



Sustainability Report 2022



OUR MISSION

To provide sustainable and stable returns to our Stapled Securityholders through attractive distributions and long-term capital appreciation.

CORPORATE PROFILE

ARA US Hospitality Trust

Listed on the Singapore Exchange on 9 May 2019, ARA US Hospitality Trust ("**ARA H-Trust**") is a hospitality stapled group comprising ARA US Hospitality Property Trust ("**ARA H-REIT**") and ARA US Hospitality Management Trust ("**ARA H-BT**"). ARA H-Trust invests in income-producing real estate assets used primarily for hospitality and/or hospitality-related purposes located in the United States ("**U.S.**"). Its portfolio currently comprises 36 upscale select-service hotels with a total of 4,707 rooms across 19 states in the United States.

ARA H-Trust has a market capitalisation of US\$199.2 million as at 31 December 2022.

For more information, please visit www.araushotels.com.

The Managers

ARA H-Trust is managed by ARA Trust Management (USH) Pte. Ltd. ("**REIT Manager**") and ARA Business Trust Management (USH) Pte. Ltd. ("**Trustee-Manager**") (collectively known as the ("**Managers**"). The Managers are wholly-owned subsidiaries of ARA Asset Management Limited ("**ARA**"). The Sponsor, ARA Real Estate Investors 23 Pte. Ltd., is an indirect wholly-owned subsidiary of ARA.

ARA is part of the ESR Group ("**ESR**"), APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$156 billion in total assets under management ("**AUM**"), ESR's fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and it also includes an expanding presence in Europe and the U.S.. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of over US\$46 billion. Its purpose — Space and Investment Solutions for a Sustainable Future — drives ESR to manage sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of the business.

Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

For more information on ESR, please visit: www.esr.com.

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INTRODUCTION

BOARD STATEMENT

The Board of Directors of the Managers (the “**Board**”) is pleased to present ARA H-Trust’s Sustainability Report for FY 2022.

In conjunction with the global response to the threat of climate change, the Managers strive for excellence in corporate citizenship as well as the ways they manage the business, invest, as well as protect and enhance the commitment to investors. ARA H-Trust is committed towards achieving first-rate sustainable management of its hotels by contributing to the social and environmental well-being of its stakeholders, whilst focusing on its mission to deliver sustainable and stable returns to its stapled securityholders.

This third sustainability report reflects the Managers’ ongoing commitment to incorporate Environmental, Social, and Governance (“**ESG**”) elements into our business strategy and operations. To comply with the Monetary Authority of Singapore’s (“**MAS**”) Guidelines on Environmental Risk Management for Asset Managers, the Managers expanded the existing risk management policies and procedures of ARA H-Trust to include environmental risk management. Taking guidance from the Recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”), the first climate scenario study and framework gap analysis that assesses ARA H-Trust’s readiness in mitigating climate-related risks was conducted. Details of this assessment can be found in pages 29 to 36.

An annual reassessment of material sustainability matters is important in order to adapt to the changing global landscape and meeting the needs of stakeholders. In FY 2022, the eight material ESG factors for ARA H-Trust were reassessed and the Board determined these material ESG factors identified in FY 2020 to remain relevant to ARA H-Trust. These material factors will continue to be actively managed and monitored by the Managers, under the Board’s supervision.

With the holistic well-being of stakeholders namely guests, employees and local communities as a key focus, the Managers considers sustainability issues as part of its strategic formulation and sets the strategic direction in ensuring good corporate governance, prudent financial management, robust health and safety practices, fair employment and efficient use of resources.

ARA H-Trust’s ESG policies, practices and performance which roll up to its overall performance from the financial, socioeconomic and environmental perspectives are detailed in this report, prepared in accordance with the updated Global Reporting Initiative (“**GRI**”) Standards 2021.

REPORTING FRAMEWORK

This report has been prepared in accordance with the GRI Standards 2021 as well as the relevant requirements under the 2023 Global Real Estate Sustainability Benchmark (“**GRESB**¹”) Assessment.

The GRI Standards is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures and is suited to ARA H-Trust’s industry and business model. Reference has also been drawn from the Sustainability Reporting Guide of the SGX-ST Practice Note 7.6 in meeting the primary components set out in the SGX-ST Mainboard Listing Rule 711A and 711B of the Listing Manual of the SGX-ST, where applicable.

This report also takes guidance from the TCFD recommendations, which support the assessment and management of climate risks. This will provide useful climate-related financial information for our stakeholders.

Please refer to the GRI Content Index attached at the end of this report for more information. In addition, this report together with other ESG information, will be submitted as part of ARA H-Trust’s participation in the 2023 GRESB Assessment.

REPORTING SCOPE AND PERIOD




The reporting period covered in this report is from 1 January 2022 to 31 December 2022 (“**FY 2022**”), with the relevant prior year data as comparison, where applicable. It describes the ESG policies, practises, and goals that are most important to the operations of ARA H-Trust.

Asset data for disposed assets is included from 1 January 2022 to the date of disposal and is applicable across all material topics. Five hotels, namely Hyatt Place Chicago Itasca, Hyatt Place Pittsburgh Cranberry, Hyatt Place Birmingham Inverness, Hyatt Place Cincinnati Northeast and Hyatt Place Cleveland Independence, were disposed in the third quarter of FY 2022.

ARA H-Trust’s portfolio of hotels operates in the upscale select-service segment and is branded under two of the world’s largest hotel chains, Hyatt Hotels Corporation and Marriott International (“**Brand Partners**”). The various brands include Hyatt House, Hyatt Place, AC Hotel by Marriott, Courtyard by Marriott, and Residence Inn by Marriott. Details can be obtained in the operation review section in the FY 2022 Annual Report. The ARA US Hospitality Management, Inc. (the “**ARA Hotel Manager**”) has the overall responsibility of the management and operation of the hotels. In turn, the ARA Hotel Manager outsources the day-to-day management of the hotels to third-party hotel Managers (the “**Hotel Managers**” - Aimbridge Hospitality and Concord Hospitality) and oversees the Hotel Managers.

¹ GRESB is the environmental, social and governance benchmark for real assets. Working in collaboration with the industry, GRESB defines the global standard for sustainability performance in real assets, providing standardised and validated ESG data to the capital markets. More than 100 institutional investors, including pension funds and insurance companies, use GRESB data and analytical tools to optimise the risk/return profile of their investments. In 2022, more than 1,820 property companies, real estate investment trusts, funds and developers participated in the Real Estate Assessment, representing USD 6.9 trillion gross asset value. The Assessment covered nearly 150,000 assets

The reporting boundary for each sustainability pillar (Environmental, Social and Governance) can be found below:

Sustainability Pillar	Reporting Boundary
 ENVIRONMENTAL	<p>ARA H-Trust uses the operational control approach, as outlined in the Greenhouse Gas Protocol Corporate Standard ("GHG Protocol Corporate Standard") to consolidate the environmental performance data from all 36 wholly-owned properties² in its portfolio.</p>
 SOCIAL	<p>Stakeholder engagement detailed in this report broadly covers customers and guests, investors, employees, partnered brands, and regulators, amongst others.</p> <p>For employment, training & education performance, this report covers primarily employees of the Managers. For occupational and customer health and safety performance, this report covers both employees of the Managers and the Hotel Managers.</p>
 GOVERNANCE	<p>For socioeconomic and governance performance, this report covers primarily employees of the Managers. ARA H-Trust is subject to prevailing laws, regulations, and guidelines relevant to the jurisdictions it operates in and has applicable policies in relation to governance topics such as anti-corruption and ethics.</p>

ASSURANCE AND FEEDBACK

The Managers have not sought external assurance for this Sustainability Report, and may seek full assurance for future sustainability reports as its reporting matures over time. The internal audit plan of ARA H-Trust includes a planned internal review of the sustainability process in due course. For ARA H-Trust's participation in the 2023 GRESB Assessment, the Managers will appoint an independent firm to perform a limited assurance on the environmental data submitted.

The Managers value all feedback from stakeholders as they are integral to ARA H-Trust's sustainability reporting process. Please send any comments and suggestions to usht_ir@desr.com.

² For more details on ARA H-Trust's property portfolio, please refer to pages 26 to 46 of ARA H-Trust's FY 2022 Annual Report (the "**Annual Report**")

SUSTAINABILITY AT ARA H-TRUST

The Managers recognise that ESG is a material aspect that affects the business performance of its hotels and is therefore consequential to its stakeholders. Hence, the Managers are committed to enhance and incorporate sustainability opportunities into its investment and asset management strategies, with a focus on minimising the associated environmental impacts. The Managers strive to invest in bespoke sustainability practices and identify capital projects that can enhance asset values through better environmental performance.


The sustainability program for ARA H-Trust aims to create long-term value for its stakeholders by investing responsibly in business, environment, people and communities. In a cohesive approach, the ARA Hotel Manager works closely with the Hotel Managers in carrying out the identified strategies in the program.

STAKEHOLDER ENGAGEMENT















The level of success in each sustainability initiative is correlated to the support and contribution of its stakeholders, which comprise customers and guests, investors, employees, partnered brands, government agencies and industry organisations.

The Managers commit to regular communication and feedback with stakeholders through various engagement platforms. These stakeholder engagements help identify the relevant ESG matters to facilitate continuous improvement in the operation of the hotel portfolio.

The approach towards stakeholder engagement is illustrated in the table below.

Stakeholder Group	Engagement Methods and Frequency	Key Topics Raised	ARA H-Trust’s Responses in FY 2022
Legend for engagement frequency: ■ Throughout the year ■ Monthly ■ Quarterly ■ Annually ■ Adhoc			
 Customers and Guests	Bilateral communications ■	<ul style="list-style-type: none"> • Customer satisfaction; • Quality of facilities and services; and • Customer health and safety 	The hotels conducted regular guest feedback and satisfaction surveys to ensure open communication with customers.
	Tenant Engagement and Satisfaction ■		ARA H-Trust places a high priority on guest satisfaction and monitors each hotels’ score as a key metric on a monthly scorecard dashboard. Service recovery action plans are implemented on any hotel that tmeasures below the brand average.
			The hotels have continued to carry out regular deep cleaning and sanitisation exercises since the onset of the COVID-19 pandemic to maintain customer health and safety.

Stakeholder Group	Engagement Methods and Frequency	Key Topics Raised	ARA H-Trust's Responses in FY 2022
Legend for engagement frequency:			
■ Throughout the year ■ Monthly ■ Quarterly ■ Annually ■ Adhoc			
 Employees	Training, including courses, seminars, webinars and orientation for new employees ■	<ul style="list-style-type: none"> • Good employee welfare and working environment; • Skills development and training; • Good corporate governance; • Opportunities for career development and progression; and • Workplace health and safety 	<p>Employees are supported in career development through regular performance appraisals, training programmes and ready access to resources in encouraging best practices.</p> <p>The Managers remain committed to good governance and fair employment practices and communicate these efforts through internal newsletters.</p>
	Employee feedback and employee satisfaction survey ■		
	Team bonding activities ■		
	Internal communications via emails, intranet, newsletters and townhall meetings ■		
	Performance appraisals ■		
 Government Agencies and Industry Organisations	Briefings, discussions and consultations with relevant authorities ■	<ul style="list-style-type: none"> • Compliance with rules and regulations; • Effective corporate governance; and • Keeping abreast with regulatory and industry updates and trends 	<p>The Managers hold regular discussions with regulators and authorities such as the MAS and the SGX-ST to comply with regulations and stay abreast of updates.</p>
	Participation in relevant industry associations, forums and dialogues ■		
	Regulatory filings ■		
 Hotel Managers	Detailed monthly performance reviews of earnings, forecasts and compliance reports ■	<ul style="list-style-type: none"> • Asset management and asset enhancement initiatives; • Business opportunities; • Property maintenance programs tracking operation and required system upgrades of equipment, minimising energy and water consumption, and emissions • ESG practices and initiatives in line with hotel brand standards 	<p>The Managers held regular meetings and calls with the Hotel Managers to review performance metrics and discuss strategies for performance enhancement.</p> <p>Key portfolio initiatives are strategised quarterly with tracking benchmarks to measure progress.</p>
	Site inspections of properties, evaluations and discussions on areas for improvement in staff performance and capital needs ■		
	Reviews of asset enhancement works and capital expenditure against capital budget ■		
	Medallia Guest Sentiment Reporting and Benchmarking ■		

