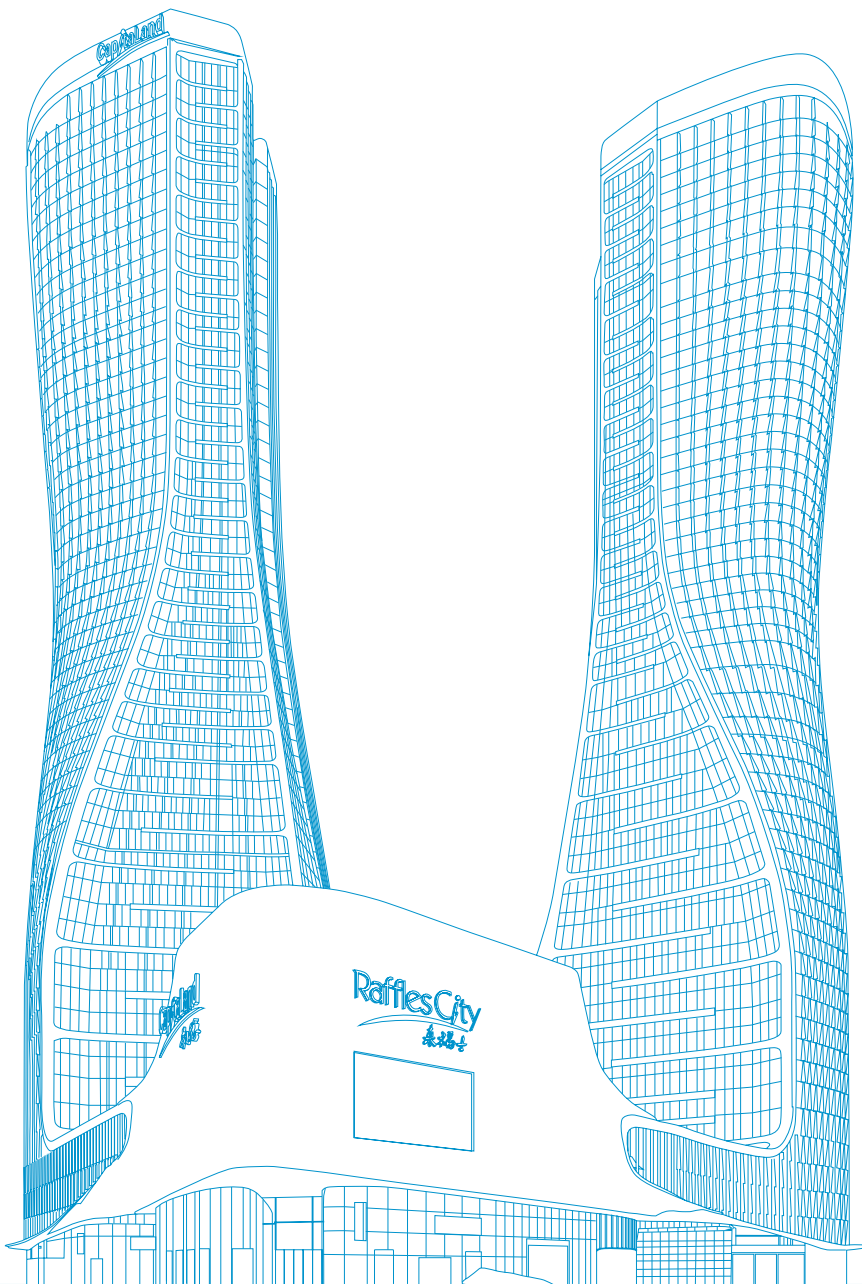




BUILDING
PEOPLE.
BUILDING
COMMUNITIES.

CAPITALAND LIMITED

Global Sustainability Report 2015
– an Integrated Report



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BUILDING PEOPLE. BUILDING COMMUNITIES.

Since its formation in 2000, CapitaLand has grown to become a leading real estate company in Asia Pacific with total real estate assets under management in excess of S\$76.8 billion as at end 2015. The Company holds leading positions along the entire real estate value chain as an investor, a developer, a manager, an operator and a fund manager. It has a balanced portfolio across integrated developments, shopping malls, serviced residences, offices and homes in both mature and growth markets, with a global presence in 146 cities across 27 countries. The Company leverages its significant scale to deliver quality products and services to its customers, and continues to attract talent and partnership to strengthen its leadership position.

Cover
Raffles City Hangzhou, China

Introduction

Corporate Profile

CapitaLand Limited is one of Asia's largest real estate companies headquartered and listed in Singapore. The company leverages its significant asset base, design and development capabilities, active capital management strategies, extensive market network and operational capabilities to develop high-quality real estate products and services. Its diversified global real estate portfolio includes integrated developments, shopping malls, serviced residences, offices and homes. Its two core markets are Singapore and China, while Indonesia, Malaysia and Vietnam have been identified as new growth markets. The company also has one of the largest real estate fund management businesses with assets located in Asia.

CapitaLand's listed real estate investment trusts are CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

Vision

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

Mission

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

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

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

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

Core Values

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

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

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

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

Introduction

FY2015 Highlights



Earnings Before
Interest and Tax

S\$2,316
million

S\$2,436.9 in 2014

Return on Equity

6.1%

7.1% in 2014

Net Tangible Assets
per Share

S\$4.11

S\$3.83 in 2014

Dividend per Share

9.0 cents

9.0 cents in 2014



Operational efficiency

S\$93 million in utilities cost avoidance since 2009 from 18.4% and 23.3% energy and water reduction (per m² with 2008 base year) respectively

Climate Change

22.6% reduction in carbon emissions intensity since 2008

Waste Management

3,800 tonnes of recyclable waste diverted from landfills



Diversity

About **30%** women in senior management position

Training Hours

Over **55** hours per staff

Workplace Injury Rate

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

Staff Volunteerism

Close to **17,300** hours

Supply Chain Management

10 appointed main contractors who are ISO 14001 and OHSAS 18001 certified or externally audited for EHS compliance on site

Introduction

About this Global Report*

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

International Standards and Guidelines

This report is based on the Global Reporting Initiative (GRI) Global 4 (G4) Sustainability Reporting Guidelines, in accordance with the Core option requirements outlined in the G4 reporting standards. CapitaLand also applied the Guiding Principles of the International Integrated Reporting (IIRC) Framework as well as ISO 26000:2010 Guidance on Social Responsibility to this report.

This report has successfully completed the GRI Materiality Disclosures Service which verifies that the General Standard Disclosures G4-17 to G4-27 were correctly located in both the GRI Content Index and in the text of this report. It includes CapitaLand's management approach in integrating sustainability into its policies, structure, management and operations, and outlines the Group's sustainability journey, provides insights into its strategies. It also highlights the economic, environmental and social aspects of the Group's developments and operations, particularly in Singapore and China.

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

CapitaLand participates in the Carbon Disclosure Project (CDP) and its footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol, developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), which sets the global standard on how to measure, manage and report greenhouse gas emissions.

Reporting Scope and Period

This report covers CapitaLand's international portfolio in over 20 countries from 1 January to 31 December 2015 unless otherwise indicated. The reporting period aligns with the Group's financial year. This report supplements the Group's 2015 Annual Report which can be found at www.capitaland.com.

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

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

Independent Assurance

CapitaLand appointed an independent third party, Ere-S Pte Ltd, a consulting company specialising in business sustainability, to provide independent assurance for this report. The contents of this report have been reviewed and the accuracy and reliability of its statements and figures validated. The assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). The assurance includes the evaluation of the Group's sustainability behaviour and performance, based on the AA1000 Assurance Standard. All underlying systems and processes that support the Group's sustainability framework were reviewed, in adherence to the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness. The 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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*G4-17

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 management, which includes the incorporation of universal design in its developments, ensures that its properties are future-proof and sustainable. Policies and guidelines are put in place to ensure the efficient use of energy, water and other resources.

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

CapitaLand was one of the first companies in Singapore to voluntarily publish its Global Sustainability Report, before the Singapore Exchange published its Sustainability Reporting Guidelines. Benchmarking against an international standard and framework that is externally validated helps CapitaLand overcome the challenges to sustainability reporting that arise from its diversified asset types and geographical presence.

CapitaLand is a signatory to the United Nations Global Compact and its Global Sustainability Report will serve as its COP, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations in the World, 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, STOXX® Global ESG Leaders Indices and Channel NewsAsia Sustainability Ranking.

In 2015, CapitaLand Group and its properties clinched over 100 awards and accolades. Some of the awards and accolades are listed in page 56-60 of the CapitaLand Annual Report 2015.

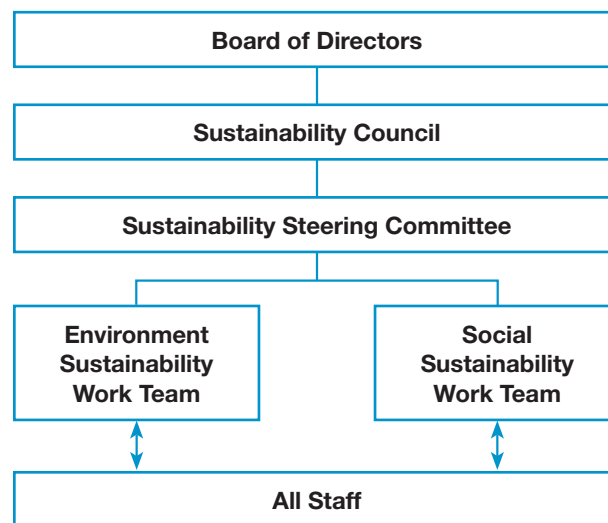
| CapitaDNA (Vision, Mission, Credo and Core Values) | | | |
|---|---|--|--|
| Stakeholders | | | |
| People (staff) | Investors (including business partners) | Customers (tenants, shoppers, home owners, residents) | Communities (suppliers/contractors, government agencies/ NGOs, environment, community) |
| Respect and Integrity at all levels | | | |
| Creativity to enhance value and pursue Excellence | | | |
| Develop a high performance culture that embraces diversity and teamwork | Deliver sustainable shareholder returns | Create great customer value and experiences through high-quality products and services | Contribute positively to the economic, environmental and social development of communities |

Introduction

Top Management Commitment and Staff Involvement

CapitaLand's sustainability management comes under the purview of its Sustainability Council, comprising members of CapitaLand top management. It is supported by a Sustainability Steering Committee which oversees two work teams to ensure the Group's continued progress and improvement in the areas of environment, social and governance (ESG). The Sustainability Steering Committee and work teams comprise representatives from all business units. The CapitaLand Board of Directors is updated regularly through the Risk Committee and Audit Committee on matters relating to sustainability risks and business malpractice incidents. The Chairman of the Sustainability Steering Committee also updates the Board on the sustainability management performance of the group and key material issues identified by stakeholders and the planned follow up measures.

Sustainability Management Structure



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 | <ul style="list-style-type: none"> • Regular dialogue/feedback sessions with government agencies (e.g. Singapore's Building and Construction Authority, and National Environment Agency) • Active participation in Singapore Green Building Council |
| Social | <ul style="list-style-type: none"> • Regular dialogue with government agencies and unions • Active participation in 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 |

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

Introduction

Creating Value from Capital

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

| Stakeholder Commitment | Capital | |
|---|---------------------------------|---|
| People Develop high-performing people and teams through rewarding opportunities Investors (including business partners) Deliver sustainable shareholder returns and build a strong global network of capital partners Customers (tenants, shoppers, home owners, residents) Create customer value and experiences through high-quality products and services Communities (including suppliers/contractors) Care for and contribute to the economic, environmental and social development of communities | Financial | <ul style="list-style-type: none"> • Earnings • Equity • Investments • Assets |
| | Organisational | <ul style="list-style-type: none"> • Leadership and culture • Corporate governance • Risk management |
| | Manufactured¹ | <ul style="list-style-type: none"> • Environmentally sustainable, healthy, safe and accessible quality buildings • Innovative and sustainable construction methods and technologies |
| | Environmental | <ul style="list-style-type: none"> • Carbon emissions • Energy management • Water stewardship • Waste and resource management |
| | Human | <ul style="list-style-type: none"> • Health and safety • Job creation and security • Learning and development • Benefits and remuneration |
| | Social and relationship | <ul style="list-style-type: none"> • Stakeholder relations • Social license to operate • Partners • Community development |

Risks, Challenges and Opportunities

Climate Change

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

Climate change brings about different effects in different geographies including rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion. Close to 190 countries committed to emission reduction targets. Singapore committed to reduce its emissions intensity² by 36% from 2005 levels by 2030, and stabilise greenhouse gas (GHG) emissions with the aim of peaking around 2030. As countries are rallying for actions to mitigate climate change, more stringent regulations may be expected and companies may be faced with increased expectations from stakeholders. 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.

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

² Emissions Intensity refers to the amount of greenhouse gas emitted per dollar GDP. It is a measure of how efficient a country is in terms of greenhouse gas emissions relative to its economic activities.

Introduction

CapitaLand is ready to take on such challenges as it has in place a target to achieve green certification of its existing properties by 2030. It is ISO 14001 certified for its environmental management system in 15 countries. It recognises the importance of innovation in managing its environmental footprint and differentiating the company from its peers. It encourages innovative green features in its developments. More than S\$6 million has been invested in innovative features for three of its projects.

For more information, please refer to Environmental Capital chapter.

Demographic Change

As people lead longer lives, many countries will increasingly encounter challenges of ageing populations in their urban spaces. Globally, the number of older persons (aged 60 years or over) is expected to exceed more than 2 billion in 2050³. In this regard, CapitaLand has taken the lead in implementing social integration designs into its Sustainable Buildings Guidelines. For its new Singapore projects, a target has been set to achieve Universal Design Gold as assessed by Singapore's Building and Construction Authority. For more information, please refer to Social and Relationship Capital chapter.

Industry Transformation

As the pace of technological advancement within the real estate sector quickens, consumer spending and the culture of work will change. CapitaLand will partner Singapore's coworking space pioneer, Collective Works, to transform the 12th storey of Capital Tower into a premium, high-performance coworking space. Collective Works will also manage the coworking space on behalf of the partnership. With innovative spatial design and efficient layout plans, the co-working space at Capital Tower spanning approximately 22,000 square feet, has the capacity to house up to 250 companies. Incorporating high-quality IT infrastructure and fit-out, the space will comprise shared work spaces, meeting rooms, private phone booths, huddle rooms, as well as communal pantries and lounges.

CapitaLand will also be redeveloping Funan DigitaLife Mall. The new integrated development is set to become an experiential creative centre within Singapore's civic district, where it is envisioned to serve as a technology-enabled hub to connect retail, cultural, learning and business opportunities. It will continue to leverage on technology for CAPITASTAR, a key loyalty programme to build shopper loyalty and extended the programme to India and Malaysia in 2015.

CapitaLand's serviced apartments arm – The Ascott Limited, will lead a consortium to invest S\$67.69 million (US\$50 million) in Tujia, China's largest and fastest growing online apartment sharing platform, Ascott will also form a joint venture with Tujia with an initial capital of S\$54.15 million (US\$40 million) where Ascott will operate and franchise serviced apartments in China. Ascott serviced residences in China are now available on Tujia's website for booking, expanding its reach to more customers online. This investment allows Ascott to better integrate its offline resources with Tujia's online capabilities to participate more strategically in the O2O (Online-To-Offline) space.

³ World Aging Population 2013 report, United Nations, Department of Economic and Social Affairs, Population Division

President & Group CEO's Message

Dear Stakeholders,

2015 saw continued geo-political uncertainties and market headwinds. It was Earth's warmest year since 1850, according to scientists from the UK Met Office, the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration. The Paris Agreement was inked in December 2015, when 195 countries pledged action and investment to combat climate change.

As a sustainable real estate developer, we want to build a lasting company that adds value to our stakeholders across our diversified global real estate portfolio of integrated developments, shopping malls, serviced residences, offices and homes.

Despite the challenging environment, we delivered a set of resilient and healthy financial results of S\$4.8 billion of total revenue and S\$2.3 billion of earnings before interest and tax (EBIT) from our continuing operations.

To build real estate of the future, we have been proactively rolling out new initiatives. We launched CAPITASTAR Version 2.0 in China, bringing membership for our cardless loyalty programme to 2.2 million members in Singapore, China, Malaysia, Japan and India as at end-2015. With the aggregated data of our members' shopping preferences gleaned from CAPITASTAR, we are able to help our retailers increase their sales. Our wholly-owned serviced residence arm The Ascott Limited invested in Tujia.com International, China's largest and fastest growing online apartment sharing platform. Ascott is also the world's first serviced residence company to partner Chinese e-commerce giant Alibaba Group's online travel service platform Alitrip.

