



ARA US Hospitality Trust



Sustainability Report 2021

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AC Hotel Raleigh North Hills, North Carolina

INTRODUCTION

1.1 ABOUT 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**”) and its portfolio currently comprises 41 upscale select-service hotels with a total of 5,340 rooms across 22 states in the U.S. 39 out of the 41 hotels have freehold land titles.

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**”).

ARA H-Trust has a market capitalisation of US\$283.7 million as at 31 December 2021.

1.2 SINGAPORE BASED-SPONSOR

The Sponsor, ARA Real Estate Investors 23 Pte. Ltd., is an indirect wholly owned subsidiary of ARA Asset Management Limited, part of the ESR Group (“**ESR**”).

ESR is APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140 billion in gross 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

also includes 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 the private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by ESR and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Its purpose – Space and Investment Solutions for a Sustainable Future – drives ESR to manage sustainably and impactfully and it considers the environment and the communities in which it operates as key stakeholders of its business.

1.3 BOARD STATEMENT

The Board of Directors of the Managers (the “**Board**”) is pleased to present ARA H-Trust’s second Sustainability Report for FY2021.

As environmental bodies call for global response to the threat of climate change, the Managers continue to strive for excellence in 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. To achieve this mission, ARA H-Trust 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. Likewise, the Managers are of the view that environmental, social and governance (“**ESG**”) is an important aspect of its business strategy in achieving the long-term growth of ARA H-Trust.

In FY2021, the Board has reviewed and determined the material ESG matters identified in FY2020 to remain relevant to ARA H-Trust. These material factors are monitored and managed by the executives of the Managers under the Board’s supervision and oversight.

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.

¹ For more information, please visit www.esr.com and www.ara-group.com.

INTRODUCTION

1.4 REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards - Core option as well as the relevant requirements under the 2022 Global Real Estate Sustainability Benchmark (“**GRESB**”)² 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 Singapore

Exchange Securities Trading Limited’s (“**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.

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 inaugural participation in the 2022 GRESB Assessment.

1.5 REPORTING SCOPE AND PERIOD

The reporting period covered in this report is from 1 January 2021 to 31 December 2021, with the relevant prior year data as comparison, where applicable. It details policies, practices and goals regarding ESG matters most material to ARA H-Trust’s operations.

ARA H-Trust’s portfolio of hotels is branded under two of the world’s largest premier international hotel chains, Hyatt Hotels Corporation and Marriott International (“**the Brand Partners**”), 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 these Hotel Managers.



**The reporting
boundary for each
sustainability pillar**



Environmental

For environmental performance, 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 41 wholly owned properties³ in its portfolio.

² 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 2021, more than 1,520 property companies, real estate investment trusts, funds and developers participated in the Real Estate Assessment, representing USD 5.7 trillion assets under management. The Assessment covered nearly 117,000 assets.

³ For more details on ARA H-Trust’s property portfolio, please refer to pages 36 to 56 of the ARA H-Trust’s FY 2021 Annual Report (the “**Annual Report**”).

1.6 ASSURANCE AND FEEDBACK

The Managers have not sought external assurance for this Sustainability Report. However, the Managers may seek full assurance for future sustainability reports as its reporting matures over time. For ARA H-Trust’s participation in the 2022 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 irusht@ara-group.com.



Social

Stakeholder engagement detailed in this Sustainability Report broadly covers customers and guests, investors, employees, partnered brands, and regulators, amongst others.

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.



Governance

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.

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 environmental impact. The Managers strive to invest in bespoke sustainability practices and identify capital projects that can enhance the asset values through better environmental performance.



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

2.1 STAKEHOLDER ENGAGEMENT

The ability of the Managers to implement the strategies successfully and achieve the stated objectives is dependent on the support and contribution of its stakeholders, which include customers and guests, investors, employees, partnered brands, government agencies and industry organisations. Integral to building lasting relationships with stakeholders, the Managers communicate and respond to their feedback effectively through frequent communication via various engagement platforms. These stakeholder engagements identify the relevant ESG matters to facilitate continuous improvement to the Managers' operations.

Over the course of the year where COVID-19 was still present, the Managers regularly communicated the business performance and outlook of ARA H-Trust via virtual engagement platforms, complemented by updates on its ongoing ESG initiatives. Stakeholders in turn, provide feedback to the Managers on relevant ESG factors for consideration through such engagements.

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 FY2021	
Legend for engagement frequency:				
● Throughout the year ● Monthly ● Quarterly ● Annually ● Ad hoc				
 Customer and Guests	Bilateral communications	<ul style="list-style-type: none"> ➤ Customer satisfaction; ➤ Quality of facilities and services; and ➤ Customer health and safety 	<p>The hotels conducted regular guest feedback and satisfaction surveys to ensure an open communication with customers.</p> <p>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 were implemented on any hotel that measures below the brand average.</p>	
	Guest satisfaction surveys and feedback			
 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 programs 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> <p>Online workshop and lunch talks were organised for employees focusing employee well-being whilst working from home.</p>	
	Employee feedback and employee satisfaction survey			
	Team bonding activities			
	Internal communications via emails, intranet, newsletters and townhall meetings			
	Performance appraisals			

Stakeholder Group	Engagement Methods and Frequency	Key Topics Raised	ARA H-Trust's Responses in FY2021
Legend for engagement frequency:			
 Throughout the year  Monthly  Quarterly  Annually  Ad hoc			
 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
	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; and › ESG practices and initiatives in line with hotel brand standards
	Site inspections of properties, evaluation 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		
 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
	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		<ul style="list-style-type: none"> › Maintaining brand and service standards; › Optimising hotel performance and revenue; and › Leverage brand business intelligence tools and resources for enhanced service deliveries
	Owner dialogues and forums		
	Brand audits		
	Key Metrics Utilisation and Benchmark Reporting		
			<p>The Managers held regular meetings with the hotel brands' corporate management team to discuss on updates to the brands' standards and performance.</p> <p>The Managers also participated in the following Brand Partners' sustainability programs held:</p> <ul style="list-style-type: none"> › 38 Hyatt Hotels (World of Care Hyatt Hotels Corporate Responsibility) › 3 Marriott Hotels (Sustain Responsible Operations Marriott International Serve360)

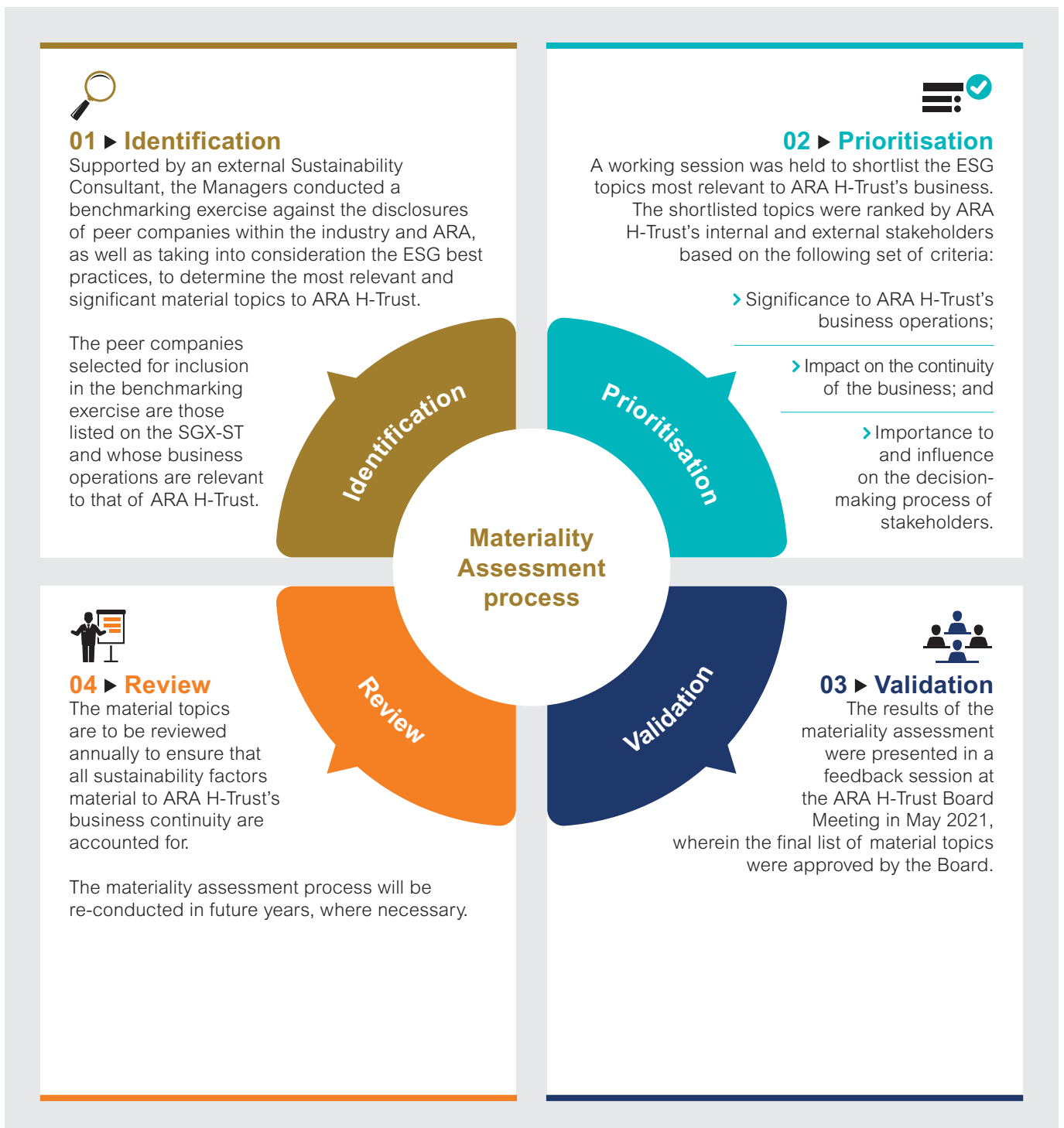
SUSTAINABILITY AT ARA H-TRUST

2.2 MATERIALITY ASSESSMENT

Well-defined material sustainability topics are essential as they have a significant bearing on the business performance of ARA H-Trust and affect the decision-making of key stakeholders. In determining the material topics, the Managers consider the potential risks of ARA H-Trust’s business activities in relation to social and environmental needs and the economic factors impacting the hospitality industry.