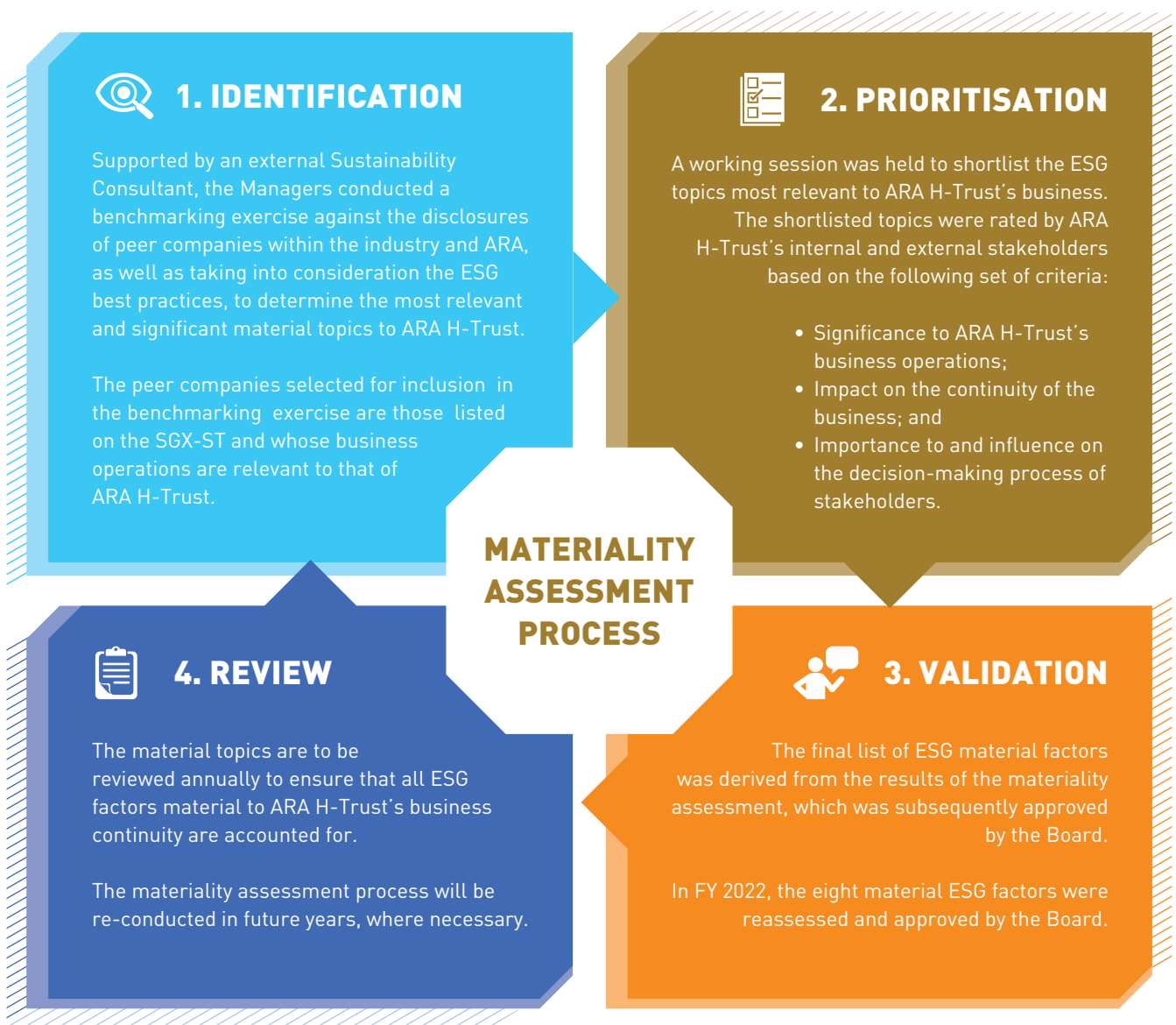
Stakeholder Group	Engagement Methods and Frequency	Key Topics Raised	ARA H-Trust's Responses in FY 2022
Legend for engagement frequency:			
			
 Investors	Half-yearly financial reporting and interim business updates		<ul style="list-style-type: none"> • Performance of hotels; • Business strategy and outlook; • Net asset value growth; • Sustainable returns; • Timely and transparent reporting; and • Good corporate governance <p>ARA H-Trust published quarterly business and operational updates, half-yearly financial announcements and year-end audited financial statements and annual reports to communicate its business performance to investors and stakeholders.</p> <p>These reports and announcements can be found on ARA H-Trust's corporate website at www.araushotels.com.</p>
	Post-results analyst and investor briefings		
	Annual general meetings		
	Publications, including Annual Report and Sustainability Report		
	Direct email and phone correspondences through a dedicated investor relations contact		
	Corporate website		
	Investor conferences and roadshows		
 Partnered Brands	Owner orientation and brand standards training		<p>The Managers held regular meetings with the corporate management team from the hotel brands to discuss on updates to the brand standards and performance.</p> <p>The Managers also participated in the following Brand Partners' sustainability programs:</p> <ul style="list-style-type: none"> • 3 Marriott Hotels (Sustain Responsible Operations Marriott International Serve360) • 38 Hyatt Hotels (World of Care Hyatt Hotels Corporate Responsibility)
	Owner dialogues and forums		
	Brand audits		
	Key Metrics Utilisation and Benchmark Reporting		

MATERIALITY ASSESSMENT

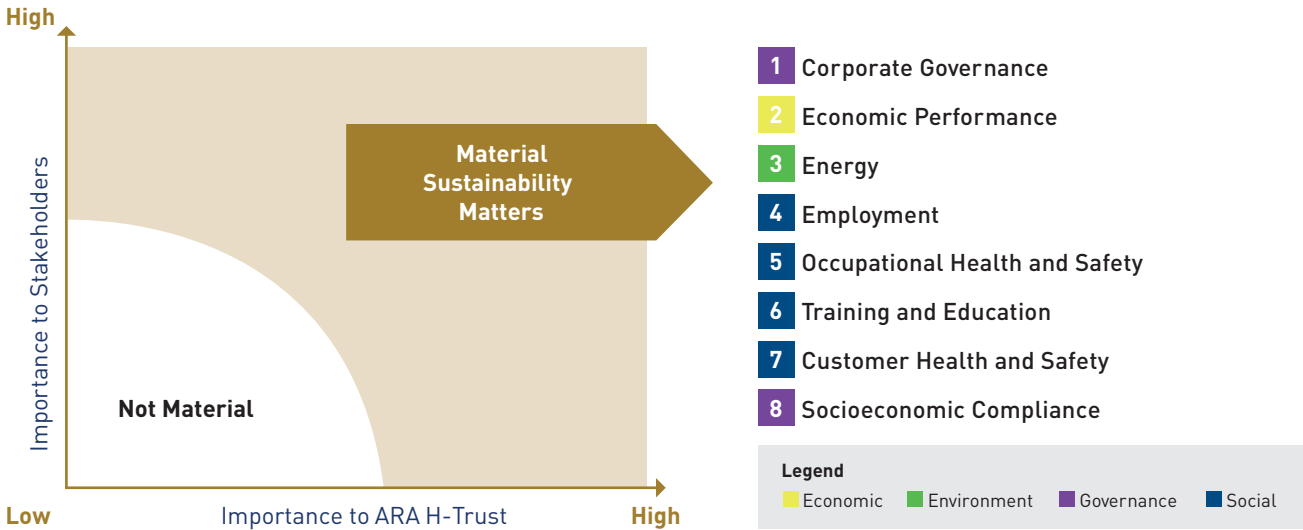
In an ever-evolving ESG landscape, identifying relevant material topics to businesses is essential as they can have a significant impact on business performance and hence the ability to create long-term value for stakeholders.

In FY 2022, the eight material sustainability topics for ARA H-Trust were reassessed and the Board approved the material ESG matters deemed relevant in the operating context of ARA H-Trust. In the reassessment, the Managers considered the potential and relevant ESG-related risks to the business activities of ARA H-Trust, the economic factors impacting the hospitality industry, as well as stakeholder expectations.

The Managers adopt a robust four-step Materiality Assessment process as illustrated below.



The materiality matrix lists sustainability matters that were evaluated and selected by the Managers of ARA H-Trust as being material to its business strategy, financial planning and business model, based on internal and external stakeholders' perspectives.



SUMMARY OF MATERIAL TOPICS

The identified material sustainability matters have been mapped to specific GRI Topic Disclosures. Our performance in FY 2022 and targets regarding each topic are summarised in the following table:


Material Matter	GRI Standards	FY 2022 Performance	Targets For FY 2023
Corporate Governance	GRI 205	<ul style="list-style-type: none"> (Achieved) Zero reported cases of corruption or fraud 	<ul style="list-style-type: none"> (Perpetual) To maintain zero reported cases of corruption or fraud
Economic Performance	GRI 201	<ul style="list-style-type: none"> (Achieved) Refer to Statement of Financial Position (AR Pg. 103), Statement of Comprehensive Income (AR Pg. 104), Statement of Distributable Income (AR Pg. 106) 	<ul style="list-style-type: none"> Achieving sustainable economic growth and delivering long-term value for ARA H-Trust's stakeholders
Energy	GRI 302	<ul style="list-style-type: none"> Total energy consumption (electricity and natural gas): 66,161,294 kWh Average energy intensity: 53.95 kWh per occupied room (Achieved) Monitored and tracked electricity and natural gas consumption across all hotels 	<ul style="list-style-type: none"> (New) To achieve 3% reduction in energy intensity per occupied room values over 5 years from 2022 baseline. To implement energy saving initiatives across all hotels (Perpetual) To continue monitoring and tracking electricity and natural gas consumption across all hotels

Material Matter	GRI Standards	FY 2022 Performance	Targets For FY 2023
■ Employment	GRI 401	<ul style="list-style-type: none"> • (Achieved) Zero validated cases of non-compliance with employment regulations or acts concerning employee rights 	<ul style="list-style-type: none"> • (Perpetual) To maintain zero validated cases of noncompliance with employment regulations or acts concerning employee rights
■ Occupational Health and Safety	GRI 403	<ul style="list-style-type: none"> • (Achieved) Zero fatalities for all staff • (Achieved) Zero high consequence injuries for all staff 	<ul style="list-style-type: none"> • (Perpetual) To maintain achieving zero fatalities for all the staff
■ Training and Education	GRI 404	<ul style="list-style-type: none"> • (Achieved) An average of 38.2 training hours per employee 	<ul style="list-style-type: none"> • To maintain an average of 26 training hours per employee
■ Customer Health and Safety	GRI 416	<ul style="list-style-type: none"> • (Achieved) No known serious incidents concerning customer health and safety 	<ul style="list-style-type: none"> • (Perpetual) To maintain zero serious incidents concerning customer health and safety
■ Socioeconomic Compliance³	GRI 2-27	<ul style="list-style-type: none"> • (Achieved) Zero reported cases of non-compliance with relevant laws, regulations and governance policies • (Achieved) No significant fines, non-monetary sanctions, no penalties or letters issued by relevant authorities on breaches of environmental and socioeconomic compliance 	<ul style="list-style-type: none"> • (Perpetual) To maintain achieving zero reported cases of non-compliance with relevant laws, regulations and governance policies • (Perpetual) To maintain zero significant fines, nonmonetary sanctions, zero penalties or letters issued by relevant authorities on breaches of environmental and socioeconomic compliance

³ GRI 419 Socioeconomic Compliance 2016 has been revised to mandatory disclosure GRI 2-27 Compliance with laws and regulations under GRI 2 General Disclosures. In FY 2022, ARA H-Trust continues to recognise Socioeconomic Compliance as a material topic

ARA H-TRUST FY2022 SNAPSHOT







Corporate Profile

 Listed on the Singapore Exchange on: 9 May 2019	 Gross Revenue: US\$169.0 M (as of 31 December 2022)	 Market Capitalisation: US\$199.2 M (as of 31 December 2022)	 Operates across: 19 States in the U.S.
 36 upscale select-service hotels ⁴	 4,707 rooms	 5 premium international hotel brands	

Corporate Governance

 Expanded the existing risk management framework and procedures to include environmental risk management, and adopted the TCFD Recommendations , aligned with the MAS ERM Guidelines	 0 cases of corruption, fraud or non-compliance with relevant laws, regulations and governance policies	 Regularly reviewed Risk Management Framework addressing strategic enterprise, operational, financial and compliance risks
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Environment Management

 Average Energy Intensity at 19.62 kWh per square foot	 Total Scope 1 and 2 emissions: 18,975,175 kgCO₂e	 Achieved Energy Star accreditations across 66% of our portfolio
 3% reduction in energy intensity per occupied room over 5 years from 2022 baseline	 Average Energy Intensity at 53.95 kWh per occupied room	 Average Emissions Intensity at 15.47 kgCO₂e per occupied room

Social and Human Capital

 100% of employees have attended the ESG training course	 0 fatalities for both employees and Hotel Managers' associates	 0 serious incidents concerning customer health and safety
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⁴ As at 31 December 2022. Five hotels, namely Hyatt Place Chicago Itasca, Hyatt Place Pittsburgh Cranberry, Hyatt Place Birmingham Inverness, Hyatt Place Cincinnati Northeast and Hyatt Place Cleveland Independence were disposed of in the third quarter of FY 2022

STRONG GOVERNANCE

ARA H-Trust is dedicated to upholding its business integrity and fair practices and ensuring high levels of trust and confidence among the stakeholders. The Managers have the fiduciary obligation to act honestly and exercise due care and diligence, in the interest of stapled securityholders.

The Board recognises that a firm and operative corporate governance culture is crucial in managing the economic, environmental and social risks of ARA H-Trust. ARA H-Trust's corporate policies and ESG commitments go towards building a strong foundation for the corporate governance and establishing a robust governance framework⁵ which underpins day-to-day operations in ensuring proper checks and balances.

