



**ASCOTT**  
RESIDENCE  
TRUST

A Member of CapitaLand



**BECAUSE  
TOMORROW  
MATTERS**

**SUSTAINABILITY  
MANAGEMENT**

**20  
20**

## CORPORATE PROFILE

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S\$7.2 billion as at 31 December 2020. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, ART's objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, hotels, rental housing properties, student accommodation and other hospitality assets in any country in the world. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

ART's international portfolio comprises 86 properties with more than 16,000 units in 38 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 31 December 2020.

ART's properties are mostly operated under the Ascott The Residence, Somerset, Quest and Citadines brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Hamburg, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Osaka, Paris, Perth, Seoul, Shanghai, Singapore, Sydney and Tokyo.

For four consecutive years, ART was conferred the "Best Hospitality REIT (Platinum Award)" in the Asia Pacific Best of the Breeds REITs Award™ and was ranked third in the Singapore Governance and Transparency Index within the REIT and Business Trust Category for the past three years. ART was also awarded runner-up for "Singapore Corporate Governance Award" and "Most Transparent Company Award" at the Securities Investors Association (Singapore) (SIAS) 20th Investors' Choice Awards 2019.

ART is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT). ART is managed by Ascott Residence Trust Management Limited (as Manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd. (as Trustee-Manager of Ascott BT), both of which are wholly-owned subsidiaries of CapitaLand Limited, one of Asia's largest diversified real estate groups.

## OUR VISION

To be the premier hospitality trust with quality assets in key global cities

## OUR MISSION

To deliver stable and sustainable returns to Stapled Securityholders





## CONTENTS

<b>2</b>	SUSTAINABILITY COMMITMENT
<b>3</b>	BOARDS' STATEMENT
<b>9</b>	ENVIRONMENTAL AND MANUFACTURED CAPITAL
<b>16</b>	HUMAN CAPITAL
<b>19</b>	SOCIAL AND RELATIONSHIP CAPITAL
<b>23</b>	ORGANISATIONAL CAPITAL
<b>23</b>	FINANCIAL CAPITAL
<b>24</b>	STAKEHOLDER ENGAGEMENT



# SUSTAINABILITY MANAGEMENT



## SUSTAINABILITY COMMITMENT

The Managers of Ascott Residence Trust (ART) are part of the CapitaLand Group and our sustainability strategy is aligned to that of CapitaLand. Since starting on its sustainability journey, ART has built on CapitaLand's firm foundation to strengthen its portfolio and sustainability practices to be resilient to the challenges faced by the real estate and lodging sectors. As we progress, we endeavour to make a meaningful and positive impact in the communities we operate in as we create value for our Stapled Securityholders.

CapitaLand places sustainability at the core of everything it does, and is committed to growing in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of our communities.

In 2020, CapitaLand unveiled its 2030 Sustainability Master Plan to elevate the Group's commitment to global sustainability in the built environment given its presence in more than 220 cities and over 30 countries. The Master Plan focuses on three key pillars to drive CapitaLand's sustainability efforts in the environment, social and governance (ESG) pillars, enabling the Group to create a larger positive impact for the environment and society.

- Building portfolio resilience and resource efficiency,
- Enabling thriving and future-adaptive communities, as well as
- Accelerating sustainability innovation and collaboration

Five pathways were identified, and CapitaLand will adapt its strategies as technologies evolve and new scientific data become available.

### 1. Integrating sustainability in CapitaLand's real estate life cycle

From the earliest stage of the investment process to design, procurement, construction, operations and redevelopment or divestment, sustainability targets will be embedded in policies, processes, best practices and key performance indicators of CapitaLand's business operations.

### 2. Strengthening innovation and collaboration to drive sustainability

CapitaLand will continue to source globally for new ideas and technologies to meet its sustainability ambitions and work with like-minded partners to create shared values.

### 3. Leveraging sustainability trends and data analytics

This allows CapitaLand to track critical performance and progress in water, waste, energy, carbon emissions and health and safety. These measurements along with social indicators are key to driving performance improvement across its operating properties and development projects.

### 4. Monitoring and reporting to ensure transparency

As CapitaLand tracks its sustainability progress, it will continue to validate its performance by external assurance and align its Global Sustainability Report to international standards.

### 5. Increasing engagement and communication with key stakeholder groups

It is key to building awareness and collectively effecting transformational change to achieve CapitaLand's 2030 targets.

### Pushing boundaries of change

To push the boundaries of change, CapitaLand will transit to a low-carbon business that is aligned with climate science. In November 2020, CapitaLand had its carbon emissions reduction targets approved by the Science Based Targets initiative (SBTi) for a 'well-below 2°C' scenario. The targets are in line with the goals of the Paris Agreement to keep global temperature rise well below 2°C in this century. CapitaLand is also developing a new metric, Return on Sustainability, in addition to the regular financial return to measure the Group's ESG impact.

CapitaLand has launched the inaugural CapitaLand Sustainability X Challenge (CSXC), an innovation challenge to enable CapitaLand to accelerate its sustainability efforts and meet its 2030 targets. The CSXC covers seven challenge statements and reflects the key themes and goals in CapitaLand's 2030 Sustainability Master Plan.

CapitaLand aims to be a leader in sustainable finance and intends to secure S\$6 billion through sustainable finance by 2030. Proceeds and interest rate savings from CapitaLand's efforts in sustainable finance can also be used to drive more sustainability initiatives and innovations within the company.

### Measuring against global benchmarks

CapitaLand was one of the first companies in Singapore to voluntarily publish an annual Global Sustainability Report and externally assure the entire report. Benchmarking against an international standard and framework that is externally validated helps CapitaLand to overcome the challenges in sustainability reporting that arise from its diversified asset types and geographical presence.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations Index, Dow Jones Sustainability World Index and Asia-Pacific Index, Global Real Estate Sustainability Benchmark (Global Sector Leader, Diversified-Listed), FTSE4Good Index Series, MSCI Global Sustainability Indexes and The Sustainability Yearbook.

CapitaLand's Global Sustainability Report 2020 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and continues to apply the Guiding Principles of the International Integrated Reporting Framework and ISO 26000:2010 Guidance on Social Responsibility and reference the UN Sustainable Development Goals and the Taskforce on Climate Related Financial Disclosure. CapitaLand also aligns its sustainability report to the Sustainability Accounting Standards Board (SASB). The report covers CapitaLand's global portfolio and employees, as well as its listed real estate investment trusts and business trusts, including ART, unless otherwise indicated. The report is externally assured to AA1000 Assurance Standard.

This sustainability report references selected GRI Standards<sup>1</sup> to report specific information and covers ART's properties from 1 January to 31 December 2020 (excluding properties managed by third-party operators) unless otherwise indicated. The CapitaLand team behind the Managers and the property managers responsible for property and portfolio operations are identified as employees of ART.

## BOARD, TOP MANAGEMENT AND STAFF COMMITMENT AND INVOLVEMENT

CapitaLand's sustainability management comes under the purview of the CapitaLand Sustainability Council. Reporting to the CapitaLand Board, the Council comprises certain CapitaLand independent board directors and members of the CapitaLand Executive Committee. It is supported by the Group Sustainability Office and various work teams to drive continued progress and improvement in the areas of ESG. Currently, CapitaLand's Sustainability Council is chaired by Ms Goh Swee Chen, who is also the president of Global Compact Network Singapore (local chapter of the United Nations Global Compact).