In FY2021, eight material issues were identified and materiality reassessment was conducted on these issues to address changing stakeholder expectations and mitigate emerging risks. These issues have taken into consideration the relevant context in which ARA H-Trust operates in, and across levels ranging from macroeconomic drivers to operating drivers.

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 as being material to its business, based on internal and external stakeholders' perspectives.



2.3 SUMMARY OF MATERIAL TOPICS

The material sustainability matters are mapped to specific GRI Topic Disclosures, as illustrated in the table below, in no particular order.

Material Matter	GRI Standards	FY2021 Performance	Targets
● Corporate Governance	GRI 205	<ul style="list-style-type: none"> Zero reported cases of corruption or fraud 	<ul style="list-style-type: none"> To maintain zero reported cases of corruption or fraud This target is perpetual
● Economic Performance	GRI 201	Refer to Statement of Financial Position (AR Pg 103), Statement of Comprehensive Income (AR Pg 104), Statement of Distributable Income (AR Pg 105)	<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): 65,480,690 kWh Average energy intensity: 58.83 kWh per occupied room Average energy intensity: 19.42 kWh per square foot 	<ul style="list-style-type: none"> To continue monitoring and tracking electricity and natural gas consumption across all hotels To implement energy saving initiatives across all hotels
● Employment	GRI 401	<ul style="list-style-type: none"> Zero validated cases of non-compliance with employment regulations or acts concerning employee rights 	<ul style="list-style-type: none"> To maintain zero validated cases of non-compliance with employment regulations or acts concerning employee rights This target is perpetual
● Occupational Health and Safety	GRI 403	<ul style="list-style-type: none"> Zero fatalities for all the staff Zero high consequence injuries for all staff 	<ul style="list-style-type: none"> To maintain achieving zero fatalities for all the staff This target is perpetual
● Training and Education	GRI 404	<ul style="list-style-type: none"> An average of 25 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"> No known serious incidents concerning customer health and safety 	<ul style="list-style-type: none"> To maintain zero serious incidents concerning customer health and safety This target is perpetual
● Socioeconomic Compliance	GRI 419	<ul style="list-style-type: none"> Zero reported cases of non-compliance with relevant laws, regulations and governance policies 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"> To maintain achieving zero reported cases of non-compliance with relevant laws, regulations and governance policies To maintain zero significant fines, non-monetary sanctions, zero penalties or letters issued by relevant authorities on breaches of environmental and socioeconomic compliance These targets are perpetual

ARA H-TRUST FY2021 SNAPSHOT

Corporate Profile



Listed on the Singapore Exchange on
9 May 2019



Gross Revenue
US\$130.7 million
(as of 31 December 2021)



Market Capitalisation
US\$283.7 million
(as of 31 December 2021)



Operates across
22 States in the U.S.



41 upscale select-service hotels



5,340 rooms



5 premium international hotel brands

Corporate Governance



Adopted over **40** chapters of ARA Sustainability Policy on Environmental, Social and Governance aspects



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

Environment Management



Average Energy Intensity at
19.42 kWh
per square foot



Average Energy Intensity at
58.83 kWh per
occupied room



Total Scope 1 and 2 emissions
18,854,254
kgCO₂e



Progressive implementation of business intelligence (“BI”) tools in facilitating preventive maintenance across the hotel portfolio

Social and Human Capital



100% of employees have attended the ESG related training courses



0 fatalities for both employees and Hotel Managers’ associates



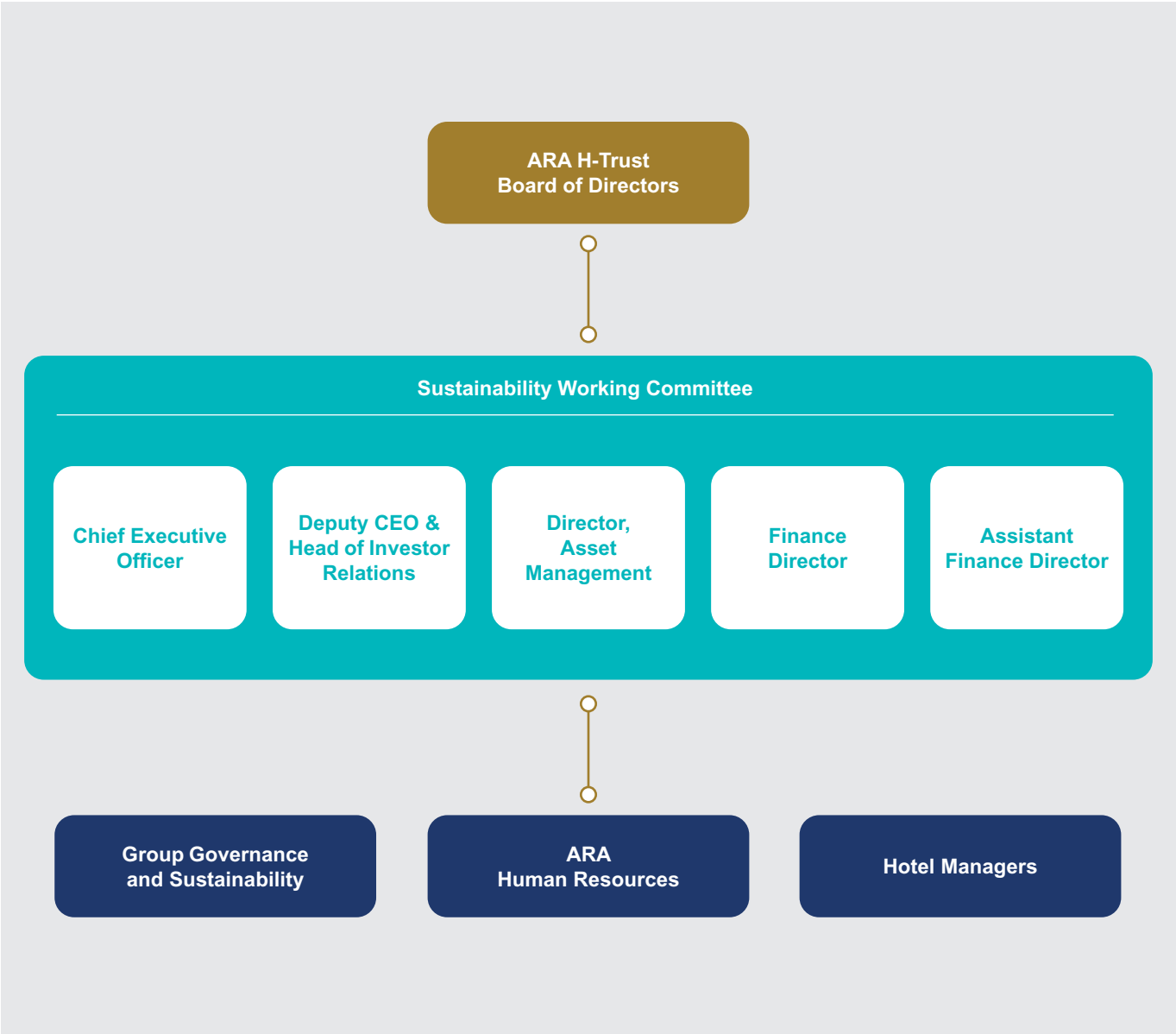
0 serious incidents concerning customer health and safety

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, with 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 framework⁴ which underpins day-to-day operations in ensuring proper checks and balances.

The Board is responsible for appointing competent officers and executives to key business functions and the respective committees, which includes the ARA H-Trust Sustainability Working Committee. Led by the Chief Executive Officer (“CEO”), it comprises senior representatives from the asset management, finance, and investor relations departments. Its responsibilities include ensuring that relevant disclosures are made in the ARA H-Trust sustainability report, conducting the assessment of material topics and the performance against those identified topics, and carrying out relevant ESG activities in accordance with the sustainability framework. The ARA H-Trust Sustainability Working Committee, in consultation with the ARA Sustainability Steering Committee (collectively known as the “**Management Committee**”), reports to the Board on various sustainability policies and practices.



⁴ For more details on ARA H-Trust’s Corporate Governance framework, please refer to pages 57 to 81 of the Annual Report.

