

Sustainability

Corporate Social Responsibility

Mapletree is committed to sustainable business practices and community investment initiatives. This undertaking is aimed at building good stakeholder relations as part of a growing and dynamic business. The Mapletree Shaping and Sharing Programme is guided by a framework that articulates areas of support. The objective is to deliver positive shared outcomes to the local and overseas communities where the Group operates.

The Mapletree corporate social responsibility (CSR) framework has two broad objectives:

- To empower individuals and alleviate poverty by supporting education and healthcare causes.
- To enrich communities through sustainable practices by way of environmental conservation, and support for the arts.

Annually, Mapletree allocates S\$1 million to the *Shaping and Sharing* Programme. This is raised to S\$2 million if the Group's profit after tax and minority interests (PATMI) for the year exceeds S\$300 million.

A five-member Board Committee comprising Mapletree senior management and members of the boards of Mapletree's real estate investment trusts (REITs) provides strategic insight for the programme. To ensure good governance and a diversity of views, representatives from Mapletree's REITs are rotated every two years.

BOARD COMMITTEE MEMBERSHIP

CSR Committee (for FY14/15)

Mr Edmund Cheng Wai Wing
Chairman, Mapletree Investments Pte Ltd (MIPL)

Mr Hiew Yoon Khong
Group Chief Executive Officer, MIPL

Mr Michael Barclay
Board member, Mapletree Commercial Trust Management Ltd

Mr Michael Kok
Board member, Mapletree Greater China Commercial Trust Management Ltd

Mr Ho Seng Chee
Chief Executive Officer, Vietnam, MIPL



Mapletree hosted its bursary recipients from the Singapore Institute of Technology in March 2015



INVESTING IN OUR LOCAL COMMUNITY

SUPPORTING TERTIARY EDUCATION

Mapletree currently offers bursaries to over 30 financially needy university students every year. The Group established these bursaries with the view that tertiary education should not be limited to those who can afford it. To date, Mapletree has contributed S\$2.5 million to the university endowment programmes of Singapore's five public universities – National University of Singapore (NUS), Nanyang Technological University (NTU), Singapore Management University (SMU), Singapore University of Technology and Design (SUTD),

and the country's newest university, Singapore Institute of Technology (SIT) – which came on board in FY14/15.

Beyond financial assistance, Mapletree is mindful to engage with bursary recipients and provide employment opportunities as well. To this end, regular engagement sessions are held for our company representatives to interact with the bursary recipients and share information about recruitment programmes run by the Group.

CONTINUED SUPPORT FOR YOUTHS-AT-RISK

Mapletree supports youths-at-risk through financial contributions to Boys' Town Home (BTH). BTH is an organisation that provides guidance, shelter, education, vocational training and practical living skills to troubled youths.

Since 2012, Mapletree has contributed S\$405,000 to BTH. The funds have been used to build a new dormitory, cover the costs of daily necessities for 66 boys, and has allowed over 80 boys to participate in arts therapy and sports activities to date. Holistically, these programmes help the youths further improve their self-discipline and social skills.

INVESTING IN OUR OVERSEAS COMMUNITIES

CONTINUED SUPPORT FOR THE UNDERPRIVILEGED

Since FY12/13, Mapletree has provided healthcare and educational assistance to low-income residents in the districts of Minhang (Shanghai) and Nanhai (Foshan, Guangdong).



VivoCity Nanhai hosted a Christmas party for children with special needs in December 2014

With RMB10 million pledged to be disbursed over five years, Mapletree has assisted over 3,200 residents in both districts since 2012. In recognition of its contributions, Mapletree has received several awards, the latest being the 'Best Corporate Social Responsibility Award' from the Minhang district government in 2014.

In FY11/12, Mapletree pledged RMB1 million to Xidian University, located near VivoCity Xi'an. The contribution provides financial assistance to needy students over five years, and has benefitted over 280 students since 2011.

SUPPORT FOR DISASTER RELIEF

During the year, Mapletree donated RMB250,000 to post-disaster reconstruction in China. The funds went towards social development projects and to Ludian county,

the epicentre of the earthquake that struck Yunnan province in August 2014.

This follows a S\$1 million contribution Mapletree made to support disaster relief efforts in Japan following the 2011 earthquake and tsunami.



Mapletree China staff visited its beneficiaries in Minhang



Mapletree volunteers participated in food distribution for the underprivileged

**IN FOCUS:
STAFF VOLUNTEERISM**

Beyond providing financial assistance, Mapletree encourages staff involvement in its respective communities. The Mapletree Staff CSR programme was launched in June 2014 where three groups of staff volunteers were given seed funding of S\$5,000 to implement a meaningful CSR idea.

