited annually by an independent accredited assessor	Two main contractors appointed in 2018 are ISO 14001 certified
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 World Green Building Council (WGBC) recognised Green Building Council. Green rating for iconic projects² to be one level higher than certification All existing buildings to achieve a minimum green rating • Singapore – by 2020 • Overseas – by 2030	Achieved 4 LEED, 11 Green Mark, 3 Green Building Evaluation Label³, 2 GREENSHIP and 1 EDGE <i>Total of 179 green ratings achieved for new development projects and existing buildings</i> Estimated energy and water reduction exceeding S\$35 million (over 165 MWh/year and 1.4 million m³/year) from these projects⁴, while estimated carbon emission reduction is about 89 million kgCO₂e/year Four projects under development have been designed to harvest renewable energy on-site 94% of CapitaLand's existing buildings in Singapore (by m²) has at least a Green Mark Gold rating 64% of CapitaLand's existing buildings overseas (by m²) has achieved a green rating
Operational Efficiency	0.3% energy reduction and 0.3% water reduction per m² (vs. 2017 for like-for-like set of properties) Reduce carbon emissions intensity by 23% by 2020, and 30% by 2030 Reduce energy intensity by 20% by 2020, and 25% by 2030 Reduce water intensity by 20% by 2020, and 30% by 2030 (using 2008 as the base year)	1.5% and 0.6% reduction in energy and water consumption per m² (vs. 2017 like-for-like set of properties) Reduced 7.7% carbon emissions intensity (vs. 2017 like-for-like set of properties) Achieved 29.8% carbon emissions reduction, 17.6% energy reduction and 20.9% water reduction per m² (using 2008 as the base year) Achieved cost avoidance in excess of S\$170 million⁵ from utilities savings since 2009 for its operational properties Energy and water saving initiatives implemented in 2018 may lead to an estimated reduction of 16,000 MWh (7,800 tonnes CO₂e) and 200,000 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 world-renowned architect.

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

⁴ This is computed from 43 completed projects and projects under construction, based on their submissions for Singapore's Building and Construction Authority (BCA) Green Mark and LEED green rating.

⁵ This is based on computation of data from 126, 142, 148, 164, 161, 172, 174, 178, 192 and 175 properties for the period from 2009 to 2018 respectively. 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.

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 12,100 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 SBUs' EHS Committees are responsible for driving the EHSMS.

CapitaLand Environmental, Health and Safety Policy⁶

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 countries⁷ – 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 Impact

As part of the certified EMS, new or updated legal requirements are reviewed quarterly and compliance is evaluated annually. In 2018, 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 an incident in China where the noise level of a property's kitchen exhaust outlet exceeded the stipulated standards. Investigations were conducted and 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 occurrence, severity of the impact and control measures to be 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 for staff including top management. For more details, please refer to the table "2018 Key Performance Indicators" above.

⁶ This EHS Policy was developed for the understanding and implementation by all staff in CapitaLand.

⁷ This excludes countries where CapitaLand does not have any investment projects.

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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 2018, more than 7,640 CapitaLand staff attended at least one EHS-related training amounting to more than 118,700 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 at least once a year in the 15 markets where it has investment properties, 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 projects⁸. 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 Singapore, 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 a 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 2018, it has already achieved green certification for 70% (by m²) of its global portfolio⁹.

Developing Local Capabilities for Serviced Residences Green Building Certification

Ascott Makati, Philippines – first EDGE certified building under serviced residence category

Excellence in Design for Greater Efficiencies (EDGE)¹⁰ is a green building certification system for emerging markets created by International Finance Corporation (IFC), a member of the World Bank Group. In 2018, The Ascott Limited (Ascott) signed an MOU with IFC to pioneer green certification for the serviced residence industry, as part of the IFC's EDGE programme. Ascott Makati in the Philippines was the first project to receive certification under the newly created serviced residence category in EDGE.

Ascott Makati is a 20-floor serviced residence with 362 apartments ranging from studios to three-bedrooms.

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

⁹ Refers to its owned and managed properties.

¹⁰ To qualify for EDGE certification, a building must achieve a 20% reduction in energy, water, and embodied energy in materials compared to a conventional building. EDGE works for a variety of residential and commercial buildings in nearly 100 countries, including homes and apartments, hotels and resorts, office buildings, health care facilities, and retail establishments. EDGE online assessment tool provides country-specific advice and can be utilised by competent building professional.

ENVIRONMENTAL CAPITAL

The serviced residence was retrofitted to improve its operational efficiency. Energy conservation measures include the installation of an energy efficient central air-conditioning system, heat pumps for hot water, and energy-efficient lightings including LED lighting. Other features like low-flow showerheads and faucets, dual flush water closets, and water-efficient dishwashers also help to conserve water.

These measures are estimated to reduce energy and water consumption by 26% (1,290 MWh/year) and 34% (12,500 m³/year) respectively, as compared to the base case in the EDGE assessment tool. The annual utility savings is estimated to be 12.6 million PhP (\$320,000). Incremental cost of these environmental features is estimated to be about 30.9 million PhP (\$800,000) and the payback period is about 2.4 years.

Ascott aims to obtain green building certification for all its owned properties and explore EDGE certification opportunities in countries like China, India, Vietnam, and Indonesia. Lessons learnt will be applied to serviced residence projects in other countries. Ascott will also share the business case and recommend green certification for its third-party owned properties managed by Ascott.

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 more 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

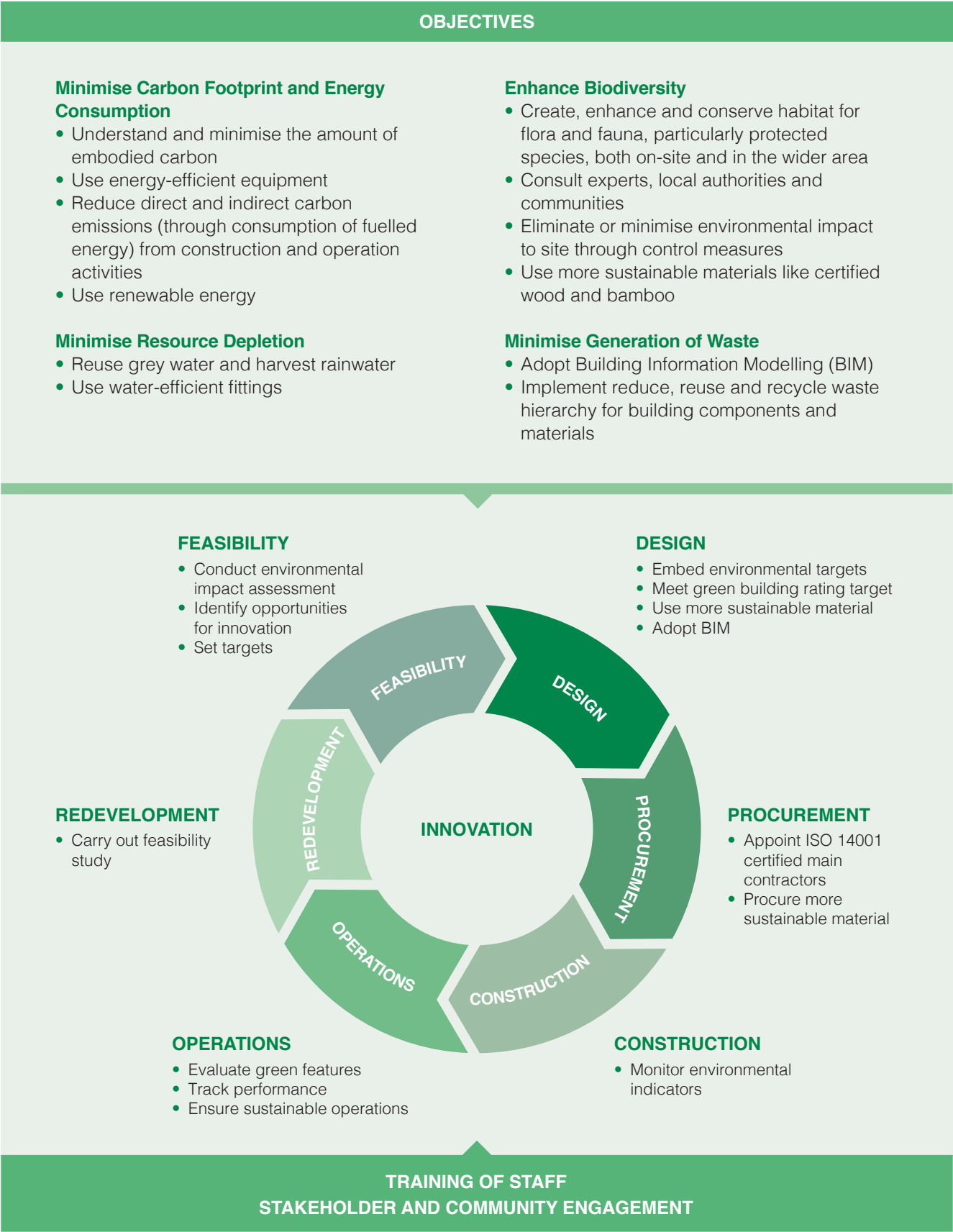
CapitaLand is committed to preserving the biodiversity of its sites as well as the wider area wherever possible. This is done by addressing any distinctive ecological features of the site, taking into consideration nature reserves on or near the site, protecting plant and animal species on the site and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



RAFFLES CITY CHANGNING, SHANGHAI, CHINA

Gold and Silver Level Certification

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

US Green Building Council

Raffles City Changning is an integrated development that comprises a shopping mall, three Grade A office towers and five blocks of heritage buildings that were part of the historic St Mary's Hall, a school for local girls. The heritage buildings were conserved and revitalised, offering an attractive lifestyle destination with heritage charm.

Sustainable Building Material and Construction Waste Management

Regionally sourced materials accounted for about 92% of total material cost. This included materials and products such as concrete, glass, window frames and reinforcements. Materials with recycled content constituted more than 54% of total materials cost used during construction. Low-emitting volatile organic compound materials (such as paint, adhesives and sealants) have 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 for recycling.

Connectivity and Green Transport

Raffles City Changning is centrally located at the Zhongshan Park commercial area in Shanghai and is directly connected to Zhongshan Subway Station via three subway lines (Line 2, 3 and 4). More than 1,700 secure bicycle lots, as well as changing and shower facilities, are provided to encourage green transportation. It sets aside 65 (more than 5%) preferred parking spaces for low-emissions and fuel-efficient vehicles, located near carpark elevators.

Energy Efficiency

Wind and sunlight simulation and analysis were conducted to maximise natural ventilation and daylight, to minimise heat loss in the development, as well as to improve thermal comfort. It installed an intelligent lighting system augmented by light and occupancy sensors. High efficiency mechanical equipment have been installed, such as energy efficient air-conditioning system with variable speed drives for pumps and heat recovery. Other energy saving features include carbon monoxide (CO) sensors at underground carpark for demand controlled ventilation, daylight control and occupancy sensors.

