

MANAGING SUSTAINABILITY

BOARD STATEMENT

CLCT places sustainability at the core of what it does. As a member of a responsible real estate company, CLCT contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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

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

OUR COMMITMENT AND APPROACH

As a CapitaLand-sponsored REIT, CLCT is managed by wholly owned subsidiaries of CapitaLand which include the Manager (CLCTML) as well as Property Managers that oversees the daily property operations for the portfolio of malls. The Manager and Property Managers are responsible for the property operations across CLCT's portfolio, and abide by CapitaLand sustainability framework, policies, guidelines, as well as ethics and code of business conduct.

CLCT's sustainability objectives and strategies are aligned with CapitaLand's credo of 'Building People. Building Communities.' We are committed to improving the economic and social well-being of its stakeholders through management of human capital, asset, portfolio, operations and project development. In a rapidly changing business landscape, we actively embrace innovation to ensure commercial viability without compromising the environment for future generations.

At CLCT, sustainability is placed at the core of everything we do. CLCT is committed to growing in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of our communities.

Our Sponsor, CapitaLand (CL Group) 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 business resilience and agility. CL Group's proactive approach towards environmental, health and safety (EHS) management, which incorporates universal design into developments, ensures that its properties are sustainable and future-proof. Policies and guidelines are put in place to ensure the efficient use of energy, water and other resources.

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

In 2020, CL Group unveiled CapitaLand's 2030 Sustainability Master Plan to elevate its commitment to global sustainability in the built environment given its presence in more than 220 cities and over 30 countries. The Master Plan focuses on three pillars to drive CapitaLand's sustainability efforts in the ESG pillars, enabling CL Group to create a larger positive impact for the environment and society.

- Building portfolio resilience and resource efficiency
- Enable thriving and future-adaptive communities
- Accelerating sustainability innovation and collaboration

CL Group identified five pathways to achieve its sustainability objectives and will adapt its strategies as technologies evolve and new scientific data become available:

1. **Integrate sustainability in CapitaLand's real estate life cycle**
From the earliest stage of CL Group's investment process, to design, procurement, construction, operations and redevelopment or divestment, sustainability targets will be embedded in policies, processes, best practices, and key performance indicators of its business operations.
2. **Strengthen innovation and collaboration to drive sustainability**
CL Group will continue to source globally for new ideas and technologies to meet its sustainability ambitions and work with like-minded partners to create shared values.
3. **Leverage sustainability trends and data analytics**
This allows CL Group to track critical performance and progress in water usage, waste management, energy consumption, carbon emission, and health and safety. These measurements along with social indicators are key to driving performance improvement across its operating properties and development projects.
4. **Monitor and report progress to ensure transparency**
As CL Group tracks its sustainability progress, it will continue to validate its performance by external assurance and align its Global Sustainability Report to international standards.
5. **Increase engagement and communication with key stakeholders**
It is key to build awareness among CL Group's employees, investors, customers and communities, and collectively effect transformational change to achieve CL Group's 2030 targets.

Push boundaries of change

To push the boundaries of change, CL Group will transit to a low-carbon business that is aligned with climate science. In November 2020, CL Group had their carbon emissions reduction targets approved by the Science Based Targets initiative (SBTi) for a 'well-below 2°C' scenario. The targets are in line with the goals of the Paris Agreement to keep global temperature rise well below 2°C in this century. CL Group is also developing a new metric, Return on Sustainability, in addition to the regular financial return to measure the Group's ESG impact.

CL Group has also launched the inaugural CapitaLand Sustainability X Challenge (CSXC), an innovation challenge to enable CapitaLand to accelerate its sustainability efforts and meet its 2030 targets. The CSXC covers seven challenge statements and reflect the key themes and goals in CapitaLand's 2030 Sustainability Master Plan.

CL Group aims to be a leader in sustainable finance and secure S\$6 billion through sustainable finance by 2030. Proceeds and interest rate savings from CapitaLand's efforts in sustainable finance can also be used to drive more sustainability initiatives and innovations within the company.

