

Sustainability

INTRODUCTION

Our Commitment

As a leading provider of logistics facilities in the Asia-Pacific region, MLT recognises it has a responsibility to its employees, its stakeholders, and to the communities and environments in which it operates.

To ensure the long-term resilience of its real estate business, MLT is committed to uphold responsible and sustainable practices across its businesses with the aim of empowering individuals and enriching communities while having a positive impact on the environment. MLT's sustainability programme is closely aligned with that of its Sponsor, Mapletree Investments Pte Ltd ("Sponsor" or "Mapletree Group").

About this Report

MLT's inaugural sustainability report, published ahead of the effective date of the Singapore Exchange's ("SGX") sustainability reporting requirements, illustrates the sustainability practices that have been implemented to drive business viability. This report addresses some of the requirements prescribed by the 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.

This report contains information on social and governance practices that are specific to MLT or apply across the Mapletree Group. Environmental data disclosed in this report relates to selected multi-tenanted buildings in Singapore held by MLT¹. The reporting period is from 1 April 2016 to 31 March 2017. Going forward, the

Manager will publish its sustainability report on an annual basis.

The Manager seeks to further integrate sustainable practices into MLT's business and share its progress in the coming years. Please send any comments and suggestions on reporting disclosures to Ask-MapletreeLog@mapletree.com.sg.

Sustainability Governance

The Manager's sustainability management comes under the purview of the Sponsor's 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 Sponsor's senior management team. Ms Ng Kiat, the Manager's Executive Director and CEO, represented MLT in the committee in FY16/17. 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 MLT Board of Directors is updated on the key material factors identified by stakeholders and the sustainability management performance of the Manager.

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 environmental, social and governance 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 are identified within MLT's Enterprise Risk Management framework were considered. A list of eight material sustainability factors were identified and presented to the MLT Board of Directors in FY16/17.

Material Factors

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

1 The environmental data relates only to the common areas in MLT's multi-tenanted buildings where the Manager has operational control over. Single-user assets which the Manager does not have operational control over are excluded in this report.

2 Refer to Financial Review and Financial Statements sections on pages 30 to 31 and pages 102 to 184 respectively.

3 Discussed briefly in this Report. Refer to Corporate Governance and Risk Management sections on pages 70 to 86 and pages 87 to 89 respectively for more details.

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Stakeholder Engagement

MLT's stakeholders are individuals and groups who affect or are affected by MLT's activities and include internal stakeholders such as employees and external stakeholders such as existing and potential tenants, government agencies and regulators, third-party service providers, investors and Unitholders. Both the Manager and Property Manager proactively engage with stakeholders through multiple communication platforms and activities to understand the key issues or interests pertinent to them. The insights gained from these interactions are used to guide MLT's approach on sustainability. The approach towards stakeholder engagement is summarised below:

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest
Existing and potential tenants	Regular one-on-one meetings to exchange ideas and updates on important initiatives and matters	Throughout the year	<ul style="list-style-type: none"> Competitive rental rates and locations Responsiveness to tenant requests and feedback Safety, security and management of premises
	Established channels of communication on property-related issues, such as dedicated asset manager to each property and hotlines.	Throughout the year	
Investors and Unitholders	Timely updates of business developments via SGXNET announcements, website, annual reports and emails	Throughout the year	<ul style="list-style-type: none"> Long-term sustainable distribution and total returns Business strategy and outlook
	One-on-one meetings and site visits	Throughout the year	
	Roadshows and investor conferences	Throughout the year	
	Webcasts of results briefings	Twice a year	
	Annual General Meeting	Annually	
Employees	Induction Programme for new employees	Quarterly	<ul style="list-style-type: none"> Fair remuneration, treatment and career advancement opportunities Safe and healthy work environment
	Recreational activities	Throughout the year	
	Staff Communication Session	Annually	
	Staff Appraisal	Annually	
Government Agencies and Industry Regulators	Meetings and dialogue sessions	Throughout the year	<ul style="list-style-type: none"> Compliance with applicable laws and regulations Changes to industry regulations
	Membership in industry associations such as REIT Association of Singapore ("REITAS")	Throughout the year	
Third-Party Service Providers	Regular operations meeting with service providers and property managers	Monthly	<ul style="list-style-type: none"> Regular and punctual payments upon enlistment of service

ENVIRONMENT – CONTRIBUTING TO SUSTAINABLE BUILDINGS

The global real estate sector has shown an increased trend towards sustainable or "green" buildings over the last few years. Improving the environmental performance of logistics properties not only demonstrates a commitment to reducing environmental impacts of the real estate industry but also produces business benefits such as costs savings that can be passed on to tenants.