Two of the three ideas were Singapore-based. A team of volunteers from Mapletree’s Information Systems & Technology department used the funds to purchase household necessities for low-income families residing in Tanjong Pagar. The needy families were identified by Thye Hua Kwan Moral Charities (Tanjong Pagar Centre). The team supplemented the seed funding with their personal contributions to make distributions once a month from July 2014 for a 12-month period. They also

organised a Christmas party at Mapletree Business City (MBC) in December 2014 for children from these families, who were treated to balloon sculptures, a magic show and other fun-filled activities.

The other Singapore-based initiative saw 14 Mapletree volunteers work together with the South Central Community Family Service Centre to distribute food items to underprivileged families in the Jalan Kukoh neighbourhood. This took place in February 2015 and saw 120 families bring bags of food home.

The China-based beneficiary of the Mapletree Staff CSR Programme is Rainbow School in Foshan’s Nanhai district, which provides education for children with special needs. In December 2014, a team of Mapletree China volunteers organised a Christmas party for 30 children from the school. Held at VivoCity Nanhai, the children enjoyed a one-day programme of performances, games and other activities.

Other staff volunteer activities were also held during the year. In October 2014, the Mapletree Singapore office organised a one-day internal fundraiser for HealthServe, a charity offering medical aid and counselling to foreign workers and the disadvantaged.

This fundraiser was held in collaboration with The Social Co, a group of youths that launched an initiative called ‘50 for 50’, under which youths paired up with

corporations to raise funds for a group of charities including HealthServe. Over 20 Mapletree staff volunteers prepared home cooked meals, desserts and baked items for sale to colleagues. In total, Mapletree raised S\$25,000 internally, while its youth partner managed to pool together S\$17,000. The combined sum may be entitled to dollar-for-dollar matching from the government, which will raise even more funds for HealthServe.

In December 2014, Mapletree teamed up with The Coca Cola Company to host the annual MBC blood drive. This is the fourth consecutive year that Mapletree is co-organising this event. Members from Mapletree’s Recreation Club put in over 40 man-hours in total to ensure that the two-day drive ran smoothly. A total of 153 bags of blood were collected, an increase from 2013.



Home-cooked meals by Mapletree staff raised S\$25,000 for HealthServe

SUPPORTING THE ARTS

Mapletree recognises the value that the arts bring to its developments and regularly organises events and performances at its flagship development, MBC. This is done through its *Arts in the City* (AIRC) series. A collaboration between Mapletree and the Singapore National Arts Council (NAC), AIRC seeks to provide the MBC working community with more opportunities to engage the arts.

In July 2014, vocal pop group MICappella and ukulele-playing jazz duo Polkadot + Moonbeam enthralled the MBC community at a one-day lunch concert. Then in November, AIRC held a two-day performance featuring contemporary dance act Frontier Danceland, and singers from New Opera Singapore. Mapletree also worked with NAC to present at MBC a month-long interactive piano installation by Vertical Submarine in collaboration with Lim Cheng Jun titled ‘Freeing the Caged Bird’.

In 2015, the AIRC series kick-started in March with Chinese instrumental groups Fortitude Percussion and the Teng Ensemble.



Free food sampling at MBC added to the vibrancy during AIRC



Polkadot + Moonbeam performed at AITC in July 2014

Mapletree also brought in social enterprise food truck Kerbside Gourmet to give out free food samplings to the MBC community. All dishes used fresh local produce and are part of the Agri-Food & Veterinary Authority of Singapore's (AVA) Love Homegrown Produce initiative.

Mapletree's contribution to the Singapore arts scene has allowed it to be a regular recipient of NAC's annual Patron of the Arts Award.

is the *Celebration of the Drums* performance at VivoCity. Since 2011, the mall has been the venue sponsor for this popular community event organised annually by the Community Drumming Network under NAC's *Arts for All* programme.



VENUE SPONSORSHIP

Mapletree continued to extend venue sponsorship for CSR-related events at its properties, contributing in-kind sponsorship of over S\$280,000 in FY14/15. One such event



ENVIRONMENTAL EFFORTS

As a real estate developer, Mapletree recognises the value that sustainable design brings to its projects. In addition to an improved indoor environment, cost savings are generated for Mapletree and its tenants.

For Singapore-based developments, Mapletree strives to achieve the Green Mark accreditation



An upbeat performance by Fortitude Percussion in March 2015

that is issued by Singapore's Building and Construction Authority (BCA). To date, Mapletree has earned 15 BCA awards for its assets in Singapore and overseas, which generate a total annual energy savings of over 50 million kWh.

In addition, five of Mapletree's projects also achieved the Leadership in Energy and Environment Design (LEED) certification, an internationally well-regarded green building certification programme that recognises best-in-class building strategies and practices.