The work teams comprise representatives from CapitaLand business units and corporate functions. Each business unit also has its own Environmental, Health and Safety (EHS) Committee to drive initiatives in countries where they operate with support from various departments.

ART's Boards are also updated regularly on matters relating to sustainability risks and business malpractice incidents. The Boards are also updated on the sustainability management performance of ART, key material issues identified by stakeholders and the planned follow-up measures.

To measure its performance, CapitaLand has incorporated key performance indicators, most of which are linked to remuneration for its staff including top management.



### BOARDS' STATEMENT

ART is committed to sustainability and incorporates the key principles of environment, social and governance (ESG) in setting its business strategies and operations.

The Managers' Boards of Directors (Boards) set the risk appetite, which determines the nature and extent of material risks that ART is willing to take to achieve our strategic and business objectives. The risk appetite incorporates ESG factors such as fraud, corruption and bribery, environment, health and safety.

The Boards also approve the executive compensation framework based on the principle of linking pay to performance. Business plans are translated to both quantitative and qualitative performance targets including sustainable corporate practices and are cascaded throughout the organisation.

1 This material references Disclosure 302-1 from GRI 302: Energy 2016, Disclosure 303-1 from GRI 303: Water 2016, Disclosure 305-1 and Disclosure 305-2 from GRI 305: Emissions 2016, Disclosure 205-1 and Disclosure 205-2 from GRI 205: Anti-Corruption 2016, Disclosure 403-1 from GRI 403: Occupational Health & Injury 2016 and Disclosure 405-1 from GRI 405: Diversity 2016

**CapitaDNA**  
**Vision, Mission, Credo and Core Values**

**CORE VALUES**  
**WINNING MINDSET | ENTERPRISING | RESPECT | INTEGRITY**

**COMMITMENT TO OUR STAKEHOLDERS**

We create great customer value and experiences through high-quality products and services



**FOR OUR CUSTOMERS**

Tenants, shoppers, home owners, residents

We deliver sustainable shareholder returns and build a strong global network of capital partners



**FOR OUR INVESTORS**

including business partners

We develop high-performing people and teams through rewarding opportunities



**FOR OUR PEOPLE**

Staff

We care for and contribute to the economic, environmental and social development of communities



**FOR OUR COMMUNITIES**

Government agencies/ non-governmental organisations (NGOs), general public, the environment, suppliers/ contractors

**STRATEGIC SUSTAINABILITY MANAGEMENT STRUCTURE**



## MATERIALITY

ART has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. These material risks include fraud and corruption, environmental (e.g. climate change), health and safety, and human capital risks which are ESG-relevant.

We identify and review material issues that are most relevant and significant to us and our stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to ART. More information on stakeholder engagement is available in the Social and Relationship Capital, Human Capital and Environmental Capital chapters of the CapitalLand Global Sustainability Report 2020.

## PRIORITISATION OF ESG MATERIAL ISSUES

Environment	Social/Labour Practices	Governance
<b>Critical</b>		
<ul style="list-style-type: none"> <li>› Energy efficiency</li> <li>› Climate change and emissions reduction</li> <li>› Water management</li> </ul>	<ul style="list-style-type: none"> <li>› Occupational health and safety</li> <li>› Employment</li> <li>› Stakeholder engagement</li> <li>› Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>› Compliance</li> <li>› Business ethics</li> <li>› Products and services<sup>1</sup></li> </ul>
<b>Moderate and Emerging</b>		
<ul style="list-style-type: none"> <li>› Building materials</li> <li>› Construction and operational waste</li> <li>› Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>› Diversity</li> <li>› Human rights</li> </ul>	
<p>1 This includes customer health and safety.</p>		



## CREATING VALUE AND ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework were referenced in this report, and the material ESG issues are grouped into six Capitals – Environmental, Manufactured, Human, Social and Relationship, Organisational, and Financial. This is also mapped against eight UN SDGs that are most aligned with CapitaLand's Master Plan 2030 targets, and where CapitaLand can achieve the greatest positive impact. Details on the six Capitals can be found on pages 9 to 23 of this report. More information is also available in the CapitaLand Global Sustainability Report 2020.

Capitals	What We Do	2020 Value Created
<b>Environmental Capital</b> <ul style="list-style-type: none"> <li>› Carbon emissions</li> <li>› Energy management</li> <li>› Water stewardship</li> <li>› Waste and resource management</li> </ul>	CapitaLand is committed to <ul style="list-style-type: none"> <li>› Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern</li> <li>› Transit to low-carbon business, reduce energy consumption through improved energy efficiency and increase use of renewable energy</li> <li>› Green its global operational portfolio by 2030</li> <li>› Actively embrace innovation to ensure commercial viability without compromising the environment for future generations</li> <li>› Future-proof its developments by addressing the risks of climate change right from the design stage</li> <li>› Preserve the biodiversity of its sites as well as the wider area where possible</li> <li>› Build safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence and hotel guests, homeowners and members of the community</li> </ul>	<ul style="list-style-type: none"> <li>› Carbon emissions reduction targets approved by the SBTi for a 'well-below 2°C' scenario</li> <li>› ART obtained 15 new green building certifications for its existing properties and development project, lyf one-north Singapore, bringing the total number of green buildings to 21</li> <li>› Consumption<sup>1</sup>: For the full year of 2020, ART's operational properties' total energy consumption was 67,578 MWh. Indirect energy consumption accounted for about 86% (57,853 MWh) and direct energy consumption from gas, diesel and other fuels accounted for about 14% (9,725 MWh) of total energy consumption. Approximately 1,261 MWh of our electricity consumption was from renewable sources. Direct (Scope 1) and indirect (Scope 2) carbon emissions were approximately 1,795 tonnes CO<sub>2</sub>e and 28,276 tonnes CO<sub>2</sub>e respectively. ART's operating properties' total water consumption was about 666,740m<sup>3</sup>. This included the use of 9,629m<sup>3</sup> of recycled water</li> <li>› Reduction<sup>2</sup>: Consumption was lower in 2020 than in 2019 as some properties were temporarily closed and the occupancies of operating properties were lower due to COVID-19. Our reduction in energy usage in MWh/m<sup>2</sup> was 29% and our reduction in water usage in m<sup>3</sup>/m<sup>2</sup> was 48% from the 2008 baseline. Our reduction in carbon intensity (tonnes/m<sup>2</sup>) was 39% from the 2008 baseline. ART will continue to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage</li> </ul>
<b>Manufactured Capital</b> <ul style="list-style-type: none"> <li>› Environmentally sustainable, healthy, safe and accessible quality buildings</li> <li>› Innovative and sustainable construction methods and technologies</li> </ul> (SDG 3, 7, 9, 11, 12 and 13)		
<b>Material ESG issues</b> <ul style="list-style-type: none"> <li>› Energy efficiency</li> <li>› Climate change and emissions reduction</li> <li>› Water management</li> <li>› Building materials</li> <li>› Construction and operational waste</li> <li>› Biodiversity</li> <li>› Stakeholder engagement</li> <li>› Product safety and customer well-being</li> </ul>		