Local developments in this area include the Building and Construction

Authority ("BCA") Green Mark Scheme, which 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.

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

Energy

Energy use and its associated greenhouse gas ("GHG") emissions pose a significant environmental issue, due to the role GHG emissions

play in global warming. Singapore was one of 190 countries worldwide which made commitments to reduce GHG emissions production with the aim of slowing the effects of global warming. Singapore has pledged to reduce emissions intensity by 36% from 2005 levels by 2030.

As the logistics properties in MLT's portfolio tap electricity for lighting, air-conditioning, elevators, hoists and other usage, the Manager seeks to support the nation's pledge and continues to work closely with the Property Manager in optimising energy efficiency within its operations.

Systems have been implemented to measure and track environmental performance across all properties in Singapore which the Manager 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 Manager is also in support of BCA's third Green Building Master plan in which Singapore aspires to become a global leader in green buildings, enabling sustainable development and quality living.

In 2016, MLT's redevelopment property, Mapletree Logistics Hub –

Toh Guan, was certified BCA Green Mark (Gold). Moving forward, the Manager endeavours to uphold industry best practices and targets to achieve the BCA Green Mark certification for all its future developments in Singapore.

CASE STUDY: MAPLETREE LOGISTICS HUB – TOH GUAN

Mapletree Logistics Hub – Toh Guan ("MLHTG") is a good example of MLT's asset rejuvenation strategy to enhance portfolio value. MLHTG was redeveloped from a 3-storey building with old warehouse specifications to a modern 6-storey ramp-up logistics facility with a 2.4 times increase in floor area to 63,500 square metres. Underscoring the Manager's commitment to sustainable developments, the property was awarded the BCA Green Mark Gold Certification.

Good Building Orientation

The property is designed with minimum west-facing windows over its western facade to reduce heat gain within the building.



Energy Efficiency

Natural ventilation and the extensive installation of energy efficient fittings and fixtures, such as LED high-bay lighting with longer lifespan and lower energy usage, and motion sensors at staircase half landing and toilets, enhance the property's sustainability.

MLHTG is fitted with energy-saving lifts equipped with Variable Voltage Variable Frequency inverter and sleep mode control features.



Water Efficiency

All sanitary fittings used are rated Excellent under the Water Efficiency Labelling Scheme.



Sustainable Operation & Management

Certified green building materials, including light-weight concrete panels, ceiling/partition boards, plaster, screed, waterproofing, low Volatile Organic Compound paint, were used extensively in the development.



Recycling bins instead of general waste bins are provided to encourage tenants' participation in MLT's sustainability efforts.



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Building Electricity Consumption (MWh)



Average Building Electricity Intensity (MWh/m²)



Building GHG Emissions (tonnes of CO₂e)



Average Building GHG Emissions Intensity (tonnes of CO₂e/m²)



In FY16/17, MLT's total energy consumption for its 20 properties under review recorded 12,127 megawatt hours (MWh), a 6% increase compared to 11,410 MWh in FY15/16⁴. Average building energy intensity, GHG emissions and average GHG emissions intensity increased by 6% over the year. This is a direct result of higher occupancy rates at some of the properties, which led to greater energy consumption at common areas from the use of lighting and air-conditioning. Similarly, intensity rates increased as a result of higher energy consumption over the same gross floor area measured. The Manager will continue to monitor and take action where appropriate to minimise its carbon footprint.

SOCIAL – PEOPLE AND COMMUNITIES

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

Health and Safety

As a landlord and employer, MLT places a strong emphasis on safeguarding the health and

safety of its employees, tenants, visitors and third-party service providers at all times.

Stakeholders	Health and Safety Policies and Procedures
Employees	Health-related programmes are organised at the premises in conjunction with Health Promotion Board while health and safety policies 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	<p>Tenants are provided with the following instructional manuals to ensure that the highest health and safety standards are adopted: a Fit-Out Manual with detailed clauses on safety rules for additions and alterations works, and a Tenant Handbook which contains clauses on safety rules and specific "Dos and Don'ts" in their business operations.</p> <p>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 risk arises, such as during external terrorist threats and haze situations.</p> <p>Tenants are also encouraged to use environmentally-friendly products and limit the use of items that will negatively impact the indoor air quality.</p>
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.

⁴ Three multi-tenanted buildings were excluded in this review. As operational control over these properties was acquired mid-way through FY15/16, the electricity consumption data in relation to these buildings was excluded for comparability. The figures reported also exclude the usage of power and lighting by tenants within the leased premises.