Mapletree continues to explore innovative ways to reduce the energy requirement of its developments. In Japan, five new properties under Mapletree Logistics Trust (MLT) were installed with solar panels during the year. Solar energy generated from the properties will be sold to the national power grid, adding a new income stream to MLT while enabling these properties to reap energy cost savings. To date, MLT has installed solar panels at nine of its properties in Japan.

**IN FOCUS:
MBC SHANGHAI &
VIVOCITY SHANGHAI**

The largest single investment to date for Mapletree in China is the combined MBC Shanghai and VivoCity Shanghai development.

Conceived as a sustainable office and retail development, MBC Shanghai and VivoCity Shanghai have been awarded the LEED Gold and Silver level (precertification) respectively for their environmentally-friendly design. Besides energy and water saving features, building materials for both developments were primarily sourced from recycled or regional sources. Other eco-friendly features include a green roof and an automated car park guidance system.

Constructed in phases, completion of the combined MBC Shanghai and VivoCity Shanghai development is expected by end 2016.

Sustainability

Corporate Governance

As Mapletree continues its business expansion in Asia and beyond, the importance of maintaining good corporate governance practices to ensure investor confidence and business integrity becomes more entrenched in its activities. Although Mapletree is not listed on a stock exchange and therefore not subject to mandatory disclosures, it voluntarily subscribes to some of the core principles set out in the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore.

A) BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Mapletree adopts the principle that an effective Board of Directors is one constituted with the right core competencies and diversity of experiences for the growth and success of the Group. The collective wisdom of the Board provides strategic guidance and diverse insights to support Management, and Management is accountable to the Board.

BOARD COMMITTEE MEMBERSHIP

The Board comprises eight members, of whom seven are Non-Executive Directors and Independent Directors. Board committees are also constituted to assist the Board in discharging their duties. The following sets out the composition of the Board and the various Board committees.

Mapletree's Directors comprise business leaders and distinguished professionals in their respective fields who are appointed based on their professional calibre, experience and stature, with the overall consideration that their collective experiences will bring breadth and depth to the Board's deliberations. Every Director is expected to act in good faith and consider the interests of the Group at all times.

The Board meets at least once every quarter to assess Mapletree's business performance and key activities, review strategic policies, and significant acquisitions and disposals.

The Board is updated on any material change to relevant laws, regulations and accounting standards through briefings by professionals or updates issued by Management.

All Directors provide, and are also provided with the other Directors' disclosures of interests.

Name	Board of Directors	Audit and Risk Committee (AC)	Executive Resource and Compensation Committee (ERCC)	Investment Committee (IC)	Transaction Review Committee (TRC)
Mr Edmund Cheng Wai Wing	Chairman		Chairman	Chairman	
Mr Lee Chong Kwee	Member	Chairman			Chairman
Mr Paul Ma Kah Woh	Member	Member	Member	Member	Member
Mr Tsang Yam Pui	Member	Member			
Mr Wong Meng Meng	Member	Member			Member
Mr David Christopher Ryan	Member			Member	
Mr Samuel N. Tsien	Member				
Ms Chan Wai Ching			Co-opted Member		
Mr Hiew Yoon Khong	Member			Group CEO & Ex-officio Member	
Mr Wong Mun Hoong				Group CFO & Ex-officio Member	

BOARD COMPOSITION AND BALANCE

Mapletree adopts the principle that at least one-third of its Directors are independent and the majority of them are non-executive. To this end, other than the Group Chief Executive Officer (Group CEO), who is an Executive Director, all Board members are Independent Directors. This generates broad and in-depth deliberations between the Board and Management, which provides Management with external, diverse and objective perspectives.

The Board is supported by the Audit and Risk Committee (AC) to provide a better overview of financial, risk and audit matters. In addition, other Board committees, namely the Executive Resource and Compensation Committee (ERCC), the Investment Committee (IC) and the Transaction Review Committee (TRC), are constituted to address different aspects of the business. All these ensure optimal effectiveness of the Board, fostering active participation and contribution.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mapletree adopts the principle that a clear separation between the roles and responsibilities of Chairman and Group CEO institutes an appropriate balance of power and authority.

As a Non-Executive Director, the Chairman guides the Board in constructive debates on the strategic direction, management and governance matters. Being non-executive, the Chairman is free to act independently in the best interests of Mapletree. The Chairman and the Group CEO are not related to each other.

The Group CEO, who is a Board member, is responsible for the management of the Group's business. The Group CEO carries out full executive responsibilities over the business directions and operational decisions of the Group. The Group CEO is also responsible for ensuring compliance with the applicable laws and regulations in the day-to-day operations of the Group.

BOARD MEMBERSHIP

Mapletree adopts the principle that Board renewal is an ongoing process to ensure good governance and to remain relevant to the changing needs of the Group. All appointments and resignations of Board members are approved by the Board. All Board members are required to submit themselves for re-nomination and re-election at regular intervals. As a Board member, the Group CEO is also subjected to retirement and re-election.