STRONG GOVERNANCE

The table below presents a summary of sustainability policies which are adopted by ARA H-Trust in its operations:

 Environmental		
<ul style="list-style-type: none"> › Climate Change › Pollution Prevention › Biodiversity and Habitat › Resilience to Catastrophe and Disaster 	<ul style="list-style-type: none"> › Environmental Management System › Energy Consumption and Management › GHG Emissions and Management › Water Consumption and Management 	<ul style="list-style-type: none"> › Waste Management › Material Sourcing and Sustainable Procurement › Indoor Environmental Quality
 Social		
<ul style="list-style-type: none"> › Diversity and Equal Opportunities › Employment 	<ul style="list-style-type: none"> › Performance and Career Development › Stakeholder Engagement › Labour Management Relations 	<ul style="list-style-type: none"> › Quality of Assets and Services › Personal Data Protection › Community Development
 Governance		
<ul style="list-style-type: none"> › Board Diversity › Board Performance Evaluation › Governance Matrix › Authorisation Grid › Code of Corporate Governance › Code of Ethics › Enterprise Risk Management › Deal Allocation › Whistle Blowing 	<ul style="list-style-type: none"> › Shareholder Rights › Group Compliance › Communications › Crisis Management › Intellectual Property Rights › Staff Declaration › Treasury › Valuation › Supplier Code of Conduct 	<ul style="list-style-type: none"> › Outsourcing › Cybersecurity › Compliance with ESG Laws and Regulations › Anti-Money Laundering and Countering the Financing of Terrorism

4.1 RISK MANAGEMENT

An Enterprise Risk Management Framework⁵ (“**ERM Framework**”) is established for ARA H-Trust, with oversight by the Board and Audit Committee (“**AC**”). Under the ERM Framework, a Risk Management Committee is set up to assist the AC in assessing the adequacy and effectiveness of internal controls, and addressing the governance, socioeconomic and environmental aspects of the business. These risk management matters are reviewed quarterly by the AC and the Board.

The ERM framework covers the management of strategic enterprise, operational, financial and compliance risks. 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.

Financial regulators worldwide are giving greater attention to the plan and action of financial institutions to manage climate change. The MAS has published the Guidelines on Environmental Risk Management for Asset Managers, which requires all fund management companies and real estate investment trust managers to integrate climate change into investment strategy and business planning. In FY2022, ARA H-Trust is conducting a climate scenario study on climate transition and physical risks, performing a gap analysis to address climate change matters and increasing its readiness to mitigate climate-related risks. The climate-related risks will be incorporated as part of the ERM Framework and related policies and procedures.

⁵ For more details on ARA H-Trust’s ERM Framework, please refer to pages 89 of the Annual Report.

4.2 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.

4.3 REGULATORY COMPLIANCE

The Managers adopt a comprehensive Compliance Framework established for ARA H-Trust. The Managers work closely with external legal professionals and the relevant ARA department 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 FY2021, 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.



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 AC.

DELIVERING EXCEPTIONAL VALUE

5.1 SUPPLY CHAIN MANAGEMENT

The Managers work closely with the Brand Partners and Hotel Managers to drive sustainable procurement throughout its 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.

Suppliers are expected to have appropriate management systems in place and take the necessary steps to comply with the Code, including maintaining transparency over the policies and practices relating to hiring and employee education. Adherence to this Code is also subjected to periodic review. Suppliers are also expected to comply with the relevant national and local laws and regulations, such as those related to labour, health and safety, and the environment. These include the United States’ Fair Labour Standards Act,

Occupational Safety and Health Act, Equal Pay Act and Family and Medical Leave Act.

The human rights of all men and women are sacrosanct - suppliers are expected to recognise and be committed to upholding the 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 Organization (“**ILO**”) Standards.

The Hotel Managers regularly review the performance of suppliers to provide feedback for improvement. Non-compliant suppliers are penalised or terminated based on the contractual terms and may be barred from providing services to the properties in the future. With the above processes in place, this will ensure that ARA H-Trust and its stakeholders adhere to the same environmental, social, ethical and governance standards (e.g., ILO, SAI and UDHR).

5.2 CUSTOMER HEALTH AND SAFETY

The health, safety and security of hotel guests is ARA H-Trust’s 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 Hotel Managers conduct regular on-site property inspections to monitor the 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, or operational challenges.

In FY2021, there were no known serious incidents concerning customer health and safety across the properties held under the ARA H-Trust hotel portfolio.



Hyatt House Parsippany-East, New Jersey



INITIATIVES IN HOTEL OPERATIONS



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.



HEALTH AND SAFETY AMID THE COVID-19 PANDEMIC



Since the start of the COVID-19 pandemic, the COVID-19 safety precautions in line with U.S. Government directives have continued to be maintained at the properties held under the ARA H-Trust portfolio. Some of the initiatives implemented include:

- ▶ Use of antiviral and antimicrobial disinfectant on all high-touch surfaces such as lift buttons and door handles;
- ▶ Increased frequency of cleaning and disinfection procedures;
- ▶ Provision of hand sanitisers in high-traffic areas such as lobbies and walkways to minimise viral transmissions;
- ▶ Social distancing markers and safety signages were placed at various hotel premises; and
- ▶ Proper personal protection equipment and training for Hotel Managers' associates who interact with guests.

HUMAN CAPITAL

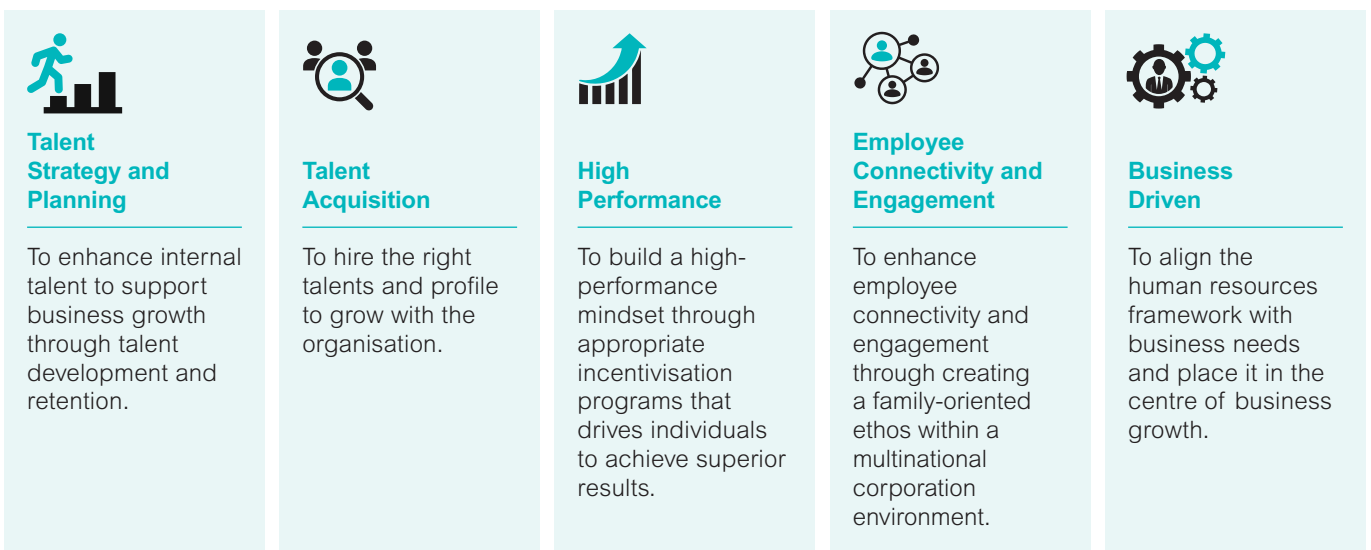
The Managers are committed to creating a sustainable and equitable future by supporting a cohesive and inclusive workplace culture that values family, work-life balance and community involvement.

6.1 WORKFORCE MANAGEMENT

The Managers value people as the driving force behind ARA H-Trust's success and long-term growth strategy. The Managers strive 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:



Employees of the Managers are encouraged to provide feedback on engagement and workplace culture. The Managers pride itself in the ability to create a family-oriented ethos within the organisation, anchored by its core values. In addition to formal performance reviews conducted with employees, an open-door policy is being adopted that encourages employees to offer opinions or raise any concerns.

