

SUSTAINABILITY MANAGEMENT

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

In alignment with CapitaLand, CMT referenced the Guiding Principles of the International Integrated Reporting Council (IIRC) Framework and group our material ESG issues into six Capitals.

The Capitals are mapped against some of CMT's main efforts and programmes in relation to the key UN SDGs. The UN SDGs call on companies to advance sustainable development through the investments they make, solutions they develop, and business practices they adopt. The goals encourage companies to reduce their negative impacts while enhancing their positive contribution to the sustainable development agenda.

Capitals	Material Issues	What we do	2019 Value Created
Financial <ul style="list-style-type: none"> Earnings Equity Investments Assets 		<ul style="list-style-type: none"> Combination of operating income from investment properties, disciplined approach to investments as well as proactive portfolio and capital management Execute portfolio reconstitution strategy to create value 	<ul style="list-style-type: none"> Refer to Financial Highlights on page 8 to 9
Organisational <ul style="list-style-type: none"> Leadership & 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. As part of CapitaLand, CMT has implemented key efforts and programmes in relation to the key UN Sustainable Development Goals CMT is aligned with CapitaLand's Supply Chain Code of Conduct which influences its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management All employees are required to make an annual declaration to uphold CapitaLand's core values and not to engage in any corrupt or unethical practices Requires certain of its agreements with third-party service providers and vendors to incorporate anti-bribery and anti-corruption provisions Requires main contractors to ensure no child labour and forced labour at project sites 	<ul style="list-style-type: none"> Refer to Corporate Governance on page 32 to 63 No reported incident relating to discrimination, child labour or forced labour in CMT
SDG 16			
Environmental <ul style="list-style-type: none"> Carbon emissions Energy management Water stewardship Waste and resource management 	<ul style="list-style-type: none"> Energy efficiency Climate change and emissions reduction Water management 	CMT is aligned with CapitaLand's commitment to: <ul style="list-style-type: none"> Reduce water consumption, reuse water and prevent water pollution Reduce energy consumption through improved energy efficiency and encourage use of renewable energy. Green its 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 and the wider area where possible. Build safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants and members of the community 	<ul style="list-style-type: none"> Reduced energy intensity by 24.5% Reduced carbon emission intensity by 43.1% Reduced water intensity by 20.0% Achieved Green Mark certification for all CMT properties. Out of the 15 properties, 14 are certified Green Mark Gold and above
Manufactured <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"> Building materials Construction and operational waste Biodiversity Stakeholder engagement 		
SDG 3, 6, 7, 9, 11, 13, 15			

SUSTAINABILITY MANAGEMENT

FINANCIAL CAPITAL

Financial Performance

CMT delivered a set of positive results for financial year 2019 despite uncertainties in the global economy and challenges in the retail landscape. Driven by our long-standing growth strategies, the resilient performance validates the attractive location and diverse tenant mix of CMT's portfolio. For detailed financial results and performance, please refer to the following sections of this Annual Report - Financial Highlights (page 8 to 9), 2019 Highlights (page 10), Financial Review (page 116 to 119) and Financial Statements (page 157 to 249).

CMT continued to explore new ways to diversify funding sources. On 1 October 2019, CMT secured a S\$200.0 million five-year green loan from OCBC Bank. This marks CMT's first foray into green financing where all proceeds raised will be used exclusively to finance or refinance properties within its portfolio that have achieved BCA Green Mark certification.

ORGANISATIONAL CAPITAL

Corporate Governance Culture

The Manager is committed to the highest level of corporate governance and transparency in our policies and processes. We see governance as essential in delivering sustainable value and success in our business and to ensuring that the interests of Unitholders are safeguarded.

For continuous improvement in corporate governance, we have developed and continually maintain sound and transparent policies and practices to meet the specific business needs of CMT. To provide a firm foundation for a trusted and respected business enterprise, the Manager remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2018 (Code) while achieving operational excellence and delivering CMT's long-term strategic objectives. The Board is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager.

CMT adheres to the policies, guidelines and practices relating to Communicating with Shareholders, Dealing with Interested Persons, Dealing with Conflicts of Interest, Dealings in Securities and Code of Business Conduct, amongst others. For details on CMT's policies, guidelines and practices, please refer to page 56 to 59 of this Annual Report.

Compliance

CMT has been a signatory to the Statement of Support Towards Excellence in Corporate Governance initiated by SIAS. In addition to SIAS membership, CMT is a member of the Financial Industry Disputes Resolution Centre Ltd (FIDReC), Investor Relations Professionals Association (Singapore) (IRPAS) and REIT Association of Singapore (REITAS).

In 2019, there were zero incidents on material non-compliance with laws and regulations relevant to the REIT, the Manager or the Property Managers. This includes regulations and industry codes concerning marketing communications and PDPA. We target zero incident of material non-compliance with laws and regulations in the upcoming year.

CapitaLand's zero tolerance towards bribery and corruption is further reflected through the anti-bribery and anti-corruption provisions incorporated into its business contracts and agreements. In 2019, there were zero incidents with regards to corruption. We target zero incident of confirmed cases of corruption in the forthcoming year.

Recognised for our corporate governance efforts, CMT emerged as the winner for the Singapore Corporate Governance Award, REITs & Business Trusts category at the SIAS 20th Investors' Choice Awards. CMT was ranked second for the Singapore Governance and Transparency Index, REIT and Business Trust category, conducted by the NUS Business School's Centre for Governance, Institutions and Organisations.

Enterprise Risk Management (ERM)

As an integral part of corporate governance, a comprehensive ERM framework enables CMT to proactively identify, assess, manage and communicate risks in an integrated, systematic and consistent manner.

The Board is responsible for the governance of risks across CMT Group, assisted by the Audit Committee which provides oversight of risk management at the Board level. The Board approves CMT Group's risk appetite which determines the nature and extent of material risks that the Manager is willing to take to achieve the group's business objectives and corporate strategy.

Details on ERM can be found on page 64 to 69 of this Annual Report.