

Sustainability Report

As a leading real estate development, investment and capital management company headquartered in Singapore, Mapletree Investments Pte Ltd (Mapletree) is pleased to present its inaugural Sustainability Report (SR) for the period from 1 April 2016 to 31 March 2017 (FY16/17).

Environmental, social and governance (ESG) aspects are widely recognised by businesses and increasingly important to the stakeholders, therefore Mapletree strives to manage the material ESG factors relevant to its operations to ensure the long-term resilience of its business while protecting the environment and upholding social well-being.

About this Report

This report contains information on the environmental, social and governance practices across the Group¹. Environmental data disclosed in this report relates to properties within Mapletree's non-listed portfolio in Singapore. The four listed real estate investment trusts (REITs), namely Mapletree Logistics Trust (MLT), Mapletree Industrial Trust (MIT), Mapletree Commercial Trust (MCT) and Mapletree Greater China Commercial Trust (MGCCT) have published their own Sustainability Reports as part of their respective Annual Reports. Mapletree will publish its Sustainability Report on an annual basis.

This report addresses some of the requirements prescribed by the Singapore Exchange (SGX) Listing Rules – Sustainability Reporting Guide, and makes reference to the Global Reporting Initiative (GRI) Standards

(2016). The GRI Standards are one of the global best practice guides for reporting on a range of economic, environmental, social and governance factors.

Sustainability Governance

Mapletree's sustainability management comes under the purview of its Sustainability Steering Committee (SSC), which is co-led by the Deputy Group Chief Executive Officer, and the Head of Group Corporate Services and Group General Counsel. The SSC includes the four Chief Executive Officers (CEOs) of the REIT managers and other members of the Group's Senior Management team. The SSC develops sustainability strategies and manages overall sustainability performance.

The SSC is supported by the Sustainability Working Committee (SWC) which comprises senior management representatives across business units and functions. The SWC implements, executes and monitors policies and procedures within the sustainability framework across the organisation.

The Board of Directors (Board) is updated on the key material factors identified by stakeholders and the sustainability management performance of Mapletree.

Materiality Assessment

A formal group-wide materiality assessment exercise was conducted in FY16/17, which took reference from the GRI Standards' (2016) Materiality Principle. The assessment, facilitated by an independent sustainability consultant, comprised a three-step process to identify, prioritise and validate ESG factors. Key internal stakeholders,

including the SWC, responded to an online survey to identify stakeholders' concerns that are significant to the business. The SWC then participated in a workshop to rank these factors. The final evaluation was a validation session with the SSC.

During the materiality assessment, factors such as industry best practices, global and local emerging trends, and business risks that were identified within the Group's Enterprise Risk Management (ERM) framework were considered. A list of eight sustainability factors was identified and presented to the Mapletree Board in FY16/17.

Material factors

| | |
|--------------------|---|
| Economic | 1. Economic performance ² |
| Environment | 2. Energy 3. Water |
| Social | 4. Health and safety 5. Talent retention 6. Local communities |
| Governance | 7. Anti-corruption ³ 8. Compliance with laws and regulations ³ |

¹ Group refers to Mapletree and its subsidiaries.

² Refer to the Financial Review and Financial Statements sections for more details.

³ Discussed briefly in this report. Refer to the Corporate Governance and Risk Management sections for more details.

Environment – Sustainable Buildings

The Group is committed to minimising the environmental impact of its business operations and does so through various eco-efficient initiatives.

The Building and Construction Authority (BCA) Green Mark Scheme was launched to spearhead measures to meet the national target of having at least 80% of the buildings in Singapore meet its environmental sustainability standards by 2030.

Systems have been implemented to measure and track environmental performance across all properties in Singapore which Mapletree has operational control over. The Property Management department monitors the monthly utilities consumption of the properties to identify opportunities to improve energy and water efficiencies.

The Group establishes environmentally friendly practices for the planning, design, construction and operation of its properties. As of 31 March 2017, six of the Group's properties in Singapore had been accorded the BCA Green Mark Platinum Awards, the highest accolade for green buildings.

In Mapletree's Singapore offices, the ongoing "Mapletree Goes Green" initiative seeks to encourage employees to adopt green practices such as using refillable water bottles and printing on both sides of paper. Mapletree also participates in environmental sustainability awareness programmes, such as annual Earth Day and Earth Hour events. Going forward, Mapletree will continue to improve energy and water conservation.

