

# SUSTAINABILITY MANAGEMENT

## REPORTING SCOPE AND PERIOD

This report covers CapitaLand Malaysia Mall Trust (CMMT)'s income-producing and geographically diversified portfolio of five shopping malls and a complementary office block from 1 January to 31 December 2020, unless otherwise indicated. The report forms part of CMMT's Annual Report 2020, a copy of which can be downloaded from [www.cmmt.com.my](http://www.cmmt.com.my).

## BOARD STATEMENT

CMMT places sustainability at the core of what we do. As a responsible real estate investment trust, CMMT contributes to the environmental and social well-being of the communities where our properties are located, as we deliver long-term economic value to our stakeholders. The Board sets CMMT's risk appetite, which determines the nature and extent of material risks that CMMT is willing to take to achieve our 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. CMMT's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices and are cascaded throughout the organisation.

## SUSTAINABILITY COMMITMENT

As an externally managed real estate investment trust, CMMT is managed by CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (CMRM or the Manager), a 70%-indirect subsidiary of CapitaLand Group (CapitaLand or CL Group). CMMT's properties are managed by Knight Frank Property Management Sdn. Bhd. and Zaharin Nexcap Property Consultants Sdn. Bhd. (collectively known as Property Managers). The Manager and Property Managers are responsible for the property operations across CMMT's portfolio, and abide by CapitaLand's sustainability framework, policies, guidelines, as well as ethics and code of business conduct.

In 2020, CapitaLand unveiled CapitaLand's 2030 Sustainability Master Plan to elevate CL Group's 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 key 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.

- Build portfolio resilience and resource efficiency,
- Enable thriving and future-adaptive communities as well as
- Accelerate sustainability innovation and collaboration

## CAPITADNA

### Visions, Mission, Credo and Core Values

## CORE VALUES

**WINNING MINDSET | ENTERPRISING | RESPECT | INTEGRITY**

## COMMITMENT TO OUR STAKEHOLDERS

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

**for our  
Customers**  
Tenants, shoppers,  
home owners, residents

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

**for our  
Investors**  
including business  
partners

We develop high performing people and teams through rewarding opportunities.

**for our  
People**  
Staff

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

**for our  
Communities**  
Government agencies/  
NGOs, general public,  
environment suppliers/  
contractors

CapitaLand 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 its 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

CapitaLand 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 CapitaLand 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 CapitaLand 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 CapitaLand's 2030 targets.

### Push boundaries of change

To push the boundaries of change, CapitaLand will transit to a low-carbon business that is aligned with climate science. In November 2020, CapitaLand had its 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. CapitaLand is also developing a new metric, Return on Sustainability, in addition to the regular financial return to measure CL Group's ESG impact.

CapitaLand 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.

CapitaLand 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 CL Group to overcome the challenges in sustainability reporting that may arise from its portfolio of diverse asset types and geographical presence globally.

CapitaLand is also a signatory to the United Nations (UN) Global Compact and its Global Sustainability Report serves as its Communication on Progress, which will be made available at [www.unglobalcompact.org](http://www.unglobalcompact.org) when published.

For its efforts, CL Group 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.

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. CapitaLand 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. CapitaLand 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 the Group's global portfolio and employees, including its listed real estate investment trusts (REITs) and business trusts - 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.

**SUSTAINABILITY MANAGEMENT**

**BOARD, TOP MANAGEMENT AND STAFF COMMITMENT 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 (Singapore 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 CapitaLand operates 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. CapitaLand Board is also updated on the sustainability management performance of CL Group, key material issues identified by stakeholders and the planned follow-up measures.

**STRATEGIC SUSTAINABILITY MANAGEMENT STRUCTURE**



**MATERIALITY**

The Manager and Property Managers have a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual CL 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.