We share the United Nations Global Compact's (UNGC) commitment to deliver lasting benefits to people, communities and markets and became a signatory in 2015. Even before then, we had been adopting universal principles on human rights, labour, the environment and anti-corruption, as well as taking strategic actions that advance the development of society.

We persisted in our drive for operational efficiency and achieved energy and water consumption reductions of 18.4% and 23.3% (per m²) respectively for our operational properties, and reduced our carbon emissions intensity by 22.6%, compared to the base year 2008. This amounted to utilities cost avoidance in excess of S\$93 million for the Group since 2009 and helps us mitigate fluctuations in the global utility costs and resource scarcity. In anticipation of the adoption of greener transportation, we installed over 50 electric vehicle (EV) charging stations in more than 20 of our properties in Singapore, China and Belgium. The total electricity charged at these stations by EVs exceeded 19 MWh, which can be translated to more than 94,000 km travelled by EVs.

We understand how buildings touch the lives of our stakeholders, and are committed to delivering buildings that are accessible to all in the community. I am glad that to date, four of our developments have achieved the highest accolade of Universal Design Mark Platinum from Singapore's Building and Construction Authority for their accessible features. This makes us the real estate developer in Singapore with the most such awards.

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

We recognise that the long-term success of our business is closely linked with the health and prosperity of the communities we operate in. We offer our staff three days of paid Volunteer Service Leave each year, so that they can play their part in building communities beyond their roles as real estate professionals, and encourage staff to use up all their volunteer leave with a donation to a charity of their choice. In 2015, 1,600 staff in CapitaLand properties contributed close to 17,300 volunteer hours. We are honoured that CapitaLand's philanthropic and volunteerism efforts were recognised with Singapore's inaugural President's Award for Volunteerism and Philanthropy (Corporate).

We continue to invest in the training and development of our people to help them achieve their highest potential. Our training exceeded 55 hours per staff on average in 2015, well above the recommended industry standards.

President & Group CEO's Message

Our continued localisation strategy for overseas operations ensures a good understanding of local socio-political environment and cultural sensitivities. Locals account for about 84% of our staff based in Singapore and 96% of our staff based in China.

We are one of the first Singapore companies to voluntarily report on our sustainability performance since Financial Year (FY) 2009. This was well before the Singapore Exchange issued sustainability reporting guidelines and its recently announced plans to introduce the “comply or explain” listing rule for sustainability reporting for FY 2017. We are glad that our effort has been recognised by international and regional listings and accolades. We are the only Singapore company to receive the “Bronze Class” distinction in real estate in The Sustainability Yearbook. We are also listed in the Dow Jones Sustainability World and Asia Pacific Index, FTSE4Good Index Series, Global 100 Most Sustainable Corporations, as well as the MSCI Global Sustainability Indices and STOXX® Global ESG Leaders Indices. More importantly, over 90% of our staff volunteers expressed their pride and enjoyment working in a company with a positive and vibrant corporate culture.

For our company's continued success, we want good people who are professionally competent, with good character.

This sustainability journey takes continual effort and we urge our stakeholders to share our Group's commitment to transparency so that together we can improve the economic, environmental and social well-being of the communities we operate in.

LIM MING YAN

President & Group CEO
CapitaLand Limited



Mr Lim Ming Yan (front row, middle), President & Group CEO, CapitaLand Limited and Director, CapitaLand Hope Foundation, with CapitaLand staff volunteers and community partners signing the word 'love' at the CapitaLand #100KHopeHours Carnival, which was held in conjunction with CapitaLand's Volunteer Day, in October 2015. The Carnival at Raffles City Singapore was the finale of the CapitaLand #100KHopeHours Challenge that garnered over 200,000 pledged volunteer hours, more than double the target of 100,000 hours.

Financial Capital

CapitaLand Group achieved S\$4.8 billion total revenue and S\$2.3 billion earnings before interest and tax (EBIT) from its continuing operations for the year ended 31 December 2015. Total net profit after tax and minority interests (PATMI) was S\$1.1 billion. Reflecting the strength of its underlying businesses, operating PATMI grew 16.8% to reach S\$823.6 million and earnings per share (EPS) was 25 Singapore cents. Including total paid out dividends of 9.0 Singapore cents per share, the total shareholder returns in 2015 was 3.9%.

Sound risk management coupled with good corporate governance policies and practices are vital in driving the Group's long-term sustainable growth and shareholder value. For a detailed breakdown of its 2015 financial results, five-year financial summary, economic value added statements and value added statements, please refer to the following sections in the CapitaLand Limited Annual Report 2015:

- Financial Highlights FY2015, page 4
- 5-year Financial Summary, page 5
- Performance Overview, page 66 to 72
- Economic Value Added Statements, page 223
- Value Added Statements, page 224

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
- Global 100 Most Sustainable Corporations in the World

Corporate Governance

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

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

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

CapitaLand was the Platinum Sponsor at the sixth Singapore Corporate Governance Week (organised by the SIAS) in October 2015 where business leaders, academics and policy makers shared corporate governance perspectives and experiences.

CapitaLand has received accolades from the investment community for excellence in corporate governance including being inducted into the Hall of Fame (Most Transparent Company) at the SIAS Investors' Choice Awards 2015.

CapitaLand was ranked joint-fourth out of 639 companies in the Governance and Transparency Index 2015 in Singapore. This annual study was conducted by the NUS Business School's Centre for Governance, Institutions and Organisations. More details can be found in the Awards & Accolades section on page 56 to 60 of the CapitaLand Limited Annual Report 2015.

For detailed disclosure on the application of its corporate governance practices with reference to the Code, please refer to the Corporate Governance Report in CapitaLand Limited Annual Report 2015 at <http://investor.capitaland.com/ar.html>, page 22 to 49. Where there are deviations from the principles and guidelines of the Code, an explanation has been provided within the Report.

Board Independence, Diversity and Performance

All board committees are chaired by independent non-executive Directors. The Audit Committee, Executive Resource and Compensation Committee, Nominating Committee and Risk Committee comprise only independent non executive Directors. For more information, please refer to the CapitaLand Limited Annual Report 2015, page 23-25.

The current CapitaLand Board comprises individuals who are business leaders and professionals with financial, banking, real estate, legal, investment and accounting backgrounds. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. For more information, please refer to CapitaLand Limited Annual Report 2015, page 26.

Organisational Capital

Each year, the Nominating Committee (NC) undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees. An external consultant was engaged to facilitate the evaluation process for the Board's performance in FY 2015. The consultant is independent of and is not related to the Company or any of its Directors. As part of the process, questionnaires were sent by the consultant to the Directors and Management and the findings were evaluated by the consultant and reported, together with the recommendations of the consultant, to the Chairman of the Board (also Chairman of the NC). The evaluation categories covered in the survey questionnaire included Board composition, information management, Board processes, corporate integrity and social responsibility, managing company's performance, strategy review, Board Committees effectiveness, President & Group CEO's performance and succession planning, Director development and management, and managing risk and adversity. The findings and the recommendations of the consultant were deliberated upon by the Board. The Board was also able to assess the Board Committees through their regular reports to the Board on their activities. In respect of individual Directors, a formal evaluation would be done by the NC as and when a Director was due for retirement by rotation.

Code of Business Conduct

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

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

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

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

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

Managing Risk of Bribery and Corruption

| | Staff | Supply Chain |
|--------------------------|--|---|
| Communication | <ul style="list-style-type: none"> • Code of Conduct Policy Suite • CapitaLand Global Principles on Ethical Business Conduct • Bribery and Corruption Prevention Policy • Annual declaration through CapitaLand Pledge to uphold CapitaLand's core values, and not to indulge in any corrupt or unethical practice • Training | <ul style="list-style-type: none"> • Bribery and Corruption Prevention Policy • Anti-corruption clause in key contracts |
| Feedback channels | <ul style="list-style-type: none"> • Whistle Blowing Reporting • Business Malpractice Incident (BMI) Reporting | <ul style="list-style-type: none"> • BMI Reporting |

Organisational Capital

CapitaLand Global Principles on Ethical Business Conduct

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

| Global Principles | Ethical Business Conduct |
|------------------------------------|--|
| Marketing of Products and services | <ul style="list-style-type: none"> • Act with integrity and professionalism • Practise fair competition • Honour contractual commitments made • Do not make inaccurate or misleading statements • Do not offer or provide kickbacks or bribes • Do not contravene applicable laws and regulations |
| Offering of Business Courtesies | <ul style="list-style-type: none"> • Ensure necessary and justifiable for the occasion • Ensure appropriateness to local business customs and culture • Ensure reasonable monetary value or frequency • Do not cause embarrassment or adversely affect reputation of either party • Do not contravene applicable laws and regulations |
| Accepting Business Courtesies | <ul style="list-style-type: none"> • Ensure appropriateness to accept • Ensure no undue influence on business dealings • Ensure no conflict of interest • Declare business courtesies received • Do not accept frequent business courtesies from the same party • Do not cause embarrassment or adversely affect reputation of either party • Do not contravene applicable laws and regulations |
| Managing Business Relationships | <ul style="list-style-type: none"> • Act with integrity and professionalism • Make decisions/representation only when duly authorised • Exercise discretion over frequency and place of business activities • Maintain security and confidentiality of data and information used in business interactions • Do not manipulate business relationship for personal gains and interests • Do not offer nor provide kickbacks or bribes • Do not ask for or accept kickbacks or bribes • Do not contravene applicable laws and regulations |

Bribery and Corruption Prevention Policy

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

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

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

Organisational Capital

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

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

Substantiated BMI cases are reported quarterly to the CapitaLand Audit Committee meetings and shared with the Risk Champions regularly. Actions taken could include the termination of staff contract, and/or reporting to the appropriate external authorities. In 2015, there were two BMI cases substantiated and the appropriate actions were taken. None of the cases were pertaining to anti-competitive or money laundering behavior.

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

Dealings in Securities

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

Directors and employees of the Group are also prohibited from dealing in securities of other relevant listed entities in the Group while in possession of unpublished price-sensitive information of these other listed entities by virtue of their status as Directors and/or employees. Under these guidelines, they are also directed to refrain from dealing in the relevant securities on short-term considerations. They are also regularly reminded of the laws against insider trading.

Other Ethical Management Issues

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

CapitaLand abides by the Singapore Code of Advertising Practice (SCAP) which is the guiding principle of the Advertising Standards Authority of Singapore. This Code seeks to promote a high standard of ethics in advertising through industry self-regulation. The basic premise of the SCAP is that all advertisements should be legal, decent, honest and truthful. The SCAP was formulated against the background of national law, international law and practice, including the International Code of Advertising Practice published by the International Chamber of Commerce.

There were no instances of non-compliance with regulations and voluntary codes concerning product and service information and labeling, and no instances on breaches of customer privacy and loss of customer data during the year.

Training

CapitaLand implemented initiatives to ensure that all staff understand the Group's core values and principles that shape the way the Group works and functions. This is a compulsory module in the CapitaLand Immersion Programme (CIP) for new staff from various countries. For existing staff, there are dedicated training courses in Singapore on "CapitaDNA: Strengthening Core Values" where specific examples and applications of core values in the workplace are shared. As the majority of CapitaLand staff are based in China, this training module has been offered there. In 2015, close to 160 new staff from Singapore and China participated in CIP. More than 760 staff attended the CapitaDNA courses in Singapore, China, Dubai, Indonesia, Malaysia, Philippines and Thailand.

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Enterprise Risk Management (ERM)

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

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

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

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

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

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

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

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

Based on the ERM framework established and the reviews conducted by Management, both internal and external auditors, as well as the assurance from the President & Group CEO and the Group CFO, the Board concurs with the recommendation of the CapitaLand Audit Committee and is of the opinion, that the Group's system of risk management and internal controls addressing financial, operational, compliance and information technology risks is adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2015.





For more information regarding Risk Assessment and Management in CapitaLand, please refer to the CapitaLand Limited Annual Report 2015, page 50-52.

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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 efficient use of environmental resources such as energy and water contributes to the operational efficiency and long-term sustainability of the company.

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

| Framework* | | | | |
|--|---|--|--|--|
| Material Issues, Context and Business Case |  <p>Climate Change and Energy</p> <ul style="list-style-type: none"> Global Greenhouse gas (GHG) emissions at unsustainable level Rising demands for energy, compounded by finite resources |  <p>Water</p> <ul style="list-style-type: none"> Water scarcity, accessibility and security |  <p>Waste</p> <ul style="list-style-type: none"> Waste generation at unsustainable rates; Land scarcity for waste disposal Cost pressure from resource scarcity |  <p>Biodiversity</p> <ul style="list-style-type: none"> Interdependence between ecosystems and the wellbeing of the community |
| | The efficient use of environmental resources such as energy and water contributes to the operational efficiency and long-term sustainability of the company, mitigates risks such as compliance and climate change, and presents new opportunities in differentiating the company in the markets that it has a presence in | | | |
| Policy and Objectives | <ul style="list-style-type: none"> Identify opportunities in managing its property portfolio to deliver long-term benefits Identify and respond to climate change risks Reduce energy consumption and encourage renewable energy sources Reduce water consumption, encourage use of treated/recycled water and rainwater harvesting Manage waste through construction efficiency and encourage recycling Manage biodiversity to contribute positively to the natural environment Engage stakeholders to play their part | | | |
| Accountability | <ul style="list-style-type: none"> CEOs are Environment, Health and Safety (EHS) Champions ISO 14001 certified Environmental Management System (EMS) ensures accountability to relevant managers and all staff Setting of key performance indicators (KPIs), linked to remuneration for all staff; track performance via an Environmental Tracking System (ETS) | | | |
| Method/Action Plan | <p>Environmental Management System (EMS)</p> <ul style="list-style-type: none"> Legal compliance Identification of aspect and management of impact Sustainable Building Guidelines - including Environmental Impact Assessment (EIA) and stakeholder consultation Appointment of ISO 14001 certified main contractors or conduct EMS legal compliance on-site Green Operations – EMS SOPs <p><u>KPIs</u></p> <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Involve in national making policy Collaborate with NGOs Require and indicate preference for ISO 14001 main contractors/vendors Sharing CapitaLand EHS policy with suppliers and service providers Share and encourage end users, including tenants, shoppers, residents and the general community, to adopt environmentally sustainable habits | | | |

*G4-24, G4-25, G4-26, G4-27

Environmental Capital

Mitigating Climate Change Risks and Identifying Opportunities

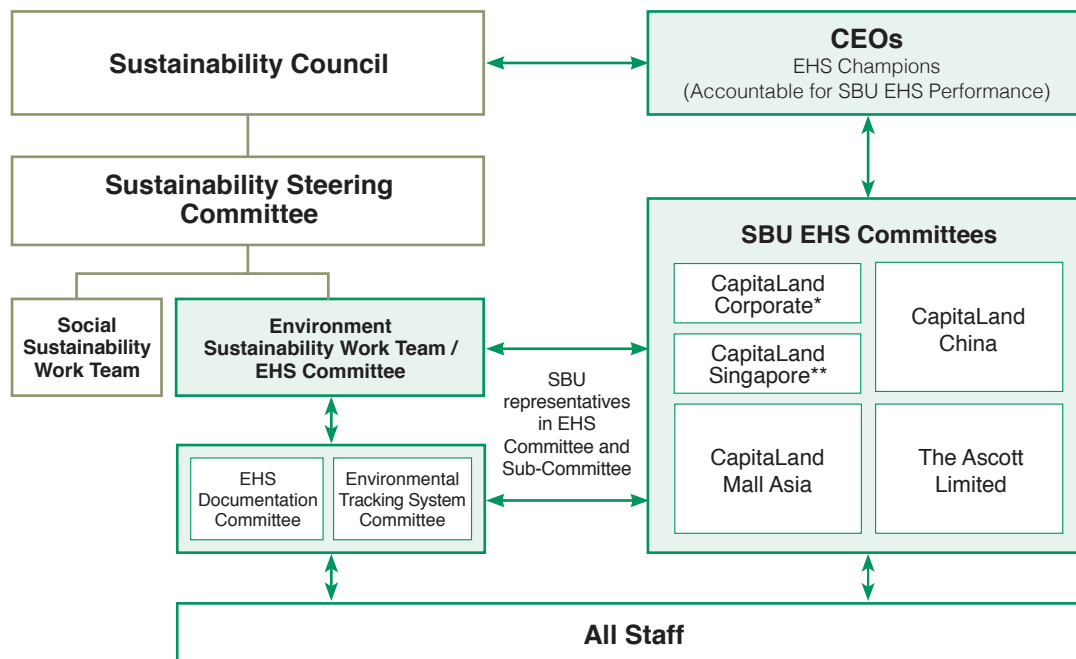
Climate change risks and opportunities are identified and mitigated through CapitaLand's Enterprise Risk Management (ERM) framework and the externally certified ISO14001 EMS. CapitaLand is ready to take on such challenges as it has in place a target to achieve green certification of existing properties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