Total operational energy usage reduction is estimated to exceed 10%¹¹, or 5,850 MWh/year. This will help mitigate more than 3,600 tonnes of carbon emissions per year.

Water Conservation

The selection of native and climate-tolerant plants for its landscaping is estimated to reduce irrigation water requirements by 50%. Through the use of water-efficient fixtures, condensate water recycling and rainwater harvesting for landscape irrigation and toilet flushing, it is estimated that potable water consumption will be reduced by more than 40%¹² (about 33,000 m³/year).

Overall, the estimated annual utility savings is RMB 5.6 million (S\$1.2 million).

Heritage Conservation

The heritage buildings including the former science laboratory, chapel, dormitories and dining hall of St Mary's have been restored and revitalised as an ideal venue for runway fashion shows, exclusive product launches, private parties, as well as restaurants.

Greenery and Stakeholder Engagement

40% of the plot area was set aside for landscaping and greenery. This includes the conservation of a 100-year-old ginkgo tree and restoration of St Mary Park, providing a rest area for shoppers and the surrounding community. Sunlight analysis was conducted to inform the selection of suitable plants for each part of the development. Tenant fit-out guides were also made available to tenants to encourage environmentally sustainable practices.

¹¹ 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).

¹² This is compared with the fixture performance requirements set in the US Energy Policy Act-1992.

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 will migrate its ETS to a new cloud-based platform by end 2019 to further improve data analytics on consumption patterns, facilitate benchmarking and identify opportunities for further operational efficiency improvements.

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 still reviewing its carbon emissions intensity to set a science-based carbon reduction target¹³.

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

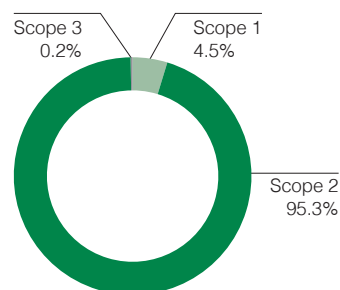
- Reduce carbon emissions intensity by 23% by 2020, and 30% by 2030
- Reduce energy intensity by 20% by 2020, and 25% by 2030
- Reduce water intensity by 20% by 2020, and 30% by 2030

Carbon Emissions

CapitaLand is committed to address climate change risks through the reduction of its energy consumption and carbon emissions in its business operations. Typically, the building sector accounts for around 30% to 40% of global energy use and more than 30% of global CO₂ emissions¹⁴. Improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions. CapitaLand is also working towards setting an internal carbon price for its global portfolio.

CapitaLand's total carbon emissions¹⁵ (Scope 1, 2 and 3) in 2018 was 635,048 tonnes CO₂. Operational properties¹⁶ 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 about 0.5% of total carbon emissions¹⁷.

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



¹³ 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 to below 2°C.

¹⁴ "Buildings for Our Future", GBPN in partnership with KPMG, 2013.

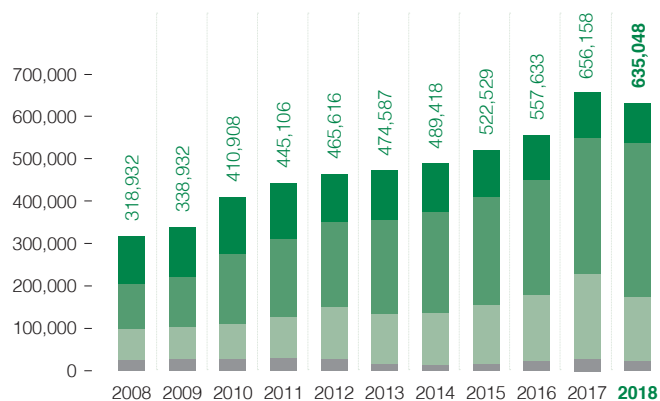
¹⁵ This is computed mostly from purchased electricity consumption under Scope 2, and some direct energy consumption under Scope 1 as defined by the Greenhouse Gas (GHG) Protocol (operational control approach) and using individual country CO₂ emission factors retrieved from the International Energy Agency (IEA) Statistics – CO₂ emission factors from fuel combustion 2018 edition. Scope 3 emissions are computed from staff business travel by air.

¹⁶ The Group's portfolio of operational properties increased from 142 in 2008 to 167 in 2009, 182 in 2010, 195 in 2011, 210 in 2012, 199 in 2013, 204 in 2014, 228 in 2015, 244 in 2016, 263 in 2017 and 257 in 2018. Despite a drop in the number of properties, its portfolio size by floor area increased in 2018 when compared to 2017.

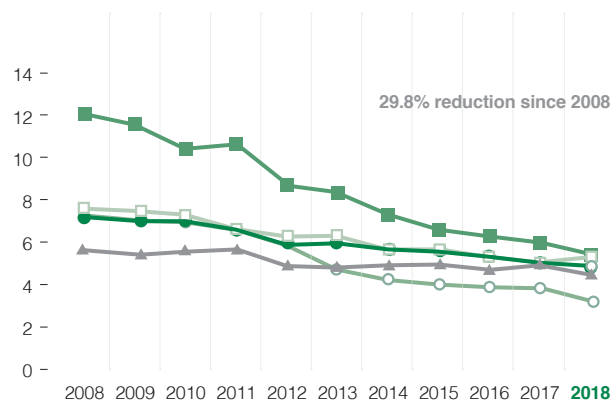
¹⁷ This computation includes emissions from CapitaLand staff air travel (scope 3 emissions).

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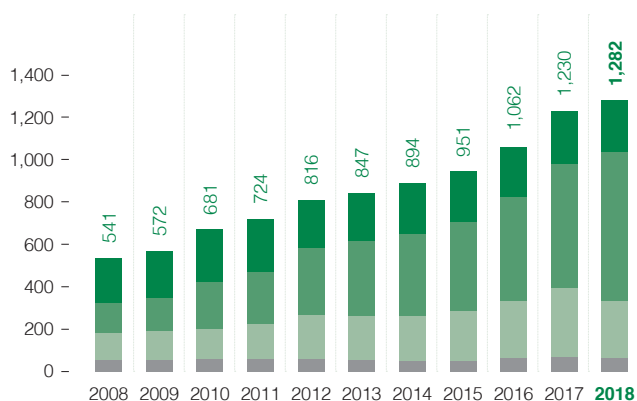
Total Carbon Emissions
(tonnes CO₂e)



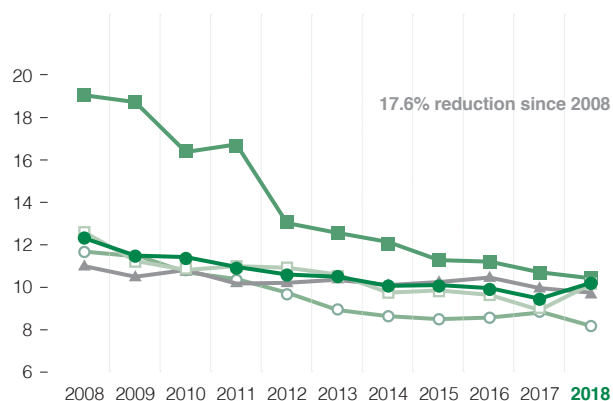
Carbon Intensity
(kgCO₂e/m²/month)



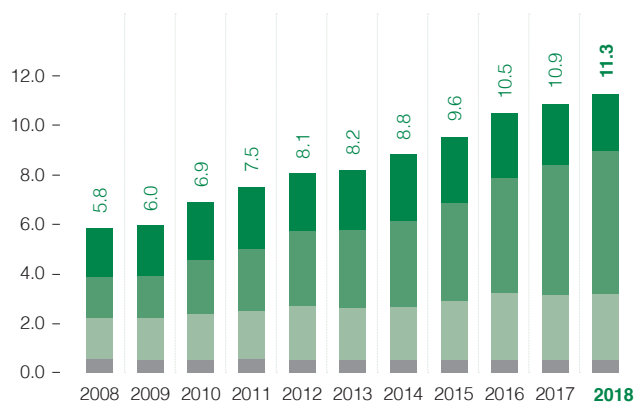
Energy Usage
(GWh)



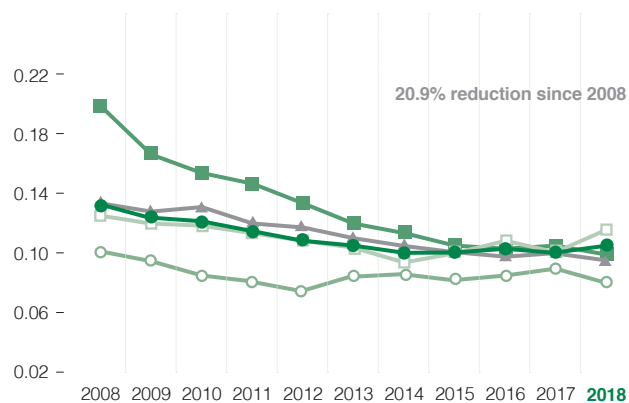
Energy Intensity
(kWh/m²/month)



Water Usage
(million m³)



Water Intensity
(m³/m²/month)



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

- CapitalLand Group Average
- Integrated Developments
- Shopping Malls
- Commercial
- ▲ Serviced Residences

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Operational Properties Carbon Emissions Intensity (kgCO₂e/m²)

CapitaLand reduced its carbon emissions intensity¹⁸ to 5.03 kg CO₂e/m²/month, a 29.8% reduction compared to 2008 baseline intensity levels. Compared to baseline intensity levels, an estimated 165,000 tonnes of carbon emissions was avoided in 2018.

Embodied Carbon – Development Projects

The carbon emissions from direct and indirect energy consumption at 23 construction projects was approximately 18,290 tonnes in 2018.

CapitaLand has been reporting on its embodied carbon emissions since 2013. It 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 eight projects in Singapore and China that were completed in 2018, embodied carbon emissions arising from materials usage at these projects was about 804,000 tonnes¹⁹ or 790 kg/m². The data collated is based on the entire construction period.

Energy

In 2018, the Group's operational properties' and corporate offices' total energy consumption was 1,282,354 MWh (4.62 million GJ). Indirect energy consumption accounted for about 88% (4.06 million GJ) and total fuel consumption accounted for about 12% (0.55 million GJ²⁰) of total energy consumption.

CapitaLand's corporate offices in 13 countries accounted for 0.3% of the Group's total energy consumption in 2018. The offices consumed 2,967 MWh of electricity, a 30% improvement in the electricity consumption per m² compared to 2009.

