

ARA ESG Roadmap

Creating a Sustainable and Carbon Neutral Built Environment

June 2021



"ARA's twin commitment to WorldGBC and UNPRI signifies its unyielding efforts to combat climate change as a responsible asset manager"

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Moses Song

Group CEO and Group CIO

“Sustainability is imbued into our business and operations DNA, helping us to deliver growth to our investors and create a positive impact to the community and the environment.”



Beng Tiong Ng

Deputy Group CEO and Group COO

Continuing a commitment that started over a decade ago, ARA adopts a holistic approach to embracing sustainability. We adhere to a robust framework of policies and initiatives designed to create an ESG-centric ethos and operating culture that will benefit all stakeholders. We seek to utilise quantitative measures in monitoring and assessing the ESG attributes of our portfolios, which is reflected in our *ARA Property DNA* protocol. As a result, many of our properties under management have attained “green accreditations”, such as 5-Green Star GRESB Ratings, which have also led to “green financing” arrangements exceeding S\$1 billion in 2021 for the benefit of our investors. Peer recognition of our sustainability achievements include the Best Sustainable REIT Fund Manager in Asia Pacific and ESG Real Estate Investor of the Year in Asia.

ARA’s commitment to sustainability includes leading advocacy for environmental stewardship in our industry. Accordingly, we have signed the WorldGBC’s Net Zero Carbon Buildings Commitment and simultaneously pledged to support the United Nations Principles of Responsible Investing. ARA is the first real assets manager in Asia to do so. Our sustainability roadmap, therefore, identifies specific targets that we expect to achieve annually, by 2025 and beyond. We thank our stakeholders for their support in our efforts in building a sustainable business, and we invite all others to join our shared cause in combating climate change.

Vision and Mission

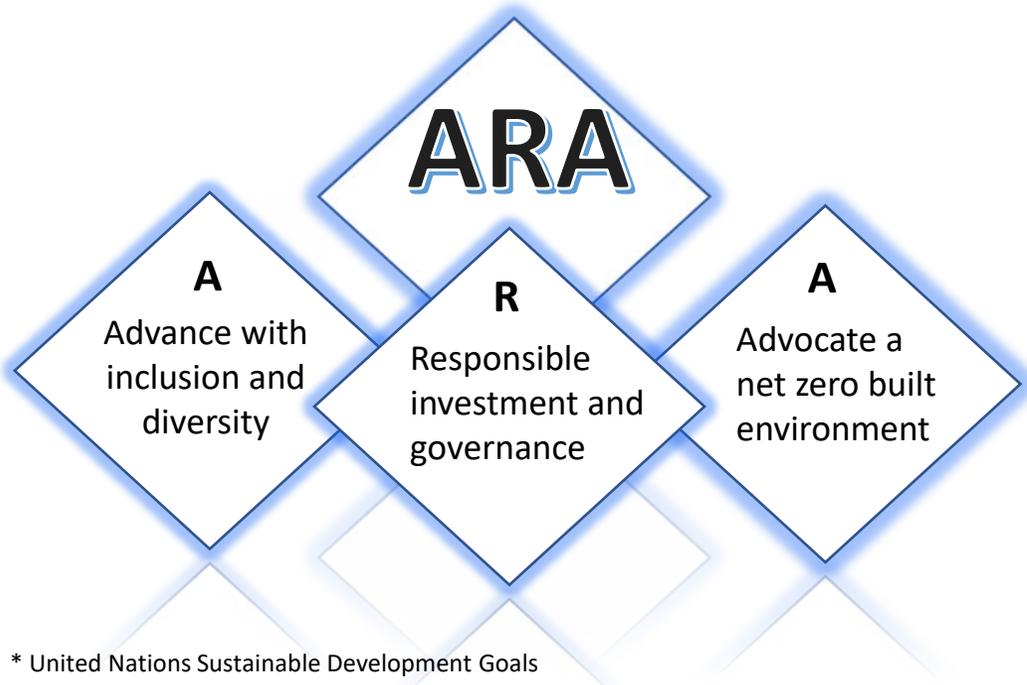


Vision

To create a leading sustainable and carbon neutral real assets management business.