RISK MANAGEMENT

The Board is responsible for ensuring that Management establishes robust risk management policies and procedures to safeguard ARA H-Trust's assets and address its business risks. An Enterprise Risk Management Framework⁵ ("**ERM Framework**") which covers the management of strategic enterprise, operational, financial and compliance risks has been established for ARA H-Trust.

The strategic risks relate to risks posed in the pursuit of sustainable long-term growth of ARA H-Trust, in the areas of investment strategy, asset management and stakeholder communications. The operational risks relate to risks arising from the day-to-day management of the property portfolio and hotel operations. The financial risks relate to the potential negative impact to ARA H-Trust's financial position, arising from changes in market conditions such as liquidity, interest rates and credit exposures. Cashflow projections based on normal and stressed conditions are assessed for sufficient liquidity of the Trust to meet its liabilities when due. The compliance risks relate to risks posed by applicable laws and regulations which apply to ARA H-Trust, which operates in the jurisdictions of the

U.S. and Singapore. The Board has overall responsibility for the establishment and oversight of ARA H-Trust's risk management framework, and delegates the Audit and Risk Committee of the Managers ("**ARC**") to oversee risk management.

In FY 2022, the Managers incorporated the required policies in compliance with the MAS Guidelines on environmental risks management into the ERM framework to include "environmental risk" as a new category of risk. The environmental risks will be managed and monitored by the ARC, to whom the Board has delegated its responsibility to oversee the environmental risk management for ARA H-Trust.

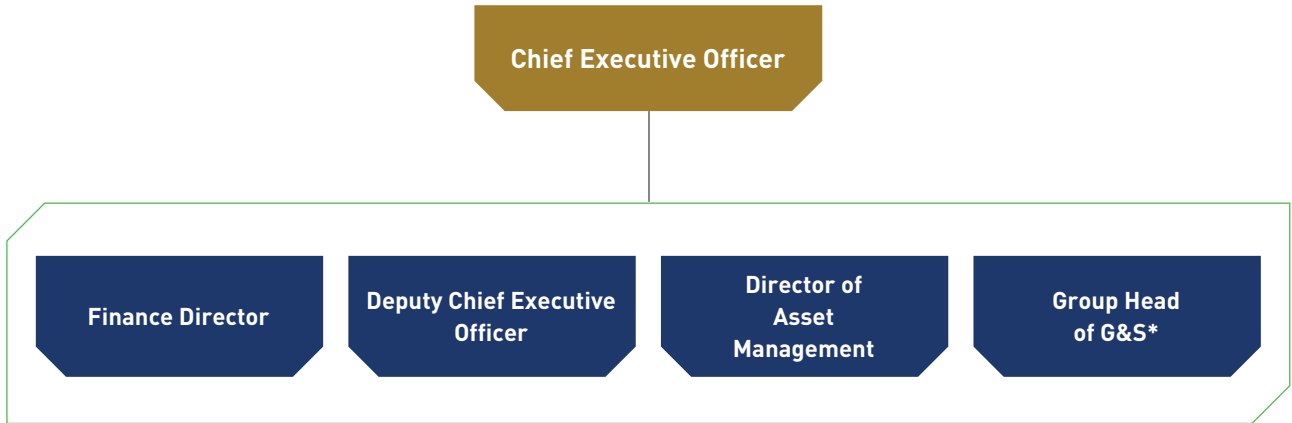
Under the ERM Framework, a Risk Management Committee has been set up to assist the Audit and Risk committee in assessing the adequacy and effectiveness of internal controls, and addressing the governance, socioeconomic and environmental aspects of the business. The ARA H-Trust Risk Management Committee is headed by the Chief Executive Officer ("**CEO**"), supported by senior executives from asset management, finance, investor relations and works in collaboration with ESR Group Head of Governance and Sustainability. The Risk Management Committee reports to the Board on overall risk management matters (including environmental risk), and is responsible for identifying, managing, evaluating and reporting of risks relating to ARA H-Trust. The Board meets regularly via Board meetings held once every quarter.

This committee also works towards making appropriate disclosures in the ARA H-Trust sustainability report, performing material subject and performance evaluations against those selected issues, and carrying out necessary actions in accordance with the sustainability framework and to meet the targeted sustainability objectives.

⁵ Please refer to pages 50 to 79 of the Annual Report for more details

ARA H-TRUST RISK MANAGEMENT COMMITTEE

Overall risk management of ARA H-Trust is headed by the CEO reporting to the Audit and Risk Committee of the Managers:



Managing operational risks at the business process levels by respective Heads of Departments:



* Group Head of Governance & Sustainability (“G&S”) from ESR does not carry out any managerial or executive functions within the ARA H-Trust Risk Management Committee but advises the CEO and Heads of Departments (“HODs”) of the Managers on risk management matters.



ARA H-Trust's sustainability-related policies, practices and performance are detailed in this report, which are interrelated to its overall performance from the financial, socioeconomic and environmental perspectives. The table below presents a summary of sustainability policies which have been adopted by ARA H-Trust in its operations. To affirm our commitment in upholding and protecting human rights, our Human Rights Policy has been developed and will be in operation in FY 2023. More details on the policy will be published in the report for the next financial year.



ENVIRONMENTAL

Climate Change	GHG Emissions and Management
Pollution Prevention	Water Consumption and Management
Biodiversity and Habitat	Waste Management
Resilience to Catastrophe and Disaster	Material Sourcing and Sustainable Procurement
Environmental Management System	Indoor Environmental Quality
Energy Consumption and Management	



SOCIAL

Diversity and Equal Opportunities	Labour Management Relations
Employment	Quality of Assets and Services
Performance and Career Development	Personal Data Protection
Stakeholder Engagement	Community Development



GOVERNANCE

Board Diversity	Communications
Board Performance Evaluation	Crisis Management
Governance Matrix	Intellectual Property Rights
Authorisation Grid	Staff Declaration
Code of Corporate Governance	Treasury
Code of Ethics	Valuation
Enterprise Risk Management	Supplier Code of Conduct
Deal Allocation	Outsourcing
Whistle Blowing	Cybersecurity
Shareholder Rights	Compliance with ESG Laws and Regulations
Group Compliance	Anti-Money Laundering and Countering the Financing of Terrorism

ETHICS AND INTEGRITY

The Managers are committed to perform its roles and responsibilities at the utmost level of professional conduct based on its core values.

The Managers adhere strictly to the policies laid out under the ARA H-Trust Corporate Governance Framework, which includes measures put in place against fraud, corruption, insider trading and misuse of confidential information. The Management Committee and its employees have received communication and mandatory trainings on anti-corruption and business ethics. New employees are made aware of these policies as part of the induction program held upon joining. Existing employees affirm their compliance to the policies with annual declarations made. Any non-compliance with these policies will result in disciplinary action and/or immediate dismissal of the employee.

REGULATORY COMPLIANCE

The Managers recognise the risks associated with improper corporate governance, such as corruption, fraud, and non-compliance with local and international laws and regulations, which can severely impact the trust that the public and our stakeholders have placed in us. As such, the Managers have adopted a comprehensive Compliance Framework established for ARA H-Trust. The Managers work closely with external legal professionals and the relevant ARA departments on legal and regulatory matters, including changes to requirements. Adopting a proactive approach, the Managers participate regularly in consultations with authorities such as MAS and SGX-ST and provide feedback on the regulatory regimes. Any significant developments in the operating environment, legislations and regulations are promptly communicated to ARA H-Trust's stakeholders.

In FY 2022, there were zero reported cases of corruption, fraud or non-compliance with relevant laws, regulations, and corporate governance policies. There were also no significant fines, non-monetary sanctions, cases brought through dispute resolution mechanisms, penalties or letters issued by relevant authorities on breaches of environmental and socioeconomic compliance.



Compliance Control Self-Assessment

The Compliance Control Self-Assessment evaluates the adequacy and effectiveness of internal controls in addressing compliance risks in specific areas. It is annually certified by the Managers and audited by independent professionals.



Training on the latest regulatory development

Directors and management receive regular training and/or updates on regulatory requirements covering legislation including the Securities & Futures Act, Common Reporting Standards, Foreign Account Tax Compliance Act and Singapore Financial Reporting Standards. This is facilitated by the relevant ARA department and/or external professionals.

SGX-ST has mandated that all directors must undergo a one-time training on sustainability matters. The Managers source for relevant external courses for training and recommend the Board to attend these courses. All directors attended the sustainability training in FY 2022.



Monitoring

The company secretaries and internal auditors ensure that Board procedures are duly followed and regularly reviewed for compliance. Any material non-compliance or weakness, including recommendations for improvements is reported to the Audit Committee.

DELIVERING EXCEPTIONAL VALUE

SUPPLY CHAIN MANAGEMENT

In cooperation with our brand partners and third-party hotel management companies, we endeavour to drive sustainable procurement throughout our value chain by sourcing products and services which support the combat of climate change, prevention of deforestation, conservation of natural resources and protection of human rights and animal welfare. The ARA Hotel Manager works closely together with the respective Hotel Managers and Brand Partners to ensure that the supplier standards outlined in the Supplier Code of Conduct (“**Code**”) are adhered to.

Subject to periodic review, suppliers are assessed to determine if appropriate management systems are in place and whether necessary steps were taken to comply with the Code, including maintaining transparency over the policies and practices relating to hiring and employee education. In addition to the Code, suppliers are also expected to comply to all applicable national and local laws and regulations, including those governing labour, health and safety, and the environment such as the United States’ Fair Labour Standards Act, the Occupational Safety and Health Act, the Equal Pay Act, and the Family and Medical Leave Act.

Suppliers are also expected to recognise and uphold human rights of their workers and to treat them with dignity and respect, in line with standards such as Universal Declaration of Human Rights (“**UDHR**”) and Social Accountability International (“**SAI**”). The Code is also modelled into the guiding principles outlined in the International Labour Organisation (“**ILO**”) Standards.

Continual and ongoing feedback of supplier performance is a key focus area. Suppliers who are found to be non-compliant are penalised or terminated based on the contractual terms and may be barred from providing services to the properties in the future. Having robust processes in place ensures ARA H-Trust and its suppliers remain in compliance with the same environmental, social, ethical and governance standards (e.g., ILO, SAI and UDHR).

CUSTOMER HEALTH AND SAFETY

The health, safety and security of hotel guests is a top priority. The ARA Hotel Manager ensures that its Hotel Managers adhere to strict health and safety standards and have established standard operating procedures (“**SOPs**”) for the maintenance and upkeep of its properties and premises.

The ARA Hotel Manager and the Hotel Managers conduct regular on-site property inspections to monitor hotel cleanliness and sanitisation levels and track guest satisfaction levels. Based on the SOPs, the Hotel Managers are well-equipped to respond swiftly to potential disruptions, emergencies, and operational challenges. The SOPs are reviewed regularly on an ongoing basis to ensure they stay relevant and all-encompassing. The Hotel Managers proactively communicate to suppliers its short term and long term ESG goals and initiatives it seeks to achieve and collaborates well with suppliers on these fronts.

In FY 2022, there were no known serious incidents concerning customer health and safety across the properties held under the ARA H-Trust hotel portfolio.



Initiatives in Hotel Operations in FY 2022

The health and safety initiatives implemented as part of hotel operations include fire safety systems and other measures (e.g., evacuation drills, inspections of fire safety equipment, escalators and exit points, safety certification and inspection by authorities).

For all the hotels, SOPs for the maintenance of buildings and premises (e.g., electrical wiring systems checked periodically, escalator service and safety tests performed) have been established and formalised. The surveillance system is serviced annually, and security breach responses and plans are implemented and reviewed regularly.

The hotels have obtained health and safety certification (e.g., ISO 45001 and OHSAS 18001) in recognition of the commitment to the highest standards of public hygiene. During winter season, the Hotel Managers are provided a Winterising Preparedness Checklist to protect hotel guests. Equally important are the Guest Satisfaction Surveys conducted to collect feedback for benchmarking and improvements to operational and service levels to create a better customer experience.

HUMAN CAPITAL

Human capital remains our greatest key asset in ensuring business growth and the Managers are committed to foster a sustainable and inclusive work environment.

WORKFORCE MANAGEMENT

The Managers recognise that human capital is a key driving force and make every effort to create an environment that is conducive to personal development, where employees are strongly encouraged to improve their job skills by taking advantage of formal and informal learning opportunities. Recruiting, developing and retaining talent with the right set of competencies to collaborate and perform is a key component of effective workforce management.

The Managers proactively engage with its employees through five main strategic areas of focus:



Talent Strategy and Planning

To enhance internal talent to support business growth through talent development and retention.



Talent Acquisition

To hire the right talents and profile to grow with the organisation.



High Performance

To build a high-performance mindset through appropriate incentivisation programs that drives individuals to achieve superior results.



Employee Connectivity and Engagement

To enhance employee connectivity and engagement through creating a family-oriented ethos within a multi-national corporation environment.



Business Driven

To align the Human Resources framework with business needs and place it in the centre of business growth.