23 CapitaLand projects under construction in Singapore, China, Indonesia and Vietnam consumed about 35,060 MWh of energy.

Operating Properties' Energy Intensity (kWh/m²)

CapitaLand reduced its energy intensity²¹ measured in kWh per m² by 17.6% from base year 2008. Using a 'Business as Usual' (BAU²²) methodology, it is estimated that more than 710,000 MWh of energy consumption was avoided, resulting in an estimated cost avoidance of S\$160 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.

¹⁸ Computation of carbon emissions intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement initiatives and corporate offices. The number of properties are 127, 145, 152, 174, 189, 175, 191, 174, 178, 192 and 175 for the period from 2008 to 2018 respectively.

¹⁹ 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.

²⁰ Direct energy consumption from gas, diesel and other fuels (gasoline) are approximately 527,903 GJ, 14,064 GJ and 11,876 GJ respectively.

²¹ 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, 192 and 175 for the period from 2008 to 2018 respectively.

²² The assumption is that energy consumption in subsequent years will continue at 2008 levels (base year) unless energy improvement measures are adopted.

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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	- Testbed a centralised Intelligent Building Platform (IBP) with analytical capabilities - Dimmers/ occupancy sensors/ daylight sensors, sub-metering systems to provide detailed energy, 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, the use of renewable sources to avoid emissions is also encouraged. However, this remains challenging due to limited rooftop space where renewable sources of energy such as solar energy could be optimally installed. In 2018, 0.5% (about 6,900 MWh) of the Group's total energy use was from renewable energy sources, which helps to mitigate about 3,670 tonnes of carbon emissions. Five properties in Singapore and China had on-site renewable energy systems, and 29 properties in Belgium, France and India, and one corporate office in Singapore purchased partial or full 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 supplies²³. It is testbedding a global water risk mapping tool developed by World Resources Institute, to understand water risks and opportunities of its global portfolio and impact of climate change on water resources.

In 2018, the Group's operating properties' total water consumption was about 11.3 million m³. The increase in water consumption is largely attributed to the expansion of the Group's property portfolio. This includes the use of 0.9 million m³ of recycled water²⁴ and collected rainwater, accounting for 8% of its total consumption.

CapitaLand recognises the importance of effectively managing water consumption and the quality of water run-off leaving its project sites. It requires its main contractors appointed to be ISO 14001 certified and monitors the waste water discharge into watercourse or sewer. 23 CapitaLand projects under construction in Singapore, China and Vietnam consumed about 536,330 m³ of water. At its Singapore development sites, waste water is generally recycled and reused for vehicular washing.

Operating Properties' Water Intensity (m³/m²)

CapitaLand reduced its water intensity²⁵ measured in m³/m² by 20.9% 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.

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

²³ Three properties extract groundwater for use with the appropriate treatment system in place. Meters are installed to monitor water usage. This usage accounts for about 0.6% of CapitaLand's total water usage.

²⁴ 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.

²⁵ Computation of water intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement initiatives and corporate offices. The numbers of properties are 123, 141, 148, 169, 186, 172, 188, 171, 175, 189 and 172 for the period from 2008 to 2018 respectively.

ENVIRONMENTAL CAPITAL

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 loss
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 reduce 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 challenges. In 2018, more than 6,000 tonnes of recyclable waste²⁶ was collected from 95 properties in 15 countries.

The Global E-Waste Monitor 2017²⁷ 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 newer models being launched regularly.

In 2016, CapitaLand had already launched an e-waste recycling initiative at seven of its office buildings and 10 of its malls in Singapore to make e-waste recycling more accessible to its tenants and shoppers, and ensure proper disposal and recycling through the appointment of certified e-waste vendors²⁸.

In 2018, the total amount of e-waste collected at these 17 properties was 30,540 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.

Paper Conservation in CapitaLand Corporate Offices

CapitaLand reduced its paper usage by 60% per staff compared to 2009. These savings are attributed to the conscious effort by every staff to reduce paper usage.

Paper accounts for the most of the waste generated from CapitaLand corporate offices. To reduce paper usage, CapitaLand has established a systematic paper management and recycling programme. Work processes have been made online to avoid paper consumption. 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.

²⁶ 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 2018, about 78,600 tonnes of non-recyclable waste was generated at 140 properties in Singapore, China, rest of Asia and Europe. These included integrated developments, shopping malls, serviced residences, and office buildings.

²⁷ 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.

²⁸ The shopping malls partner StarHub in its REcycling Nation's Electronic Waste (RENEW) programme.

ENVIRONMENTAL CAPITAL

CapitaLand actively promotes the use of environmentally-friendly paper. Since 2011, letterheads and name cards have been printed on recycled paper in Singapore. Print collaterals such as the Annual Reports of the CapitaLand Limited and the Group's listed real estate investment trusts (REIT), calendars and Chinese red packets are printed on Forest Stewardship Council (FSC) paper. There is no printing of the CapitaLand Global Sustainability Report which is available on CapitaLand's website.

Resource Management at Development Projects

CapitaLand requires its main contractors to implement proper waste management procedures to minimise construction waste, and to properly manage and dispose the waste generated. An estimated 505 tonnes of construction waste was recorded for its development projects in Singapore and Indonesia in 2018. 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 leverage Building Information Modelling (BIM) technology to improve the design and construction process through a more integrated project coordination. BIM can perform clash detection before construction and identify situations where mechanical and electrical pipes will clash with structural members. This detection saves time, cost of remedial work and minimises material wastage. BIM is implemented in six projects under development in Singapore and China.

Green Demolition and Construction Innovations at CapitaSpring, Singapore

The former Golden Shoe Car Park is being redeveloped as CapitaSpring, an integrated development with Grade A office space, a serviced residence and ancillary retail space. A systematic process was undertaken to facilitate and maximise resource recovery of demolition materials for beneficial reuse and recycling prior to and during demolition. More than 70% of the total waste disposed during demolition were recycled.

In line with CapitaLand's commitment to adopt the latest building technologies for improved productivity, new systems and programmes were introduced to the construction process of CapitaSpring. CapitaSpring will adopt the use of prefabricated modular mechanical and electrical (M&E) services, including vertical risers and horizontal services. The M&E service modules will be fabricated at an off-site factory and transported on site for assembly, thereby achieving significant site productivity improvement through better coordination, workmanship and safety. Other programmes such as digital construction technology and integrated digital delivery, from BIM to virtual design and construction and 3D printing, have been employed for improved collaboration. Drones have been used to monitor construction progress and virtual reality simulations will allow for more efficient design review, reducing the need for physical mockups and material wastage.

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 in the Paris Agreement.

As of end 2018, CapitaLand almost doubled its electric vehicle (EV) charging stations to over 160 in 25 CapitaLand managed properties in Singapore, China, Belgium and Japan. The total electricity charged at these stations exceeded 280 MWh (estimated travel distance of more than 1,300,000 km²⁹) in 2018.

Over 90% of CapitaLand properties³⁰ worldwide are conveniently located in close proximity to public transport hubs such as bus stops and train/subway stations. This allows easy access to our properties, without the use of privately-owned vehicles. Free shuttle bus services to these public transport hubs are also made available at some of its shopping malls. More than 11,200 bicycle parking facilities are available at more than 80 of its properties.

²⁹ This is computed using "2018 Tesla Model S" efficiency of 4.87 km/kWh (FuelEconomy.gov).

³⁰ 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 carry out OHS legal compliance audit 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 wider community		

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 since 2009, it has extended 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 the OHSAS 18001 certification for its OHS Management System in 15 countries – covering all markets with investment properties managed by CapitaLand¹. This coverage 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 which is aligned with the 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 an accredited third-party certification body. An annual audit of the OHS Management System provides assurance to top management and external investors of CapitaLand's management system, legal compliance requirements and commitment to best practices.

In 2018, ISO introduced a new international standard, ISO45001 for occupational health and safety, which will replace OHSAS 18001 by March 2021. CapitaLand has commenced migration of its OHSAS 18001 certified management system to the ISO 45001 standard.

¹ CapitaLand staff located in these 15 countries account for 99.7% of total staff strength.

HUMAN CAPITAL

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 four non-compliant incidents relating to fire safety. Thorough investigations were conducted and all necessary follow-up actions were immediately undertaken. Lessons learnt from the incident were shared across business units, and the Group's commitment to strengthen its safety standards was reinforced.

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 standard operating procedures (SOPs) to minimise the occurrence of such hazards.

Since 2016, CapitaLand's wholly owned lodging business unit, The Ascott Limited implemented third-party lift audits for its managed properties to ensure the safety and performance of its lifts. In 2018, third-party lift audits were conducted for more than 90% of the properties, and the scope included inspections of equipment condition and standard of maintenance, recommendation of rectification works, and identification of potential safety hazards associated with the equipment, equipment room, lift car/ wells and pits.

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, staff are briefed on how to respond to OHS incidents at the workplace. As part of CapitaLand's staff well-being initiatives, it organises lunchtime talks relating to health and related issues like parenting to help CapitaLand's staff to manage stress. It also organises financial resilience talks such as financial planning where over 180 staff were in attendance. 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 also made readily available for all staff on the intranet.

MEASURING OUR SAFETY PERFORMANCE

2018 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	- Zero staff work-related fatality - Zero 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)	- Two main contractors appointed in 2018 for new development projects. 1 RoSPA (The Royal Society for the Prevention of Accidents, UK) Gold award²

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 2018, there were 47 work-related injuries³. Most of the staff were from the operations teams. Thorough investigations were conducted, and all necessary follow-up action have been undertaken. As part of its occupational health and safety management system, CapitaLand will continue to monitor the performance, reinforce safety standards and fine-tune its SOPs for improvement.

	2018				2017*	2016
CapitaLand Staff	Singapore	China	Rest of the world	Group Overall	Group Overall	Group Overall
Number of work-related injuries	2	13	32	47	57	51
Work-related fatalities/permanent disabilities	0	0	0	0	1	0
Injury rate ⁴ (number of work-related injuries per million hours worked)	0.5	1.1	3.4	1.8	2.1	1.9
Lost day rate (number of lost man-days per million hours worked)	39.3	33.5	61.6	44.7	315.4 ⁵	44.0
Absentee rate ⁶ (days per staff per year)	6.4	2.6	4.8	4.0	4.0	3.5

*GRI 102-48

² Victoria Park Villas, Singapore obtained the RoSPA Gold Award for workplace safety performance. RoSPA Award recognises organisations with strong and ongoing commitment to raising health and safety standards.

³ This is based on work-related incidents that resulted in more than three days of medical leave or more than 24 hours of hospitalisation.

⁴ In 2018, injury rate was 1.2 and 2.4 per million hours worked for male and female staff respectively.

⁵ 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 lost date rate in 2017.

