











### CAPITALAND INTEGRATED COMMERCIAL TRUST

Morgan Stanley Virtual Asia ESG Conference

8 September 2021



## CapitaLand Integrated Commercial Trust



Largest proxy for Singapore's commercial real estate market



\$\$13.3 billion(1)

Portfolio Property Value \$\$22.3 billion(2)



**Total Net Lettable Area** 

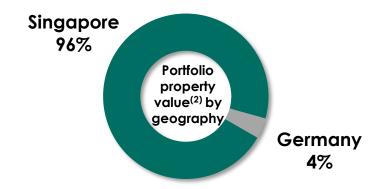
**10.4** million sq ft<sup>(3)</sup>



Leading integrated commercial REIT underpinned by resilience and growth



#### **Predominantly Singapore-focused**



#### Notes:

- (1) Based on closing price of \$\$2.06 as at 31 August 2021.
- Based on valuations as at 31 December 2020.
- Excludes CapitaSpring which is undergoing redevelopment.
- As at 30 June 2021 and excludes distributable income.

### CICT ESG highlights



#### Where we stood



Achieved **5-star rating** in the Global Real Estate Sustainability Benchmark (GRESB) 2020 and 'A' for public disclosure



Singapore Governance and Transparency Index 2021 (SGTI) (REIT and Business Trust category)

Fifth position



Governance Index for Trusts 2020 (GIFT) (REIT and Business Trust category)<sup>(1)</sup>

 Fourth (CCT) and seventh (CMT) positions- prior to merger

#### Inclusion in sustainability indices



- ✓ FTSE4Good Developed Index
- ✓ FTSE4Good ASEAN 5 Index
- ✓ MSCI Pacific ESG Leaders Index
- ✓ iEdge ESG Leaders Index
- ✓ STOXX® Global ESG Leaders
- ✓ Global ESG Governance Leaders

#### Growing emphasis on sustainable finance



15% of CICT's portfolio borrowings are green/sustainability-linked as at 30 June 2021

Note:

(1) The ranking for GIFT 2021 has not been published.



### Board, management and staff ESG commitment



Management and staff remuneration is linked to sustainability performance targets

## Strategic Sustainability Management Structure - CapitaLand Group sets policies, targets and metrics **CapitaLand Board of Directors Sustainability Council CapitaLand Management Council** Various sustainability work teams covering investments, environment, health and safety, innovation, stakeholder engagement, enterprise risk management All Staff

#### **CICT Board and Management**

- Adopts policies, targets and metrics where relevant

Board

- Sets risk appetite
- Approves the executive compensation framework based on the principle of linking pay to performance
- Updated regularly on the sustainability matters

CEO

 Environmental, health and safety (EHS) champion and is accountable for the Trust's EHS performance

Business Units  Each business unit also has its own EHS Committee to drive initiatives in countries where they operate with support from various departments

## Leveraging our resources to drive sustainable value



		CICT's Business Model	
Our resources	How we create value	Our value drivers	Value created
Financial		<ul> <li>Organic growth</li> <li>AEIs and redevelopments</li> <li>Acquisitions</li> <li>Portfolio reconstitution</li> <li>Cost and capital management</li> </ul>	Sustainable returns
Organisational	Invest	<ul> <li>Upkeep high standards of corporate governance</li> <li>Engage employees regularly</li> <li>Encourage learning and development</li> </ul>	High standards of governance & accountability
Properties	Manage	<ul><li>Maximise potential and enhance portfolio</li><li>Enhance accessibility (Social integration)</li><li>Embrace innovation</li></ul>	Quality assets & differentiated offerings
Environment	Grow	<ul> <li>Manage resources efficiently</li> <li>Upkeep green buildings (Climate resilience)</li> <li>Ensure health and safety</li> </ul>	Partner of choice, thriving communities & high performance culture
Stakeholders & Communities		<ul><li>Create delightful customer experience</li><li>Engage stakeholders regularly</li><li>Engage supply chain</li></ul>	Landlord of choice & thriving communities