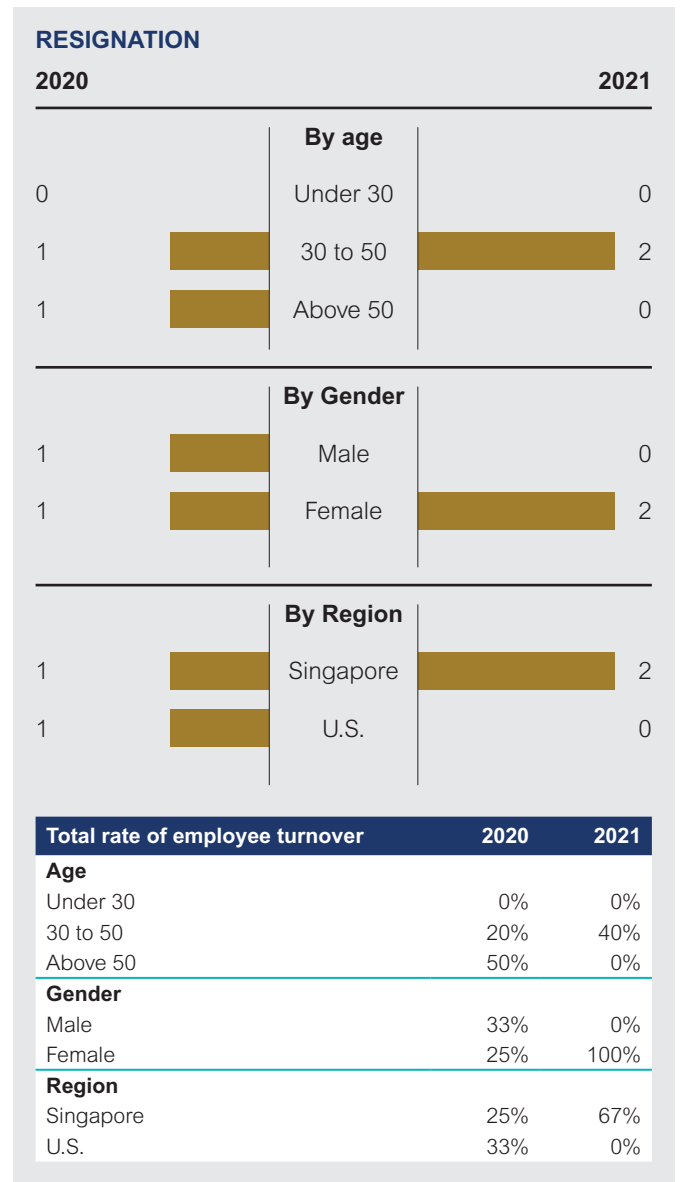
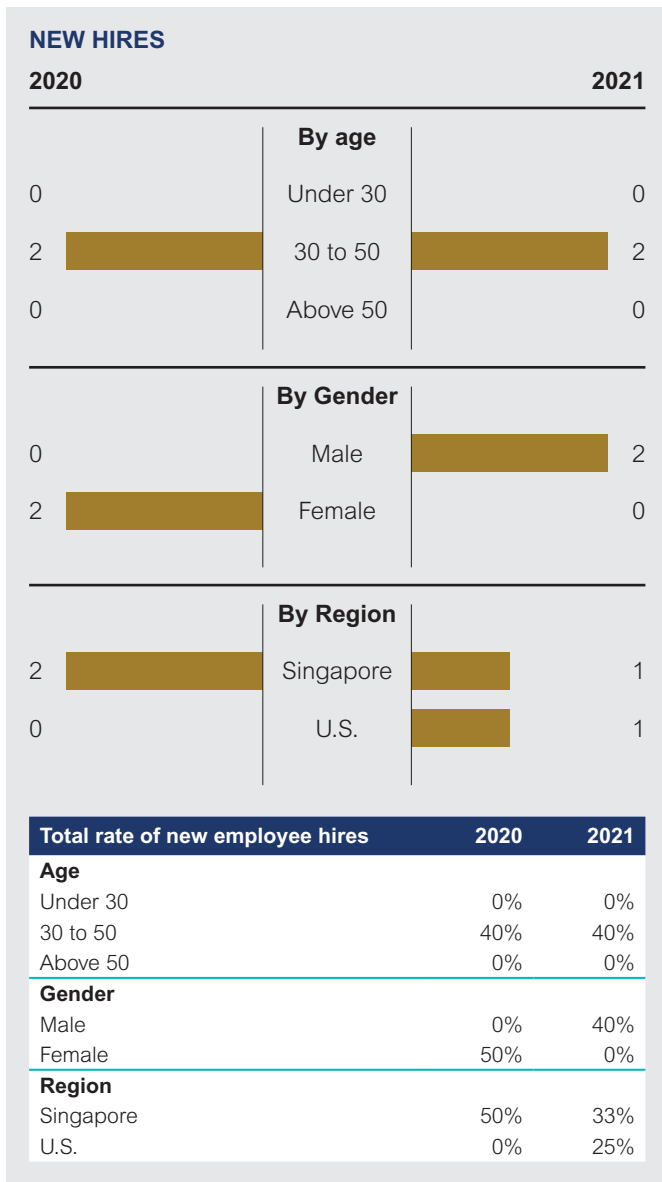
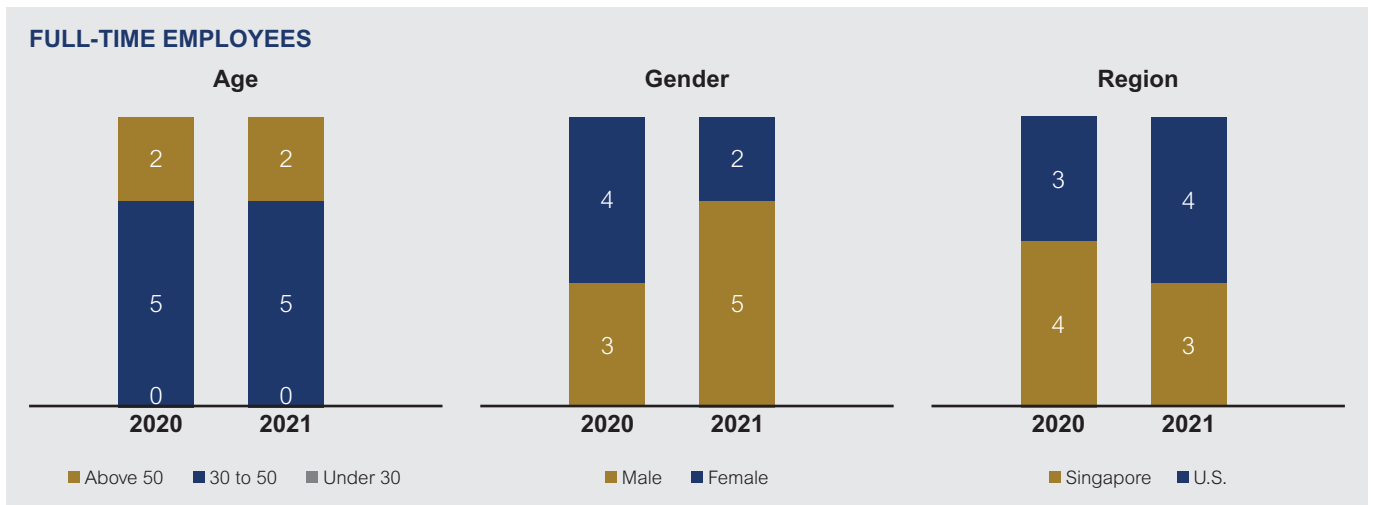
ARA H-Trust promotes a culture of diversity in terms of age, gender and skill sets. ARA H-Trust believe that this diversity in human resource fosters a culture of innovation and inclusiveness that will enable the Managers to build a productive and high-performing team. The Managers have been providing 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.

In FY2021, the Managers met its perpetual target of zero validated cases of non-compliance with employment regulations or acts concerning employee rights.

The employees of the Managers are eligible for comprehensive benefits schemes, with good access to training resources in upskilling and strengthening their existing knowledge base. This will be covered in the "Talent Management and Development" section below.

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. During FY2021, there were two new hires and two resignations. The Managers have been providing stable employment in the past year with no layoff and there is timely replacement for the employee turnover despite the competitive nature of industry.

The employee profile⁶ is shown below:



⁶ The employee profile is defined as full-time employees who are employed by the Managers and the ARA Hotel Manager. This does not include the Hotel Managers' associates employed in the day-to-day operations of the hotels.

HUMAN CAPITAL



COMMUNITY ENGAGEMENTS AND CORPORATE SOCIAL RESPONSIBILITY (“CSR”) INITIATIVES IN FY2021



SGX Bull Charge Virtual Charity Run

The ARA H-Trust team participated alongside colleagues from the ARA Singapore office in the annual SGX Bull Charge Charity Run held from 29 October to 7 November 2021, each running some 5km to raise funds for the adopted beneficiaries, AWWA Ltd., Autism Association (Singapore), Fei Yue Community Services, HCSA Community Services and Shared Services for Charities. The Managers’ employees also participated in the charity run.

Distributed over 6,800 Oximeters in Singapore

Volunteers from ARA joined Temasek Foundation to distribute over 6,800 oximeters to members of the public at Suntec City. 41 staff volunteered a total of over 220 hours for this meaningful CSR exercise, which was aimed at arming Singapore households with an oximeter in the country’s fight against COVID-19. Beyond doing good, our staff volunteers also got to experience being customer service officers (“CSO”) during their shifts, giving them a deeper understanding and appreciation of the work of our CSOs.



Christmas Gifts for underprivileged kids

For the second year running, ARA partnered with Children’s Wishing Well to bring smiles to children from low-income families. Staff from the Singapore Office including the Manager’s employees pooled together over S\$4,000 to sponsor a total of 150 personalised back-to-school gifts to make their new school year a little more special.

North Texas Food Bank Programme

The ARA H-Trust team supported and participated in the North Texas Food Bank in the U.S., distributing food to families struggling with hunger. In 2021 the North Texas Food Bank provided 76.3 million meals.



6.2 TALENT MANAGEMENT AND DEVELOPMENT

The Managers believe that talent development and succession planning are crucial to ARA H-Trust’s long-term sustainability. By adopting the ARA Performance and Career Development Policy, the Managers have put in place a well-structured employment and grading system which provides career progression, job rotation and training opportunities as part of the holistic development of employees.

Based on an open appraisal system, the employees have face-to-face meetings with their superiors to discuss his or

her job performance, including areas of responsibilities and improvements. Such review sessions are done at the mid-year and year-end to provide timely feedback and guidance to employees. This ensures that the employees’ progress in the work plan and goals set are on track. In FY2021, all employees received their performance review.