Top Management Commitment and Staff Involvement

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

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

CapitaLand Environmental, Health and Safety Management Structure



* Includes Vietnam residential portfolio

** Includes Malaysia portfolio, less CapitaLand Mall Asia (CMA) and Ascott entities

Environmental Capital

Key Performance Indicators Tied to Remuneration

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

2015 Key Performance Indicators

| | Targets | Performance |
|--|--|---|
| Environmental Management System (EMS) | ISO 14001 certification for its EMS in all markets with investment properties Risk management of environmental aspects and impacts | Retained ISO 14001 certification in 15 countries covering all markets with investment properties Having an annually audited EMS provides assurance to top management and external investors on the company's compliance and alignment to best practices No environmental non-compliance or occurrence of significant spills |
| Supply Chain Management | All main contractors appointed to be ISO 14001 certified or, to comply fully with local environmental laws and regulations, annually audited by an independent accredited assessor | <ul style="list-style-type: none"> 10 main contractors appointed in 2015 9 are ISO 14001 certified 1 will engage external auditor to conduct site EMS legal compliance audit |
| Resource Consumption Management | <p>All new development projects to meet minimum green rating target set</p> <ul style="list-style-type: none"> Singapore – Green Mark Gold^{PLUS} award Overseas – certification by a green rating system administered by a national government ministry/agency or a WGBC recognised Green Building Council; one level higher than certification for iconic projects¹ | <p>Achieved</p> <ul style="list-style-type: none"> 4 LEED, 17 Green Mark, 3 Green Building Evaluation Label², 1 CASBEE, 1 DGNB <p><i>Total of 127 green ratings achieved for its new development projects and existing buildings – 97 Green Mark, 17 LEED, 6 Green Building Evaluation Label, 2 Green Star, 2 CASBEE, 1 BREEAM, 1 DGNB, and 1 LEED (India)</i></p> <p>Estimated energy and water reduction exceeding S\$10 million (over 49,000 MWh/year and 512,000 m³/year) when these projects³ are completed, while estimated carbon emission reduction is about 33 million kgCO₂e</p> <p>6 development projects designed to harvest renewable energy on-site</p> <p>More than 130 trees conserved at 5 projects under development</p> |
| | <p>All existing buildings to achieve a minimum green rating</p> <ul style="list-style-type: none"> Singapore – by 2020 Overseas – by 2030 | <p>82% of CapitaLand's existing buildings in Singapore (by m²) has at least a Green Mark Gold rating</p> <p>33% of CapitaLand's existing buildings overseas (by m²) has achieved a green rating</p> |
| Operational Efficiency | <p>1.0% energy reduction and 0.5% water reduction per m² (vs. 2014 for like-for-like set of properties)</p> <p><i>Reduce carbon emissions intensity by 23% by 2020</i></p> <p><i>Reduce energy intensity by 15% by 2015, and 20% by 2020</i></p> <p><i>Reduce water intensity by 15% by 2015, and 20% by 2020 (using 2008 as the base year)</i></p> | <p>Achieved 2.4% energy reduction and 2.4% water reduction per m² (vs. 2014)</p> <p>Reduced 3.5% carbon emissions intensity (vs. 2014)</p> <p>Achieved 22.6% carbon emissions reduction, 18.4% energy reduction and 23.3% water reduction per m² (using 2008 as the base year)</p> <p>Achieved cost avoidance in excess of S\$93 million⁴ from utilities savings since 2009 for its operational properties</p> <p>Energy and water saving initiatives implemented in 2015 may lead to an estimated reduction of 17,000 MWh (11 million kgCO₂e) and 200,000 m³ of potable water per year.</p> |
| Stakeholder Engagement | Organise environmental outreach activities to encourage a environmental mindset among staff and stakeholders | Over 250 CapitaLand properties participated in WWF Earth Hour, pledging to go beyond the hour with year-long sustainable initiatives. 10 stakeholder engagement awards were given out for encouraging pro-active and creative stakeholder engagement initiatives. |

¹ Iconic projects refer to Raffles City developments, Grade A offices and projects involving star architect.

² Green Building Evaluation Label (GBEL) administered by China's Ministry of Housing and Urban-Rural Development.

³ This is computed from 14 projects under construction, based on their submissions for BCA Green Mark and LEED green rating.

⁴ This is based on computation of data from 126 properties in 2009, 142 in 2010, 148 in 2011, 164 in 2012, 161 in 2013, 172 in 2014 and 174 in 2015. Properties excluded those undergoing asset enhancement initiatives and newly operational properties. Cost avoidance is computed by multiplying the absolute energy (kWh) and water (m³) savings against the annual average tariff rate for Singapore on a business-as-usual (BAU) basis.

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Managing our Environmental Footprint

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

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

CapitaLand Environmental, Health and Safety Policy⁵

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

- Carry out exemplary Environmental, Health and Safety practices to minimise pollution and health and safety risks
- Seek continual improvement on its Environmental, Health and Safety performance
- Comply with pertinent legislations and other requirements
- Implement the CapitaLand Sustainable Building Guidelines and Occupational Health and Safety programmes

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

Since 2012, the Group achieved ISO 14001 certification for its EMS in 15 countries⁶ – Singapore, Australia, Belgium, China, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, United Kingdom (UK) and Vietnam – covering all markets with investment properties. This encompasses all business functions including property development, property management as well as corporate management and operations.

Risk Management of Environmental Aspects and Impacts

As part of the certified EMS, new or updated legal requirements are reviewed quarterly and compliance is evaluated annually. In 2015, CapitaLand complied with the environmental laws and regulations in Singapore, Australia, Belgium, China, France, Germany, India, Indonesia, Japan, Malaysia, Philippines, Spain, Thailand, UK and Vietnam. There was no environmental non-compliance or occurrence of significant spill by the company⁷.

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

CapitaLand strives to minimise impacts such as resource depletion, carbon emissions and waste generation. This is done by setting environmental targets such as green building rating targets, carbon emissions, energy, water and paper usage reduction targets, stakeholder engagement activities, and implementing various measures to achieve them. The targets are linked to the remuneration to staff including top management. For more details, please refer to the table "2015 Key Performance Indicators".

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 2015, CapitaLand staff attended more than 45,000 hours of EHS-related training.

⁵ This EHS Policy was developed for the understanding and implementation by all staff in CapitaLand.

⁶ This excludes countries where CapitaLand does not have any investment projects.

⁷ This is effectively tracked through the quarterly EHS updates by all SBUs.

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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.

Global Internal and External Audits

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

High Performance Sustainable Developments and Assets

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

Green Building Rating

Green building rating targets are set at the outset of CapitaLand projects⁸. This aids resource management as green rated buildings are more resource efficient to construct and operate.

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

Greening Existing Buildings in the Portfolio

CapitaLand is committed to achieving minimum Green Mark certification for all of its existing stock of properties by 2020, in support of the Singapore government's Green Building Master Plan. It has also set an internal target to green all its existing properties outside Singapore by 2030 with each achieving minimum certification level by a green rating system administered by a national government ministry/agency or a WGBC recognised Green Building Council. As at end 2015, it has already achieved green certification of over 40% (by m²) of its global portfolio.

Life Cycle Management: CapitaLand Sustainable Building Guidelines

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

Mitigating Climate Change Risks and Identifying Opportunities through Design

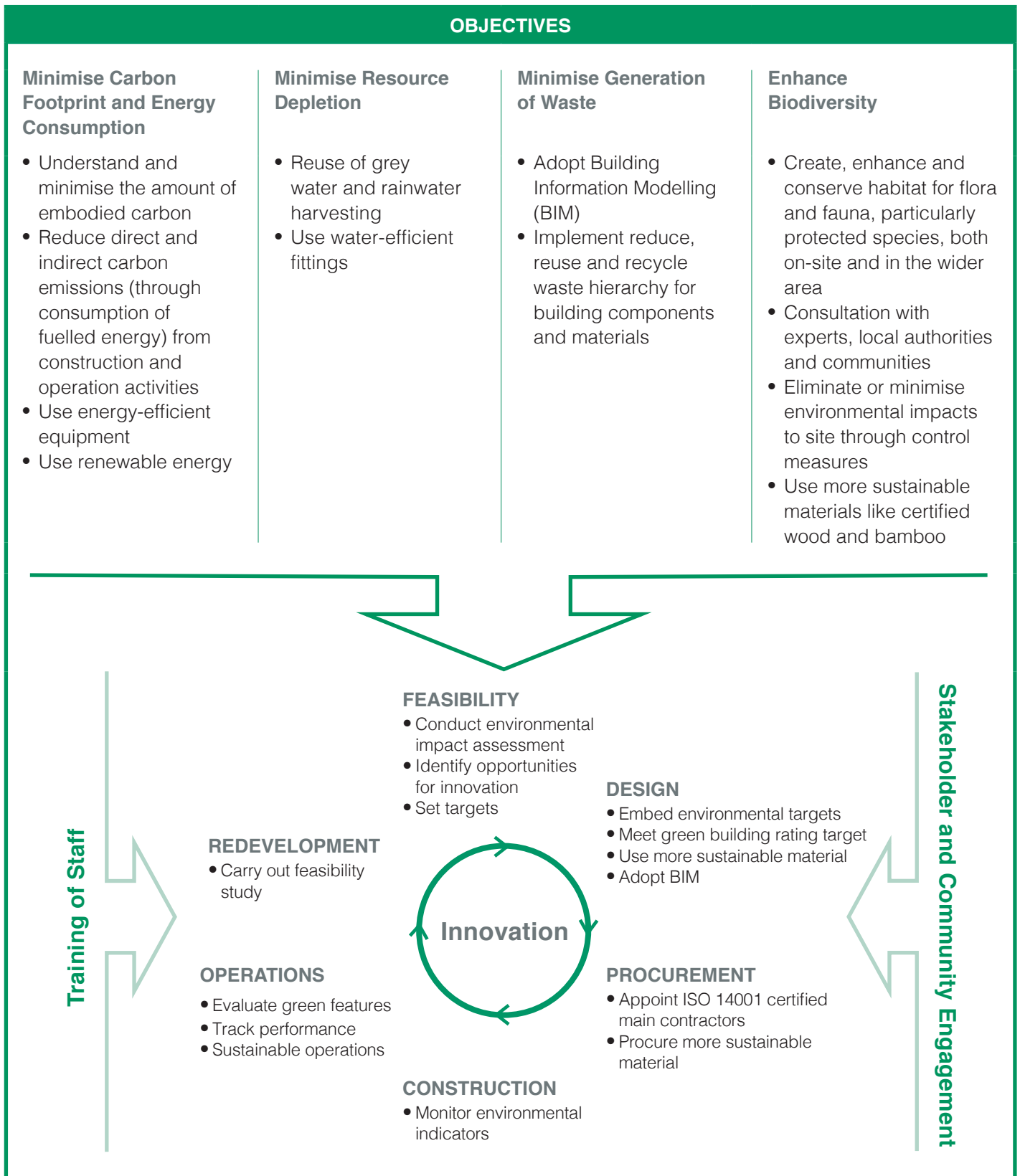
Climate change brings about different effects in different geographies including rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion. As countries rally for action to mitigate climate change, more stringent regulations may be expected and companies will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

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

Environmental Capital

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

Life Cycle Management



Environmental Capital

Environmental Impact Assessment (EIA)

A key component of the SBG is the mandatory Environmental Impact Assessment (EIA). An EIA is carried out during the feasibility stage of any development project. The significant findings of the EIA and their cost implications, if any, are incorporated in the investment paper submitted to the Board of Directors for approval.

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

Biodiversity

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

With its focus on gateway cities in Asia, most CapitaLand projects and properties are located in urban and built-up areas. There are no sites located within protected areas and no material biodiversity risk identified. Instead, CapitaLand encourages greenery within its projects as it enhances the liveability of the project for its end-users and vitality of the surrounding communities over the long term. Its Singapore project, Westgate, integrated lush vertical greenery into the façade and interior walls of the development, and created large landscaped gardens on multiple levels for the public. The project was awarded with the Skyrise Greenery Outstanding Award by the Singapore National Parks Board in 2015. More than 130 trees were conserved at 12 completed projects or projects under development. SBG encourages the use of certified wood and other more sustainable wood materials and products, such as composite wood, engineered wood and bamboo. In China, a number of CapitaLand residential projects feature composite wood or engineered wood for their interior 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.

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Raffles City Changning, China

Gold and Silver Level Pre-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. Developed on the site of the historic St. Mary's Hall, a school for local girls, the five heritage buildings were conserved in juxtaposition to new buildings, offering an attractive lifestyle yet heritage destination.

Sustainable Building Material and Construction Waste Management

Regionally sourced materials will be chosen and account for a minimum 20% of total material cost. This will include materials and products such as concrete, glass, window frames, reinforcements. It targets to have materials with recycled content constitute at least 20% of total materials cost used during construction. Low-emitting volatile organic compound materials will be used to improve the indoor environmental quality.

As of end 2015, the contractors have diverted more than 90% of construction waste from landfill disposal or incineration.

Connectivity and Green Transport

Raffles City Changning is centrally located at the Zhongshan park commercial area in Shanghai and will be 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, will be provided to encourage green transportation. It will also set aside more than 60 (or 5%) preferred parking spaces for low emissions and fuel-efficient vehicles, located near carpark elevators.

Energy Efficiency

Its high-performance building envelope will reduce heat gain. Wind and sunlight simulation and analysis were conducted to maximise natural ventilation and daylighting and minimise heat loss in the development, as well as improve thermal comfort.

It will install an intelligent lighting system augmented by light and occupancy sensors. High efficiency mechanical equipment will be 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 14%⁹, or 7,700 MWh/year. (This will help mitigate more than 5,000 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%¹⁰ (about 33,000 m³/year).

Overall, the estimated annual utility savings is RMB 5.7 million (\$\$1.2 million).

Heritage/Conservation

The heritage buildings including the former science laboratory, chapel, dormitories and dining hall of St Mary's will be restored and revitalised as an ideal venue for runway shows, exclusive product launches and private parties, as well as restaurants. Please see the video "Raffles City Changning (Heritage)" at <https://www.youtube.com/watch?v=Y0PihvVuOM0>

Greenery and Stakeholder Engagement

40% of the plot area will be 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 the shoppers and surrounding community. Sunlight analysis was done to help choose suitable plants for each part of the site.

Tenant fitting-out guidelines will be made available to tenants to encourage environmentally sustainable behaviour.

⁹ 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).

¹⁰ This is compared with the fixture performance requirements set in the US Energy Policy Act-1992.

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Tracking Our Environmental Results

CapitaLand Environmental Tracking System

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

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

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

Regular desktop audits are conducted to minimise data entry inaccuracies.

CapitaLand Eco-efficiency Commitments

CapitaLand established long-term and annual targets for the reduction of carbon emissions, energy and water usage per m² in its properties worldwide.

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

- Reduce carbon emissions intensity by 23% by 2020¹¹
- Reduce energy intensity by 15% by 2015, and 20% by 2020
- Reduce water intensity by 15% by 2015, and 20% by 2020

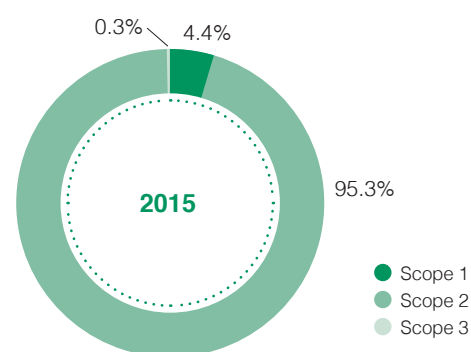
CapitaLand is reviewing its long term targets and will set new 2030 targets.

Carbon Emissions

CapitaLand is committed to address climate change risks through the reduction of its energy consumption as well as its other carbon emissions in its business operations. It is aware that the building sector accounts for around 30-40% of global energy use and more than 30% of global CO₂ emissions¹². Improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions.