In addition, the Group's projects in Asia have received four Leadership in Energy and Environmental Design (LEED) certifications and five pre-certifications, an internationally well-regarded green building certification programme that recognises best-in-class building strategies and practices.

| Property | Country | BCA Green Mark Award |
|---|-----------|----------------------|
| Mapletree Business City II (Mapletree) | Singapore | Platinum |
| HarbourFront Centre (Mapletree) | Singapore | Platinum |
| Mapletree Anson (MCT) | Singapore | Platinum |
| Mapletree Business City I (MCT) | Singapore | Platinum |
| Build-to-suit project for Hewlett-Packard Singapore (MIT) | Singapore | Platinum |
| 26A Ayer Rajah Crescent (MIT) | Singapore | BCA-IDA Platinum |
| PSA Building & Alexandra Retail Centre (MCT) | Singapore | Gold ^{PLUS} |
| 18 Tai Seng (Mapletree) | Singapore | Gold |
| HarbourFront Towers One and Two (Mapletree) | Singapore | Gold |
| Bank of America Merrill Lynch HarbourFront (MCT) | Singapore | Gold |
| VivoCity (MCT) | Singapore | Gold |
| 978 & 988 Toa Payoh North (MIT) | Singapore | Gold |
| K&S Corporate Headquarters (MIT) | Singapore | Gold |
| The Signature (MIT) | Singapore | Gold |
| Tata Communications Exchange (MIT) | Singapore | Gold |
| Mapletree Logistics Hub - Toh Guan (MLT) | Singapore | Gold |

| Property | Country | LEED Award |
|--|---------------|--|
| Tata Communications Exchange (MIT) | Singapore | LEED Gold |
| 26A Ayer Rajah Crescent (MIT) | Singapore | LEED Gold |
| Mapletree Logistics Hub Tsing Yi (Mapletree) | Hong Kong SAR | LEED Gold |
| Global Technology Park Phase 1 (Mapletree) | India | LEED Gold (by Indian Green Building Council) |
| Mapletree Business City II (Mapletree) | Singapore | LEED Gold (pre-certification) |
| Mapletree Bay Point (Mapletree) | Hong Kong SAR | LEED Gold (pre-certification) |
| Global Technology Park Phase 2 (Mapletree) | India | LEED Gold (pre-certification) |
| Mapletree Business City Shanghai (Mapletree) | China | LEED Gold (pre-certification) |
| VivoCity Shanghai (Mapletree) | China | LEED Silver (pre-certification) |



Mapletree Business City Shanghai, a LEED Gold pre-certified development that has been designed to minimise environmental impact

Energy

Energy use and its associated greenhouse gas (GHG) emissions contribute to global warming. At Mapletree, we use electricity for property management and operations, such as for lighting, air conditioning and elevators.

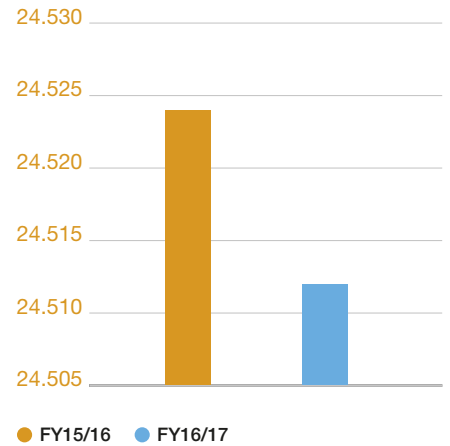
Mapletree also submits building-related information and energy consumption data for office and retail buildings in Singapore to the BCA annually. The information is compiled in the BCA Building Energy Benchmarking Report to spur building owners and managers towards improving their energy conservation efforts.

Mapletree has also undertaken efforts to incorporate green practices into its property management operations. For example, commercial buildings have installed energy efficient lighting fixtures and motion sensors to reduce electricity consumption. Tenants' fit-out designs in commercial buildings in Singapore are vetted by Mapletree to ensure they

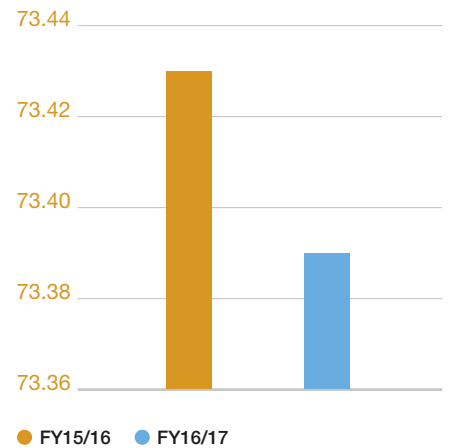
comply with the building's lighting power density, and are energy efficient in line with BCA Green Mark requirements.

Efforts from Mapletree's Singapore Commercial business unit to conserve energy in the past years have resulted in the current portfolio achieving a steady state in the landlord's energy consumption. In FY16/17, five developments⁴ in Singapore held directly by Mapletree reported a total energy consumption of 24.512 million kilowatt hours (kWh) in landlord-controllable areas, an improvement from 24.524 million kWh in FY15/16. Correspondingly, average building energy intensity improved by 0.05% from 73.43 kilowatt hours per square metre (kWh/m²) in FY15/16 to 73.39 kWh/m² in FY16/17. The total GHG emissions from electricity at the five developments in FY16/17 was 12,746 tonnes of carbon dioxide equivalents (tCO₂e), a 0.05% decrease from 12,753 tCO₂e in FY15/16.