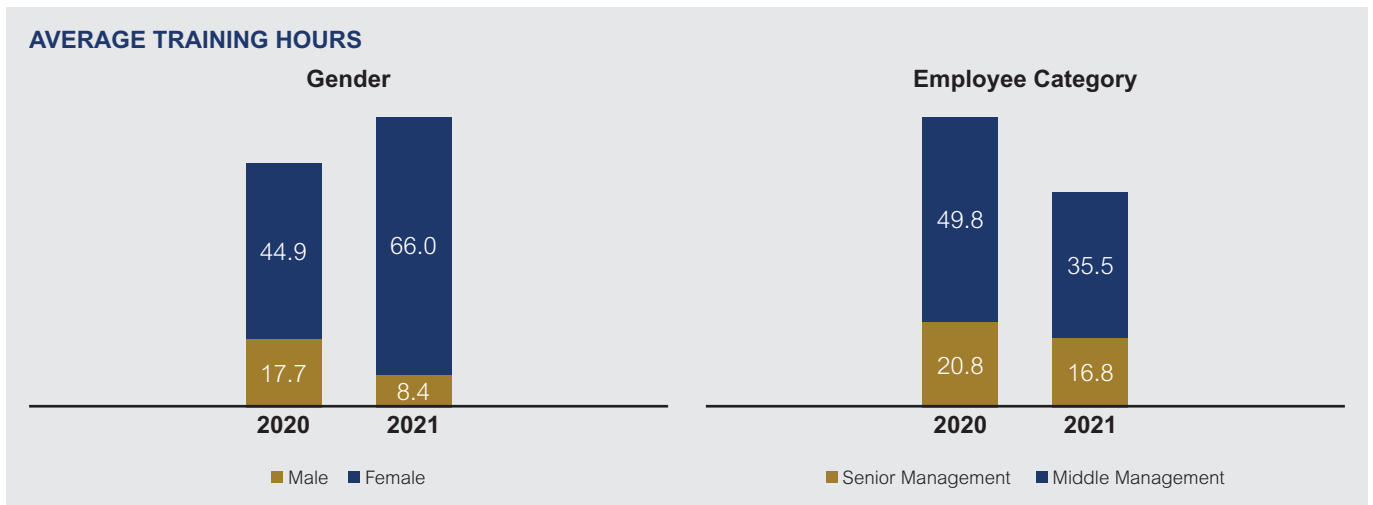
The ARA human resource department supported the Managers in providing appropriate training programs where employees were informed of their training requirements and

subsequently attended the relevant courses. Employees learning needs are identified based on the ARA Competency Framework of Self Mastery, People Skills, Business Alignment and Strategic Alignment. An electronic training module which allows employees to apply for their selected courses and track their training progress was implemented to facilitate this. In addition, bi-annual training newsletters on the current training trends and developments were circulated to employees.

In FY2021, employees achieved an average of 25 training hours, partly reduced by two employees hired late in the

year. Training materials that cover broad topics such as ESG training videos, rules and ethics courses and cybersecurity trainings, were provided frequently for all employees. Training sessions were conducted internally as well as in partnership with external 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.

The training profile⁷ is shown below:



ESG TRAINING COURSE



The Group Governance & Sustainability team has developed three sets of training videos which cover the ESG practices at ARA.

The training videos illustrate key concepts within the ARA Sustainability Policy and allow our colleagues to better appreciate how the policies relate to their daily work. The videos also explain how the business units’ teams can integrate ESG into every aspect of the business and operations, thereby enabling them to manage the assets responsibly, create long-term value for all stakeholders and make a positive impact on the community.

The Environmental video focuses on efforts to combat climate change through the efficient use of resources and reduction of greenhouse gas emissions. The Social video features organisational policies and practices on human rights, diversity and inclusion, and social values. The Governance video provides insights on high standards of corporate governance, which includes the code of ethics, anti-money laundering practices and whistle-blowing processes.

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

HUMAN CAPITAL

6.3 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 area of focus. The well-being of staff is critical in maintaining positive morale and job satisfaction, which contribute directly to productivity and retention levels within the organisation. The Hotel Managers have established and formalised a comprehensive safety program which addresses safety hazards, mitigate risks and effectively manage compensation claims.

The Managers actively promote a safety culture to prevent serious injuries at the workplace. The Managers are committed to ensure that its operations comply with the Occupational Health and Safety Management Framework. Policies and elements of the framework are driven from the Health, Safety and Well-being Policy and integrated into key business functions.

As part of the American Hotel & Lodging Association's ("AHLA") 5-Star Promise, the Managers and the ARA Hotel Manager collaborates closely with the respective Hotel Managers, Brand Partners and the AHLA in their joint commitment towards ensuring the safety and security of the Hotel Managers' associates and guests. The Managers believe that the pillars of the AHLA 5-Star Promise are important in the advancement of the hospitality industry.

SAFETY AND CLEANLINESS

The ARA Hotel Manager actively promotes and cultivates a strong health and safety culture by adopting the Occupational Health and Safety ("OHS") elements of the ARA Quality of Assets and Services Policy. These elements are integrated into the hotel business functions to ensure compliance within the operations.

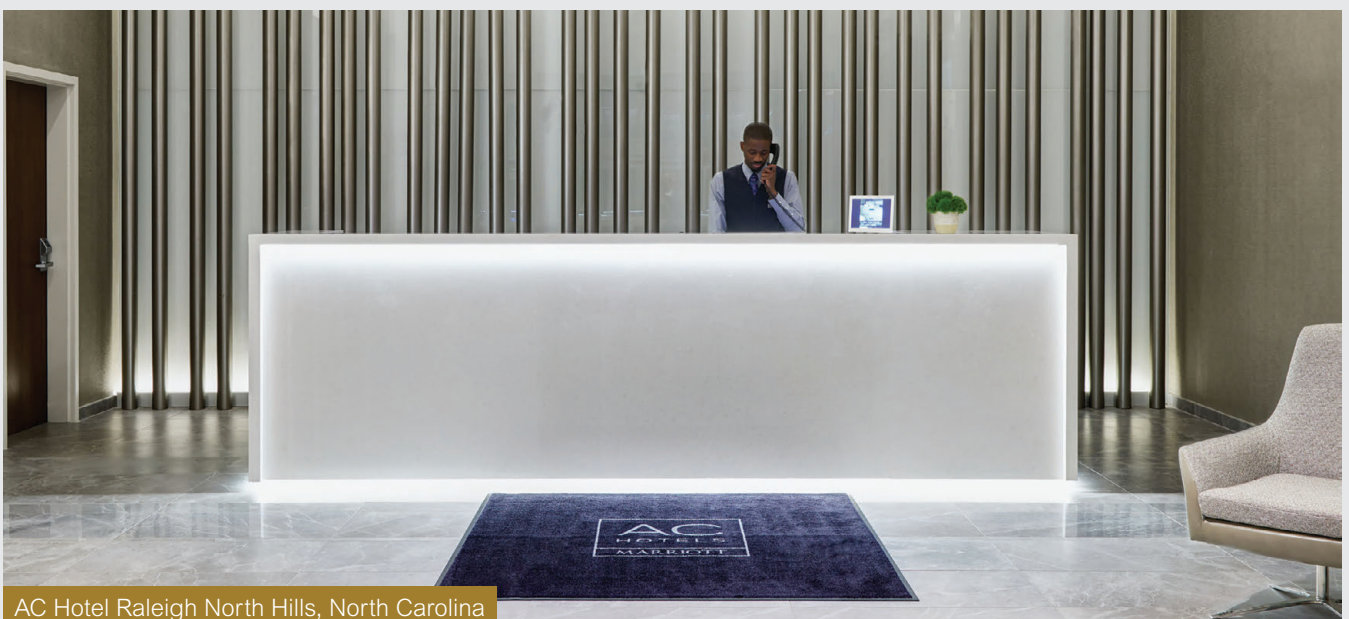
The Hotel Managers are guided by the Brand Partners' Global Care & Cleanliness Commitments built on safety and cleanliness protocols. The Hyatt Hotels safety and cleanliness program was developed by a cross-functional panel of trusted medical and industry advisors, including experts from Cleveland Clinic, to help 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 a trained Hygiene and Well-being Leader and on-site team to provide on the ground support. This would ensure that the hotel adheres to the operational protocols on cleanliness and that all necessary training is put in place. In addition to the Brand Partners' programs, the Hotel Managers have created specific management cleaning protocol and safety training systems as a pre-requisite for the new hire during the on-boarding process.

TRAINING AND AWARENESS

The Hotel Managers' associates are required to complete training on a variety of safety and security areas, including prevention of harassment and workplace violence.

As prevention of work-related hazards is a top priority, the Hotel Managers' have a three-stage structured safety and training curriculum. 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 is encouraging Hotel Manager's associate



AC Hotel Raleigh North Hills, North Carolina

feedback 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. The Safety Committee Meeting is designed to review these components and any identified hazards and track them until they are addressed.

For Aimbridge Hospitality, all the 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 failure to complete the training will result in a follow-up. The Aimbridge’s AIMSafes Safety Program (“AIMSafes”) includes 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 OSHA program requirements.

For Concord Hospitality, all new hires are required to watch an Occupational Safety and Health Administration (“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 actively identify and monitor hazards to ensure the health and safety of the guests and Hotel Managers’ associates. The Hotel Managers’ associates are required to sign the ‘Check-in, Before You Check-out’ Policy and a ‘PPE Hazard Awareness Form’ upon hire. During their shifts, it is compulsory for hotel 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 implemented a fully integrated business intelligence tool - Energy Portal BI tool to streamline the management of hospitality processes and sanitation efforts. This tool tracks 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. More importantly, the tool helps to monitor and maintain the health and safety standards at the hotel premises.



