

Sustainability Report

The Manager is committed to conducting its business in a sustainable way, adopting safe and environmentally responsible practices as well as caring for the communities where its assets are located.

Guided by the Sponsor's corporate social responsibility framework to empower individuals and enrich communities, the Manager strives to achieve enduring value to the society and environment. Steering these efforts is a five-member Board Committee comprising senior management as well as members of the Sponsor's board and the boards of its REITs. Mr Michael Kok, the Manager's Board Director, represents MGCCCT in this Board Committee.

The Manager also continually engages our main stakeholder groups comprising shoppers, tenants, investors, the Trustee, employees, business partners and members of local communities, to ensure

we understand their views and respond to their concerns on the sustainability issues.

PROTECTING THE ENVIRONMENT

The Manager continues to manage and minimise the environmental impact of its properties. Festival Walk and Gateway Plaza align their environmental management systems to meet the local statutory requirements as well as industry best practices. Additionally, Festival Walk adopts Hong Kong's Building Environmental Assessment Method ("BEAM")¹. It attained the highest level, a Platinum rating in 2006, which was extended in 2011 for another five years. Festival Walk targets to achieve the Hong Kong BEAM Plus – a more comprehensive certification standard – in 2016.

¹ Based on the Building Research Establishment Environmental Assessment Methodology ("BREEAM") in the UK and with reference to LEED in the United States of America, HK-BEAM provides a comprehensive and fair assessment of the overall performance of a building in a range of sustainability issues relating to planning, design, construction, commissioning, management, operation and maintenance of buildings.

Engaging Stakeholders

01

Shoppers

Needs/Issues

- Enhanced shopping experiences
- Range of amenities & choice of brands
- Easy access to public transport

Communication Platforms by the Manager

- Advertisements and promotional events
- Customer service and surveys
- Online and mobile communication platforms e.g. social media
- Tourist passports and U-card student privilege card

02

Tenants

Needs/Issues

- Quality office space and range of amenities
- Efficient office/ shop layout
- Comfortable & safe work environment
- More shopper traffic to their retail stores

Communication Platforms by the Manager

- Informal tenant gatherings, meetings & feedback sessions
- Joint promotions and partnerships
- Tenants' engagement activities
- Newsletters

03

Investors

(including Unitholders, analysts, media)

Needs/Issues

- Long-term sustainable distributions
- Transparency on reporting of economic, social and environmental concerns
- Good corporate governance
- Active portfolio management
- Prudent capital management

Communication Platforms by the Manager

- Annual General Meetings
- SGXNet announcements
- Annual reports, results briefings, webcasts and conference calls
- Website updates
- Non-deal roadshows, conferences and meetings
- Site-tours of properties

01. Energy-saving measures were adopted by FoodFest (foodcourt).

Energy Management

Adoption of energy efficient technologies and measures in FY14/15 helped reduce the portfolio's electricity consumption by 1.5% to 34,791,173 kilowatt hour² ("kWh") compared to the previous corresponding period. This was despite increased cooling demand at Festival Walk due to higher

footfall and climatic reasons, when Hong Kong experienced one of its warmest summers³.

At Festival Walk, electrical heaters at Festival Walk's FoodFest foodcourt were substituted by heat pumps while energy-saving light fittings were installed at its car park,

leading to energy savings of an estimated 127,000 kWh a year. Gateway Plaza successfully retrofitted one 750 refrigeration-tonne chiller with a patented "free cooling" technology to minimise energy usage of the compressor in winter, as well as upgraded its building management system to achieve higher efficiency in air-conditioning.

As a result of the energy-saving initiatives in FY14/15, the combined carbon intensity emissions at both Festival Walk and Gateway Plaza reduced by 6.3% to 23,151 tCO₂e.

² Unlike Gateway Plaza, the electricity consumption figure reported for Festival Walk excludes the usage of power and lighting by the tenants within the leased premises.

³ According to mean temperatures from the Hong Kong Observatory.