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. The Manager has also developed a reporting protocol for incidents reported by employees, tenants or visitors to allow for timely investigation and execution of preventative and corrective actions. Where necessary, the Manager 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, the Manager aims to continue engaging with its stakeholders 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 employees and engaging third-party service providers regularly to discuss and monitor their performance. In addition, the Property Manager ensures that buildings are well maintained, hazardous areas are clearly signposted, and regular inspections are conducted.

Employees of the Manager and Property Manager reported zero workplace fatalities and zero major accidents in FY16/17. Within the reporting period, there was no incident of non-compliance with health and safety regulations.

People

Human capital is a key asset to MLT. The Manager believes in investing in its people and is committed to creating a diverse, inclusive and collaborative workplace. It does so by leveraging on the Sponsor's integrated human capital strategies and initiatives with a strong emphasis on equal opportunities, talent development, competitive compensation and employee wellness.

Talent Attraction and Retention

The Manager recognises that the long-term sustainability of its business is influenced by its ability to attract and retain talent. The Manager's human resource ("HR") policies are based on equal opportunities and fair employment practices. The Manager endeavours to be fair and progressive in its HR practices, while adhering strictly to local labour laws. All HR policies are made available to employees via the Employee Handbook.

The Sponsor has structured initiatives such as the Mapletree Executive

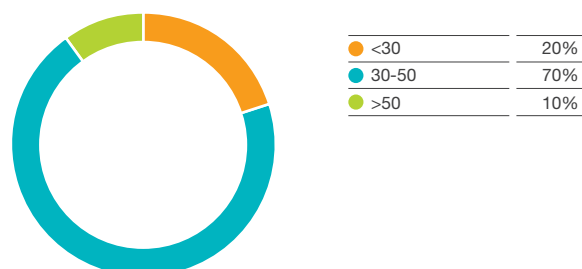
Programme, Mapletree Associate Programme, Mapletree Internship Programme and Work Placement Programme. The latter two programmes offer attachment opportunities to promising students to gain hands-on experience, and acts as an avenue for the Sponsor to attract and hire potential staff. Apart from this,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

The Manager and Property Manager have maintained a diverse workforce in terms of age and gender in Singapore. As of 31 March 2017, they have 81 employees located in Singapore. The Human Resource Department tracks and maintains all employee data and ensures that data privacy policies are adhered to. Turnover rate reached 2%, which was marginally higher than the new hire rate of 1% during the year. The majority of employees are within the 30-50 years age group while female and male employees constitute 58% and 42% respectively.

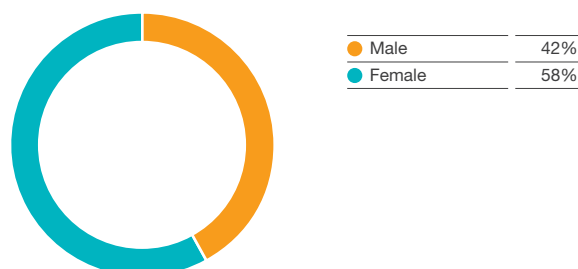
Developing People

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

Age Diversity
(FY16/17)



Gender Diversity
(FY16/17)



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The Manager promotes an active approach to learning. Employees are encouraged to participate in various learning and development programmes conducted throughout the year. Examples of such initiatives in place include the Mapletree Immersion Programme and Mapletree Leadership Programmes, as well as various functional and technical training programmes.

To support continuous employee development, a robust performance appraisal system is in place which 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, the Sponsor 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

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

In partnership with Singapore’s Health Promotion Board, the Sponsor organises the Workplace Health Promotion series for its employees and all tenants at Mapletree Business City (“MBC”). These activities include lunchtime talks on lifestyle topics and

monthly choreographed dance fitness programmes. The Sponsor also holds an annual health screening session as well as blood donation drives. Apart from promoting work-life balance, these programmes create a vibrant business community within MBC.

In FY16/17, the Sponsor 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 this year.

Local Communities

The Manager 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 MLT’s stakeholders and the communities in which it operates.

Underpinning the Manager’s efforts is the *Mapletree Shaping & Sharing Programme*, a Mapletree 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 the Sponsor’s Chairman, two Board representatives from the four REITs and senior management provides strategic oversight on the Programme. All proposed community involvement initiatives are assessed against the Mapletree CSR framework.



Annual blood donation drive at MBC



Lunchtime performance at MBC under the Mapletree ‘Arts in the City’ programme

Activities that have definable social outcomes and longer term engagement, as well as staff volunteerism opportunities, are prioritised.