AIMBRIDGE AIMSAFE SAFETY PROGRAM INITIATIVES



Under Aimbridge Hospitality, the hotels implement the Aimbridge’s AIMSafes Program, which is focused on identifying and addressing workplace hazards. If an incident occurs, the incident is immediately recorded and an investigation will be conducted to determine root cause and cures. All hotel associates have the right to report and are encouraged to report unsafe or unethical situations, environments, and/or tasks.

AIMSafes 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;
- Periodic initiatives on the following areas such as:
 - Observation on Associate Safety Engagements - a two-way process that allows hotel safety leaders to provide feedback regarding a safety task execution and allow associates to express safety concerns within or outside their tasks;
 - Weekly training on safety tasks and routine inspection of facilities; and
 - Monthly safety committee meeting/huddle are being held
- Documents reported concerns and proposes a mitigation strategy to address hazards and concerns
- Track mitigation plans to its completion, including assessing the impact on third-party vendors and temporary staff

In addition to the AIMSafes 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.

HUMAN CAPITAL



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 are 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 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 FY2021 are shown below:

Indicator	Definition	Employees		Hotel Managers' Associates ⁸	
		Number of injuries	Rate ⁹ of injuries	Number of injuries	Rate ⁸ of injuries
Fatalities	Accidents which lead to death or causes permanent disability	-	-	-	-
High-Consequence Injuries¹⁰	Work-related injuries which include incidences that resulted in insurance pay-outs to the personnel involved	-	-	-	-
Recordable Injuries¹¹	Recordable work-related injuries which include occupational health & safety incidences where compensation was provided to the personnel involved.	-	-	5	0.92

In FY2021, ARA H-Trust recorded zero fatalities and zero high-consequence injuries for all staff. There were five recordable injuries for the Hotel Managers' associates attributable to chemical reaction to multi-surface cleaner, slip, and fall. As a result of the Hotel Managers' improved safety programs and procedures, this was a significant decrease from the recordable injuries in FY2020.

The ARA Hotel Manager and Hotel Managers have performed a thorough evaluation of the five recordable injury incidents and identified the root causes. Some of the injury incidents

were due to slip and falls, while some injury incidents were chemical reactions to the multi surface cleaner as the hotel associate was not wearing the proper PPE (gloves) when replacing multi surface cleaner. To prevent future occurrences related to PPE incidents, more glove stations are installed in the Housekeeping Department. In addition, the Hotel Managers ensure that all new hires undergo the existing OSHA training on PPE, filling of the 'PPE Hazard Awareness' form and complete the Housekeeping training checklists during the first weeks of training upon hire.

⁸ 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.

⁹ Rate of incidents is calculated based on total number of incidents per 200,000 hours worked.

¹⁰ For FY2020, there were a total of three high-consequence injuries which is equivalent to the rate of injuries of 0.45.

¹¹ For FY2020, there were a total of 21 recordable injuries which is equivalent to the rate of injuries of 3.17.



STAFF WELL-BEING AND BENEFITS

In caring for the physical and mental health and well-being of employees, staff are entitled to a range of benefits such as comprehensive healthcare and medical coverage, dental and vision, insurance coverage and leave entitlements. Other employee benefits include staggered working hours, staff cafeteria, subsidised fitness centre membership, corporate membership to local attractions, season parking and mobile phone allowances.

In FY2021, the ARA human resource department organised periodic “Mental Wellness at Work” online workshops and lunch talks for the employees, focused on employee well-being whilst working from home. Topics that were covered included nutrition, ergonomics, mental wellness, and vaccinations to help staff stay healthy, both physically and mentally. To maintain connectedness among the teams, the employees adopted technology to enable virtual communications. A weekly newsletter, InsideARA - Staying Connected, was launched to keep all employees engaged and united during this period.

The Managers aim to provide a conducive working environment that contributes to the physical health and well-being 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, 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 is the largest brand partner in the ARA H-Trust portfolio which offers an innovative and proprietary colleague mental well-being assessment tool and provides resources to address any mental health-related needs of staff. The program was developed in collaboration with the Centre for Technology Licensing and researchers in the Department of Psychiatry at Cornell Medicine.

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. The content in the benefit booklets is also uploaded and stored on the online SharePoint platform, accessible by all hotel associates.

ENVIRONMENTAL MANAGEMENT

ARA H-Trust recognises the importance of taking a proactive stance in reducing its environmental footprint to combat the threat of climate change. Within hospitality, there is an increasing trend where guests chose environmentally friendly accommodations during their travels as part their efforts to go green.

Adopting a holistic approach, the Managers focus on both improving the energy efficiency and performance of the hotel properties, as well as the sourcing of environmentally friendly resources utilised at the hotels. With grid electricity

and natural gas being the main sources of energy for the business, the Managers seek to reduce consumption and carbon emissions alongside utility costs where possible.

The ARA Hotel Manager continues to work closely with the hotels on their respective Energy Management Program which allow hotels to monitor and analyse resource consumption. This program is supported by a third-party energy management company whereby through monthly benchmarking and analytics, it can identify and remedy anomalies in usage to avoid future waste.

Energy Stewardship Projects and Investments



LED Installation

Requiring 70% less energy on average when compared to the previously existing fixtures converting to LED fixtures is estimated to reduce the total annual energy consumption by approximately 7% at each hotel. The increased lifespan of the bulbs also means there will be less disposal, reducing the contamination to the environment and landfills. ARA H-Trust has converted two hotels and has projects underway at another nine hotels.



Preventive Maintenance BI Tool

A digital tracking system to monitor equipment preventive maintenance, daily meter readings, fire/life/safety system protocols and guestroom preventive maintenance. The digital tracking system monitors equipment servicing to ensure systems are well maintenance and operating at maximum efficiency levels. The digital dashboard meter readings track boiler temperatures and pool chemical levels and serve as a quick-alert checkpoint to operating abnormalities.



Residence Inn San Antonio Six Flags® at The Rim



Energy Management Systems & Heating, Ventilation and Air Conditioning (“AHVAC”) Equipment

In locations with significant seasonal temperature pattern, ARA H-Trust has worked to install energy management thermostats for public space and guestrooms to automate air conditioning and heating usage by occupancy and programmed set points. Implemented at 50% of the portfolio with another seven hotels budgeted for Year 2022. ARA H-Trust has an average annual spend of more than US\$1 million on Energy Rated AHVAC and packaged terminal air conditioner (“PTAC”), which can further reduce energy consumption and save on heating and cooling costs annually.



Waste and Recycling

Working to minimise the use of plastics throughout the portfolio of hotels by:



- The hotel guest rooms utilise Bluetooth Low Energy Radio Frequency identification (“BLE RFID”), keyless entry systems. This mobile room entry solution reduces the need for plastic key cards and provides an experience for guests to utilise Brand Partners’ Apps on their phones to check in, access their rooms and check out. In addition, installed at all 38-hyatt hotels, the Digital Guest Compendium, an app-less digital solution exclusively designed to provide guests with a clean, consistent, and contactless experience to obtain important in-stay information via a QR code unique to each property. The new technology eliminates paper collateral, up-levelling sustainability on-property and increasing owner value through reduced cost and saved resources.
- The hotel bathroom amenities will be replaced by bulk soap dispensers to eliminate the consumption of traditional, small-bottled, single-use toiletries by Year 2022.
- In eliminating the use of plastic, the Hotel Managers are working with the Brand Partners to source a centralised waste management program to track consumption and initiate a recycling program across the hotels.



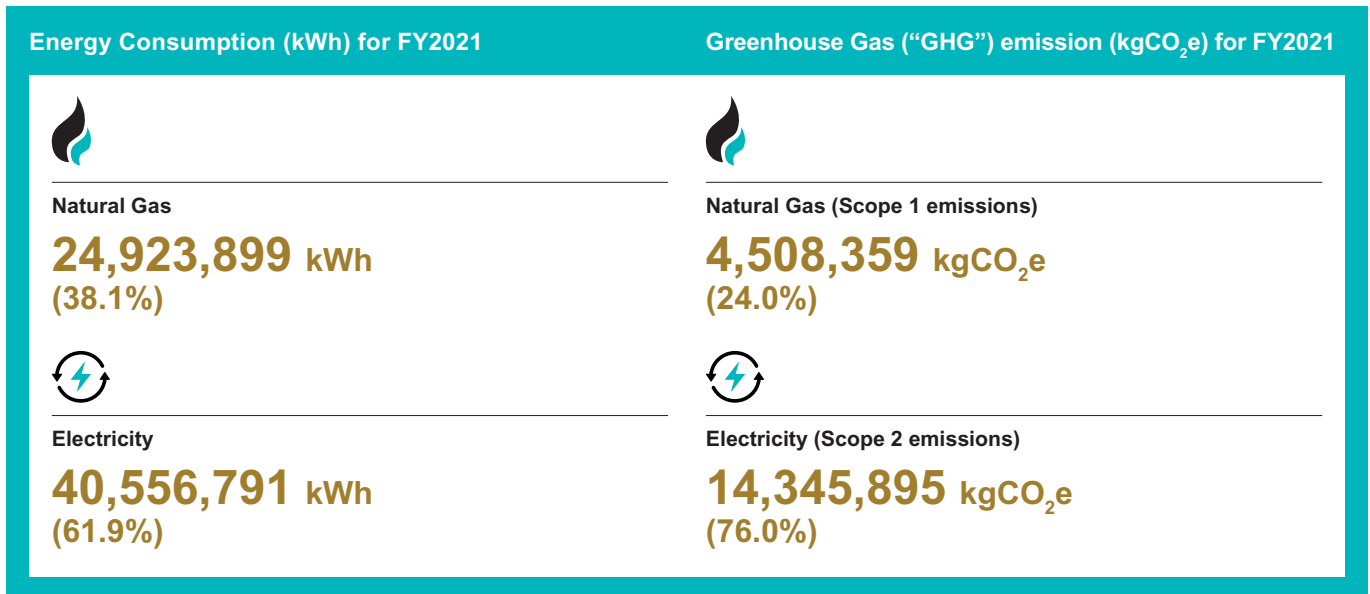
Courtyard San Antonio Six Flags® at The Rim

ENVIRONMENTAL MANAGEMENT

7.1 ENERGY CONSUMPTION AND ENERGY INTENSITY

In FY2021, ARA H-Trust’s total energy consumption (i.e., electricity and natural gas) was 65,480,690 kilowatt-hours (“kWh”), with average energy intensity¹² of 58.83 kWh per occupied room and average energy intensity¹³ of 19.42 kWh per square foot.