Mission

To demonstrate social and environmental responsibility as a business that delivers outperformance for our stakeholders. We seek to protect and preserve the planet in pursuit of carbon neutrality in our business and support positive change as an industry advocate.



Commitment

Material Issue

UNSDG*

<p>Achieve net zero carbon in our business by 2050</p> <p>Improve energy and water efficiencies at our properties to reduce the environmental impact</p>	<p>Energy and carbon Footprint</p> <p>Water management</p> <p>Environmental compliance</p>	<p> 13 CLIMATE ACTION</p> <p> 6 CLEAN WATER AND SANITATION</p> <p> 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>
<p>Provide a safe and inclusive workplace, invest in training and develop our people to help them reach their full potential</p> <p>Create positive impact on the communities that we operate in</p>	<p>Employment practices</p> <p>Talent retention and development</p> <p>Quality of assets and services</p>	<p> 5 GENDER EQUALITY</p> <p> 10 REDUCED INEQUALITIES</p> <p> 4 QUALITY EDUCATION</p> <p> 8 DECENT WORK AND ECONOMIC GROWTH</p> <p> 3 GOOD HEALTH AND WELL-BEING</p>
<p>Operate with high ethical standards by conducting business activities in compliance with legal and regulatory requirements, and our Codes of Ethics and Business Conduct</p>	<p>Economic performance</p> <p>Corporate governance</p>	<p> 16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>

* United Nations Sustainable Development Goals

ESG Framework

Environmental Sustainability

Our objectives

-  **Improve energy, water and waste management efficiencies**
-  **Conduct rigorous environmental assessment of all our assets**
-  **Comply and advocate for environmental laws and regulations**
-  **Foster an environmentally friendly culture as part of our stakeholders' engagement**



Focus Areas	<div data-bbox="868 139 1256 254" data-label="Section-Header"> <h3>Energy and Carbon Footprint</h3> </div> <div data-bbox="858 345 1342 875" data-label="Text"> <p>We will combat climate change as an advocate and practitioner of net zero carbon buildings. This includes improving our environmental performance towards set targets, adopting smart technologies and renewable energy, and engaging stakeholders in our progress towards limiting global temperature rise to well below 2 Degrees Celsius, in line with the Paris Agreement.</p> </div>	<div data-bbox="1447 139 1809 254" data-label="Section-Header"> <h3>Water Management</h3> </div> <div data-bbox="1439 345 1939 793" data-label="Text"> <p>We will optimise water efficiencies and minimise wastage at our buildings.</p> <p>We believe in responsible water management in our properties and will put measures in place to collect and reuse water for non-potable purpose and install leak detection systems and water efficient fittings.</p> </div>	<div data-bbox="2040 139 2402 254" data-label="Section-Header"> <h3>Environmental Compliance</h3> </div> <div data-bbox="2025 338 2530 866" data-label="Text"> <p>We believe in creating a healthy, equitable and resilient built environment through green building certifications and green financing and disclosure of our environment performance based on industry standards.</p> <p>We will comply with all environmental laws and regulations and observe the highest standards in our business operations.</p> </div>
	5-year Target	<ul style="list-style-type: none">  Improve energy efficiencies of buildings through various initiatives in building design, technology and practices  200% increase in solar energy generation  Increase assets under direct control that are net zero carbon 	<ul style="list-style-type: none">  Improve water efficiencies of buildings in line with or better than regulatory guidelines

ESG Framework

People & Community

Our objectives

- Be the employer of choice and advocate of diversity & inclusion
- Active community engagement and support philanthropy
- Manage best-in-class assets and deliver service excellence



Focus Areas

Employment Practices

We believe that diversity in the workplace is an engine for the company’s long-term growth and success. As an equal opportunity employer, our diversified employee mix will drive an inclusive, equitable and dynamic culture.