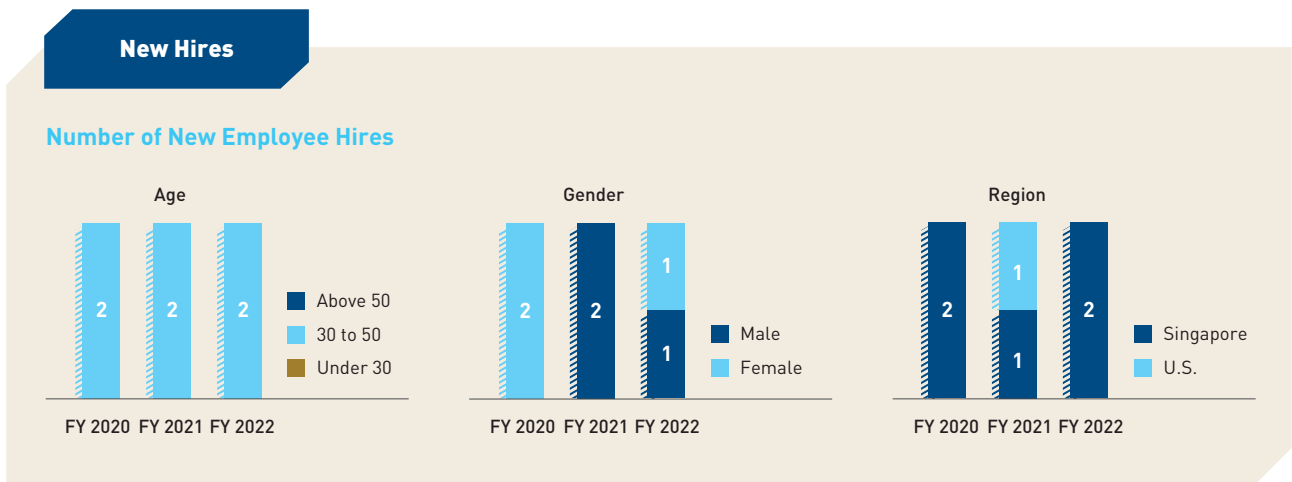
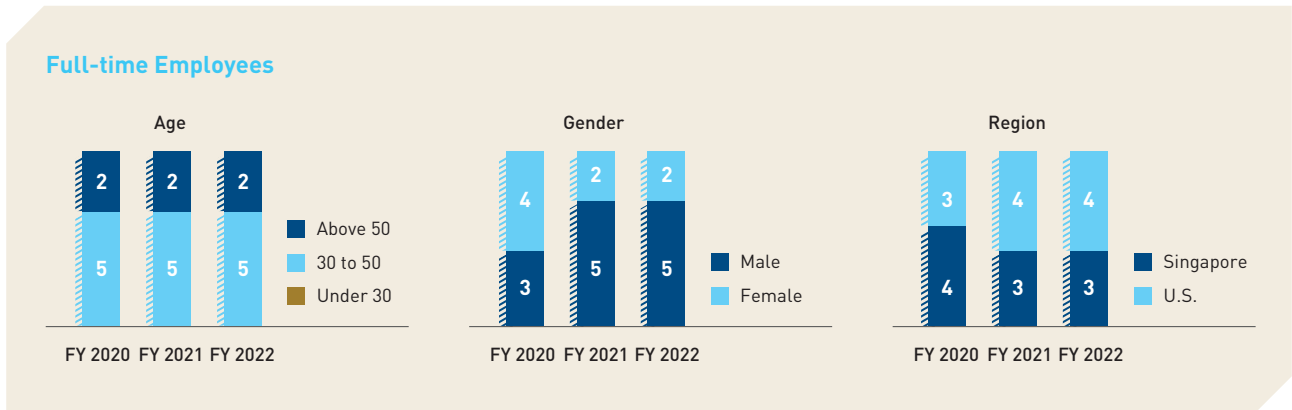
The Managers take pride in the ability to create a family-oriented ethos within the organisation, anchored by its core values. With an open-door policy, employees are encouraged to provide opinions or concerns on employee engagement and workplace. The Managers of ARA H-Trust remain committed in upholding the right of equal access to opportunities through fair and respectful policies and measures, as well as a culture of teamwork and diversity in our workforce to build a productive and high-performing team.

Adherence to employment regulations and prioritisation of employee rights is a key aspect of workforce management. In FY 2022, the Managers continued to provide stable employment in the past year in compliance with the employment regulations or acts concerning employee rights by ensuring diversity in both the U.S. and Singapore. The Managers met its perpetual target of zero validated cases of non-compliance with employment regulations or acts concerning employee rights.

In support of employee well-being, employees are eligible for comprehensive physical and mental health and wellness benefit schemes. Employees have good access to training resources in upskilling and staying abreast of current developments in the hospitality sector. Please refer to *"Talent Management and Development"* for more information on our employee engagement and management approach.

The Managers' team comprises seven (female: two; male: five) full-time permanent employees based in Singapore (three employees) and the U.S. (four employees) from diverse backgrounds and age groups as at 31 December 2022. During FY 2022, there were two new hires and two resignations. The Managers have provided stable employment over the past year with no layoffs, and with timely replacements in response to employee turnover despite the competitive nature of industry.

The employee profile⁷ is shown below:

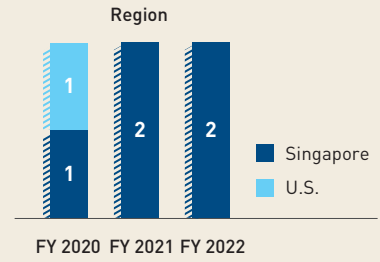
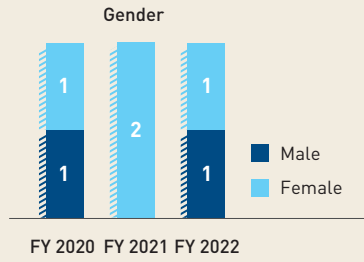
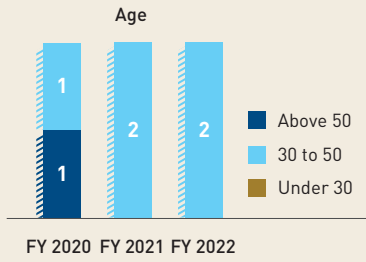


Year	Metric	Age			Gender		Region	
		Under 30	30 to 50	Above 50	Male	Female	SG	U.S.
2022	Total rate of new employee hires	0%	40%	0%	20%	50%	67%	0%
2021	Total rate of new employee hires	0%	40%	0%	40%	0%	33%	25%
2020	Total rate of new employee hires	0%	40%	0%	0%	50%	50%	0%

⁷ The employee profile is defined as full-time employees who are employed by the Managers and the ARA Hotel Manager as at 31 December 2022. This does not include the Hotel Managers' associates employed in the day-to-day operations of the hotels

Resignations

Number of Employee Turnover



Resignations		Age			Gender		Region	
		Under 30	30 to 50	Above 50	Male	Female	SG	U.S.
2022	Total rate of employee turnover	0%	40%	0%	20%	50%	67%	0%
2021	Total rate of employee turnover	0%	40%	0%	0%	100%	67%	0%
2020	Total rate of employee turnover	0	20%	50%	33%	25%	25%	33%



COMMUNITY ENGAGEMENTS AND CORPORATE SOCIAL RESPONSIBILITY (“CSR”) INITIATIVES IN FY 2022

Respecting Human Rights

We understand that human rights issues, such as sexual harassment and human trafficking affect our entire industry. We conduct our business in a manner that respects human rights. We have modelled our human rights program, policies and trainings on the guiding principles outlined in the United Nations Universal Declaration of Human Rights. All employees are required to complete harassment and human trafficking awareness and prevention training annually. We also support the human rights programs implemented by our brand partners, third-party management companies and industry associations, such as the AHLA’s No Room for Trafficking Campaign and 5-Star Promise. All hotel employees are required by hotel brands to complete human trafficking awareness and prevention training.



Food Bank Singapore

The Managers pooled over S\$1,500 and participated in the Food Drive activity run by the Food Bank Singapore in December 2022, to acquire and distribute essential food items to their 360-member beneficiaries including family service centres, community homes, soup kitchens, select voluntary welfare organizations and schools with children from low-income families.



Management Company Outreach

Our hotels and third-party management companies are engaged in targeted charitable programs that provide support to their respective communities and Hotel Managers’ associates are encouraged to serve in ways to improve the localities. Colleagues donate to food drives, participate in charity walks, assemble care packages and pursue numerous other altruistic initiatives across the 33 markets our hotels serve.



TALENT MANAGEMENT AND DEVELOPMENT

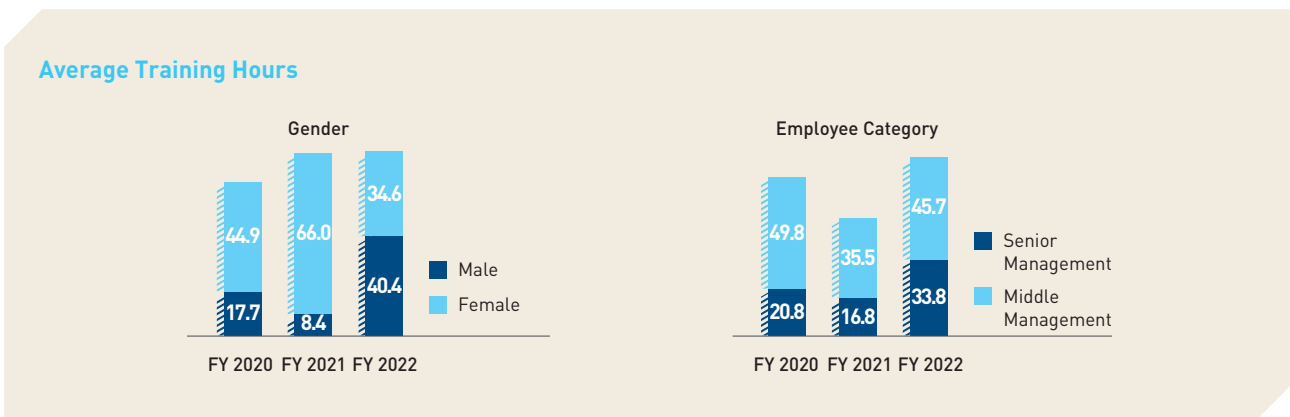
The Managers believe that talent development and succession planning are important factors underpinning business resilience and continuity. With today’s rapid changes in technology, industry developments and global regulations, regular training is essential to ensure that ARA H-Trust remains competitive and operates effectively.

The ARA Performance and Career Development Policy has been put in place to ensure a well-structured employment and grading system including career progression, job rotation and training opportunities as part of the holistic development of employees. Our open-door policy enables employees to freely provide opinions or concerns on employee engagement and workplace during biannual performance review sessions. This also allows for better alignment of employee performance with set goals and objectives. In FY 2022, all employees received their performance review.

Under the purview of the ARA Human Resource Department, relevant training programs are assigned to employees through the ARA Competency Framework of Self Mastery, People Skills, Business Alignment and Strategic Alignment. The digital training platform allows employees to undergo their assigned training courses and track their training progress. To keep up with the current training courses and developments, biannual training newsletters are circulated to employees.

Employee trainings are conducted both internally and externally to equip employees with inside-out and outside-in knowledge and perspectives. Internal training materials included broad topics such as ESG training videos, rules and ethics courses and cybersecurity trainings. External training sessions were conducted with organisations such as the REIT Association of Singapore (“REITAS”). Supplementary training sessions were also provided to employees based on their relevance to employees’ areas of work, covering topics such as financial reporting and sustainability.

In FY 2022, employees received an average of 38.2 training hours. The training profile⁸ is as follows:



⁸ The training profile is defined as full-time employees who are employed by the Managers and the ARA Hotel Manager in FY 2022. This does not include the Hotel Managers’ associates employed in the day-to-day operations of the hotels

OCCUPATIONAL HEALTH AND SAFETY

The health and well-being of all employees of the Managers and Hotel Managers' associates (collectively known as "staff") is a key priority. Hotel staff are exposed to various occupational hazards with increased probabilities as travel continues to recover towards pre-pandemic levels. Therefore, it is important to ensure that management and set processes stay robust to maintain a safe working environment for our employees.

With the Occupational Health and Safety Management Framework put in place, the Managers are committed to ensure that compliance with the Health, Safety and Wellbeing Policy is integrated into each key business function. An established, formal and comprehensive safety program has been put in place, which addresses safety hazards, mitigates risks and effectively manages compensation claims to ensure a strong health and safety culture is embedded in ARA H-Trust. As part of the American Hotel & Lodging Association's ("AHLA") 5-Star Promise, the Managers and the ARA Hotel Manager collaborates in joint commitment with the respective Hotel Managers, Brand Partners and the AHLA to ensure the safety and security of the staff and guests.

SAFETY AND CLEANLINESS

Under ARA Quality of Assets and Services Policy, the Occupational Health and Safety ("OHS") elements are integrated into the key hotel business functions to ensure compliance within the operations.

