

SUSTAINABILITY MANAGEMENT

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 development of its 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.

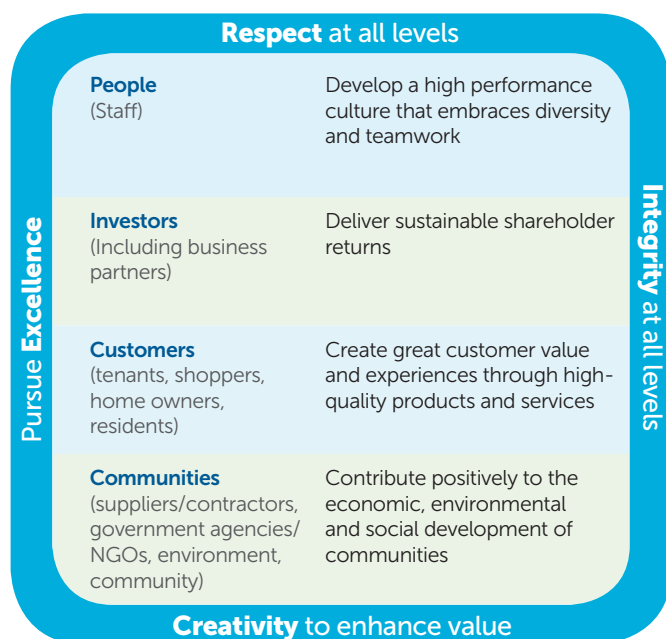
CapitaLand’s integrated human capital strategy aims to recruit, develop and motivate employees to drive growth for the Group. Community development is also an important component of CapitaLand’s commitment to sustainability. It focuses on providing support to enhance the lives of underprivileged children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

CapitaLand was one of the first companies in Singapore to voluntarily publish its annual Sustainability Report and externally assure the entire report. Benchmarking against an international standard and framework that is externally validated helps CapitaLand overcome the challenges to sustainability reporting that arise from its diversified asset types and geographical presence. CapitaLand is also a signatory to the UN Global Compact and its Global Sustainability Report serves as its Communication on Progress, which will be made available at www.unglobalcompact.org when published. Some of CapitaLand’s key efforts and programmes in relation to UN Sustainable Development Goals (SDGs) will be included in the annual Sustainability Report 2017 when published.

For its efforts, CapitaLand is listed in the Sustainability Yearbook, Dow Jones Sustainability World Index and Asia Pacific Index, Global Real Estate Sustainability Benchmark (Regional Sector Leader for Asia, Diversified), FTSE4Good Index Series, MSCI Global Sustainability Indexes, Euronext VigeoEiris Indices World 120, STOXX® Global ESG Leaders Indices, and SGX Sustainability Indices.

CapitaLand Global Sustainability Report 2017 will be published by end May 2018 and will cover the Group’s global portfolio and employees, including its listed real estate investment trusts CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust, unless otherwise indicated. The report will be externally assured to AA1000 Assurance Standard.

CapitaDNA (Vision, Mission, Credo and Core Values)



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.

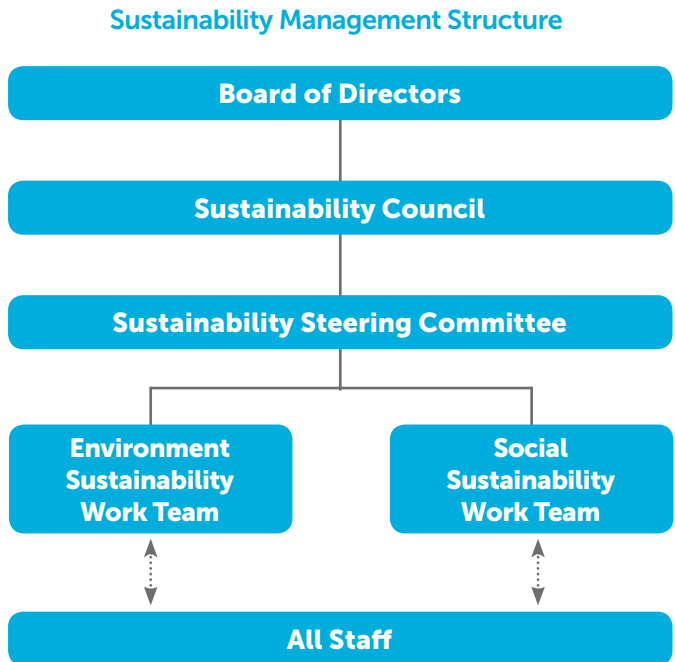
The CapitaLand Board sets the Group’s risk appetite, which determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. The risk appetite incorporates ESG factors such as fraud, corruption and bribery, environment, health and safety.

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

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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 two work teams to ensure the Group’s continued progress and improvement in the areas of ESG. The Sustainability Steering Committee and work teams comprise representatives from all business units. The CapitaLand Board of Directors is updated regularly through the Risk Committee and Audit Committee on matters relating to sustainability risks and business malpractice incidents if any. The Board is also updated on the sustainability management performance of the Group, key material issues identified by stakeholders and the planned measures for follow up.



MATERIALITY

CapitaLand has a regular review, assessment and feedback process in relation to ESG. 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 relevant to ESG. Other channels for feedback include:

ENVIRONMENT	<ul style="list-style-type: none"> ▶ Regular dialogue/feedback sessions with government agencies (e.g. Building and Construction Authority, National Environment Agency) ▶ Active participation in the Singapore Green Building Council
SOCIAL	<ul style="list-style-type: none"> ▶ Regular dialogue with government agencies and unions ▶ Active participation in the Singapore Workplace Safety and Health Council ▶ Regular employee engagement survey
GOVERNANCE	<ul style="list-style-type: none"> ▶ Engagement with Securities Investors Association (Singapore) (SIAS) for its annual Corporate Governance Conference ▶ Engagement where appropriate with the Singapore Exchange

CapitaLand identifies and reviews material issues that are most relevant and significant to the Group and its stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to CapitaLand. This report covers CapitaLand’s international portfolio in over 20 countries unless otherwise indicated. For more information on stakeholder engagement, please refer to the Social and Relationship Capital, Human Capital and Environmental Capital chapters in the upcoming CapitaLand Sustainability Report 2017.