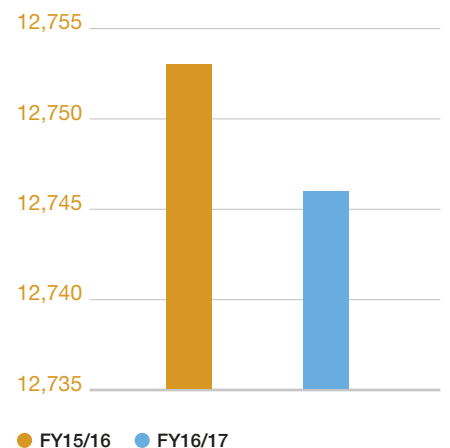
Building Electricity Consumption (million kWh)⁴



Average Building Electricity Intensity (kWh/m²)



GHG Emissions (tCO₂e)





Mapletree Business City (MBC) is the Group's flagship development in Singapore and has attained several notable awards for its sustainable features which include an efficient chiller plant and green roofs amongst others

Mapletree has taken steps to improve energy efficiency in building design and development.

At MBC in Singapore, some eco-efficient features include:

Adopting high efficiency chiller plant design, eco-efficient equipment, system optimisation controls;

Maintaining building system and equipment operational efficiency;

Using façade glass windows with low emissivity coatings; and

Installing green roofs to reduce building cooling load.

Water

Water is fundamental to the Group's business operations, as it is used by tenants, suppliers and visitors at the properties. To this end, the Group strives to conserve water while providing reliable and stable water sources to its stakeholders.

The Group aims to reduce total water consumption and overall water intensity at its properties. In addition to tracking consumption, Mapletree also submits annual water consumption data of its commercial buildings to the Public Utilities Board Singapore (PUB) as part of the requirements under the Water Efficiency Management Plan.

Across the Group, there are several water-saving features being introduced in the design and development of the buildings. At Mapletree, where possible, it adopts water efficient cooling towers with proper water treatment, collects condensates from air handling unit and rainwater, and uses water efficient fittings. NEWater, a type of high-grade

reclaimed water, is used as a non-potable water source for cooling tower systems where the supply is made available by PUB. In recognition of these sustainability efforts, MBC I and HarbourFront Centre have been awarded the Water Efficient Building certifications by PUB.

In FY16/17, five developments⁵ in Singapore held directly by Mapletree's Singapore Commercial business unit recorded a total water consumption of 280,479 cubic metres. In the following years, we will continue with our efforts and measures to conserve more water.

4 Environmental performance data included in this SR consists of HarbourFront Centre, HarbourFront Towers One and Two, PSA Vista, Tanjong Pagar Distripark and Pasir Panjang Distripark in Singapore which Mapletree owns 100% stake and has operational control. Mapletree Business City I and II as well as 18 Tai Seng are excluded because they lack two full financial years of statistics for a meaningful comparison – MBC I was divested to Mapletree Commercial Trust (MCT) in August 2016, and MBC II was only completed in April 2016. 18 Tai Seng became operational in February 2017.

5 Environmental performance data included in this SR consists of HarbourFront Centre, HarbourFront Towers One and Two, PSA Vista, Tanjong Pagar Distripark and Pasir Panjang Distripark in Singapore.



For its efficient energy use, HarbourFront Centre, one of the oldest buildings in Singapore, is a consistent recipient of the BCA Green Mark Platinum Award

Social – People and Communities

Apart from building sustainable developments, Mapletree recognises its responsibilities to ensure the health and safety of its immediate stakeholders, and its role as a corporate citizen in the community.

Employees

We aim to ensure that the work space and environment are safe and conducive for employees. Health-related programmes are organised at the premises in conjunction with Health Promotion Board while health and safety policies for employees are outlined in the Employee Handbook.

Third-party service providers

Requirements on health and safety standards are embedded within the selection criteria for the engagement of contractors and other third-party service providers.

Tenants

Tenants are provided with the following instructional manuals to ensure that the highest health and safety standards are adopted: a Fit-Out Manual which details clauses on safety rules for additions and alteration works, and a Tenant Handbook which contains clauses on safety rules and specifies some “Dos and Don’ts” in their business operations.

Fire drills are conducted twice a year to familiarise tenants with the emergency evacuation procedures and assembly areas. Regular communications in the form of circulars are issued to tenants as and when heightened security and health risks arise, such as during external terrorist threats and haze situations.

Tenants are also encouraged to use environmentally-friendly products and limit the use of items that will negatively impact indoor air quality.

Visitors

Buildings have sufficient directional signage, emergency exits and emergency lightings for the safety of visitors. Lifts and fire alarm systems are tested annually to comply with building regulations.

Health and Safety

Mapletree is committed to safeguarding the health and safety of its employees, tenants, visitors and third-party service providers at all times.