BOARD PERFORMANCE

Mapletree adopts the principle that the Board's performance is ultimately reflected in the performance of the Group. Each Board member is given sufficient time to bring to the Board his perspective to enable fruitful discussions in order for balanced and well-considered decisions to be made.

ACCESS TO INFORMATION

Mapletree adopts the principle that the Board shall be provided with timely and complete information prior to Board meetings and when the need arises. New Board members are briefed on Mapletree's businesses.

Management is required to provide adequate and timely information to the Board, which includes matters requiring the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. Management is also required to furnish any additional information requested by the Board in a timely manner in order for the Board to make informed decisions.

The Board has separate and independent access to Management and the Company Secretary. The Company Secretary attends to the administration of corporate secretarial matters, attends all Board and Board committee meetings, and provides assistance to the Chairman in ensuring adherence to Board procedures.

The Board takes independent professional advice as and when necessary to discharge its responsibilities effectively. The AC meets the external and internal auditors separately at least once a year, without the presence of Management.

B) REMUNERATION MATTERS

Mapletree adopts the principle that remuneration matters are to be sufficiently structured and benchmarked to good market practices, in order to attract suitably qualified talent, so as to grow and manage its business.

Mapletree adopts the principle that remuneration for the Board and Senior Management should be viewed in totality. The Group has implemented a performance-linked remuneration system to ensure continuous talent development and renewal of strong and sound leadership for the continued success of Mapletree. To this end, the ERCC is responsible for recruiting and retaining key talents to drive its business forward.

The members of the ERCC are:

- Mr Edmund Cheng Wai Wing (Chairman);
- Mr Paul Ma Kah Woh (Member);
- Ms Chan Wai Ching, Senior Managing Director, Temasek International (Private) Limited (Co-opted Member).

All members of the ERCC are independent of Management. The ERCC oversees executive compensation and development of the management bench strength, so as to build and augment a capable and dedicated management team, and gives guidance on progressive policies which can attract, motivate and retain a pool of talented executives for the present and future growth of the Group.

Specifically, the ERCC:

- establishes compensation policies for key executives;

- approves salary reviews, bonuses and incentives for key executives;
- approves key appointments and reviews succession plans for key positions; and
- oversees the development of key executives and younger talented executives.

The ERCC conducts, on an annual basis, a succession planning review of the Group CEO and selected key positions in the Group. In this regard, potential internal and external candidates for succession are reviewed for immediate, medium term and longer term needs. The ERCC held a total of five meetings in FY14/15.

The Group CEO, as an Executive Director, does not receive director's fees. He is a lead member of Management. His compensation consists of his salary, allowances, bonuses and share appreciation awards from the Group. The latter is conditional upon him meeting certain performance targets. The Group CEO is not present during discussions relating to his own compensation, terms and conditions of service, and performance review.

C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Mapletree adopts the principle that to build confidence among stakeholders, there is a need to deliver sustainable value. The Group complies with statutory and regulatory requirements as well as adopts best practices in its business processes. On a regular basis, the Board is also apprised of the Group's performance in order to make a balanced and informed assessment of the Group's performance, position and prospects.

INTERNAL CONTROLS

Mapletree adopts the principle that a sound internal controls system is necessary to establish an internal control framework which addresses the operational, financial, compliance and information technology (IT) risks applicable to its business and operating environment, as well as the Group's risk management system. These internal controls provide reasonable but not absolute assurance on the achievement of their

intended control objectives. The key elements of Mapletree's system of controls are as follows:

Operating Structure

Mapletree has a defined operating structure with lines of responsibility and delegated authority, as well as a reporting mechanism to Senior Management and the Board.

Policies, Procedures and Practices

Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority that sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. Approval sub-limits are also provided at various management levels to facilitate operational efficiency as well as provide a system of checks and balances.

Mapletree's procedures and practices are regularly reviewed and revised where necessary to enhance controls and efficiency. Mapletree has a control self-assessment programme to promote accountability, control and risk ownership, in order to cultivate a stronger sense of risk awareness within the Group.

The Internal Audit department (IA) verifies compliance with these control procedures and manuals.

Whistleblowing Policy

To reinforce a culture of good business ethics and governance, Mapletree has a Whistleblowing Policy to encourage the reporting, in good faith, of any suspected improper conduct, including possible financial irregularities, while protecting the whistleblowers from reprisals. Any reporting is notified to the AC Chairman for investigation and to the AC for deliberation on the findings.

Risk Management

Risk management is an integral part of Mapletree's business management. In order to safeguard and create value for stakeholders, Mapletree proactively manages risks and requires the risk management process to be part of the Group's planning and decision making process.