⁶ Absentee rate is based on medical leave taken by staff, regardless of whether it is a work-related illness or not. In 2018, absentee rate was 3.1 and 4.8 days per staff for male and female staff respectively.

HUMAN CAPITAL

Staff Wellness

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

OHS STAKEHOLDER ENGAGEMENT*

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

National Policy Making

CapitaLand participates actively in national efforts towards workplace health and safety. In Singapore, this includes being a member of the Workplace Safety and Health (WSH) Council (Construction and Landscape) Committee and Tripartite Oversight Committee on Workplace Safety and Health.

Tenants and Community

As part of CapitaLand's OHS Management System, emergency response procedures are in place to address 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 90 local fire departments, government agencies and associations to organise fire drills at 38 malls to raise safety awareness among more than 17,730 participants including tenants and shoppers. This included a live fire extinguishing session, involvement of local fire departments, simulation of fire and evacuation. This was well-received by the local authorities.

CapitaLand also conducted service quality survey at 37 China malls with 94% participation rate. Through these surveys, CapitaLand garnered feedback on matters in the areas of cleanliness, security, lift and escalator safety, car parking, thermal comfort, ambience, lightings, as well as the features and facilities provided. On average, 90% of the respondents in China were satisfied with the services rendered.

CapitaLand Commercial Trust (CCT) launched a wellness week, an office tenant engagement programme comprising a variety of activities designed to bring fun to the workplace, while promoting total well-being.

CCT partnered with various stakeholders such as Singapore's Health Promotion Board and tenants to promote healthy living through activities such as talks and seminar on workplace ergonomics, health risks of modern world, hands-on workshops on making a bento lunch box, art mediation as well as trampoline workouts and yoga sessions. These activities attracted over 400 tenant participants.

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

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, including safety requirements.

CapitaLand implemented 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 bizSAFE⁷ Level 3 and above certified vendors and service providers when signing new contracts or renewing existing contracts. Where possible, CapitaLand intends to stipulate similar requirements for its overseas offices. In 2018, about 96% of its Singapore corporate offices' and operating properties' vendors and service providers⁸ 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 OHS legal compliance audits on-site. Two main contractors appointed in 2018 fulfilled these requirements.

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)⁹ of its main contractors at its sites. In 2018, there were no injuries at its Singapore construction sites¹⁰.

Despite best efforts to ensure site safety, there was one workplace injury involving CapitaLand's contractor staff in China and investigation by the authorities is in progress. Detailed investigations were undertaken, and it ensured that the contractor quickly completed all necessary follow-up action. Lessons learnt from the incident 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 Safety and Health Award Recognition for Projects (SHARP)¹¹ awards and for overseas main contractors to apply for accredited local safety awards.

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

⁷ 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.

⁸ This refers to term contractors/service providers where their work is on-site at CapitaLand properties or offices.

⁹ 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.

¹⁰ As there were no contractor injuries at the development sites in Singapore, its AFR and ASR was zero, which were below Singapore's national average of 1.5 for AFR and 115 for ASR for the construction sector.

¹¹ 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 RIGHTS

CapitaLand has an integrated human capital strategy to recruit, develop and motivate staff. Key performance indicators (KPI), 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. In 2018, CapitaLand was the only real estate company to receive the SkillsFuture Employer Award in Singapore. It honours exemplary organisations which led the way in championing employees' skills development and building a culture of lifelong learning in their workplace.

Anti-Child Labour and Anti-Forced Labour

With a global workforce of more than 12,100 staff, CapitaLand is committed to be a workplace of choice for its staff. CapitaLand is a signatory of the United Nations Global Compact and is committed to the 10 principles in the areas of human rights, labour, environment and anti-corruption. In Singapore, CapitaLand signed the Employers Pledge for Fair Employment Practices with The Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP¹²) and committed to the five key principles of fair employment¹³.

In 2018, there was no reported incident relating to discrimination, child labour or forced labour in CapitaLand, and the company had no staff below the age of 16¹⁴.

Diversity and Inclusion

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

CapitaLand adopts a localisation strategy for its overseas operations where reasonable and practical. This ensures that the teams on the ground have a good grasp of the local socio-political and cultural sensitivities to help deliver targeted business outcomes for the Group. In 2018, locals accounted for about 82% of the staff based in Singapore and 97% of staff based in China. Of these locals, 42% held 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 its graduate development programme. Apart from fresh graduates, CapitaLand also employs experienced and mid-career professionals as well as industry veterans. New hires represented 29% of the total headcount in 2018¹⁵.

CapitaLand's vibrant, motivated and qualified workforce has given the Group a competitive edge. About 67% of CapitaLand's global workforce is aged 30 to 50. About 85% of new hires in 2018 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).

¹² The Tripartite Alliance for Fair and Progressive 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 and progressive employment practices for all workers in Singapore. Members include employer representatives, union leaders and government officials.

¹³ The five key principles of fair employment are:

- 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.

¹⁴ In 2017 and 2016, CapitaLand had no reported incident relating to discrimination, child labour or forced labour. In Singapore, the Ministry of Manpower stipulates specific forms of work which are unsuitable for children below the age of 16.

¹⁵ Singapore and China account for about 10% and 45% of the total number of new hires respectively.

HUMAN CAPITAL

CapitaLand's global workforce comprises an almost equal proportion of males and females, at a ratio of 47:53 (In Singapore, the proportion of male to female staff is 40:60; in China, the ratio is 46:54). The company's female staff are represented at the middle and senior management level. In the past three years, about 53% of the managerial staff were female. In 2018, about 31% of senior management were female with four of them holding C-suite appointments within the Group. Over the past three years, females comprised between 30%-35% of the senior management.

Based on a simple computation, the average gender pay gap¹⁶ 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 the senior management levels with female representation¹⁷, the average gender pay gap ranges between 7% (in favour of females) and 38% (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 retirement and re-employment legislation in 2012 to enable more people to work beyond the current statutory retirement age of 62, 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 121 staff above retirement age¹⁸ in 2018. They will continue to receive their last drawn salary if upon re-employment, their work scope and responsibilities remain unchanged.

Respect For Freedom of Association

CapitaLand 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, 38% of the bargainable workforce and junior executives in Singapore are union members. 100% of the bargainable workforce in Singapore are covered by collective agreements. Globally, 19% of its workforce is covered by collective agreements*.

CapitaLand's wholly owned business unit, Ascott was nominated by the Food, Drinks and Allied Workers Union (FDAWU) in Singapore to receive the May Day Plaque of Commendation in 2018 for its collaboration with the union.

Since 1995, Ascott and the FDAWU have maintained a healthy and harmonious relationship. Ascott raised its staff membership in FDAWU by more than 180% between 2016-2017 by facilitating sharing sessions across seven Ascott properties with FDAWU.

Ascott also implemented an automated workflow system with funding from Singapore Tourism Board and NTUC's (National Trades Union Congress) ei2 (Employment and Employability Institute). This system channeled Ascott guests' feedback directly to the respective departments for follow up actions, which allowed Ascott's housekeeping coordinators to be re-deployed for more customer-facing activities, instead of allocating, updating and tracking jobs manually.

Ascott partnered with the Singapore Institute of Technology to offer a 3-year Ascott SkillsFuture Work Study Degree Programme, to attract locals into the hospitality industry and enhance understanding of the industry through hands-on learning experience. Ascott employed three local students from this programme in 2018.

To encourage a culture of learning and upskilling, the various Head of Departments at Ascott take every opportunity, especially during the morning roll-call, to share more about training and e-learning opportunities to encourage rank-and-file staff to upskill themselves.

*GRI 102-41

¹⁶ This comparison is for base salary and other cash incentives.

¹⁷ There are 2 levels with no female representation.

¹⁸ This is based on the retirement age in the respective countries.

HUMAN CAPITAL

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 its regular succession planning process.

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

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

Positive Work Environment

CapitaLand recognises that a positive work environment is essential to attract, motivate and retain talent. Its total well-being programme promotes 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.

All staff are entitled to parental leave. In 2018, 367 female staff went on maternity leave and 287¹⁹ returned to work. CapitaLand also provides paid paternity leave to all male staff in Singapore and countries where practicable. In 2018, 175 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 the terms and conditions. This allows staff to understand both their rights and obligations, as well as those of the company, thus minimising potential employment disputes in the 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.

¹⁹ Excludes staff whose paternity/maternity leave cross over to 2019 and hence have not returned to work in 2018.

HUMAN CAPITAL

The Group rewards and motivates staff with a comprehensive and competitive compensation package and benefit 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, Execution, Future Growth and Sustainability. 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 are based on both quantitative and qualitative targets within the balanced scorecard framework, including their efforts in building management bench strength and talent.

CapitaLand monitors the movement of its workforce closely. In 2018, the staff turnover²⁰ was 17.0%. In Singapore, the turnover was 13.5%, which was better than the national average of 21.6%²¹. In China, the turnover was 18.2%, which was better than the national average of 20.6%²². Given CapitaLand's business in the labour-intensive hospitality industry and the large number of non-executive staff, the staff movement is deemed be normal.

More 42% 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 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 2018, 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 the Group's performance. Full-time staff are allowed up to 10 days of examination leave per calendar year. In 2018, about 95% of the workforce attended at least one learning event²³, and the average number of training hours completed by each staff for the year was more than 51 hours.

²⁰ 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.

²¹ Data by Ministry of Manpower, Singapore.

²² Data by a human capital and management company.

²³ The number includes third-party staff at CapitaLand properties.

HUMAN CAPITAL

Upskilling The Workforce For The Future

In anticipation of technological changes and its impact on the skillsets of its staff, CapitaLand organised a series of sessions where industry experts were invited to share insights on topics and trends related to its business, such as building retail of the future. More than 400 staff attended the foundational Digital Literacy programme in Singapore and Vietnam. By organising these activities, the company hopes to inculcate a spirit of lifelong learning and help equip staff with the knowhow to navigate a constantly changing world. Over 3,000 staff invested over 15,680 hours attending sessions on analytics and innovation in 2018. More than 980 staff spent over 5,860 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 Chief Executive Officer 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. At the question and answer session 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 aspect of their 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 (HR) department.

Information such as employment terms, benefits and practices, Ethics and Code of Business Conduct, Fraud, Bribery and Corruption Risk Management Framework are made available to all staff through CapitaLand's intranet portal, iHub.

2018 Employee Engagement Pulse Survey (EEPS)

85% of CapitaLand Group's staff in over 20 countries participated in the Employee Engagement Pulse Survey (EEPS) administered by an independent third-party vendor. The EEPS comprised 17 closed-ended and five open-ended questions, to assess five key engagement drivers: Core Values and Ethics, Leadership, Growth and Development, Teamwork and Empowerment and Future-Readiness. Open-ended questions allowed staff to share on areas for improvement, and for the company to analyse staff sentiments beyond numeric scores through text analytics. Each open-ended question received at least 3,500 staff responses. CapitaLand employee engagement score was 79%, which exceeded the High-Performance World Norm, as well as Real Estate Norm (77% and 78% respectively)²⁴.