Standard operating procedures have been put in place to respond to emergencies readily. Properties in Singapore are managed by the property management teams who are trained in first aid and fire-fighting. Mapletree has also developed a reporting protocol in the event of serious construction accidents at any of its development sites. This allows for timely investigation and incident management. Mapletree also complies with the Ministry of Manpower's reporting requirements on workplace incidents.

Business continuity measures including fire and safety drills were tested and fine-tuned at all Singapore properties during the year. The properties are also subject to fire safety audits.

Going forward, Mapletree aims to continue engaging its employees to play an active role in mitigating the health and safety risks within its properties. This will include continuing regular health and safety trainings for all employees, and engaging third-party service providers regularly to discuss and monitor their performance. In addition, Mapletree's property managers ensure that buildings are well maintained, hazardous areas are clearly signposted, and regular inspections are conducted.

Mapletree's Group Development Management department initiates due diligence as early as possible when they pre-qualify and engage a new third-party service provider. The company safety records of all third-party service providers are assessed as part of the pre-qualification criteria. Fourteen new suppliers were engaged in FY16/17, of which eight were consultants and six were contractors. All six contractors were contracted with standard terms and conditions that include health and safety-related clauses.

Employees across the Group reported zero workplace fatalities and zero major accidents in FY16/17.

Talent Retention

Human capital is a key asset to Mapletree. The Group believes in investing in its people and is committed to creating a diverse, inclusive and collaborative workplace. It does so through a range of training programmes tailored to meet the needs of employees, as well as holistic human resource (HR) policies and regular engagement activities aimed at creating an environment that provides work-life balance.

Talent Attraction

Mapletree recognises that the long-term sustainability of its business is influenced by its ability to attract and retain talent. The Group has developed integrated human capital strategies and initiatives with a strong emphasis on equal opportunities, talent development, competitive compensation and employee wellness. Mapletree's employment practices have been refined to adhere strictly to local labour laws.

The Group's HR policies are based on equal opportunities and fair employment practices. Mapletree endeavours to be fair and progressive in its HR practices. All HR policies are made available to employees via the Employee Handbook.

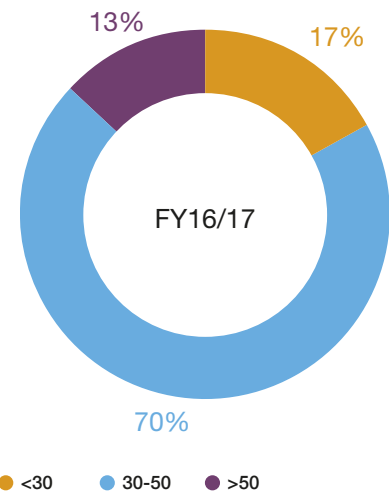
Mapletree has structured initiatives such as the Mapletree Executive Programme, Mapletree Associate Programme, Mapletree Internship Programme and Work Placement Programme. The last two programmes offer attachment opportunities to promising students to gain hands-on experience, and act as an avenue for Mapletree to attract and hire potential staff. Apart from this, Mapletree also strives to retain and groom existing staff.



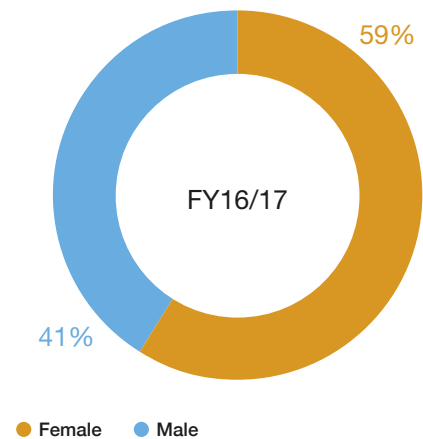
The Mapletree Immersion Programme is a two-day workshop for new hires to gain a deeper understanding of the company's businesses

Mapletree has maintained a diverse workforce in Singapore. As of 31 March 2017, Mapletree had 916 employees located in Singapore, including REIT management teams and other business subsidiaries based in Singapore. Both average turnover rate and average new hire rate for the annum stood at 1%. The majority of employees in Singapore were within the 30 to 50 years age group. Female and male employees constitute 59% and 41% respectively on an annual average as at 31 March 2017.

Age Diversity



Gender Diversity





Mapletree partners with Singapore's Health Promotion Board to bring the Healthy Workplace Ecosystem to MBC and HarbourFront Centre where working executives can join in exercise programmes and lunchtime talks on healthy lifestyle at their workplace

Developing People

Mapletree believes that having engaged staff is a vital asset. To that end, the Group invests in learning and development programmes and initiatives to build a strong, capable and motivated team equipped with relevant competencies and skill sets.