## Value creation strategy for continued success

To deliver stable distributions and sustainable returns to unitholders











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Organic Growth	AEIs and Redevelopment	Acquisition	Portfolio Reconstitution	Prudent Cost and Capital Management
<ul> <li>Driving occupancy and rents</li> <li>Harnessing evolving synergies between retail and office</li> </ul>	<ul> <li>Achieving the highest and best use for properties</li> <li>Repositioning or repurposing single</li> </ul>	<ul> <li>Investing through property market cycles and across geographies</li> <li>Singapore, Germany</li> </ul>	<ul> <li>Undertaking appropriate divestment of assets that have reached their optimal life cycle</li> </ul>	<ul> <li>Procuring services in bulk and optimising supply chain to generate operational cost savings</li> </ul>
<ul> <li>Unifying digital platforms to enhance analytics capability and generate higher quality insights</li> </ul>	use assets in line with changing real estate trends and consumers' preferences  • Redeveloping properties from single	<ul> <li>and other developed markets</li> <li>Guide for overseas exposure not more than 20% of portfolio property value</li> </ul>	<ul> <li>Redeploying divestment proceeds into higher yielding properties or other growth opportunities</li> </ul>	<ul> <li>Optimising aggregate leverage and financing costs</li> <li>Managing foreign exchange risks</li> </ul>
<ul> <li>Enhancing tenant stickiness</li> </ul>	use to integrated projects	<ul> <li>Seeking opportunities from both third parties and CapitaLand Limited</li> </ul>		<ul> <li>Tapping on a wider range of financing options to manage cost of debt</li> </ul>

## Materiality and alignment to United Nations Sustainable Development Goals (UN SDGs)



Our resources	What we do	Material issues	UN SDGs
Financial	<ul> <li>Generate operating income from our portfolio, leverage a mix of debt, equity and sustainable financing to invest in our assets or grow our portfolio</li> <li>Proactively manage our portfolio by disciplined execution of the various value drivers for our assets</li> </ul>		
Organisational	<ul> <li>Uphold the highest standards of governance and accountability</li> <li>Adopt consistent, equitable and fair labour policies and practices, and strive to deepen the talent pool through training and learning opportunities to develop a high performance work environment</li> </ul>	<ul> <li>Compliance</li> <li>Business ethics</li> <li>Stakeholder engagement</li> <li>Employment</li> <li>Diversity</li> <li>Human rights</li> </ul>	3 AND VELLAGIO.  ———————————————————————————————————
Properties	<ul> <li>Actively manage and build environmentally sustainable assets through proactive asset management and enhancements to create safe, accessible and quality spaces</li> <li>Leverage technology to innovate, improve processes and create new offerings for our stakeholders</li> </ul>	Products and services (include customer health & safety)	9 Monore, incorded  11 Sectional CFES  AND COMMITTEE  AND COMMITTE

## Materiality and alignment to United Nations Sustainable Development Goals (UN SDGs) (cont)

Actively engage our stakeholders to build strong

relationships and lasting partnerships

Stakeholders &

**Communities** 



Our resources	What we do	Material issues	UN SDGs
Environment	<ul> <li>Consciously manage our portfolio and strive to achieve more efficient resource management to minimise our environment impact</li> <li>Committed to providing a safe and healthy environment at CICT properties for all stakeholders</li> </ul>	<ul> <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>Occupational health &amp; safety</li> <li>Supply chain management</li> </ul>	3 AND WELL-RIPOL  TO GRANDELLY  11 SECTION STATES  AND WELL-RIPOL  TO GRANDELLY  TO GR
	<ul> <li>Invest in the communities we operate in, to encourage connectivity, inclusivity and build vibrant, thriving communities</li> </ul>	<ul> <li>Stakeholder engagement</li> <li>Products and services (include customer health &amp; safety)</li> </ul>	2 200 3 GOMERCH AND MENTERS AN