We comply with all relevant laws and regulations concerning employment practices.

Talent Retention and Development

We foster an inclusive workplace that embraces ideas and views from our employees for strong teamwork and collaboration. We attract, develop and retain the best-qualified employees by committing to fair pay practices.

We are committed to giving back to our communities through contributing to education for future generations. We support our employees’ development by providing training and career opportunities.

Quality of Assets and Services

We will deliver high quality assets and property management services that improve the quality of life, safety, comfort and satisfaction for our occupiers, visitors and community.

5-year Target

- 50:50 women/men ratio
- Develop a **Diversity & Inclusion Scorecard** with actions and monitoring plans
- <0.5% average lost day rate and **Zero Workforce Fatalities**

- >75% workplace satisfaction score
- 100% of employees provided with Sustainability & Digitalisation training

- Increase **Community Involvement & Philanthropy**
- >70% tenant satisfaction score



Denotes average over the 5 years, unless otherwise stated

ESG Framework

Governance & Ethics

Our objectives

- 
Provide leadership by setting the highest standards of corporate governance
- 
Embrace diversity to promote inclusion of different perspectives and avoid group-think
- 
Manage risks effectively and seize opportunities within acceptable risk tolerance



Focus Areas	<div data-bbox="996 139 1352 254" data-label="Section-Header"> <h3>Economic Performance</h3> </div> <div data-bbox="988 344 1482 625" data-label="Text"> <p>We believe in integrating ESG considerations into our investment practices and asset management policies. This will enhance transparency in line with investors requirements and contribute to broader social objectives.</p> </div>	<div data-bbox="1854 139 2211 254" data-label="Section-Header"> <h3>Corporate Governance</h3> </div> <div data-bbox="1854 334 2372 491" data-label="Text"> <p>We are committed to strong governance and integrity which are the foundation for us being a trusted fiduciary.</p> </div> <div data-bbox="1854 539 2390 776" data-label="Text"> <p>We strictly adhere to the corporate governance principles and codes in all the countries where we operate by establishing robust internal controls and risk management systems with well-defined policies and procedures.</p> </div>
	5-year Target	<div data-bbox="988 996 1482 1176" data-label="Text"> <p> Implement UNPRI principles in our investment and asset management policies and practices</p> </div>

Sustainability Journey (pre-2021)



ARA is an ESG pioneer with strong governance in the real estate industry. For over a decade, we have built a sustainable organisation imbued with strong ESG culture and practices. Peer recognition followed. We are even more motivated to fulfil our sustainability commitments over the next five years and beyond.



- **Ranked 33rd** out of >600 Singapore listed companies on the Governance and Transparency Index by
- **Rainwater Harvest System** installed at Fortune City One by Fortune REIT, followed by other properties
- **LEED Platinum Certification** received by ARA properties

- **Best Managed Board (Gold) Award** at Singapore Corporate Awards

- Establish **scholarship program** for needy students

- Inaugural **Internal Audit Excellence Award** at SIAS Investors' Choice Awards

- **Most Transparent Company Award** at SIAS Investors' Choice Awards

- **Most Transparent Company Award** at SIAS Investors' Choice Awards
- **Ranked 28th** on the Governance and Transparency Index
- **BCA Green Mark Gold Plus Certification** received by ARA properties



- APF began **GRESB participation** with two private funds achieving **4 Green Stars**, aggregate score over 70 marks
- **BCA Green Mark Platinum Certification** received by ARA properties



- LOGOS and Fortune REIT began **GRESB participation**, including 12 new private funds