Guided by the Brand Partners' Global Care & Cleanliness Commitments built on safety and cleanliness protocols, the Hyatt Hotels safety and cleanliness program was developed by a cross-functional panel of trusted medical and industry advisors and experts, to develop safety protocols for hotels. Every Hyatt Hotel is Global Biorisk Advisory Council ("GBAC") STAR-certified, with established cleaning protocols, disinfection techniques, and work practices to combat biohazards and infectious diseases. Similarly, Marriott International has created a "Commitment to Cleanliness" program consisting of in-house and external experts in food and water safety, infection prevention, and cleaning and safety standards.

Every hotel has an assigned and trained Hygiene and Well-being Leader and onsite team to provide on the ground support and ensure that the hotel adheres to the operational protocols on cleanliness and that all necessary health and safety trainings are put in place. For new hires, specific management cleaning protocol and safety training systems are a pre-requisite for the new hire during the on-boarding process as part of the Brand Partners' programs.

TRAINING AND AWARENESS

The Hotel Managers' associates are required to undergo trainings on a variety of safety and security areas, including prevention of harassment and workplace violence. A three-tier safety and training curriculum is put in place to ensure the associates fully comprehend the safety processes. The first stage focuses on the safety engagement process, which requires Hotel Managers to observe associates complete tasks while grading them based on a safety related criterion. The second stage involves each hotel completing a monthly inspection assessment designed to identify hazards. The third stage focuses on feedback from the Hotel Managers' associates on reporting unsafe conditions or hazards via a form driven reporting process. These processes are reviewed during the monthly Safety Committee Meetings held at each hotel to review these components and address and mitigate the identified hazards.

For Aimbridge Hospitality, the Aimbridge's AIMSafe Safety Program ("AIMSafe") was introduced, which focuses on identifying and addressing workplace hazards. Under AimSafe program, the Aimbridge's Corporate Risk Management and Corporate Engineering departments have put in place requirements for third-party vendors when performing work within or around the hotel. These requirements include contract safety specifications, required certifications and forbidding the use of certain hazardous equipment. Weekly training on safety tasks and routine inspection of facilities and monthly safety committee meetings are held to ensure identified hazards are eliminated or minimised, and preventive and proactive measures continue to be effective in eliminating or minimising these hazards. For trainings, new hires are required to complete a "New Hire Associate Safety Training" within the Learning Management System ("LMS"). The LMS training is monitored and audited by the Aimbridge Hospitality Corporate Human Resources where any incomplete trainings will result in a follow-up. All new hires are required to undergo a weekly training component that follows a pre-determined 12-month training calendar with prescribed topics. In addition, task-specific training topics are available for new hire training or retraining where required, based on any findings from the Associate Safety Engagement observations or Injury Investigation.

Safety program that focuses on addressing "leading" indicators before an injury can occur is required from all Aimbridge hotels. Providing a safe workplace is a priority for the organisation and is designed to comply with federal and state Occupational Safety and Health Administration ("OSHA") program requirements.

For Concord Hospitality, the safety committee convene monthly to ensure preventive and proactive measures remains effective in eliminating or minimising identified

hazards. For trainings, all new hires are required to watch an OSHA video and complete a written test on the following topics: Bloodborne Pathogens; Personal Protective Equipment (“PPE”); Prevention of Slips, Falls and Back Injury; Fire Safety and Lockout Tagout; and Globally Harmonised System of Classification and Labelling of Chemicals (“GHS”).

PREVENTION AND MITIGATION

The Hotel Managers proactively identify, monitor, and mitigate hazards to ensure the health and safety of the guests and Hotel Managers’ associates. Upon onboarding, the Hotel Managers’ associates are required to sign the ‘Check-in, Before You Check-out’ Policy and a ‘PPE Hazard Awareness Form’. During their shifts, it is compulsory for Hotel Managers’ associates to wear safety gear and slip resistant safety shoes to minimise accidents. On a quarterly basis, the Hotel General Managers conduct risk review calls and complete hotel safety scorecards to assess the safety standards.

The Hotel Managers have also introduced a fully integrated business intelligence tool — Energy Portal BI tool to streamline the management of hospitality processes and sanitation efforts by monitoring and maintaining the health and safety standards at the hotel premises. This tool tracks the building operational parameters and status such as the mechanical system preventive maintenance, daily meter readings and boiler set-points, swimming pool chemical levels, door key management, hotel guest room deep clean schedules and preventive maintenance tasks. It also serves as the central point for recording and tracking guest requests.

Aimbridge AIMSafE Safety Program initiatives

Under Aimbridge Hospitality, the hotels implement the Aimbridge’s AIMSafE Program, which is focused on identifying and addressing workplace hazards. All Hotel Managers’ associates are to report on any unsafe or unethical situations, environments, and/or tasks.

AIMSafE Program is specifically designed to comply with federal and state OSHA program requirements. The program covers the following:

- Provision of OSHA program templates, outlines and resources for hotels to utilise:
 - o Observation on Associate Safety Engagements — a two-way process that allows hotel safety leaders to provide feedback regarding a safety task execution and allow Hotel Managers’ associates to express safety concerns within or outside their tasks;
 - o Weekly training on safety tasks and routine inspection of facilities; and
 - o Monthly safety committee meeting/huddle are being held
- Reporting and documenting potential concerns, with proposed mitigation strategies to address them
- Track mitigation plans to its completion, including assessing the impact on third-party vendors and temporary staff

Concord Hospitality Safety Committee

The Safety Committee for Concord Hospitality comprises a team of hotel leadership associates and a representative from each hotel department, with monthly meetings chaired by either the Chief Engineer or Human Resource representative to discuss safety hazards and proactive measures to mitigate the occupational health and safety accidents or incidents.

The effectiveness of these measures is assessed through compulsory monthly surveys. Non-compliance of these measures are tracked and followed up by the corporate risk management department, in close discussions with the respective hotel General Manager or Regional Leader during property visits and audit.

The total number and rate of incidents by key health and safety indicators for FY 2022 are listed below:

Indicator	Definition	Employees		Hotel Managers' Associates ⁹	
		Number of injuries	Rate ¹⁰ of injuries	Number of injuries	Rate ⁸ of injuries
Fatalities	Accidents which lead to death or causes permanent disability	—	—	—	—
High-Consequence Injuries	Work-related injuries which include incidences that resulted in insurance pay-outs to the personnel involved	—	—	—	—
Recordable Injuries	Recordable work-related injuries which include occupational health & safety incidences where compensation was provided to the personnel involved.	—	—	20	2.20

In FY 2022, ARA H-Trust recorded zero fatalities and zero high-consequence injuries for all staff. There were 20 recordable injuries for the Hotel Managers' associates, an increase from the five recordable injuries for Hotel Managers' associates reported in FY 2021.

The ARA Hotel Manager and Hotel Managers performed a post-mortem of the 20 recordable injury incidents and it was identified that the root cause for most of the injuries were mainly attributable to back injuries sustained from slip and fall incidents, whilst an injury was due to a Hotel Manager's associate being struck by an unsecured table in storage. The Hotel Managers have since reinforced their safety programmes and procedures through enhanced onboarding and annual refresher compliance trainings on safety.

Slip and fall incidents can be prevented by ensuring that all Hotel Managers' associates comply with the approved workplace footwear policy. Aimbridge Hospitality offers a Shoes for Crews Program whereby Hotel Managers' associates are provided an annual subsidy to purchase appropriate no-slip footwear. Furthermore, as part of the onboarding process, General Managers and department heads will need to ensure that appropriate footwear is being worn by all staff. To prevent future occurrences related to unsecured storage of tables, a mounting kick was installed for all tables to be securely locked once in storage, accompanied by the appropriate training provided to prevent any future injuries from falling tables.

STAFF WELL-BEING AND BENEFITS

A healthy working environment is essential in promoting employee well-being. The employees of the Managers of ARA H-Trust have access to a range of physical and

mental health benefits such as comprehensive healthcare, medical and insurance coverage, and leave entitlements. Other employee benefits include staggered working hours, subsidised fitness centre membership, corporate membership to select local attractions, season parking and mobile phone allowances.

The Managers aim to provide a conducive working environment that contributes to the physical health and wellbeing of the Hotel Managers' associates by working with the Brand Partners to optimise the employee platforms and benefits. Both Hotel Managers provide medical, pharmacy, dental, and vision health insurance options to all full-time associates. The employee benefits package also offers life insurance, Flexible Spending Account plans, short-term and long-term disability benefits and company managed 401(k) Retirement Savings Plans.

Hyatt Hotels, the largest brand partner in the ARA H-Trust portfolio, developed a bespoke employee mental well-being assessment tool that provides resources to address any mental health-related needs of staff.

Similarly, Concord Hospitality provides non-occupational medical and healthcare services to all its hotel associates. These medical and healthcare services are discussed and communicated to new hires during orientation where staff benefit booklets are distributed in new hire packets. Information on medical healthcare services are also accessible via online SharePoint platform for all Hotel Managers' associates.

⁹ The Hotel Managers' associates are not directly employed by ARA H-Trust. However, their work and workplace are directly linked to the occupational health and safety aspects of the business operations which are under the supervision of the ARA Hotel Manager

¹⁰ Rate of incidents is calculated based on total number of incidents per 200,000 hours worked

ENVIRONMENTAL STEWARDSHIP

The Managers of ARA H-Trust are committed to reducing the global greenhouse gas emissions and advancing energy efficiencies across its hotel portfolio. With increased concerns over climate change, the Managers are cognisant of the rising environmental costs and recognise the importance of playing an active role in reducing the environmental footprint of the hotels under management.

The Managers employ a long-term strategy that focuses on reducing the carbon footprint and resource conservation. Working in close collaboration with third-party hotel operators Aimbridge Hospitality and Concord Hospitality in FY 2022, efforts were directed at improving the energy efficiency of the hotels across the portfolio through their respective Energy Management Programs which provides monthly benchmarking and analytics, as well as the Preventive Maintenance BI Tool which monitors equipment servicing to ensure systems are well maintained and operating at maximum efficiency levels.

Our third-party hotel operators are also switching to more sustainable supply chain sources to procure the delivery of environmentally-friendly supplies used at the hotels, and upholding operational and technology best practices through training materials, checklists and guest engagements to encourage recycling, reducing and reusing.

We are committed to enhancing and incorporating sustainability opportunities into our investment and asset management strategies, with a focus on minimising our environmental impact. ARA H-Trust portfolio carry different energy efficiency opportunities depending on building type and age, climate, layout, and local

Energy Stewardship Certifications for FY 2022

- 1) Energy STAR Certification — This is an energy efficiency accreditation introduced by the U.S. government. In FY 2022, ARA H-Trust is proud to be accredited with the Energy Star as Premier Member rating for 24 hotels (being 66% of the portfolio). Another seven hotels are targeted for accreditation in 2023 to bring it to 80% of the portfolio.
- 2) GBAC Certification — This is a certification for facilities to demonstrate their commitment to cultivating healthy environments as well as protecting employee and customer health and well-being in a safe, responsible, and sustainable way. In FY 2022, ARA H-Trust has achieved the GBAC Star Facility award for 33 hotels in its portfolio.

infrastructure, among other factors. We actively monitor key performance indicators of energy, water and water at our properties, utilising historical, market and industry data to identify properties where improvements can be made and work with our management companies to address opportunities. An ongoing assessment of the useful life of each equipment is carried out as part of its proactive asset management plan, where replacements are made in conjunction with energy efficiency upgrades. We target specific environmental efficiency enhancements including but not limited to, retrofits of light fittings to LED light fittings, installation of new and efficient air handling systems, Energy Star-rated appliance replacements, and implementation of energy optimisation systems including smart thermostats.

SUSTAINABILITY INITIATIVES FOR FY 2022

The environment has always been a key consideration in the operations of our hotels, and we actively engage with our hotel brands and third-party management companies to support continuous improvement in all facets of our sustainability program. We regularly monitor the key performance indicators of energy, water and water at our properties, utilising historical, market and industry data to identify properties where improvements can be made and work with our management companies to address opportunities.

Case study: Pilot Installation of EV charging stations

We recognise the importance of the utilisation of electric vehicles ("EV") in the reduction of carbon emissions. The shift towards electric vehicles is becoming increasingly important. As a pilot project in 2022 we installed electric vehicle charging stations at our Hyatt House Fishkill, NY. We are committed to advancing and streamlining the EV charging process for our guests and continue to explore opportunities with EV charging station providers that will enhance the usage day analytics and strategically support our EV charging station expansion.