## Commitment to environmental sustainability and value creation



#### **Value Drivers**



#### Manage resources efficiently

- Improve performance through tracking of energy and water usage, waste generation and carbon emissions using Environmental Tracking System
- Using ISO 14001-certified Environmental Management System (EMS) as a key tool to manage our environmental footprint across our portfolio
- Incorporate environmental considerations throughout all stages of our property life cycles guided by CapitaLand Sustainable Building Guidelines (SBG)



## Upkeep green buildings (Climate Resilience)

- Minimum certification target for new developments in Singapore is BCA Green Mark Gold<sup>PLUS</sup>
- All existing properties to achieve minimum BCA Green Mark certification or equivalent



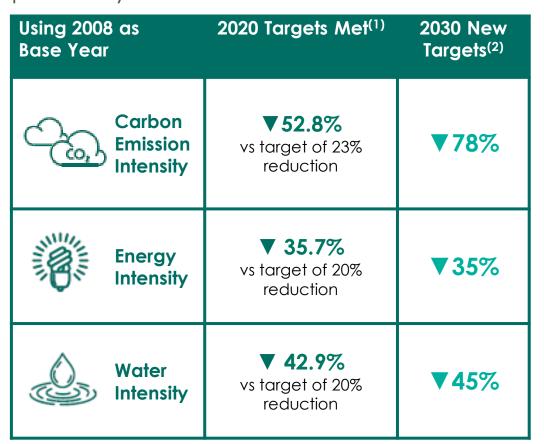
### Ensure health and safety of stakeholders

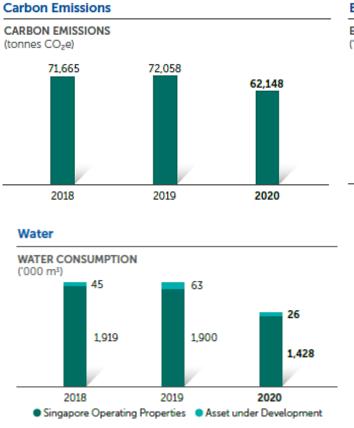
- Identify and review OHS hazards using CapitaLand's Occupational Health and Safety Assessment Series (OHSAS) 18001-accredited Occupational Health and Safety Management System (OHSMS)
- Appoint OHSAS 18001/ISO 45001certified main contractors
- Non-OHSAS certified vendors/ suppliers are encouraged to achieve bizSAFE Level 3 and above
- Stakeholder engagements

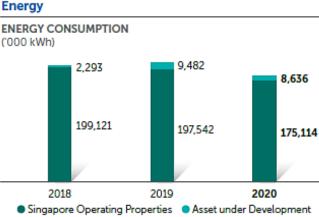


## Key performance indicators- Eco-efficiency targets

Align with CapitaLand's 2030 Sustainability Master Plan that outlines targets and pathways for transition to a low-carbon business







#### **Renewable Energy**

1,700 m<sup>2</sup> of solar panels at 4 properties-Bedok Mall, Bugis Junction, JCube, and Asia Square Tower 2.

Generated around 131,500 kWh of renewable energy source in 2020.

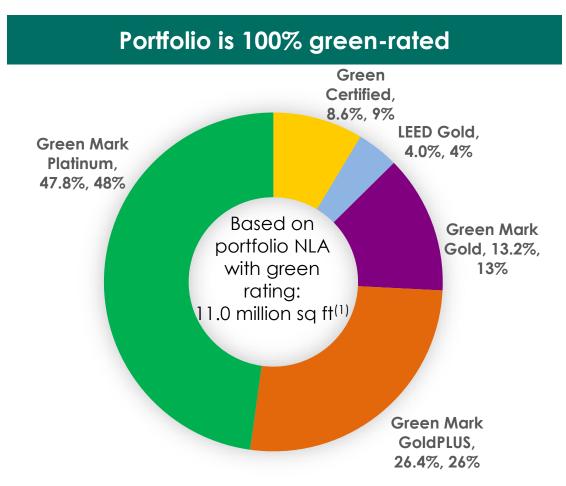
- (1) Overall, FY 2020 energy and water consumption levels were lower due to COVID-19 pandemic and circuit breaker
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#### Environment