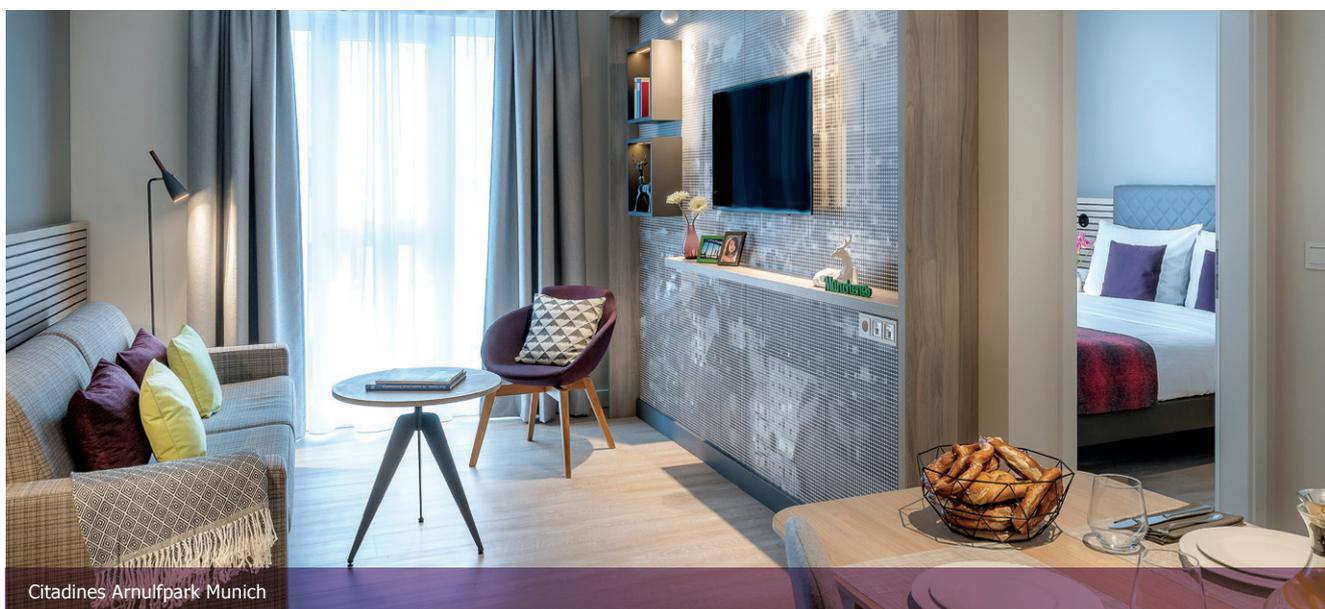
1 Computation of footprint data excluded third-party operated properties.

2 Computation of intensity data excluded new properties which were in operation for less than 12 months, properties undergoing asset enhancement programmes and third-party operated properties.

Capitals	What We Do	2020 Value Created
<p><b>Manufactured Capital</b></p> <ul style="list-style-type: none"> <li>Environmentally sustainable, healthy, safe and accessible quality buildings</li> <li>Innovative and sustainable construction methods and technologies</li> </ul>	<ul style="list-style-type: none"> <li>ART believes that regardless of ethnicity, age or gender, staff can make a significant contribution based on their talent, expertise and experience. We adopt consistent, equitable, and fair labour policies and practices in rewarding as well as developing staff under the direct hire of CapitaLand. CapitaLand is a signatory to the UN Global Compact</li> <li>ART aims to provide a work environment that is safe and contributes to the general well-being of our employees</li> <li>Occupational health and safety of our stakeholders is of utmost importance to ART. This includes all our staff, guests and residents, tenants, contractors, suppliers and the communities that use our properties</li> </ul>	<ul style="list-style-type: none"> <li>Global workforce<sup>3</sup></li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>About <b>70</b> nationalities</p> </div> <div style="text-align: center;">  <p>Male and female, at ratio of <b>47:53</b></p> </div> </div> <hr/> <div style="text-align: center;">  <p><b>63%</b> of ART's global workforce was <b>aged between 30 and 50</b></p> </div> <hr/> <div style="text-align: center;">  <p>Over <b>48</b> training hours per staff</p> </div> <hr/> <ul style="list-style-type: none"> <li>Zero staff fatality or permanent disability</li> </ul>
<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>Health and safety</li> <li>Job creation and security</li> <li>Learning and development</li> <li>Benefits and remuneration</li> </ul> <p>(SDG 3 and 8)</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Material ESG issues</b></p> <ul style="list-style-type: none"> <li>Occupational health &amp; safety</li> <li>Supply chain management</li> <li>Employment</li> <li>Diversity</li> <li>Human rights</li> </ul> </div>		
<p><b>Social and Relationship Capital</b></p> <ul style="list-style-type: none"> <li>Stakeholder relations</li> <li>Social licence to operate</li> <li>Community development</li> <li>Cross-sectoral partnership</li> </ul> <p>(SDG 1, 2, 4, 8, 17)</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Material ESG issues</b></p> <ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>Products and services (include customer health and safety)</li> </ul> </div>		<ul style="list-style-type: none"> <li>ART is committed to activities that are aligned with its focus on community investment. We engage our stakeholders, raising awareness in the areas of philanthropy, environment, health and safety</li> <li>Promoting sustainability amongst the guests and residents at ART's properties</li> </ul>

3 Computation of global workforce statistics were based on employees of ART (including our subsidiaries) and the Managers.

Capitals	What We Do	2020 Value Created
<p><b>Organisational Capital</b></p> <ul style="list-style-type: none"> <li>› Leadership and culture</li> <li>› Corporate governance</li> <li>› Risk management</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><b>Material ESG issues</b></p> <ul style="list-style-type: none"> <li>› Compliance</li> <li>› Business ethics</li> <li>› Stakeholder engagement</li> </ul> </div>	<ul style="list-style-type: none"> <li>› CapitaLand is a signatory to the UN Global Compact</li> <li>› CapitaLand’s Supply Chain Code of Conduct influences its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management</li> <li>› All staff are required to make an annual declaration to uphold CapitaLand’s core values and not to engage in any corrupt or unethical practices</li> <li>› Requires third-party service providers and vendors to adhere to anti-bribery and anti-corruption provisions</li> <li>› Requires main contractors to ensure no child labour and forced labour at CapitaLand project sites</li> </ul>	<ul style="list-style-type: none"> <li>› Refer to the Corporate Governance section on pages 101 to 134 of ART’s Annual Report 2020.</li> <li>› No reported incident relating to discrimination, child labour or forced labour</li> <li>› ART supports the ethical marketing of our products and services and practises fair competition, including room sales. We adhere to the Singapore Code of Advertising Practice (SCAP) and any other rules and regulations that apply. The SCAP was formulated against the background of national law, international law and practice, including the International Code of Advertising Practice published by the International Chamber of Commerce</li> </ul> <div style="text-align: center; margin-top: 20px;">  </div>
<p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>› Sustainable financing</li> <li>› Earnings</li> <li>› Equity</li> <li>› Investments</li> <li>› Assets</li> </ul>	<ul style="list-style-type: none"> <li>› Combination of operating income from investment properties and trading properties, disciplined capital recycling and growth of fee income</li> <li>› Calibrated balance across product platforms and geographies</li> </ul>	<ul style="list-style-type: none"> <li>› ART secured its first green loan of S\$50 million in early January 2021 to finance the development of lyf one-north Singapore, which is certified Green Mark Gold<sup>PLUS</sup> by the Building and Construction Authority of Singapore</li> <li>› Refer to the Portfolio Overview and Financial Review sections on pages 36 to 39 and 76 to 81 respectively of ART’s Annual Report 2020.</li> </ul>





## ENVIRONMENTAL AND MANUFACTURED CAPITAL

### Managing Our Environmental Footprint

CapitaLand's [Environmental Management System \(EMS\)](#) is a key tool in managing ART's environmental footprint across its global and diverse portfolio. CapitaLand's EMS covers the ART properties managed by The Ascott Limited (Ascott), and is integrated with CapitaLand's Occupational, Health and Safety Management System (OHSMS) to establish CapitaLand's Environmental, Health and Safety Management System (EHSMS). CapitaLand's EHSMS is audited by a third-party accredited certification body to ISO 14001 and OHSAS 18001/ISO 45001 standards, internationally recognised standards for the environmental management of businesses and occupational health and safety management of businesses respectively.