04

Trustee

Needs/Issues

- Safeguard the rights and interests of the Unitholders
- Ensure compliance with Trust Deed and regulations
- Open communication channels

Communication Platforms by the Manager

- Monthly reporting and updates
- Ongoing dialogues and regular feedback

05

Employees

Needs/Issues

- Equitable reward and recognition
- Fair and competitive employment practices and policies
- Safe and healthy working environment
- Learning and development
- Regular engagement

Communication Platforms by the Manager

- Intranet, e-mails, recreational and team building activities
- Quarterly newsletters
- Performance appraisals and engagement surveys
- Staff communication and feedback sessions with Management and Board of Directors

06

Business Partners (including Governments, regulators and vendors)

Needs/Issues

- Fair and reasonable business practices
- Win-win partnerships

Communication Platforms by the Manager

- Ongoing dialogue sessions
- Meetings, inspections and networking events

07

Local Communities

Needs/Issues

- Corporate philanthropy
- Responsible organisation towards environment
- Increased awareness on social and environmental issues

Communication Platforms by the Manager

- Charitable causes championed by non-profit organisations
- Arts performances
- Sustainable practices carried out by the Sponsor and/or the Manager

Sustainability Report

Water Conservation

Total water usage declined 0.5% from 572,515 m³ in FY13/14 to 569,708 m³ in FY14/15. Gateway Plaza successfully conserved more water by regulating the water flow through sanitary fixtures and fittings. A total of 14,000 m³ of water was recycled for toilet flushing at Festival Walk in FY14/15. Compared with FY13/14, the additional 2,500m³ of recycled water came from the ice rink's three new water cooling towers.

Waste Reduction

General waste collected from the office and retail premises increased 9.4% to approximately 6,004 tonnes in FY14/15 due largely to more food waste from FoodFest, Festival Walk's popular foodcourt, and construction waste from renovation works within the building.

Festival Walk has in place a comprehensive waste separation programme which

facilitates the segregation and collection of waste from its office and retail tenants for third-party recycling. In FY14/15, the mall added wooden pallets, styrofoam boxes, bamboo baskets and clothes to the existing list of over 10 waste types that it collects daily for recycling. To reduce food waste, Festival Walk was one of the early adopters which used GoMixer, a recycling machine that reduces the original volume of waste by 95%.

As part of Festival Walk's environmental education and engagement efforts, every new tenant is briefed and encouraged to adhere to the building's waste segregation practices. Existing tenants are also continuously reminded to participate actively. To reduce waste, Gateway Plaza launched an e-waste recycling initiative for tenants to discard their used batteries and printer cartridges at the building's

designated recycling bins. As a result of these efforts in both properties, a total of 1,967 tonnes were recycled in FY14/15 compared to 1,543 tonnes the previous year.

Improving Air Quality

Both Festival Walk and Gateway Plaza are committed to monitoring and improving the indoor air quality ("IAQ") within the premises. To ensure good indoor air quality, Festival Walk has put a variety of measures in place including an effective air filtration system, which complies with the EN779:2012⁴ standard. In recognition of its ongoing efforts, Festival Walk was certified "Excellent Class" for its office common area for the seventh consecutive year while the mall's common areas received the "Good Class" for the fourth consecutive year under the Hong Kong Government's IAQ Certification Scheme.

⁴ Commonly applied in the industry, the EN779:2012 standard is the latest European Standard that contains the requirements for determining particulate air filtration performance.



Also certified to meet the EN779:2012 standard, the air filters installed in Gateway Plaza's fresh air supply system continued to be effective in filtering at least 90% of PM2.5⁵ air pollutants, thus addressing health concerns from its tenants and staff working in the building.

Raising Eco-Awareness

The Manager continues to promote environmental awareness amongst its tenants, shoppers and staff as well as participate in key government-led and international initiatives. Supporting the Energy Saving Charter⁶ since its launch in 2012, Festival Walk has been maintaining the mall's average indoor temperature between 24°C and 26°C during the warm summer months of June to September. Both Festival Walk and Gateway Plaza, together with participating tenants, marked 'Earth Hour' in March 2014 by switching off their non-essential lighting in and around their premises.

At Festival Walk, tenants are also provided with clear guidelines which detail good environmental practices relating to tenants' fit-out, management and operations, thus encouraging their active participation in conserving the environment.