In this regard, the Risk Management (RM) department oversees the risk management framework, reviews annually the adequacy and effectiveness of the risk management system, and monitors the key risks faced by the Group.

It reports to the AC and the Board on material findings and recommendations in respect of significant risk matters.

The risk management system is dynamic and evolves with the business. The RM department works closely with Management to review and enhance the risk management system to be in line with market practices and regulatory requirements.

More information relating to risk management can be found on pages 72 to 73 of this Annual Report.

Information Technology Controls

As part of the risk management process, general IT controls have been put in place and are periodically reviewed to ensure that IT risks are identified and mitigated. In addition, as part of Mapletree's business continuity plan, IT disaster recovery planning and tests are conducted to ensure that critical IT systems remain functional in a crisis situation.

Financial Reporting

The Board is updated on a quarterly basis on the Group's financial performance. These reports provide explanations for significant variances in financial performance, in comparison with budgets and actual performance of corresponding periods in the preceding year, as well as an updated full-year forecast. In addition, the Board is provided with quarterly updates on key operational activities.

Financial Management

Management reviews the performance of the Group's portfolio properties on a monthly basis to instill financial and operational discipline at all levels of the Group.

The key financial risks to which Mapletree is exposed comprise interest rate risk, liquidity risk, currency risk and credit risk. Where necessary and appropriate, Mapletree hedges against interest and/or currency rate fluctuations. In addition, Management proactively manages liquidity risk by ensuring that sufficient working capital lines and loan facilities are maintained. The Group also has in place credit control procedures for managing tenant credit risk and monitoring debt collection.

Internal Audit

On an annual basis, IA prepares a risk-based audit plan to review the adequacy and effectiveness of Mapletree's system of internal

controls. The department is also involved during the year in conducting system or process reviews that may be requested by the AC or Management on specific areas of concern. In doing so, the department obtains reasonable assurance that business objectives for the process under review are being achieved and key control mechanisms are in place.

Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations is issued to the AC. IA monitors and reports on the timely implementation of the action plans to Management and the AC on a quarterly basis.

The external auditors provide an independent perspective on certain aspects of the internal financial controls system arising from their work, and report their findings to the AC on an annual basis.

Transaction Review Committee

Since March 2013, with the listing of Mapletree Greater China Commercial Trust (MGCCT), which Mapletree is the sponsor, Mapletree has established a Transaction Review Committee to (a) resolve any potential conflict of interest that may arise between MGCCT and the Mapletree China Opportunity Fund II (whose investment mandate includes investment properties in China) as well as any Future Greater China Commercial Private Fund (whose investment mandate includes commercial properties in Greater China) concerning the process to be undertaken to acquire investment properties in Greater China, and (b) grant approval for the acquisition of any seed asset for a Future Greater China Commercial Private Fund. With regard to (a), the Transaction Review Committee process will not apply if the proposed acquisition is by way of a tender, auction or any other form of competitive process.

AUDIT AND RISK COMMITTEE

The AC supports the Board in financial, risk and audit matters, so as to maximise the effectiveness of the Board and foster active participation and contribution.

Mapletree adopts the principle that the AC shall have at least three members, all of whom must be non-executive and the majority of whom must be independent.

The AC has Terms of Reference dealing with its scope and authority, which include:

- review of annual internal and external audit plans;
- review of audit findings of internal and external auditors, as well as Management's responses to them;
- review of quarterly, half-yearly and annual financial statements;
- review of the quality and reliability of information prepared for inclusion in financial reports;
- recommendation for the appointment and re-appointment of external auditors; and
- approval of the remuneration and terms of engagement of external auditors.

In addition, the AC also:

- meets with the external and internal auditors, without the presence of Management, at least once a year, to review and discuss the financial reporting process, system of internal controls (including financial, operational and compliance controls), significant comments and recommendations; and
- reviews and, if required, investigates matters reported via the whistleblowing mechanism by which staff may, in confidence, raise concerns about suspected improprieties including financial irregularities.

The objective is to ensure that arrangements are in place for independent investigations of any matter arising from such meetings, and for the review of such investigations to ensure appropriate follow-up actions are taken.

The AC held a total of four AC meetings in FY14/15.

INTERNAL AUDIT

Mapletree adopts the practice that IA reports directly to the Chairman of the AC. Since 4 August 2014, IA reports administratively to the Group Chief Financial Officer.

The role of IA is to conduct its internal audit work in consultation with but independently of Management. Its annual audit plan and findings are submitted to the AC. The AC also meets with IA at least once a year without the presence of Management. The Head of IA is a member of the Singapore branch of the Institute of Internal Auditors Inc. (IIA), which has its headquarters in the USA. IA is

in conformance with the Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA, and has incorporated these Standards into its audit practices.