ENERGY EFFICIENCY

- Verdant thermostats installed at five hotels in locations with significant seasonal temperature patterns for public space and guestrooms are projected to achieve 670,000 KWH reduction and yielding \$55K in annual savings. To date, 50% of the portfolio has been completed with five additional hotels planned for 2023.
- Utility rebates are optimised when provided by the local utility providers improving the return on investment
- Full property LED conversion at four hotels is projected to achieve 100,000 KWH reduction and yielding \$107K in annual savings, with another five hotels in progress
- LED lighting upgrades for the exterior parking lots completed for three hotels
- Invested over \$400K of operating expense annually for outsourced PTAC cleanings to improve operating efficiency and reduce run-times
- Successfully piloted the installation of EV Charging Stations at Hyatt House Fishkill, NY



WATER CONSERVATION

- Low-flow toilet conversion kits installed at two hotels projected to yield \$36K in annual water utility savings
- Testing smart irrigation management systems to reduce overall water usage by 10%
- Installed high-efficiency washing machines and dishwashers to replace aging equipment
- Aquanomic 2.0 Low-Temp Laundry Program reduced water usage of 0.6–0.8 gallons of water per pound laundry, reducing laundry water by an estimated 30%. The laundry program is actively in place at 80% of the portfolio
- Identified and working to implement additional water reduction strategies including the installation of low-flow faucets, shower heads and toilets
- Support and maintain conservation initiatives established by our brand partners including linen reuse and modified cleaning services



WASTE MANAGEMENT

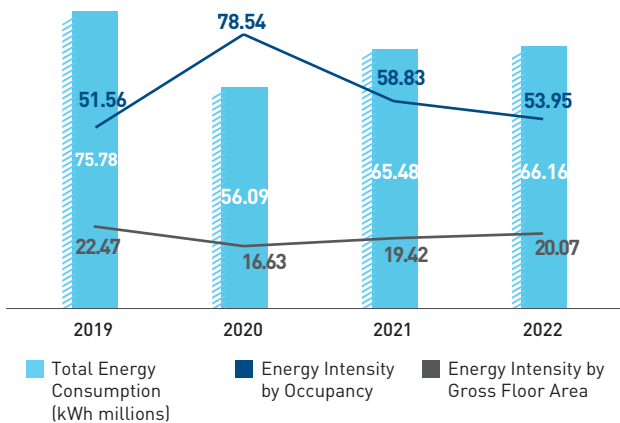
- Working to minimise the use of plastics throughout portfolio
- In 2022 we completed the installation of keyless entry systems across the portfolio and also eliminated the use of small, bottled soaps and shampoos and transitioned to refillable, bulk dispensers
- Reducing the amount of paper products for food service

ENERGY CONSUMPTION AND ENERGY INTENSITY

In FY 2022, the total energy consumption for the ARA H-Trust portfolio (i.e., electricity and natural gas) was 66,161,294 kilowatt-hours (“kWh”), with average energy intensity¹¹ of 53.95 kWh per occupied room and average energy intensity¹² of 20.07 kWh per square foot.

Energy Consumption (kWh) for FY 2022	
Natural Gas:	25,257,626 kWh (38.2%)
Electricity:	40,903,668 kWh (61.8%)

Energy Consumption and Energy Intensity



Travel restrictions in the U.S. were eased in early FY 2022 after two consecutive years of travel restrictions, leading to a recovery in domestic and international travel in the U.S.. Consequently, the occupancy for the hotel portfolio of ARA H-Trust strengthened year-on-year, but remains below pre-pandemic levels due to the delay in recovery for the corporate travel and group travel segments.

The comparisons and analysis for FY 2022 data are further benchmarked against FY 2019 levels, as the energy consumption and intensity data for FY 2020 and FY 2021 are not fully reflective of a full year of normal operations, having been the period when COVID-19 posed a health risk and travel restrictions were still largely in place. The data for FY 2022 included the data for these five hotels up to point of disposal by ARA H-Trust in third quarter of FY 2022.

Based on the historical analysis of energy consumption in the last four years, the total energy consumption for the hotel portfolio declined to 66,161,294 kWh in FY 2022 as compared to 75,782,200 kWh at pre COVID-19 levels in FY 2019, consistent with the lower occupancy rate of 65% for FY 2022 as compared to 75% for FY 2019. Between FY 2021 and FY 2022, the total energy consumption for the hotel portfolio increased by 1% from 65,480,690 kWh, consistent with the increase in occupancy rate of 10% over the period. This is having accounted for the ongoing energy consumption in common areas such as swimming pools and lobbies that is required regardless of occupancy levels.

In terms of energy intensity, the average energy consumption per occupied room for FY 2022 levels were higher at 53.95 kWh per occupied room than FY 2019 at 51.56 kWh per occupied room, but lower in comparison to the FY 2021 level of 58.83 kWh per occupied room. The higher average energy consumption per occupied room in comparison with FY 2019 reflects the energy consumption of the entire building (including common areas) spread out over the fewer number of occupied rooms.

In terms of energy consumption per square foot which is a relatively less meaningful measure for the hospitality sector compared to other real estate sectors such as office, retail and industrial, FY 2022 levels were lower at 20.07 kWh per square foot than FY 2019 at 22.47 kWh per square foot, but higher in comparison to the FY 2021 level of 19.42 kWh per square foot. The partial year data for the five disposed hotels was extrapolated for a full year when computing this measure.

The ARA Hotel Manager will continue to monitor the average energy consumption per occupied room as a key metric in its ongoing efforts and in partnership with its stakeholders to achieve the set energy target for ARA H-Trust.

¹¹ Average energy intensity per occupied room is calculated based on total energy consumption over the total of 1,226,388 occupied rooms during the reporting period

¹² Average energy intensity per square foot is calculated based on total energy consumption over the total of 3,372,295 square foot during the reporting period

CLIMATE CHANGE RESILIENCE


Global and local financial authorities are increasingly focusing on climate change plans and actions. In Singapore, amid growing concerns over the impact of climate change on businesses and a greater call on financial regulators to play a greater role in helping financial institutions manage climate change, the MAS published the Guidelines on Environmental Risk Management for Asset Managers in December 2020 ("**MAS ERM Guidelines**"), requiring all fund management companies and real estate investment trust managers to integrate climate change into investment strategy and business planning. ARA H-Trust recognises the importance of effectively identifying, assessing, and managing climate-related risks across our global business, and in FY 2022, the Managers have started to adopt the TCFD Recommendations, aligned with the MAS ERM Guidelines.


Climate change transition risks can pose challenges to profitability, while physical risks can lead to stranded assets and increased insurance premiums. Integrating climate risks and ESG performance as part of the decision-making process in relation to the existing hotel portfolio and new hotel acquisitions at the outset will help assess and mitigate climate risks that the ARA H-Trust portfolio is exposed to.

In FY 2022, the Managers worked with an external consultancy firm to review our ESG and investment policies and integrate the climate risk assessment into the ERM Framework for ARA H-Trust. Through a four-step process starting with a framework gap analysis to assist in addressing climate change issues and increasing readiness to mitigate climate-related risks, this was followed by a qualitative climate scenario analysis conducted on climate transition and physical risks to understand the relevant climate-related risks and opportunities. Thereafter, recommendations on initiatives or mitigation measures to manage climate risks were developed, all of which are subsequently disclosed in this report.



The following table outlines the Managers’ approach in meeting TCFD and MAS Guidelines for ARA H-Trust.

TCFD Pillars	MAS Guidelines	Response
 <p>Governance The organisation’s governance around climate-related risks and opportunities</p>	<p>The Board to be involved in identifying environmental risks and opportunities and evaluating their impact on the Manager’s strategies, business plans and products</p>	<ul style="list-style-type: none"> • The Board of the Managers oversees sustainability and climate-related strategies and initiatives. They monitor progress against goals and targets for addressing climate-related issues. They are also responsible for reviewing and approving climate-scenario analysis and the relevant risks and opportunities identified across the ARA H-Trust portfolio. • The Board of the Managers also ensures that the Managers establish robust risk management policies and procedures to safeguard the assets and address the strategic enterprise, financial, operational, environmental and compliance risks of ARA H-Trust.
	<p>Senior management responsible for development, implementation, and reviewing the effectiveness of the environmental risk management framework and policies</p>	<ul style="list-style-type: none"> • The ARA H-Trust Risk Management Committee reviews and reports to the ARC and the Board on overall risk management matters (including environmental risk) and is responsible for identifying, managing, evaluating and reporting of risks relating to ARA H-Trust. • The ARA H-Trust Risk Management Framework is guided by the ERM Framework, which is adapted from The Committee of Sponsoring Organisations of the Treadway Commission 2013 edition (i.e. “COSO Model”) and best practices from the Asia Risk Management Institute. • The Risk Management Committee applies the ERM Framework as a structured process in identifying the material risks that ARA H-Trust faces, including strategic, operational, financial, compliance, information technology, and environmental risks, and sets out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes in the external business environment. • The risk profile highlights the residual risk levels and the effectiveness of mitigating controls supporting the residual risks within the risk appetite approved by the Board.

TCFD Pillars	MAS Guidelines	Response
 <p>Strategy The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning</p>	<p>In assessing environmental risk, to consider both transition and physical risks on an individual asset and/or portfolio level</p>	<ul style="list-style-type: none"> Climate risk assessment (covering both physical and transition risks) for 41 hotels (including five disposed hotels in the third quarter of 2022) in the ARA H-Trust portfolio were conducted in FY 2022. The climate scenario analysis yielded meaningful results on the identified climate risks and its associated potential impacts to the business, as well as potential opportunities to reduce the climate risks. Refer to pages 34–36 for the physical and transition risks and opportunities identified for the ARA H-Trust portfolio.
	<p>To embed relevant environmental risk considerations in this process and evaluate the potential impact of relevant environmental risk on return potential</p>	<ul style="list-style-type: none"> The ESG and investment policies were reviewed and environmental risks including climate-related risks have been integrated into the investment process governing ARA H-Trust.
	<p>Collaborate with other asset managers to build knowledge and skills</p>	<ul style="list-style-type: none"> Collaboration occurs through hospitality related associations with the hotel owners, advisors and asset managers vs. REIT/business trust constituents.
	<p>Consider implementing Asset Enhancement Initiatives (AEIs) to improve the efficiency of resource use, or attain green building certification</p>	<ul style="list-style-type: none"> Specific templates for key environmental metrics such as energy consumption, GHG emissions, water consumption, and waste generation are used by the third-party hotel operators to record monthly data for each asset. Refer to "<i>Environmental Stewardship</i>" for green initiatives applied to the ARA H-Trust hotel portfolio.

TCFD Pillars	MAS Guidelines	Response
 <p>Risk Management The processes used by the organisation to identify, assess, and manage climate-related risks</p>	<p>Put in place policies and processes to assess, monitor, and manage environmental risk</p>	<ul style="list-style-type: none"> • According to the ESR Sustainability Policy, ESR is committed to climate change adoption through identifying and managing climate-related risks and opportunities. ESR and its individual business units (the Managers of ARA H-Trust being one of them) are adopting the common principles in the assessment and development of appropriate strategies to address these risks and opportunities. • ESR has a comprehensive set of ESG Policies covering areas such as Climate Change Adaptation, Mitigation & Resilience, Net Zero Carbon, Energy & Emissions Management, Environmental Resource Management, and Environmental Management System. These policies serve to guide and inform the Group, including its subsidiaries, on environmental aspects relating to the business and the management of environmental impacts. On climate-related risks, opportunities, and impacts, USHT takes reference from the Group’s Climate Change Adaptation, Mitigation & Resilience Policy to assess, identify, manage, and mitigate these impacts in accordance with the TCFD Framework which are subsequently monitored on a regular basis.
	<p>Integrate environment risk into the Manager’s overall investment risk management framework to identify, address and monitor the risks</p>	<ul style="list-style-type: none"> • As part of the climate scenario analysis, climate-related risks were identified and assessed, with risk mitigants in place to reduce the potential impact on the hotel operations. • An Investment Management ESG Checklist is applied to potential acquisitions as part of the due diligence process.
	<p>Where environmental risk is material, develop capabilities in scenario analysis to evaluate impact on portfolio and portfolio resilience to financial losses</p>	<ul style="list-style-type: none"> • Climate risk assessment (covering both physical and transition risks) for 41 hotels in the ARA H-Trust portfolio (including five disposed hotels in the third quarter of 2022) were conducted in FY 2022. • Refer to pages 34–36 for the impacts of physical and transition risks and ARA H-Trust’s mitigation actions.
 <p>Metrics and Targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities</p>	<p>Make regular and meaningful disclosure of environmental risks and exposure, with clear metrics and targets</p>	<ul style="list-style-type: none"> • ARA H-Trust provides annual reporting of energy consumption (kWh), energy intensity (kWh per occupied room; kWh per square foot); carbon emission (Scope 1 & 2) (kgCO₂e), carbon emission intensity (Scope 1 & 2), in line with the guidance from the GHG Protocol Corporate Accounting and Reporting Standard. • Refer to “<i>Summary of Material Topics</i>” on the associated targets set by ARA H-Trust.
	<p>Disclosure should be in accordance with international reporting frameworks, such as TCFD</p>	<ul style="list-style-type: none"> • This table was prepared in accordance with the TCFD recommendations and MAS guidelines stipulated as of December 2020.

CLIMATE SCENARIO ANALYSIS

The 2023 World Economic Forum's Global Risks Report¹³ identified 'natural disasters and extreme weather events', 'the failure to mitigate climate change' and 'failure of climate-change adaptation' as top risks, signifying climate risks to be the focus of how risks will be perceived over the next decade.