CapitaLand's total carbon emissions¹³ (Scope 1, 2 and 3) in 2015 is 521,315 tonnes CO₂e. Operational properties¹⁴ account for the largest proportion of CapitaLand's Scope 1 and 2 emissions (517,897 tonnes CO₂e or 99.3% of total carbon emissions) and remains the focus of CapitaLand's energy efficiency initiatives. CapitaLand's corporate offices account for 0.7% of total carbon emissions.

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



¹¹ CapitaLand has a long-term target of achieving 20% in energy reduction per m² by 2020 (2008 base year). This would translate to an estimated carbon emissions intensity of 5.5 kg CO₂/m²/month in 2020, a 23% reduction in carbon intensity by 2020 (using 2008 as base year). This assumes that the portfolio and energy consumption pattern remains unchanged from 2014 and based on 2014 carbon emission factors.

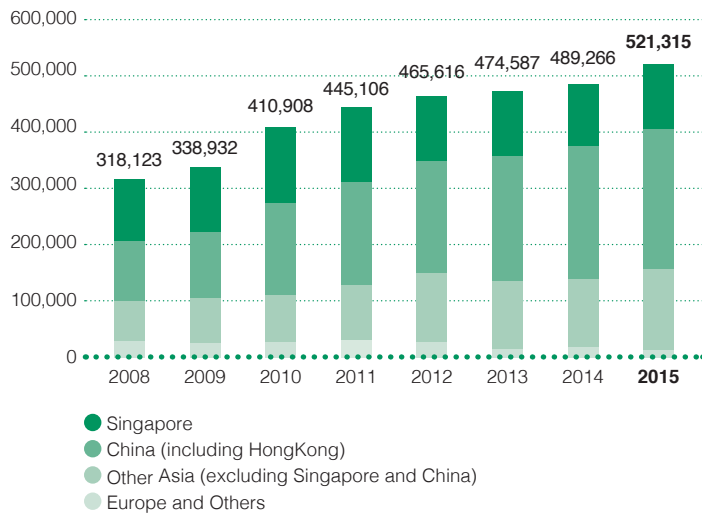
¹² "Buildings for Our Future", GBPN in partnership with KPMG, 2013.

¹³ This is computed mostly from purchased electricity consumption under Scope 2, and some direct energy consumption under Scope 1 as defined by the Greenhouse Gas (GHG) Protocol and using individual country CO₂ emission factors retrieved from the IEA Statistics – CO₂ emission factors from fuel combustion 2015 edition. Scope 3 emissions are computed from staff business travel by air.

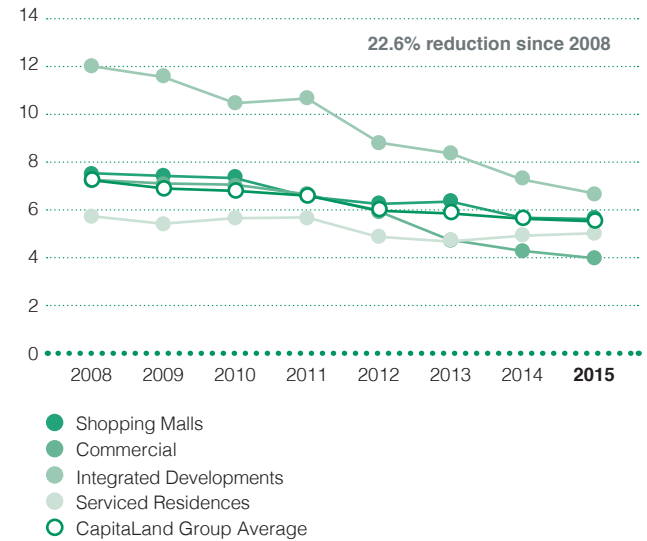
¹⁴ The Group's portfolio of operational properties increased from 142 in 2008, 167 in 2009, 182 in 2010, 195 in 2011, 210 in 2012, 199 in 2013, 204 in 2014 and 226 in 2015.

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Total Carbon Emissions* (tonnes CO₂e)



Carbon Intensity (kgCO₂e/m²/month)



Operational Properties Carbon Emissions Intensity (kgCO₂e/m²)

Despite an increase in absolute carbon emissions due to an expanded property portfolio, CapitaLand's carbon emissions intensity¹⁵ continued to reduce to 5.54 kg CO₂e/m²/month, 22.6% reduction compared to 2008 intensity levels. Compared to baseline intensity levels, a total of 126,000 tonnes of CO₂e emissions have been avoided in 2015.

Embodied Carbon – Development Projects

The carbon emissions from direct and indirect energy consumption at 29 construction projects was approximately 29,700 tonnes in 2015.

CapitaLand also aims to minimise its carbon footprint not only through reducing carbon emissions arising from the consumption of fuelled energy from its construction and operation activities but also from the embodied carbon in the production and distribution of building materials. For three projects in Singapore and six projects in China that were completed in 2015, embodied carbon emissions arising from materials usage at these projects was about 720,500 tonnes¹⁶ or 736 kg/m². The data collated is based on the entire construction period.

Energy

In 2015, the Group's operational properties' and corporate offices' total energy consumption was 948,320 MWh (3.41 million GJ). Indirect energy consumption accounted for about 88% (2.99 million GJ) and direct energy consumption from gas, diesel and other fuels accounted for about 12% (0.42 million GJ¹⁷) of total energy consumption.

CapitaLand's corporate offices in 11 countries account for less than 0.4% of the Group's total energy consumption in 2015. The offices consumed 2,688 MWh of electricity, with an improvement in the electricity consumption per m² of 32% as compared to 2009.

29 CapitaLand projects under construction in Singapore, China, Malaysia, and Vietnam consumed about 49,500 MWh of energy.

*G4-22

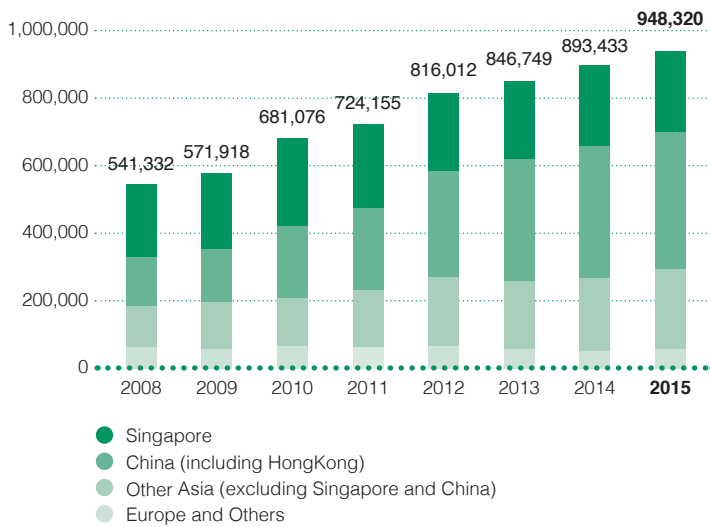
¹⁵ Computation of carbon emissions intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement initiatives (AEI) and corporate offices. The number of properties are 127, 145, 152, 174, 189, 175, 191 and 174 for the period from 2008-2015 respectively.

¹⁶ The materials are concrete, cement, sand and aggregate, steel, bricks, aluminum, glass, paint, ceramic tiles and granite. Densities and coefficients used for computation of the embodied carbon emissions of these materials are obtained from the Inventory of Carbon & Energy (ICE) Version 2.0.

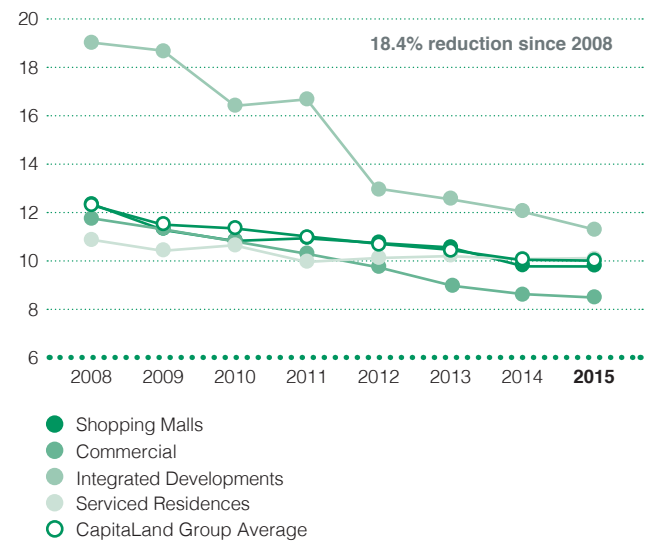
¹⁷ Direct energy consumption from gas, diesel and other fuels (gasoline) are approximately 365,099 GJ, 46,936 GJ and 12,231 GJ respectively.

Environmental Capital

Energy Usage* (MWh)



Energy Intensity (kWh/m²/month)



Operating Properties Energy Intensity (kWh/m²)

Despite an increase in total energy use due to expansion in its operational portfolio, CapitaLand reduced its energy intensity¹⁸ measured in kWh per m² by 18.4% from base year 2008. Using a 'Business as Usual' (BAU¹⁹) approach, it is estimated that more than 359,000 MWh of energy consumption was avoided, resulting in an estimated cost avoidance of S\$89 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.

CapitaLand is on track to achieving its 2020 energy intensity reduction target. It is reviewing and setting a new 2030 reduction target. The Group continues to implement various energy conservation measures, some of which are listed below. It also focuses on innovation to reduce energy consumption.

| 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 | Equipment upgrade of indoor air-conditioning to more efficient ones Lighting retrofits to more efficient types such as T5 with electronic ballast, LED (light-emitting diode) Central procurement of LED to encourage the new technology usage Conduct energy audits at properties to improve energy efficiency |
| Control, Metering and Monitoring | Dimmers/ occupancy sensors/ daylight sensors Sub-metering systems to provide detailed energy information Building Management Systems |
| Renewable Energy | Encourage use of renewable energy and purchase of green power |

*G4-22

¹⁸ Computation of energy intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement initiatives (AEI) and corporate offices. The number of properties are 127, 145, 152, 174, 189, 175, 191 and 174 for the period from 2008-2015 respectively.

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

Environmental Capital

Renewable Energy

While energy efficiency is the most cost-effective and material way for CapitaLand to reduce carbon emissions, it also encourages the use of renewable sources to avoid emissions. In 2015, 0.5% (or 4,163 MWh) of the Group's total electricity use was from renewable energy sources, which helps to mitigate about 2,450 tonnes of carbon emissions. 10 properties in Singapore, India, France and Belgium had on-site renewable energy systems (including building integrated photovoltaic panels) or purchased certified Green Power (electricity generated from renewable sources). CapitaLand is looking at setting a long term 2030 renewable energy target to reduce its carbon emissions.

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 reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern. A regular survey was conducted to better understand water source and discharge for each property. Almost all of CapitaLand's operational properties' water consumption is derived from municipal supplies²⁰.

In 2015, the Group's operating properties' total water consumption was about 9.5 million m³.²¹ This includes the use of almost 1.1 million m³ of recycled water²² and collected rainwater.

CapitaLand recognises the importance of effectively managing water consumption and the quality of water run-off leaving its project sites and requires its main contractors appointed to be ISO 14001 certified and monitor the waste water discharge into watercourse or sewer. 28 CapitaLand projects under construction in Singapore, China, Malaysia and Vietnam consumed about 1.6 million m³ of water. At its Singapore development sites, waste water is generally recycled and reused for vehicular washing.

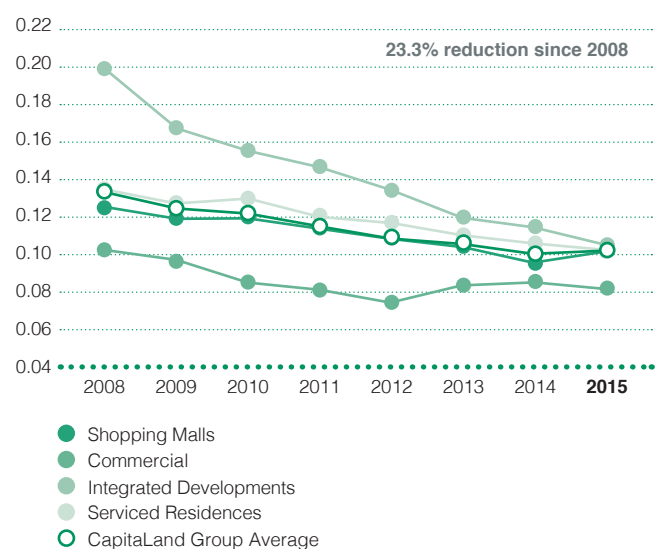
Operating Properties Water Intensity (m³/m²)

The increase in water consumption is largely attributed to the expansion of the Group's property portfolio, as well as increased activities carried out in the properties and weather conditions. However, CapitaLand reduced its water intensity²³ measured in m³/m² by 23.3% from baseline year 2008. The reduction in water usage per square metre is computed at the property and SBU level. This forms a critical part of the KPI for the property managers and the SBUs.

Water Usage* (million m³)



Water Intensity (m³/m²/month)



*G4-22

²⁰ Two properties extract groundwater mainly for emergency and non-potable use. One property extracts groundwater for potable use with the appropriate treatment system in place. Meters are installed to monitor water usage.

²¹ This includes 1,000 m³ of water consumed mostly for drinking and washing of cups at the CapitaLand's corporate offices in Singapore.

²² 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.

²³ Computation of water intensity excludes new properties which have been in operation for less than 12 months, properties undergoing asset enhancement programmes and corporate offices. The numbers of properties are 123, 141, 148, 169, 186, 172, 188 and 171 for the period from 2008-2015 respectively.

Environmental Capital

CapitaLand has exceeded its long-term eco-efficiency target of 20% reduction in water intensity by 2020. This can be attributed to the following initiatives to ensure efficient operations and minimise water wastage. Moving forward, CapitaLand will review and set new 2030 targets.

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

Waste Management

Waste Recycled

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

CapitaLand implements waste management strategies as part of its EMS. However, data in certain countries and properties is not readily available or cannot be consolidated due to local supply chain issues. In 2015, more than 3,800 tonnes of recyclable waste²⁴ was collected from 96 properties in 16 countries. This includes 12,800 kg of e-waste collected at Funan DigitalLife Mall, a shopping mall in Singapore which has been running an e-waste recycling programme targeted at the general public since 2014.

Paper Conservation in CapitaLand Corporate Offices

CapitaLand achieved paper usage reduction of more than 50% per employee compared to 2009. These savings are attributable to the conscious effort by every employee to reduce paper usage. In 2015, about 11 tonnes of used paper were collected from its corporate offices for recycling.

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

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

²⁴ 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 2015, about 83,600 tonnes of non-recyclable waste was generated at 136 properties in Singapore, China, rest of Asia and Europe. These included integrated developments, shopping malls, serviced residences, and office buildings.

Environmental Capital

Resource Management at Development Projects

CapitaLand requires its main contractors to implement proper waste management procedures to minimise construction waste, properly manage and dispose the waste generated. An estimated 7,400 tonnes of construction waste was recorded for four development projects in Singapore in 2015. For its China development projects targeting LEED certification, the projects have set a target of at least 75% of construction waste to be diverted from landfill.

CapitaLand continues to build up capacity to leverage Building Information Modelling (BIM) technology to improve the design and construction process through more integrated project coordination. BIM can perform clash detection before construction, identifying situations where mechanical and electrical pipes will clash with structural members. This detection saves time and cost of remedial work and minimises material wastage. BIM is implemented in 15 projects in Singapore, China and Vietnam.

Green Transport

As of end 2015, CapitaLand has installed over 50 electric vehicle (EV) charging stations in more than 20 CapitaLand managed properties in Singapore, China and Belgium. The total electricity charged at these stations exceeded 19 MWh (estimated travel distance of more than 94,000 km²⁵) in 2015.

Close to 95% of CapitaLand properties²⁶ worldwide are conveniently located in close proximity to transport hubs such as bus-stops and train/subway stations. This allows easy access to the surrounding communities and facilities. Free shuttle bus services to transport hubs are made available at some of its shopping malls.

Bicycle parking facilities are also provided at more than 100 of its properties. In Singapore, there are more than 500 bicycle lots in its 16 office buildings and shopping malls, with around 190 of these in the Civic District and CBD to cater to tenants and employees who want to cycle to work. Shower facilities are also available in CapitaLand's own headquarters in Capital Tower for staff who cycle to work.