### Key performance indicators- Green rating targets



Targets: Minimum BCA Green Mark certification or equivalent for all properties Minimum BCA Green Mark Gold<sup>PLUS</sup> for new developments in Singapore



Property	Award Category	Year of Award/Renewal
Retail		
Bedok Mall	BCA Green Mark Platinum	2021
Bugis+	BCA Green Mark Platinum	2020
Bugis Junction	BCA Green Mark Platinum	2021
Bukit Panjang Plaza	BCA Green Mark Gold <sup>PLUS</sup>	2020
Clarke Quay	BCA Green Mark Certified	2019
IMM Building	BCA Green Mark Gold <sup>PLUS</sup>	2019
JCube	BCA Green Mark Platinum	2020
Junction 8	BCA Green Mark Platinum	2021
Lot One Shoppers' Mall	BCA Green Mark Gold	2020
Tampines Mall	BCA Green Mark Gold	2019
Westgate	BCA Green Mark Platinum	2018
Integrated Development		
Funan	BCA Green Mark Gold <sup>PLUS</sup>	2018
Plaza Singapura	BCA Green Mark Gold	2019
The Atrium@Orchard	BCA Green Mark Gold	2019
Raffles City Singapore	BCA Green Mark Gold <sup>PLUS</sup>	2020
CapitaSpring (under development)	BCA Green Mark Platinum	2018
Office		
Asia Square Tower 2	BCA Green Mark Platinum LEED Shell & Core Platinum	2021 2014
CapitaGreen	BCA Green Mark Platinum	2018
Capital Tower	BCA Green Mark Pearl BCA Green Mark Platinum	2018 2020
Six Battery Road	BCA Green Mark Platinum	2017 <sup>1</sup>
21 Collyer Quay	BCA Green Mark Platinum	2020
One George Street	BCA Green Mark Gold <sup>PLUS</sup>	2018
Gallileo, Germany	LEED Building Operations and Maintenance: Existing Buildings Gold	2020
Main Airport Center, Germany	BREEAM Good	2021

#### Note:



### Ongoing energy and water conservation and waste management measures for operational efficiency

#### **Energy conservation measures**

#### Central Air Installed with Conditioning Measurement & System Verification System to monitor system performance daily Perform preventive and periodic servicing and maintenance Auto tube-cleaning system Conduct energy audit periodically Lighting Replace existing non-LED type with LED type Lighting power budget of not more than 22 Watts per m<sup>2</sup> for tenanted areas Control. **Building Management** Metering and System Monitoring Sub-metering Photovoltaic system Renewable Energy Equipment Replace equipment with

higher efficiencies

#### Water conservation measures

Control, Metering and Monitoring	•	Installed digital water meters for leakage detection and automatic meter readings in malls Monitoring of water usage system Conduct technical assessment periodically
Equipment	•	Replace equipment with higher efficiencies
Rainwater Harvesting	•	Reuse of storm water in 8 of our properties Bedok Mall, Clarke Quay, IMM Building, JCube, Plaza Singapura, Tampines Mall, Westgate, Raffles City Singapore utilised recycled water of about 424,000 m³ or 29.7% of the total amount of water used in 2020
Recycled water from PUB	•	Utilise NEWater in the cooling towers and sprinkler systems in 5 of our properties, including Raffles City Tower NEWater used was 141,000 m³ or 9.9% of the total water consumption in 2020

Waste m	anc	igement measures
Ongoing waste monitoring	•	A total 18,660 tonnes of non- recyclable waste and 1,780 tonnes of recyclable waste were collected in 2020.
	•	Recyclable waste comprised approximately 1,700 tonnes of paper, 33 tonnes of plastic, 40 tonnes of metal, 8 tonnes of glass and 0.4 tonnes of other materials.
Encourage waste recycling	٠	Waste bins are placed in our properties
Encourage e-waste recycling	•	Collection and management of electronic waste by partnering with StarHub (malls) and Cimelia Resource Recovery (office)

2020.