The Standards set by the IIA cover requirements on:

- independence and objectivity;
- proficiency and due professional care;
- managing the internal audit activity;
- engagement planning;
- performing engagement; and
- communicating results.

The internal auditors involved in IT audits are Certified Information System Auditors and members of the Information System Audit and Control Association (ISACA) in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits.

To ensure that the internal audits are performed by competent professionals, IA employs qualified staff. In order for their technical knowledge to remain current and relevant, IA also provides training and development opportunities to its staff.

D) COMMUNICATION WITH SHAREHOLDERS

Mapletree adopts the principle of providing regular and timely communications with its shareholder, as well as ensuring equal access to information.

Sustainability Risk Management

Risk management is an integral part of Mapletree's business strategy of delivering sustainable and consistently high returns, and is driven by Management. In order to safeguard and create value for stakeholders, Management proactively manages risks and embeds the risk management process as part of the Group's planning and decision-making process.

STRONG OVERSIGHT AND GOVERNANCE

The Board of Directors (Board) is responsible for determining the overall risk strategy and risk governance, and ensuring that Management implements sound risk management and internal control practices. The Board also approves the risk appetite and tolerance statements, which set out the nature and extent of risks to take to achieve the Group's business objectives. The Board is supported by the Audit and Risk Committee (AC), which comprises independent directors whose collective experience and knowledge serve to guide and challenge Management. The AC has direct access to the Risk Management (RM) department, which it engages quarterly as part of its review of Mapletree's portfolio risks.

At Mapletree, risk management has top-down oversight and bottom-up involvement from all employees. This ensures a risk approach that is aligned with the Group's business objectives and strategies, and integrated with operational processes for effectiveness and accountability.

Mapletree's enterprise risk management framework is dynamic and evolves with the business. The RM department works closely with Management to review and enhance the risk management system in accordance with market practices and regulatory requirements. A Group-wide control self-assessment (CSA) framework further creates risk awareness by fostering accountability, control and risk ownership.

ROBUST MEASUREMENT AND ANALYSIS

Mapletree's risk measurement framework is based on Value-at-Risk (VaR), a methodology which measures the volatilities of market and property risk drivers such as rental rates, occupancy rates, capital values, interest rates and foreign exchange rates. It takes into consideration changes in the market environment and asset cash flows as they occur. To complement the VaR methodology, other risks such as refinancing, customer creditworthiness and developmental risks are also assessed, monitored and, as far as possible, measured as part of the framework.

With the VaR methodology, Mapletree quantifies risk on a consistent basis across business units, countries and asset types, identifying high-risk assets, sectors and countries. This enables Management to make informed and efficient capital allocation decisions by quantifying the benefits of risk diversification across its portfolio. Recognising the limitations of any statistically-based system that relies on historical data, Mapletree's portfolio is subject to further stress testing and scenario analysis to ensure that businesses remain resilient during unexpected market shocks.

IDENTIFICATION AND ASSESSMENT OF KEY BUSINESS RISKS

Management also identifies key risks, assesses their likelihood and impact on the Group's businesses, and establishes corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The key risks identified include but are not limited to:

STRATEGIC RISKS

Mapletree's portfolio is subject to real estate market risks such as rental rate and occupancy volatilities in the countries where it operates

and specific factors including competition, supply, demand and regulations. Such risks are quantified, aggregated and monitored for existing assets and new acquisitions. Significant risk profile changes or emerging trends are reported for assessment and/or action.

The Group has a disciplined investment approach which subjects all investment proposals to stringent reviews. Project returns are assessed against internal country and sector specific hurdle rates, which are independently determined by the RM department and regularly reviewed by Management. To test the robustness of the assumptions used, sensitivity analysis is performed for key project variables, which are benchmarked against the relevant market comparables. For material acquisitions, independent risk assessments are conducted by the RM department, and included in investment proposals submitted to the Investment Committee or the Board for approval. All investment proposals are subject to rigorous scrutiny by the Board (or its delegates, depending on the agreed thresholds).

New development projects usually take a few years to complete, depending on the project's size and complexity. To mitigate the risk of development delays, cost overruns and lower than expected quality, Management has put in place stringent pre-qualifications for consultants and contractors, and continuously reviews project progress.

EXTERNAL RISKS

To mitigate country risks such as economic uncertainties or political turbulence in countries where it operates, Mapletree conducts rigorous country and market research, and monitors economic and political developments closely.

OPERATIONAL RISKS

Comprehensive operating, reporting and monitoring guidelines enable Mapletree to manage day-to-day activities and mitigate operational risks. To ensure relevance, the Group regularly reviews its Standard Operating Procedures (SOPs) and benchmarks them against industry practices. Compliance with SOPs is ensured by the CSA framework and reinforced through training of employees

and regular checks by the Internal Audit (IA) department. The IA department plans its internal audit work in consultation with Management, but works independently by submitting its plans to the AC for approval at the beginning of each year.