²⁵ This is computed using "2015 Tesla Model S AWD - 70D" efficiency of 4.9 km/kWh (FuelEconomy.gov).

²⁶ Includes CapitaLand owned and managed properties only.

Environmental Capital

CapitaHub

Green Mark Platinum (Office Interior)

Building and Construction Authority (BCA), Singapore

CapitaHub is CapitaLand's new office in Singapore where its corporate office and business units are now based. It has a total area of 13,000m² over 6 full floors and 2 half floors at Capital Tower, a Green Mark Platinum office building managed by CapitaLand. CapitaHub is designed for up to 1,300 occupants.

Biophilic Design

The new office is designed with an open office concept with limited personal offices located near building core, with more meeting rooms at the periphery to leverage on natural lighting. There are more open and collaborative spaces to encourage flexible and maximum space usage.

Two internal green walls and extensive indoor greenery with planted areas spanning 1.6% of total office space create a more conducive office environment with an enhanced indoor air quality.

Eco-efficiency

Close to 100% usage of energy efficient LED fittings in meeting rooms, ambient lighting and task lights. Daylight sensors are installed on light fittings near the windows to automatically turn off the lights when there is sufficient daylight. Motion sensors in main meeting rooms automatically switch off the lights when the rooms are not in use. Staff can tap zoned toggle switches for hourly extensions of office lights when the main office lights are turned off at night. All fridges (including nursing fridges) at the social pantry have the highest level of energy efficiency. Office equipment such as laptops and monitor screens have the Energy Star label.

Water efficient fittings²⁷ are also installed at its social pantries to minimise water wastage.

Teleconferencing facilities are made available in all meeting rooms and 15 meeting rooms are furnished with video conferencing facilities which help cut down business travel, thus minimizing the carbon footprint of the staff.

Waste Management and Paper Conservation

Hydrotaps dispensing hot and cold water are available at every floor social pantries to minimise use of plastic containers from water dispensers. Recycling bins for plastic, metal and paper are located at all social pantries with additional secured paper bins at utility spaces to facilitate recycling.

The use of "Follow-me" printing in its multi-functional devices minimises paper wastage, allows printing at different floors and enables more detailed tracking of usage for more accurate consumption monitoring.

Staff Total Wellness

The fire staircase has been opened up for staff to walk between floors, which further reduces energy usage, as well as encourage a healthy lifestyle. The walkway is spruced up with motivational messages on healthy living. Hydrotaps dispensing hot and cold water are installed at every social pantry to encourage staff to hydrate themselves regularly. Training rooms at the major social pantry are designed to be easily converted into classrooms for weekly yoga, as well as for town hall meetings. Healthy snacks are made available for staff. 4 mother's rooms, 1 prayer room and 1 first aid room is provided. A mini nursing fridge is provided at all social pantries for nursing mothers.

Office Space Efficiency

Online resource booking system with touchpads at key meetings rooms to log in and out allow for more efficient use of meeting rooms. With a records information management system, CapitaLand also minimised physical storage space in CapitaHub.



²⁷ These are "Excellent" rated by PUB WELS (Water Efficient Labeling Scheme). PUB is Singapore's national water agency.

Human Capital

Commitment to a Safe and Healthy Workplace

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

CapitaLand's occupational health and safety framework includes identifying material issues, setting policies, ensuring accountability within the company, developing action plans and engaging stakeholders.

| Framework | | | |
|--|--|--|--|
| Material Issues and Business Case |  | Safety of its properties for stakeholders including staff, residents, shoppers, tenants and the public |  |
| | Workplace health and safety of staff | | Supply chain management |
| Effective OHS management is part of risk management and deemed to enhance staff productivity and morale. | | | |
| Policy | <ul style="list-style-type: none"> • 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, all employees, contractors, suppliers and tenants • Drive continuous improvement in OHS performance | | |
| Accountability | <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Legal compliance • Identification of hazards and risk assessment • Sustainable Buildings Guidelines – Design for Safety (DfS) • Safe operations – OHS Standard Operating Procedures (SOPs) • Training and awareness <u>KPIs</u> <ul style="list-style-type: none"> • OHS performance of staff • Stakeholder engagement | | <ul style="list-style-type: none"> • Appoint OHSAS 18001 certified main contractors or OHS legal compliance on-site • Give preference to OHSAS 18001 certified vendors/suppliers; in Singapore, non-OHSAS 18001 certified vendors/suppliers encouraged to achieve BizSAFE Level 3 and above. |
| Stakeholder Engagement | <ul style="list-style-type: none"> • Involve in national policy making • Educate end-users, including tenants, shoppers, residents and the general community | | |

Top Management Commitment and Staff Involvement

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

Human Capital

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.

Key Performance Indicators Tied to Remuneration

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

Robust Occupational Health and Safety (OHS) Management System

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

Certified to International Standards

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

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

Global Internal and External Audits

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

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

Compliance

Legal requirements are reviewed on a quarterly basis, and compliance to these requirements are evaluated annually. In 2015, there was no non conformance with local OHS laws and regulations.

Risk Management of OHS Hazards

Identifying OHS hazards and assessing their risks are a key component in CapitaLand's OHS Management System. CapitaLand strives to eliminate or minimise such hazards and risks 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 ergonomics, falling from height, falling objects and working in an enclosed space. The SBUs have put in place various SOPs to minimise the occurrence of such hazards.

Training and Awareness

To facilitate 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. CapitaLand conducted an EHS survey for its staff in Singapore in 2015. 88% of respondents said they were aware of the EHS issues pertaining to their workplace and 92% agreed that CapitaLand has been pro-active in ensuring the environmental, health and safety of its employees.

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

Human Capital

In addition, every employee was briefed on how to respond to OHS incidents at the workplace. And as part of staff well-being, CapitaLand regularly organises lunchtime talks relating to health and related issues like parenting and will writing to help manage stress for staff.

Measures to Mitigate Risks of Serious Diseases

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

Measuring Our Safety Performance

2015 Occupational Health and Safety Targets and Performance

| Targets | Performance |
|---|---|
| OHSAS 18001 certification for its OHS Management System in all markets with investment properties | <ul style="list-style-type: none"> Achieved OHSAS 18001 certification in 15 countries covering all markets with investment properties No non conformance with local OHS laws and regulations |
| Zero incident resulting in staff permanent disability or fatality | <ul style="list-style-type: none"> No staff work-related permanent disability or fatality |
| 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) | <ul style="list-style-type: none"> 10 main contractors appointed in 2015 <ul style="list-style-type: none"> 9 are OHSAS 18001 certified 1 will engage external auditor to conduct site OHS legal compliance audit 6 Workplace Safety and Health (WSH) SHARP and RoSPA awards |

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

In 2015, there were no work-related fatalities or permanent disabilities. There were 57 work-related injuries² (3 in Singapore, 25 in China and 29 in rest of the world). Most of the staff were from the operations teams. All affected staff resumed normal work after medical leave. In all cases, detailed investigations were conducted and all necessary follow-up action undertaken. CapitaLand will continue to monitor the performance, reinforce safety standards and finetune its SOPs for improvement.

| CapitaLand Staff | 2015 | | | | 2014 | 2013 |
|--|-----------|-------|-------------------|---------------|---------------|---------------|
| | Singapore | China | Rest of the World | Group Overall | Group Overall | Group Overall |
| Number of work-related injuries | 3 | 25 | 29 | 57 | 68 | 51 |
| Work-related fatalities/permanent disabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Injury rate (number of work-related injuries per million hours worked) | 0.7 | 1.7 | 3.4 | 2.1 | 2.8 | 2.1 |
| Lost day rate (number of lost man-days per million hours worked) | 14.0 | 60.6 | 99.7 | 65.9 | 101.2 | 79.9 |
| Absentee rate ³ (days per employee per year) | 6.4 | 2.7 | 4.8 | 3.9 | 4.3 | 3.7 |

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

³ Absentee rate is based on medical leave taken by staff, regardless of whether it is work-related illness or not.

Human Capital










Staff Wellness

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

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

OHS Stakeholder Engagement*

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

| | Staff | Tenants | Suppliers and Main Contractors | Community | Government and NGOs |
|---|---|---|---|---|---|
| National WSH committees/campaigns |  | |  | |  |
| Safety talk, quiz and emergency response drills |  |  |  |  |  |
| Tender/contract specifications | | |  | | |

National Policy Making

CapitaLand participates actively in national efforts towards workplace health and safety. In Singapore, this included participation in the WSH Construction and Landscape Committee.

Tenants and Community

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

In China, CapitaLand collaborated with the local fire departments to organise fire drills at 39 malls to raise safety awareness among its tenants and shoppers. This was well-received by the local authorities.

Supply Chain Management

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

Vendors and Service Providers

For building operations, CapitaLand's contractor management guidelines require all contractors to comply with local government and other legal requirements. Contractors and service providers in Singapore and overseas are required to submit a copy of their risk assessments in cases where their activities may affect the occupational health and safety of CapitaLand employees or visitors.

*G4-24, G4-25, G4-26, G4-27

Human Capital

Vendors and service providers are sent a copy of CapitaLand's EHS Policy. They have to ensure that their staff are sufficiently trained or briefed on environmental, health and safety measures. Contractor house rules stipulate requirements such as deploying personal protective equipment, reporting of accidents and proper disposal of debris and toxic waste.

Since 2012, CapitaLand offices in Singapore only appoint bizSAFE⁴ Level 3 and above certified vendors and service providers upon contract renewal or signing of new contracts. Where possible, CapitaLand intends to stipulate similar requirements for its overseas offices. In 2015, about 92% of its Singapore corporate offices' and operating properties' vendors and service providers⁵ were bizSAFE Level 3 and above certified.

Main Contractors

CapitaLand requires main contractors appointed for its development projects to be OHSAS 18001 certified or to engage an independent accredited assessor to conduct site OHS legal compliance audits. 10 main contractors appointed in 2015 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 Rate⁶ (AFR) and Accident Severity Rate⁷ (ASR) of its main contractors at its sites. In 2015, CapitaLand maintained its AFR at its Singapore construction sites, registering 0.2 cases for every million man-hours worked, which is lower when compared with Singapore national average of 1.7 for the same period. Whilst the ASR worsened to 7.8 man-days lost per million man-hours worked, this is still significantly lower than Singapore national average of 166 man-days lost in 2015.

Despite best efforts to ensure site safety, there were two fatalities of CapitaLand's main contractor staff in China. Lessons from the fatality incident were shared across business units, and the Group's commitment to strengthen its safety standards was reinforced.

In 2015, the residential business in Singapore won the WSH Developer Award for its health and safety best practices on-site. CapitaLand strongly encourages its main contractors in Singapore to apply for the WSH SHARP⁸ awards.

Singapore Projects with Safety Awards 2015

| Project | 2015 Award |
|---|---|
| Bedok Residences | SHARP, WSH Council, Singapore RoSPA ⁹ Gold |
| Integrated development at 9 and 11 Cairnhill Road/Bideford Road | SHARP, WSH Council, Singapore RoSPA Gold |
| d'Leedon | SHARP, WSH Council, Singapore Design and Engineering Safety Excellence |
| Sky Vue | RoSPA Silver |

*G4-24, G4-25, G4-26, G4-27

⁴ 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.

⁵ This refers to term contractors/service providers where their work is on-site at CapitaLand properties or offices.

⁶ AFR is a term used in Singapore by the WSH Council, which measures how often workplace incidents occurred per million man-hours worked.

⁷ ASR is a term used in Singapore by the WSH Council, which measures number of man-days lost to workplace accidents per million man-hours worked.

⁸ 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..

⁹ RoSPA (The Royal Society for the Prevention of Accidents, UK) Award recognises organisations with strong and ongoing commitment to raising health and safety standards.

Human Capital

Human Rights

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

Anti-child Labour and Anti-forced Labour

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

CapitaLand upholds the spirit of international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour and discrimination in any form. To date, Singapore has ratified 20 ILO Conventions covering four key areas of employment standards: child labour, forced labour, collective bargaining, and equal remuneration. CapitaLand has aligned its policies with these four key areas in Singapore and overseas. This includes the signing of the Employers Pledge for Fair Employment Practices with The Tripartite Alliance for Fair Employment Practices (TAFEP)¹⁰ and a commitment to the five key principles of fair employment as follows:

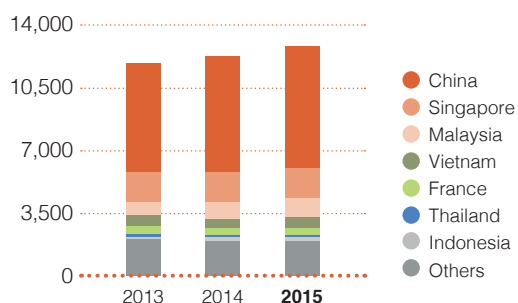
- Recruit and select employees on the basis of merit, such as skills, experience and ability, regardless of age, race, gender, religion or family status.
- Treat employees fairly and with respect and implement progressive human resource management systems.
- Provide employees with equal opportunities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

In 2015, there was no reported incident relating to discrimination, child labour or forced labour in CapitaLand.

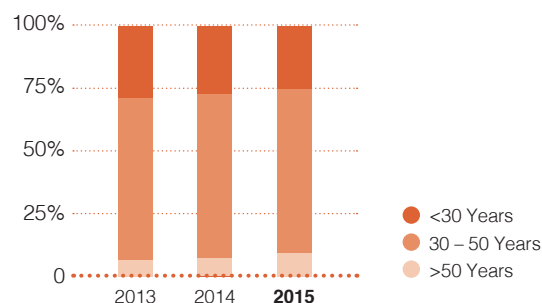
Promoting Fairness and Diversity

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

Diversity: Global Workforce by Nationality



Diversity: Global Workforce by Age



CapitaLand propagates a localisation strategy for its overseas operations. This ensures that the teams on the ground have a good grasp of local socio-political and cultural sensitivities to help deliver targeted business outcomes for the Group. In 2015, locals accounted for about 84% of the employees based in Singapore and 96% of employees based in China.

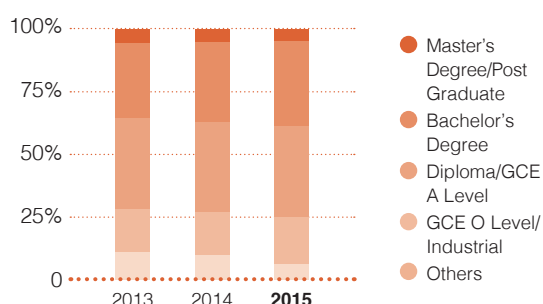
¹⁰ The Tripartite Alliance for Fair Employment Practices (TAFEP) was formed in May 2006 to promote non-discriminatory employment practices and to shift mindset among employers, employees and the general public towards fair employment practices for all workers in Singapore. Members include employer representatives, union leaders and government officials.

Human Capital

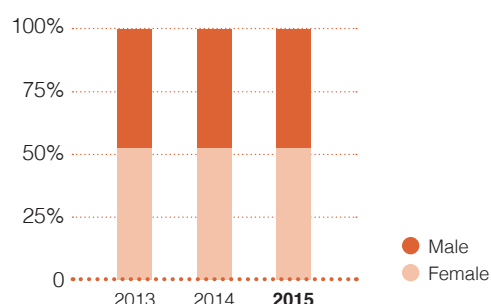
CapitaLand identifies talent internally and externally to build bench strength as well as talent pipeline for leadership succession planning. CapitaLand recruits talent through a network of local and overseas universities, and also attracts young talent early through scholarship programmes such as the CapitaLand-Building and Construction Authority Singapore Scholarship. Apart from fresh graduates, CapitaLand also employs experienced and mid-career professionals as well as industry veterans. New hires represented 22% of the total headcount in 2015.

CapitaLand's vibrant, motivated and qualified workforce has given the Group a competitive edge. About 66% of CapitaLand's global workforce is aged 30 to 50. In 2015, CapitaLand had no employee below the age of 16. About 80% of new hires in 2015 were born from 1978 onwards, commonly known as Generation-Y. Over 75% of its employees hold tertiary qualifications and above (this includes holders of diploma, and bachelor's and master's degree qualifications).