To limit paper wastage, the Manager no longer provides printed copies of Board Committee papers prior to meetings and Directors are instead provided with tablets to access and read the encrypted information. The Manager also uses paper certified by the Forest Stewardship Council (FSC) for this annual report to ensure the paper used is from responsibly harvested and verified sources.

04



EMBRACING HEALTH & SAFETY

The Manager recognises the paramount importance of providing a safe environment for its tenants, shoppers and employees. In our daily operations, all tenants, contractors, vendors and employees are required to adhere to standard safety requirements and procedures. Operations personnel receive regular occupational health & safety training and technical support to imbue a stronger sense of responsibility and ownership.

In FY14/15, the two properties reported four minor safety-related incidents involving the Property Management staff. After investigating the incidents, additional training and procedures were put in place to minimise injuries.

The business continuity measures at both properties were tested and fine-tuned during FY14/15. Drills for scenarios such as flooding, chemical liquid spill, bomb threat

and fire were carried out at Festival Walk to ensure operational readiness. In addition to two fire drills involving tenants, Gateway Plaza also conducted a scenario testing in the event of a major flood and water leakage.

After the flooding incident which affected some parts of Festival Walk on the night of 30 March 2014, the Manager had conducted a thorough review, together with an independent consultant, on the design and installation of the building's rainwater discharge system as well as its maintenance procedures and practices. Reinforcement works to strengthen the existing system including the installation of additional grip collars that can withstand higher pressure, extra pipe anchors and supports at strategic locations of the piping network were undertaken through the year and completed in May 2015. The Manager will continue to monitor the rainwater discharge system to prevent any recurrence.

⁵ PM 2.5 is the term for particles found in the air of not exceeding 2.5 micrometres in diameter (from the United States Environmental Protection Agency's website). There is a plan to implement an ambient air quality standard for PM 2.5 and to include PM 2.5 into the ambient Air Quality Index (AQI) in 2016 (from the website of the Ministry of Environmental Protection of the People's Republic of China (PRC)). The prevailing ambient air quality and IAQ standards in PRC for air particulates are for PM 10 (particles of 10 micrometres or less in diameter).

⁶ Organised by the Environment Bureau and the Electrical and Mechanical Services Department, Hong Kong SAR Government.

01. Gateway Plaza's "free cooling" chiller reduces energy consumption.

02. The chemical spill drill enhances crisis preparedness at Festival Walk.

03. More recycled water from the water-cooled chillers at Festival Walk's ice rink.

04. Tenants participating in Gateway Plaza's fire drill.

Sustainability Report



01. The Mapletree Service with a Difference programme for Festival Walk employees.
02. Marking another successful year at the Annual Spring Dinner organised by the Sponsor and the Festival Walk team.
03. Celebrating Chinese New Year with tenants at Gateway Plaza.
04. Wai Yin Association's Mooncake Charity Sales in support of needy children.
05. Showcase of artistic talents supported by the Hong Kong Youth Art Foundation and the Standard Chartered Bank.
06. Student recipient (centre) shares her overseas learning experience sponsored by Wai Yin Association at its *Travel, Experience and Share Exhibition*.

INVESTING AND STRENGTHENING HUMAN RESOURCE

Investing in people is integral to MGCCT's vision in becoming a leading Greater China-focused commercial REIT. The Manager adopts the Sponsor's integrated human capital strategy in cultivating a diverse, yet inclusive and collaborative workplace that energises and engages staff to perform at their best.

As at 31 March 2015, the Manager and the Property Manager (including staff at Festival Walk & Gateway Plaza) employ 246 staff⁷. The employee profile by geography comprises 92% from Hong Kong, 5% from Singapore and 3% from Beijing/Shanghai.

Attracting and Developing Talent

To build a pipeline of young talent, the Manager taps on the Sponsor's Mapletree Associate Programme and Mapletree Executive Programme. These target fresh graduates and postgraduate degree candidates with some working experience. Internships also provide promising students with real-world work experience and exposure to real estate opportunities available within the Manager. Local talent in China and Hong Kong are recruited through close partnerships with top local educational institutions.