Measured against global benchmarks

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

CL Group is also a signatory to the United Nations (UN) Global Compact and our Global Sustainability Report serves as its Communication on Progress, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations Index, Dow Jones Sustainability World Index and Asia-Pacific Index, Global Real Estate Sustainability Benchmark (Global Sector Leader, Diversified-Listed), FTSE4Good Index Series, MSCI Global Sustainability Indexes and The Sustainability Yearbook.

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CapitaLand Global Sustainability Report 2020 will be published by 31 May 2021. It will continue to be prepared in accordance with the Global Reporting Initiative Standards: Core option. CL Group will continue to apply the Guiding Principles of the International Integrated Reporting Framework and ISO 26000:2010 Guidance on Social Responsibility, and reference the UN Sustainable Development Goals (UN SDGs) and the Taskforce on Climate Related Financial Disclosure. CL Group also plans to align its sustainability report to the Sustainability Accounting Standards Board (SASB). It will continue to be externally assured to AA1000 Assurance Standard.









The report will cover CL Group’s global portfolio and employees, including their listed real estate investment trusts (REITs) - CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust, unless otherwise indicated.

BOARD, TOP MANAGEMENT AND STAFF COMMITMENT AND INVOLVEMENT

CapitaLand’s sustainability management comes under the purview of the CapitaLand Sustainability Council. Reporting to the CapitaLand Board, the Council comprises selected CapitaLand independent board directors and members of the CapitaLand Executive Committee. It is supported by the Group Sustainability Office and various work teams to drive continued progress and improvement in the areas of ESG. CapitaLand’s Sustainability Council is chaired by Ms Goh Swee Chen, who is also the president of Global Compact Network Singapore (local chapter of the UN Global Compact).

The work teams comprise representatives from CapitaLand business units and corporate functions. Each business unit also has its own Environmental, Health and Safety (EHS) Committee to drive initiatives in countries where we operate with support from various departments. CapitaLand Board is also updated regularly through the Risk Committee and Audit Committee on matters relating to sustainability risks and business malpractice incidents. The CapitaLand Board is also updated on the sustainability management performance of the Group, key material issues identified by stakeholders and the planned follow-up measures.

CAPITADNA
Vision, Mission, Credo and Core Values

CORE VALUES			
 Winning Mindset	 Integrity	 Respect	 Enterprising
Commitment to our Stakeholders			
 We create great customer value and experiences through high-quality products and services	 We deliver sustainable shareholder returns and build a strong global network of capital partners	 We develop high performing people and teams through rewarding opportunities	 We care for and contribute to the economic, environmental and social development of communities
for our Customers Tenants, shoppers, home owners, residents	for our Investors including business partners	for our People Staff	for our Communities Government agencies/ NGOs, general public, environment suppliers/ contractors

STRATEGIC 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. These material risks include fraud and corruption, environmental (e.g. climate change), health and safety, and human capital risks which are ESG-relevant.

CL Group identifies and reviews material issues that are most relevant and significant to CapitaLand and its stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to CapitaLand. For more information on stakeholder engagement, please refer to the Social and Relationship Capital, Human Capital and Environmental Capital chapters in the upcoming CapitaLand Global Sustainability Report 2020.

Prioritisation of ESG Material Issues

Environment	Social / Labour Practices	Governance
Critical		
› Energy efficiency	› Occupational health & safety	› Compliance
› Climate change and emissions reduction	› Employment	› Business ethics
› Water management	› Stakeholder engagement	› Product and services ¹
	› Supply chain management	
Moderate and Emerging		
› Building materials	› Diversity	
› Construction and operational waste	› Human rights	
› Biodiversity		

¹ This includes customer health and safety.

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CREATING VALUE AND ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS¹)

The Guiding Principles of the International Integrated Reporting Council Framework were referenced in this report, and the material ESG issues are grouped into six Capitals – Environmental, Manufactured, Human, Social and Relationship, Organisational, and Financial. This is also mapped against eight UN SDGs that are most aligned with CL Group's Sustainability Master Plan 2030 targets, and where CapitaLand can achieve the greatest positive impact. For more information, please refer to the CapitaLand Global Sustainability Report 2020 which will be published by 31 May 2021.