CapitaLand identify and review material issues that are most relevant and significant to CL Group and its stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to CL Group. 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
<b>Critical</b>		
<ul style="list-style-type: none"> <li>› Energy efficiency</li> <li>› Climate change and emissions reduction</li> <li>› Water management</li> </ul>	<ul style="list-style-type: none"> <li>› Occupational health &amp; safety</li> <li>› Employment</li> <li>› Stakeholder engagement</li> <li>› Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>› Compliance</li> <li>› Business ethics</li> <li>› Product and services*</li> </ul>
<b>Moderate and emerging</b>		
<ul style="list-style-type: none"> <li>› Building materials</li> <li>› Construction and operational waste</li> <li>› Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>› Diversity</li> <li>› Human rights</li> </ul>	

\* This includes customer health and safety.

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

In alignment with CapitaLand, CMMT referenced the Guiding Principles of the International Integrated Reporting Council (IIRC) Framework in this report and grouped our material ESG issues 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 CapitaLand 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.

For CMMT, the key efforts and programmes in relation to these capitals are highlighted in the corresponding table.

Capitals	Material ESG Issues	What CapitaLand Does	2020 CMMT Performance and Value Created
<p><b>Environmental Capital</b></p> <ul style="list-style-type: none"> <li>› Carbon emissions</li> <li>› Energy management</li> <li>› Water stewardship</li> <li>› Waste and resource management</li> </ul> <p><b>Manufactured Capital</b></p> <ul style="list-style-type: none"> <li>› Environmentally sustainable, healthy, safe and accessible quality buildings</li> <li>› Innovative and sustainable construction methods and technologies</li> </ul>      	<ul style="list-style-type: none"> <li>› Energy efficiency</li> <li>› Climate change and emissions reduction</li> <li>› Water management</li> <li>› Building materials</li> <li>› Construction and operational waste</li> <li>› Biodiversity</li> <li>› Stakeholder engagement</li> <li>› Product safety and customer well-being</li> </ul>	<p>CapitaLand is committed to:</p> <ul style="list-style-type: none"> <li>› Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern</li> <li>› Transit to low-carbon business and reduce energy consumption through improved energy efficiency and increase use of renewable energy</li> <li>› Green its global operational portfolio by 2030</li> <li>› Actively embrace innovation to ensure commercial viability without compromising the environment for future generations</li> <li>› Future-proof its developments by addressing the risks of climate change right from the design stage</li> <li>› Preserve the biodiversity of its sites as well as the wider area where possible</li> <li>› 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</li> </ul>	<ul style="list-style-type: none"> <li>› For 2020, CMMT's operational properties total energy consumption was 52.12 MWh. It was solely contributed by purchased electricity and heating consumption (accounted for about 100%) and there was no contribution from direct energy consumption from gas, diesel and other fuels. For water, total consumption was about 551,922m<sup>3</sup></li> <li>› Energy and Water Usage and Carbon Intensity Reduction: For 2020, the reduction in water usage in m<sup>3</sup>/m<sup>2</sup> was 29.48% from the 2009 baseline, and the reduction in carbon intensity (kg/m<sup>2</sup>) was 30.35% from the 2009 baseline. Energy usage in kWh/m<sup>2</sup> also reduced by 31.34% from the 2009 baseline. Using a 'Business as Usual' approach, it is estimated that CMMT avoided costs of more than RM28.1 million for utilities since 2009</li> <li>› 73% of CMMT portfolio has achieved green rating. We will continue to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage</li> <li>› Retained ISO14001 certification. All CMMT properties have no environmental non-compliance</li> <li>› Safety talks and briefings are given to employees and tenants on a periodic basis, and regular emergency evacuation drills are conducted at least once a year at each property to familiarise both employees and tenants on the emergency response plan</li> <li>› All CMMT properties are subjected to fire safety audits and regular maintenance on safety equipment</li> <li>› All CMMT properties participated in the recycling of waste programme</li> <li>› All CMMT properties participated in the Earth Hour initiative</li> </ul>