This translates to a total GHG emission of 18,854,254 kilograms of carbon dioxide equivalent (“kgCO₂e”) and average GHG intensity¹⁴ of 16.94 kgCO₂e per occupied room and average GHG intensity¹⁵ of 5.59 kgCO₂e per square foot.

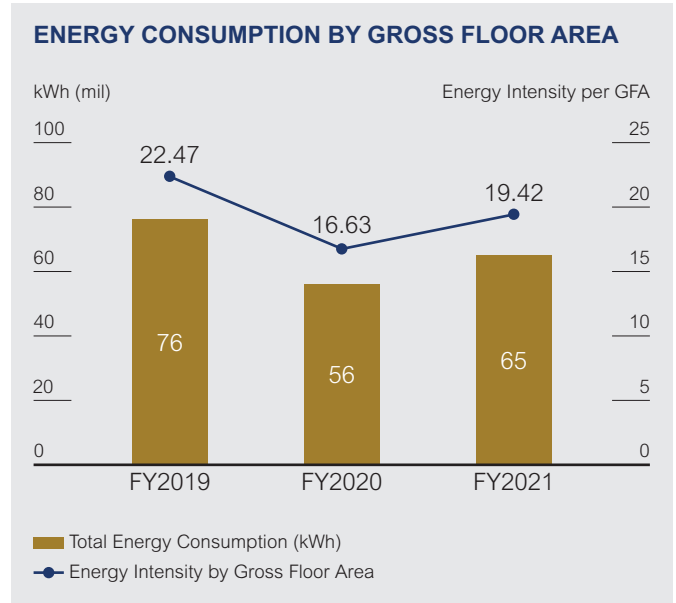
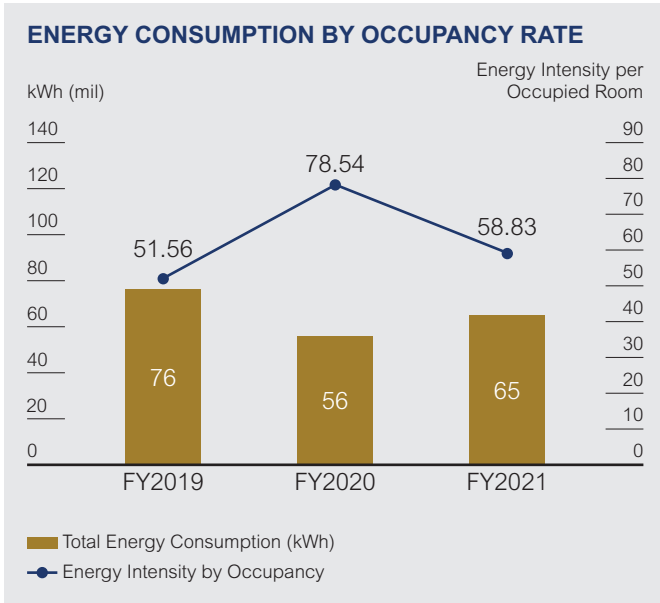


In 2020, the U.S. Government declared a public health emergency in light of the COVID-19 pandemic, leading to many U.S. states implementing lockdown measures to restrict travel and social activities. With travel restrictions and reduced economic activities, the hotel industry is among the hardest hit sector in the U.S. This challenging operating environment in 2020 was also faced by the ARA H-Trust hotels, where hotel closures and lower reported occupancies for hotels that had remained open during that time resulted in exceptionally reduced energy and water consumption levels.

COVID-19 levels in 2019, underpinned by the return of leisure travel, followed by business travel and the subsequent re-opening of international travel borders for tourists to the U.S. Hence, the comparisons and analysis for FY2021 data are further benchmarked against FY2019 levels, as the energy consumption and intensity data for FY2020 is not reflective of in a full year of normal operations, having been the peak of the pandemic where hotel occupancies were at unprecedented low levels. The data for FY2019 included the three hotels acquired by ARA H-Trust in January 2020 for comparison purposes as well as cover the pre-listing period from 1 January to 8 May 2019, and from 9 May to 31 December 2019 under ARA H-Trust.

The hotel industry started to recover in 2021. Hotel occupancy rates have rebounded to about 75% of pre

¹² Average energy intensity per occupied room is calculated based on total energy consumption over the total of 1,113,081 occupied rooms during the reporting period.
¹³ 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.
¹⁴ Average GHG emissions intensity per occupied room is calculated based on total emissions over the total of 1,113,081 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.



Based on the historical analysis of energy consumption in the last three years, the total energy consumption for the hotel portfolio has declined to 65,480,690 kWh in FY2021 as compared to 75,782,200 kWh at pre COVID-19 levels in FY2019. This is consistent with the lower occupancy rate of 57% for FY2021 as compared to 75% for FY2019 full year. In terms of average energy consumption per occupied room, FY2021 levels were higher at 58.83 kWh per occupied room than FY2019 at 51.56 kWh per occupied room. Conversely, in terms of energy consumption per gross floor area (“GFA”), FY2021 levels were lower at 19.42 kWh per square feet than FY2019 at 22.47 kWh per square feet. Compared between

FY2021 and FY2019, there is a relative higher 24% decrease in occupied room against the 14% decrease in energy consumption. This is due to the ‘base building’ energy consumption within the portfolio to uphold basic operations and regular maintenance of common areas such as swimming pools and lobbies, regardless of occupancy levels.

Going forward, the ARA Hotel Manager will continue to monitor the energy performance of its portfolio against established targets on a regular basis, as energy consumption is expected to rise in line with the recovery in U.S. hospitality sector in 2022.



AC Hotel Raleigh North Hills, North Carolina

METHODOLOGICAL REVIEW

This section explains the key definitions and methodologies applied to the ARA H-Trust FY2021 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 2021 to total number of employees as of 31 December 2021. The attrition rate is defined as the ratio of total number of resignations during 2021 to total number of employees as of 31 December 2021.

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 41 hotels.

The 41 hotels are listed below in alphabetical order by brand:



▶ Hyatt House

- ▶ Hyatt House Boston Burlington
- ▶ Hyatt House Branchburg
- ▶ Hyatt House Fishkill
- ▶ Hyatt House Morristown
- ▶ Hyatt House Parsippany-East
- ▶ Hyatt House Parsippany Whippany
- ▶ Hyatt House Philadelphia Plymouth Meeting
- ▶ Hyatt House Raleigh Durham Airport
- ▶ Hyatt House Richmond Short Pump
- ▶ Hyatt House Shelton
- ▶ Hyatt House Sterling Dulles Airport North
- ▶ Hyatt Place Albuquerque Airport
- ▶ Hyatt Place Atlanta Alpharetta Windward Parkway



▶ Hyatt Place

- ▶ Hyatt Place Atlanta Norcross Peachtree
- ▶ Hyatt Place Birmingham Inverness
- ▶ Hyatt Place Boise Towne Square
- ▶ Hyatt Place Charlotte Airport Tyvola Road
- ▶ Hyatt Place Chicago Itasca
- ▶ Hyatt Place Cincinnati Airport Florence
- ▶ Hyatt Place Cincinnati Northeast
- ▶ Hyatt Place Cleveland Independence
- ▶ Hyatt Place Denver Airport
- ▶ Hyatt Place Detroit Auburn Hills
- ▶ Hyatt Place Detroit Livonia
- ▶ Hyatt Place Lakeland Centre
- ▶ Hyatt Place Louisville East
- ▶ Hyatt Place Memphis Primacy Parkway



▶ AC Hotel by Marriott



▶ Courtyard by Marriott

- ▶ Hyatt Place Mystic
- ▶ Hyatt Place Nashville Brentwood
- ▶ Hyatt Place Nashville Opryland
- ▶ Hyatt Place Oklahoma City Airport
- ▶ Hyatt Place Omaha Downtown Old Market
- ▶ Hyatt Place Pittsburgh Airport
- ▶ Hyatt Place Pittsburgh Cranberry
- ▶ Hyatt Place Richmond Arboretum
- ▶ Hyatt Place Sacramento Rancho Cordova
- ▶ Hyatt Place Secaucus Meadowlands
- ▶ Hyatt Place Tampa Busch Garden
- ▶ AC by Marriott Raleigh North Hills
- ▶ Courtyard San Antonio Six Flags® at The Rim
- ▶ Residence Inn San Antonio Six Flags® at The Rim



▶ Residence Inn by Marriott

METHODOLOGICAL REVIEW



ENVIRONMENT

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.

