

# SUSTAINABILITY

## CORPORATE GOVERNANCE

As Mapletree continues its business expansion globally, the Group places importance on maintaining good corporate governance practices to ensure investor confidence and business integrity. Although Mapletree is not listed on a stock exchange and therefore not subjected to mandatory disclosures, the Group voluntarily subscribes to some of the core principles set out in the Code of Corporate Governance issued by the Monetary Authority of Singapore.

Mapletree is also committed to establishing long-term value creation and integrating sustainability into its strategy, policies and practices. To this end, Mapletree has voluntarily published its sixth Global Reporting Initiative (GRI) compliant Sustainability Report which can be found on pages 90 to 131 of this Annual Report.

### A) BOARD MATTERS

#### BOARD'S CONDUCT OF AFFAIRS

Mapletree upholds the principle that an effective Board of Directors (Board) is one that has the right core competencies and diversity of experiences. The collective wisdom of the Board provides strategic guidance and diverse insights to support the Group's Management who 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 composition of the Board and the various Board committees are detailed on the next page.

Mapletree's Directors are business leaders and distinguished professionals in their respective fields who are appointed based on their professional calibre, experience and stature. The Board was formed with the overall consideration that their collective experiences will bring breadth and depth to the Board's deliberations. The diversified professional backgrounds of the Directors enable the Group's 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.

To this end, the Board has adopted a Board Diversity Policy which takes into account the aforementioned

objectives and outlines its commitment and approach towards achieving an effective and diverse Board. The Board will review the policy from time to time to ensure that the policy remains effective and relevant. On gender diversity, the Board is committed to achieving an aspirational target of at least 25% female representation on the Board by 2025, and 30% by 2030. As at 31 March 2022, there were two female Directors out of a total of 10 Directors on the Board.

The Board meets at least once every quarter to assess Mapletree's business performance and key activities, as well as reviews strategic policies, significant acquisitions and divestments. The Board is updated on any material change to relevant laws, regulations and 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 believes that a strong and independent Board composition will prompt broad and in-depth deliberations between the Board and its Management. Apart from the Group Chief Executive Officer (GCEO), who is an Executive Director, all Board members are Independent Directors.

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

### CHAIRMAN AND GCEO

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

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

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

### BOARD MEMBERSHIP

Mapletree recognises that Board renewal is a necessary 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 GCEO is also subject to retirement and re-election.

### BOARD PERFORMANCE

Mapletree adopts the principle that the Board's performance is 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 constructive 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 through an orientation programme which covers the Group's business, strategic direction, risk management policies and governance practices.

The 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. The 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 oversees 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.

Name	Board of Directors (Board)	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	Member		Chairman
Mr David Christopher Ryan	Member			Member	
Mr Lim Hng Kiang	Member			Member	
Mr Samuel N. Tsien	Member			Member	
Ms Elaine Teo	Member	Member			Member
Mr Cheah Kim Teck	Member	Member			
Mr Ng Keng Hooi	Member	Member			Member
Ms Cheo Hock Kuan	Member		Member		
Ms Chan Wai Ching			Co-opted Member		
Mr Hiew Yoon Khong	Member			Group CEO & Ex-officio Member	
Ms Wendy Koh Ai Mui				Group CFO & Ex-officio Member	

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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 takes on the approach 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 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 Lee Chong Kwee (Member);
- Ms Cheo Hock Kuan (Member); and
- Ms Chan Wai Ching (Co-opted Member).

All ERCC members are independent of the Management. The ERCC oversees executive compensation and development of the Management's bench strength, so as to build and augment a capable and dedicated management team. In addition, it also provides guidance on progressive policies which can attract 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 GCEO and several key positions in the Group. In this regard, potential internal and external candidates for succession are reviewed for immediate, medium and longer term needs. The ERCC held a total of two meetings in Financial Year 2021/2022 (FY21/22).