Loss of key management personnel and identified talents can cause disruptions to the Group's business operations and hinder the Group from achieving its business objectives. Management has put in place succession planning, talent management and competitive compensation and benefits plans to reward and retain performing personnel.

To deal with catastrophic events such as terrorism and natural disasters, Mapletree has put in place and tested a comprehensive Business Continuity Plan to enable it to resume operations with minimal disruption and loss. Mapletree's properties are insured in accordance with industry norms in their respective jurisdictions and benchmarked against those in Singapore.

FINANCIAL RISKS

Financial market risks and capital structure are closely monitored and actively managed by Management, and reported to the Board on a quarterly basis. At the portfolio level,

the risk impact of interest rate and currency volatilities on value is quantified, monitored and reported quarterly using the VaR methodology. Refinancing risk is also quantified, taking into account the concentration of the loan maturity profile and credit spread volatility.

Management prudently manages exposure to interest rate volatility from its floating rate borrowings by way of interest rate swaps. To mitigate foreign exchange risks, Management either borrows in the same currency as the underlying assets to provide a natural hedge, or hedges through derivatives whenever appropriate. Management also actively monitors its cash flow position and requirements to ensure significant liquid reserves to fund operations and meet short-term obligations. In addition, it tracks and monitors bank concentration risks, ensuring a well-diversified funding base.

COMPLIANCE RISKS

The Group is subject to applicable laws and regulations of the various jurisdictions in which it operates. Non-compliance may result in litigation, penalties, fines or revocation of business licenses. Mapletree identifies the applicable laws and regulatory obligations, and embeds compliance in its day-to-day business processes.

INFORMATION TECHNOLOGY (IT) RISKS

Any system downtime or breach in security may have an adverse impact on the integrity, accuracy and completeness of the Group's data and information. Mapletree has in place comprehensive policies and procedures governing information availability, control and governance, as well as data security. In addition, the Group's IT disaster recovery plan is in place and tested to ensure business recovery objectives are met.

RIGOROUS MONITORING AND CONTROL

Mapletree has developed internal key risk indicators that serve as an early-warning system to Management by highlighting risks that have escalated beyond established tolerance levels. Management has also established required actions to be taken when risk thresholds are breached.

Every quarter, the RM department presents to the Board and AC a comprehensive report highlighting key risk exposures, portfolio risk profile, results of stress testing scenarios and status of key risk indicators. The Board and AC are also kept abreast of any material changes to the Group's risk profiles and activities.

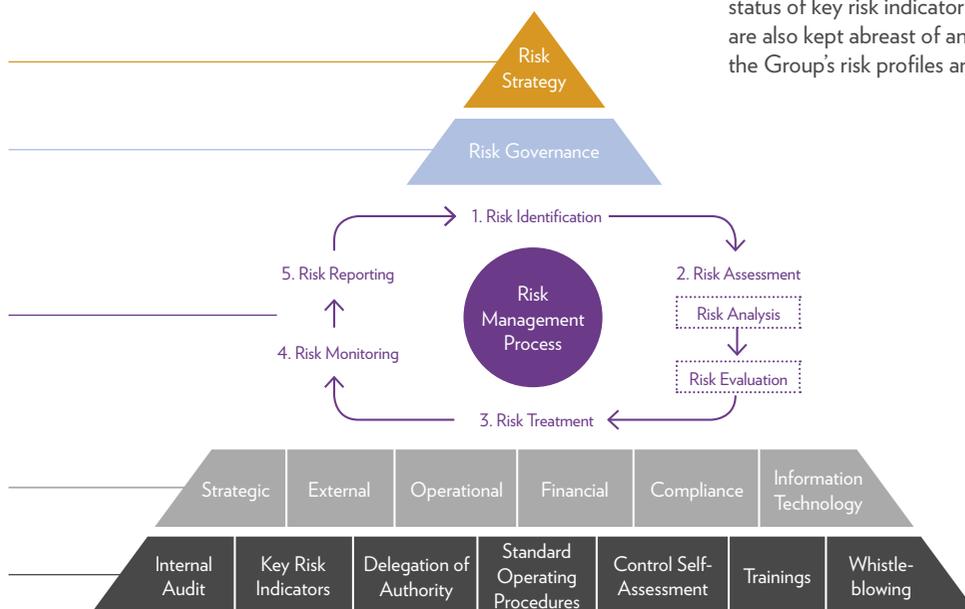
Risk Appetite, Tolerance, Attitudes and Philosophy

Risk Reporting Structures, Roles and Responsibilities

Risk Management Process

Risk Tracked

Risk Assurance



Sustainability Human Resource

Mapletree believes in investing in its people, and integrated within the organisation are initiatives to build and strengthen human capital. Programmes are in place to provide a diverse yet inclusive and collaborative workplace that energises and engages staff to perform at their best.