### Environmental, Health and Safety Policy

ART is committed to protecting the environment and upholding the occupational health and safety (OHS) of

our employees, residents, contractors, suppliers and the communities who use our properties, and will

- Carry out exemplary Environmental, Health and Safety practices to minimise pollution and health and safety risks
- Seek continual improvement on its Environmental, Health and Safety performance
- Comply with pertinent legislations and other requirements
- Implement the CapitaLand's Sustainable Building Guidelines and Occupational Health and Safety programmes

This policy is readily available to all employees, tenants, suppliers, service providers and partners. Since 2012, all business functions such as property management and property development for ART's Ascott-managed properties are EHS certified.

### **Risk Management of Environmental Aspects and Impact**

As part of the certified EMS, new or updated legal requirements are reviewed quarterly and compliance is evaluated annually.

CapitaLand's EMS provides a systematic approach to manage ART's environmental impact and to improve its environmental performance. One of the elements involves identifying and managing significant environmental aspects of its business operations that can potentially impact the environment. ART evaluates the significance level of each environmental aspect and impact using a risk assessment technique based on factors such as the likelihood of occurrence, the severity of the impact and control measures to be implemented.

ART is aligned with CapitaLand's commitment towards minimising environmental impacts such as resource depletion and carbon emissions. This is demonstrated by setting environmental targets such as green building rating targets, carbon emissions, energy and water usage reduction targets, participating in stakeholder engagement activities, and implementing numerous measures to achieve them.

### **Training**

Employees attend training and awareness programmes to facilitate the effective implementation of CapitaLand's EHSMS. New hires are introduced to the EHSMS and CapitaLand's EHS policy and briefed on their respective roles. More detailed training on the implementation of EHSMS is conducted for heads of departments in administration, operations, and project management, including heads of operating properties, design managers and project managers.

### **Global Internal and External Audits**

CapitaLand has in place an internal audit system to ensure the conformance and effective implementation of its EMS to ISO 14001 international standards. Internal audits are conducted at least once a year in the 15 markets where it has investment properties managed by CapitaLand, covering at least 50% of the sites in each country. External audits are conducted annually by a third-party accredited certification body.

### **Sustainable Developments and Assets**

ART refers to CapitaLand's [Sustainable Building Guidelines \(SBG\)](#) to ensure environmental factors are considered throughout all stages of a project. The in-house guide is regularly reviewed to ensure continuous improvement, with four key goals in mind - minimising carbon footprint and energy consumption, water management, reducing waste generation, and promoting biodiversity.

As climate change becomes an increasingly pressing issue, the call to action has raised expectations for companies to take charge of the key environmental aspects of their businesses. By adopting the SBG, ART aims to future-proof its developments by addressing the changing climatic conditions right from the design stage. Environmentally-friendly practices, infrastructure and equipment upgrades are also being carried out at existing operating buildings, where feasible, to meet green certification standards.

Every property is studied in detail, and appropriate measures are taken to address climate change risks. The SBG also sets guidelines for buildings to be less energy reliant, for instance, setting minimum green rating targets and encouraging the use of renewable energy whenever possible.



### Environment Health Safety Impact Assessment

A key component of the SBG is the [Environment Health Safety Impact Assessment \(EHSIA\)](#), which is conducted during the feasibility study stage of a development project. The significant findings of the EHSIA and their cost implications, if any, are included in the investment paper submitted to the Boards for approval.

The EHSIA identifies any environmental risks or opportunities related to the project site and its surroundings, covering areas such as climate change risk exposure, carbon emissions, energy and water consumption, bio-diversity, heritage or protected land use, pollution and air quality.

### Green Building Rating and Certification

Green building ratings and certifications help affirm the quality of ART's properties. These ratings serve as an external validation that ART has considered these key environmental aspects in its project design, development and operations. Green-rated properties are also more resource-efficient to construct and operate, which aids in resource management.

For development projects, green building rating targets are determined at the outset. In Singapore, the Building and Construction Authority (BCA) administers the Green Mark Certification and the target is to obtain a minimum of Green Mark Gold<sup>PLUS</sup>, two levels above the legal requirement of Green Mark.

For operating properties outside of Singapore, the green rating certification is administered by government ministries and agencies as well as accredited certification bodies including World Green Building Council recognised Green Building Councils and World Bank Group's International Finance Corporation (IFC). In 2018, Ascott signed an Memorandum of Understanding with IFC to pioneer a green certification for the serviced residence industry, as part of the IFC's Excellence in Design for Greater Efficiencies (EDGE) programme.

To date, 21 properties in the ART portfolio have obtained green building ratings and certification, of which 15, denoted by asterisks (\*), were obtained in the financial year ended 31 December 2020 (FY 2020). A list of the properties can be found below.

No.	Property	Country	Green Award
1	Citadines on Bourke Melbourne*	Australia	Green Star Certification
2	Citadines Connect Sydney Airport*	Australia	Green Star Certification
3	Citadines St Georges Terrace Perth*	Australia	Green Star Certification
4	Courtyard by Marriott Sydney-North Ryde*	Australia	Green Star Certification
5	Novotel Sydney Central*	Australia	Green Star Certification
6	Novotel Sydney Parramatta*	Australia	Green Star Certification
7	Pullman and Mercure Brisbane King George Square*	Australia	Green Star Certification
8	Pullman and Mercure Melbourne Albert Park*	Australia	Green Star Certification
9	Pullman Sydney Hyde Park*	Australia	Green Star Certification
10	La Clef Louvre Paris	France	BREEAM Certification
11	Citadines Arnulfpark Munich*	Germany	EDGE Certification
12	Citadines City Centre Frankfurt	Germany	DGNB Certification
13	Citadines Michel Hamburg	Germany	DGNB Certification
14	Ascott Jakarta*	Indonesia	EDGE Certification
15	Somerset Grand Citra Jakarta*	Indonesia	EDGE Certification
16	Ascott Makati	The Philippines	EDGE Certification
17	lyf one-north Singapore*	Singapore	BCA Green Mark
18	Citadines Trafalgar Square London	United Kingdom	BREEAM Certification
19	Somerset Grand Hanoi*	Vietnam	EDGE Certification
20	Somerset Ho Chi Minh City	Vietnam	BCA Green Mark
21	Somerset Hoa Binh Hanoi*	Vietnam	EDGE Certification



Citadines Connect Sydney Airport obtained the Green Star Certification by Green Building Council Australia



Ascott Jakarta was awarded the EDGE Green Certification by World Bank Group's International Finance Corporation

## ART'S MAIDEN DEVELOPMENT PROJECT

## LYF ONE-NORTH SINGAPORE



lyf one-north Singapore (artist's impression)

lyf one-north Singapore is a seven-storey, 324-unit serviced residence with a distinct communal co-living concept. Located within the leafy Nepal Park precinct of one-north, the property contributes to the existing lush content with a series of landscaped gardens, elevated planters and public activity spaces. Various innovative sustainable strategies are implemented to reduce energy and water consumption.

