

## **CODE OF BUSINESS CONDUCT**

### **1. ROLE OF THE BOARD**

1.1. ARA, including its individual subsidiaries and affiliates, should be headed by effective Boards to lead and provide an oversight on the respective companies. The Board, working with Management, is collectively responsible for the success of the companies and the Management remains accountable to the Board.

1.2 Each Board should have a strong element of independence to exercise objective judgment on corporate affairs. There should not be any individual or small group of individuals allowed to dominate the Board's decision making.

1.3 There should be a clear division of responsibilities at the top of the company with positions of the Chairman and Group CEO held by separate individuals. This enhances the balance of authority, such that no one individual represents a considerable concentration of power on the Board.

1.4 A formal and transparent process should be in place for the appointment of new directors to the Board. There should also be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

1.5 Board members, in discharging their responsibilities, should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis.

### **2. REMUNERATION**

2.1 A formal and transparent procedure should be in place to develop policy on executive remuneration and set the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

2.2 The level of remuneration should be appropriate to attract, retain and motivate the directors and key management needed to manage the company successfully. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

2.3 Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report (where applicable). It should provide disclosure on its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

### **3. ACCOUNTABILITY AND AUDIT**

3.1 The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

3.2 Where applicable, an Audit Committee should be established with written terms of reference which clearly set out its authority and duties.

3.3 The Board should ensure that the Management put in place a robust risk management process and structure and maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets. In addition, the company should establish an internal audit function that is independent of the activities it audits.

3.4 The company should appoint an appropriately qualified public accounting firm to meet its external audit obligations, having regard to the adequacy of the resource, capability and experience of the accounting firm.

### **4. COMMUNICATION WITH SHAREHOLDERS**

4.1 The company should engage in regular, effective and fair communication with its shareholders.

4.2 Where applicable, the company should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

### **5. STATE OF INTERNAL CONTROLS**

5.1 Internal controls should be set up to ensure that approval processes are in place for legitimate business transactions which are fully recorded to allow for the preparation of financial statements and comply with the relevant laws and regulations.

5.2 The design and operating effectiveness of internal controls should be assessed by Management to ensure that assets are being safeguarded, accounting information are reliable, accurate and complete and fraudulent activities are prevented or timely detected.

5.3 Assurance on the state of internal controls should be provided by Management confirming their awareness and responsibilities for implementing the internal controls effectively. The AC should engage internal auditors to perform an independent assessment on the state of internal controls and also seek

feedback from the external auditors on their observation of any control issues arising from the statutory audits.

## **6. RISK MANAGEMENT**

6.1 Management is responsible for putting in place processes for identifying, assessing, managing, monitoring and reporting of risk and providing to the Audit Committee (or its designated committee) that these processes has been established and working effectively.

6.2 Management is accountable for the risk management processes and promoting a risk awareness culture. Management should seek consultation with the Group Risk Management & Internal Audit Department on ARA Enterprise Risk Management Framework and leading practices.

6.3 The Risk Profile prepared by Management should cover the assessment of key risks, identification of process owners and description of the control activities and risk monitoring processes.

6.4 The risk management processes should include a business continuity plan to deal with unexpected situations such as pandemic flu, information technological failures and loss of business premises. Management should conduct annual tests on the business continuity plan and report the results to the Audit Committee (or its designated committee).

## **7. CHINA WALL POLICY**

7.1 China Walls between business units must be properly maintained at all times to preserve the confidentiality of information.

7.2 Employees are not allowed to share non-public information across business units and refrain from entering different departmental zones within the office, unless for a valid business reason.

## **8. CONFLICT OF INTEREST**

8.1 Conflict of interest is prohibited and it occurs when the employee or business unit's interest interferes with the interest of ARA and its relevant stakeholders.

8.2 A conflict of interest arises when an employee's interest or actions affects his work objectively and effectively. This includes receiving improper personal benefits as a result of his position, doing business with companies that have personal or family member's interest and outside employment or directorships.

8.3 A potential conflict of interest may arise when a business unit pursues a property acquisition and has an overlapping investment mandate or strategy with other business units. The business unit shall submit the Conflict of Interest Clearance Form to the Group Risk Management & Internal Audit Department for review and further approval by the Deal Allocation Committee (if required).

8.4 Before entering into any other transactions, a potential conflict of interest must be first declared and reported to the Group Risk Management & Internal Audit Department for review and subject to approval by the Group CEO.