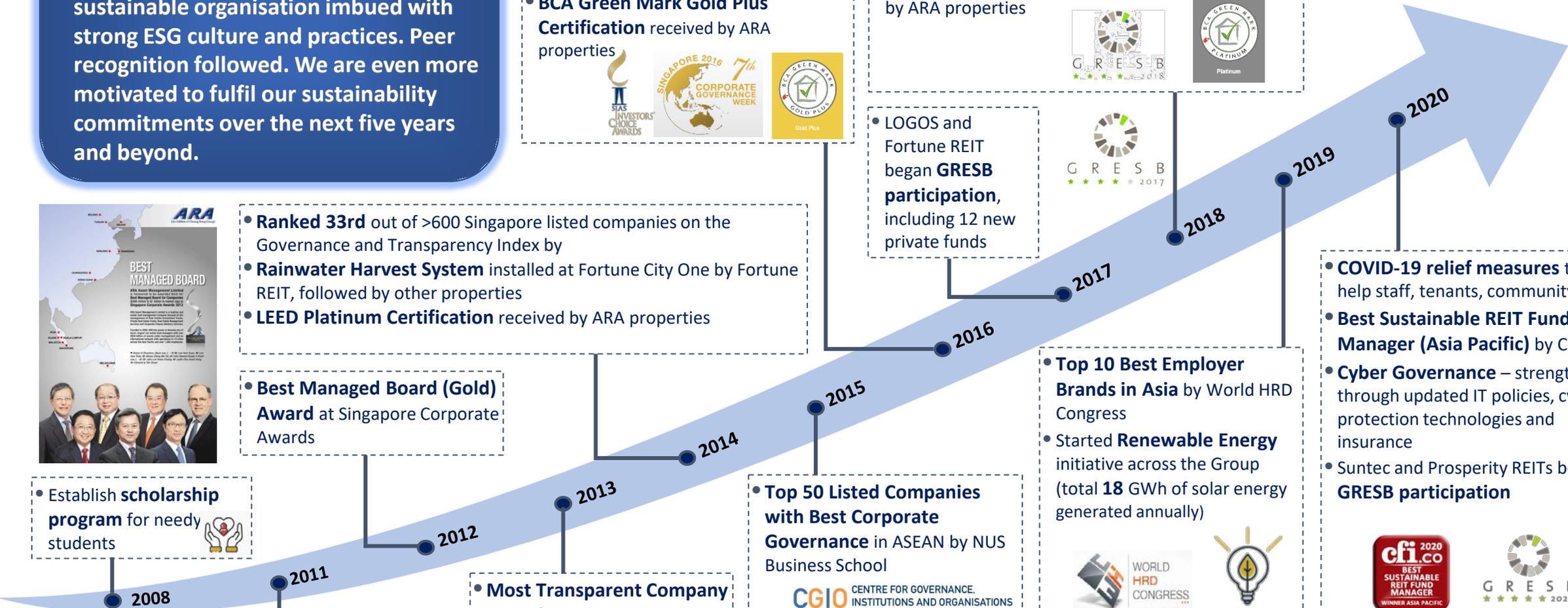
- **Top 50 Listed Companies with Best Corporate Governance** in ASEAN by NUS Business School



- **Top 10 Best Employer Brands in Asia** by World HRD Congress
- Started **Renewable Energy** initiative across the Group (total **18 GWh** of solar energy generated annually)



- **COVID-19 relief measures** to help staff, tenants, community
- **Best Sustainable REIT Fund Manager (Asia Pacific)** by CFI
- **Cyber Governance** – strengthen through updated IT policies, cyber protection technologies and insurance
- Suntec and Prosperity REITs began **GRESB participation**



Five-year Roadmap (2021-2025)

To achieve our ambitious goals, we have the full support and commitment from all stakeholders. Going forward, the Group's ESG performance will be audited and measured against the committed targets, and disclosed annually in our ARA Sustainability Report.

