

CapitaLand Integrated Commercial Trust

Green Finance Framework

June 2024

1. Introduction

1.1 About CapitaLand Integrated Commercial Trust (CICT)

CapitaLand Integrated Commercial Trust is the first and largest real estate investment trust listed on Singapore Exchange Securities Trading Limited (SGX-ST) with a market capitalisation of S\$13.7 billion as at 31 December 2023. It debuted on SGX-ST as CapitaLand Mall Trust in July 2002 and was renamed in November 2020 following the merger with CapitaLand Commercial Trust.

As the largest proxy for Singapore commercial real estate, CICT owns and invests in quality income-producing assets primarily used for commercial (including retail and/or office) purpose, located predominantly in Singapore. CICT's portfolio comprises 21 properties in Singapore, two properties in Frankfurt, Germany, and three properties in Sydney, Australia with a total property value of S\$24.5 billion based on valuations of its proportionate interests in the portfolio as at 31 December 2023.

CICT is in the FTSE Straits Times Index, FTSE4Good Index Series, MSCI Global Standard Indices, iEdge SG ESG Leaders Index and iEdge SG ESG Transparency Index. as well as other indices. CICT is rated "A3" issuer rating by Moody's Investors Service and "A-" by S&P Global Ratings.

CICT is managed by CapitaLand Integrated Commercial Trust Management Limited (Manager), which is a wholly owned subsidiary of Singapore-listed CapitaLand Investment (CLI), a leading global real asset manager with a strong Asia foothold.

1.2 Sustainability commitment, approach and targets

At CICT, sustainability is at the core of everything we do. We are committed to growing in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of our communities. The Board of the Manager of CICT (CICTML Board) is responsible for overseeing the CICT's sustainability efforts and takes ESG factors into consideration when determining its strategic direction and priorities. The CICTML Board determines the Trust's risk appetite, guiding the nature and extent of material risks that CICT is prepared to accept in pursuit of its strategic and business objectives. Among the material risks, climate change is recognised as particularly crucial. The CICTML Board is actively involved in discussions on climate-related initiatives and regularly evaluates climate change risks as part of its Enterprise Risk Management Framework. The CICTML Board also approves the executive compensation framework based on the principle of linking pay to performance. The Manager's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices.

As a CLI-sponsored REIT, CICT is externally managed by wholly owned subsidiaries of CLI, including CICTML and the property managers who oversee the daily property operations. They are responsible for the management of the Trust, property and portfolio operations of CICT.

CICT aligns its sustainability goals with CLI to achieve the sustainable performance of its portfolio. CICTML and the property managers adhere to CLI's sustainability framework, policies, and guidelines, including its ethics and business conduct code. CICT is guided by CLI's 2030 Sustainability Master Plan (SMP), which was unveiled in 2020 and subject to review every two years.

To operationalise the 2030 targets approved by the Science Based Targets Initiatives (SBTi), CLI revised its baseline year from 2008 to 2019 during the scheduled SMP review in 2023. Aligning with CLI, CICT will work towards achieving the new 2030 targets using 2019 as the baseline year. In addition, CICT aims to achieve Net Zero for its scope 1 and 2 emissions by 2050. This ambitious commitment aligns with the global effort to limit the temperature increase to below 1.5°C.

Using 2019 as the baseline year		2030 Targets
To Reduce	Absolute scope 1 & 2 GHG emissions	▼ 46%
	Carbon emission intensity	▼ 72%
	Energy intensity	▼ 15%
	Water intensity	▼ 15%
	Waste intensity	▼ 20%
To Achieve	Recycling rate	▼ 25%

Roadmaps and plans are devised to achieve CICT's sustainability objectives. The revised SMP also provides greater clarity on the pathways to reach the targets. The SMP focuses on the following three key pillars to drive sustainability efforts in environment, social and governance (ESG) to create a larger positive impact for the environment and society.