**SUSTAINABILITY  
MANAGEMENT**

Capitals	Material ESG Issues	What CapitaLand Does	2020 CMMT Performance and Value Created
<p><b>Manufactured Capital</b></p> <ul style="list-style-type: none"> <li>Environmentally sustainable, healthy, safe and accessible quality buildings</li> <li>Innovative and sustainable construction methods and technologies</li> </ul> <p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>Health and safety</li> <li>Job creation and security</li> <li>Learning and development</li> <li>Benefits and remuneration</li> </ul>  	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Supply chain management</li> <li>Employment</li> <li>Diversity</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>CapitaLand is a signatory to the UN Global Compact</li> <li>CapitaLand aims to provide a work environment that is safe and contributes to the general well-being of its staff</li> <li>Occupational health and safety of our stakeholders is of utmost importance to CapitaLand. This includes all its staff, tenants, contractors, suppliers and the communities that use its properties</li> </ul>	<p>Employees of the Manager and Property Managers are identified as CMMT employees.</p> <p>CMMT employees comprise:</p> <ul style="list-style-type: none"> <li>A multi-racial workforce</li> <li>An almost equal proportion of males and females, at a ratio of 44:56</li> <li>About 64% of CMMT’s employees are aged between 30 and 50 years</li> <li>About 43% of senior and middle management are women</li> <li>Average training hours per employee is more than 12 hours</li> <li>Almost 62% of employees have been with CMMT for five years or longer</li> <li>Zero incident resulting in staff permanent disability or fatality</li> </ul>
<p><b>Social and Relationship Capital</b></p> <ul style="list-style-type: none"> <li>Stakeholder relations</li> <li>Social license to operate</li> <li>Community development</li> <li>Cross-sectoral Partnership</li> </ul>     	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>Products and services (include customer safety and health)</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>CapitaLand is committed to activities that are aligned with its focus on community investment. CapitaLand engages its stakeholders, raising awareness in the areas of philanthropy, environment, health and safety</li> <li>Promote sustainability within the tenant community</li> <li>Integrate CapitaLand’s ESG performance with financial metrics</li> </ul>	<p>COVID-19 has adversely impacted the lives and livelihoods of Malaysians. With support from CapitaLand Hope Foundation, CMMT contributed towards enhancing the health and well-being of underprivileged children through the donations of COVID-19 care packages.</p> <ul style="list-style-type: none"> <li>Invested about RM212,000 to benefit 4,000 children from 80 orphanages and 300 needy families</li> </ul> <p>CMMT committed up to RM35 million rent relief to support our retail tenants affected by COVID-19</p> <p>Retained ISO14001 certification</p> <p>Refer to Investor &amp; Media Relations, CMMT’s Annual Report 2020</p>

Capitals	Material ESG Issues	What CapitaLand Does	2020 CMMT Performance and Value Created
<b>Organisational Capital</b> <ul style="list-style-type: none"> <li>› Leadership and culture</li> <li>› Corporate Governance</li> <li>› Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>› Compliance</li> <li>› Business Ethics</li> <li>› Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>› CapitaLand is a signatory to the UN Global Compact</li> <li>› 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</li> <li>› 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</li> <li>› Requires third-party service providers and vendors to adhere to anti-bribery and anti-corruption provisions</li> <li>› Requires main contractors to ensure no child labour and forced labour at CapitaLand project sites</li> </ul>	<ul style="list-style-type: none"> <li>› Refer to Corporate Governance, CMMT's Annual Report 2020</li> <li>› No reported incident relating to discrimination, child labour or forced labour in CMMT</li> </ul>
<b>Financial Capital</b> <ul style="list-style-type: none"> <li>› Sustainable Financing</li> <li>› Earnings</li> <li>› Equity</li> <li>› Investments</li> <li>› Assets</li> </ul>		<ul style="list-style-type: none"> <li>› Combination of operating income from investment properties and trading properties, disciplined capital recycling and growth of fee income</li> <li>› Calibrated balance across product platforms and geographies</li> </ul>	<ul style="list-style-type: none"> <li>› Refer to Financial Highlights, Financial Review and Capital Management, CMMT's Annual Report 2020</li> </ul>

## SUSTAINABILITY MANAGEMENT

### STAKEHOLDER ENGAGEMENT

Stakeholders are groups that CMMT's business has a significant impact on, and those with a vested interest in its operations. Key stakeholders include employees, customers, business associates, builders and suppliers, as well as the investment and 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 CMMT.