Recognised for its environmentally sustainable design features, lyf one-north Singapore was conferred the Green Mark Gold<sup>PLUS</sup> award by the Building and Construction Authority of Singapore. lyf one-north Singapore integrates technology and innovations to improve overall energy efficiency and to achieve

energy savings. Prominent green features include extensive use of energy-efficient LED lights in all areas with the provision of motion sensors in staircases and common toilets, delivering up to 33% of energy savings. Intelligent occupancy sensors are also fitted in all units, contributing up to 36% of energy savings. The property will also feature sun-shading fins as part of its unique window design to reduce façade solar heat gain.

When construction of the property is complete in end-2021, lyf one-north Singapore estimates energy savings of approximately 971,019 kWh per year. Total water savings annually is expected to be about 22,463 m<sup>3</sup>.



### TRACKING OUR ENVIRONMENTAL RESULTS

Through CapitaLand's Environmental Tracking System (ETS), ART tracks and monitors energy and water usage, waste generation and carbon emissions of its properties.

The management team of each property submits monthly data and uploads supporting documentation onto the platform. The aggregated data is analysed to gauge consumption patterns better and help uncover opportunities for further operational efficiency improvements.

As part of the CapitaLand Group, ART is committed to working towards the long-term and annual targets under CapitaLand's 2030 Sustainability Master Plan Framework.

CapitaLand's long-term targets (using 2008 as base year):

- Further reduce carbon emissions intensity to 78%, from the previous target of 30% by 2030
- Further reduce energy consumption intensity to 35%, from the previous target of 30% by 2030
- Increase the proportion of total electricity consumption from renewable sources to 35% by 2030
- Further reduce water consumption intensity to 45%, from the previous target of 30% by 2030

### EDUCATING AND ENCOURAGING OUR GUESTS TO GO GREEN



Guests are encouraged to reuse and given snack pouches as an alternative to single-use food containers



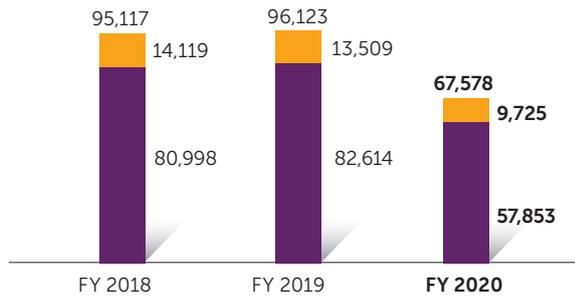
As part of a recycling initiative, used coffee capsules at Ascott Orchard Singapore are given a new lease of life when they are melted and reused in everyday objects

ART encourages the guests at its properties to adopt environmentally sustainable habits through various initiatives. In 2020, more than 20 ART properties worldwide participated in the World Wide Fund Earth Hour initiative by turning off the façade and non-essential lights throughout the night. Ascott also participated in a soap-recycling initiative with Green Nudge. On Happy Go Green Friday, guests of Somerset Millennium Makati were given reusable snack pouches

as an alternative to single-use food containers. As part of a Nespresso recycling initiative, Ascott Orchard Singapore recycled over 2,000 used coffee capsules in 2020. Made of aluminum, the coffee capsules are given a new lease of life when they are melted and reused in everyday objects. In addition, the used coffee grounds from the recycled capsules are sent to a local farm to become compost to grow fresh produce.

The charts below show the consumption and reduction trends for the past three financial years. Consumption was lower in FY 2020 as some properties were temporarily closed and the occupancies of operating properties were lower due to COVID-19.

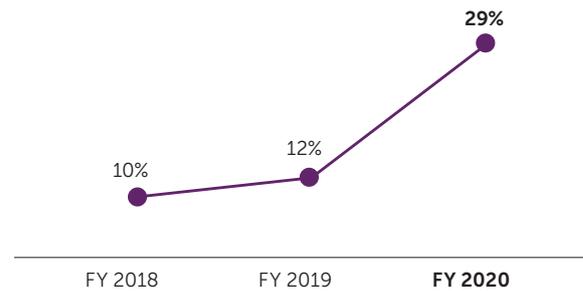
**ENERGY CONSUMPTION<sup>1</sup> (MWh)**



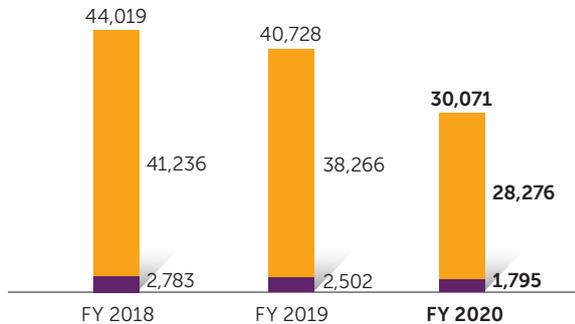
■ Indirect Energy Consumption ■ Direct Energy Consumption

Note: FY 2020 consumption includes 1,261MWh of electricity consumption from renewable sources

**REDUCTION<sup>2</sup> IN ENERGY INTENSITY (MWh/m<sup>2</sup>) VS 2008 BASELINE**

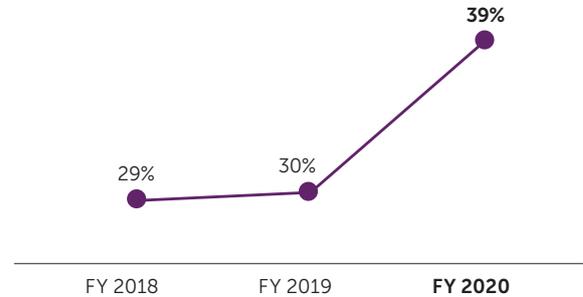


**CARBON EMISSIONS<sup>1</sup> (tonnes)**

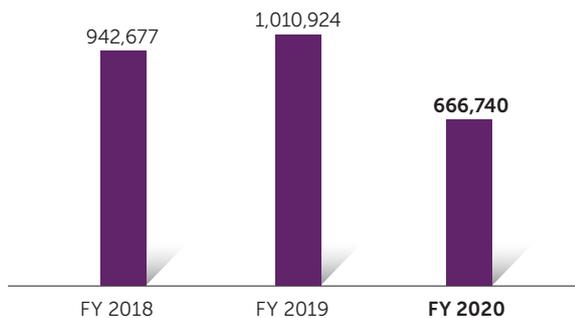


■ Direct Carbon Emissions ■ Indirect Carbon Emissions

**REDUCTION<sup>2</sup> IN CARBON INTENSITY (tonnes/m<sup>2</sup>) VS 2008 BASELINE**

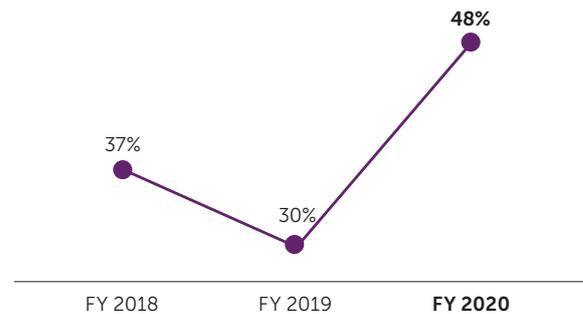


**WATER CONSUMPTION<sup>1</sup> (m<sup>3</sup>)**



Note: FY 2020 consumption includes 9,629m<sup>3</sup> of recycled water

**REDUCTION<sup>2</sup> IN WATER INTENSITY (m<sup>3</sup>/m<sup>2</sup>) VS 2008 BASELINE**



1 Computation of footprint data excluded third-party operated properties.  
 2 Computation of intensity data excluded new properties which were in operation for less than 12 months, properties undergoing asset enhancement programmes and third-party operated properties.