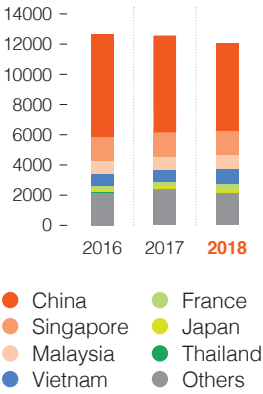
Following the survey, the HR Business Partners will be working with the respective CEOs to address the key issues within the respective business units. On the Group level, initiatives will be rolled out to address concerns in the areas of teamwork, empowerment and future-readiness.

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

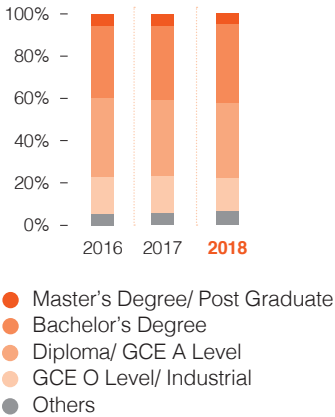
²⁴ In 2015, 93% of the Group's staff in over 20 countries participated in the Group's third Employee Engagement Survey (EES). Employee engagement score increased from 80 points in 2012 to 87 points in 2015 which exceeded the global real estate, property and asset management norm. An independent consultancy firm was appointed to administer the survey and to ensure confidentiality in soliciting honest responses from the staff.

HUMAN CAPITAL

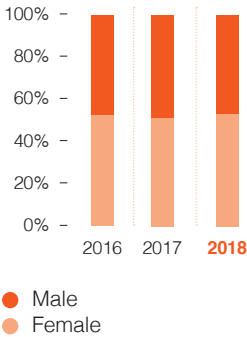
Global Staff
By Nationality



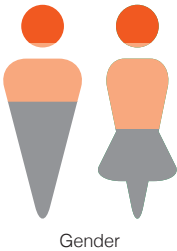
Global Staff By Educational
Qualifications



Global Staff
By Gender

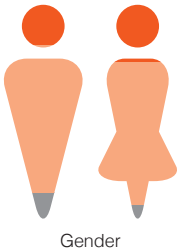
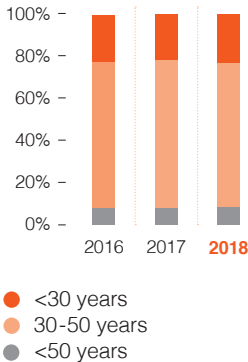


Global Staff by Seniority and
Gender Profile



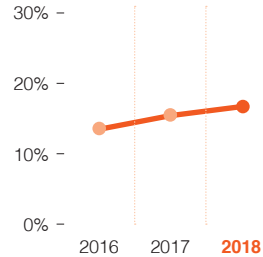
Gender

Global Staff by Age and
Gender Profile

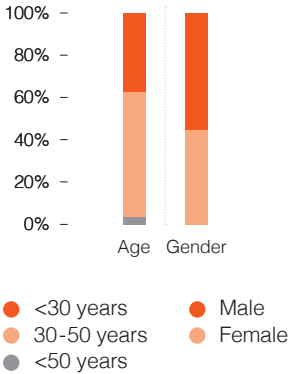


Gender

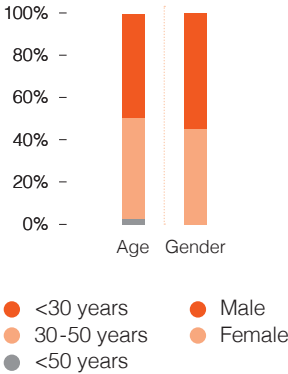
Global Staff:
Voluntary Turnover Rate



Voluntary Turnover
by Gender and Age (2018)



Global Staff: New Hires by
Gender and Age (2018)



SOCIAL AND RELATIONSHIP CAPITAL

CapitaLand's social and relationship capital are built up through our community investments. In the long term, this strengthens CapitaLand's social licence to operate and our ability to deliver sustainable value to our stakeholders.

Stakeholders are groups that our business has a significant impact on and those with a vested interest in our operations. Our key stakeholders include staff, 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.

Through the various engagement channels, CapitaLand seeks to understand our stakeholders' views, communicate effectively with them and respond to their concerns. Issues that are of interest to our various stakeholders are outlined in the following sections.

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 ensure an alignment of business goals and objectives across all levels of the workforce. For more details, please refer to staff engagement section in the Human Capital.

Customers

CapitaLand conducts regular satisfaction surveys at its shopping malls and office buildings, and serviced residences. The feedback obtained is reviewed and relevant follow-up actions are taken to improve the experience of our guests at our serviced residences and improve service levels to tenants.

CapitaLand's serviced apartments track and monitor its properties' service performance via two platforms. It subscribes to a Guest Rating Score™ (GRS™), an independent assessment of the individual properties' quality rating based on 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 our guests. Guests can also provide specific feedback via another platform which help ensure that the properties respond promptly on specific feedback furnished.

A tenant satisfaction survey was conducted at 37 CapitaLand malls in China. About 94% of the malls' tenants participated. CapitaLand garnered feedback on matters pertaining to cleanliness, security, mall ambience and comfort, adequacy of car park lots, and frequency of building maintenance. On average, 90% of the respondents in China were satisfied with the services rendered. Actionable feedback provided have been addressed by the malls.

A key tenant engagement programme for CapitaLand malls in Singapore and Malaysia was the Biz+ Series of seminars and workshops where industry experts, business consultants and retailers gather to share insights and innovations. In Singapore, the Biz+ seminars such as 'Retail Future 2019: Smart Nation, Smart Shopping' and 'New Retail' had a total of over 500 participants. In Malaysia, the event themed 'Building the Right Shopper Personas' was attended by 180 participants.

In Vietnam, CapitaLand implemented a customer management system to improve customer experience through a systematic data collection process. With real-time updates, the team was able to ensure the swift resolution of feedback provided. This was implemented for 12 development projects and two operational properties targeted at its potential homebuyers, homeowners and retail tenants.

Customer feedback is logged into the system and assigned to relevant departments for follow up on a timely basis. The dashboard displays real-time customer-centric indicators such as number of feedback received, feedback resolution status, customer satisfaction ratings on service quality, response time, resolution and staff service level. In 2018, CapitaLand Vietnam handled 181 cases/feedback using the system.

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

SOCIAL AND RELATIONSHIP CAPITAL

Investors and media

CapitaLand's announcements and news releases are filed timely on the Singapore Exchange's SGXNet, updated on its corporate website, and sent to analysts and the media. These also include Investor Relations (IR) related announcements, policies and materials such as CapitaLand's financial results and annual reports. There is also a dedicated IR webpage where investors can sign up for email alerts and announcements from CapitaLand. Investors can also reach its IR team through the "Contact Us" page or email the company at groupir@capitaland.com.

The Group Communications team works closely with the media to profile CapitaLand's senior management and latest developments of the Group through print, broadcast and digital media outlets. CapitaLand also posts its announcements and news on social media platforms such as Facebook, Instagram, Twitter, LinkedIn, YouTube, and on CapitaLand's weekly lifestyle blog, INSIDE. It proactively engages stakeholders on major transactions and decisions within the Group. For more information, please refer to "Investor & Media Relations" chapter in CapitaLand Limited's Annual Report 2018, page 74-77.

Supply Chain

CapitaLand works closely with its contractors and suppliers who are committed to high quality environmental, health and safety (EHS) 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, it is mandatory for main contractors appointed by CapitaLand to ensure that there is no child labour and/or forced labour at CapitaLand project sites.

At 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 to furnish feedback on proposed regulatory changes that may 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 also 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 the Environmental Capital chapter.

Community/ NGOs

CapitaLand is a signatory to the United Nations Global Compact and member of the Global Compact Network Singapore. It is also a founding member of the Singapore Green Building Council. It is a supporter of the Task Force on Climate-Related Financial Disclosure (TCFD) and World Wide Fund for Nature's (WWF) Earth Hour campaign since 2008.

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

COMMUNITY DEVELOPMENT INVESTMENT AND VALUE

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

Helping Underprivileged Children and Vulnerable Elderly

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. In 2018, CHF has expanded its focus to improve quality of life for the vulnerable elderly in Singapore through healthcare, deeper social integration and better living conditions.

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 2018, CapitaLand invested more than S\$2.2 million through CHF to benefit underprivileged children and the vulnerable elderly, 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)²⁵ model for impact assessment for the CapitaLand-NUHKids Nutrition Fund, which is part of the CapitaLand Kids' Food Fund (KFF), and CapitaLand-Yellow Ribbon Fund (YRF) Children Support Programme (CCSP).

CapitaLand KFF aims to improve food security and nutritional well-being of children from financially challenged families through the provision of fortified milk formulas and nutritional supplements as well as nutritious meals in schools. In 2018, through the continued partnership with National University Hospital (NUH), People's Association and Community Development Councils, more than 500 underprivileged children benefited from this programme. This was a result of more than S\$95,000 funding from CHF.

CapitaLand-NUHKids Nutrition Fund, Singapore

This was established to support underprivileged children undergoing medical treatment for specific conditions at the pediatric ward of NUH. In 2018, 73% of the 56 beneficiaries saw an improvement in weight since receiving support from the CapitaLand-NUHKids Nutrition Fund; out of which, 76% met the optimal weight gain, as advised by NUH. In 2017, 35 beneficiaries that were supported saw an 80% improvement in weight; out of which, about 71% met the optimal weight gain.

Zaakir, 10 years old, was diagnosed with Quadriplegic Cerebral Palsy and Global Developmental Delay since birth. With support from the Fund, after a hip surgery in 2018, he was able to gain weight within three months through the milk feeds. He is reaching the 50th-percentile recommended for Cerebral Palsy patients at his age. He is happier than before and is a student leader in school. Due to his chronic condition, he will continue to receive medical and nutritional therapy.

Nur Auni is a 4-years-old girl diagnosed with "Failure to Thrive" (child not growing as she should) since birth. Due to the family's financial difficulties, her parents found milk formula to be costly. The excessive breastfeeding also resulted in her teeth deformation and decay when she turned 3 years old. With the Fund's support, she was able to receive milk feeds which provided her with the nutrition she needed to achieve optimal weight gain and height increase. She has become more lively and is able to pursue her passion in dance at school. She will continue to receive nutritional therapy until her weight reaches the 10th percentile.