Capitals	Material ESG Issues	What CapitaLand does
<p>Environmental Capital</p> <ul style="list-style-type: none"> › Carbon emissions › Energy management › Water stewardship › Waste and resource management <p>Manufactured Capital</p> <ul style="list-style-type: none"> › Environmentally sustainable, healthy, safe and accessible quality buildings › Innovative and sustainable construction methods and technologies 	<ul style="list-style-type: none"> › Energy efficiency › Climate change and emissions reduction › Water management › Building materials › Construction and operational waste › Biodiversity › Stakeholder engagement › Product safety and customer well-being 	<p>CapitaLand is committed to</p> <ul style="list-style-type: none"> › Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern › Transit to low-carbon business and reduce energy consumption through improved energy efficiency and increase use of renewable energy › Green its global operational portfolio by 2030 › Actively embrace innovation to ensure commercial viability without compromising the environment for future generations › Future-proof its developments by addressing the risks of climate change right from the design stage › Preserve the biodiversity of its sites as well as the wider area where possible › Build safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence and hotel guests, homeowners and members of the community
<p>Manufactured Capital</p> <ul style="list-style-type: none"> › Environmentally sustainable, healthy, safe and accessible quality buildings › Innovative and sustainable construction methods and technologies <p>Human Capital</p> <ul style="list-style-type: none"> › Health and safety › Job creation and security › Learning and development › Benefits and remuneration 	<ul style="list-style-type: none"> › Occupational health & safety › Supply chain management › Employment › Diversity › Human rights 	<ul style="list-style-type: none"> › CapitaLand believes that regardless of ethnicity, age or gender, staff can make a significant contribution based on their talent, expertise and experience. CapitaLand adopts consistent, equitable, and fair labour policies and practices in rewarding as well as developing staff under the direct hire of CapitaLand. CapitaLand is a signatory to the UN Global Compact › CapitaLand aims to provide a work environment that is safe and contributes to the general well-being of its staff › Occupational health and safety of its stakeholders is of utmost importance to CapitaLand. This includes all its staff, tenants, contractors, suppliers and the communities that use our properties

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

2 Data provided is for the period from 1 January to 31 December 2020.

3 Computation of total consumption considers only managed properties and excludes master-leased properties.

4 Data excludes CapitaMall Shuangjing and CapitaMall Nuohemule.

2020 CLCT Performance and Value Created

- › For 2020², CLCT's operational properties^{3,4}, total energy consumption was 70,231 MWh. Purchased electricity and heating consumption accounted for about 93.2% and direct energy consumption from gas and diesel accounted for about 6.8% of total energy consumption. Scope 1 and 2 emissions⁵ are 880.6 tonnes CO₂e and 32,309.5 tonnes CO₂e respectively. The REIT's operating properties' total water consumption was about 514,263 m³ for 2020.
- › Energy and Water Usage and Carbon Intensity Reduction^{2,4,6,7}: For 2020, the reduction in water usage in m³/m² was 39.0% from the 2008 baseline, and the reduction in carbon intensity (kg/m²) was 46.2% from the 2008 baseline. Energy usage in kWh/m² also reduced by 39.8% from the 2008 baseline.
- › Building Certifications Achieved in 2020 - CapitaMall Nuohemule - Certificate of Green Building Design Label 2020 (One Star).

- › The ratio of male to female employees of the Manager and Property Managers is 60:40.
- › 74% of the Manager and the Property Managers' workforce are aged between 30 and 50 (79% in 2019).
- › About 33% of senior management are women.
- › Almost 51% of staff have been with the Manager or the Property Managers for five years or longer.
- › CapitaLand has an in-house training hub, CapitaLand Institute of Management and Business (CLIMB), which supports the training and development needs of employees. Our employees have direct access to a year-long training calendar comprising a series of pre-evaluated training courses in areas such as building managerial competencies, teambuilding and digital training. CapitaLand allocates up to 3% of its annual wage bill towards learning and development programmes for employees.
- › Zero staff fatality or permanent disability.
- › Periodic training is also provided to employees to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.
- › In 2020, approximately 99% of employees attended at least one training event, and the average number of training hours completed by each employee exceeded 96 hours.