## HUMAN CAPITAL

### Our People

As an externally-managed stapled group, ART has no employees and is managed by the Managers. For the purpose of this sustainability report, ART's employees/staff/workforce refer to the employees of the Managers and Ascott-managed properties of ART unless otherwise stated. The total headcount for ART was 1,638 in FY 2020.

ART's properties are predominantly managed by Ascott, a wholly-owned subsidiary of CapitaLand. Key performance indicators for ART's business and people development are aligned with that of CapitaLand.

### Occupational Health and Safety

Occupational health and safety (OHS) of our employees, guests, contractors, suppliers and the communities in which we operate in is of utmost importance to ART. As part of risk management, effective OHS management is necessary to raise staff productivity and morale.

Employees assume individual ownership and responsibility for OHS management and are encouraged to proactively report all OHS related incidents, including non-compliances and non-conformities. ART provides staff with safe and healthful working conditions and strives to eliminate or minimise hazards and risks through various measures. Hazards Identification and Risk Assessments are reviewed annually or when necessary. OHS hazards are identified for the administration, development and operational functions of ART's businesses and their risks are assessed. ART has

also put in place various standard operating procedures to identify and reduce occupational injury rates.

ART responded to the threat of COVID-19 promptly by putting in place appropriate health and safety measures to mitigate risks. The Human Resource department also disseminated medical and travel advisories to all employees when there were any updates. Information on pandemic planning is also made readily available for all staff on the intranet portal, CLICK.



For more information on ART's COVID-19 response, please refer to page 30 of ART's Annual Report 2020.

CapitaLand seeks to foster a positive and proactive 'safety culture' with zero fatality, permanent disability or major injury across the CapitaLand Group and for main contractors where applicable. For ART, there were zero work-related fatality or permanent disability and eight staff work-related injuries reported in FY 2020. Thorough investigations were conducted, and all necessary follow-up actions were undertaken. The injury rate was 2.3 and absentee rate was about 7% in FY 2020.

### Anti-Child Labour and Anti-Forced Labour

ART upholds CapitaLand's commitment to be a workplace of choice for its employees. CapitaLand is a signatory of the United Nations Global Compact and has signed the Employers Pledge for Fair Employment Practices with the Tripartite Alliance for Fair and Progressive Employment Practices.

In FY 2020, ART had zero incidents related to discrimination, child labour or forced labour, and no employee was below the age of 16.

### Diversity and Inclusion

ART embraces diversity and believes that every employee can make a significant contribution based on merit, regardless of age, race, gender, religion or family status. About 70 nationalities are working for ART.

To attract talent, job opportunities are advertised publicly via online job portals, with selections based on individual merit, in line with CapitaLand's non-discriminatory employment practices. In FY 2020, new hires represented about 5% of the total headcount of ART.

ART has a vibrant and competent workforce that has given it a competitive advantage. About 63% of its global workforce is aged between 30 to 50. The workforce also comprises an almost equal ratio of males and females, at 47:53. Female employees are well represented at the middle and senior management levels.

### Re-Employment Opportunities

CapitaLand has a re-employment policy to enable employees to work beyond the current statutory retirement age of 62, up to 67 years old, if they are still able and willing to continue contributing. In FY 2020, there were 25 ART employees above retirement age who extended their employment.

### Respect for Freedom of Association

ART respects its employees' right to freedom of association and adheres to the Industrial Relations Act that allows trade unions to represent employees for collective bargaining. At the Group level, CapitaLand also works closely with the unions to foster a conducive and productive working environment for the mutual benefit of both the company and the employees.

### Talent Management

ART actively seeks innovative, dynamic and talented individuals to fuel its growth and adopts a holistic approach to manpower planning. This includes developing internal talent and hiring talent across different career stages, from entry-level graduates to mid-career professionals and industry veterans. As part of its regular succession planning process, ART constantly builds its management bench strength by identifying and developing promising talents.

### Positive Work Environment

A positive work environment is crucial to attract, retain and grow talent. Therefore, ART has in place a total well-being programme that promotes personal development, health and work-life balance. Initiatives include a comprehensive medical and benefits plan, flexible work arrangements and subsidised rates for employees staying at Ascott properties. These benefits are also extended to part-time employees on a pro-rated basis.

ART observes a pay-for-performance philosophy that rewards for superior performance, which aligns employees and Staped Securityholders' interests to deliver long-term value. ART also adopts CapitaLand's robust performance management system to ensure that all employees receive annual performance and career development reviews.

### Fair Remuneration

To ensure that ART's compensation package and benefit programmes remain competitive and comprehensive, CapitaLand engages third-party consultants to benchmark ART's remuneration packages against the different talent markets. Salaries are reviewed using these benchmarks as well as each employee's job scope and responsibilities to ensure that they commensurate with market practice. Besides the base salary, other



components of the compensation package include short-term cash bonuses and performance-based long-term share awards.



For more information on remuneration matters relating to the Boards and key management personnel of ART, please refer to pages 115 to 119 and pages 133 to 135 of the Corporate Governance section of ART's Annual Report 2020.

All employees receive regular performance and career development reviews where employees are highly encouraged to discuss their performance, areas for improvement, development needs and career aspirations.

ART monitors the movement of its workforce closely. In FY 2020, the employee turnover rate was 23%, which was lower than hospitality companies globally, especially in view of the COVID-19 pandemic. Given that ART's business is in the labour-intensive hospitality industry with a large number of non-executive staff, the staff movement is deemed normal. ART also conducts exit interviews with employees leaving the company as part of its continuing efforts to effect positive changes within ART.

### Learning and Development

ART is committed to building and developing a dynamic workforce and talent pool that enables ART to achieve its next phase of growth. Therefore, ART seeks to equip employees with future-ready skills through various training under the CapitaLand Building Capability Framework.

CapitaLand has an in-house training hub, [CapitaLand Institute of Management and Business \(CLIMB\)](#), that provides appropriate training to help employees grow in their personal and professional capacities. Furthermore, CapitaLand allocates up to 3.0% of its annual wage bill towards employees' learning and development programmes. Employees can participate in certified skills

training programmes, personal development courses as well as industry seminars and conferences. Employees pursuing relevant training courses are entitled to 10 days of examination leave per calendar year.

In FY 2020, approximately 88% of Ascott employees<sup>1</sup> attended at least one professional training course, 52% attended at least one ESG training, and the average training hours per employee was approximately 49 hours.

To cater to Ascott's rapid expansion and development of human capital, the [Ascott Centre for Excellence \(ACE\)](#) is a global hospitality training centre approved by the SkillsFuture Singapore specialising in training for the hotel and accommodation services sector. ACE conducts training through proprietary programmes focused on competencies and skills in operational readiness and service excellence.

### Employee Engagement

ART supports opportunities for management-employee engagements through various channels, including staff communication sessions held by the senior management of CapitaLand and Ascott. These sessions allow the senior management to communicate and interact with the employees, facilitating the effective flow of information and alignment of business goals and objectives across the workforce. The senior management team of Ascott also provides updates on ART's financial and operational performance during its staff communication sessions.

ART practises an open-door policy, allowing all employees to raise their concerns or feedback relating to any aspect of their employment with the senior management or the Human Resource department. Employees can also access information such as the Group's latest developments, employment policies, benefits and practices through CLICK.