(SDG 1, 2)

²⁵ 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-Yellow Ribbon Fund (YRF) Children Support Programme (CCSP)

This is an initiative aimed at supporting the development of cognitive and socio-emotional skills of children of offenders aged between 3 and 12 years old. Launched in 2017, CHF has pledged a donation of S\$500,000 over two years to YRF which includes reading activities, tuition and educational support. It will also involve a system-level intervention with participation of multiple agencies, including Singapore Prison Service, Singapore Corporation of Rehabilitative Enterprises (SCORE), grassroots volunteers and other Voluntary Welfare Organisations (VWO).

From April 2017 to December 2018, a total of 120 children have enrolled in CCSP. Out of 96 children who remained in the programme, 33 were aged 3 to 6 years old while 63 belonged to the 7 to 12 age group. It was found that 97% of the children aged 3 to 6 years have shown an interest in reading after joining the programme. For children aged 7 to 12 years, 77% have shown improvement in their tutored subjects and 51% were assessed to have demonstrated prosocial behaviors and a positive relationship with an adult.

In 2018, CapitaLand provided venue sponsorship for Yellow Ribbon Community Art Exhibition at Raffles City Singapore. One of the art contributors for the CCSP showcase was a 5-year-old girl named Hannah (not her real name). Hannah was born when her mother was in prison and was solely raised by her grandmother for the first 5 years of her life. To Hannah, her mother was a stranger whom she visited once a month in prison. When she first joined CCSP on 1 January 2018, she did not know the alphabets and was shy when interacting with the volunteers from New Life Stories (a VWO) during her weekly creative reading session under the CCSP. Within six months, she gained newfound confidence in her learning abilities, is able to socialise better with her mother, and is able to better express herself. When asked about her dreams, Hannah drew a picture depicting a happy family. Having improved her basic vocabulary and speech, she now has a positive learning attitude. Alongside improved family relations, there is potential for better growth and development in her future.

(SDG 1, 4)

Other Key Programmes

Initiative	Impact
CapitaLand Therapy for Children Project (CTCP) Supports the treatment and rehabilitation needs of underprivileged children who require cleft and/or lip palate corrective treatment 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). Smile for Tomorrow Foundation (SDG 1)	In 2018, 280 children from 25 provinces and municipalities in China received treatment. Cleft lip and palate lip are birth defects that affect the children's development physically and psychosocially. Born prematurely, Yang Yang is a 6-month-old boy diagnosed with severe cleft lip and palate condition. He also suffers from other chronic conditions such as hypoxic-ischemic encephalopathy and elevated myocardial enzyme. With his grandparents also suffering from chronic illnesses and unable to work, the family relies on his mother's farming work and his father's part-time job for living. His father took on extra jobs to provide for his son's needs and went around searching for the best medical treatment. With funding support by CTCP, Yang Yang underwent a successful surgery for his cleft lip and palate condition on 26 August 2018 at Chengdu Women's & Children's Central Hospital.

SOCIAL AND RELATIONSHIP CAPITAL

Initiative	Impact
CapitaLand Hope Schools New school facilities funded by CHF create a more conducive learning environment. Children can also stay in dormitories to focus on their studies and foster character development. (SDG 4)	Due to a lack of proper education facilities in the Le Xa Commune, Tien Lu District in North Vietnam, local parents weren't able to send their children to kindergarten. In 2017, CHF donated to the construction of two blocks of classrooms at a new site. CapitaLand Le Xa Hope Kindergarten was completed and officially opened in May 2018. Leveraging CapitaLand's expertise as a real estate developer, its staff worked alongside lecturers and students from Singapore University of Technology and Design (SUTD) and National University of Civil Engineering in Hanoi (NUCE) to design and construct the common spaces and play area in the kindergarten using community participatory design approach. This collaboration allowed CapitaLand to foster a stronger relationship with the community, and at the same time, enabled the youths from Singapore and Vietnam to exchange and execute their ideas for the good of the community. Since the school's completion, the enrolment rate of children has increased from 63% to 79%. The retention rate of children has also reached 100%.

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 2018, over 1,100 staff in CapitaLand properties tapped on the VSL policy to volunteer more than 10,700 hours²⁶ in various activities in Asia and beyond. CapitaLand encourages its staff to volunteer and 140 staff dedicated more than 2,800 hours to volunteer during their personal time on CapitaLand initiatives. The estimated salary cost to CapitaLand in 2018 based on VSL taken was over S\$172,000.



In recognition of staff's social contribution as volunteers, CHF donates S\$500²⁷ to an approved Institution of a Public Character (IPC) in Singapore or an 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 2018, 131 staff qualified for this donation incentive and about S\$57,000 will be pledged for donation by CHF in 2019.

Based on post-volunteer event surveys, more than 89% of the respondents feel proud working in CapitaLand, and enjoy working in a company with a positive and vibrant corporate culture.

²⁶ The Group calculated its VSL based on leave taken during office hours.

²⁷ The donation must be used to support programmes that align with CHF's objective of helping underprivileged children aged 21 years and below in the areas of education, healthcare and shelter in communities where CapitaLand operates; and improve the quality of life of vulnerable elderly aged 60 and above in Singapore.

SOCIAL AND RELATIONSHIP CAPITAL

SOCIAL INTEGRATION OF CAPITALAND PROPERTIES

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

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

These criteria are integrated into the CapitaLand's Sustainable Building Guidelines to ensure that they are considered at 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 (handicapped) toilets, lifts and nursing rooms.

CapitaLand champions the UD concept in Singapore. In 2018, CapitaLand obtained two Universal Design Gold^{PLUS} Awards from Singapore's Building and Construction Authority (BCA).

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

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 80%²⁸ 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 in Singapore and shopping malls in Singapore and 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. 98% of CapitaLand integrated developments are well connected with public transport facilities.
- Over 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 also 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.

²⁸ Percentage coverage computed based on gross floor area of CapitaLand owned and managed properties.

SOCIAL AND RELATIONSHIP CAPITAL

FUNAN, SINGAPORE

Universal Design Mark Design Gold^{PLUS} award

Funan is an integrated development located in Singapore's Civic & Cultural District. It comprises a six-storey retail component, a premium Grade A office and a coliving serviced residence, lyf Funan Singapore.

Featuring a porous streetscape with multiple access points and gentle slopes, Funan allows bicycles, wheelchairs and other personal mobility vehicles to enter the building easily, supporting Singapore's move towards an inclusive and car-lite society. Funan will be Singapore's first commercial building to allow cycling through the building. It will offer fast charging electric vehicle stations and a direct connection to a mass rapid transport station.

Throughout the property, any change in level is mediated using gentle gradients. All facilities are accessible to wheelchair and pram users, including the development's futsal court and urban greenery. There will be a 12,000-sq-ft food garden and a 4,000-sq-ft urban farm, where the public can learn more about the origins of their food and 'adopt a plot' to grow their own produce. The swimming pool at lyf Funan Singapore will feature steps and a transfer platform with handrail for handicap users.

Funan will have voice-activated interactive directories located at escalators and lift lobbies of every level to facilitate wayfinding. Near-field communication (NFC) technology will also allow transfer of directions from directory to personal smart phones. The property will be guide dog friendly and all levels of the development will be accessible via a handicap accessible lift. Accessible parking lots and family parking lots will be located close to the lift lobbies to allow easy access for users. There will be Braille indicators on staircase handrails and child-height handrails at the retail area.

For families, there will be designated family restrooms fitted with adult and child-friendly sanitary facilities such as wash basins and toilets for children, as well as nursing rooms with diaper changing station etc.

Innovative Community Spaces

CapitaLand aims to take the lead in creating innovative community spaces at its properties. In Singapore, CapitaLand was the first company to partner the National Council of Social Services (NCSS) to offer rent-free office space to volunteer welfare organisations (VWOs) in 2005. It utilised the Urban Redevelopment Authority (URA) Community/Sports Facilities Scheme which promotes the integration of community facilities. To date, seven CapitaLand shopping malls have tapped the URA Community/Sports Facilities Scheme. They include the Junction 8 office tower with VWO tenants, Singapore Dance Theatre's dance studios and supporting facilities at Level 7 of Bugis+, the collaboration with the Singapore Sports Council to locate an Olympic-sized ice-skating rink at Level 3 of JCube, and the Westgate Wonderland - a thematic outdoor playground touted as the largest rooftop mall playground in Singapore - designed by Adirondack Studios, an established U.S. theme park designer.

CapitaLand was also one of the first to create "interactive" water features at its shopping malls. The first of such features was introduced at the plaza of Bugis Junction. Since then, CapitaLand has developed Splashparks – interactive water features designed especially for children at shopping malls – IMM and Lot One Shoppers' Mall and extended this to its overseas malls such as The Mines, Malaysia.

Its Singapore malls and office buildings continue to collaborate with the Health Promotion Board, Singapore in hosting weekly exercise classes such as kickboxing, Zumba, and yoga, to encourage a healthy lifestyle in the communities.

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 initiative provides a venue for social enterprises and charities to promote their causes and products, as well as for staff and office tenants to support social causes by purchasing the products and/or volunteering with the charities. For every item purchased or donation made at the marketplace, CHF donated S\$6 to participating charities.	The event was held at Capital Tower, Singapore. More than 140 staff and office tenants attended the film screening by the National Volunteer & Philanthropy Centre to raise awareness of the needs of elderly and children with autism. A post event survey conducted showed that 97% of the participants felt that the event helped them learn more about giving and volunteering for the community. CHF donated over S\$6,500 to the participating charities.
CapitaLand Earth Hour Campaign CapitaLand has participated in the annual global sustainability movement for 10 years to raise awareness on climate change and encourage individual action to reduce their environmental footprint.	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 24 March 2018. The properties also organised activities to engage tenants, shoppers, residents and the public to play their part for 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	Members of public and tenants can sign up for such free events at CapitaLand malls and office buildings in Singapore.

FRAMEWORK – CORPORATE GIVING AND VOLUNTEERISM

Building People. Building Communities.

Through its philanthropic arm, CapitaLand Hope Foundation (CHF), CapitaLand invests in the communities it operates in to promote the social growth and development of underprivileged children, with respect to their education, healthcare and shelter needs. CHF also strives to improve the quality of life for the vulnerable elderly in Singapore through healthcare, deeper social integration and better living conditions.