Committed to the growth of its people, the Sponsor provides employees with both in-house and external training

opportunities from building technical competencies to leadership skills at every level. During the year, employees from Festival Walk benefitted from the Sponsor's conversational English and Chinese programmes to enhance their skills in interacting with customers and business partners. The Manager's staff also participated in flagship leadership programmes which were constantly reviewed and improved upon so as to remain relevant to the business.

Rewarding Performance

The Manager offers competitive compensation and benefits as it believes this will help drive a high-performance culture. Its variable incentive framework

⁷ Headcount does not include third party service providers engaged to perform certain property management services.

comprising rewards based on annual bonus and longer-term incentives was reviewed during the year to further strengthen the link between contribution and performance. Work targets, in addition to training needs, are discussed and agreed upon during the annual appraisals by both employee and manager.

Engaging Employees

In FY14/15, the Manager took part for the first time in the Sponsor's biennial Employee Engagement Survey which was administered by a third-party consultant. In the survey designed to acquire insights into potential employee-related concerns, the Manager achieved a favourable score when compared to the Sponsor's average score. The areas identified for improvement will help to further increase the engagement among employees. Other initiatives to promote more effective communication include regular dialogue sessions with senior management and directors as well as annual spring dinner events in Hong Kong and Beijing.

To encourage a well-balanced lifestyle and camaraderie among employees, the Sponsor, through its Recreation Club, organises a wide range of activities including health screening, wellness-related talks and health workshops.

CONTRIBUTING TO THE COMMUNITY

The Manager actively supports and participates in community efforts aligned with the Sponsor's 'Shaping & Sharing Programme', which focuses on four core areas: youth and education, healthcare, support for the arts and green initiatives.

Driven by the belief that tertiary education should not be limited to those who can afford it, the Sponsor contributed S\$535,000 in FY14/15 to fund bursaries at Singapore's fifth university, Singapore

Institute of Technology. This brings the Sponsor's total contribution towards the endowments of all five Singapore universities to S\$2.5 million, benefitting over 30 students annually and into perpetuity.

In China, the Sponsor committed RMB250,000 (approximately S\$56,000) to support post disaster community building efforts in areas including the Ludian county, the epicentre of the earthquake that struck Yunnan province in August 2014. The Sponsor also continued its support of low-income residents from Minhang (Shanghai) and Nanhai (Foshan, Guangdong) districts.

Attracting over 40 million locals and tourists a year, Festival Walk is a popular platform for championing social causes and promoting community involvement. In FY14/15, the mall was the venue sponsor for the St. James Settlement's 'Valentine's Day Roses Charity Sale', the Charles K Kao Foundation which supports those suffering from Alzheimer's disease, and the Wai Yin Association's Charity Mooncake Sales. These events raised more than HK\$500,000 (approximately S\$89,000) in total. More than 400 students and young adults participated in the mall's first-of-its kind 'Speak Dating' event, organised



Sustainability Report



by Goethe – Institut and supported by various European foreign consulates and cultural centres to encourage appreciation of foreign languages. Held annually at Festival Walk, the *'Travel, Experience and Share Exhibition'* was a good platform for children from less privileged backgrounds to share their overseas learning experience, sponsored by the Wai Yin Association.

The mall is also a strong supporter of community arts and cultural performances.

Artistic displays such as the *'Arts in the Park Parade Artwork Exhibition'*, which was sponsored by the Standard Chartered Bank and supported by the Hong Kong Youth Art Foundation, as well as the Chinese contemporary art exhibition by the Art Futures Group were some of the mall's events to nurture and promote creativity. To add to festive cheer, Festival Walk hosted a series of music performances including inviting pianists and young budding talents from the



Parson's Music School as part of the mall's Christmas and Valentine's Day celebrations. As a champion of community health, Festival Walk also coordinated a blood donation drive at its premises in support of the Hong Kong Red Cross. In recognition of these active community outreach efforts, Festival Walk was presented with the *'Caring Company Certificate'* by the Hong Kong Council of Social Service for the third consecutive year.



- 01. Celebrities in full support for Charles K. Kao Foundation's charity cause for Alzheimer's disease
- 02. Unique *'Speak-Dating Event'* provides opportunities to learn European languages.
- 03. Entertaining piano performance by internationally renowned pianist Maksim.