## **9. FRAUD PREVENTION AND DETECTION**

9.1 The Board and Management are collectively responsible for the prevention and detection of fraud through the anti-fraud internal controls established to mitigate fraud risks. This includes the Whistle Blowing procedures set up to escalate suspected and actual frauds, corruption, asset misappropriation and breach of laws to the Audit Committee (or its designated committee).

9.2 The Audit Committee (or its designated committee) shall discuss the reported incident with the auditors, specialists and legal advisors and escalate the issue to the Board. An investigation may be conducted to determine how the fraud was committed, the motivation for the fraud and impact of the fraud (e.g. financial, operational, reputation), as well as measures put in place to prevent recurrence.

9.3 The scope of anti-fraud internal controls apply to employees, investors, vendors, contractors and any third party doing business with the ARA Group. The anti-fraud controls are targeted at identifying and raising red flags on fraudulent financial reporting, management override of procedures, custody of assets, complex transactions and other warning signals. Examples of anti-fraud internal controls that should be in place are surprise audits, job rotation, whistle blowing and background checks on employees.

9.4 Management should seek consultation with the Group Risk Management & Internal Audit Department on establishing appropriate fraud prevention and detection procedures and anti-fraud controls within business processes.

## **10. CONFIDENTIALITY OF INFORMATION**

10.1 The ARA Group often comes into possession of confidential information in the course of our business. We must be committed to protecting and avoiding the misuse of this confidential information, whether entrusted to us by our investors, generated within our Group or obtained from other sources.

10.2 Confidential information includes information concerning ARA's business, operations, policies, procedures, contracts, financial results and investments. Confidential information however do not include information that has been made available to the public through general media.

10.3 Without the prior written consent of ARA or unless legally mandated, no employees shall disclose confidential information to any parties, except in the furtherance of legal business in the interest of ARA.

10.4 All employees are required to execute a Confidentiality Agreement prior to commencement of employment and entering into new business arrangements with third parties. Business arrangements include acquisitions, provision of professional services and other contractual agreements that involve disclosing confidential information.

## **11. CORPORATE INTEREST**

11.1 All employees shall not take opportunities for personal gain or compete with ARA, through the use of ARA property, information or position. Employees shall also not take unfair advantage of anyone through manipulation, concealment, misrepresentation of material facts or any unfair business practices.

11.2 Employees have a duty to safeguard ARA's assets against theft, damage, wastage or misuse and ensure their efficient use for legitimate business purpose. The Company's assets include financial assets, office equipment and intellectual property such as confidential business information and unpublished reports.

11.3 Kickbacks or bribery in any form are prohibited when obtaining or retaining business. Any employees involved are subject to serious disciplinary actions and potential criminal or civil consequences which the employee is fully liable.

11.4 No employee shall benefit personally from purchase of goods or services for the Company or exploit their position for personal gain such as receiving cash or items of value. However, ordinary and customary corporate or festive season gifts are allowed when declared and approved by the Group CEO.

## **12. CONDUCTING INTERNATIONAL BUSINESS**

12.1 All employees must follow the standards set forth in this Corporate Governance section and applicable laws and regulations when conducting business internationally, including through the foreign subsidiaries and affiliates of the ARA Group based overseas.

12.2 The foreign subsidiaries and affiliates of the ARA Group shall maintain proper accounting records and accurate financial information in accordance with the applicable accounting standards. There should be adequate supervision on the foreign operations and financial records by the ARA Corporate and business unit head office in Singapore.

12.3 Employees are required to adhere to anti-money laundering and countering financing of terrorism regulations issued by the Monetary Authority of Singapore (“MAS”). Employees are also prohibited from offering or paying money or anything of value to government officials and political individuals for influencing, obtaining or retaining business.

### **13. FINANCIAL CONTROLS**

13.1 The following financial controls principles and policies set up by the ARA Corporate should be applied consistently across the respective subsidiaries and affiliates within the ARA Group, subject to adaption under local laws and regulations.

13.2 An authorization grid (also referred as “approval matrix”) should be established to ensure the accountability and transparency of the approval process. The approval matrix describes the various authorized personnel who shall prepare, check, review and approves the documents for each business process.

13.3 In designing the approval matrix, segregation of duties must be ensured by disseminating the tasks and associated interests for a specific business process among multiple users. The underlying principle is that no employee or group should be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties.