Mapletree promotes an active approach to learning. Employees are encouraged to participate in various learning and development programmes conducted throughout the year. Examples include the Mapletree Immersion Programme, Mapletree Leadership Programmes, Mapletree Performance Management workshops and the Mapletree Service with a Difference Programme as well as various functional and technical training programmes.

To support continuous employee development, a robust performance appraisal system allows employees to communicate their development and career goals and identify any learning needs. During the annual performance

appraisal exercise, all employees receive feedback from supervisors on their performance and areas for improvement.

In FY16/17, Mapletree successfully implemented a Group-wide e-Performance Appraisal (ePA) system. The fully integrated ePA system aligns evaluation practices across different countries, effectively tracks key performance indicators and measures employees' personal development. It also helps to enhance the performance management experience between employees and managers.

Employee Well-being

Mapletree advocates creating a positive and engaging working environment. The Mapletree Recreation Club regularly organises activities to promote staff interaction. Activities held in FY16/17 include Durian Fest 2016, Mapletree's Movie Event 2016, Christmas Cookies Distribution 2016 and Safari Zoo Run 2017.

In partnership with Singapore's Health Promotion Board, Mapletree organises

the Workplace Health Promotion series for its employees and all tenants at MBC. These activities include lunchtime talks on lifestyle topics and monthly choreographed dance fitness programmes. Mapletree also holds an annual health screening. Apart from promoting work-life balance, these programmes create a vibrant business community within MBC.

In FY16/17, Mapletree launched the Mapletree Education Award (EduAward) to recognise the academic achievements of its Singapore-based employees' children. Comprising cash awards ranging from S\$150 to S\$500, the EduAwards are presented twice a year, with the first batch of 41 awards given out in March 2017.

Local Communities

Mapletree seeks to build long-term relationships within its communities. It is committed to delivering positive social impacts by supporting projects and causes that are of concern to its stakeholders and the communities in which it operates.

Underpinning such efforts is the Mapletree Shaping & Sharing Programme, a Group-wide Corporate Social Responsibility (CSR) framework which focuses on two broad objectives of empowering individuals and enriching communities. A five-member Board Committee comprising Mapletree's Chairman, two Board representatives from the four REITs (rotated on a two-year basis), and Senior Management, provides strategic oversight on the Programme.

The Group Corporate Communications team assesses all proposed community involvement initiatives against the Mapletree CSR framework and makes recommendations to the CSR Board Committee for their final assessment. Activities which have definable social outcomes and longer-term engagement, as well as staff volunteerism opportunities, are prioritised.

Mapletree aligns business performance with its CSR efforts by setting aside

S\$1 million annually to fund social commitments and programmes. This increases to S\$2 million when the Group's profit after tax and minority interests (PATMI) for the year exceeds S\$300 million, as it did in FY16/17.

Supporting Tertiary Education

Education is a key pillar of Mapletree's CSR framework. As a strong supporter of tertiary education in Singapore, Mapletree has contributed S\$3 million to date to the endowment funds of all six universities in Singapore, and offers financial support to over 90 university students annually via bursaries and study grants. To extend this support, Mapletree committed an additional S\$3 million to education programmes in Singapore in FY16/17.

During the year, Mapletree also encouraged academic excellence by sponsoring book prizes of S\$1,000 each to bursary recipients from the National University of Singapore and Nanyang

Technological University who achieved satisfactory academic results.

Mapletree supports students pursuing practice-oriented education through the Mapletree Academic Achievement Programme (MAAP). The MAAP has pledged a five-year sponsorship of diploma graduation book prizes across all five local polytechnics, starting from Academic Year (AY)15/16. It has also committed to sponsor graduation prizes for the diploma programmes of SIM Global Education, which will fund 30 prizes annually for a period of five years from AY16/17.

Continued Support for Youths-at-risk

Since 2012, Mapletree has contributed financially to support the education, sports and arts programmes of Boys' Town and Assumption Pathway School, which seek to uplift youths from difficult financial and social circumstances.



The Mapletree team representing the host in the inaugural Mapletree Futsal Challenge 2017, a joint corporate social responsibility initiative between Mapletree and its MBC tenants to raise funds in support of youth intervention programmes



Arts in the City, a complimentary series of lunchtime arts performances held regularly at Mapletree Business City, aimed at providing the working community with more opportunities to engage with the arts

In 2016, Mapletree sponsored approximately S\$4,000 worth of jerseys and soccer boots for the Boys' Town soccer team.

Mapletree also involved its employees and tenants in the Mapletree Futsal Challenge 2017, a charity event held at the MBC futsal courts on 16 March 2017 which raised S\$6,000 in support of Beyond Social Services. The proceeds were used to fund programmes for underprivileged youths.

In addition, the Group launched the Mapletree Youth Resilience Programme (MYRP) in 2016 to provide long-term financial aid to youths with the potential and drive to pursue an education despite their disadvantaged backgrounds. During the year, Mapletree provided more than S\$25,000 in financial support to them through the programme, and aims to expand the scope and scale of MYRP

to other youth-related charities over the longer term.