5 This is computed mostly from purchased electricity consumption under Scope 2, and some direct energy consumption under Scope 1 as defined by the Greenhouse Gas (GHG) Protocol (operational control approach) and using individual country CO₂ emission factors retrieved from the IEA Statistics – CO₂ emission factors from fuel combustion 2020 edition.

6 Computation of energy, water and carbon intensities excludes new properties which have been in operation for less than 12 months, masterleased properties and properties undergoing asset enhancement initiatives (AEI).

7 Data excludes Rock Square.

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Capitals	Material ESG Issues	What CapitaLand does
<p>Social and Relationship Capital</p> <ul style="list-style-type: none"> > Stakeholder relations > Social license to operate > Community development <ul style="list-style-type: none"> >> Cross-sectoral Partnership 	<ul style="list-style-type: none"> > Stakeholder engagement > Products and services (include customer health and safety) 	<ul style="list-style-type: none"> > CapitaLand is committed to building safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence and hotel guests, homeowners and members of the community > CapitaLand is committed to activities that are aligned with its focus on community investment. CL Group engages its stakeholders, raising awareness in the areas of philanthropy, environment, health and safety > Promote sustainability within the tenant community > Integrate CapitaLand’s ESG performance with financial metrics
<p>Organisational Capital</p> <ul style="list-style-type: none"> > Leadership and culture > Corporate Governance > Risk Management 	<ul style="list-style-type: none"> > Compliance > Business ethics > Stakeholder engagement 	<ul style="list-style-type: none"> > CapitaLand is a signatory to the UN Global Compact > CapitaLand’s Supply Chain Code of Conduct influences its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management > All staff are required to make an annual declaration to uphold CapitaLand’s core values and not to engage in any corrupt or unethical practices > Requires third-party service providers and vendors to adhere to anti-bribery and anti-corruption provisions > Requires main contractors to ensure no child labour and forced labour at CapitaLand project sites
<p>Financial Capital</p> <ul style="list-style-type: none"> > Sustainable financing > Earnings > Equity > Investments > Assets 		<ul style="list-style-type: none"> > Combination of operating income from investment properties and trading properties, disciplined capital recycling and growth of fee income > Calibrated balance across product platforms and geographies

2020 CLCT Performance and Value Created

CLCT organised a series of activities at our individual malls to engage our stakeholders on a variety of topics from environmental to health and safety issues. Some of the community events held include:

- › CapitaMall Xuefu held a fitness-themed event that emphasised the significance of leading an active, healthy lifestyle. The event was well attended by a wide segment of the community – from the elderly to young children – with participants breaking out into synchronised dance as they moved to the musical beats.
- › CapitaMall Aidemengdun organised a mass cycling event that revolved around the theme of “Young Vitality”. Employees, tenants, and shoppers of all ages took a tour on a selected route through the vibrant city of Harbin. The event encouraged the use of low-carbon transportation whilst advocating for a safety-first road culture.
- › More information on our activities can be found on page 101 of the Annual Report.

- › Staff engagement is done through regular communication sessions for interaction between the management and the employees to address the employees concerns and gather constructive feedback for improvement. In 2020, CL Group conducted a 360-degree feedback survey for identified CLCT leaders that was conducted over 3 phases to raise self-awareness for leadership development.
- › No reported incident relating to discrimination, child labour or forced labour in CLCT.
- › Refer to Corporate Corporate Governance on page 38 of CLCT’s Annual Report 2020.

Refer to Financial Highlights on page 14 of CLCT’s Annual Report 2020.

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STAKEHOLDER ENGAGEMENT

Stakeholders are groups on which CLCT's business has a significant impact and who have a vested interest in the Group's operations. Key stakeholders include staff, investors/shareholders, customers, business associates, 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 CLCT. Through the various engagement channels, CapitaLand seeks to understand its stakeholders' views, communicate effectively with them and respond to their concerns.