- Building portfolio resilience and resource efficiency
- Enabling thriving and future-adaptive communities
- Stewarding responsible business conduct and governance

CICT is committed to environmental sustainability and value creation as a real estate owner. By leveraging technologies and analytics, we are able to enhance energy and water efficiencies and improve waste management across our properties. CICT leverages CLI's Environmental Management System (EMS) in managing its environmental footprint across its portfolio. The EMS is integrated with the occupational, health and safety management system to form a comprehensive Environmental, Health and Safety Management System (EHSMS). CLI's EMS offers a systematic approach to effectively manage and continuously enhance the environmental performance of CICT's portfolio. It plays a crucial role in identifying and managing significant environmental aspects of business operations that could adversely affect the environment. To assess the significance of each

environmental aspect and its impact, the EMS employs a rigorous risk assessment methodology. This method considers various factors including the probability of occurrence, the severity of potential impact, and the implementation of appropriate control measures, ensuring a comprehensive and proactive approach to environmental management.

All new investments into operational assets and development projects undergo the Environmental, Health and Safety Impact Assessment during due diligence to identify any environmental risks (including climate change) and opportunities related to the asset/project site and its surroundings. The assessment covers performance metrics such as energy efficiency, as well as transition and physical risks and opportunity considerations. An internal shadow carbon price is also applied. Significant findings from the assessment would be incorporated in the investment paper submitted to CICTML Board for approval.

Beyond developing and investing in environmentally sustainable properties and managing them according to best practices, CICT understands the important role that the end-users of its buildings play. Collaboration with tenants is becoming increasingly important, to influence and support both our sustainability goals. CICT's Singapore properties have a green lease programme that sets minimum standards for equipment and lighting efficiency for tenants. Over 90% of CICT's Singapore properties, measured by net lettable area, have adopted these green leases. In addition, a green fit-out guide is given to new tenants to encourage adoption of greener fit-outs, lighting efficiency requirements and promote green practices and behaviour.

1.3 Green Ratings

Green building ratings help affirm the quality of CICT's properties. They serve as an external validation that key environmental aspects have been considered in CICT's project design, development and operations. With targets set from the early stage of design and development, green buildings, with a lower lifecycle carbon footprint through the adoption of sustainable design and materials, are more resource efficient. The minimum target certification for our new developments in Singapore is BCA Green Mark Gold^{PLUS}. CICT is committed to actively renew and maintain our green certifications and achieve minimum BCA Green Mark certification for properties where possible in support of the Singapore government's Green Building Master Plan. The Trust has also set a target to green all its existing properties outside Singapore by 2030 with each achieving minimum certification level by a green rating system administered by a national government ministry/agency or a Green Building Council recognised by World Green Building Council (WGBC).

1.4 ESG Recognition

CICT is consistently recognised for its ongoing commitment to ESG principles, being listed in the FTSE4Good Index Series for 17 consecutive years. CICT is also a constituent of various ESG indices, including the iEdge SG ESG Leaders Index, iEdge SG ESG Transparency Index, and STOXX Global ESG Leaders, among others.

CICT also has achieved good standing on sustainability benchmarks. For GRESB 2023, CICT achieved the highest 5-star rating with a score of 91 points (an increase of 3 points year-on-year) and scored "A" for public disclosure. In addition, CICT was accorded 'AA' by MSCI ESG Ratings, 'B' by

CDP Climate Change and rated 10.3 (Low Risk) by Sustainalytics' ESG Risk Rating Report. CICT was ranked fifth in the Singapore Governance & Transparency (SGTI) 2023 for the REIT & Business Trust category. On board and employee diversity, CICT has achieved notable distinction, securing the top position in Singapore for gender equality in 2024 as recognised by Equileap.

2. Green Finance Framework

CICT has prepared the Green Finance Framework (the "Framework") to demonstrate how CICT intends to enter into Green Finance Transactions ("GFTs") to fund projects, which will deliver environmental benefits that support the REIT's objectives.

Fundraising will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined in this Framework.






This Framework outlines the criteria and guidelines for CICT and its subsidiaries to allocate and manage the proceeds raised from the GFTs. With respect to bonds, bonds issued under the Framework will be aligned with the Green Bond Principles (2021) (with June 2022 Appendix 1), or as they may be subsequently amended. With respect to loans, loans drawn under the Framework will be aligned with the Green Loan Principles (2023) or as it may be subsequently amended. Other forms of debt financing may conform to other sustainable or green finance principles as may have been established at the time of such financing transaction being undertaken.