Policies	Corporate Philanthropy - Underprivileged children (aged 21 years and below) - Vulnerable elderly (aged 60 and above) in Singapore - Areas of Focus: Education, Healthcare and Shelter	- Geography: Communities where CapitaLand operates in - 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 Volunteer Service Leave and Volunteer Service (non-workday) modules into the online HR leave application system - Track both workday and non-workday 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 - Improve the quality of life for the vulnerable elderly in Singapore through healthcare, deeper social integration and better living conditions - Focus on communities where CapitaLand operates in 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' Interests - 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 - Catalyse additional volunteer efforts with a donation to a children's or elderly'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 also looks 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 17)
Market Presence	CL, investors	Human Capital (pg 43)
Indirect Economic Impacts	CL, community	Social and Relationship Capital (pg 54, 57)
Anti-corruption	CL, investors, customers, communities	Organisational Capital (pg 19-21)
Environmental		
Materials	CL, contractors	Environment Capital (pg (23-29)
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 43-46)
Labour/Management Relations	CL	Human Capital (pg 44)
Occupational Health and Safety	CL	Human Capital (pg 37-39)
Training and Education	CL	Human Capital (pg 46-47)
Diversity and Equal Opportunity	CL	Human Capital (pg 43-46)
Non-Discrimination	CL	Human Capital (pg 43)
Child Labour	CL	Human Capital (pg 43)
Forced or Compulsory Labour	CL	Human Capital (pg 43)
Human Rights Assessment	CL, contractors	Human Capital (pg 37,42)
Local Communities	CL, communities	Environment Capital (pg 23), Human Capital (pg 37), Social and Relationship Capital (pg 54, 57)
Supplier Social Assessment	CL, contractors	Human Capital (pg 37, 42) Social and Relationship Capital (pg 50)
Customer Health and Safety	CL, tenants, contractors, suppliers, and communities	Human Capital (pg 37-42), Social and Relationship Capital (pg 54)
Marketing and Labelling	CL, customers	Organisational Capital (pg 21)
Customer Privacy	CL, customers, investors	Organisational Capital (pg 21)
Socioeconomic Compliance	CL, investors	Organisational Capital (pg 19-21), Human Capital (pg 40)

GRI CONTENT INDEX

GRI Standards Content Index for 'In accordance' – Core

The GRI Content Index references CapitaLand Limited Sustainability Report 2018 and the Annual Report 2018 (AR).

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
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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 6-7)	
	102-5	Ownership and legal form	AR (pg 11)	
	102-6	Markets served	AR (pg 6-7, 97-107)	
	102-7	Scale of the organisation	Introduction (pg 1, 3) Financial Capital (pg 17) AR (pg 6-7, 9, 97-107)	
	102-8	Workforce figures	Human Capital (pg 43)	✓
	102-9	Organisation's supply chain	Introduction (pg 8) Environmental Capital (pg 23, 33-36) Human Capital (pg 37, 42) Social and Relationship Capital (pg 50)	✓
	102-10	Significant changes during the reporting period	AR (pg 20-21)	✓
	102-11	Report whether and how the precautionary approach or principle is addressed by the organisation	Introduction (pg 12-13) Environmental Capital (23-29)	✓
	102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	Introduction (pg 3) Organisation Capital (pg 18) Human Capital (pg 43) Social and Relationship Capital (pg 50)	✓
	102-13	Memberships of associations and national or international advocacy organisations	Introduction (pg 3) Organisational Capital (pg 18) Human Capital (pg 43) Social and Relationship Capital (pg 50)	✓
	102-14	Statement from senior decision-maker	President and Group CEO's Message (pg 15-16) AR (pg 12-17)	
	102-15	Description of key impacts, risks, and opportunities	Introduction (pg 8, 12-14) Organisational Capital (pg 22) Environmental Capital (pg 23) Human Capital (pg 37) Social and Relationship Capital (pg 49-50) AR (pg 37-73)	✓
	102-16	Organisation's values, principles, standards and norms of behaviour	Introduction (pg 1) Organisational Capital (pg 18-21) AR (pg 59-60)	✓
	102-18	Governance structure	Introduction (pg 6) AR (22-69, 82-83)	✓
	102-40	List of stakeholder groups	Introduction (pg 7-8) Environmental Capital (pg 23) Human Capital (pg 41-42, 47) Social and Relationship Capital (pg 49-50)	✓
	102-41	Collective bargaining agreements	Human Capital (pg 44)	✓

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2018.

GRI CONTENT INDEX

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
GRI 102: General Disclosures 2016	102-42	Identifying and selecting stakeholders	Introduction (pg 7-8) Environmental Capital (pg 23) Human Capital (pg 41-42) Social and Relationship Capital (pg 49-50)	✓
	102-43	Approach to stakeholder engagement	Introduction (pg 7-8) Environmental Capital (pg 23) Human Capital (pg 41-42, 47) Social and Relationship Capital (pg 49-50)	✓
	102-44	Key topics and concerns raised through stakeholder engagement	Introduction (pg 7-8) Environmental Capital (pg 23) Human Capital (pg 41-42, 47) Social and Relationship Capital (pg 49-50)	✓
	102-45	Entities included in the organisation's consolidated financial statements	Introduction (pg 3) AR (pg 11)	✓
	102-46	Defining report content and topic boundaries	Introduction (pg 7)	✓
	102-47	List of material topics	Introduction (pg 7) Material Topics and Boundaries (pg 58)	✓
	102-48	Effect of any restatements of information provided in previous reports	Restatement of 2017 data where one 2017 staff work related incident was lodged in 2018 due to local legislation reporting requirement. Human Capital (pg 40)	✓
	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 2018 Introduction (pg 3)	✓
	102-51	Date of previous report	Published on 25 May 2018	✓
	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 59-65)	✓
	102-56	Assurance	Introduction (pg 4) Independent Assurance Statement (pg 68-72)	✓
Topic-Specific Standards				
Economic Benefit to Stakeholders				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 17, 43, 54, 57	✓
	103-3	Evaluation of the management approach	pg 17, 43, 54, 57	✓
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Capital (pg 17) AR (pg 8, 90-96)	✓
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	Human Capital (pg 43)	✓
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Environmental Capital (pg 30, 36) Social and Relationship Capital (pg 49-57)	✓

GRI CONTENT INDEX

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
Business Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 19-21	✓
	103-3	Evaluation of the management approach	pg 19-21	✓
GRI 205: Anti-Corruption 2016	205-1	Risk assessment for corruption	Organisational Capital (pg 19-21)	✓
	205-2	Communication and training on anti-corruption policies and procedures	Organisational Capital (pg 19-21)	✓
	205-3	Incidents and action taken	Organisational Capital (pg 21)	✓
GRI 415: Public Policy 2016	415-1	Political contributions	Organisational Capital (pg 21)	✓
GRI 417: Marketing and Labeling 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	No substantiated complaints regarding breaches of customer privacy and losses of customer data	✓
Energy Efficiency				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 23-29	✓
	103-3	Evaluation of the management approach	pg 23-29	✓
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environmental Capital (pg 32, 33-34)	✓
	302-2	Energy consumption outside of the organisation	Environmental Capital (pg 33)	✓
	302-3	Energy intensity	Environmental Capital (pg 32, 33)	✓
	302-4	Reduction of energy consumption	Environmental Capital (pg 25, 30, 33-34)	✓
	302-5	Reductions in energy requirements of products and services	Environmental Capital (pg 25, 27-28, 30)	✓
Water Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 23-29	✓
	103-3	Evaluation of the management approach	pg 23-29	✓
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environmental Capital (pg 23, 28, 34)	✓
	303-2	Management of water discharge-related impacts	Environmental Capital (pg 34)	✓
	303-3	Water withdrawal	Environmental Capital (pg 34)	✓
	303-4	Water discharge	Environmental Capital (pg 32, 34)	✓
	303-5	Water consumption	Majority of water usage is for cooling towers, toilets, washing activities, water features, and irrigation.	✓

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GRI CONTENT INDEX

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 23-29	✓
	103-3	Evaluation of the management approach	pg 23-29	✓
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 28)	✓
	304-2	Significant impact on biodiversity		✓
	304-4	IUCN Red List species and national conservation list species affected		✓
Climate Change and Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 12-13, 23-29	✓
	103-3	Evaluation of the management approach	pg 12-13, 23-29	✓
GRI 305: Emissions 2016	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	Environmental Capital (pg 31-32)	✓
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Capital (pg 31-33)	✓
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Capital (pg 31-33)	✓
	305-4	GHG emissions intensity	Environmental Capital (pg 32, 33)	✓
	305-5	Reduction of GHG emissions	Environmental Capital (pg 25, 28, 33, 34)	✓
GRI 201: Economic Performance 2016	201-2	Financial implications, risks and opportunities due to climate change	Introduction (pg 12-13) Environment (pg 23-24, 28-29)	✓
Construction and Operational Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 23-29, 35-36	✓
	103-3	Evaluation of the management approach	pg 23-29, 35-36	✓
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 35-36)	✓
	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 28)	✓

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GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
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 30 and 36.	✓
Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 23-28, 37, 42	✓
	103-3	Evaluation of the management approach	pg 23-28, 37, 42	✓
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environmental Capital (pg 26)	✓
Supply Chain Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 23-28, 37, 42, 50	✓
	103-3	Evaluation of the management approach	pg 23-28, 37, 42, 50	✓
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers screened using environmental criteria	Environmental Capital (pg 25)	✓
GRI 414: Supplier Social Assessment 2016	414-1	Suppliers screened using social criteria	Human Capital (pg 40)	✓
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 43-46	✓
	103-3	Evaluation of the management approach	pg 43-46	✓
GRI 401: Employment 2016	401-1	New hires and employee turnover	Human Capital (pg 43, 46, 48)	✓
	401-3	Parental leave	Human Capital (pg 45)	✓
GRI 402: Labour/ Management Relations 2016	402-1	Notice period regarding operational changes	Human Capital (pg 46)	✓
GRI 404: Training and Education 2016	404-1	Average hours of training	Human Capital (pg 46-47)	✓
	404-2	Employee skills upgrade and transition assistance programmes	Human Capital (pg 46-47)	✓
	404-3	Performance and career development reviews	Human Capital (pg 45, 46)	✓

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GRI CONTENT INDEX

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
Occupational Health & Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 37-39	✓
	103-3	Evaluation of the management approach	pg 37-39	✓
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Human Capital (pg 37)	✓
	403-2	Hazard identification, risk assessment, and incident investigation	Human Capital (pg 38-40, 42)	✓
	403-3	Occupational health services	Human Capital (pg 41)	✓
	403-4	Worker participations, consultation, and communication on occupational health and safety	Human Capital (pg 38-39, 44) 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.	✓
	403-5	Worker training on occupational health and safety	Human Capital (pg 39)	✓
	403-6	Promotion of worker health	Human Capital (pg 41)	✓
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital (pg 37, 39, 41-42)	✓
	403-8	Workers covered by an occupational health and safety management system	Human Capital (pg 38)	✓
	403-9	Work-related injuries	Human Capital (pg 40, 42) Zero workplace fatality and high consequences incident (permanent disability) in CapitaLand managed development sites in Singapore, Malaysia, China, Indonesia & Vietnam.	✓
Diversity and Human Rights				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 43-46, 50	✓
	103-3	Evaluation of the management approach	pg 43-46, 50	✓
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Human Capital (pg 43-44, 48)	✓
	405-2	Ratio of basic salary and remuneration of women to men	Human Capital (pg 44)	✓
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective action taken	Human Capital (pg 43)	✓
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 43) Social and Relationship Capital (pg 50)	✓
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 43) Social and Relationship Capital (pg 50)	✓

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GRI Standards	Disclosure Number	Disclosure Title	Page Reference and Remarks	External Assurance ¹ (pg 68-72)
GRI 412: Human Rights Assessment 2016	412-1	Operations subjected to human rights reviews	Human Capital (pg 37-41, 43, 44) Social and Relationship Capital (pg 50)	✓
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Environmental Capital (pg 28) Human Capital (pg 41-42) Social and Relationship Capital (pg 49-57)	✓
GRI 414: Supplier Social Assessment 2016	414-1	Suppliers screened using social criteria	Human Capital (pg 40, 42)	✓
Products and Services				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	pg 7, 58	✓
	103-2	The management approach and its components	pg 37-42, 54	✓
	103-3	Evaluation of the management approach	pg 37-42, 54	✓
GRI 416: Customer Health and Safety 2016	416-1	Health and safety impacts assessment of products and services	Human Capital (pg 37, 41-42) Social and Relationship Capital (pg 54-55)	✓
	416-2	Incidents of non-compliance	Human Capital (pg 39)	✓
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Environmental Capital (pg 28) Social and Relationship Capital (pg 49-57)	✓

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.