ADVANCING NET ZERO

by 2030 for assets under direct control
by 2050 across the portfolio

Transparent and Consistent Disclosures

- Increase new business units' participation in **GRESB** every year while maintaining or improving our ratings

Raise ARA Sustainability Commitments

- Pursue key **2025 ESG targets** and explore **new commitments** in related areas e.g., Energy Productivity 100, MSCI, Renewable Energy 100 and Sustainalytics

Responsible Growth into the Future

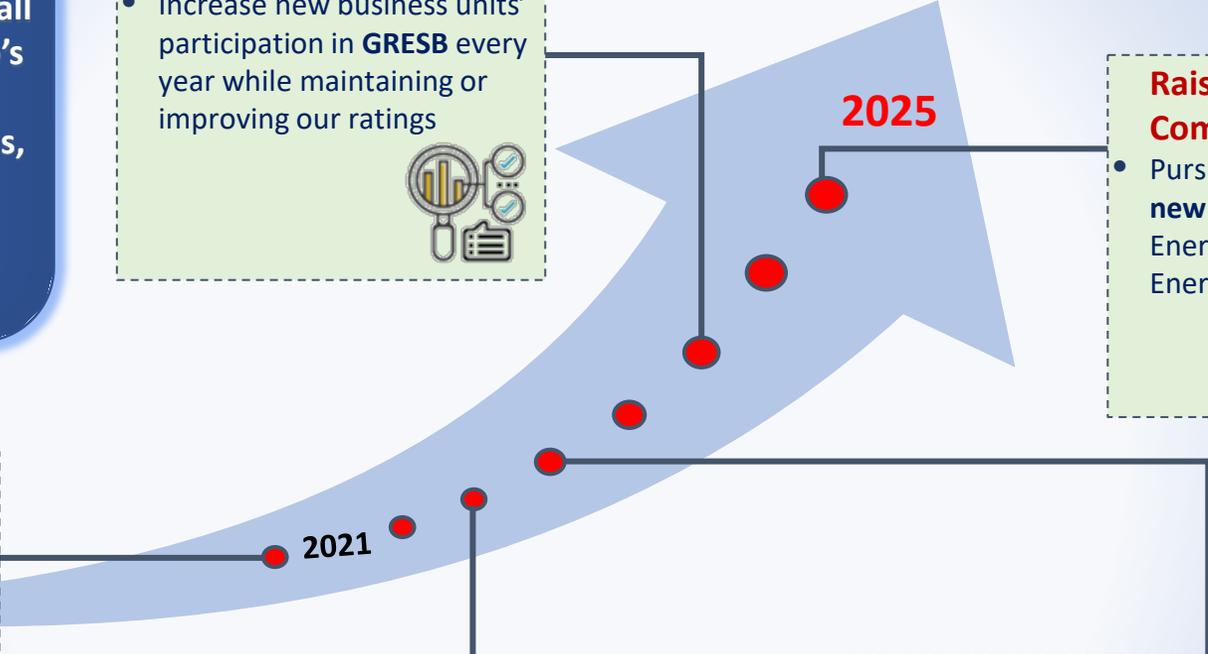
- Develop a **Decarbonisation Roadmap**, which include setting a **Science-Based Target**, implementing energy efficiency initiatives and adopting renewable energy supply

Update and embed ESG Policies and Processes

- Integrate ESG considerations into all stages of the business cycle which include **staff training on sustainability**, audit of **environmental performance** and continuous disclosure through **sustainability reports** and ARA website

Start of ARA's Five-year Roadmap

- Twin pledge to **WorldGBC Net Zero Carbon Buildings** and **UN-Supported Principles for Responsible Investment Commitments**
- Launch of **ARA Property DNA** with 5 pillars including ESG
- MyARA** – Intranet to promote staff engagement and connection
- AHGS20 – ARA Venn manages £3b scheme to provide **affordable housing** in UK



WorldGBC Net Zero Building Carbon Commitment



26 May 2021 – ARA is the first real assets manager in Asia to be a signatory to the WorldGBC’s NZCB Commitment, joining a global industry leadership to decarbonise the built environment and combat climate change. In doing so, ARA and its Business Units are committed to only owning assets that are net zero carbon under direct control by 2030.