Remembering the Legacy of Mr Lee Kuan Yew

As part of the Group's continuous efforts to remember the legacy of Singapore's late founding Prime Minister Mr Lee Kuan Yew, Mapletree commissioned the Straits Times Press to produce two books about Mr Lee for young readers.

Titled "What's Inside the Red Box?" and "LKY: Follow that Rainbow, Go Ride It", these books chronicle the life of Mr Lee and his dreams for Singapore. The books highlight the importance of values such as tenacity, and encourage self-reflection.

During the year, 6,000 special edition complimentary copies of the activity book, "What's Inside the Red Box?" were produced and distributed in support of the Early Childhood

Development Agency's "Start Small Dream Big" initiative.

Staff Volunteerism

To inspire a more vibrant CSR culture, the Mapletree Staff CSR Programme was launched in June 2014 as a specialised platform that empowers employees to initiate and carry out CSR projects which they find meaningful. During the year, teams were awarded seed funding of S\$5,000 each under the programme to carry out their projects.

Mapletree's staff volunteers also led reading cum craft sessions at preschools operated by the PAP Community Foundation which included reading excerpts from "What's Inside the Red Box?".

Since 2011, Mapletree has hosted annual Blood Donation Drives at MBC. To promote greater participation, two

donation drives were held in 2016, which saw more than 280 bags of blood collected over four days.

In addition, employees from China and India offices tapped on seed funding from the Staff CSR programme to organise monthly engagement activities with senior citizens living near Mapletree's China office in Shanghai and to purchase classroom furniture for a village primary school near Mapletree's Global Technology Park in Bangalore, India.

Supporting the Arts

Mapletree's support for the arts stems from the desire to enliven real estate spaces. Through arts performances under its signature Arts in the City (AIRC) programme and venue sponsorship for outreach activities under the National Arts Council's Arts in Your Neighbourhood initiative, the Group has been engaging local artists and presenting a regular stream of arts performances at its flagship MBC development. In February 2017, as part of AIRC, performing arts groups NADI Singapura and TRDO enthralled the MBC community with their lunchtime performances featuring energetic drumbeats and dance moves.

Earlier in September 2016, Mapletree donated S\$20,000 in support of Esplanade's "Jazzy Business – Jeremy Monteiro's and The Business Times' 40th Anniversary Concert".

Venue Sponsorship

Mapletree continued to extend venue support to CSR-related events at its Singapore properties, contributing in-kind sponsorship of more than S\$83,000 in FY16/17. Examples include venue support for the Health Promotion Board's Workplace Health Promotion series at MBC and the sale of merchandise from Pathlight School and Purple Parade at VivoCity.

Community Feedback

As a responsible corporate citizen, Mapletree continues to explore ways to create sustainable long-term value for its communities. To achieve this, the Group is developing feedback mechanisms to gather input from the local community on ways it can improve the social and environmental impacts of its business



In support of Singapore Red Cross, Mapletree hosts a Blood Donation Drive at MBC twice a year to mobilise the working community in the Alexandra precinct to donate blood

activities. Please send feedback on reporting disclosures to enquiry@mapletree.com.sg.

Governance – Ensuring Compliance

Although not listed on the stock exchange, and not subject to mandatory disclosures, Mapletree observes a high standard of corporate governance and transparency in its business operations. A corporate governance framework was implemented with policies that were developed to uphold the Group's core values. Employees are required to adhere to the ethics and code of conduct policy and maintain high levels of integrity.

The policies include specific guidance on anti-corruption practices – such as the prohibition of bribery, acceptance or offer of lavish gifts and entertainment. The Whistleblowing Policy⁶ establishes procedures for reporting in good faith any improper conduct while protecting whistleblowers from reprisals.

Mapletree reserves the right at all times to terminate an employee's services if he/she is found guilty of fraud, dishonesty or criminal conduct in relation to his/her employment. Employees are required

to comply with the Group's policies and procedures at all times and in all areas, including attendance, safe work practices and professional conduct.

Procedures are in place to monitor and manage the risk of non-compliance with laws and regulations. Where there are cases of threatened or pending litigation, such incidents are reported at once to the CEO of the business unit and the Head of Group Corporate Services and Group General Counsel for timely resolution. On dealing in Mapletree REIT units, directors and employees receive notification prior to the start of any trading ban period to ensure compliance.

Going forward, the Group intends to conduct training for directors and relevant employees of Mapletree Group as and when there are substantial new areas of law.

For FY16/17, there were no material breaches of relevant local laws and regulations, including marketing communication and anti-corruption laws.

⁶ Refer to the Corporate Governance section on pages 76 to 79 for more details.

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.

Mapletree is also firmly committed to ensuring long-term value creation and integrating sustainability into its strategy, policies and practices. To this end, Mapletree has voluntarily published its inaugural Sustainability Report which can be found on pages 66 to 75 of this Annual Report.