4.9 tonnes was collected in



## Driving continuous improvement in Occupational Health and Safety (OHS) performance

Providing a robust OHS Management System to reduce occupational injury rates with the aim to achieve zero harm

Stakeholders	Approach	How we have performed in 2020
Employees	OHS key performance indicators are linked to the remuneration of all employees and top management.	Absentee rate: 6 Days
	► All employees take ownership of OHS issues and are proactive in reporting all OHS-related incidences	Work-rated injury: 7 cases(1)
	<ul> <li>alongside noncompliance and non-conformities.</li> <li>SOPs to respond to epidemic/pandemic outbreaks, including a 24- hour emergency response team.</li> </ul>	Work-rated fatality: 0 cases
	► HR department regularly updates employees about medical advice and travel alerts where necessary.	ESG-related training: 27.2%
		EHS-related training: 18.5%
		Beach of local OHS laws and regulations: 0 cases

#### Note:



## Driving continuous improvement in OHS performance (cont)

Suppliers require to comply with local regulations and our internal policies

Stakeholders	Approach	How v	we have performed in 2020
Suppliers – vendors and service providers	<ul> <li>To comply with local government and other legal requirements.</li> <li>Risk assessments are submitted if activities contain OHS hazards that may affect employees, tenants or visitors to the buildings.</li> </ul>	4	Preference for OHSAS 18001-certified or at least bizSAFE Level 3 certification
	CapitaLand EHS Policy and House Rules on safety requirements are shared with the supply chain vendors.		All cleaning contractors are OHSAS 18001-certified.
	➤ CapitaLand Supply Chain Code of Conduct initiative sets out the requirements for its supply chain vendors in the areas of legal compliance, anti-corruption, human rights, health and safety, as well as environmental management.		96.3% of term contractors was minimally bizSAFE Level 3  Term contractors used green-labelled cleaning and servicing products



# Driving continuous improvement in Occupational Health and Safety performance (cont)

Providing a healthy and safe environment at our properties

Stakeholders	Approach	How we have performed in 2020	
Customers – shoppers, tenants and visitors	<ul> <li>Emergency response procedures are in place to manage OHS risks.</li> <li>Periodic briefings such as safety talks and biannual emergency evacuation drills are conducted to familiarise tenants with the emergency response plan.</li> </ul>	Biannual evacuation drills were exempt and only virtual briefings were held for f wardens in 2020 due to the pandemic  Deployment of thermal cameras for	fire
	►Timely circulars & advisories on safe management measures serve as an effective communication tool to disseminate vital information.	Using technologies such as anti-microb coating, UV disinfection robots at Tamp Mall and Funan, automatic escalator h disinfection, and air disinfection system PhotoPlasma	bial ppines handrail



## Commitment to develop strong stakeholder relationships

#### **Value Drivers**



#### Regular stakeholder engagement

- Regular community engagement activities and mall promotions
- Partnerships/collaboration with tenants, suppliers and social enterprises for various activities/product offerings
- ► Collaborate with CapitaLand Hope Foundation
- Encouraging volunteerism and philanthropy



#### Positive customer experience

- Maintain efficient Green Mark certified malls and office buildings that are well-managed and of quality
- Ensuring health and safety of stakeholders in our properties
- Keep buildings relevant through proactive portfolio reconstitution
- Leverage technology and digital platforms
- Create an attractive tenant mix at our malls
- Providing a feedback system to monitor, address, and resolve issues













### Engaging tenants in our malls and offices

To become a landlord of choice through understanding tenants' needs and concerns







activities











## Engaging shoppers online and offline

Understanding our shoppers' needs and improve the appeal of our malls



Focusing on providing quality and well-managed malls



Ensuring environment, health and safety measures in properties





Engaging shoppers via marketing and promotional events in our malls







shoppertainment live

show



### **Engaging our communities**

To be a responsible corporate citizen and contribute to the communities in which we operate















#### Note:

(1) Senior Managing Director, Operations, CapitaLand Singapore and Head, Operations Management (Business parks & Commercial) are members of various taskforce teams and committees in the Building and Construction Authority and Ministry of Manpower

