

Sustainability Management

Reporting Scope and Period

This report covers CMMT’s portfolio from 1 January to 31 December 2016, which is aligned with CMMT’s financial year.

Sustainability Commitment

CMMT is committed to creating long-term value for our Unitholders through value creation and continuous innovation. CMMT is part of CapitaLand Group (CapitaLand or CL Group) and its sustainability strategy is aligned to the CL Group. Details can be found in the CapitaLand Sustainability Report which will be available in June 2017 on CL Group’s website.

CL Group’s sustainability strategy is in line with its credo of ‘Building People. Building Communities.’. It is committed to improving the economic and social well-being of its stakeholders through the execution of its 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.

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

CL Group’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 its commitment to sustainability. It focuses on providing support to enhance the lives of underprivileged children through corporate philanthropy and employee volunteerism.

CapitaLand’s 2016 Global Sustainability Report adopted the Global Reporting Initiative (GRI) Reporting Guidelines as this framework is internationally recognised. The report will continue to apply the Guiding Principles of the International Integrated Reporting Framework, ISO 26000:2010 Guidance on Social Responsibility. It will reference the United Nations (UN) Sustainable Development Goals, and be externally assessed to the

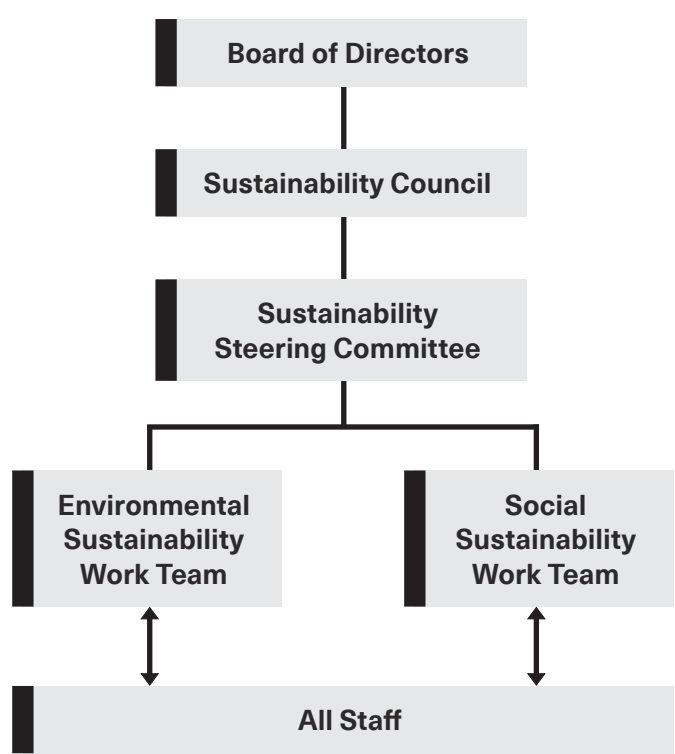
AA1000 Assurance Standard. It will cover CapitaLand’s global portfolio, which includes CMMT. CapitaLand is a signatory to the UN Global Compact and its Global Sustainability Report will serve as its Communication on Progress, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations in the World, 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, FTSE4Good ASEAN 5, MSCI Global Sustainability Indexes, STOXX® Global ESG Leaders Indices, Channel NewsAsia Sustainability Ranking and SGX Sustainability Indices.

Top Management Commitment and Staff Involvement

CL Group’s sustainability management comes under the purview of its Sustainability Council, comprising members of CapitaLand’s top management. It is supported by a Sustainability Steering Committee which oversees 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.

CL Group Sustainability Management Structure



CapitaDNA (Vision, Mission, Credo and Core Values)

Respect at all levels

<p>People (staff)</p>	Develop a high performance culture that embraces diversity and teamwork
<p>Investors (including business partners)</p>	Deliver sustainable shareholder returns
<p>Customers (tenants, shoppers, home owners, residents)</p>	Create great customer value and experiences through high-quality products and services
<p>Communities (suppliers/contractors, government agencies/ NGOs, environment, community)</p>	Contribute positively to the economic, environmental and social development of communities

Creativity to enhance value

Pursue Excellence

Integrity at all levels

CL Group 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, economic and human capital risks which are ESG-relevant. Other existing channels for feedback to ensure relevance of CMMT's issues include:

 <p>Environmental</p> <ul style="list-style-type: none"> • Regular dialogue/feedback sessions with government agencies 	 <p>Social</p> <ul style="list-style-type: none"> • Regular dialogue with government agencies and unions • Regular employee engagement survey 	 <p>Governance</p> <ul style="list-style-type: none"> • Active participation in Malaysian REIT Managers Association (MRMA) and Malaysian Investor Relations Association (MIRA) • Attended workshops on Sustainability organised by Bursa Malaysia Berhad
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Sustainability Management

Materiality

Through regular stakeholder engagement, CL Group identifies and reviews material issues that are most relevant and significant to the Group and its stakeholders. 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 the Group. CL Group therefore prioritises its sustainability efforts and reporting on issues that are most material to its business and stakeholders. The following areas are the issues that are most material to CMMT:

Employees

CMMT does not have employees as it is externally managed by CMRM, the Manager. The employees of CMRM thus form the headcount. Our success is largely dependent on our employees — their skills, their commitment and their identification with the company. Senior management conducts regular staff communication sessions to keep employees abreast of strategies, new developments and financials with a view to encourage the sharing of ideas, views and suggestions for business improvements. Regular recreational, team-building and networking events are also held to reinforce employee engagement and cohesiveness.