A) Board Matters

Board's Conduct of its Affairs

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

The key roles of the Board are to:

- guide the corporate strategy and direction of the Group
- ensure that the Management discharges business leadership and demonstrates the highest quality of management with integrity and enterprise; and
- oversee the proper conduct of the Management

Board Committee Membership

The Board comprises 10 members, of whom nine are Non-Executive Directors and Independent Directors. Board

committees are also constituted to assist the Board in discharging its duties. The following sets out the composition of the Board and the various Board committees.

Mapletree's Directors are 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. The diverse professional background of the Directors enable the Management to benefit from their external, varied and objective perspectives on issues brought before the Board. 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, as well as reviews strategic policies and significant acquisitions and disposals. The Board is updated on any material change to relevant laws, regulations and

| 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 | |
| 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 Elaine Teo | Member | | | | Member |
| Mr Cheah Kim Teck | 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 | |

accounting standards through briefings by professionals or updates issued by the Management.

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

Board Composition and Balance

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

The Board is supported by the AC to provide a better overview of financial, risk and audit matters. In addition, other Board committees, namely the ERCC, the IC and the 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 the Chairman and the Group CEO institutes an appropriate balance of power and authority.

As a Non-Executive Independent Director, the Chairman guides the Board in constructive debates on the matters of strategic direction, management and governance. 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 and strategy 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 Group's day-to-day operations.

Mr Chua Tiow Chye was appointed as Deputy Group CEO on 1 March 2017 and is responsible for driving the Group's strategy initiatives. He is also tasked to bring Oakwood Worldwide to its next level of business objectives.

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 subject to retirement and re-election. In this regard, Mapletree has refreshed its Board with the appointment of Mr David Christopher Ryan and Mr Samuel N. Tsien in March 2014, Ms Elaine Teo in February 2016 and Mr Cheah Kim Teck in March 2017.

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 his or her perspective to the Board to enable fruitful discussions 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 business.

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 for the Board to make informed decisions.

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

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

The members of the ERCC are:

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

All ERCC members are independent of the 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.

Annually, the ERCC conducts a succession planning review of the Group CEO and select 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 four meetings in FY16/17.

The Group CEO, as an Executive Director, does not receive director's fees. He is a lead member of the 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.

Previously, the ERCC's duties included overseeing the executive compensation and talent development matters of Mapletree Logistics Trust Management Ltd (MLTM), Mapletree Industrial Trust Management Ltd (MITM), Mapletree Commercial Trust Management Ltd (MCTM) and Mapletree Greater China Commercial Trust Management Ltd (MGCCTM), which are respectively the real estate investment trust (REIT) Manager of Mapletree Logistics Trust, Mapletree Industrial Trust, Mapletree Commercial Trust and Mapletree Greater China Commercial Trust (MGCCT), each of which has Mapletree as sponsor. Since January 2016, with the establishment of a Nominating and Remuneration Committee (NRC) by each of the Board of directors of MLTM, MITM, MCTM and MGCCTM, the respective NRC oversees the remuneration and succession matters of the directors and senior management of each REIT manager.

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 well-defined operating structure with lines of responsibility and delegated authority, as well as a reporting mechanism to the 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 and 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, including IT controls.

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, as well as

the relevant REIT manager AC Chairman and the relevant REIT manager AC where it involved the respective Mapletree REIT and/or the Mapletree REIT manager. For queries or to make a report, please write to reporting@mapletree.com.sg.

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 Department (RM) 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. RM works closely with the 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 80 and 81 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 and cyber-security threats 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 quarterly 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. The Board is also provided with quarterly updates on key operational activities.

Financial management

The Management reviews the performance of the Group's portfolio properties monthly to instil financial and operational discipline at all levels of the Group.

The key financial risks which Mapletree is exposed to 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

Annually, 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 the Management on specific areas of concern. In doing so, IA obtains reasonable assurance that business objectives for the process under review are being achieved and key control mechanisms are in place.

After 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 the Management and the AC quarterly.

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 annually.

Transaction Review Committee

Since March 2013, with the listing of MGCCT, Mapletree has established a TRC 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 TRC 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, including the AC Chairman, must be independent.

The AC has written 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 the 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 the 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 the 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 review of such investigations to ensure appropriate

follow-up actions are taken. The AC held a total of four meetings in FY16/17.

Internal Audit

Mapletree adopts the practice that IA reports directly to the Chairman of the AC and administratively to the Group Chief Financial Officer.

The role of IA is to conduct its internal audit work in consultation with but independently of the 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 the 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 United States (US). 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 US. 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 continues to be an integral part of Mapletree's business strategy of delivering strong earnings and sustainable returns. To safeguard and create stakeholder value, the 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 Group's overall risk strategy and risk governance, and ensuring that the 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 the Management. The AC has direct access to the Risk Management (RM) department, which it engages with quarterly as part of its review of Mapletree's portfolio risks.