ATTRACTING TALENT

A key component of Mapletree's talent management strategy is to grow its pool of young talents. This is done through two programmes which target candidates at different stages of their careers. The *Mapletree Associate Programme (MAP)* takes fresh graduates through 12 months of intensive on-the-job training; while the *Mapletree Executive Programme (MEP)* targets postgraduate degree holders who have some working experience, and puts them through a 24-month programme that includes two job rotations to different business units and functions, to expose them to the demands of the diverse positions available within the Group. In addition, the *Mapletree Internship Programme* and *Work Placement Programme* offer aspiring students practical hands-on experience in the real estate industry.

On top of initiatives to bring in promising talents, Mapletree also reaches out to local talents with varying work experience in the markets where it operates, such as China, Hong Kong SAR and Vietnam. To build Mapletree's reputation as an employer of choice, it partners top education institutions in Singapore and overseas for career fairs and networking events. The institutions include Singapore's Nanyang Technological University, the National University of Singapore, Singapore Management University, The University of Hong Kong, Hong Kong University of Science and Technology, Peking University, and China Europe International Business School.



Employees at the annual Mapletree Learning Fiesta

DEVELOPING PEOPLE

Mapletree is committed to developing its employees as they establish their careers with the Group. This includes strengthening technical competencies and building leadership skills at every level. The Group's flagship leadership programmes are constantly reviewed and enhanced to remain relevant to Mapletree's business needs. In addition, Mapletree partners a diverse pool of external training providers to design customised courses that cater to the specific needs of its employees and the business.

To support the growth of Mapletree's business across Asia and beyond, programmes that were created for Singapore employees such as "*Mapletree Service with a Difference*" were extended to China, to better equip overseas service staff with the skills to anticipate and exceed customers' expectations. In addition, English language improvement programmes were rolled out in China, Hong Kong SAR and Japan; and Mandarin programmes in Hong Kong SAR, to enable staff to interact more effectively with a diverse group of customers and business partners.



Employees are acquainted with Mapletree's businesses through immersion programmes

REWARDING PERFORMANCE

To promote a high-performing workforce within the organisation, Mapletree embraces a performance-based system that provides competitive compensation and benefits. In FY14/15, a comprehensive review of Mapletree's variable incentive framework was conducted. This was carried out with the view to ensure alignment with the Group's new five-year strategic business plan (for FY14/15 to FY18/19) that it had set out at the end of FY13/14.



Mapletree has a range of learning programmes for staff development

Apart from ensuring that Mapletree’s remuneration framework remains relevant, it provides employees with incentives that are aligned with the Group’s growth targets.

The variable incentive framework is designed to reward employees based on their performance and contribution. The incentives include annual bonus plans that are linked to financial and non-financial performance targets, as well as longer-term schemes that are linked to value creation for the Group. The incentive framework is further reinforced through the performance management system, where employees and their managers jointly set performance targets and identify employees’ development needs.

ENGAGING EMPLOYEES

In FY14/15, Mapletree conducted an employee engagement survey (EES). This was the Group’s second EES conducted, following the inaugural EES in 2011.

Following the feedback received in 2011, action plans targeting areas that would improve engagement levels were executed. One initiative involved promoting more effective communication by providing different channels for staff to interact with the management. Networking sessions were organised for employees to engage senior managers, including members of the Group’s various Board of Directors. Through these sessions, employees were able to tap the wealth of knowledge and experience of senior management and the Board of Directors.

The second EES saw a higher participation rate, and the scores in many categories such as communication, immediate supervision, decision-making and teamwork also improved. The Group is now focused on improving areas identified in this EES exercise, such as operating efficiency and training.

BALANCING WORK-LIFE

The Mapletree Recreation Club organises a variety of activities to encourage employees to stay healthy and maintain work-life balance. These include health screenings, wellness-related talks, workshops on nutrition and weight management, and pro-family events such as movie nights. These activities also help to build closer bonds among colleagues. Employees are also encouraged to head home earlier on the annual national “Eat with Your Family Day” in Singapore.

In addition, Mapletree continues to host the Workplace Health Promotion series, which is extended to the tenants of Mapletree Business City (MBC). Programmes under the series include an annual blood donation drive, lunchtime talks on lifestyle topics such as “Usher in Prosperity the Healthy Way” and “Healthcare Cost & You”, and specially choreographed dance fitness programmes. Apart from promoting work-life balance, these programmes also help to create a vibrant business community within MBC.



Networking event in Singapore with students from the Hong Kong University of Science and Technology



The annual blood drive at MBC is supported by the Mapletree Recreation Club