The GCEO, 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 GCEO 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 North Asia Commercial Trust Management Ltd (MNACTM), which are respectively the real estate investment trust (REIT) Managers of Mapletree Logistics Trust, Mapletree Industrial Trust, Mapletree Commercial Trust and Mapletree North Asia Commercial Trust (MNACT), each of which has Mapletree as its sponsor. With the establishment of a Nominating and Remuneration Committee (NRC) by each of the board of directors of MLTM, MITM, MCTM and MNACTM, 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 embraces the belief that in order 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 system of internal controls and risk management is necessary for the Group's business.

Mapletree has established internal controls and risk management systems that address the key operational, financial, compliance and information technology (IT) risks relevant to the Group's business and operating environment. These systems provide reasonable but not absolute assurance on the achievement of their intended internal controls and risk management objectives.

The key elements of Mapletree's internal controls and risk management systems of controls are as follows:

#### **Operating structure**

Mapletree has a well-defined operating structure with clear lines of responsibility and delegated authority, complementing the reporting mechanism to the 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 investments and divestments, development, operational and capital expenditures and treasury activities.

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 implemented a Control Self-Assessment programme to reinforce risk awareness and compliance with internal controls within the Group, by fostering accountability, control and risk ownership.

The Internal Audit (IA) department reviews compliance with the control procedures and policies established within the internal control and risk management systems.

#### **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.

For queries or to make a report, please write to [reporting@mapletree.com.sg](mailto:reporting@mapletree.com.sg).

#### **Risk management**

Risk management is an integral part of Mapletree's business strategy to deliver strong earnings and sustainable returns. To safeguard and create value for stakeholders, the Management proactively manages risks and embeds risk management into the Group's planning and decision-making process.

The Risk Management (RM) department oversees the Enterprise Risk Management (ERM) framework, which is adapted from the International Organisation for Standardisation under (ISO) 31000 Risk Management. It reports key risk exposures, portfolio risk profile and activities in respect

of significant risk matters to the AC and the Board independently on a quarterly basis.

The risk management system, which encompasses the ERM framework and the risk management process, is dynamic and evolves with the business. Mapletree has identified key risks, assessed their likelihood and impact on the Group's business and established corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The RM department works closely with the Management to review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the AC and the Board.

More information relating to risk management can be found on pages 137 to 139 of this Annual Report.

#### **Information technology controls**

As part of the Group's risk management process, IT controls and cybersecurity measures have been put in place and are periodically reviewed to ensure that IT risks and cybersecurity threats are identified and mitigated.

On an annual basis, Mapletree conducts the Business Continuity Plan (BCP) and IT Disaster Recovery (ITDR) Tests, as well as engages external specialists to perform a Vulnerability and Penetration Test (VAPT) on the Group's networks, systems, and devices. The BCP and ITDR ensure that critical IT systems remain functional in a crisis situation or system failure, and the VAPT ensures that cybersecurity measures deployed continue to be effective.

#### **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 the 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 monthly performances of the Group's portfolio properties 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. Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations will be issued to the AC. IA monitors and reports on the timely implementation of the action plans to the Management and the AC quarterly.

#### **External audit**

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.

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### **Transaction Review Committee**

Since March 2013, with the listing of MNACT, Mapletree has established a TRC to:

- (a) resolve any potential conflict of interest that may arise between MNACT 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 MNACT and any future Japan commercial private fund (whose investment mandate includes commercial properties in Japan) concerning the process to be undertaken to acquire investment properties in Japan; and
- (b) grant approval for the acquisition of any seed asset for a future Greater China commercial private fund or a future Japan 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 results and annual financial statements;
- review of the quality and reliability of information prepared for inclusion in financial reports;
- recommendation of 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 FY21/22.

### **Internal Audit Department**

Mapletree adopts the practice that IA reports directly to the Chairman of the AC and administratively to the Head, Operations System and Control.

The role of IA is to conduct 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 International 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;
- communicating results; and
- monitoring progress.

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.

In compliance with the IIA Standards, an external quality assessment review (QAR) of IA is conducted at least once every five years by a qualified, independent reviewer. The last external QAR of IA was completed in 2018 and it was assessed that the Internal Audit function is in conformance with the IIA standards. The next external QAR will be conducted in 2023.

### **D) COMMUNICATION WITH SHAREHOLDERS**

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