Stakeholder	Engagement Channel	Topics	Addressed in Capitals
People (Staff)	<ul style="list-style-type: none"> › Regular dialogue sessions with senior management › Regular staff engagement surveys › Volunteer programmes › Recreation club activities 	<ul style="list-style-type: none"> › Work-life balance › Remuneration and benefits › Staff welfare 	<ul style="list-style-type: none"> › Human Capital › Social and Relationship Capital
Investor (Investors, analysts and media)	<ul style="list-style-type: none"> › Annual general meetings › Quarterly financial results announcements › Media releases and interviews › Annual reports and sustainability reports › Company website › Regular analyst and investor meetings › Responses to sustainability surveys 	<ul style="list-style-type: none"> › Operational efficiency, monetary savings, cost avoidance › Return on equity, earnings, business strategy, market outlook › ESG risks and opportunities 	<ul style="list-style-type: none"> › Financial Capital › Social and Relationship Capital
Customers (Tenants and shoppers)	<ul style="list-style-type: none"> › Tenants: Tenant satisfaction survey, green fit out guide and joint promotions and strategic partnerships › Shoppers: mall campaigns, exhibitions, social media campaigns › CapitaLand's social media channels 	<ul style="list-style-type: none"> › Facilities management › Customer experience 	<ul style="list-style-type: none"> › Social and Relationship Capital › Environmental Capital
Community (Supply Chain – main contractors, vendors, suppliers)	<ul style="list-style-type: none"> › CapitaLand's Supply Chain Code of Conduct › Environmental, Health and Safety (EHS) management system › Quarterly EHS monitoring › Vendor evaluation, 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 	<ul style="list-style-type: none"> › Environmental Capital › Human Capital › Social and Relationship Capital
Community (Government/ national agencies/ Community and NGOs)	<ul style="list-style-type: none"> › Senior management representation on boards of various industry bodies and sustainability-related public discussions › Longstanding partner to various national programmes › Sustainability reports › Participation in external conferences/forums to consult and share experience with academics, NGOs and business associations › Corporate advertisements 	<ul style="list-style-type: none"> › Sustainable building developments › Stakeholder programmes to advocate sustainable tenant/customer behaviours › Advocacy of best practices 	<ul style="list-style-type: none"> › Social and Relationship Capital

In 2020, CLCT continued to expand its programmes and activities to increase sustainability engagement with various stakeholder groups by raising awareness on healthy living, the environment, as well as encouraging volunteerism.



CapitaMall Xuefu

In line with the shift to reduce carbon footprint, CapitaMall Xuefu collaborated with Tesla to introduce supercharging stations at the mall to cater to the growing needs of electric vehicle owners.



CapitaMall Yuhuating

CapitaLand volunteers from CapitaMall Yuhuating hosted a "Reading Appreciation" event for children in Sangzhi County in Hunan Province, to inculcate the benefits and value of a lifetime of reading and learning. The 911 students who participated in the event received complementary school bags filled with stationery and daily necessities.



Rock Square

Rock Square held a basketball competition with rock music that infused youthful positive energy into the mall. The event also promoted the benefits of a healthy lifestyle through the popular national pastime.



CapitaMall NuoheMule

Tenant Satisfaction Survey

A tenant satisfaction survey was conducted at 11 of the shopping malls in CLCT's portfolio. 98.6% of the malls' tenants participated in the survey. CLCT garnered feedback on a range of matters from cleanliness, security, mall ambience, adequacy of car park lots to the frequency of building maintenance. On an average, 94.0% of the respondents expressed satisfaction with our services, an improvement of 4.2 percentage points as compared to the previous year. The survey is useful in providing specific and actionable feedback, which allows us to better address our tenants' needs and concerns.



CapitaMall Xinnan

CapitaMall Xinnan collaborated with the local fire department to conduct biannual fire drills to educate both tenants and employees on the necessary safety steps in the event of an emergency as well as to highlight the importance of fire safety and prevention.