As set out in this Framework, each GFT will adopt the following four core components:



1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2.1 Use of Proceeds

100% of the net proceeds raised from each GFT will be applied exclusively to finance or re-finance, in whole or in part, new or existing eligible green projects that meet one or more of the following categories of eligibility as recognised in the Green Bond Principles and Green Loan Principles ("Eligible Green Projects") with the objective of addressing identified areas of environmental concern. These identified environmental objectives are fully in line with CICT's sustainability objectives and strategies.

Environmental Objective	Eligible Project Category	Eligible Criteria	Sample Projects	Contributing UN SDGs
<p>Climate Change Mitigation</p> <p>Natural Resource Conservation</p>	<p>Green Buildings</p>	<p>New development and existing buildings that will receive any one of the following certification systems:</p> <ul style="list-style-type: none"> • Singapore Building and Construction Authority (BCA) Green Mark: Minimum certification of Gold^{PLUS} or above; • LEED® (Leadership in Energy and Environmental Design): Minimum certification of Gold or above • Any other Green Building label, that is an equivalent standard as above 	<ul style="list-style-type: none"> • Asia Square Tower 2 • CapitaGreen • Funan • Westgate • Raffles City Singapore 	  
<p>Climate Change Mitigation</p>	<p>Renewable Energy</p>	<p>Projects relating to the installation of equipment or infrastructure to generate renewable energy</p>	<ul style="list-style-type: none"> • Solar panels installation at Bedok Mall, Bugis Junction, JCube and Asia Square Tower 2 	 

Environmental Objective	Eligible Project Category	Eligible Criteria	Sample Projects	Contributing UN SDGs
Climate Change Mitigation	Energy Efficiency	Projects relating to the adoption of smart technologies and/or systems for optimising energy management in new and existing buildings (e.g. lighting and motion sensors) or retrofitting projects (e.g. replacing air-conditioning chiller or lift systems)	<ul style="list-style-type: none"> Investment in raising performance of building fittings and equipment such as air-condition chillers, lift systems, light fittings, glass curtain walls, ventilation and greening technologies that reduces interior heat and contribute to higher energy efficiency 	 
Pollution Prevention and Control	Waste Management	Facilities, systems and equipment that are used for the collection, treatment, and recycling of waste (excluding landfilling)	<ul style="list-style-type: none"> Management of waste for tenants and occupants e.g., consolidating waste data for operating properties; collection and disposal of recyclable waste by licensed contractors; placing recycling bins in operational properties; partnership with external vendor for the collection and management of electronic waste 	

Environmental Objective	Eligible Project Category	Eligible Criteria	Sample Projects	Contributing UN SDGs
Natural Resource Conservation	Sustainable Water Management	Water saving features to reduce domestic and commercial water consumption within new and existing buildings	<ul style="list-style-type: none"> • Installation of efficient water use equipment, such as automatic tap water sensors, to reduce the use of water • Water recycling system such as rainwater harvesting 	
Climate Change Mitigation Pollution Prevention and Control	Clean Transportation	Projects that promote environmentally friendly transportation modes	<ul style="list-style-type: none"> • Electric vehicle charging infrastructure • Encouraging cycling among tenants, employees and customers by providing end-of-trip facilities (such as bicycle parking, showers, lockers and restrooms) 	

2.2 Process for Project Evaluation and Selection

Project evaluation and selection is a key process in ensuring that the Eligible Green Projects financed by the GFTs meet the criteria in CICT's Framework.

CICT's Finance team will review and select Eligible Green Projects according to the criteria outlined in Section 2.1. They may consult relevant subject matter experts from the Property Managers¹ in the selection process. The Eligible Green Project list will be jointly reviewed and approved by Chief Executive Officer and Chief Financial Officer of the Manager on an annual basis to ensure that the selected Eligible Green Projects are in line with the Framework.

Risk management principles are embedded in all our decision-making and business processes. Management of social and environmental risks involves identifying and managing significant social and environmental aspects associated with the relevant Green Projects during the process of project evaluation including that can potentially have a negative social and environmental impact.

¹ The Property Managers perform the day-to-day property management functions (including leasing, marketing, promotion, operations coordination and other property management activities) for CICT's properties

In addition, and more specifically, an Environmental Impact Assessment (EIA) is carried out during the feasibility stage of a development project. The significant findings of the EIA and their cost implications, if any, are incorporated in the investment paper submitted to the Board of Directors for approval. The EIA focuses on identifying any environmental threats or opportunities related to the project site and its surroundings, covering areas such as floods, biodiversity, air quality, noise, connectivity, heritage and resources including an analysis of mitigation measures for the associated risks.