In working towards the commitment, the ARA Group will:

- Work with its Business Units to develop and implement a 10-year decarbonisation roadmap based on Science Based Targets, including identifying opportunities to reduce carbon emissions, improve energy efficiency and adopt renewable energy.
- Measure and publicly disclose our verified energy consumption and carbon emissions of our identified 83 assets against targets annually, starting from 2022.
- Demonstrate leadership through core business activities, to facilitate the wider uptake of net zero carbon buildings through active engagement with stakeholders.

ADVANCING NET ZERO

Business | City | States & Regions

ARA ASSET MANAGEMENT LIMITED
Real Assets Manager
Owner

ARA is the largest real assets manager in APAC. The Group manages a multi-platform funds management business, covering REITs and private funds in real estate, infrastructure, and credit, with a total of S\$116 billion in gross assets under management. ARA strives to make a positive impact and create long-term value for its stakeholders.

WORLD GREEN BUILDING COUNCIL

- 1 Commit**
Commit to only owning assets that are net zero carbon under direct control by 2030.
- 2 Disclose**
Measure and publicly disclose energy consumption and scope 1 & 2 operational carbon emissions of portfolio against Science Based Targets. Report progress on asset level performance and identify opportunities to reduce carbon emissions while improving energy efficiency.
- 3 Act**
Develop, maintain, and update a decarbonisation roadmap that includes setting targets for assets within the portfolio. Implement energy efficiency measures to reduce carbon emissions, as top priority. Procure renewable energy at both the asset and portfolio level to compensate for remaining carbon footprint.
- 4 Verify**
Verify energy consumption and carbon emission data annually via independent third-party verification or asset level building certification. Publicly report progress against targets.
- 5 Advocate**
Demonstrate leadership through core business activities as a leading real assets manager. Engage stakeholders such as investors, tenants, employees and communities in the progression to achieve a low carbon environment.

83 assets
4,900,000 m² total floor area
93,000 tCO₂e portfolio carbon emissions
1,400 employees

a member of Singapore Green Building Council



Note: The identified 83 assets are from the above Business Units, including ARA Korea REF. This does not include the rest of the assets within the Group’s total portfolio of over 200 properties.

UN-Supported Principles for Responsible Investment



26 May 2021 – ARA signed up as a signatory of the UN-Supported PRI and will adopt the PRI principles in its investment and asset management policies to enhance transparency in line with investors' requirements. This strengthens ARA's and all its Business Units' investment approach to create value for its investors and contribute to broader societal objectives at the same time.

In working towards the commitment, the ARA Group will:

- Update the ARA Sustainability Policy to incorporate the 6 Principles of Responsible Investing.
- Implement these principles into all its Business Units' policies and operations, starting from 2022.
- Commence annual reporting to PRI from 2023 to demonstrate credibility to our commitment.



Principle 1:

We will incorporate ESG issues into investment analysis and decision-making processes.



Principle 2:

We will be active owners and incorporate ESG issues into our ownership policies and practices.



Principle 3:

We will seek appropriate disclosure on ESG issues by the entities in which we invest.



Principle 4:

We will promote acceptance and implementation of the Principles within the investment industry.



Principle 5:

We will work together to enhance our effectiveness in implementing the Principles.



Principle 6:

We will each report on our activities and progress towards implementing the Principles.

Environmental Sustainability
Increase assets under direct control that are net zero carbon ✓
Improve energy and water efficiencies , and 200% increase in solar energy generation ✓
100% increase in green building certifications ✓
100% increase in green financing ✓
80% of property portfolio with GRESB participation ✓

People & Community
50:50 women/men ratio ✓
>75% workplace satisfaction ✓
Increase Community Involvement & Philanthropy ✓
>70% tenant satisfaction score ✓

Governance & Ethics
Implement UNPRI principles in our investment and asset management policies and practices ✓
Comply with all relevant laws & regulations relating to anti-corruption, frauds, litigation, lawsuits and data breaches ✓

Note: Above list is not exhaustive

Track Record – Awards and Achievements



- ✓ Received more than **120** ESG awards and accolades
- ✓ Established comprehensive sustainability policies and guidelines