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

Mapletree's enterprise risk management framework is dynamic and evolves with the business. It provides the Group with a holistic and consistent process for the identification, assessment, monitoring and reporting of risks. The RM department works closely

with the 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 and provides an additional assurance to the Management and the Board that operational risks are being effectively and adequately managed and controlled.

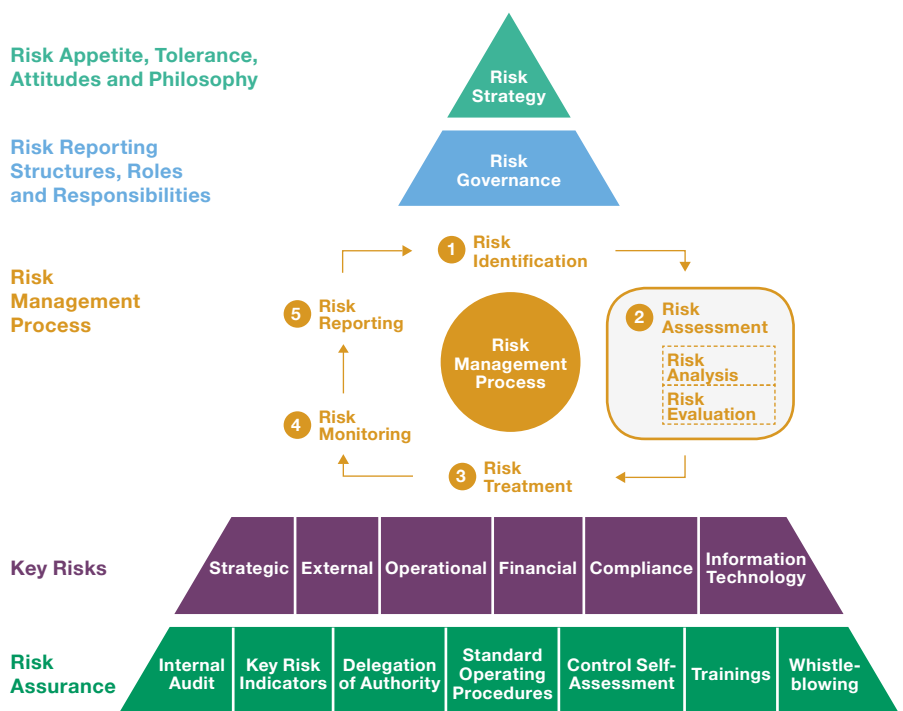
Robust Measurement and Analysis

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, tenant-related and development risks are also assessed, monitored and measured as part of the framework where feasible.

With the VaR methodology, Mapletree quantifies risks on a consistent basis across business units, countries and asset types, identifying high-risk assets, sectors and countries. This enables the 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

Enterprise Risk Management Framework



on historical data, Mapletree's portfolio is subject to stress tests and scenario analyses to ensure that the Group remains resilient during unexpected market shocks.

Risk Identification and Assessment

The Management identifies key risks, assesses their likelihood and impact on the business, 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 local regulations. Such risks are quantified, aggregated and monitored for existing assets and prospective 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 the Management. Sensitivity analysis is also performed for each acquisition on all key project variables to test the robustness of the assumptions used. 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 agreed thresholds).

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

External Risks

To manage country risks such as economic uncertainties or political turbulence in the countries where it operates, Mapletree conducts rigorous country and real estate 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 where appropriate. Compliance with SOPs is assessed under the CSA framework and reinforced through training of employees and regular reviews by the Internal Audit department.

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. The Management has put in place succession planning, talent management and competitive compensation and benefits plans to reward and retain performing personnel.

The Group has in place a Business Continuity Plan ("BCP") and crisis communication plan that should enable it to resume operations with minimal disruption and loss in the event of unforeseen catastrophic events such as terrorism and natural disasters. 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 the 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.

The Management prudently manages exposure to interest rate volatility from the Group's floating rate borrowings by way of interest rate swaps. To mitigate

foreign exchange risks, the Management borrows in the same currency as the underlying assets to provide a natural hedge, and/or hedges through derivatives, whenever appropriate. The Management also actively monitors the Group's cash flow position and requirements to ensure sufficient 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 committed to comply with 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 to these laws and regulations in its day-to-day business processes.

Information Technology (IT) Risks

The threat of cyber security attack continues to be a concern as such attacks become increasingly sophisticated. Mapletree has in place comprehensive policies and procedures governing information availability, control and governance, as well as data security. The Group's IT disaster recovery plan is in place and tested annually to ensure that Mapletree's business recovery objectives are met. In addition, network penetration testing is conducted regularly to check for potential security gaps.

Rigorous Monitoring and Control

Mapletree has developed internal key risk indicators that serve as a warning system by highlighting risks that have escalated beyond established tolerance levels. The 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.