<sup>1</sup> Including employees of the Managers



Ascott Centre for Excellence conducts training for staff and members of the hotel and accommodation services sector



## SOCIAL AND RELATIONSHIP CAPITAL

ART recognises that anticipating and meeting the needs of its stakeholders create long-term business viability and success. Stakeholders are groups that have a vested interest in ART and can either affect or be affected by ART's business and operations. Our key stakeholders comprise employees, guests and residents, business associates, builders and suppliers, and the local community. Other groups include regulators and key government agencies, non-governmental organisations, representatives of the capital market and the media.

### Stakeholder Engagement

Through various engagement channels, ART seeks to understand the views of, communicate effectively, and build lasting partnerships with its stakeholders. Issues that are of interest to ART's stakeholders are outlined in the tables on pages 24 and 25.

### Employee Engagement

In FY 2020, in place of the annual Employee Engagement Survey, all employees were invited to participate in [CapitaLand's Global Pulse Survey](#). The survey comprised eight close-ended questions and one open-ended question and sought to understand the overall well-being and engagement level of employees in the light of COVID-19. Areas covered included the level of support and access to information while telecommuting and employees' confidence in the senior leadership. In prior years, the Employee Engagement Survey similarly comprised close-ended and open-ended questions, and included metrics such as net promoter score and overall satisfaction score.

Another employee engagement initiative is the Global LIFE Heartware Awards, an internal branding campaign of Ascott. The Awards are aimed at recognising outstanding individuals who consistently demonstrate exemplary attitude in their work and go the extra mile to 'deliver service from the heart' to colleagues and residents, creating Ascott Moments.





### Customer Satisfaction

Ascott tracks and monitors its properties' service customer satisfaction performance via two main channels. Each guest is invited to participate in a Guest Satisfaction Survey upon check-out. Through the survey, metrics such as Customer Satisfaction and Net Promoter Score are measured and tracked. Ascott also collects, monitors and tracks its Guest Rating Score™, derived from guest reviews from more than 170 online travel agencies and review sites in over 45 languages. These metrics along with insights from guest feedback allow Ascott to benchmark and respond by making the necessary operational and service improvements to create a better customer experience for its guests.



### Community Development Investment and Value

In line with CapitaLand's sustainability strategy, community development is a key focus for ART as it builds strong social capital and goodwill for ART in the communities in which it operates. ART supports various stakeholder engagement activities including environmental sustainability, health and safety, social integration as well as helping underprivileged children and vulnerable elderly.

### Advocating Employee Volunteerism

CapitaLand is a strong advocate for community volunteering and was one of the first companies to grant its employees three days of Volunteer Service Leave (VSL). To acknowledge employees' volunteering efforts on CapitaLand initiatives, [CapitaLand Hope Foundation \(CHF\)](#), the philanthropic arm of CapitaLand, donates S\$500 to an approved Institution of a Public Character in Singapore or an International Non-Profit Organisation when the three days of VSL are utilised for the year.

### Helping Underprivileged Children and Vulnerable Elderly

CHF also provides resources for children and youths from less privileged backgrounds to break away from the poverty cycle, and also seeks to improve the quality of life for the vulnerable elderly in Singapore through healthcare support, deeper social integration and better living conditions.

### COVID-19 & Community Outreach

In FY 2020, Ascott and employees of ART's Managers participated in initiatives in support of communities affected by COVID-19. The initiatives were aligned with our focus on community investment, raising awareness and stakeholder engagement in the areas of philanthropy, health and safety.

### Ascott Cares

Ascott launched '[Ascott Cares](#)' to reassure guests and employees that stringent cleanliness and hygiene measures are in place at Ascott's properties. 'Ascott Cares' comprises comprehensive protocols that comply with World Health Organisation's standards and local regulations. As part of the 'Ascott Cares' commitment, cleaning protocols were stepped up for high-touch areas, protective screens were deployed at key customer service touchpoints. Ascott also collaborated with Bureau Veritas to develop a holistic programme where Bureau Veritas' Health, Safety and Hygiene experts audited and certified the implementation of 'Ascott Cares' commitments at its properties.

To reduce contact between guests and staff, Ascott deployed digital technologies such as service robots, self check-in kiosks and 360 degree virtual tours. At Ascott Orchard Singapore, radio frequency identification (RFID) tapping points and QR codes were implemented to provide guests with easier access to the internet.

### Providing a Home Away from Home

As a responsible lodging company and community leader, Ascott stepped up to support various countries' fight against COVID-19. Leveraging its lodging expertise and resources, Ascott provided a home away from home for healthcare workers, returning nationals, migrant workers and other affected communities who needed alternative accommodation.

In Singapore, Ascott worked together with CHF and the Agency for Integrated Care to provide complimentary accommodation for the care staff at Lee Ah Mooi Old Age Home when they were displaced from their homes by their landlords amidst the COVID-19 situation.



Ascott leveraged its lodging expertise and resources to support the fight against COVID-19



As part of CapitaLand's #MealOnMe initiative, food bundles were distributed to the elderly and vulnerable groups

**CapitaLand #MealOnMe**

In partnership with The Food Bank Singapore and CapitaLand malls' food and beverage tenants, CHF embarked on a 'CapitaLand #MealOnMe' initiative to provide meals and food bundles to the elderly and other vulnerable groups. More than 150 CapitaLand employees and their family members were on-ground to personally deliver meals to the elderly and underprivileged children in the community. CapitaLand's #MealOnMe initiative has distributed 30,000 meals to 800 elderly and 200 underprivileged children. Around 2,000 food bundles have also been distributed to the elderly.

**Temasek Foundation's Stay Prepared Initiative**

CapitaLand supported Temasek Foundation's Stay Prepared Initiative amid the COVID-19 situation by rallying employee volunteers to distribute alcohol-free hand sanitisers to the local community at 16 participating CapitaLand malls. Employees of ART's Managers were stationed at IMM and JCube to man the registration booths as well as the bottle labelling and sanitiser dispensing stations.



Employees of CapitaLand distributed hand sanitisers to the local community at 16 participating CapitaLand malls



School bags with schooling essentials were packed by CapitaLand volunteers to prepare children from low-income families for primary school

**CapitaLand-Bright Horizons Fund Ready-for-School Programme 2020**

As part of the CapitaLand-Bright Horizons Fund Ready-for-School Programme, NTUC First Campus' My First Skool pre-school children from low-income families would usually go on learning journeys at CapitaLand malls to celebrate the completion of their pre-school education. Due to the COVID-19 pandemic, the children were not able to head to the malls but nevertheless received school bags with schooling essentials in preparation for primary school, individually packed by employee volunteers.



## ORGANISATIONAL CAPITAL

### Corporate Governance Culture

The Managers are committed to upholding the highest standards of corporate governance and transparency in their policies and processes, while achieving operational excellence and delivering ART's long-term strategic objectives. The Managers believe that practising good corporate governance is essential to ensuring long-term business viability and growth and safeguarding ART's assets and Staped Securityholders' interests.

The Boards are responsible for the corporate governance standards and policies developed by the Managers, underscoring the importance of corporate governance to ART. The policies and practices meet the specific business needs of ART and provide a firm foundation for a trusted and respected business enterprise.

Throughout FY 2020, the Managers complied with the principles of the Code of Corporate Governance 2018 (Code), and, substantially, with the provisions underlying the principles of the Code.

ART also adhered to the guidelines, policies and practices relating to Dealing with Interested Persons, Dealing with Conflicts of Interests, Dealings in Securities and Code of Business Conduct and any other rules and regulations.