- ✓ Raised more than **S\$1 billion** of green financing
- ✓ 11 REITs and Private Funds issued detailed sustainability reports

<p>Best Sustainable REIT Fund Manager (Asia Pacific) – Asset Management Awards, Capital Financial International</p>	<p>Best Real Estate Investor of the Year – Asia</p>	<p>Best Managed Board - Gold Award, Singapore Corporate Awards</p>	<p>Most Transparent Company Award, Securities Investors Association of Singapore Investors’ Choice Award</p>
			
<p>Excellence in Workplace Wellbeing Winner (Gold) and Excellence in Retention Strategy (Bronze) – HR Excellence Awards</p>	<p>Best Health & Wellbeing Program Winner and Employer of Choice Excellence Award – HRD Awards Asia</p>	<p>Top 100 Best Employer Brands in Asia - 10th Asia’s Best Employer Brand Awards</p>	<p>Champions for Family – Focus on the Family Singapore</p>
			

Note: Above list is not exhaustive

Track Record – Green Building Certifications



✓ Achieved **53** green building certifications (approx. 25% of property portfolio)

Green Mark Platinum and Gold rating, Building and Construction Authority	LEED Platinum, Gold and Silver Certification, U.S. Green Building Council	Energy Star-certified Buildings, U.S. Environmental Protection Agency	NABERS Rating 5 Stars, NSW Department of Planning, Industry and Environment	HKGBC BEAM Plus (Management and Energy Use) Excellent, Hong Kong Green Building Council	GRESB 5 Stars Rating
<ul style="list-style-type: none"> • Marina Bay Financial Centre • Marina Bay Link Mall • One Raffles Quay • 5One Central • Suntec City • Capital Square • 61 Robinson Road 	<ul style="list-style-type: none"> • Seoul Square • Century Link • DHL Supply Chain Advanced Regional Centre • 3 LOGOS Logistics Properties 	<ul style="list-style-type: none"> • BEA Finance Tower • The Platinum • 4 Hyatt Place Hotel Properties • 9 Hyatt House Hotel Properties 	<ul style="list-style-type: none"> • 320 Pitt Street • 300 Queen Street • 55 Currie Street • 177 Pacific Highway 	<ul style="list-style-type: none"> • The Metropolis Tower • Trendy Centre • 9 Chong Yip Street • Prosperity Place • Prosperity Center • New Treasure Centre • Prosperity Millenia Plaza 	<ul style="list-style-type: none"> • Suntec Real Estate Investment Trust • Peninsula Investment Partners 