### **Engaging our investors**

To provide timely and consistent communication to investors, and be a choice investment



Focusing on longterm sustainable distribution and total returns



Managing our portfolio and asset proactively



Managing capital proactively



Building strong corporate governance culture









## **Engaging our employees**



To develop a high-performance work culture that embraces diversity and teamwork

















## Engaging our suppliers- vendors and service providers

To be a fair and reasonable buyer of goods and services and share industry best practices



















## Commitment to uphold the high standards of corporate governance

Board sets the tone and is responsible for the Manager's corporate governance standards and policies which comply with the Code of Corporate Governance 2018



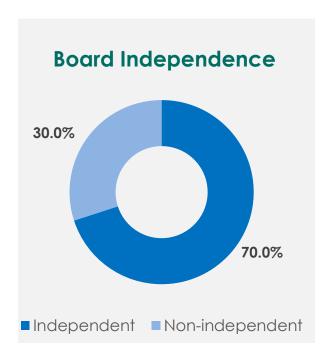
# Audit Committee 6 Members 5 Independent 1 Non-independent Assist the Board in its oversight of the financial reporting process, internal controls system, internal and external audit processes, and management of compliance with legal, regulatory and company policies

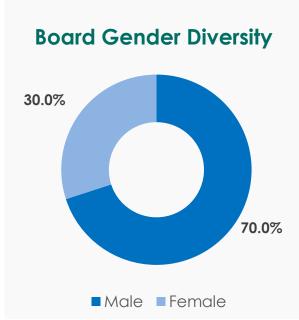


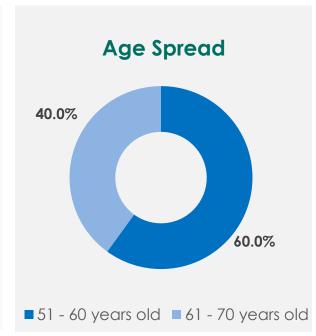


## Diverse and largely independent Board guided by Board Diversity Policy

Ensuring effective decision-making, a strong independent element as well as balance and diversity of thought and background





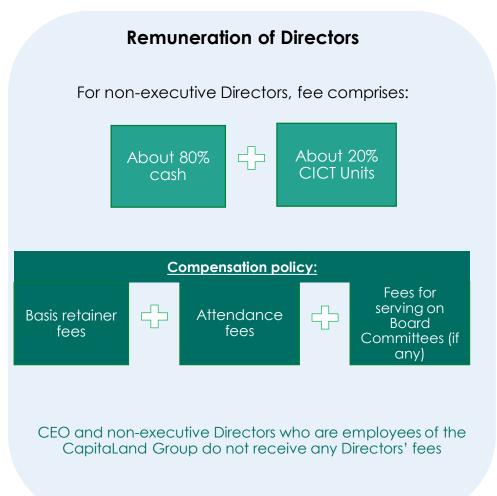


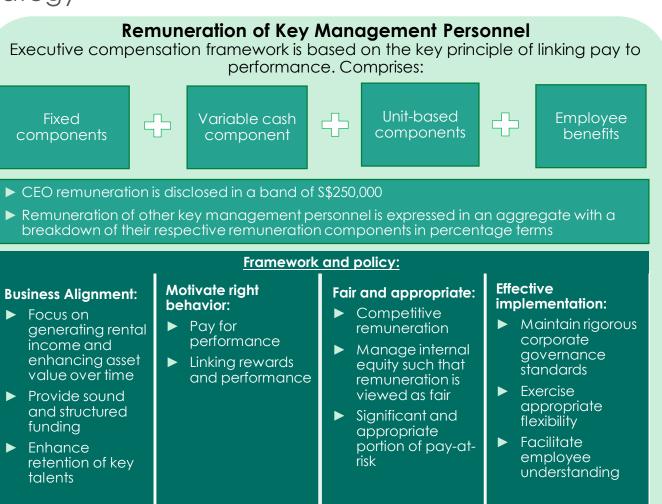




## Formal and transparent procedure for developing policies on Director and executive remuneration

Policies are in line with CICT's business strategy







## Committed to doing business with integrity

Employees are guided by an ethics and code of business conduct policy, Fraud, Bribery and Corruption Risk Management Policy, and whistle-blowing policy