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.

GRI CONTENT INDEX

GRI Standards Disclosures		References and/or Remarks
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	About ARA US Hospitality Trust (SR Pg. 1)
102-2	Activities, brands, products, and services	About ARA US Hospitality Trust (SR Pg. 1), Reporting Scope and Period (SR Pg. 2), Our Hotels (AR Pg. 36 - 56)
102-1	Name of the organisation	About ARA US Hospitality Trust (SR Pg. 1)
102-3	Location of headquarters	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
102-4	Location of operations	About ARA US Hospitality Trust (SR Pg. 1)
102-5	Ownership and legal form	About ARA US Hospitality Trust (SR Pg. 1), Trust Structure (AR Pg. 21), Notes to the Financial Statements (AR Pg. 112 - Pg. 176)
102-6	Markets served	About ARA US Hospitality Trust (SR Pg. 1), Diversified Portfolio (AR Pg. 10 - 11), Our Hotels (AR Pg. 36 - 56)
102-7	Scale of the organisation	About ARA US Hospitality Trust (SR Pg. 1), Workforce Management (SR Pg. 14), 2021 Financial Performance (AR Pg. 12 - 13), Financial Review (AR Pg. 32 - 33)
102-8	Information on employees and other workers	Workforce Management (SR Pg. 14), Management Team (AR Pg. 26 - 27)
102-9	Supply chain	Supply Chain Management (SR Pg. 12)
102-10	Significant changes to the organisation and its supply chain	Year in Brief (AR Pg. 14 - 15), Letter to Stapled Securityholders (AR Pg. 16 - 18)
102-11	Precautionary principle or approach	Risk Management (SR Pg. 10), Risk Management (AR Pg. 89 - 90)
102-12	External initiatives	The Managers participate in various national and industry efforts towards economic growth, good corporate governance, environmental conservation, education, and community development.
102-13	Membership of associations	American Hotels & Lodgings Association (AHLA), Aimbridge Owners Advisory Board, Hyatt's Owners Advisory Council, Hotel Asset Managers Association
Strategy		
102-14	Statement from senior decision-maker	Board Statement (SR Pg. 1), Letter to Stapled Securityholders (AR Pg. 16 - 18)
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity (SR Pg. 11),
102-17	Mechanisms for advice and concerns about ethics	Whistle Blowing Policy (AR Pg. 72)

GRI CONTENT INDEX

GRI Standards Disclosures		References and/or Remarks
General Disclosures		
Governance		
102-18	Governance structure	Strong Governance (SR Pg. 9), Trust Structure (AR Pg. 21), Management Team (AR Pg. 26 - 27)
102-20	Executive-level responsibility for economic, environmental, and social topics	Strong Governance (SR Pg. 9), The Board's Conduct of Affairs (AR Pg. 59 - 62)
102-22	Composition of the highest governance body and its committees	Board of Directors (AR Pg. 22 - 25), Board Composition and Guidance (AR Pg. 63 - 65)
102-23	Chair of the highest governance body	Chairman and Chief Executive Officer (AR Pg. 65)
102-24	Nominating and selecting the highest governance body	Board Membership (AR Pg. 66 - 67), Board Performance (AR Pg. 67 - 68), Statement on Composition of the Board of Directors (AR Pg. 88)
102-25	Conflicts of interest	Statement of Policies and Practices (AR Pg. 82 - 87), Dealings in Stapled Securities (AR Pg. 78), Dealing with Conflicts of Interest (AR Pg. 79), Dealing with Interested Person Transactions (AR Pg. 80 - 81)
102-26	Role of highest governance body in setting purpose, values, and strategy	Board Statement (SR Pg. 1), Board's Conduct of Affairs (AR Pg. 59 - 62), Risk Management and Internal Controls (AR Pg. 70 - 72), Statement of Policies and Practices (AR Pg. 82 - 87)
102-29	Identifying and managing economic, environmental, and social impacts	Board Statement (SR Pg. 1), Materiality Assessment (SR Pg. 6), Strong Governance (SR Pg. 9)
102-30	Effectiveness of risk management processes	Risk Management (AR Pg. 89 - 90)
102-32	Highest governance body's role in sustainability reporting	Board Statement (SR Pg. 1), Strong Governance (SR Pg. 9)
102-35	Remuneration policies	Remuneration Matters (AR Pg. 68 - 70)
102-36	Process for determining remuneration	Remuneration Matters (AR Pg. 68 - 70)
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement (SR Pg. 4)
102-41	Collective bargaining agreements	All employees within the scope of this report are not covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (SR Pg. 4)
102-43	Approach to stakeholder engagement	Stakeholder Engagement (SR Pg. 4)
102-44	Key topics and concerns raised	Stakeholder Engagement (SR Pg. 4)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements (AR Pg. 112 - 176)
102-46	Defining report content and topic Boundaries	Materiality Assessment (SR Pg. 6)
102-47	List of material topics	Materiality Assessment (SR Pg. 6)
102-48	Restatements of information	–
102-49	Changes in reporting	–
102-50	Reporting period	1 January 2021 to 31 December 2021
102-51	Date of most recent report	12 November 2021
102-52	Reporting cycle	Annual

GRI Standards Disclosures		References and/or Remarks
General Disclosures		
Reporting Practice		
102-53	Contact point for questions regarding the report	Assurance and Feedback (SR Pg. 3)
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework (SR Pg. 2)
102-55	GRI content index	GRI Content Index (SR Pg. 29)
102-56	External assurance	Assurance and Feedback (SR Pg. 3)
Material Topic: Corporate Governance		
103-1	Explanation of the material topic and its Boundary	Strong Governance (SR Pg. 9)
103-2	The management approach and its components	Strong Governance (SR Pg. 9)
103-3	Evaluation of the management approach	Strong Governance (SR Pg. 9)
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity (SR Pg. 11), Supply Chain Management (SR Pg. 12)
205-3	Confirmed incidents of corruption and actions taken	Regulatory Compliance (SR Pg. 11)
Material Topic: Economic Performance		
103-1	Explanation of the material topic and its Boundary	Statement of Financial Position (AR Pg. 103), Statement of Comprehensive Income (AR Pg. 104), Statement of Distributable Income (AR Pg. 105)
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
201-1	Direct economic value generated and distributed	
Material Topic: Energy		
103-1	Explanation of the material topic and its Boundary	Environmental Management (SR Pg. 22)
103-2	The management approach and its components	Environmental Management (SR Pg. 22)
103-3	Evaluation of the management approach	Environmental Management (SR Pg. 22)
302-1	Energy consumption within the organisation	Energy Consumption & Energy Intensity (SR Pg. 24)
302-3	Energy intensity	Energy Consumption & Energy Intensity (SR Pg. 24)
Material Topic: Employment		
103-1	Explanation of the material topic and its Boundary	Workforce Management (SR Pg. 14)
103-2	The management approach and its components	Workforce Management (SR Pg. 14)
103-3	Evaluation of the management approach	Workforce Management (SR Pg. 14)
401-1	New employee hires and employee turnover	Workforce Management (SR Pg. 14)
Material Topic: Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety (SR Pg. 18)
103-2	The management approach and its components	Occupational Health and Safety (SR Pg. 18)
103-3	Evaluation of the management approach	Occupational Health and Safety (SR Pg. 18)
403-1	Occupational health and safety management system	Occupational Health and Safety (SR Pg. 18)

GRI CONTENT INDEX

GRI Standards Disclosures		References and/or Remarks
Material Topic: Occupational Health and Safety		
403-2	Hazard identification, risk assessment, and incident investigation	Risk Management (SR Pg. 10), Occupational Health and Safety (SR Pg. 18)
403-3	Occupational health services	Occupational Health and Safety (SR Pg. 18)
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety (SR Pg. 18)
403-5	Worker training on occupational health and safety	Occupational Health and Safety (SR Pg. 18)
403-6	Promotion of worker health	Occupational Health and Safety (SR Pg. 18)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety (SR Pg. 18)
403-9	Work-related injuries	Occupational Health and Safety (SR Pg. 18)
Material Topic: Training and Education		
103-1	Explanation of the material topic and its Boundary	Talent Management and Development (SR Pg. 16)
103-2	The management approach and its components	Talent Management and Development (SR Pg. 16)
103-3	Evaluation of the management approach	Talent Management and Development (SR Pg. 16)
404-1	Average hours of training per year per employee	Talent Management and Development (SR Pg. 16)
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Management and Development (SR Pg. 16)
Material Topic: Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	Customer Health and Safety (SR Pg. 12)
103-2	The management approach and its components	Customer Health and Safety (SR Pg. 12)
103-3	Evaluation of the management approach	Customer Health and Safety (SR Pg. 12)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety (SR Pg. 12)
Material Topic: Socioeconomic Compliance		
103-1	Explanation of the material topic and its Boundary	Regulatory Compliance (SR Pg. 11)
103-2	The management approach and its components	Regulatory Compliance (SR Pg. 11)
103-3	Evaluation of the management approach	Regulatory Compliance (SR Pg. 11)
419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance (SR Pg. 11)



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