Scenario analysis helps companies in making strategic and risk management decisions under complex and uncertain conditions such as climate change. It allows a company to understand the risks and uncertainties it may face under different hypothetical futures and how those conditions may affect its performance, thus contributing to the development of greater strategy resilience and flexibility.

Climate risk is typically divided into two categories:

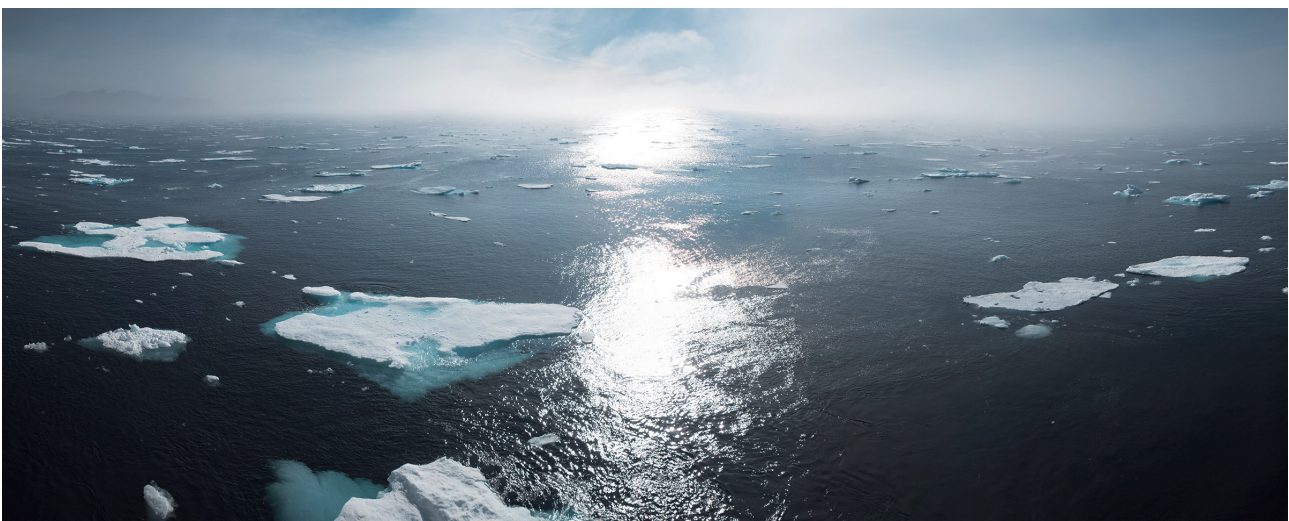
- **Physical risk:** Arises from the impact of weather events and long-term or widespread environmental changes, which may include increased severity of extreme weather events such as floods, and rising mean temperatures, sea levels, and weather patterns.
- **Transition risk:** Arises from the process of shifts towards a low-carbon economy, which may include regulatory changes, disruptive technological developments and shifts in consumer and investor preferences.

The qualitative scenario analysis covered both physical risks and transition risks for 41 hotels in the ARA H-Trust portfolio (including five disposed hotels in the third quarter of 2022) and found insights into their potential business implication under different conditions. To effectively prioritise and make meaningful decisions, ARA H-Trust selected two climate scenarios for our climate scenario analysis from the Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathway ("RCP"). This includes:

- RCP 2.6 (< 2°C) - the "aggressive" scenario that stress-tests assets under conditions with high transition risks
- RCP 8.5 (4°C) - the worst-case/Business as Usual ("BAU") scenario that stress-tests assets under conditions with high physical risks.





As most considerable impacts of climate change tend to occur over the medium to long term, our scenario analysis covers short term (1–3 years), medium term (by 2030), and long term (by 2050) time horizons.

Our mitigating measures through our strategy, portfolio construction, and risk management policies and processes in response to the results of the assessment are detailed in the transition and physical risks tables below.



¹³ World Economic Forum, Global Risk Report, https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

The following table outlines the key transition risks faced by the ARA H-Trust portfolio and the key mitigation measures for them:

Transition Risk	Description	Consequences	Existing/Planned Mitigation Measures
 <p>Regulatory Enhanced climate risk and environmental reporting obligations</p>	<p>Corporate carbon reporting and the disclosure of greenhouse gas emissions has become increasingly common in both the U.S. and Singapore.</p> <p>In Singapore, the SGX-ST requires selected industries to provide mandatory climate-related disclosures, consistent with the TCFD recommendations starting from financial year 2023. However, ARA H-Trust is in the Buildings industry, where climate-related disclosures will be mandatory with effect from financial year 2024.</p>	<p>Mandatory climate-related disclosures could result in additional cost as companies maintain processes for carbon emission monitoring.</p> <p>Reports where performance does not meet stakeholder expectations could worsen investor confidence and cause reductions in company valuations.</p>	<ul style="list-style-type: none"> Review existing reporting framework and align with best practices and voluntary frameworks, including TCFD, GRI and GRESB
 <p>Regulatory More stringent energy efficiency requirements for buildings</p>	<p>There is a global trend to higher building standards regarding environmental management and energy efficiency. Incentives for energy efficient upgrades are implemented for existing building retrofits.</p> <p>In the U.S., the Department of Energy (DOE) regulates the energy efficient design of non-residential buildings and implementation of minimum energy standards and compliance are regulated and subject to the individual state or city jurisdictions. It is encouraged that all states in the U.S. adopt these codes into new construction building design and codes.</p>	<p>Unpreparedness for policy changes over the next decade could face a loss of competitiveness and increased construction cost and/or retrofitting cost due to the usage of higher energy efficiency technology and sustainable materials.</p> <p>For ARA H-Trust, it was identified that there is no immediate risk to current operations of the hotels/penalties for non-compliance.</p>	<ul style="list-style-type: none"> Develop roadmap to aid in energy efficiency initiatives implementation throughout portfolio of hotels (such as LED Installation, preventive maintenance BI tools, energy management thermostats, energy efficient HVAC equipment, using low global warming potential (GWP) refrigerants). Based on useful life, replace equipment (namely washers/dryers/ water tanks/boilers, ice machines, refrigeration) with energy efficient models.
 <p>Market Market signals for green buildings</p>	<p>Increasing trend of hotel guests looking at staying in green hotels and hotel owners are in turn, attaining green building certifications to attract more guests.</p>	<p>There will be increasing cost of construction materials and facilities for green buildings. ARA H-Trust may need to incur increased costs for asset enhancement initiatives.</p>	<ul style="list-style-type: none"> Continue to obtain green building certifications throughout portfolio of hotels (namely Energy STAR, WELLS, GBAC STAR)
 <p>Technology Costs to transition to lower emissions technology</p>	<p>Investment, development, commercialisation, and scaling of next-horizon technologies can greatly accelerate efforts to reduce GHG emissions and create production efficiencies in the face of changing climatic factors.</p>	<p>The usage of innovative green technologies will increase the construction costs and the maintenance cost of buildings. These costs could potentially be passed down to the hotel guests.</p>	<ul style="list-style-type: none"> Invest in a cloud-based building maintenance software to manage equipment preventive maintenance and track daily meter readings to detect early signs of leakages or equipment malfunction.

The following table details the key physical risks faced by the ARA H-Trust portfolio and the key mitigation measures for them:

Physical Risk	Description	Consequences	Key Mitigation Measures
 <p>Acute Increased intensity and frequency of precipitation and storms</p>	<p>Climate change projections suggest an increase in the frequency of intense precipitation events which could cause an increased intensity and frequency of flood events.</p>	<p>Storms, hurricanes and tornados will damage public infrastructure, such as roads and ports, as well as buildings such as homes, hotels and offices which will be costly to repair.</p> <p>Disruption to daily business operations could potentially reduce revenue adversely.</p>	<ul style="list-style-type: none"> • Ensure that hotel portfolio is adequately insured for property insurance, business interruption and environmental impairment, assessed and renewed on an annual basis.
 <p>Chronic Change in average temperature</p>	<p>Increases in global temperatures will bring about increases in cooling loads, in particular in urban agglomerations where heat island effects may prevail over the summer months. Some states in the U.S. will experience more warming than others.</p> <p>Lack of attention to extreme heat may lead to overheating in buildings.</p>	<p>High temperatures can be alleviated by air conditioning, although causing increased energy consumption and therefore in most instances, carbon emissions.</p> <p>Higher temperatures could lead to bodily stress and result in increase in heat exhaustion or heat stroke, thus reducing employee productivity and guest comfort in the hotels.</p>	<ul style="list-style-type: none"> • Adoption of initiatives to reduce energy consumption and increase energy efficiency including the planned roll-out of energy management thermostat (smart controls) to remaining properties over the next few years, in addition to the current 19 properties. • Progressive conversion of existing lightings to LED fixtures • Replacement of HVAC units with energy efficient models and eliminating R-22 refrigerant with R-410A for select hotels. • Utilisation of Aquanomic Low Temperature Laundry Program across the hotel portfolio

Physical Risk	Description	Consequences	Key Mitigation Measures
 <p>Chronic Water stress</p>	There are multiple freshwater challenges in the U.S where many states have regularly experienced drought conditions.	Poor management of water consumption could lead to lack of water supply, which affects the daily business operations and potentially reduce revenue adversely.	<ul style="list-style-type: none"> Progressive plans to install low-flow regulators and aerators in guest rooms in the next few years. Replacement of guest laundry washers with energy efficient models for select hotels in 2023. Beta testing products for early detection toilet leaks in 2024. Evaluating toilet replacement program to beta test in two assets in 2023. Moving to every other day room cleaning and every fifth night linen change.

Climate-related metrics help organisations understand potential impacts of climate-related risks and opportunities over a specified time period, including financial impacts and operational consequences.

The MAS recommends that asset managers of smaller REITs/business trusts like ARA H-Trust perform a climate scenario analysis using a qualitative approach as an initial step (e.g., impact pathway analysis and high-level assessment of impact), and subsequently progress to adopt a more quantitative approach (e.g., conduct operational and financial impact modelling and sensitivity analysis of the results to determine the cost of action taken to manage climate risks).

In FY 2022, ARA H-Trust’s total GHG emission of 18,975,175 kilograms of carbon dioxide equivalent (“kgCO₂e”) and average GHG intensity¹⁴ of 15.47 kgCO₂e per occupied room and average GHG intensity¹⁵ of 5.82 kgCO₂e per square foot.

Greenhouse Gas (“GHG”) emission (kgCO ₂ e) for FY 2022	
Natural Gas (Scope 1 emissions):	4,568,725 kgCO ₂ e (24.1%)
Electricity (Scope 2 emissions):	14,406,449 kgCO ₂ e (75.9%)

¹⁴ Average GHG emissions intensity per occupied room is calculated based on total emissions over the total of 1,226,388 occupied rooms during the reporting period

¹⁵ Average GHG emissions intensity per square foot is calculated based on total emissions over the total of 3,372,295 square feet during the reporting period

METHODOLOGICAL REVIEW

This section explains the key definitions and methodologies applied to the ARA H-Trust FY 2022 Sustainability Report. These are adapted in the context of the GRI Standards Glossary, and the Reporting Requirements, Recommendations and Guidance set out in the respective disclosures and various authoritative intergovernmental instruments.

GOVERNANCE

CORRUPTION

Corruption is an abuse of entrusted power for private gain, which can be instigated by individuals or organisations. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of business.

SOCIOECONOMIC COMPLIANCE

Socioeconomic compliance covers the overall compliance record of an organisation, as well as compliance with specific laws or regulations in the social and economic aspects. Compliance can relate to accounting and tax fraud, corruption, bribery, competition, the provision of products and services, or labour issues, such as workplace discrimination, among others.

SOCIAL

EMPLOYEES

Employees are defined as full-time staff who are employed by the Managers. This does not include Hotel Managers' associates employed for the day-to-day operation of the hotels.

NEW HIRES AND TURNOVER

Employee movement within each financial year is recorded and presented as at year-end headcount. New hires are defined as new employees that have joined the Managers

during the year. Turnover is defined as all employees that have left the Managers voluntarily, or due to dismissal, retirement, or death in service during the year.

The new hire rate is defined as the ratio of total number of new hires during 2022 to total number of employees as of 31 December 2022. The attrition rate is defined as the ratio of total number of resignations during 2022 to total number of employees as of 31 December 2022.

TRAINING HOURS

Average training hours per employee is the total number of training hours provided to employees, relative to the total number of employees, during the year.

Average training hours per female/male employee is the total number of training hours provided to female/male employees, relative to the total number of female/male employees, during the year.






Average training hours per employee category is the total number of training hours provided to each category of employees, relative to the total number of employees in the category, during the year.

ENVIRONMENT

CONSOLIDATION APPROACH

The operational control approach, as outlined in the GHG Protocol Corporate Standard, is used to determine organisational boundaries for ARA H-Trust's environmental reporting. Operational control reflects the full authority to introduce and implement operating policies at the operation of its properties and is accountable for 100% of its emissions. ARA H-Trust has 100% ownership of 36 hotels. During the reporting year, five hotels, namely Hyatt Place Chicago Itasca, Hyatt Place Pittsburgh Cranberry, Hyatt Place Birmingham Inverness, Hyatt Place Cincinnati Northeast and Hyatt Place Cleveland Independence, were disposed in the third quarter of FY 2022. The data for these five hotels up to point of disposal by ARA H-Trust have been included in the environmental data.