#### Detect and prevent occupational fraud

- Offering fair compensation packages and promotion based on merit to employees
- Providing various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures employees may face
- 3 Ensuring adequate checks and balances are in place with clearly documented policies and work procedures
- 4 Conducting periodic audits to evaluate the efficacy of these internal controls
- Building and maintaining the right organisational culture through core values, educating employees on good business conduct and ethical values

## Zero tolerance stance against fraud, bribery and corruption.

- Providing clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers
- Pledge by all employees of the Manager annually to uphold core values and to not engage in any corrupt or unethical practices
- Extending this policy to business dealings with third parties, we require that certain agreements incorporate anti-bribery and anti-corruption provisions
- Reiterating stance against bribery and corruption during regular staff communication sessions



## Committed to doing business with integrity

Ensure that all Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms

Interested Person Transactions <sup>(1)</sup>	Approving Authority, Procedures and Disclosure
S\$100,000 and above per transaction (which singly, or when aggregated with other Transactions <sup>(2)</sup> with the same Interested Person in the same financial year is less than 3.0% of CICT's latest audited net tangible assets/net asset value)	<ul><li>Management</li><li>Audit Committee</li></ul>
Transaction <sup>(2)</sup> which: (a) is equal to or exceeds 3.0% of CICT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions <sup>(2)</sup> with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CICT's latest audited net tangible assets/net asset value	<ul><li>Management</li><li>Audit Committee</li><li>Immediate</li><li>announcement</li></ul>
Transaction <sup>(2)</sup> which: (a) is equal to or exceeds 5.0% of CICT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions <sup>(2,3)</sup> with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CICT's latest audited net tangible assets/net asset value	<ul> <li>Management</li> <li>Audit Committee</li> <li>Immediate         announcement</li> <li>Unitholders<sup>(3)</sup></li> </ul>

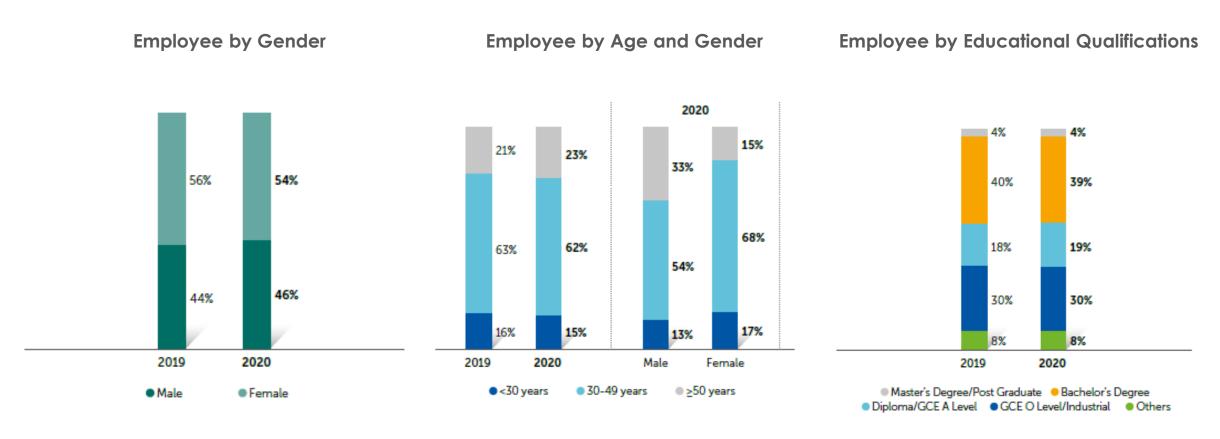
#### Notes:

- (1) This table does not include the procedures applicable to Interested Person Transactions falling under the exceptions set out in Rules 915 and 916 of the Listing Manual.
- (2) Any transaction of less than \$\$100,000 in value is disregarded.
- (3) In relation to approval by Unitholders for transactions that are equal to or exceed 5.0% of CICT's latest audited net tangible assets/net asset value (whether singly or aggregated), any transaction which has been approved by Unitholders, or is the subject of aggregation with another transaction that has been approved by unitholders, need not be included in any subsequent aggregation.