Global Workforce by Educational Qualifications

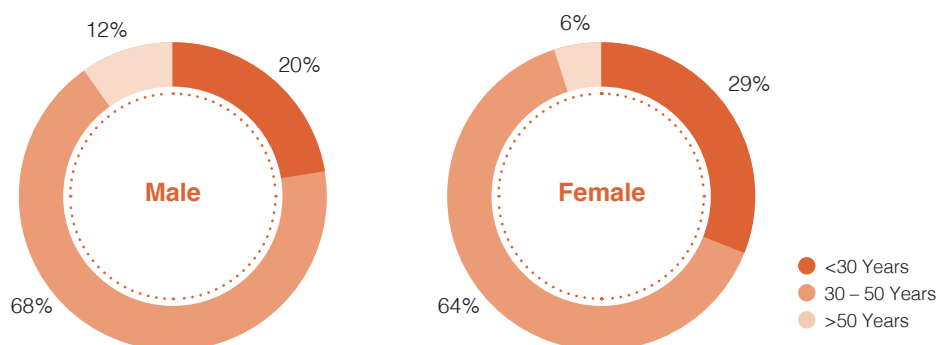


Global Workforce by Gender



CapitaLand's global workforce comprises an almost equal proportion of males and females, at a ratio of 52:48 (In Singapore, the proportion of female to male employees is 61:39; in China, the ratio is 52:48). The company's female employees are well represented at the middle and senior management level. For the past three years, about 50% of the managerial employees were female. In 2015, about 30% of senior management were female with three¹¹ of them holding C-Suite appointments within the Group.

Diversity: Employee Age and Gender Profile (2015)



Re-employment Opportunities

The Singapore government implemented the reemployment legislation in 2012 to enable more people to work beyond the current statutory retirement age of 62, up to 65 in the first instance and subsequently, up to 67 years old. Before the legislation, CapitaLand already had a reemployment policy of extending employment to employees who have reached the mandatory retirement age but are still able and willing to continue contributing to CapitaLand. The reemployment will continue at full pay, although it is permissible by the law to reduce pay upon reemployment as more companies move away from seniority-based wage system for reemployed workers. This policy is applicable to all staff globally. In 2015, a total of 161 staff were above retirement age¹².

¹¹ Lynette Leong, CEO, CapitaLand Commercial Trust Management Limited; Wong Jen Lai, Chief Investment Officer, Residential, CapitaLand Singapore Limited; and Low Peck Chen, CEO, CapitaMalls Malaysia REIT Management Sdn. Bhd.

¹² This is based on the retirement age in the respective country.

Human Capital

Respect for Freedom of Association

CapitaLand is committed to maintaining harmonious labour relations. It respects all employees' right to freedom of association and the right to be members of trade unions. In Singapore, CapitaLand is guided by the Industrial Relations Act that allows representation of staff by trade unions for collective bargaining, thus providing them with an avenue to seek redress for any industrial disputes. CapitaLand and the union enjoy a cordial working relationship, promoting positive working conditions and improving productivity for the mutual benefit of employees and the company. Currently, 38% of the bargainable workforce and junior executives in Singapore are union members. Globally, 12% of its workforce is covered by collective agreements. During the year, the union did not express any concerns on employee health and safety issues as the OHS management system is externally audited.

Talent Management

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

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

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

Positive Work Environment

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

In 2015, 381 eligible female employees went on maternity leave and 311 returned to work. CapitaLand also provides paid paternity leave to all male employees in Singapore and countries where practicable. In Singapore, the Central Provident Fund (CPF) is a comprehensive social security savings plan introduced by the Singapore government to enforce savings by salaried workers to help CPF members work towards a secure retirement. Under the CPF scheme, CapitaLand and its employees make monthly contributions to the employees' CPF account in accordance with the prevailing regulations.

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

Fair Remuneration

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

Human Capital

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

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

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

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

CapitaLand monitors the movement of its workforce closely and its staff turnover¹³ was 14%, of which 41% were below 30 years old, while another 55% were aged 30–50 years and the remaining 4% were over 50 years old. Turnover by gender was 45% males and 55% females. In 2015, the turnover was 15% in Singapore which was better than the national average of 22.8%¹⁴. The turnover was 13% in China, which was better than the national average of 15.1%¹⁵.

Almost 40% of employees globally have been with the Group for five years or longer, while total employee headcount has grown due to expanded operations, especially in the shopping mall and service residence businesses. The company also interviews resigning employees as part of its continuing efforts to improve its retention policies and initiatives.

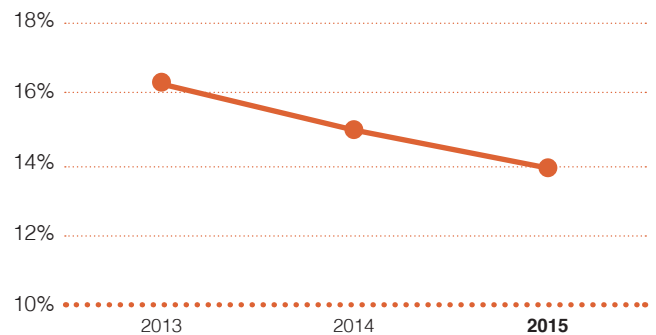
Job Security

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

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

In 2015, other than the centralisation of certain functions there was no major reorganisation in CapitaLand. There were no layoffs arising from these changes.

Global Workforce: Staff Voluntary Turnover Rate



¹³ 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.

¹⁴ Data by Ministry of Manpower, Singapore.

¹⁵ Data by a human capital and management company.

Human Capital

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

Learning and Development

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

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

In 2015, about 95% of the workforce attended at least one learning event¹⁶, and the average number of training hours completed by each employee for the year was more than 55 hours, well above the recommended industry guide of 40 hours per annum.

Staff Engagement*

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

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

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

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

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.

Innovation

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

In 2015, CapitaLand organised regular evening sharing sessions and an Innovation Forum featuring speakers from within the company, as well as industry experts, to share their experiences on game changing trends and innovation.

*G4-24, G4-26, G4-27

¹⁶ The number excludes Ascott staff where CapitaLand has less than 50% stake.

Human Capital

These were attended by over 500 staff. All these culminated in the Digital Festival where booths were set up to showcase the latest innovations and pilot projects internally to over 600 staff.

As sustainability is integral to CapitaLand's business, it conducts an annual competition to encourage and identify outstanding EHS Innovations within the Group which contribute to the environment and its business. In 2015, six EHS Innovation Awards were given out.

Social and Relationship Capital

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

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

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

Stakeholder Issues of Interest*

| Stakeholder | Engagement Channels | Issues | Sustainability Report |
|---|---|---|---|
| Customers-home buyers and residents, tenants, shoppers | <ul style="list-style-type: none"> Homebuyer- welcome parties, welcome kits Tenant: survey, green fit out guide, enrichment events such as Biz+ events CapitaLand Inside newsletter, social media | <ul style="list-style-type: none"> Workmanship, design Facilities management, Customer experience | Social and Relationship Capital, Environmental Capital |
| Investors, Analysts and Media | <ul style="list-style-type: none"> Annual general meetings Quarterly financial results announcements Media releases and interviews Annual reports, sustainability report Company website Regular analyst and investor meetings Response to sustainability surveys | <ul style="list-style-type: none"> Operational efficiency Monetary savings, cost avoidance and ROI ESG risks and opportunities | Financial Capital, Social and Relationship Capital |
| Employees | <ul style="list-style-type: none"> Regular dialogue sessions with senior management Regular employee engagement survey Volunteer programmes Recreation club activities | <ul style="list-style-type: none"> Work-life balance Remuneration and benefits Employee welfare and wellbeing | Human Capital, Social and Relationship Capital |
| Supply Chain – main contractors, vendors, suppliers | <ul style="list-style-type: none"> Environmental, Health and Safety (EHS) Policy and quarterly EHS monitoring Vendor evaluation, including events, meetings and trainings | <ul style="list-style-type: none"> 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/ NGOs | <ul style="list-style-type: none"> Senior Management representation on boards of various industry bodies and sustainability related public discussions Regulatory readiness to the Singapore Government's commitment to manage carbon emissions Longstanding partner of various national programmes Public communications plan for residents within a 100 m radius of our new developments Sustainability reports Participation in external conferences/forums Corporate advertisements Consultation and sharing with academics, NGOs and business associations | <ul style="list-style-type: none"> Sustainable building developments Stakeholder programmes to advocate greener tenant/resident/ customer behaviours Advocating best practices | Social and Relationship Capital |

*G4-18, G4-24, G4-25, G4-26, G4-27

Social and Relationship Capital

Stakeholder Engagement

Employees

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

Customers

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

Regular service quality surveys were conducted at CapitaLand shopping malls. Through these surveys, CapitaLand garnered feedback on matters in areas of cleanliness, security, car parking, building maintenance and management personnel as well as features and facilities provided. On average, more than 75% of the respondents in China were satisfied with the services rendered.

In 2015, the second biennial customer satisfaction survey was carried out for CapitaLand's office tenants in Singapore and the score achieved was an eQ Index of 77 out of a total of 100 which was above the average industry of 73 and an improvement from the 75 achieved two years ago. The better performance could be attributed to some key changes introduced to enhance the different touch-points.

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

Biz+ Series 2015, a retail tenant engagement programme comprising seminars, workshops and networking sessions, was themed on "Rethinking the Customer through Experience, Innovation and Digital". Two seminars and a CEO breakfast roundtable were organised in Singapore, centred on this theme, to help CapitaLand retailers stay on top of key trends and identify new opportunities in the evolving retail landscape for their customers.

A "Retail Future" forum was organised in October 2015 where cross-industry leaders shared their key success tips on how to be future-ready for the customer. Retailers took away key insights on how to be customer-centric by leveraging on data and technology and implementing innovation to increase productivity and revenue.

Investors and Analysts

There is an increasing call for more transparency, stakeholder engagement and sustainability reporting. CapitaLand's commitment to sustainability management and reporting has been affirmed by international sustainability performance benchmarks such as Dow Jones Sustainability Index, FTSE4Good and Global 100 Most Sustainable Corporations in the World.

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

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

Social and Relationship Capital

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

In 2015, CapitaLand met close to 700 investors, fund managers and analysts and facilitated more than 40 site visits to CapitaLand projects and developments in Singapore, Japan and China. CapitaLand hosted two CapitaLand Investors' Day events in May and September respectively. CapitaLand also participated in conferences and non-deal roadshows in Hong Kong, Singapore, Japan and USA. For more information, please refer to CapitaLand Limited Annual Report 2015, page 53-55.

Supply Chain

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

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

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

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

Government Agencies and Regulators

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

CapitaLand is committed to regulations compliance. Procedures are in place to ensure that its activities and operations comply with existing regulatory requirements through regular monitoring, evaluation and auditing of the CapitaLand EHS management systems (for more details, please refer to Environmental Capital chapter, page 16). Some of CapitaLand's projects also set new benchmarks in the area of sustainability and innovation through the design and use of technologies. More than S\$6 million was invested in innovative features for three of its projects.

Community/NGOs

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

Social and Relationship Capital

Community Development Investment and Value

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

Helping Underprivileged Children

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

In 2015, CapitaLand invested more than S\$2.4 million through CHF to benefit underprivileged children and over S\$0.8 million in other community development initiatives.

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

CapitaLand Kids' Food Fund, Singapore

This programme aims to improve food security and nutrition for underprivileged children.

In 2015, 1,800 underprivileged children in Singapore from primary to secondary levels benefited from the programme through an ongoing partnership with the People's Association where nutritious meals are furnished at the schools for the children. More than 50% of total beneficiaries have achieved an improved Body Mass Index (BMI).

Anecdotal evidence revealed improved attendance at school, with beneficiaries being more attentive in class and better able to concentrate for longer periods of time. For more information, please visit <http://www.capitalandhopefoundation.com/key-programmes/kids-food-fund>

A KFF beneficiary Angel Ang (not her real name), 12, showed a positive weight gain and increase in BMI after being placed on the CapitaLand Kids' Food Fund Programme in 2015. With CHF's assistance, Angel was now able to purchase set meals in school. This was especially important as she was required to stay back in school for Co-Curriculum Activities (CCA) and supplementary classes to prepare for her Primary School Leaving Examination (PSLE) in 2015. Angel has done well in her PSLE and qualified for the Express stream in Secondary School. She has also been an active member in her sports CCA. Besides a healthy gain in weight and height, she has received a silver award in her National Physical Fitness Award test, which assesses overall physical fitness, in 2015.

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

Social and Relationship Capital

CapitaLand Chengmagang Hope School, Macheng City, Hubei Province, China

CHF donated more than RMB 530,000 (about S\$108,000) for the construction of a two-storey school block with eight classrooms and canteen to improve the learning and living conditions for the students. CHF also worked with its partners NipponPaint and Water Siyuan Group to improve the school facilities such as use of low VOC and environmentally friendly paint and the installation of a water filtration system to provide potable water for the students. Their contribution was at an estimate of RMB 320,000 (about S\$65,000) and they expressed their satisfaction in participating in this meaningful project.

Completed in 2014, the school serves a student population of about 460, ranging from kindergarten level to Grade 6.

CapitaLand staff in Wuhan organised 3 volunteer visits to the school to help refurbish the facilities including fencing around the school, a library with about 2,000 books and a music and art classroom. From the post-volunteer survey conducted in September 2015, more than 92% of the staff volunteers had expressed appreciation for the spirit of community development at CapitaLand and will continue to embrace this corporate culture.

Since 2012, 11 students have received additional financial assistance under the CapitaLand Kids Programme @ Education Bursary Programme which support students from financially challenged backgrounds till their senior high school (18 years of age).

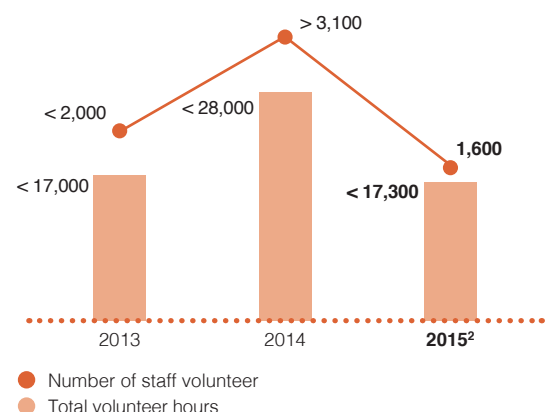
As part of its volunteer programme, CHF developed a six-part "CapitaLand Little Architect Programme" using pedagogical techniques such as drawing, puzzle solving and building blocks. The students are introduced to the ideas of building and design, as well as environmental sustainability. About 270 students from CapitaLand Chengmagang Hope School have completed Level 1 of the programme in 2015. For more information, please visit <http://inside.capitaland.com/advocate/change-makers/201512-a-real-and-lasting-difference>

Other Key Programme

| Initiative | Impact |
|--|--|
| CapitaLand Therapy for Children Project Support the treatment and rehabilitation needs of underprivileged children with physical disabilities through financial assistance | In 2015, 20 underprivileged children with physical disabilities from Sichuan and Shaanxi provinces received treatment as part of a continual partnership with China Foundation for Poverty Alleviation and China Association of Persons with Physical Disabilities. To date, 130 children have benefitted from CHF's support and now have improved mobility. |

Advocating Staff Volunteerism

CapitaLand is a strong advocate of volunteerism and formalised three days of Volunteer Service Leave (VSL) for its staff. Staff in CapitaLand properties volunteered close to 17,300 hours of service to the community in 2015. The estimated salary cost to CapitaLand in 2015 based on VSL taken was over S\$200,000. It also recognises staff's social contribution as volunteers by donating S\$500 to a registered Singapore children's charity or RMB 1,000 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 2015, 141 staff qualified for this donation incentive and about S\$60,000 will be pledged for donation by CHF in 2016.



² Drop in 2015 figures is due to the postponement of a major volunteer event to 2016.

Social and Relationship Capital

Based on CHF's five post-volunteer surveys, more than 90% of staff volunteers feel proud working in CapitaLand, and enjoy working in a company with a positive and vibrant corporate culture. For more information on CHF, please visit www.capitalandhopefoundation.com

Social Integration of CapitaLand Properties

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

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

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

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

CapitaLand champions the UD concept in Singapore. In 2015, CapitaLand obtained two out of the three Universal Design Platinum Awards from Singapore's Building and Construction Authority, the top accolade for exemplary UD projects.

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

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

More than 90% of CapitaLand's properties worldwide have at least one disability access enabled facility. These facilities include accessible alighting and boarding bays, lifts, parking lots and public toilets. Its shopping malls in Singapore and Japan are guide-dog friendly.

Close to 95% of CapitaLand's properties worldwide are conveniently located in close proximity to transport hubs such as bus-stops and train/subway stations. This allows easy access to the surrounding communities and facilities. Free shuttle bus services are also available at some of its shopping malls. Bicycle parking facilities are also provided at many of its properties. All CapitaLand integrated developments are well integrated with public transport facilities.