The 36 hotels and the five disposed hotels are listed below in alphabetical order by brand:

				
▶ Hyatt House	▶ Hyatt Place	▶ AC Hotel by Marriott	▶ Courtyard by Marriott	▶ Residence Inn by Marriott

- | | | |
|---|---|---|
| ▶ Hyatt House Boston Burlington | ▶ Hyatt Place Boise Towne Square | ▶ Hyatt Place Richmond Arboretum |
| ▶ Hyatt House Branchbury | ▶ Hyatt Place Charlotte Airport Tyvola Road | ▶ Hyatt Place Sacramento Rancho Cordova |
| ▶ Hyatt House Fishkill | ▶ Hyatt Place Cincinnati Airport Florence | ▶ Hyatt Place Secaucus Meadowlands |
| ▶ Hyatt House Morristown | ▶ Hyatt Place Denver Airport | ▶ Hyatt Place Tampa Busch Garden |
| ▶ Hyatt House Parsippany-East | ▶ Hyatt Place Detroit Auburn Hills | ▶ AC by Marriott Raleigh North Hills |
| ▶ Hyatt House Parsippany Whippany | ▶ Hyatt Place Detroit Livonia | ▶ Courtyard San Antonio Six Flags® at The Rim |
| ▶ Hyatt House Philadelphia Plymouth Meeting | ▶ Hyatt Place Lakeland Centre | ▶ Residence Inn San Antonio Six Flags® at The Rim |
| ▶ Hyatt House Raleigh Durham Airport | ▶ Hyatt Place Louisville East | |
| ▶ Hyatt House Richmond Short Pump | ▶ Hyatt Place Memphis Primacy Parkway | |
| ▶ Hyatt House Shelton | ▶ Hyatt Place Mystic | Disposed Hotels |
| ▶ Hyatt House Sterling Dulles Airport North | ▶ Hyatt Place Nashville Brentwood | Hyatt Place Birmingham Inverness |
| ▶ Hyatt Place Albuquerque Airport | ▶ Hyatt Place Nashville Opryland | Hyatt Place Chicago Itasca |
| ▶ Hyatt Place Atlanta Alpharetta Windward Parkway | ▶ Hyatt Place Oklahoma City Airport | Hyatt Place Cincinnati Northeast |
| ▶ Hyatt Place Atlanta Norcross Peachtree | ▶ Hyatt Place Omaha Downtown Old Market | Hyatt Place Cleveland Independence |
| | ▶ Hyatt Place Pittsburgh Airport | Hyatt Place Pittsburgh Cranberry |

ENERGY CONSUMPTION

Purchased electricity and natural gas are the two sources of energy consumed in respect of the ARA H-Trust hotel portfolio. The total energy consumption is expressed in kilowatt hours (symbol: kWh).

ENERGY INTENSITY

The metrics selected to calculate the respective energy intensity ratios are per occupied room and per square foot.

Average energy intensity per occupied room is calculated by the energy consumed, relative to the total number of occupied rooms in the properties held under the ARA H-Trust hotel portfolio.

Average energy intensity per square foot is calculated by the energy consumed, relative to the total gross floor area of properties held under the ARA H-Trust hotel portfolio. When ARA H-Trust acquires or divests any property within the year, we include the property's full-year energy consumption when computing intensity per square foot figures for annualisation purpose.

GREENHOUSE GAS EMISSIONS

This report includes the Scope 1 and Scope 2 GHG emissions for the ARA H-Trust hotel portfolio and is reported in line with the guidance from the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 1 GHG emissions are emissions from sources that are owned or controlled by the organisation. In the scope of reporting, this relates to natural gas consumed for cooking and water heating and it is expressed in kilograms

of carbon dioxide equivalent ("kgCO₂e"). The Scope 1 GHG emissions are calculated using emission factors from the April 2022 U.S. Environmental Protection Agency GHG Emission Factors Hub and Global Warming Potential values for 100-year time horizon from the IPCC Sixth Assessment Report ("IPCCAR6").

Scope 2 GHG emissions are emissions that result from the generation of purchased or acquired electricity, ventilation and cooling consumed by the organisation. In the scope of reporting, this only relates to purchasing electricity and is expressed in kgCO₂e. A location-based method is adopted, which reflects the average emissions intensity of grids on which energy consumption occurs. The Scope 2 GHG emissions are calculated using emission factors from the April 2022 U.S. Environmental Protection Agency GHG Emission Factors Hub and Global Warming Potential values for 100-year time horizon from the IPCCAR6.

GREENHOUSE GAS EMISSIONS INTENSITY

The metrics selected to calculate the respective GHG intensity ratios are per occupied room and per square foot.

Average GHG intensity per occupied room is calculated by the GHG emissions, relative to the total number of occupied rooms of properties held under the ARA H-Trust hotel portfolio.

Average GHG intensity per square foot is calculated by the GHG emissions, relative to the total gross floor area of properties held under the ARA H-Trust hotel portfolio. Should there be any acquisition or disposal of hotels within a given year, the partial year data would be extrapolated for a full year when computing intensity per square foot.

GRI CONTENT INDEX

GRI Standards Disclosures		Report Section
GRI 2: General Disclosures		
2-1	Organisational details	About ARA US Hospitality Trust (SR Pg. 1), Trust Structure (AR Pg. 5), Notes to the Financial Statements (AR Pg. 113-187) Address of the Managers: ARA Trust Management (USH) Pte. Ltd. (the Manager of ARA H-REIT) ARA Business Trust Management (USH) Pte. Ltd. (the Trustee-Manager of ARA H-BT) 5 Temasek Boulevard, #12-01, Suntec Tower Five, Singapore 038985
2-2	Entities included in the organisation's sustainability reporting	Notes to the Financial Statements (AR Pg. 113-181)
2-3	Reporting period, frequency and contact point	Reporting Scope and Period (SR Pg. 4) Assurance and Feedback (SR Pg. 5) The date of publication for ARA H-Trust SR 2022 is 28 April 2023. ARA H-Trust reporting cycle is annually.
2-4	Restatements of information	There is no restatement of information in this report.
2-5	External assurance	Assurance and Feedback (SR Pg. 5)
2-6	Activities, value chain and other business relationships	About ARA US Hospitality Trust (SR Pg. 1), Reporting Scope and Period (SR Pg. 4), Supply Chain Management (SR Pg. 17), Workforce Management (SR Pg. 18), Letter to Stapled Securityholders (AR Pg. 10), Diversified Portfolio (AR Pg. 2-3), Our Hotels (AR Pg. 26-46), FY 2022 Key Highlights (AR Pg. 6), Financial Review (AR Pg. 24)
2-7	Employees	Workforce Management (SR Pg. 18), Management Team (AR Pg. 17-19)
2-8	Workers who are not employees	Workforce Management (SR Pg. 18), Management Team (AR Pg. 17-19)
2-9	Governance structure and composition	Strong Governance (SR Pg. 13), Board of Directors (AR Pg. 14-16), Board Composition and Guidance (AR Pg. 56) Trust Structure (AR Pg. 5), Management Team (AR Pg. 17-19)
2-10	Nomination and selection of the highest governance body	Board Membership (AR Pg. 59), Board Performance (AR Pg. 62), Statement on Composition of the Board of Directors (AR Pg. 87)
2-11	Chair of the highest governance body	Chairman and Chief Executive Officer (AR Pg. 10)

GRI Standards Disclosures		Report Section
GRI 2: General Disclosures		
2-12	Role of the highest governance body in overseeing the management of impacts	Board Statement (SR Pg. 4), Materiality Assessment (SR Pg. 9), Strong Governance (SR Pg. 13), The Board's Conduct of Affairs (AR Pg. 52), Risk Management (AR Pg. 88) Risk Management and Internal Controls (AR Pg. 66), Statement of Policies and Practices (AR Pg. 80)
2-13	Delegation of responsibility for managing impacts	Strong Governance (SR Pg. 13) The Board's Conduct of Affairs (AR Pg. 52) Board Committee (AR Pg. 53)
2-14	Role of the highest governance body in sustainability reporting	Board Statement (SR Pg. 4), Strong Governance (SR Pg. 13)
2-15	Conflicts of interest	Statement of Policies and Practices (AR Pg. 80) Dealings in Stapled Securities (AR Pg. 76), Dealing with Conflicts of Interest (AR Pg. 76), Dealing with Interested Person Transactions (AR Pg. 78)
2-16	Communication of critical concerns	Board Committee (AR Pg. 53)
2-17	Collective knowledge of the highest governance body	Professional Development (AR Pg. 55)
2-18	Evaluation of the performance of the highest governance body	Board Membership and Performance (AR Pg. 59)
2-19	Remuneration policies	Remuneration Matters (AR Pg. 62)
2-20	Process to determine remuneration	Remuneration Matters (AR Pg. 62)
2-21	Annual total compensation ratio	Remuneration Matters (AR Pg. 62)
2-22	Statement on sustainable development strategy	Board Statement (SR Pg. 4), Letter to Stapled Securityholders (AR Pg. 10-13)
2-23	Policy commitments	Risk Management (SR Pg. 13), Risk Management (AR Pg. 88) Ethics and Integrity (SR Pg. 16),
2-24	Embedding policy commitments	Strong Governance (SR Pg. 13) Respective sections for material topics (SR Pg. 10)
2-25	Processes to remediate negative impacts	Respective sections for material topics (SR Pg. 10)
2-26	Mechanisms for seeking advice and raising concerns	Whistle Blowing Policy (AR Pg. 67)
2-27	Compliance with laws and regulations	Regulatory Compliance (SR Pg. 16)
2-28	Membership associations	American Hotels & Lodgings Association (AHLA), Aimbridge Owners Advisory Board, Hyatt's Owners Advisory Council, Hotel Asset Managers Association
2-29	Approach to stakeholder engagement	Stakeholder Engagement (SR Pg. 6)
2-30	Collective bargaining agreements	All employees within the scope of this report are not covered by collective bargaining agreements.

GRI Standards Disclosures		Report Section
GRI 3: Material Topics		
3-1	Process to determine material topics	Reporting Framework (SR Pg. 4), Materiality Assessment (SR Pg. 9)
3-2	List of material topics	Materiality Assessment (SR Pg. 9)
Material Topic: Corporate Governance		
3-3	Management of material topics	Strong Governance (SR Pg. 13)
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity (SR Pg. 16), Supply Chain Management (SR Pg. 17)
205-3	Confirmed incidents of corruption and actions taken	Regulatory Compliance (SR Pg. 16)
Material Topic: Economic Performance		
3-3	Management of material topics	Statement of Financial Position (AR Pg. 103), Statement of Comprehensive Income (AR Pg. 104), Statement of Distributable Income (AR Pg. 106)
201-1	Direct economic value generated and distributed	Statement of Financial Position (AR Pg. 103), Statement of Comprehensive Income (AR Pg. 104), Statement of Distributable Income (AR Pg. 106)
Material Topic: Energy		
3-3	Management of material topics	Environmental Stewardship (SR Pg. 26)
302-1	Energy consumption within the organisation	Energy Consumption and Energy Intensity (SR Pg. 28)
302-3	Energy intensity	Energy Consumption and Energy Intensity (SR Pg. 28)
Material Topic: Employment		
3-3	Management of material topics	Workforce Management (SR Pg. 18)
401-1	New employee hires and employee turnover	Workforce Management (SR Pg. 18)
Material Topic: Occupational Health and Safety		
3-3	Management of material topics	Occupational Health and Safety (SR Pg. 23)
403-1	Occupational health and safety management system	Occupational Health and Safety (SR Pg. 23)
403-2	Hazard identification, risk assessment, and incident investigation	Risk Management (SR Pg. 14-16), Occupational Health and Safety (SR Pg. 23)
403-3	Occupational health services	Occupational Health and Safety (SR Pg. 23)
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety (SR Pg. 23)
403-5	Worker training on occupational health and safety	Occupational Health and Safety (SR Pg. 23)
403-6	Promotion of worker health	Occupational Health and Safety (SR Pg. 23)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety (SR Pg. 23)
403-9	Work-related injuries	Occupational Health and Safety (SR Pg. 23)

GRI Standards Disclosures		Report Section
GRI 3: Material Topics		
Material Topic: Training and Education		
3-3	Management of material topics	Talent Management and Development (SR Pg. 22)
404-1	Average hours of training per year per employee	Talent Management and Development (SR Pg. 22)
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Management and Development (SR Pg. 22)
Material Topic: Customer Health and Safety		
3-3	Management of material topics	Customer Health and Safety (SR Pg. 17)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety (SR Pg. 17)
Material Topic: Socioeconomic Compliance		
3-3	Management of material topics	Regulatory Compliance (SR Pg. 16)
2-27	Compliance with laws and regulations	Regulatory Compliance (SR Pg. 16)



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