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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	43
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	44
Principle 4	Elimination of all forms of forced and compulsory labour	43
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	23-36
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	19-21

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 5-14), Organisation Capital (pg 18-22), Social and Relationship Capital (pg 49-50), AR (pg 22-69)
6.3	Human rights Respect for human rights including civil and political rights as well as economic, social and cultural rights.	Human Capital (pg 37-48)
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 37-41, 43-48)
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 23-36)
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 19-21), Environmental Capital (pg 23, 25), Human Capital (pg 42)
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 21), Environmental Capital (pg 23, 25, 27-30, 35-36), Human Capital (pg 37-39), Social and Relationship Capital (pg 54-55)
6.8	Community involvement and development Support for and building relationship with the community, so as to contribute to community development.	Human Capital (pg 37, 41, 44), Social and Relationship Capital (pg 49-57)

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 2018 (the Report). The engagement took place in March and April 2019.

Scope

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period January 2018 to December 2018. This covers the information provided with reference to the following GRI Standards disclosures listed in the Report's GRI Content Index:

- **General disclosures:** organisation profile (102-8, 102-9, 102-11, 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, 102-50, 102-54, 102-55, 102-56)
- **Economic benefit to stakeholders:** market presence (202-2), indirect economic impacts (203-1)
- **Business ethics:** anti-corruption (205-1, 205-2, 205-3), public policy (415-1), marketing communications (417-3), customer privacy (418-1)
- **Energy efficiency:** energy (302-1, 302-2, 302-3, 302-4, 302-5)
- **Water management:** water and effluents (303-1, 303-2, 303-3, 303-4, 303-5)
- **Biodiversity:** biodiversity (304-1, 304-2, 304-4)
- **Climate change and emissions:** emissions (305-1, 305-2, 305-3, 305-4, 305-5), financial implications and other risks and opportunities due to climate change (201-2)
- **Construction and operational waste:** materials (301-1), effluents and waste (306-1, 306-2, 306-3, 306-4, 306-5)
- **Compliance:** environmental compliance (307-1)
- **Supply chain management:** supplier environmental assessment (308-1), supplier social assessment (414-1)
- **Employment:** employment (401-1, 401-3), labour/management relations (402-1), training and education (404-1, 404-2, 404-3)
- **Occupational health & safety:** occupational health and safety (403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9)
- **Diversity and human rights:** 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)
- **Products and services:** customer health and safety (416-1), incidents of non-compliance (416-2), operations with local community engagement, impact assessments, and development programmes (417-3)

Ere-S also checked all management approach disclosures 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 disclosure 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.

INDEPENDENT ASSURANCE STATEMENT

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 latest AA1000 Assurance Standard (AA1000AS 2018).

AA1000AS consists of evaluating the company's sustainability framework and processes using the criteria of the AA1000 AccountAbility Principles (AA1000APS 2018), namely inclusivity, materiality, responsiveness and impact. AA1000AS also requires an evaluation of the quality of the reported sustainability performance information. For this, Ere-S employed the reporting principles of the GRI Standards (reliability, accuracy, balance, comparability, timeliness, clarity, sustainability context and completeness).

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

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

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), on impacts on biodiversity, water sources and water bodies (303-4, 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 material sustainability topics and developing an appropriate strategic response.*

CapitaLand has provided evidence demonstrating a mature and continuous engagement with employees and customers globally. Observed engagement platforms include regular surveys, meetings and diverse feedback channels, including a global whistle blowing reporting system. Engagement was observed with local government agencies and with contractors globally to mitigate specific concerns related to environmental, health and safety (EHS) and the application of relevant requirements and any new policies. Other than regular interactions with unions in Singapore to discuss issues affecting employees, active engagement with the other stakeholders as part of decision-making processes could not be substantiated at Group level.

Materiality - *How the organisation recognises and prioritises the most relevant sustainability topics based on their effect to it and its stakeholders.*

Regular identification and review of sustainability-related issues, risks and opportunities, including setting relevant targets and indicators to assess performance, were observed globally and at the top levels of the organisation. A higher awareness of the impacts of climate change was particularly observable. This was expressed in the policies and risk definitions of CapitaLand's enterprise risk management (ERM) framework. Additional efforts to refine and strengthen environmental and social topic priorities were also observed, through the enhanced fraud, bribery and corruption (FBC) framework, for example.

Observed mechanisms to identify and review other global material issues include CapitaLand's sustainability management framework and the above-described engagement channels and internal reporting platforms, including group-level risk assessment, hazard identification and certified EHS management structures. However, the Report would benefit from additional disclosure on specific local issues and how they are identified and mitigated, particularly in other material social aspects. This could include, for example, assessment of issues in employment practices in the supply chain that may go beyond the application of the requirements set by CapitaLand's supplier code of conduct and contractual agreements.

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

Based on the assurance observations, CapitaLand actively responded to the concerns of its key stakeholders during the reporting period, although observed issues did not appear to be major or require operational change. More significant actions by CapitaLand observed during the reporting period were in response to ongoing material issues. These actions include continued use of green energy in Singapore and overseas, implementing a new green certification for serviced apartments, and investigations and information sharing following safety incidents and cases of non-compliance or malpractice.

Platforms such as the corporate website, events, intranet and surveys continued to be used to share information about CapitaLand's sustainability performance, strategy and policies with its stakeholders. The Report would benefit from additional case studies showing CapitaLand's responses to new concerns raised by stakeholders during the reporting period and how effectively and promptly the organisation mitigates these concerns and communicates the progress made.

INDEPENDENT ASSURANCE STATEMENT

Impact - *How the organisation monitors, measures and is accountable for the direct and indirect impacts it has on its broader ecosystems.*

Resources and processes to understand, measure, evaluate and manage CapitaLand's environmental and social impacts could be evidenced during the reporting period. Environmental and safety impacts were identified, measured and monitored through the Group EHS framework and environmental tracking system (ETS), which include precise metrics and targets. CapitaLand's FBC framework, sustainable building guidelines, and LBG reporting on community programmes represent examples of observable mechanisms that were integrated into operations to measure and monitor other direct and indirect impacts related to material topics.

In Ere-S's opinion, there is particular room for improvement in CapitaLand's monitoring and measuring of indirect impacts in its value chain, such as scope 3 emissions and the social practices of key suppliers. We commend CapitaLand's recent efforts to improve measurement scope and performance data collection methods in environmental aspects, particularly through engagement with operational managers. This includes evaluating the collection of information on direct energy, embodied emissions, water usage and waste disposal at projects and properties where performance data is currently not collected due to lack of clear benchmarks or complete measurement channels.

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

Overall, the Report provides clear, comprehensive and accurate coverage of CapitaLand's sustainability profile, including environmental and social management approaches and performance, covering all key operations of the organisation and its supply chain during the reporting period. Report content is moderately balanced with a limited number of statements and numbers showing negative information. These pertain to work-related injuries sustained by the workforce and others in the supply chain, as well as incidents of non-compliance and business malpractice.

For this reporting period, we observed improvement in performance disclosures, such as the inclusion of data on direct heating and cooling energy, and incidents related to contractors' workers on CapitaLand's construction sites. However, Report disclosure could be further improved with the inclusion of measurements for environmental and social performance at certain projects and properties (see above observations under Impact).

Data sources and other evidence provided by data owners during the assurance interviews presented good to high levels of accuracy, reliability and traceability. An effective examination of the data compilation and data trails was made possible through the ETS and the other in-house data systems such as the HR and training databases. Confidence in the reliability of performance information is strengthened by the internal audits carried out by the reporting team to validate data entries made by the diverse business units into the data systems. The accuracy of some key disclosures was also validated by two or more data owners.

Through the assurance process, a few inconsistencies were identified between the data sources and the relevant reported statements and figures. These represented minor inaccuracies and were promptly corrected by the reporting team. Similarly, there were only a few occurrences of sampled data that could not be explained or traced back to a source document, such as reports and invoices. Missing evidence or clarification was also quickly provided by the data owners during or after the interview.

All our major recommendations for improving the accuracy of Report disclosures were addressed by CapitaLand's reporting team. The final version of the Report was crosschecked by Ere-S to validate the applied recommendations.

Evaluation of adherence to SGX rules on sustainability reporting

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

INDEPENDENT ASSURANCE STATEMENT

Conclusion

On the basis of a moderate assurance engagement consistent with 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 2018

- 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

To further improve CapitaLand's sustainability reporting, Ere-S recommends the following:

- As sustainability reporting requirements become more complex and critical, CapitaLand is encouraged to further improve the completeness of its report and the standardisation of the quality and measurement of performance data. This includes augmenting disclosures with performance data from projects and activities that are currently unmeasured or only partially measured. It also includes adding quantitative performance indicators (to achieve a stronger alignment with GRI standards, for example) and expanding performance measurement further into the value chain (indirect emissions and social impacts, for example).

In this regard, Ere-S commends the latest initiatives and plans from CapitaLand's reporting team to evaluate and implement new approaches and tools to reinforce the scope and streamline the monitoring, reporting and validation of the Group EHS performance.

- Ere-S reiterates its recommendation to identify and report on more negative performance or gaps, ideally in relation to climate change issues, stakeholder concerns, industry benchmarks, specific guidelines or best practices, and to follow up on mitigative actions taken by CapitaLand through the years.

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

Singapore, 21 May 2019



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