About 80% of CapitaLand's shopping malls, office buildings and integrated developments have atrium event spaces and/or children play areas. These provide communal spaces to promote community engagement. Family or nursing rooms are a common feature at CapitaLand's shopping malls.

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

Social and Relationship Capital

CapitaLand shopping malls: where people gather and experience the space

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 US 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, Sembawang Shopping Centre and Lot One Shoppers' Mall and extended this to its overseas malls such as The Mines, Malaysia.

Its Singapore malls such as Bukit Panjang Plaza, Star Vista and JCube collaborated 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.

Raising Public Awareness and Community Outreach

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

| Initiative | Impact |
|--|---|
| #100KHopeHours Challenge – Spurring volunteerism among CapitaLand's staff, business associates and the community-at-large | <p>CHF celebrated its 10th anniversary with the #100KHopeHours Challenge to spur volunteerism among CapitaLand's staff, business associates and the community-at-large. Over 200,000 pledged volunteer hours within and beyond the Group were garnered. To celebrate this achievement, CHF donated S\$300,000 to President's Challenge 2015, benefiting six charities including The Straits Times School Pocket Money Fund, SportCares Foundation, Care Corner – Teck Ghee Youth Centre, The Singapore Association for the Deaf, iC2 PrepHouse, and the Dyslexia Association of Singapore. Apart from monetary contribution, CapitaLand also provided in-kind media space sponsorship of S\$104,000 at CapitaLand malls for public awareness of President's Challenge.</p> <p>At the challenge finale in October 2015, about 1,600 CapitaLand staff and members of the public participated in experiential activities such as learning of simple sign language, walking blindfolded and deciphering messages that simulate the reading difficulties faced by dyslexics. Through these activities, they better understood the challenges faced by the deaf and hard of hearing, the visually impaired, and dyslexics in the community. The event was combined with CapitaLand's Family Day 2015 to help create a more meaningful family bonding experience for staff. The charities were also present to promote awareness of their causes.</p> <p>President Tony Tan Keng Yam said: "Besides earning donations for charities, this event provides a platform for CapitaLand's corporate partners, their staff and families, and the community to bond with one another. It is also a wonderful example of how corporates play an important role in contributing towards the building of a cohesive and caring society."</p> <p>For more information please visit http://inside.capitaland.com/advocate/change-makers/201511-10-purposeful-years-of-giving-time-hope-and-aid-to-less-privileged-children-who-need-a-leg-up-in-life</p> <p>Watch a video story of the event produced by The Straits Times RazorTV at https://youtu.be/ig_NYDPIUtA</p> |

Social and Relationship Capital

| Initiative | Impact |
|--|---|
| <p>CapitaLand's "Building Communities</p> <p>– Setting the stage for Singapore2065" (#BuildSG2065) campaign", part of the SG50 celebrations of Singapore's 50th birthday</p> | <p>This was a public crowdsourcing of ideas of what Singapore's built environment will be like in 50 years. More than 2,000 ideas were received from members of public who shared what they hope to see when Singapore turns 100. 50 ideas were featured in the "Book of 50". http://www.capitaland.com/about-capitaland/book-of-50</p> <p>These ideas formed part of the Singapore STories: Then, Now, Tomorrow exhibition (Exhibition) at the ArtScience Museum. CapitaLand was the Presenting Sponsor of the Exhibition.</p> <p>One of the #BuildSG2065 concepts that stood out was Smart Buildings. Participants wanted the built environment to be resource efficient while still being responsive to their needs through technology. Many entries featured ideas such as mega-structures, 200-storey buildings, floating pods and dome-cities that were integrated and interconnected by technology and architecture, where people can live, work and play seamlessly; as well as their hope for more community "kampung" spaces to interact with their friends and family.</p> <p>President & Group CEO of CapitaLand Lim Ming Yan said "These are technologies and enhancements that CapitaLand is ready to explore today to make our buildings smarter and easier to manage, as well as to maintain our market leadership." For more information, please visit http://inside.capitaland.com/advocate/change-makers/201508-building-a-dream-singapore2065</p> |
| <p>CapitaLand Earth Hour Campaign. It was the eighth year that CapitaLand participated in the annual global sustainability movement to raise awareness on climate change and encourage individual action.</p> | <p>More than 250 CapitaLand's properties across Asia and Europe participated in the WWF Earth Hour initiative by turning off the façade and non-essential lights through the night on 28 March 2015 and organised activities with key messages on saving energy and water, taking public transport and recycling, to engage tenants, shoppers, residents and public.</p> |
| <p>Venue sponsorship for health events at CapitaLand properties</p> | <p>More than 500 Singaporeans participated in the 'Aspire to Perspire' event at the Read Bridge at Clarke Quay. The event was a twist of exercise and fun with an exciting sports concert. Exercises included adrenaline pumping workout with professional trainers, workout demonstrations such as K-pop fitness, piloxing, U-Jam fitness and Zumba fitness. This event was organised by the People's Association and supported by Clarke Quay to promote healthy living through regular exercise.</p> <p>In conjunction with the SEA Games, Tampines West Community Sports Club organised a mass Zumba and fringe activities at Tampines Mall as part of their Community Sports Festival 2015.</p> |
| <p>Biz+ Series 2015, a tenant engagement programme comprising seminars, workshops and networking sessions, was themed on 'Rethinking the Customer through Experience, Innovation and Digital'.</p> | <p>Two seminars and a CEO breakfast roundtable were held to help retailers stay on top of key trends and identify new opportunities in the evolving retail landscape for their customers.</p> <p>A large scale forum titled 'Retail Future' was held in October 2015 where cross-industry leaders shared their key success tips on how to be future ready for the customer.</p> <p>Retailers took away key insights on how to be customer centric by leveraging on data and technology; and implementing innovation to increase productivity and revenue.</p> |

Social and Relationship Capital

Framework – Corporate Giving And Volunteerism*

| | | |
|-----------------------------|---|---|
| Credo and Mission | Building People. Building Communities. To invest in the communities in which CapitaLand operates through its philanthropic arm, CapitaLand Hope Foundation (CHF), to promote social growth and development of underprivileged children, with respect to their education, healthcare and shelter needs. | |
| Policies | Corporate Philanthropy <ul style="list-style-type: none"> Underprivileged Children (up to 16 years old) Areas of Focus <ul style="list-style-type: none"> Education, Healthcare and Shelter | Employee Volunteerism <ul style="list-style-type: none"> Volunteer Service Leave (paid): three days per year Geography <ul style="list-style-type: none"> Communities where CapitaLand operates |
| Corporate Governance | Governing Authority <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Chaired by Mr S R Nathan, former President of the Republic of Singapore Two non-executive independent directors, one non-executive, non-independent director and one executive non-independent director Internal/External Audit <ul style="list-style-type: none"> Thorough audit of financial accounts and statements for submission to the Commissioner of Charities, Singapore. Volunteer Service Administrative System <ul style="list-style-type: none"> Built-in Volunteer Service Leave and Volunteer Service (non-workday) modules into the online HR leave application system Track both workdays and non-workdays volunteer activities | |
| Strategic Goals | <ul style="list-style-type: none"> Invest in fundamental needs i.e. education, healthcare and shelter of underprivileged children; to relieve them of hardship and eventually break the poverty cycle Focus on communities where CapitaLand operates as the long-term success of CapitaLand's business is closely intertwined with the health and prosperity of these communities Go beyond donations and be actively involved in projects that will have positive impact on both the community and its business | |
| Action Plan | Alignment with Business Goals and Stakeholders' Interest <ul style="list-style-type: none"> Source of funding for CHF: up to 0.5% of CapitaLand's annual net profit Align community investment with business and interests of stakeholders e.g. shareholders, consumers, employees and the community CapitaLand's corporate governance including internal policies, procedures and codes of business conduct (e.g. anti-corruption and whistle blowing policy) Employee Volunteerism <ul style="list-style-type: none"> Advocate volunteerism to embody the true spirit of community investment in CapitaLand Employee involvement can lead to improved teambuilding, better working relationships and enhanced internal brand value Support volunteer efforts with a donation to a children's charity of the employee's choice if all three days of Volunteer Service Leave are taken Progress Management <ul style="list-style-type: none"> CHF work is well supported by the various departments in the company and linked to effective management systems Set meaningful targets and key performance indicators when planning community investment initiatives. In addition to measuring input, e.g. donation amount, CHF will also look into output and outcome, e.g. time invested by staff and impact of donations, referencing LBG model where appropriate. Collaborate with credible, experienced and established organisations to build community programmes that will have long-term sustainable impact on the beneficiaries Brand Building <ul style="list-style-type: none"> Building brand, reputation and trust among its stakeholders will help CapitaLand garner wider support, which is crucial in maintaining sustainable operations for CHF | |
| Impact | <ul style="list-style-type: none"> 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 | |

*G4-24, G4-25, G4-26, G4-27

Material Aspects & Boundaries

| Material Aspects (G4-19) | Aspect Boundary: Internal and External (G4-20 and G4-21) | DMA References |
|--------------------------------------|--|---|
| Economic | | |
| Economic Performance | CapitaLand Group (CL) | Financial Capital (pg 10) |
| Market Presence | CL, investors | Human Capital (pg 36) |
| Indirect Economic Impacts | CL, community | Social and Relationship Capital (pg 47, 50) |
| Environmental | | |
| Materials | CL, contractors | Environment Capital (pg 16-22) |
| Energy | CL, contractors | |
| Water | CL, contractors | |
| Biodiversity | Relevant to the communities where CL operates | |
| Emissions | CL, contractors | |
| Effluents and Waste | CL, contractors and suppliers | |
| Product and Services | CL, tenants, customers | |
| Compliance | CL, investors | |
| Supplier Environmental Assessment | CL, contractors and suppliers | |
| Social | | |
| Labour Practices and Decent Work | | |
| Employment | CL | Human Capital (pg 36-38) |
| Labour/Management Relations | CL | Human Capital (pg 38) |
| Occupational Health and Safety | CL | Human Capital (pg 31-33) |
| Training and Education | CL | Human Capital (pg 38, 40) |
| Diversity and Equal Opportunity | CL | Human Capital (pg 36-38) |
| Supplier Labour Practices Assessment | CL, contractors | Human Capital (pg 31, 34-35) |
| Human Rights | | |
| Non-Discrimination | CL | Human Capital (pg 36) |
| Child Labour | CL | Human Capital (pg 36) |
| Forced or Compulsory Labour | CL | Human Capital (pg 36) |
| Assessment | CL | Human Capital (pg 31, 34-35) |
| Supplier Human Rights Assessment | CL, contractors | Human Capital (pg 31, 34-35) |
| Human Rights Grievances Mechanisms | CL | Human Capital (pg 36) |
| Society | | |
| Local Communities | CL, communities | Environment Capital (pg 16), Human Capital (pg 31), Social and Relationship Capital (pg 47, 50) |
| Anti-corruption | CL, investors, customers, communities | Organisational Capital (pg 12-14) |
| Compliance | CL | Organisational Capital (pg 13-14), Human Capital (pg 36) |
| Product Responsibility | | |
| Customer Health and Safety | CL, tenants, contractors, suppliers, and communities | Human Capital (pg 31), Social and Relationship Capital (pg 47) |
| Marketing Communications | CL, customers | Organisational Capital (pg 14) |
| Customer Privacy | CL, customers, investors | Organisational Capital (pg 14) |

GRI G4 Content Index



GRI G4 Content Index for 'In accordance' – Core

The GRI Content Index references CapitaLand Limited Sustainability Report 2015 and the Annual Report 2015 (AR).

| GRI Indicator | Description | Page Reference and Remarks | External Assurance ¹ |
|---|--|---|---------------------------------|
| General Standard Disclosure | | | |
| Strategy and Analysis | | | |
| G4-1 | Statement from senior decision-maker | President and Group CEO's Message (pg 8-9), AR (pg 7-9) | ✓ (pg 59-62) |
| G4-2 | Description of key impacts, risks, and opportunities | Introduction (pg 7), Organisational Capital (pg 11), Environmental Capital (pg 16), Human Capital (pg 31), Social and Relationship Capital (pg 50), AR (pg 22-52) | ✓ (pg 59-62) |
| Organisation Profile | | | |
| G4-3 | Organisation's name | Introduction (pg 3) | |
| G4-4 | Primary brands, products, and services | Introduction (pg 1) | |
| G4-5 | Location of the organisation's headquarters | Introduction (pg 3) | |
| G4-6 | Countries of operation | AR (pg 64-65, 79-94) | |
| G4-7 | Nature of ownership and legal form | AR (pg 6) | |
| G4-8 | Markets served | AR (pg 64-65, 79-94) | |
| G4-9 | Scale of the organisation | Introduction (pg 1), AR (pg 1) | |
| G4-10 | Workforce figures | Human Capital (pg 36-37) | ✓ (pg 59-62) |
| G4-11 | Percentage of total employees covered by collective bargaining agreements | Human Capital (pg 38) | ✓ (pg 59-62) |
| G4-12 | Organisation's supply chain | Environmental Capital (pg 18, 25-29), Human Capital (pg 31, 34-35), Social and Relationship Capital (pg 42, 44) | ✓ (pg 59-62) |
| G4-13 | Significant changes during the reporting period | AR (pg 10-11) | |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organisation | Introduction (pg 6-7), Environmental Capital (pg 16-22) | ✓ (pg 59-62) |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes | Introduction (pg 3), Organisational Capital (pg 11), Human Capital (pg 36) | ✓ (pg 59-62) |
| G4-16 | Memberships of associations and national or international advocacy organisations | Introduction (pg 3), Organisational Capital (pg 11), Human Capital (pg 34), Social and Relationship Capital (pg 44) | ✓ (pg 59-62) |
| Identified Material Aspects and Boundaries | | | |
| G4-17 | Entities included in the organisation's consolidated financial statements | Introduction (pg 3) | ✓ (pg 59-62) |
| G4-18 | Process for defining the report content and the aspect boundaries | Introduction (pg 5), Social and Relationship Capital (pg 42) | ✓ (pg 59-62) |

¹ External assurance is only for Sustainability Report and does not cover CapitaLand Limited Annual Report 2015.