The Sponsor aligns business performance with its CSR efforts by setting aside S\$1 million annually to fund social commitments and programmes. This will increase to S\$2 million if the Mapletree Group's profit after tax and minority interests for the year exceeds S\$300 million, as it did in FY16/17.

Community Initiatives

The Sponsor is actively involved in initiatives which provide educational support for youths and healthcare

causes, as well as environmentally sustainable practices and artistic efforts. MLT supports projects and causes that are in line with the Sponsor's CSR framework. Underscoring its dedication to supporting the community, the Manager undertook two CSR initiatives during the year.

In February 2017, staff volunteers from the Manager led a class of PAP Community Foundation pre-schoolers at Telok Blangah in a reading session of *"What's Inside the Red Box?"* – a Mapletree-commissioned book illustrating the late Minister Mentor's vision for Singapore. The participants had a fun-filled morning of craft-making

and other learning activities, furthering the Manager's aim to engage in educational support for youths.

In a bid to encourage waste reduction and to support the disadvantaged, the Manager rallied staff in a company-wide collection drive of pre-loved items for a Charity Bazaar held at MBC. The one-day event was organised in collaboration with Dignity Mama Stall, a social enterprise supporting challenged youths and their families. The event received strong response from Mapletree staff who donated over 500 pre-loved items, such as clothes, toys and books, while a supportive tenant sponsored the backdrop for the event. A team of over 25 staff members helped out at the eco-friendly charity initiative which raised almost S\$5,000 for Dignity Mama Stall.

As a leading market player in the logistics real estate industry, the Manager is committed to contributing to the development of the industry. The Manager is a member of several industry organisations including Supply Chain Asia for professionals from the logistics and supply chain industry, and REITAS which is established to promote the growth and development of the Singapore REITs industry.

The Manager continues to explore ways to create sustainable long-term value for its communities. To this end, the Manager is developing feedback mechanisms to gather input from the local communities on ways it can improve the social and environmental impacts of its business activities. The Manager welcomes feedback via the corporate website e-mail: Ask-MapletreeLog@mapletree.com.sg.

GOVERNANCE – ENSURING COMPLIANCE

The Manager is committed to the highest standards of corporate governance and transparency in



Storytelling session at a PAP Community Foundation pre-school



Tenants and visitors at MBC browsing through pre-loved items on sale at the Mapletree Charity Bazaar

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Interaction with retail investors at the Singapore REITs Symposium 2016

its business operations. A corporate governance framework was implemented with policies that were developed to uphold the Mapletree Group's core values. For more information, please refer to pages 70 to 86 of the annual report.

Employees are required to adhere to an ethics and code of conduct policy and maintain high levels of integrity. The Manager 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 Mapletree Group's policies and procedures at all times and in all areas, including attendance, safe work practices and professional conduct.

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 Policy⁵ establishes procedures for reporting in good faith any

improper conduct while protecting whistleblowers from reprisals.

Procedures are in place to monitor and manage the risk of non-compliance with laws and regulations, including the anti-money laundering policy. Where there are cases of threatened or pending litigation, such incidents are reported at once to the Manager's CEO and the Sponsor's 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.

The Manager is committed to providing transparent and reliable marketing information in the conduct of its business. Marketing materials in relation to MLT's properties are vetted by the Manager for accuracy, consistency and compliance with policies, such as the Singapore Code of Advertising Practice and the Personal Data Protection Act. The Manager also

ensures that all tenancy agreements include a clause which requires tenants to abide by the relevant laws and regulations governing marketing communications and advertisement placements within the properties.

For Unitholder communications, the Manager is committed to equitable, timely and transparent communications through various channels such as SGX announcements, website updates, annual reports, post-results briefings and webcasts, investor meetings and conferences, and annual general meetings. Investor relations materials are vetted by the Manager for accuracy, consistency, and compliance with policies.

In the age of cyber-crime and cyber-attacks, the Manager recognises the importance of adhering to information security policies and procedures set out by the Sponsor as a means of data protection.

The Manager includes confidentiality clauses in all tenant agreements, and follows data protection procedures whilst handling personal data collected during its operations.

MLT's privacy statement is available to the public via its website. The public is encouraged to contact the Data Protection Officer for any privacy related matters or concerns via a dedicated e-mail address which is available on the website.

Going forward, the Mapletree Group intends to conduct training for directors and relevant employees 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.

⁵ Refer to the Corporate Governance section on page 81 for more details.