For details on ART's guidelines, policies and practices, please refer to the Corporate Governance section and Statement on Policies and Practices on pages 101 to 141 of ART's Annual Report 2020.

### Compliance

In FY 2020, there were no incidents of material non-compliance with the applicable laws and regulations relevant to ART, the Managers, or the property operators. These include legislations and requirements concerning marketing activities and room sales. ART targets zero incidents of material non-compliance with the applicable laws and regulations in FY 2021.

In adherence to CapitaLand's [Fraud, Bribery and Corruption Risk Management Policy](#), ART adopts a zero-tolerance stance against any bribery and corruption in the conduct of its business activities and calls upon staff to observe ethical principles in their work and business dealings. A [whistle-blowing policy](#) and other procedures are in place to provide staff and external parties who have dealings with ART, with a well-defined, accessible and trusted channel to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace.



For more information on ART's Fraud, Bribery and Corruption Risk Management Policy and Whistle-Blowing Policy, please refer to page 131 of the Corporate Governance section of ART's Annual Report 2020.

ART is a signatory to the Statement of Support Towards Excellence in Corporate Governance initiated by Securities Investors Association (Singapore) (SIAS). The Managers are also members of the Financial Industry Disputes Resolution Centre Ltd (FIDReC), Investor Relations Professionals Association (Singapore) (IRPAS) and REIT Association of Singapore (REITAS).

Recognised for its corporate governance efforts, ART was [ranked third in the REIT and Business Trust category of the Singapore Governance and Transparency Index 2020](#), conducted by the National University of Singapore Business School's Centre for Governance, Institutions and Organisations.

### Enterprise Risk Management

Risk management is an integral part of ART's business – both operationally and strategically. Adopting CapitaLand's [Enterprise Risk Management \(ERM\) Framework](#) enables ART to identify, manage, monitor and report material risks in an integrated, systematic and consistent manner.

The Boards are responsible for the governance of risks across ART, assisted by the Audit Committee, who provides dedicated oversight of risk management at the Boards' level. The Boards approve ART's risk appetite, which determines the nature and extent of material risks that the Managers are willing to take to achieve ART's strategic and business objectives.



For more information, please refer to the ERM section on pages 96 to 100 of ART's Annual Report 2020.



## FINANCIAL CAPITAL

### Financial Performance

ART's financial performance was adversely impacted by COVID-19 in FY 2020 as travel came to a standstill. ART's strong fundamentals and financial position mitigated some of the impact, providing resilience despite the adversity.



For more information on ART's financial performance, please refer to the Financial Review section on pages 76 to 81 and Financial Statements on pages 142 to 355 of ART's Annual Report 2020.

To deepen its commitment towards sustainability, ART secured its first S\$50 million five-year green loan from DBS Bank in early January 2021. The proceeds from the loan will be used to finance ART's maiden development project, [lyf one-north Singapore](#), which is certified Green Mark Gold<sup>PLUS</sup> by the BCA.



## STAKEHOLDER ENGAGEMENT

Stakeholders are groups that ART's business has a significant impact on and those with a vested interest in our operations. Key stakeholders include customers, business associates, builders and suppliers, employees and the local community. Other groups include regulators and key government agencies, non-governmental organisations, representatives of the capital market and the media. They are mapped into groups based on their relationship with ART.

Through the various engagement channels, we seek to understand our stakeholders' views, communicate effectively with them and respond to their concerns.

Stakeholder	Description/Purpose	Engagement Channel	Key Topics/Issues
<b>Employees</b>	To develop a high-performance work culture that embraces diversity, innovation and teamwork	<ul style="list-style-type: none"> <li>› Regular dialogue sessions with senior management</li> <li>› Regular employee engagement survey</li> <li>› Volunteer programmes</li> <li>› Recreation club activities</li> <li>› Regular staff engagement initiatives, such as the global LIFE Heartware Awards to recognise staff who consistently provide exemplary service</li> </ul>	<ul style="list-style-type: none"> <li>› Work-life balance</li> <li>› Remuneration and benefits</li> <li>› Employee welfare and well-being</li> <li>› Training and development</li> <li>› Promoting a culture of service excellence</li> </ul>
<b>Customers – Guests and Residents</b>	To track, monitor and improve on guest satisfaction	<ul style="list-style-type: none"> <li>› Regular satisfaction surveys</li> <li>› Guest Rating Score</li> <li>› Loyalty programmes</li> <li>› Marketing and promotional campaigns</li> </ul>	<ul style="list-style-type: none"> <li>› Quality and well-managed serviced residences</li> <li>› Operational and service improvements</li> <li>› Positive guest experience</li> </ul>
<b>Investors, Analysts and Media</b>	To cultivate trust and confidence through two-way communication	<ul style="list-style-type: none"> <li>› Announcements on SGXNet and on ART's corporate website, including ART's financial results and business updates</li> <li>› Annual and Extraordinary General Meetings</li> <li>› Annual reports and sustainability reports</li> <li>› Media releases and interviews</li> <li>› Regular analyst and investor meetings</li> <li>› Responses to sustainability surveys</li> </ul>	<ul style="list-style-type: none"> <li>› Operational efficiency, monetary savings, cost optimisation</li> <li>› DPS yield, earnings, operational performance, business strategy, market outlook</li> <li>› Environmental, Social and Corporate Governance risks and opportunities</li> </ul>



Stakeholder	Description/Purpose	Engagement Channel	Key Topics/Issues
<b>Supply Chain – Main Contractors, Vendors, Suppliers, Creditors</b>	To be a fair and reasonable employer for goods and services and share industry best practices	<ul style="list-style-type: none"> <li>› CapitaLand’s contract management guidelines and house rules</li> <li>› CapitaLand Supply Chain Code of Conduct</li> <li>› EHS Guidelines</li> <li>› Policy and quarterly EHS monitoring</li> <li>› Vendor evaluation, including events, meetings and trainings</li> </ul>	<ul style="list-style-type: none"> <li>› Design and quality</li> <li>› Occupational health and safety practices</li> <li>› Workers welfare and well-being</li> <li>› Environmental compliance</li> <li>› Timely payment</li> </ul>
<b>Government Agencies and Regulators / Community and NGOs</b>	To be a responsible corporate citizen and contribute to the communities in which ART operates	<ul style="list-style-type: none"> <li>› Employee volunteerism and corporate social responsibility programmes</li> <li>› Regulatory readiness to the Singapore Government’s commitment to manage carbon emission</li> <li>› Longstanding partner of various national programmes</li> <li>› Sustainability reports</li> <li>› Participation in external conferences/forums</li> <li>› Corporate advertisements</li> <li>› Consultation and sharing with academics, NGOs and business associations</li> <li>› Senior management representation on boards of various industry bodies and sustainability related public discussions</li> </ul>	<ul style="list-style-type: none"> <li>› Philanthropy</li> <li>› Sustainable building developments</li> <li>› Stakeholder programmes to advocate sustainable consumer behaviours</li> <li>› Advocating best practices</li> </ul>





**ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED**

As Manager of Ascott Real Estate Investment Trust  
Company Registration Number: 200516209Z

**ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.**

As Trustee-Manager of Ascott Business Trust  
Company Registration Number: 201925299R

168 Robinson Road  
#30-01 Capital Tower  
Singapore 068912  
Tel: +65 6713 2888  
Fax: +65 6713 2121  
Email: [ask-us@ascottresidencetrust.com](mailto:ask-us@ascottresidencetrust.com)

[www.ascottresidencetrust.com](http://www.ascottresidencetrust.com)