Through the various engagement channels, CMMT seeks to understand its stakeholders' views, communicate effectively with them and respond to their concerns. Engagement channels include dialogues with government agencies, participation at conferences, member representations in industry-related associations, benchmarkings and responding to sustainability surveys.

Stakeholders	Engagement Channel	Issues	Sustainability Report*
<b>Tenants</b>	<ul style="list-style-type: none"> <li>› Green fit out guide</li> <li>› Joint promotions and strategic partnerships</li> <li>› Tenant shop openings</li> <li>› Tenant satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>› Facilities management</li> </ul>	Social and Relationship Capital, Environmental Capital
<b>Shoppers</b>	<ul style="list-style-type: none"> <li>› Marketing and promotional events</li> <li>› Loyalty programmes</li> <li>› Online and mobile platforms</li> <li>› Shopping redemptions and contests</li> <li>› Social media</li> <li>› Shopper survey</li> </ul>	<ul style="list-style-type: none"> <li>› Customer experience</li> </ul>	Social and Relationship Capital, Environmental Capital
<b>Investors, analysts and media</b>	<ul style="list-style-type: none"> <li>› Annual general meetings</li> <li>› Quarterly financial results announcements</li> <li>› Media releases and interviews</li> <li>› Annual reports</li> <li>› Company website</li> <li>› Regular investor and analyst meetings and updates</li> <li>› Roadshows, conferences and meetings</li> <li>› Tour of CMMT's properties</li> </ul>	<ul style="list-style-type: none"> <li>› Operational efficiency, monetary savings, cost avoidance</li> <li>› Return on equity, earnings, business strategy, market outlook</li> <li>› ESG risks and opportunities</li> </ul>	Financial Capital, Social and Relationship Capital
<b>Employees</b>	<ul style="list-style-type: none"> <li>› Regular dialogue sessions with senior management</li> <li>› Regular employee engagement survey</li> <li>› Volunteer programmes</li> <li>› Performance appraisals</li> <li>› Training courses</li> </ul>	<ul style="list-style-type: none"> <li>› Work-life balance</li> <li>› Remuneration and benefits</li> <li>› Employee welfare</li> </ul>	Human Capital, Social and Relationship Capital

Stakeholders	Engagement Channel	Issues	Sustainability Report*
<b>Supply Chain – main contractors, vendors, suppliers</b>	<ul style="list-style-type: none"> <li>› CapitaLand Supply Chain Code of Conduct</li> <li>› Environmental, Health and Safety (EHS)</li> <li>› Policy and quarterly EHS monitoring</li> <li>› Vendor evaluation, including events, meetings and trainings</li> </ul>	<ul style="list-style-type: none"> <li>› Design and quality</li> <li>› Occupational health and safety practices</li> <li>› Workers welfare and well-being</li> <li>› Environmental compliance</li> </ul>	Human Capital, Social and Relationship Capital, Environmental Capital
<b>Government/ national agencies/ community and non-governmental organisations (NGOs)</b>	<ul style="list-style-type: none"> <li>› Longstanding partner of various national programmes</li> <li>› Sustainability reports</li> <li>› Participation in external conferences/forums</li> <li>› Corporate advertisements</li> <li>› Consultation and sharing with academics, NGOs and business associations</li> </ul>	<ul style="list-style-type: none"> <li>› Stakeholder programmes to advocate sustainable tenant/consumer behaviours</li> <li>› Advocating best practices</li> </ul>	Social and Relationship Capital

\* For more information, please refer to the CapitaLand Global Sustainability Report 2020 which will be published by 31 May 2021.