GRI G4 Content Index

| GRI Indicator | | Description | Page Reference and Remarks | External Assurance ¹ |
|---|--------|--|---|---------------------------------|
| General Standard Disclosure | | | | |
| Identified Material Aspects and Boundaries | | | | |
| G4-19 | | Material aspects identified in the process for defining report content | Material Aspects and Boundaries (pg 51) | ✓ (pg 59-62) |
| G4-20 | | Aspect boundary within the organisation | Material Aspects and Boundaries (pg 51) | ✓ (pg 59-62) |
| G4-21 | | Aspect boundary outside the organisation | Material Aspects and Boundaries (pg 51) | ✓ (pg 59-62) |
| G4-22 | | Effect of any restatements of information provided in previous reports | There are some minor restatements of 2014 total CO ₂ emissions and energy usage, and 2013 water usage. Environmental Capital (pg 25, 26, 27) | ✓ (pg 59-62) |
| G4-23 | | Significant changes from previous reports in the scope and aspect boundaries | There are no significant changes from previous reports. | ✓ (pg 59-62) |
| Stakeholder Engagement | | | | |
| G4-24 | | List of stakeholder groups | Environmental Capital (pg 16) Human Capital (pg 34-35) Social and Relationship Capital (pg 42-44) | ✓ (pg 59-62) |
| G4-25 | | Identification and selection of stakeholders | Environmental Capital (pg 16) Human Capital (pg 34-35) Social and Relationship Capital (pg 42-44) | ✓ (pg 59-62) |
| G4-26 | | Approaches to stakeholder engagement | Environmental Capital (pg 16) Human Capital (pg 34-35) Social and Relationship Capital (pg 42-44) | ✓ (pg 59-62) |
| G4-27 | | Key topics and concerns raised through stakeholder engagement | Environmental Capital (pg 16) Human Capital (pg 34-35) Social and Relationship Capital (pg 42-44) | ✓ (pg 59-62) |
| G4-28 | | Reporting period | Introduction (pg 3) | ✓ (pg 59-62) |
| G4-29 | | Date of previous report | FY 1 January to 31 December 2014 | ✓ (pg 59-62) |
| G4-30 | | Reporting cycle | Introduction (pg 3) | ✓ (pg 59-62) |
| G4-31 | | Contact point | Introduction (pg 3) | ✓ (pg 59-62) |
| G4-32 | | GRI Content Index | GRI Index (pg 52-56) | ✓ (pg 59-62) |
| G4-33 | | Assurance | Independent Assurance Statement (pg 59-62) | ✓ (pg 59-62) |
| Governance | | | | |
| G4-34 | | Governance structure | AR (pg 12-49) | |
| Ethics and Integrity | | | | |
| G4-56 | | Organisation's values, principles, standards and norms of behaviour | Introduction (pg 1) Organisational Capital (pg 11-14) AR (pg 1, 39) | ✓ (pg 59-62) |
| Performance Indicators | | | | |
| Economic | | | | |
| Economic Performance | G4-EC1 | Direct economic value generated and distributed | Financial Capital (pg 10), AR (pg 2, 66-72) | |
| | G4-EC2 | Financial implications, risks and opportunities due to climate change | Introduction (pg 7-8) Environment (pg 16-17, 20-21) | ✓ (pg 59-62) |

GRI G4 Content Index

| GRI Indicator | | Description | Page Reference and Remarks | External Assurance ¹ |
|-------------------------------|---------|---|---|---------------------------------|
| Performance Indicators | | | | |
| Economic | | | | |
| Market Presence | G4-EC6 | Proportion of senior management hired from local community | 13% in China. Human Capital (pg 36) | ✓ (pg 59-62) |
| Indirect Economic Impacts | G4-EC7 | Development and impact of infrastructure investments and services supported | Introduction (pg 4) Environmental Capital (pg 23, 29) Social and Relationship Capital (pg 45-48) | ✓ (pg 59-62) |
| | G4-EC8 | Extent of impacts | Introduction (pg 4) Environmental Capital (pg 23, 29) Social and Relationship Capital (pg 45-48) | ✓ (pg 59-62) |
| Environment | | | | |
| Materials | G4-EN1 | 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 21-23 and 25. | ✓ (pg 59-62) |
| Energy | G4-EN3 | Energy consumption within the organisation | Environmental Capital (pg 25-26) | ✓ (pg 59-62) |
| | G4-EN4 | Energy consumption outside of the organisation | Environmental Capital (pg 25) | ✓ (pg 59-62) |
| | G4-EN5 | Energy intensity | Environmental Capital (pg 26) | ✓ (pg 59-62) |
| | G4-EN6 | Reduction of energy consumption | Environmental Capital (pg 18, 23, 26) | ✓ (pg 59-62) |
| | G4-EN7 | Reductions in energy requirements of products and services | Environmental Capital (pg 18, 23) | ✓ (pg 59-62) |
| Water | G4-EN8 | Total water consumption | Environmental Capital (pg 27) | ✓ (pg 59-62) |
| | G4-EN9 | Water sources significantly affected | None during the reporting period Environmental Capital (pg 27) | ✓ (pg 59-62) |
| | G4-EN10 | Water recycled and reused | Environmental Capital (pg 27) | ✓ (pg 59-62) |
| Biodiversity | G4-EN11 | Protected areas or areas of high biodiversity | None during the reporting period Environmental Capital (pg 22) | ✓ (pg 59-62) |
| | G4-EN12 | Impact on biodiversity | | ✓ (pg 59-62) |
| | G4-EN14 | Endangered species effected | | ✓ (pg 59-62) |
| Emissions | G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | Environmental Capital (pg 24-25) | ✓ (pg 59-62) |
| | G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | Environmental Capital (pg 24-25) | ✓ (pg 59-62) |
| | G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | Environmental Capital (pg 24-25) | ✓ (pg 59-62) |
| | G4-EN18 | Greenhouse gas (GHG) emissions intensity | Environmental Capital (pg 25) | ✓ (pg 59-62) |
| Emissions | G4-EN19 | Reduction of greenhouse gas (GHG) emissions | Environmental Capital (pg 18, 23, 25, 27) | ✓ (pg 59-62) |

GRI G4 Content Index

| GRI Indicator | | Description | Page Reference and Remarks | External Assurance ¹ |
|--------------------------------------|---------|---|--|---------------------------------|
| Performance Indicators | | | | |
| Environment | | | | |
| Effluents and Waste | G4-EN22 | Total water discharge by quality and destination | Waste water is discharged into the public sewerage system or sewage treatment plant. | ✓ (pg 59-62) |
| | G4-EN23 | Waste management | Environmental Capital (pg 28-29) | ✓ (pg 59-62) |
| | G4-EN24 | Significant spills | None during the reporting period. Environmental Capital (pg 19) | ✓ (pg 59-62) |
| | G4-EN25 | Hazardous waste | Disclosure is not applicable as the Company does not transport, import, export or treat hazardous waste. | |
| | G4-EN26 | 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 19, 22) | ✓ (pg 59-62) |
| Products and Services | G4-EN27 | Initiatives to mitigate environmental impacts of products | Environmental Capital (pg 18, 23, 29) | ✓ (pg 59-62) |
| Compliance | G4-EN29 | Fines and non-monetary sanctions for non-compliance with environmental laws and regulations | Environmental Capital (pg 19) | ✓ (pg 59-62) |
| Supplier Environmental Assessment | G4-EN32 | % of new suppliers screened using environmental criteria | Environmental Capital (pg 18) | ✓ (pg 59-62) |
| Social | | | | |
| Labour Practices and Decent Work | | | | |
| Employment | G4-LA1 | New hires and employee turnover | Human Capital (pg 37, 39) | ✓ (pg 59-62) |
| | G4-LA3 | Return to work and retention rates after parental leave | Human Capital (pg 38) | ✓ (pg 59-62) |
| Labour/ Management Relations | G4-LA4 | Notice period regarding operation changes | Human Capital (pg 40) | ✓ (pg 59-62) |
| Occupational/ Health and Safety | G4-LA5 | % of staff represented in OHS committee | Human Capital (pg 31-34) | ✓ (pg 59-62) |
| | G4-LA6 | Occupational injury | Human Capital (pg 33) | ✓ (pg 59-62) |
| Training and/ Education | G4-LA9 | Average hours of training | Human Capital (pg 40) | ✓ (pg 59-62) |
| | G4-LA10 | Skills management and lifelong learning | Human Capital (pg 40) | ✓ (pg 59-62) |
| | G4-LA11 | Performance and career development reviews | Human Capital (pg 38-39) | ✓ (pg 59-62) |
| Diversity and Equal Opportunity | G4-LA12 | Diversity | Human Capital (pg 36-37) | ✓ (pg 59-62) |
| Supplier Labour Practices Assessment | G4-LA14 | % of suppliers screened using labour practices criteria | Human Capital (pg 33-35) | ✓ (pg 59-62) |
| Human Rights | | | | |
| Non- discrimination | G4-HR3 | Incidents of discrimination and corrective action taken | Human Capital (pg 36) | (pg 59-62) |

GRI G4 Content Index

| GRI Indicator | | Description | Page Reference and Remarks | External Assurance ¹ |
|------------------------------------|---------|--|---|---------------------------------|
| Social | | | | |
| Human Rights | | | | |
| Child Labour | G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to the effective abolition of child labour | Human Capital (pg 36) | ✓ (pg 59-62) |
| Forced or Compulsory Labour | G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it | Human Capital (pg 36) | ✓ (pg 59-62) |
| Assessment | G4-HR9 | % of operations subjected to human rights reviews | Human Capital (pg 31-34, 38) | ✓ (pg 59-62) |
| Supplier Human Rights Assessment | G4-HR10 | % of suppliers screened using human rights criteria | Human Capital (pg 33-35) | ✓ (pg 59-62) |
| Human Rights Grievances Mechanisms | G4-HR12 | Number of grievances about human rights impacts | Human Capital (pg 36) | ✓ (pg 59-62) |
| Society | | | | |
| Local Communities | G4-SO1 | Operations with local community engagement, impact assessments, and development programmes | Environmental Capital (pg 22) Human Capital (pg 34-35, 38) Social and Relationship Capital (pg 42-50) | ✓ (pg 59-62) |
| Anti-corruption | G4-SO3 | Risk assessment for corruption | Organisational Capital (pg 12-15) | ✓ (pg 59-62) |
| | G4-SO4 | Communication and training on anti-corruption policies and procedures | Organisational Capital (pg 12-15) | ✓ (pg 59-62) |
| | G4-SO5 | Incidents and action taken | Organisational Capital (pg 12-15) | ✓ (pg 59-62) |
| Public Policy | G4-SO6 | Political contributions | Not applicable as the Company does not extend political donations. Organisational Capital (pg 14) | |
| Compliance | G4-SO8 | Fines and non-monetary sanctions for non-compliance with laws and regulations | Organisational Capital (pg 14) Human Capital (pg 36) | ✓ (pg 59-62) |
| Product Responsibility | | | | |
| Customer Health and Safety | G4-PR1 | Health and safety impacts assessment of products and services | Human Capital (pg 31) Social and Relationship Capital (pg 47-48) | ✓ (pg 59-62) |
| | G4-PR2 | Incidents of non-compliance | Human Capital (pg 32) | ✓ (pg 59-62) |
| Marketing Communications | G4-PR7 | Incidents of non-compliance with regulations and voluntary codes concerning marketing communications | There were two minor incidents of non-compliance. | ✓ (pg 59-62) |
| Customer Privacy | G4-PR8 | Substantiated complaints regarding breaches of customer privacy and losses of customer data | Organisational Capital (pg 14) | ✓ (pg 59-62) |

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.

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 | 36 |
| 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 | 38 |
| Principle 4 | Elimination of all forms of forced and compulsory labour | 36 |
| 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 | 16-30 |
| 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 | 12-14 |

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 4-7), Organisation Capital (pg 11-15), Social and Relationship Capital (pg 42-44), AR (pg 12-49) |
| 6.3 | Human rights Respect for human rights including civil and political rights as well as economic, social and cultural rights. | Human Capital (pg 31-40) |
| 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 31-34, 36-40) |
| 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 16-30) |
| 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 12-14), Environmental Capital (pg 16, 18), Human Capital (pg 34-35) |
| 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 14), Environmental Capital (pg 16, 18, 20-23, 28-29), Human Capital (pg 31-32), Social and Relationship Capital (pg 47-49) |
| 6.8 | Community involvement and development Support for and building relationship with the community, so as to contribute to community development. | Human Capital (pg 31, 38), Social and Relationship Capital (pg 42-50) |

Independent Assurance Statement

To the Management and Stakeholders of CapitaLand Limited

CapitaLand Limited (CapitaLand) engaged Ere-S Pte Ltd (Ere-S) to carry out an independent assurance of CapitaLand's Sustainability Report 2015 (the Report). The engagement took place in May 2016.

Scope and type of assurance

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period January 2015 to December 2015. This covers the selected information provided with reference to the GRI Standard Disclosures as shown in the Assurance column of the Report's GRI Content Index.

The assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). It was also executed in line with the requirements of a Type 2 assurance of the AA1000 Assurance Standard (AA1000AS 2008), which consists of evaluating the company's sustainability framework and processes using the inclusivity, materiality and responsiveness criteria of the AA1000 AccountAbility Principles (AA1000APS 2008). AA1000 Assurance Standard also requires an evaluation of the quality of the reported sustainability performance information. For this, Ere-S employed the GRI G4 Reporting Principles (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 limited to desktop review and management-level evidence gathering and data verification.

Limitations

The assurance did not cover financial data, technical descriptions of buildings, equipment and production processes or other information not related to sustainability or already supported by existing documents, such as third-party audits or certifications (e.g. BCA Green Mark, ISO 14001), CapitaLand Annual Report and previous CapitaLand Sustainability Reports. Ere-S did not check whether all elements provided in the GRI guidance (what to report) on each indicator had been fully reported.

Responsibility and independence

This statement represents the independent opinion of Ere-S. The management of CapitaLand was responsible for the preparation of the Sustainability Report and all statements and figures contained within it. The responsibility of Ere-S is 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. 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. Ere-S is not responsible for any actions taken by other parties as a result of the findings presented in this assurance statement.

Independent Assurance Statement

Assurance methodology

The assurance procedures and principles used for this engagement 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 sampling of quantitative data originating from multiple sources.
 - Sampling quantitative data originating from multiple sources.
 - 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 of the Report content.

Findings and observations

CapitaLand's 2015 Sustainability Report offers global coverage of the Company's environmental and safety performance. This year, we observed more comprehensive disclosure of environmental aspects of sustainability. For example, town gas, city heat, travel data have all been included in calculations of CO₂ emissions, and additional data on embodied carbon emission has been collected. There is more detailed carbon intensity reporting this year.

Overall, the Report's content is satisfactory in terms of clarity and reliability. There is adequate information to assess the evolution of the CapitaLand's systems and performances over the past few years. With a few minor exceptions, evidence and data sets presented by data owners during assurance interviews were detailed and well-structured. In most cases, data sets were generated by the Company's in-house data systems, in particular the inbuilt ETS and HR systems. They provided greater confidence in the accuracy of the final figures.

Ere-S commends the comprehensive desktop audit carried out internally by the Company's reporting team on the performance data generated by all reporting properties. Gaps and inaccuracies were communicated to the relevant data owners. Actions were taken to correct the errors. This process improved data reliability, notably concerning the Company's overseas environmental and safety performances.

During the assurance, Ere-S found a few minor inconsistencies between the data sources and the reported information. All our recommendations were subsequently addressed by CapitaLand's reporting team. The final version of the Report was crosschecked by Ere-S to validate the corrections applied.

Independent Assurance Statement

Evaluation of the adherence to AA1000 AccountAbility Principles

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

The Company has produced evidence demonstrating a mature relationship with employees and tenants, especially in Singapore. In addition to conventional forms of stakeholder engagement such as surveys, events and meetings, we saw increased usage of social media as a platform for engagement.

Going forward, the Report could provide more detailed disclosure on how it engages supply chain partners across its global operations.

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

The outcome of materiality assessments conducted during the previous reporting period continued to help CapitaLand identify key relevant issues. As a part of the Company's ongoing assessment of sustainability-related frameworks, it has regularly reviewed relevant policies and legal requirements, so as to ensure timely and effective compliance. The company has used various sustainability indices and ratings to identify its strengths and weaknesses, as well as to spot emerging issues relevant to its sector.

In its approach to its material issues overseas, the Company continues to focus on risk assessment and hazard identification. The report would be made more complete by increased disclosure of issues specific to local contexts, particularly in the social aspects.

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

During the reporting period, the Company has been active in responding to customers and employees. We found evidence of regular communication with government agencies and community partners. Response was given through existing on-going channels or one-time engagement initiatives, such as the EHS survey conducted for Singapore employees. In its overseas operations, CapitaLand focuses on community development programmes and EHS risk mitigation systems.

Existing platforms such as corporate website, events, intranet and surveys continued to serve as communication platforms for a wide range of stakeholders: employees, tenants, investors and the public. The Report could further demonstrate examples of how the Company responds to the stakeholders' varying concerns and how these concerns affect the Company's decisions on sustainability issues.

Conclusion

On the basis of a moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us not to believe that, in all material respects, CapitaLand's Sustainability Report 2015

- provides a credible and fair representation of the organisation's sustainability profile and a reasonable 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 GRI G4 Reporting Principles.

Independent Assurance Statement

Moving forward

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

- Additional efforts to strengthen CapitaLand community initiatives and align them with the highest standards were evidenced during the assurance but, in Ere-S opinion, could be further articulated in the Report. CapitaLand's reference to LBG framework represents a good start in this direction, and Ere-S recommends continuous efforts in disclosing such quantitative information on the impacts, objectives, processes (including stakeholder engagement) and outcomes of its key community investment programs. Over time, this will provide better understanding of the progress and comparison with similar programs.
- Although integrating environmental and social impacts of the supply chain in the Company's reporting is proven to be challenging, continuous progress by CapitaLand in this task has been observed during the last few years. This includes measuring embodied carbon emissions and collecting performance data on energy use, waste disposal and safety statistics from the Company's suppliers globally. However, there is still some room for improvement, as reliable data is only available from main contractors and some suppliers. Ere-S recommends that CapitaLand continues looking for new and more efficient means to further encourage suppliers to collect and report performance data on their activities. We understand that this will take time as CapitaLand is reporting on its global portfolio with different local circumstances.

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

Singapore, 9 June 2016



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Ere-S Pte Ltd is a consulting company specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and CSR training. Our assurance team is composed of assurance practitioners with expertise in CSR and each member is required to follow Ere-S' assurance code of conduct, which can be found at <http://www.ere-s.com/assurance-code-of-conduct/>.

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