13.4 In general, the principal incompatible duties to be segregated include custody of assets, authorization or approval of related transactions affecting those assets, recording or reporting of related transactions and execution of the transaction activity.

13.5 For the procurement process, controls should be set up on the requirement of quotations, tenders, vendor assessment and documentary records such as purchase requisitions, purchase order, goods receipt and invoices.

13.6 There must be at least two authorized bank signatories for all payment transactions categorized into specific bank accounts. The authorized bank signatories should comprise, where applicable, the Chairman, Group Chief Executive Officer, Business Unit CEO, Senior Director of Group Finance and Business Unit Finance Director.

13.7 Before entering into financing and hedging transactions (or other complex financial instruments), an approval paper will be prepared to explain the objective, terms, exposure and accounting implications for review by Management.

#### **14. COMPLIANCE CONTROLS**

14.1 The Group is required to comply with all laws, rules and regulations that affect the conduct of our business and every employee is expected to familiarize and follow the requirements relating to their jobs.

14.2 The applicable laws and regulations includes, but not limited to, SGX Listing Manual, HK Securities and Futures Ordinance, Capital Markets Service Licensing Regulations, Securities and Futures Act and binding contracts such as the Trust Deed and Private Placement Memorandum.

14.3 The Compliance Control Self Assessment Checklist (“Checklist”) is established to provide a consistent and systematic approach in monitoring and reporting of compliance by Management on a periodic basis.

14.4 The process owners of each business unit should familiarize themselves with the Checklist and sign off periodically to indicate that the controls are operating effectively in achieving the compliance requirements. If there are any exceptions, the process owner should document in the impact, actions taken and status of the non-compliance in the Checklist.

14.5 The Checklist should be signed off by the Business Unit CEO that the key compliance requirements are met and submit a Compliance Status Report to the Board (or designated committee). The Checklist is subject to an annual audit by the Group Risk Management & Internal Audit Department.

#### **15. INTERESTED PERSON AND RELATED PARTY TRANSACTIONS**

15.1 An Interested Person Transaction (“IPT”) refers to a transaction between the listed entity (including its subsidiaries and associates) and an Interested Person. In the case of a listed entity, the Interested Person refers to the director, CEO, controlling shareholder of the listed company, or the “associate” of any such parties. In the case of a listed REIT, the Interested Person refers to the director, CEO, controlling shareholder of the Manager, the Trustee, controlling Unitholder, or the “associate” of any such parties.

15.2 A Related Party Transaction (“RPT”) refers to a transaction between the entity and a party who controls, jointly controls or exercise significant influence over the entity (including parent, subsidiaries

and fellow subsidiaries). The party could also be an associate, joint venture, member of key management personnel of the entity or close member of the family of the related party.

15.3 Management must put in place procedures for identifying, valuing, approving, reporting and auditing of all IPT and RPT for compliance with applicable listing rules and regulations.

15.4 All IPT and RPT, exceeding S\$100,000, should be reviewed by the Audit Committee (or its designated committee) and approved by the Board to ensure that the transactions are carried out on normal commercial terms at arms' length and are not prejudicial to the interest of ARA, the Group or its minority shareholders. Transactions below S\$100,000, on a case by case basis, should be reviewed by Management and approved by the Group Chief Executive Officer.

15.5 A general mandate could be obtained from shareholders for recurring IPT necessary for the day-to-day operations of the business.

15.6 The Group Risk Management & Internal Audit Department shall carry out an annual review and on a need basis, the effectiveness and relevance of the IPT and RPT procedures established by Management.

## **16. DECLARATION OF INTEREST**

16.1 Insider trading is strictly prohibited and unlawful under the applicable laws and regulations. Directors, Management and employees of the ARA Group who are in possession of price-sensitive information are not allowed to trade in the listed shares of ARA or units of the REITs managed by ARA.

16.2 The Directors, Management and employees of the ARA Group must not directly or indirectly communicate any price-sensitive information to another person if he or she knows, or ought to reasonably know, that the other person would trade in the listed shares or units. This also applies to agents, referred to as anyone who trades on the behalf of the Directors, Management and employees.

16.3 The Directors, Management and employees of the ARA Group are required to submit an Annual Declaration Form to disclose their interest in the listed shares of ARA or units of the REITs managed by ARA as well as any IPT entered into as at the year ended. During the year, a Declaration of Specific Transaction Form should be submitted within 2 business days after completing the trade or transaction.