Note: Above list is not exhaustive

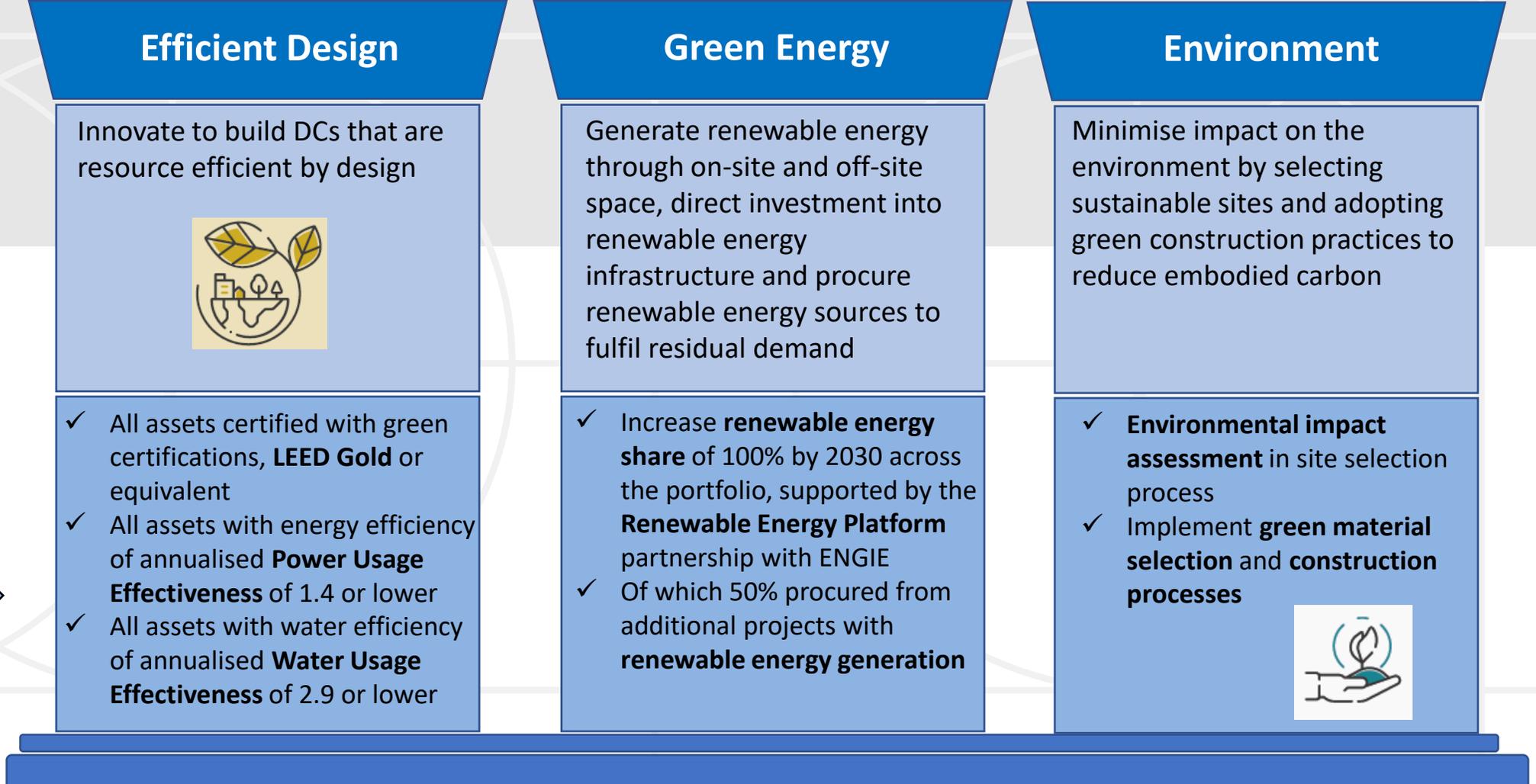
Pursue a multi-billion dollar mandate in the build-to-suit Green Data Centers (DCs) in the APAC region, which minimises impact on the environment

Pillars

Strategies



Targets





17,000

Affordable homes to be built in UK



£3 billion

Potential value of possible top-up to £6 billion



- ✓ ARA Venn is appointed the exclusive manager of a new **£3 billion Affordable Housing Guarantee Scheme** by the UK Ministry of Housing, Communities and Local Government.
- ✓ The scheme is expected to **support the delivery of around 17,000 critical homes** for lower-income families and alleviate the issue of housing affordability in the UK, especially amid the economic uncertainty.
- ✓ The scheme will provide £3 billion of cost-effective **long-term loans, of up to 30 years**, to registered providers developing the new affordable homes.

These slides may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of uncertainties, risks and assumptions. Representative examples of these factors include but are not limited to general market and economic conditions, interest rate trends, competition from other real estate investors, changes in operating expenses including employee wages and benefits, changes in government policies, and the continued availability of financing in the amounts and terms necessary to support future business. You are cautioned not to place undue reliance on the forward-looking statements in these slides, which are based on the current view of management on future events. Information from external sources in these slides has not been independently verified by us nor have the external sources quoted consented to the inclusion of the information.

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Refer to link below for the ARA Sustainability Report
<https://www.ara-group.com/esg/esg>

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