Customers

A major part of CMMT's sustainability program involved focusing on drawing customers to its portfolio. Regular tenant surveys are conducted in CMMT shopping malls and the feedback obtained is reviewed and relevant follow-up actions are taken to improve tenants' experience and improve service levels to tenants. In 2016, CapitaStar was extended to Tropicana City Mall, The Mines and East Coast Mall and the launch events' experiential elements were well-received by shoppers who engaged with an interactive kiosk and flash mob dance performance.

Supply Chain Management

The Manager proactively engages contractors and suppliers on areas relating to quality of work and commitment to EHS. The Manager also adopts a strong stance against bribery and corruption. Third-party service providers and contractors can provide feedback via a dedicated email address, in addition to the regular feedback channels. The Manager recognises that the environment and the economy are interdependent and is thus committed to adopting environmentally sustainable practices and policies. For more information on CMMT's initiatives in 2016, please refer to the EHS sub-section on page 60.

For stakeholder engagement pertaining to investors and media, please refer to the section on Investor and Media Relations on page 54 of this Annual Report.

Human Capital

The Manager has an integrated human capital strategy to recruit, develop and motivate employees. The Manager 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, healthy living and work-life harmony. Initiatives include a flexible medical and benefits plan, flexible work arrangements and employee engagement initiatives. For the Manager, human capital is vital in our pursuit for long-term business growth. For more details on the Manager's initiatives in 2016, please refer to People and Talent Management section on page 61 of this Annual Report.

Stakeholder Engagement

Stakeholders are group that our business has a significant impact on and those with a vested interest in our operations. CMMT's key stakeholders include shoppers, tenants, investors, employees, and the local community. Through the various engagement channels, CMMT seeks to understand our stakeholders' views, communicate effectively with them and respond to their concerns. Stakeholders' issues of interest are outlined on the following page.



Shoppers

Stakeholder and Why We Engage

To understand our shoppers' needs and preferences to improve the ambience of our shopping malls and trade mix

Issues / Interests

- Shopping malls with family friendly facilities
- Easy access to public transportation
- Better shopping offerings and services
- Shopping rewards

How We Engage

- Advertisements and cross-mall promotions
- Shoppers' survey and analytics
- Digital and social media rewards and engagements
- Loyalty Programs
- Experiential events



Tenants

Stakeholder and Why We Engage

To understand our tenants' needs and concerns and help drive shopper traffic.

Issues / Interests

- Opening of new shops/malls
- Learn from successful companies
- Knowledge sharing

How We Engage

- Informal tenant gatherings
- Joint promotions and partnerships



Investors

Stakeholder and Why We Engage

To create an informed perception of CMMT and manage investors' expectations.

Issues / Interests

- Business performance
- Business expectations and strategy

How We Engage

- Annual General Meetings
- Bursa Malaysia announcements
- Annual reports, results briefings to analysts and media
- Website updates
- Roadshows, conferences and meetings
- Shopping mall tours



Employees

Stakeholder and Why We Engage

To develop employees to achieve optimal levels, align their personal goals with company performance and create a positive work environment.

Issues / Interests

- Communicating business strategy and developments
- Reward and recognition
- Training and development
- Employee wellbeing

How We Engage

- Intranet, emails, staff communication
- Recreational and team building sessions
- Employee engagement surveys
- Performance appraisals



Community

Stakeholder and Why We Engage

To contribute to the communities in which we operate in.

Issues / Interests

- Philanthropy
- Environment

How We Engage

- Employee volunteerism
- Management of environmental, social and governance issues

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Community Development

In 2016, over 170 staff volunteers took part in MySchoolbag – CapitaLand's key annual corporate social responsibility (CSR) programme, in Malaysia. Funded by CapitaLand Hope Foundation, the philanthropic arm of CapitaLand, approximately RM170,000 was donated to 680 underprivileged children from 21 charity organisations in Klang Valley, Penang, Kedah and Pahang. The Manager also provides three days of volunteer service leave per year to each employee.

Environment, Health and Safety (EHS)

CL Group is committed to protecting the environment and upholding the occupational health and safety of its employees. The CapitaLand EHS Management System is externally audited to achieve ISO 14001 and OHSAS 18001 certification across 15 countries. The CapitaLand EHS Policy can be found on www.capitaland.com/sustainability.

The Manager incorporated EHS key performance indicators linked to the remuneration of all staff, as well as top management. These include:

- a) Green Ratings: Three CMMT malls – Gurney Plaza, The Mines and East Coast Mall – have achieved Green Mark Gold Certification awarded by the BCA of Singapore.
- b) Energy and Water Usage Reduction: In 2016, CMMT's portfolio¹ reduction in energy usage in KWh/m² was 11.8% and the reduction in water usage in m³/m² was 17.3% from the 2009 baseline. The rainwater harvesting system, which provides the cooling towers and the restroom/urinal flushing system, has been operational since 2013 at these malls. Water efficient fittings (endorsed by the Water Efficiency Labelling Scheme) are installed in the restrooms.
- c) Zero Fatality/Permanent Disability: In 2016, no CMRM staff met with work-related fatality or permanent injury.
- d) Stakeholder engagement: CMMT malls participated in the WWF Earth Hour initiative. In conjunction with Earth Hour campaign, Tropicana City Mall organised a search for Green Ambassadors 2016 to spread conservation awareness and promote green initiatives. The Mines organised a fire safety talk and live demonstration to instil awareness among at shoppers and children.

1 This excludes Tropicana City Mall and Tropicana City Office Tower and Sungei Wang Plaza.