### Commitment to employee fairness and diversity

Against coerced labour and discrimination, and adhering to the Universal Declaration of Human Rights and International Labour Organisation (ILO) Conventions



## Committed to treating all Unitholders fairly and equitably

Adopt an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of CICT are served



Unitholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings

Committed to distribute at least 90.0% of our taxable income

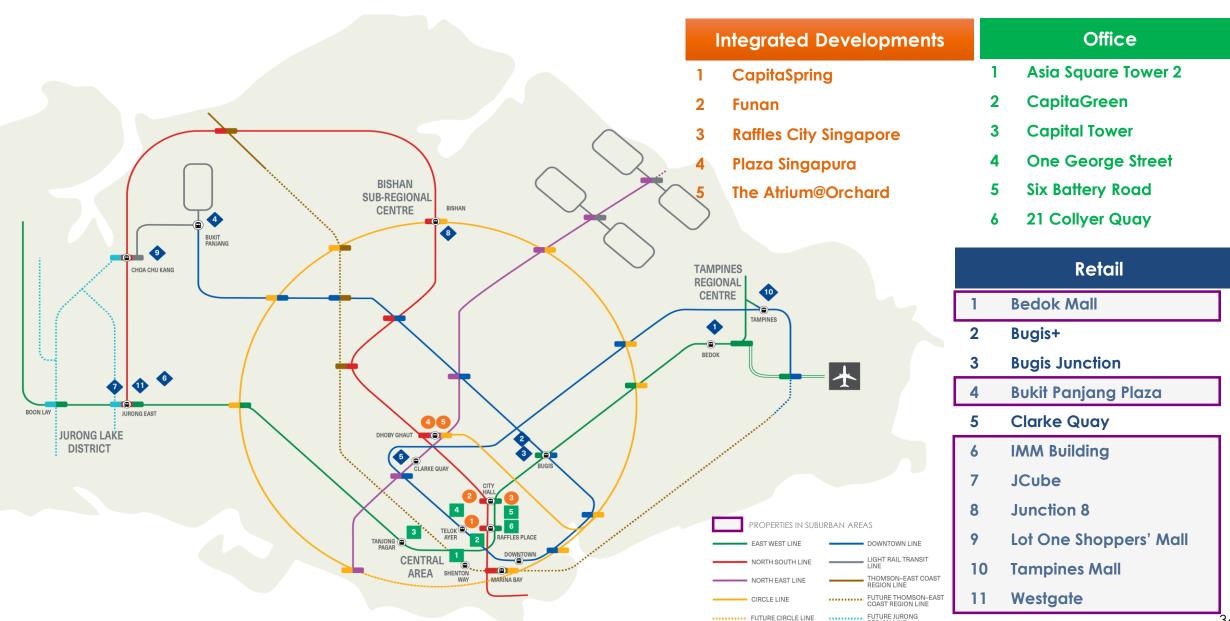
Providing Unitholders with periodic and annual financial statements within the relevant periods

Facilitating effective communication with Unitholders and analysts via Investor Relations function



## Well-located properties across Singapore





## Owns 2 properties strategically located in Frankfurt Airport Office District and Banking District



Excellent connectivity between Frankfurt airport and Frankfurt city centre via a comprehensive transportation infrastructure network

Close proximity between
Frankfurt airport office district and
Frankfurt city centre

#### 20 mins by Car

Via A3 / A5 motorways

#### 11 mins by Train

 Inter City Express (ICE) high speed trains offer 204 domestic and regional connections

### 15 mins by S-Bahn commuter railway

 4 stops to Frankfurt city centre (Frankfurt central station)