2.3 Management of Proceeds

The amount equal to the net proceeds from the GFTs, will be allocated exclusively to the Eligible Green Projects within 3 years from the date the relevant Green Financing is raised. As long as there are outstanding GFTs, the CICT Finance Team will manage the Eligible Green Project list, and monitor the balance of the tracked proceeds from time to time and review at least annually.

In the case of divestment or if a project no longer meets the Eligible Green Project eligibility criteria listed above, CICT intends to reallocate the funds to one or more other Eligible Green Projects.

For any unallocated amount, it may be invested in cash or cash equivalent instruments, following CICT's treasury policy, that do not include any ESG controversial activity², until CICT identifies new Eligible Green Projects that meet the criteria in Section 2.1. Any addition to the Green Project list will follow the above-described process in Section 2.2.

2.4 Reporting

CICT is committed to transparent reporting of its sustainability efforts; it has been issuing an annual sustainability report since 2013, and relevant environmental data can be found at the annual reports published here – <https://www.cict.com.sg>

For the Green Loans, upon request, CICT shall provide the information below to Green Loan Lenders (provided that CICT is deemed to have provided the information if such information is available in the annual report or their website):

- Allocation of the Green Loans
- Example of the financed Eligible Green Projects, including their description, location and green building certificates
- Unallocated amount, if any
- Qualitative and (if reasonably practicable) quantitative environmental performance indicators of the Eligible Green Projects funded by the Green Loans

² ESG controversial activities: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Fossil fuels, Nuclear energy, Pornography, Tobacco

For Green Bonds, CICT will disclose the information such as net proceeds of its GFTs in its Sustainability Report or on its website (<https://www.cict.com.sg/sustainability.html>). Such information will be provided on an annual basis until all the net proceeds have been allocated.

The reports will include the information below:

a) Summary

A list of all GFT(s) executed in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include issuer/borrower entity, transaction date, principal amount of proceeds, maturity date and interest or coupon.

b) Allocation Reporting

- The list of Eligible Green Project(s) to which proceeds of the GFT have been allocated (or reallocated).
- A brief description of the Eligible Green Project(s) and the amounts allocated.
- Where confidentiality agreements, competitive considerations or a large number of underlying assets limit the amount of detail that can be made available about the selected Eligible Green Project(s), information shall be presented on an aggregated portfolio basis i.e., on the Eligible Project Categories which the selected Eligible Green Project(s) fall into.

c) Impact Reporting

Where relevant and feasible, CICT will provide relevant environmental impact metrics for the Eligible Green Projects financed by the GFTs to the investors and lenders. Examples of metrics include but not limited to:

Eligibility Criteria	Example Impact Metric
Green Buildings	<ul style="list-style-type: none"> • Type of scheme, certification level and m² Gross Building Area • Proportion of Green Buildings in CICT portfolio (per certification system)
Renewable Energy	<ul style="list-style-type: none"> • kWh of power generated from renewable energy • Capacity of renewable energy plant(s) constructed or rehabilitated in MW • Tonnes of carbon dioxide (CO₂) equivalent avoided
Energy Efficiency	<ul style="list-style-type: none"> • Energy saved per year (kWh/year) • Energy intensity reduction (kWh/sqm)

Eligibility Criteria	Example Impact Metric
Waste Management	<ul style="list-style-type: none"> • Waste removed (tonnes) • Waste that is prevented, minimised, reused or recycled before and after the project in percentage of total waste and/or in absolute amount (tonnes/annum)
Sustainable Water Management	<ul style="list-style-type: none"> • Water saved per year (m³) • Water intensity (m³/sqm)
Clean Transportation	<ul style="list-style-type: none"> • Number of EV charging lots installed • Number of bicycle parking lots

3. External Review

CICT will ensure that the appropriate knowledge and expertise is developed within the organisation and it reviews this Green Finance Framework on a regular basis to ensure the alignment of this Framework with the key features of the Green Bond Principles and Green Loan Principles.

CICT will engage an independent external reviewer to provide a Second-Party Opinion (SPO) on the Framework prior to its first GFT. The opinion of the independent external reviewer will be shared on the REIT's website at <https://www.cict.com.sg/sustainability.html>.